Democratic member control in Chinese cooperatives: A study of the Gung Ho Movement

by

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ABSTRACT

Since the end of the Chinese civil war in 1949, the Chinese Communist Party has encouraged various forms of collective agricultural organizations in an effort to improve economic development for those living in rural areas. The introduction of a Specialized Farmers' Cooperative Law in 2007 has seen an upsurge in the formation and registration of agricultural cooperatives in China. The law specifically states that Chinese cooperatives must be democratically managed. The main aim of this thesis is to explore the various meanings of democracy within Chinese cooperatives. To do this, the meaning and definition of the cooperative enterprise in China, is also scrutinized. Modern day cooperatives in Shandan County, that have been historically associated with the 'Gung Ho' movement, are the empirical focus of this thesis.

This thesis makes an original contribution to the field of workplace democracy by presenting a qualitative exploration of democracy within cooperative organizations in China. Over recent years, there have been a limited number of efforts by scholars to quantitatively measure the level of democracy within Chinese cooperatives through the use of large-scale surveys. In contrast, this thesis draws on ethnographic principles of data collection. A series of in-depth interviews, conducted over a seven month period in China, provides a rich data source to examine the meanings of democracy within Chinese cooperatives. Unlike the studies previously conducted within this academic field in China, this thesis does not assume there is necessarily a single appropriate definition that can accurately measure the complex concept of democracy on a quantitative scale. This thesis adopts a critical approach to the research questions based on the analytical theories of Michel Foucault, in particular, his theories of power/ knowledge relations. The discourse(s) that interview informants used to describe their interactions and experiences within their cooperatives allow for an exploration of the power relations that exist to circulate, regulate, and resist the discourse(s) on democracy. This thesis presents an alternative perspective to the commonly used quantitative studies and provides an alternative approach that is able to further analyze and understand the function and presence of democracy in Chinese cooperatives. The use of this theoretical approach leads to a discussion on the complex power relationships between cooperative members and their leaders.

This thesis presents three main arguments that emerged from the discourses explored in the discourse analysis. Firstly, the discourse of ‘international standards’ presents a tension in the ways a Chinese cooperative can be defined. Chinese cooperatives that may not adhere to internationally defined standards of a ‘true’ cooperative will often meet the local requirements to be legally recognized as a cooperative in China. Secondly, a discourse of ‘competency’ meant most cooperative members interviewed see little need, or desire, to actively participate in management decisions. For members, it is more important that information is made transparent and that the decisions made on their behalf are for the members’ financial benefit. Thirdly, a discourse of ‘competency’ led to elections where, given an opportunity to elect a leader for the cooperative, the cooperative members would often choose an existing village leader or village cadre for the role. The reinforcement of existing power structures is not considered by cooperative members to be a negative outcome of these elections. Cooperative members stressed the need for them to have strong ties to government officials in order to have any chance of developing a successful business venture in China.

On a practical level, ‘workplace democratization’ is argued to be a valuable starting point to explore power relations within cooperatives. The discussion section of these thesis considers the influence of demographics, culture, and the political environment on developing workplace democratization in Chinese cooperatives. The arguments made in this thesis are relevant to cooperatives and other forms of organisations more broadly that are committed to workplace democratization, both within and outside of China.

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Table of Contents

Abstract	iii
Acknowledgements	v
List of Figures	viii
Abbreviations	ix
Chapter One: Introduction.....	1
1.1 Research Contribution	4
1.2 Chapter Outline.....	7
Chapter Two: Gung Ho	11
2.1 Cooperatives	11
2.1.1 Cooperative Definition.....	11
2.1.2 Types of Cooperative Enterprise	16
2.1.3 Cooperatives: development and modern significance	17
2.2 History of Cooperatives in China	18
2.3 The Gung Ho Movement.....	22
2.3.1 Rewi Alley and the beginning of the Gung Ho movement.....	22
2.3.2 The Gung Ho Movement Goes into Hiatus	24
2.3.3 Revival of the International Committee for Chinese Industrial Cooperatives.....	24
2.4 The New Zealand China Friendship Society	26
2.4.1 Establishment of New Zealand China Friendship Society	26
2.4.2 New Zealand China Friendship Society and the Gung Ho Movement.....	26
2.5 Shandan County.....	27
2.5.1 The Shandan Bailie School	28
2.5.2 Shandan Cooperative Experimental Zone	29
2.5.3 Work of New Zealand China Friendship Society in Shandan	29
2.6 The 2007 Farmers' Professional Cooperative Law	30
2.6.1 Definition of a cooperative under Chinese Law	30
2.6.2 Chinese Cooperative Principles	31
2.6.3 Development of Chinese Cooperatives under the 2007 Law.....	33
2.7 Conclusion	35
Chapter 3: Cooperative Democracy	36
3.1 Historical Development of a Democratic Workplace.....	36
3.2 Variations in Terminology.....	40
3.3 Working Definition of Workplace Democratization	43

3.3.1 ‘Measuring’ workplace democracy.....	47
3.4 Workplace Democratization within Cooperatives.....	49
3.5 Workplace Democracy within Chinese Cooperatives	61
3.6 Conclusion	70
Chapter Four: Cooperatives as relationships of power	72
4.1 The Contested Nature of Democracy	73
4.2 Organization and Power	74
4.3 Discursive Reality.....	76
4.4 Critical Discourse Analysis view of power	81
4.5 Foucauldian Discourse Analysis view of power	82
4.6 Examples of Foucauldian Discourse Analysis in management studies.....	89
4.7 Critiques of Foucauldian Discourse Analysis	94
4.8 Cooperatives as Relationships of Power	97
4.9 Conclusion	97
Chapter Five: Research Design	99
5.1 Research Strategies.....	100
5.1.1 An ethnographic approach	102
5.2 Locating myself as a researcher.....	104
5.3 Data Collection	106
5.3.1 Interviews.....	107
5.3.2 Observation	112
5.3.3 Secondary Data	113
5.4 Translation	114
5.5 Ethical Implications.....	115
5.6 Methodological Limitations	116
5.7 Data Analysis.....	119
5.8 Conclusion	128
Chapter 6: What’s in a name? Exploring the meanings of the Cooperative Enterprise in China	129
6.1 Local experience versus international standards	132
6.2 Under the Influence	139
6.3 Common people, uncommon knowledge	149
6.4 Progress not Perfection.....	157
6.5 Conclusion	161
Chapter 7: The Meanings and Practice of Democracy in Chinese Cooperatives.....	163

7.1 Chinese Democratic Parameters	163
7.2 Democratic Meanings	169
7.3 Cooperative Democracy in Practice	176
7.4 The role of leadership	187
7.5 Conclusion	195
Chapter 8: Discussion.....	196
8.1 Inconsistencies and opportunities in defining a ‘true’ Chinese cooperative	197
8.2 Workplace Democracy and the leader/ member relationship.....	205
8.3 The Chinese Communist Party and its relationship to Workplace Democracy in the Shandan cooperatives	213
8.4 Conclusion	222
Chapter 9: Conclusion	224
9.1 Key Arguments	224
9.2 Contributions to the study of workplace democracy and cooperatives	231
9.3 Methodological Contributions	235
9.4 Practical Implications	236
9.5 Future Research	237
9.6 Conclusion	240
REFERENCES	242
Appendix A: Interview Questions for ICCIC Members in Beijing and Shanghai	269
Appendix B: Interview Questions for Cooperative Leaders	271
Appendix C: Interview Questions for Cooperative Members	273
Appendix D: Observation Guidelines	275

LIST OF FIGURES

Fig. 1: Map of Shandan County, Gansu Province, China.....	27
Fig. 2: Types of Registered Cooperatives in China.....	33
Fig. 3: Interview Participants.....	108
Fig. 4: The three stages to doing discourse analysis (Tonkiss,2004).....	121
Fig. 5: Informant Groups.....	130

ABBREVIATIONS

ACFSMC: All-China Federation of Supply and Marketing Cooperatives
AGM: Annual General Meeting
CASS: Chinese Academy of Social Sciences
CCP: Chinese Communist Party
CDA: Critical Discourse Analysis
CFC: Chinese Farmers' Cooperatives
CICOPA: International Organisation of Industrial, Artisanal and Service Producers' Cooperatives
DA: Discourse Analysis
DLA: Development Ladder Assessment
FDA: Foucauldian Discourse Analysis
HEC: Human Ethics Committee
ICA: International Cooperative Alliance
ICCIC: International Committee for the Promotion of Chinese Industrial Cooperatives
ILO: International Labour Organization
KMT: Kuo Min Tang – The Chinese Nationalist Party
LLC: Limited Liability Company
MOA: Chinese Ministry of Agriculture
MFAT: The New Zealand Ministry of Foreign Affairs and Trade
NZASCM: New Zealand Association for the Study of Cooperatives and Mutuals
NZC: New Zealand Cooperatives Association
NGO: Non-Government Organization
NZCFS: The New Zealand China Friendship Society
NPC: National People's Congress
NZCFS: The New Zealand China Friendship Society
RMB: Renmenbi or Yuan (¥), the Chinese currency
SBS: Shandan Bailie School
SCF: Shandan Cooperative Federation
SOE: State owned enterprise
UN: United Nations
USD: United States Dollars
VUW: Victoria University of Wellington, New Zealand
WD: Workplace Democratization
WWI: World War One
WWII: World War Two

CHAPTER ONE: INTRODUCTION

The underlying premise of this thesis is that cooperative enterprises have the potential to stimulate economic development and encourage democratic participation. The focus of this thesis is an exploration of agricultural cooperatives in China. However, the benefits of cooperative development have been experienced worldwide. Over recent years, there has been a growing interest in cooperative enterprises from major international agencies. In recognition of the important role cooperatives play in social development, poverty reduction, employment creation and participatory development, the United Nations (UN) declared 2012 as the ‘International Year of Cooperatives’ (UN, 2011a). The UN has acknowledged the impact that cooperatives have on improving social integration, and the successful development of common social and economic needs and aspirations (UN, 2011b).

The International Labour Organization (ILO) hails cooperatives as people centred organizations concerned for their members and communities, and which also place a high regard on democratic and human values (Birchall, 2003). It is proposed that, through their promotion, cooperatives have the potential to positively contribute towards the attainment of the Millennium Development Goals that were set by the UN in 2000, especially in regard to halving poverty by the year 2015 (Logue & Yates, 2006). Cooperatives have been touted as organizations that help the poor and should hence be given more support in the interests of social equity and fair globalization (Birchall, 2004; Bibby and Shaw, 2005).

The purpose of this thesis is to explore the definition of cooperatives from the perspective of cooperative members in China. Specifically, it will focus on the meaning of democratic member control, a pivotal feature of the cooperative enterprise. As defined by the International Cooperative Alliance (ICA), cooperatives are “an autonomous association of individuals united voluntarily to meet their economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ICA, 1995). The ICA is the world’s largest non-governmental organization (NGO) representing over a billion cooperative members worldwide.

Essentially, a cooperative is an organization that is owned by its members, controlled by its members, and operates for the benefit of its members (Barton, 1989). There are a number of different forms of the cooperative enterprise including: producer, supplier, worker, and financial cooperatives, each with its own unique purpose for cooperation between individuals who choose to join the cooperative. Cooperatives aggregate the market power of individuals who on their own could achieve little or nothing; therefore, they provide a way out of poverty and powerlessness. Through collective ownership, individuals pool resources together and share risks in order to solve common problems.

The International Committee for the promotion of Chinese Industrial Cooperatives (ICCIC), or commonly referred to as ‘Gung Ho’, is the entry point from which this study sets out to explore cooperatives in China. In consideration of the potential political sensitivity of researching democratic participation in China, Gung Ho was selected due to the strong connections it has with New Zealand via one of its founding members, Rewi Alley. He was a Christchurch born New Zealander who spent most of his life living in China. Close ties to the Gung Ho movement in China are maintained through the New Zealand China Friendship Society (NZCFS), of which, I am a member.

I was personally motivated to undertake this research project after reading Rewi Alley’s autobiography. His personal account of the joys and hardships he experienced while living in China and establishing the Gung Ho movement between 1927 and 1987 were inspirational for me. I wanted to learn more about Alley’s legacy in China and the state of modern Gung Ho cooperatives today. My focus on the democratic management of cooperatives was an extension of an interest I had from my undergraduate degree in industrial relations and human resource management. Alternative approaches to management that involved various forms of employee participation in decision making was an area of management studies that I found particularly fascinating.

Despite having never travelled to China before undertaking this research project, I had previously spent a number of years working in Taiwan and can speak Mandarin Chinese. When I returned to New Zealand from Taiwan in 2009, I joined the NZCFS to find people with whom I could practice

speaking Chinese. It was through my membership in this organization that I came to know of the Gung Ho movement and the work of Rewi Alley. The connections that NZCFS still maintain with the Gung Ho movement in China allowed for the initial interviews contacts to be made and provided the starting point to explore the research interests of this thesis.

Gung Ho was founded in 1938 by a small group of foreign experts and Chinese patriots. They wanted to provide industrial support to the Chinese United Front during the Japanese occupation of China. After the successful expulsion of the invading Japanese forces in 1945 and the end of the Chinese civil war in 1949, the victorious Chinese Communist Party (CCP) instituted sweeping economic reforms throughout China. It was during this time that the work of the Gung Ho cooperatives became institutionalised into the national socialist framework but gradually petered out, ceasing in 1952 (Alley, 1987). Following a period of decentralization and economic reforms in the 1980's, the cooperative movement in China began once again to become popular with workers and farmers who faced uncertainty after the dissolution of the communes. After a three decade hiatus, Gung Ho was re-registered in 1987. In 2010, Gung Ho joined the ICA as a registered member of the International Organisation of Industrial, Artisanal and Service Producers' Co-operatives (CICOPA). Guided by international principles, Gung Ho is dedicated to promoting cooperatives with “voluntary organization, self-funding, self-government, independent accounting, sole responsibility for profits and losses, democratic management, distribution to each according to his/ her work, and appropriate distribution of dividends” (Ware, 2011:8).

One of the uniquely defining characteristics of a cooperative enterprise is the principle of democratic member control. Throughout the literature surrounding democracy within cooperatives, the terms industrial democracy, organizational democracy, voice, participation, and involvement are used interchangeably, although sometimes in conflicting and inconsistent ways. This study attempts to integrate some of these fairly broad definitions and use the concept of workplace democratization (WD) as an initial starting point to describe the characteristics of member control of cooperative management. This study is guided by the literature on democratic management, however, it is primarily interested in how members of agricultural cooperatives in north-west China frame and conceptualise WD and how this, in turn, influences the democratic decision making process within the cooperative. The context of my research is unique in many ways, therefore, the

findings of this research may not reflect in all respects the definitions of WD as theorized by scholars in this field.

The data collection undertaken for this research is qualitative, using an ethnographic approach. Before entering the field I looked over official texts produced by the ICCIC that outlined the organization's stance on democratic participation within the cooperatives they promoted. I also recorded my own observations made in the field to give context to the interview responses. However, the focus of my analysis was on data gathered by interviewing individuals involved with the Gung Ho movement in China. The field research in China involved a series of semi-structured interviews with: nine members of the ICCIC executive board; five cooperative trainers and promoters; nine leaders of cooperatives and also, 12 common members of cooperatives. The interviews took place in various locations in China between August 2012 and February 2013. The majority of this time was spent in Shandan County, Gansu Province.

Upon my return to New Zealand, I analysed the interview responses focusing on power/ knowledge relations inspired by the work of Michel Foucault (1972, 1977, 1978, 1980a, 1980b, 1981). The aim of this analysis was to explore the ways members of Chinese Cooperatives discursively construct the meanings of WD within their organization and subsequently how this manifests itself through the organizational practices of the cooperatives under study.

1.1 Research Contribution

This study contributes to the WD literature by offering an account of how democratic member participation operates within the unique political and social environment of north-west China. While there has been much theorizing about the potential and problems of WD, only a small amount of empirical research looking at the phenomenon within cooperatives has been published. Only a handful of studies look at aspects of WD in Chinese cooperatives. Democratic member control is one of the most essential features of a cooperative enterprise and it differentiates them from other types of business entity (ICA, 1995). However, scholars point out the lack of research published on the inner workings of democracy within cooperatives (Harrison, 1994; Skurnik, 2002). Even

less has been published about how agricultural cooperatives in China approach democratic decision making amongst their membership.

This study provides an insight into a fast growing cooperative sector, both in China, and across the globe. It explores the significance of what it means to be a member of an agricultural cooperative from the perspective of the cooperative members themselves. Considering the size, success and long history of the Gung Ho Movement in China, it is surprising to see that very little has been written about how this social movement operates within management, organizational behaviour, and industrial relations literature (although there have been articles published on Gung Ho in cooperative studies (Clegg & Cook; 2011) and development journals (Chen, 1999)).

This thesis adds to the understanding of cooperative enterprises in China within the field of industrial relations, namely, how their growth in popularity presents both potential and problems regarding WD, especially within the unique context of China's remote north-west. Using a Foucauldian discourse analysis (FDA), this study contributes to the field of research by adding a unique account of what WD means to the cooperative members and how this understanding is expressed within cooperatives in north-west China.

As the Chinese government seeks to promote cooperative development amongst rural farmers, the findings of this research contributes to the theorization of what democratic member control means within the Chinese context. It also outlines some of the problems and potential that growing the cooperative economy in China will entail. The examination of power relationships within the cooperatives' membership explores how these relationships characterize WD within the Gung Ho Movement.

However, the relevance of the three key arguments made in this thesis (see Chapter 8), are not only restricted to cooperative enterprises in China. They can more broadly be used to further explore and understand the inner workings of WD in cooperatives and other forms of organization across the globe.

Firstly, the premise that Chinese cooperatives do not necessarily adhere to certain aspects of internationally defined standards of a ‘true’ cooperative is likely to be a situation that is encountered around the world. As business and legal environments can differ across country, state/provincial, city, municipal levels etc., organizations may meet local requirements to be legally recognized as a cooperative, and from the members’ perspective, they may also be perceived to be a genuine cooperative organization. However, they may be structured in a way that does not resemble the ICA standard definition of a cooperative enterprise. This is the situation in China. The discourse of ‘international standards’ presents the power/knowledge tension between members and cooperative promoters who differed in the way they defined a cooperative organization.

Secondly, the lack of desire from many of the cooperative members in this study to actively participate in management decisions could be a situation present in democratic decision making systems in organizations more broadly. For cooperative members in this study, the transparent provision of information was often deemed more important than actually participating in the decision making process itself. Cooperative members were usually satisfied for decisions to be made on their behalf, as long as the outcomes led to increased financial benefits for the members. This discourse of ‘competency’ could be present in other organizations that promote democratic participation in management decision making. The importance of a democratic management style may not be as significant to cooperative members when compared to the importance of maximising the wealth of each individual member.

Thirdly, in this study, the election of a cooperative leader often reinforced existing power relationships within the community. However, interview informants did not see this to be a negative outcome of the elections. Close ties to government officials were seen as being necessary for developing a successful business venture in China. This acceptance could be the same in other countries around the world. A discourse of ‘eminence’ could lead to elections where it would seem to make no significant difference to existing power structures. Elections held to choose a leader of a business organization could actually solidify the authority of an individual who has already been undemocratically appointed to a leadership position by the CCP.

The perspectives offered by the interview informants in China express some of the complexities of WD, not only in Chinese cooperatives, but possibly in other more general applications of WD too. An analysis of their responses contributes to a broader and deeper understanding of WD within the academic field of industrial relations.

1.2 Chapter Outline

Chapter One introduces the intended purpose of this thesis by identifying the field of research and the research questions this thesis will explore. It also outlines the contribution this thesis makes to the literature. A brief introduction to cooperatives, the Gung Ho movement, and WD is given. The chapter concludes by providing a synopsis of each of the chapters in this thesis.

Chapter Two is a general overview of the important background information necessary to understand the context of this study. A definition of the cooperative enterprise is outlined and the historical origins and modern significance of the cooperative enterprise is also covered. A summary of the general history of cooperative development in China, together with a more specific focus on the history of the Gung Ho movement is provided. An introduction to Shandan County (where the majority of data collection for this study takes place) and its ties to the NZCFS and the ICCIC through the Shandan Bailie School are also covered. The chapter concludes by giving an overview of the 2007 Cooperative Law in China.

Chapter Three looks at the wider literature surrounding democratic management of organizations with a specific focus on cooperative enterprises. The chapter begins by looking at the historical development of the practice of democratic management and the variations in terminology used to describe it. Attempts to measure the level of democracy within an organization are also presented. The chapter concludes by reviewing the findings of previous studies on WD within cooperatives both in China and around the world.

Chapter Four acts as a bridge between the literature surrounding cooperative democracy in chapter three, and the methodology used for this study outlined in chapter five. This chapter argues that an exploration of power relationships, using a Foulcauldian inspired discourse analysis (FDA),

is a valuable approach to investigating WD in Chinese Cooperatives. Due to the contested nature of the term ‘democracy’, this chapter argues that it is unproductive to mechanically apply a foreign model, or a form of measurement, that is derived from western experiences to explore the issue of cooperative WD in China. In order to understand how WD functions within Chinese cooperatives, it is of value to conceptualize WD as a system of power relationships. The conceptual perspectives of ‘power’ will be introduced as an area of interest inseparably intertwined with organization studies, paying special attention to studying power through Critical Discourse Analysis. This chapter clarifies how the term ‘discourse’ will be used in this thesis. The purpose of this chapter is to argue that an exploration of WD using FDA can add another layer of understanding to the complex issue that is WD, in the Chinese cooperative context.

Chapter Five outlines the research approach of this study. It introduces the qualitative ethnographic principles upon which, the research approach is based. This chapter also makes explicit the personal interests in pursuing this research project and outlines the potential effects this may have on data interpretation and analysis. The specific approach used in the field to collect the data will be presented, giving an overview of the interview informants who participated in this study. Issues surrounding the translation of interview responses and some of the ethical implications encountered during the data collection process are also explored. Lastly, the tools used to organize and analyse the collected data are explained.

Chapter Six focuses on the meanings and definition of the word *cooperative* as it is used in China. Specifically, it focuses on how the various statements and perspectives of the interview informants result in some interesting variations in what defines a Chinese cooperative. This chapter is based on four themes that are used to divide the chapter into four sections. The first section explores the way that members of the ICCIC looked to the ICA as an internationally recognized central authority on what defines a ‘true’ cooperative. This is in contrast to cooperative members in Shandan who looked towards their own personal experiences within their immediate surroundings in their village and drew from local conditions to define a ‘true’ cooperative. The second section investigates the influence of the CCP in China. Specifically, it explores the effects of how the CCP creates possibilities and presents restrictions to the meaning of cooperatives through the practice of setting legislation on the legal requirements of the cooperative enterprise in China. The third section

addresses some of the issues surrounding the confusion and misunderstandings expressed by members of the cooperatives in Shandan. The last section of this chapter explores a discourse of the cooperative enterprise in China as being ‘impure’, ‘incomplete’ or somewhat lacking in some respect.

Chapter Seven focuses on the meanings and practice of WD within the cooperatives under study in Shandan. Like chapter six, this chapter is also divided into four sections. Each section is based on a theme that emerged from the interview informants statements about WD within their cooperatives. The first section of this chapter looks at the wider issues within Chinese society that have had an effect on democratic participation within cooperatives. Secondly, the meanings of the word democracy, as it applies to cooperative management, are explored by outlining the ways the term was understood and described by interview informants. Thirdly, this chapter gives examples of how WD is carried out in practice by the members of the cooperatives in Shandan. Finally, the importance of the role played by cooperative leaders in the villages will be explained.

Chapter Eight draws together the eight themes presented in the previous two chapters. Using an analysis of these themes through an FDA perspective, this chapter presents a discussion based on three main arguments. First, this chapter will delve into claims that interview informants made about the definition of a ‘true’ Chinese cooperative by analyzing their statements through, what Foucault called, a ‘regime of truth’. The inconsistencies in how ‘true’ cooperatives were described by some of the interview informants will be contrasted with the description of cooperatives from actual cooperative members in Shandan. Secondly, WD in Chinese cooperatives will be scrutinised by examining the power relations between cooperative leaders and members. This section goes beyond the assumption that cooperative leaders are power holders and that cooperative members are simply passive followers. It argues that the way cooperative members subjectively describe themselves as lacking the skills and knowledge to actively engage in WD means they prefer the cooperative leader to make decisions on their behalf. Thirdly, the power relations between the CCP and members of the cooperatives in Shandan will be expounded. This section will argue that due to existing historical, cultural, and economic conditions, the members of the cooperatives in Shandan have a psychological reliance on CCP support. In the absence of political activism and resistance, WD is, unlikely to be, an important principle in the operation of Chinese cooperatives.

Chapter Nine reviews the main arguments presented in previous chapters and discusses the contributions this thesis makes to the literature concerned with cooperative development and WD. The limitations of this study are outlined and possible future research that would build on the contributions of this thesis, are proposed.

CHAPTER TWO: GUNG HO

The purpose of this chapter is to provide an introduction to important background information necessary to understand the context of this thesis. Firstly, this chapter begins with a definition of the cooperative model as it is internationally recognized. Secondly, there is a brief look at the role China's recent history has played in shaping the characteristics of modern day cooperatives. Third, beginning from the Japanese occupation of China until now, an introduction to Rewi Alley and the work of the Gung Ho cooperative movement is briefly explained. Fourth, the work of the New Zealand China Friendship Society (NZCFS) and its relationship to Gung Ho in Shandan County is acknowledged. Finally, this chapter will introduce and investigate the influence of the 2007 Farmers' Professional Cooperative Law in China.

2.1 Cooperatives

2.1.1 Cooperative Definition

Defining cooperatives is a difficult task as they vary widely, particularly in relation to their purpose and objectives (Hind, 1997). This is perhaps why they are often poorly understood by the general public and academics alike (Cuevas & Fisher, 2006). Essentially, a cooperative is an organization that is owned by its members, controlled by its members, and operates for the benefit of its members (Barton, 1989). Profits (within a cooperative business 'profits' are usually referred to as 'net margin' or 'surplus') are distributed to members on the basis of 'patronage' or, in other words, according to how much each member has used the cooperatives services (Logue & Yates, 2005). Through collective ownership, individuals pool their resources together and share risks in order to solve common problems.

At any point of the business cycle, whether as a producer, consumer or supplier, individuals are able to work together in cooperation with each other to achieve economies of scale. Cooperatives aggregate the market power of individuals who on their own could achieve little or nothing. The terms member, user, patron, farmer, producer, owner, shareholder, member-owner, member-shareholder and other combinations of these appear to be used interchangeably in the cooperative

literature. While they are different in name, they all refer to those who patronise, own and control the cooperative firm (Dunn, 1988).

Formed in 1895, the ICA is the world's largest NGO representing over an estimated one billion cooperative members worldwide. On the 23rd of September 1995, the ICA held special centenary celebrations in Manchester, England. At the ICA General Assembly held during these celebrations, the 'new principles of cooperation' were adopted. This was a result of recommendations proposed by a committee headed by Professor Ian McPherson from Canada at the conclusion of a global study and review (Prakash, 2003). At these celebrations, the ICA published the 'ICA Cooperative Identity Statement' which includes three sections: definition of a cooperative; basic cooperative values; and the principles of cooperation (ICA, 1995). This effort by the ICA to reassess and reassert the cooperative identity was possibly a result of a wide range of cooperative models and principles that were emerging within different national, regional and sectoral contexts (van Dijk, 1999; Fici, 2012; Nilsson, 1999, Parnell, 1995; Skurknik, 2002).

The ICA's definition of a cooperative is:

An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise (ICA, 1995:1).

The fundamental conditions of collective ownership and democratic control of the cooperative by a 'one member, one vote' system (regardless of capital invested or work contributed), gives cooperative organizations a unique characteristic in comparison to other forms of business enterprise (e.g. 'one share, one vote').

The ICA also proposed 'Basic Cooperative Values' that should underpin both the cooperative enterprise and the personal values of cooperative's membership:

Cooperatives are based in the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members

believe in the ethical values of honesty, openness, social responsibility, and caring for others (ICA, 1995: 1).

Seven ICA ‘Principles of Cooperation’ are a means by which cooperatives can apply the values listed above. However, in practice, many cooperatives across the world have had to modify these principles in order to conform to local cultural and political constraints (Fici, 2012). Although these principles are incorporated into the ILO’s definition of a cooperative (Smith, 2004), cooperative firms around the world are not legally constrained to comply with all of these principles (Novkovic, 2008). Many modern agricultural cooperatives in China conform to some but not all of these principles (see section 2.5). The seven ICA principles are:

- 1) Voluntary and Open Membership: Cooperatives are voluntary organisations; open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
- 2) Democratic Member Control: Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.
- 3) Member Economic Participation: members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their

transactions with the co-operative; supporting other activities approved by the membership.

- 4) **Autonomy and Independence:** Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
- 5) **Education, Training and Information:** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.
- 6) **Cooperation among Cooperatives:** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.
- 7) **Concern for Community:** Cooperatives work for the sustainable development of their communities through policies approved by their members. (ICA, 1995:1)

It should be noted the seven principles above include non-economic objectives for cooperatives. They espouse to be more than just a business enterprise. For example, the principles: (5) education and training for its members; (6) collaboration between cooperative organizations; and, (7) development of the wider social community through the cooperative's policies. These principles attempt to address wider societal concerns. However, despite these wider aims, a cooperative is not a government agency, an NGO, or a charity. Cooperatives should be independent from government and decision making should be made autonomously by the membership, regardless of

any capital inputs from private investors in the cooperative (Rothchild & Whitt, 1989). Length restrictions of this thesis do not allow the liberty to discuss each of the seven ICA principles in great detail. The focus of this thesis is on ICA Principle (2) democratic member control. A comprehensive exploration of the literature involving cooperative democracy will be given in Chapter 3.

Where membership of a cooperative is small, it should be possible for all the members to participate in its decision-making processes. These are called ‘primary’ or ‘collective’ co-operatives. In collective cooperatives, internal democracy is typically very strong, although they can experience difficulty in growing beyond a certain size. As cooperatives grow in size, an element of representation is inevitable, leading to what are called ‘secondary’, tertiary’, or ‘representative’ co-operatives. These are characterized by a two-tier structure, where there is a distinct separation between the cooperative membership and an executive committee or board of directors who make decisions on behalf of the membership and report back to the membership on a regular basis.

The wording of the second ICA principle, “in *primary* co-operatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner”, is vague with regard to secondary, tertiary or higher level cooperatives. It requires a ‘democratic manner’ of organization, but does not necessarily stipulate a ‘one member, one vote’ method. It is not entirely clear what might constitute a ‘democratic manner’ of organization when ‘one member, one vote’ does not apply (Fici, 2012). In representative co-operatives, internal democracy can be very weak – generally, the larger the enterprise, the smaller the investment made by its members; the weaker the democracy will tend to be (Somerville, 2007).

It could be argued, that those who make a greater contribution (of labour, money or assets) should be allowed to receive correspondingly greater benefit (as happens in both private and public companies) – this is the cooperative principle of proportionality (Barton, 1989). Defending the principle of proportionality can lead to the restriction, or even abandonment of ‘one member one vote’, resulting in a loss of the cooperative’s identity (Somerville, 2007). National cooperative laws may provide for exceptions and variations to ICA principle (2). In some countries, ‘one member, one vote’ is a mandatory rule and no exceptions are provided by law. In other countries, ‘one

member, one vote' is only a default rule and is subject to an opt-out option by cooperative statutes (Fici, 2012).

2.1.2 Types of Cooperative Enterprise

Cooperatives are present in almost all sectors of economic activity. They play an important role in agriculture, banking, fisheries, health, housing, industry, insurance, and tourism in almost all countries around the world. There are five general types of the cooperative model used in business enterprises today. Each model has its own unique purpose and benefits for individuals who join the cooperative. These five types of cooperative are: worker cooperatives, consumer cooperatives, purchasing and shared services cooperatives, producer cooperatives, and hybrid cooperatives.

Worker Cooperatives are businesses that are collectively owned and democratically controlled by its employees. Every year, worker cooperatives return a portion of the profits to those employees in the form of dividends which are usually distributed according to factors such as hours worked and seniority. Mondragon Cooperative Cooperation in Spain is a good example of a successful worker cooperative.

Consumer Cooperatives are a collection of individual consumers who are able to utilize economies of scale and purchase items much cheaper collectively than they could on their own. In many respects, consumer cooperatives operate much the same way as any other store where individuals would buy consumer items. However, profits from the cooperative are distributed to members according to their patronage. Consumers of financial products can also benefit from credit unions such as The Cooperative Bank in the United Kingdom, which gives out dividends to members according to patronage.

Purchasing and Shared Services Cooperatives pool purchasing power of individual store owners and businesses. The cooperative supplies them with goods and services at a price that improves their performance and competitiveness. Shared services that the cooperative can provide include: insurance and health care for store employees; training and education activities; joint advertising and marketing; and, product branding etc. Members are able to maintain the independent ownership of their private businesses but benefit from the lowered costs of supply inputs. An

example of a purchasing and shared services cooperative is Foodstuffs in New Zealand which supplies inputs to Pak 'n Save, New World, and Four Square stores across the country.

Producer Cooperatives are usually formed by farmers who produce the same crop. Farmers are able to organize themselves into a cooperative that can negotiate for higher prices. This is usually achieved through cutting out the profit taken by middlemen, processing their raw produce into higher value products, and marketing these products themselves. When a farmer member delivers produce to the cooperative for processing, a record is kept of the quantity. Some payment is issued at this time but the real value of cooperative membership is at the end of year where dividends are paid to farmers according to the quantity of products supplied to the cooperative. An example of a successful produce cooperative is Fonterra dairy cooperative from New Zealand.

Hybrid Cooperatives are a mixture of two cooperative types explained above. For example, sometimes a consumer cooperative would like to extend some ownership and control of the cooperative to workers at a store or factory. This is the case with the Black Star Co-op Brewery in the United States, which is consumer owned, but has a separate workers assembly.

2.1.3 Cooperatives: development and modern significance

The beginnings of the cooperative movement are generally traced back to Europe, where the model spread throughout industrializing nations in the 19th century as a self-help method of collective action. The formation of the Rochdale Society of Equitable Pioneers, Ltd in 1844 is largely regarded as the first example of a modern cooperative. Based in Lancashire, England, the Rochdale Pioneers were a group of skilled tradesman who formed a consumer cooperative to purchase high quality goods that they could not afford individually. The Rochdale principles, in their updated form, remain the guiding principles of the cooperative movement today (MacPherson, 1995). Another important step in the development of the cooperative model was the establishment of the first savings and credit cooperative in 1864 by Friedreich Wilhelm Raffeisen in Germany. As a young Mayor of Westerwald, Raffeisen witnessed the poverty and misery of those in his community who were taken advantage of by loan sharks and decided to set up a bank that would provide savings and credit services to the poor (Schiffgen, 1979). Raffeisen's ideas are considered

to be the guiding principles of present day credit unions: the common name for cooperative institutions offering financial services to its members (Ortmann & King, 2007).

Over the years cooperatives have remained a viable option for individuals wanting to gain economic advantages they could not achieve on their own. Globally, the cooperative movement is still as relevant today as it was in 1844. It is estimated that over 1 billion people are represented by the ICA, the apex organization for cooperative members worldwide. The purpose and size of a cooperative enterprise can range widely, from small local enterprises and development projects in the poorest regions of Africa, to large cooperative conglomerations listed on the Fortune 500 in the United States. Successful cooperatives are located all across the world with some of the largest cooperatives found in Japan, Germany, Australia and France. The top 300 cooperatives are spread across 24 countries and have an annual turnover of over 2 trillion USD. Cooperatives have proved to be resilient during the global financial crisis, especially in the area of job creation. Cooperatives have created more than 100 million jobs worldwide, 20% more than all the investor owned multinational corporations combined (ICA, 2012).

Cooperatives were not specifically designed as a way to reduce poverty, but rather as a tool for people to gain economic advantages that they could not achieve individually. However, considering that other types of investor owned enterprises may find it too costly or anticipate low economic returns in poor rural areas, cooperatives are especially important to developing countries, as they are often the only provider of essential services in rural communities. Cooperatives have been touted as organizations which help the poor and should hence be given more support in the interests of social equity and ‘fair globalization’ (Birchall, 2004; Bibby and Shaw, 2005).

2.2 History of Cooperatives in China

The Chinese government has long recognised the potential collective organizations have for supporting economic development in rural areas. The existence of cooperative enterprises in China can be traced back as early as the 1920’s (Lai, 1989). Throughout the years, collective farming organizations in China have assumed various names, each with its own unique organizational characteristics and degrees of success. These organizations include: Farmers Collectives;

Advanced Cooperatives; Communes; Mutual Aid Teams; and Farmer Associations. The history of collective organization amongst China's farmers has ranged from bottom up organization by the farmer's themselves, to collectivisation forced on them by the State government. Since China's marketplace reformation in the late 1980's, cooperatives have been able to develop independently from government control and have begun to regain popularity amongst farmers. The development and evolution of collective farming organization in China can be divided into five developmental stages.

The *first* developmental stage from the early 1920's – 1948 saw interest grow in the cooperative enterprise. Lai (1989) suggests that cooperative ideas were introduced to China through the translation of the works of French co-operator and social reformer Charles Gide and more directly through Chinese students witnessing successful cooperatives operating in Japan. A drought in the late 1920's led to famine and the China International Famine Relief Commission used Raffeisen style credit cooperatives to aid in relief work (Clegg & Cook, 2009). Little is known about the details of these early cooperatives (other than those involved with the Gung Ho movement, outlined below) as record keeping during this time in China is not always trustworthy. The main difference between these cooperatives and those found in China today, is land ownership. During this period, 40% of arable land was privately owned by wealthy landlords who charged very high rent to independent farmer households. Rent was often as high as 50% of the value farmers received from selling the crops they produced on the land (Hu et al., 2007).

The *second* stage from 1949 – 1955 coincided with the coming to power of the CCP. During this period, land was confiscated from the wealthy land owners and given to poor landless farmers. A variation of the cooperative organization known as 'Mutual Aid Teams' assisted farmers by allowing groups of neighbouring households to voluntarily exchange labour and pool together resources such as farm tools, in order to increase production. Considered as semi-socialist, the cooperatives allowed the land and harvests to still belong to the individual households. These Mutual Aid Teams were motivated by the First Five Year Plan of the CCP (Hu et al., 2007). An All-China Federation of Cooperatives was set up in 1951 because the CCP acknowledged the important role of cooperatives during the early development and rehabilitation of the Chinese economy after the civil war (Clegg, 2008).

Third, 1955 – 1978 saw sweeping changes across the organization of China's rural areas. Cooperatives were no longer voluntary organizations and were used as a tool for government to centrally control and manage the production, exchange and consumption of agricultural goods. The new, 'Advanced Cooperatives', established in 1955, saw all the means of production, including land, become collectively owned. During this stage, the net annual income from cooperatives was distributed to farmers according to their input of land, animals and labour. Initially, there was some success during this period, as grain output increased by 21% between 1952 and 1958 (Luo, 1985). However, in the absence of a marketplace to sell their harvest, the lack of economic incentives reduced farmers' enthusiasm for work. This resulted in low efficiency and productivity (Lin, 1990; Lin & Yang, 1992). The cooperatives began to deviate from the member control and member benefit principles of a cooperative organization. These cooperatives degenerated into centrally planned 'People's Communes' in 1958. The communes, on average, consisted of 30 Advanced Cooperatives or 5,000 households and 10,000 acres of cultivated land (Hu et al., 2007). Farmers were paid according to their working time under a 'working points' system. This system of collective farming dominated China for the next two decades.

The *fourth* stage, from 1978 to 2007 saw a political and economic shift in China towards a market orientated system. Collective farming systems were abandoned in favour of the Household Responsibility System (HRS) which restored control and income rights to farmers as individual producing units. Under the HRS, which still operates today, land is collectively owned at the village level but allocated to individual households depending on the number of people in each household. The land-use rights for land allocated to farmers is now indefinitely valid, compared to being valid for 30 years in the mid-1990s and just 15 years when the system was first introduced in the late-1970s (Deng et al., 2010). In contrast to the centrally planned collectives which previously dominated the rural economy, farmers now had to decide what to produce, how much to produce, and how to sell their products. This was a difficult situation for farmers who lacked access to inputs, technology and markets (Stone, 1988). Individual family farms, due to their size, also had a weak position in gaining access to supply chains.

This new situation saw the emergence of a new form of cooperatives in the 1980s known as the ‘Technical Association’. These cooperatives were initiated and organized by local technologists, specialized growers, and science associations. Their purpose was to communicate and promote new technology to farmers (Clegg, 2006). A number of other forms of specialized cooperatives also began to emerge in the late 1980s and 1990s. Suppliers of agricultural inputs, processing, marketing, and producer forms of the cooperative enterprise gained momentum during this period. However, up until 2007, farmers lacked any government law to support the formation and operation of cooperatives in China.

Fifth, 2007 – Present, the National Cooperatives Law was adopted on October 31, 2006, by the 10th National People’s Congress of the People’s Republic of China. The law was ratified by President Hu Jintao and became effective on July 1, 2007. The new cooperative law has given cooperatives officially recognized legal status in China. Before the introduction of the law, effectively, cooperatives were still able to function according to cooperative principles but were not formally registered. Cooperatives were free to carry out their normal activities such as providing technology extension services to farmers and help to market their output. However, since 2007, with their new legal status, cooperatives are now able to sign legally binding contracts with suppliers and/or buyers. Since the introduction of the new law, the number of registered cooperative organizations in China has been steadily growing. Further details of the 2007 Cooperative Law are given in section 2.6 below.

Although, in general, little is known about the first period of cooperative development in China, we do know a lot about one particular cooperative movement that flourished during this period. The Gung Ho movement was initially started and financially supported by influential foreigners living in China during the time of Japan’s invasion of China’s eastern coastline prior to WWII. It soon found the support of many Chinese nationals who saw it as a way to resist the Japanese occupation and provide a livelihood for themselves (Alley, 1987). It has since developed into an international organization that still operates in China to this day.

2.3 The Gung Ho Movement

2.3.1 Rewi Alley and the beginning of the Gung Ho movement

The Gung Ho movement was founded in Shanghai, with the first meeting held on March 19, 1938 (Alley, 1940). At the time the Gung Ho movement was established, China's infrastructure had been severely damaged by Japanese attacks. Many of the industrial factories that the Chinese resistance relied on for military supplies had been all but destroyed by Japanese air raids. The Gung Ho movement was initiated by a small group of foreign experts and Chinese patriots who wanted to provide industrial support to the Chinese United Front in the war against the Japanese occupation (Ware, 2011). In its early years, the Gung Ho movement was buoyed by influential Chinese political figures such as: Mme. Soong Ching Ling, widow of Dr. Sun Yat Sen; Soong Mei Ling, wife of General Chiang Kai Shek, the leader of the KMT; as well as communist leaders, Mao Ze Dong and Zhou En Lai (Alley, 1987; Chapple, 1980; Reynolds, 1997).

Rewi Alley, the famous New Zealander, who spent 70 years of his life in China, was a founding member and an influential leadership figure within the Gung Ho movement until his death in 1987. Alley was considered by many to be the leader of the Gung Ho movement. Born in Christchurch, New Zealand in 1897, Alley volunteered to serve in the military at the age of 19 during WWI. After being shot in the hip and seriously wounded in the Battle of Somme, Alley returned to New Zealand at the conclusion of the war to try his hand at sheep farming with a friend in Moeawatea, Taranaki (Newnham & Deng, 1988). Despite his best efforts, this endeavour eventually failed and the dejected Alley moved home to Christchurch in 1926. Having been fascinated by the stories of the Chinese revolution he read in the newspapers while living in Moeawatea, as well as experiences he had meeting Chinese soldiers while serving in France, Alley announced to his family his plans to move to China. Boarding a boat shortly before Christmas 1926, Alley arrived in Shanghai on April 21, 1927 (Alley, 1987; Reynolds, 1997).

After arriving in Shanghai, Alley soon found a job as a fire-fighter in the Shanghai Fire Department. Part of this job involved a role as a factory safety inspector; it gave Alley a chance to experience the contrast between wealth and poverty in the city. On his inspection tours, Alley witnessed the

plight of the Chinese poor, especially Chinese children who were forced to labour in cruel and unsafe working conditions. These experiences began to shape the political view of the world that would have such an influence later on in his life (Reynolds, 1997). Perhaps what made the deepest impression on Alley was witnessing union organizers, accused of being communists - for trying to gain better working conditions in their silk factory - executed on the street in front of him by KMT soldiers. Soon after, Alley was handed a copy of Karl Marx's *Capital* by a close friend. As a factory inspector, Marx's writing made a lot of sense to Alley and he became heavily involved in working with the communist underground in Shanghai (Alley, 1987). However, it wasn't until he met two foreign journalists, Edgar and Helen Foster Snow, that the idea to form a cooperative movement came about. An American from Utah, Helen Foster Snow had experienced cooperative communal life living in early Mormon pioneer communities where 'The United Order', a model Mormon society, stressed equality, group cooperation and participation, self-sufficiency, and the elimination of poverty (Arrington et al., 1976). Helen suggested the idea of forming a similar cooperative movement in China. She convinced Alley to give up his job at the fire department and focus his attention on establishing this movement (Alley, 1940).

The name, 'Gung Ho', uses the Chinese characters '工合' meaning 'working together' and was chosen by Alley because it was easily written and remembered as a slogan for the new cooperative movement (Alley, 1987). Another commonly used name for the Gung Ho movement at the time was 'INDUSCO', an abbreviation of the words 'industrial cooperatives'. At its peak in the 1940s, Gung Ho had roughly 3000 industrial cooperatives spread over 16 provinces with over 300,000 members (Burchett & Alley, 1976). The cooperatives produced over 500 types of different products across more than 50 industries. Some of these cooperative projects included textiles, blanket factories, printing shops, transport cooperatives, small iron plants, foundries, coal and gold mines, simple machine tool plants, glass factories, flour mills, sugar refineries, potteries, chemical plants, electrical machinery plants, and factories for making medicines, army uniforms, grenades, animal-drawn carts and tents (Alley, 1987). The materials produced by the cooperatives were delivered directly to those serving on the anti-Japanese front.

The work of the Gung Ho movement aroused interest from many supporters from around the world. Gung Ho Promotion Committees were set up in the Philippines, Britain, the US and Australia.

Contributions came in from overseas that helped fund the movement. As foreign assistance arrived from those who sympathized with the Chinese people in their war against the Japanese invaders, it became necessary to establish a liaison centre to coordinate this overseas support. Thus, the International Committee for the Promotion of Chinese Industrial Cooperatives (ICCIC) was created in Hong Kong in 1939 (Alley, 1940). Rewi Alley became the Committee's field secretary, traveling around China and establishing cooperatives at the grassroots level with money the ICCIC had received from overseas support. In 1946, it is estimated that financial and material support sent to the ICCIC totaled USD \$10 million (Lu, 2012).

2.3.2 The Gung Ho Movement Goes into Hiatus

The work of the Gung Ho movement began to decline as early as 1942, as political infighting between KMT and CCP leaders of the cooperatives began to weaken the movement (Alley, 1987). After the successful expulsion of the invading Japanese forces in 1945 and the end of the Chinese civil war in 1949, Chairman Mao and the CCP instituted sweeping economic reforms throughout China. During the 1950s, the whole Chinese economy was reorganized into collectives and then into communes. It was during this time that the work of the Gung Ho cooperatives became institutionalised into the national socialist framework. The process of collectivisation in rural areas meant that the work of Gung Ho slowly became redundant and gradually petered out, ceasing in 1951 (Reynolds, 1997).

2.3.3 Revival of the International Committee for Chinese Industrial Cooperatives

Following a period of decentralization and economic reforms in the 1980's, the cooperative movement in China began once again to become popular with workers and farmers who faced uncertainty after the dissolution of the communes. After a three decade hiatus, the ICCIC met again in 1984 with CCP support (Rewi, 1987). It was re-registered with the Ministry of Civil Affairs as an international NGO in 1987 (Ware, 2011). The revived organization was once again fronted by Rewi Alley. It was Alley's lifelong ambition to make Gung Ho an organization in which cooperatives could develop and become:

(A) people's organization and (people can) organize themselves, they do not need a large controlling bureaucracy. A Gung Ho cooperative is a group in which all members have a share, take full responsibility for profits or losses, and appoint their own officers. It is not an organization for the individual grabber, rather for the mass of ordinary people to whom the idea of working together has a powerful and comforting appeal (Alley, 1987: 298).

Unfortunately, Alley passed away shortly after the ICCIC was revived.

Throughout its existence, Gung Ho has provided valuable support to the development of cooperatives in China. Today, the spirit of the Gung Ho movement is kept alive by the work of the ICCIC. Members of ICCIC meet regularly in Beijing where the organization is now headquartered. Training, assessment, consultancy and financial assistance are provided to both newly formed and long established cooperatives throughout the country. Over recent years, the ICCIC has worked especially hard to foster relationships with local Women's Federation in Hebei, Shaanxi, Shanghai, Beijing and Jilin, to help set up and support cooperatives for both rural and urban women workers laid off during economic down turns. Although the cooperatives they work with no longer consider themselves to be Gung Ho cooperatives, or even belong to a Gung Ho movement like they did during the 1930's and 40's under the guidance of Rewi Alley and others, the ICCIC still works hard to promote the cooperative model and assess, consult, and train both newly formed and well established cooperatives across China.

In 2010, the ICCIC joined the ICA as a registered member of the International Organisation of Industrial, Artisanal and Service Producers' Cooperatives (CICOPA). The ICCIC works hard to promote cooperatives in China that meet the standard definition of a cooperative organization as set by the ICA. The ICCIC is dedicated to promoting cooperatives with 'voluntary organization, self-funding, self-government, independent accounting, sole responsibility for profits and losses, democratic management, distribution to each according to his/ her work, and appropriate distribution of dividends (Ware, 2011).

2.4 The New Zealand China Friendship Society

2.4.1 Establishment of New Zealand China Friendship Society

New Zealand has maintained close ties with the efforts of Gung Ho through the legacy of Rewi Alley. At the end of the Chinese civil war, Alley wrote to New Zealand supporters of his work in China suggesting that the best way to show their continued support was to form a friendship organization that would promote political recognition of the new communist regime in China (Shaw, 2010). The New Zealand China Friendship Society was founded at a meeting in Auckland on 27 February, 1952. Many of its founding members were previously involved in providing material and personal assistance to Alley, the Shandan Bailie School, and the Gung Ho movement in China.

Early membership of the NZCFS comprised New Zealanders who sympathized with the struggles of the CCP and felt that the end of the civil war represented an opportunity for peace and stability. They were keen to publicize the progress being made in socialist countries by presenting an alternative view to challenge the dominant perception in New Zealand that China and the Soviet Union, together with other socialist countries in the region, posed a threat to the western world (Shaw, 2010).

Despite the initial difficulties that the NZCFS faced achieving its goal of diplomatic recognition of the PRC in New Zealand, it worked hard throughout the 1950's, 60's and 70's to provide opportunities for New Zealanders to learn more about the 'new' China. The NZCFS hosted public meetings, film shows and exhibitions, invited Chinese delegations to New Zealand, and wrote letters to newspapers, MPs, and the Prime Minister urging recognition. The New Zealand government's official recognition of the PRC finally occurred in 1972 (McCraw, 2002).

2.4.2 New Zealand China Friendship Society and the Gung Ho Movement

Having accomplished its initial aim of achieving government recognition of the PRC in New Zealand, the NZCFS refocused its aims. Currently, the NZCFS has directed its efforts towards

promoting friendship and understanding between the peoples of China and New Zealand by encouraging visits and exchanges of ideas, information, culture and trade between the two countries. This includes the support of specific aid projects in China. The current President of the NZCFS, Dave Bromwich, is also an executive member on the ICCIC board. Dave Bromwich, along with other members of the NZCFS, often travel to various parts of China to participate in training and cooperative promotion activities within poverty alleviation projects on behalf of the ICCIC. The NZCFS has successfully applied for funding from the New Zealand Ministry of Foreign Affairs and Trades's Sustainable Development Fund, to provide financial assistance for a number of projects that promote poverty alleviation and rural development across China. Examples of some of the joint projects between NZCFS and ICCIC over recent years include: rebuilding and providing employment opportunities for people affected by the devastating 2008 earthquake in Sichuan; establishing a handicapped workers' garment cooperative in Honghu; setting up a knitting cooperative for poor rural woman in Baoding and most recently, establishing eight model cooperatives in Shaanxi province, designed to assist local cooperative promoters to extend successful cooperatives in the area. Due to the NZCFS's history and close relationship with the work of Rewi Alley and Gung Ho movement, many of the poverty alleviation projects that the NZCFS carry out in China involve the promotion of cooperatives.

2.5 Shandan County

Shandan county is located in the middle of Gansu Province (see Fig 1) and in the past was an important stop along the old silk road making it a popular location for tourists today (Xie et al., 1997). Information gathered from the Shandan County government during my fieldwork indicates that the total area of the county is 5,402 square kilometers. The elevation is at a semi-arid continental alpine climate of between 1,550m and 4,441m. The county has seven larger townships, 4 smaller towns, and 115 villages. Zhangye is the closest city and the Zhangye prefecture seat administers the Shandan county government. Shandan has a population of 203,000 with 147,000 of those mainly engaged in farming activities to maintain their livelihood. In 2012, per capita disposable income for urban residents in the county was 13,934 RMB, an increase of 16% from 2011. Rural per capita net income was 7,315 RMB in 2012, an increase of 16.2% from the year before.

Over recent years, Shandan has seen steady development. A number of large-scale investment projects funded by the local government have resulted in improvements to the city's infrastructure (for example safe drinking water and irrigation projects for rural residents). Education levels are also improving. The county has one secondary school and one high school with a combined enrolment rate of 99.92%. In 2012, the college admission rate from high school was 97.33%.

Fig 1: Map of Shandan County, Gansu Province, China.

2.5.1 The Shandan Bailie School

In September 1942, Rewi Alley was discharged from his position as Gung Ho technical advisor. He was accused of secretly embezzling Gung Ho funds to make hemp sandals for the New Fourth Army of the CCP (Alley, 1987). However, he still maintained his position as field secretary. At this point in his life, Alley was spending most of his time and effort establishing a Bailie School in Shandan. The school was intended as a cooperative training centre for orphans and refugee boys (and later girls). Alley felt the lack of basic education was one of the major issues holding back the development of the Gung Ho movement (Alley, 1959). The school was named after Joseph Bailie, an American missionary in China whose educational philosophy of theoretical and practical training resonated with Alley when the two met in Shanghai many years earlier (Reynolds, 1997).

The Shandan Bailie School was established in February, 1944 and despite it being destroyed by an earthquake in 1954, it was rebuilt in 1987; it still acts as a cooperative training centre and technical training centre to this day.

2.5.2 Shandan Cooperative Experimental Zone

Due to the special links that Rewi Alley had with Shandan (having devoted nearly ten years to establishing the Shandan Bailie School), the Shandan County was selected, in 1991, by the ICCIC to be one of four cooperative experimental zones (Lu, 2012). The local government in Shandan has also supported the efforts of the ICCIC to rejuvenate cooperatives in the area (Zhang, 2009). The Shandan government established a Shandan Cooperative Federation (SCF) which employs six people to promote cooperatives and train cooperative members in Shandan. The SCF is an organization unique to Shandan and is notably absent within local governments in other rural areas in China.

2.5.3 Work of New Zealand China Friendship Society in Shandan

Shandan has been an area in China that the NZCFS has focused its aid efforts. The rebuilding of the Shandan Bailie School in 1987 was made possible, in part, through financial support from the NZCFS. The NZCFS sent a container of supplies to the new school in 1987. Since then, it has also continued to select and support qualified teachers to teach at the school, 12 having been sent since the year 2000 alone. The NZCFS also provides scholarships for students and teachers of the school to study in New Zealand. All this has contributed towards growing the capacity of the Shandan Bailie School as a cooperative training center, for its students and the wider community of Shandan.

Since 2006, the NZCFS has worked in conjunction with ICCIC, SCF and Shandan Bailie School to develop poverty alleviation projects in Shandan. Through training courses and some financial assistance, the focus of these projects is to establish new cooperatives in the area and improve the operation standards of existing cooperatives. As of 2013, there were 29 cooperatives established by the NZCFS in Shandan. These cooperatives have enhanced Shandan's reputation as a cooperative model county, setting an example for other counties in the region to emulate.

2.6 The 2007 Farmers' Professional Cooperative Law

2.6.1 Definition of a cooperative under Chinese Law

The Farmers Professional Cooperative Law was passed by the NPC on October 31, 2006. The law came into force on July 1, 2007 and is the principal law with which all other cooperative legislation or regulations made by provincial, county, and village governments in China must comply (Zhang, 2007). Previous to the passing of this law, there was no national level legislation protecting the legal interests of the cooperatives and their members. The purpose of the law is to encourage growth of the agricultural and rural economy by facilitating the direct development of farmers' cooperatives through standardizing their organization. The law urges county governments and higher level government bodies to organize bureaus and agencies to provide services and support for the formation and development of farmers' cooperatives. The farmers' cooperatives are based on the Rural Household Contract System: a land allocation scheme where rural land is divided up and contracted to farmers who are given land-use rights by the local government (Kung & Bai, 2011).

As defined by the Farmers Professional Cooperative Law, Chinese cooperatives are:

...self-help organizations which are associated voluntarily and controlled by producers of same agricultural products or service providers and users of same agricultural business operations (NPC, 2006).

It is important to note that under the new law, membership in farmers' cooperatives is voluntary and the cooperative is to be controlled by the producers (i.e. the farmers) themselves. This form of collective rural organization is, at least on paper, a stark contrast from previous attempts of rural collectivisation by the CCP (see Chapter 2.2).

2.6.2 Chinese Cooperative Principles

For the most part, the defining principles of cooperatives in China conform to the cooperative principles as outlined by the ICA. Under Chinese law, a farmers' cooperative must be established along the following five principles:

- (i) *Farmers play the dominant role among its members*

The minimum number of founding members to begin a cooperative is five. Registration as a cooperative is free and applications are made to the Industry and Commerce Bureau. Individual persons and institutions that use and provide services and products from the same agricultural business operation can join the cooperative. However, a clause in the law means that non-farmer members of the cooperative have to remain the minority. This clause guarantees the predominance of farmers (at least 80%) in all professional farmers' cooperatives. Agencies with public administration functions are restricted from joining the cooperative. Nevertheless, if the total number of cooperative members is less than 20, one company or government affiliated agency or civil society organization can join the cooperative. If the total number of members exceeds 20, the number of companies, government-affiliated agencies and civil society organizations can be up to five percent of the total number of members. To keep the cooperative autonomous and free from government control, it is made clear that government officials cannot be members of the board of directors or supervision committee during their tenure, as they would hold a management position in the cooperative.

- (ii) *The key purpose is to serve members and act in the common interests of all members;*

Advantages of the cooperative model for the organization of farmers are obvious. Cooperatives help members to reduce their transaction costs through economies of scale. Farmers can enjoy increased access to technology through training, the joint utilization of machinery and agricultural facilities, and the centralized purchase of agricultural input materials. Cooperatives are able to reduce the risks and uncertainties of the marketplace by providing dynamic, commercial, information to farmers. They can take advantage of cooperative marketing economies to sell to a wider consumer segment with a brand name, recognized by consumers, as a quality product. Many

cooperatives in rural China also provide services such as a mutual aid relief fund and agricultural insurance (Peng, 2008). This precaution ensures the cooperative is operating for the common benefit of all its members and the cooperative is required to keep separate accounts for transactions with members and non-members.

The law encourages commercial financial institutions to provide financial services to cooperatives. Cooperatives also qualify for tax breaks in agricultural production, processing, marketing services and other farming activities. Local governments are also urged to provide funding for cooperative training, ensuring quality standards and the certification of agricultural-products, agricultural facilities, and marketing of cooperative products. Recognizing the ability of cooperatives to contribute to poverty alleviation and increase economic benefits for its members, preferential treatment in terms of government funding is given to cooperatives operating in remote and poor areas, especially areas with a large population of ethnic minorities. Top preference for government funding is also given to those cooperatives that are producing goods urgently needed by the state and civil society.

(iii) *The members shall join and exit voluntarily;*

As the principle states, members are free to withdraw from a cooperative by making an application three months before the end of the fiscal year. If the member is a government-affiliated agency or civil society organization, their application to exit the cooperative should be made six months before the end of a fiscal year.

(iv) *All members are equal and cooperatives are democratically controlled;*

In terms of democratic member control, there is a provision in the law dedicated to member voting rights. Generally, voting within the cooperative is restricted to one member one vote. However, it is stipulated in the law that individual members with the a larger share of capital contributions in the cooperative, or relatively larger portion of trading with the cooperative can have hold up to 20 percent of the vote. This must be provided for in the cooperative's bylaws and the number of votes each member has, who belongs to this group of voters, must be disclosed when the general meeting

is held. The general meeting is where decisions concerning the operation of the cooperative are made. The members of the Board of Directors and Supervision Committee are elected at a general meeting. In order for an election or the passing of a resolution to be upheld at a general meeting, a quorum of at least two thirds of all members must be present. At least half of the votes cast by members at the general meeting must be in favour of the resolution. Larger cooperatives with more than 150 members may call delegate meetings instead of general meetings of all members.

(v) *Surplus should be redistributed based on the volume of members' patronage.*

At the individual level, the board of directors from each cooperative should prepare the financial statements, create the plans for the allocation of surpluses, and be responsible to present these documents to their cooperative members at a general meeting. The first use of a surplus is to service debt payments. Some of the surplus can then be retained as a reserve, while up to 60 percent of the remaining surplus can be allocated to members on the basis of patronage. The rest of the surplus can be credited to each member's account by computing the proportion of each member's capital contribution, reserves, government subsidies and other grants. Members' liability is limited to their financial stake in the cooperative. This includes their equity contributions and reserves credited to their personal account.

Although the definition of cooperatives in China under the new law does not specifically make mention of the last three ICA cooperative principles, essentially, Chinese cooperatives adhere to the basic definition of a cooperative. The critical, defining characteristics of a cooperative enterprise, are argued to be: (1) those who own the cooperative are those who use it; (2) those who use the cooperative are those who control it; and (3), the benefits from the use of the cooperative are distributed to the users on the basis of their use (Barton, 1989; Cook, 1995).

2.6.3 Development of Chinese Cooperatives under the 2007 Law

Since the introduction of the Specialized Farmers' Cooperative Law in 2007, China has seen a surge in the formation of specialized agricultural cooperatives. According to the MOA, in 2008, just one year after the enactment of the Farmers Professional Cooperative law, roughly 180,000

cooperatives in China were officially registered. In 2014, the number of registered cooperatives had grown to 1,038,800, a 24 percent compound annual growth rate increase since the introduction of the cooperative law (CFC, 2014).

The majority of registered cooperatives in China are farmers who grow fruit and vegetable crops (see Fig.2). Raising livestock is the second most popular type of cooperative, of which, 41.5% raise pigs and 35.7% raise poultry. Service cooperatives include organizations which specialize in assisting farmers with certain aspects of farming such as seeding and harvesting machinery, or marketing functions. Handicraft cooperatives make up only a small amount of the overall total but have provided valuable employment opportunities for woman in rural villages who are able to add value to raw products through weaving or hand knitting cooperatives. Other cooperative types include farmers living in rural areas surrounding big cities such as Beijing. They have been restricted in their ability to intensively farm their land due to the effects that herbicides and pesticides have on city drinking water. In many cases, these farmers have organized themselves into tourism cooperatives offering their farmhouses as accommodation for weekend getaways popular amongst city dwellers; often increasing the income they earn compared to farming.

Fig. 2 Types of Registered Cooperatives in China (CFC, 2014)

Type of Cooperative	Total (%)
Vegetable and Fruit	47.3
Animal Husbandry	31.2
Service Industry	6.3
Forestry	4.1
Fishing	4.5
Handicraft	0.5
Other	6.1

Despite the growth and success of these farmers' professional cooperative organizations, they are still in their infancy and need a lot of help and encouragement to develop their full potential. Cooperative organizations in China are currently characterized by weak overall strength, poor capability of bearing risks, low proportion of member farmers and non-member farmers joining

cooperative activities, non-standardized internal operation, and failure to adhere to even basic principles of a cooperative as defined by international standards (Peng, 2008).

In order to overcome the difficulties of developing efficient cooperative enterprises that meet internationally agreed standards, the MOA, along with other ministries of the central government, have called for ‘model cooperatives’ to set an example for other cooperatives to replicate. The improvement of democratic management in these model cooperatives is a top priority (Ware, 2011). Setting up these model cooperatives is very much the focus of the work done by the ICCIC and NZCFS in Shandan.

2.7 Conclusion

This chapter has presented a general explanation of the cooperative model, a brief history of cooperatives in China, an introduction to the key organizations related to the research interests of this thesis, and an overview of the Chinese cooperative legislation. This chapter has also outlined the unique history of cooperative development encouraged by Rewi Alley in Shandan County and the continuing efforts of the ICCIC and NZCFS to promote cooperative development in the County. This thesis will investigate issues surrounding cooperative democracy within the Gung Ho movement and, in particular, agricultural producer cooperatives in Shandan County. The next chapter will elaborate further on issues concerned with the democratic management of cooperative enterprises.

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CHAPTER 3: COOPERATIVE DEMOCRACY

This thesis aims to explore how Chinese cooperative members define and express democratic participation. Therefore, it is important to look at how the principle of cooperative democracy has generally been used in the literature, and how other studies have operationalized the concept of cooperative democracy. First, this chapter will look at how our concept of democracy in the workplace has developed through time by looking at some early examples of people and organizations that pioneered forms of organizational democracy. Second, some of the inter-related terms often used interchangeably with democracy within business enterprises will be defined. Third, a proposed working definition of workplace democratization (WD) will be given. The purpose of providing a definition of WD is to create a starting point and some general boundaries from which an exploration of democratic member control within Chinese cooperatives can begin. Finally, this chapter will outline the main themes that have emerged from the empirical research conducted on WD within cooperatives. The last section will focus on research on WD in Chinese cooperatives since the introduction of the 2007 Farmers Specialized Cooperative Law.

3.1 Historical Development of a Democratic Workplace

Exploring the historical development of democracy in the workplace is necessary at this stage because it will provide an understanding of the conceptual framework on which democratic control within cooperative enterprises is built. This section will not provide a complete historical account of the concept of democracy; rather, it will outline specific developments that have contributed to how the term is used in relation to member control in cooperatives today.

In a very broad sense, the concept of cooperative democracy is by no means a new concept. The idea of governing society under a democratic system can be traced back to some of humankind's earliest societies. The political ideals of democracy originated in ancient Greece. The word democracy is derived from the Greek word 'demokratia' which literally translates to 'demos'- the people, and 'kratia'- power (Ober, 2008). The right of a nation's citizenship to participate in the democratic election of governing representatives at a state level has been largely influenced by

ethical and moral arguments supporting freedom and equal participation (Inglehart & Wezel, 2005). However, democratic systems often used in the political realm are sometimes non-existent within private organizations. Lane (1985) exposed the prevalence of undemocratic organizations operating within countries that practice political democracy. Pateman (1975) explained how the values and ideals of political democracy should also apply to the governance of the workplace. So why do the principles of freedom and equal participation inherent in political systems so often disappear when entering the workplace?

Since its publication in 1897, *Industrial Democracy* has been a classic text for researchers working within the field of industrial relations. Authors Sidney and Beatrice Webb were the first to use the term ‘industrial democracy’, referring to the growing labour movements of the time, especially to rising popularity of trade unionism and collective bargaining: the exacerbation of inequality had accelerated with the Industrial Revolution. Although the Webbs were the first authors to coin the term in 1897, an underlying element of democratic participation in organizational decision making was present in some workplaces long before the publication of this book. The idea of extending democratic principles to the workplace, received wide support from anarchists, utopians, Christian socialists, and academics alike (For a comprehensive history of the concept of industrial democracy see Warner (1984)).

One of the foundations of industrial democracy is based on anarchist schools of thought that emphasize opposition to authority and advocate non-hierarchical voluntary associations as the basis for an organized society (Ward, 1966). Mikhail Bakunin is considered to be one of the earliest anarchist theorists. His vision for a future anarchist society included his thoughts on cooperatives:

The various forms of cooperation are incontestably one of the most equitable and rational ways of organizing the future system of production...cooperation can habituate the workers to organize themselves to conduct their own affairs - Bakunin, 1875 (as cited in Dolgoff, 1973:345).

Since the defeat of the anarchists in the 1939 Spanish Revolution, the direct association with anarchist thought on the development of industrial democracy has subsided. However, the

influence of Spanish anarchists in the Basque Country of northern Spain has been instrumental in establishing one of the world's most successful examples of industrial democracy, the Mondragon Cooperative Corporation (Benello, 1996).

Utopian cooperative communities in the mid-19th Century were formed by French, English, and German, political activists. Perhaps the most famous of these was the 'New Harmony' community founded in 1825 in the US state of Indiana by the British social reformer Robert Owen. Born in Wales in 1771, Owen managed and then owned cotton mills in Manchester and Scotland. Owen reformed the mills to improve the conditions of his workers. As his ideas evolved over time, he focused his efforts on "devising arrangements by means of which the whole population might participate in the benefits derivable from the increase of scientific productive power" (Owen, 1820:247).

Owen rejected individual interest as being more important than the well-being of the communities he established around the cotton mills. Although the 'New Harmony' community failed financially after only a few years, Owen's social experiment of democratic workplaces caught on and inspired the formation of thousands of organizations based on similar socialist and cooperative ideals (Blum, 1968; Derrick and Phipps, 1969; Parker et al., 2007).

British middle class Christian idealists in the middle to late 19th century were inspired by Owen to form small scale, self-governing, worker cooperatives that challenged mass production and deskilling in industries as a result of the Industrial Revolution. The efforts of early Christian socialists, such as John Malcolm Ludlow, laid the foundation for the legal recognition of cooperatives and trade unions in Britain (Backstrom, 1974). However, efforts towards widespread industrial democracy through the Christian socialist's framework were splintered by idealism, just as the movement began to become a major national economic force (Hall, 2006).

In 1884, the Fabian Society was formed by an influential group of academics that advocated a gradual shift in British politics toward socialist ideals. In the 1890's the society guided some of the more radical revolutionary elements of the burgeoning labour movement, into a more palatable reformist approach (Yeo, 1977). The efforts of the Fabian Society were instrumental in laying the

foundations of the Labour Party (Milburn, 1958). Sidney and Beatrice (Potter) Webb were influential members of the Fabian Society and the title of their book, *Industrial Democracy* (1897) is believed to be one of the first times that the term had been used (Ackers and Wilkinson, 2003). Sidney and Beatrice (Potter) Webb acknowledged the potential of cooperative democracy to transform society (Webb & Webb, 1897:88), but were critical of Robert Owen's view of profit-making as "wasteful and demoralizing" (Potter, 1891:216). The Webbs focused their discussion of industrial democracy on the superiority of trade unions that were based on the democratic principle: "all men are equal, but also that what concerns all should be decided by all" (Webb & Webb, 1897:8).

Since the publication of *Industrial Democracy*, the academic literature surrounding democracy in the workplace has been dominated by research conducted in the context of a structurally adversarial workplace environment. That is, exploring the contribution of employees' role in the management level decision making process. Traditionally, the avenue for workers to express their voice and have any form of democratic participation in their workplace is through the formation of trade unions (Freeman & Medoff, 1984; Pateman, 1975; Ramsay, 1997; Towers, 1997). Trade union leaders (often democratically elected) can represent workers' solidarity on important workplace issues and attempt to restore the balance of power during collective bargaining with employers. However, a steady decline in union membership density since World War II has encouraged debate on the effectiveness of trade unions to provide representation for the true expression of workers concerns (Dundon et al, 2005; Dundon & Gollan, 2007; Putnam, 1995). Also, the term industrial democracy and its link to worker democracy through trade union membership may not be the best means to expand membership control of cooperative enterprises. Cooperatives are owned and controlled by the members of the cooperative as opposed to the function of a trade union which is to act as an independent collective representation of employees in their dealings with their employer or agent (Pendleton et al., 1995). The contradiction between conventional trade unionism and employee ownership in terms of industrial democracy has been a persistent theme in industrial relations literature (Blasi & Kruse, 1991; Cornforth, 1982; Clegg, 1960; Dilts & Paul, 1990; Eccles, 1981; Kruse, 1984; Strauss, 1992). Therefore, before a term is chosen that can more appropriately examine member control in Chinese cooperatives, it is necessary to explore some other terms that are related to industrial democracy.

3.2 Variations in Terminology

The following is an introduction to various terminology used throughout the literature which relates to democracy within the workplace. A review of the literature reveals that there are a range of terms that have been used by scholars over time to describe democracy in the workplace. These terms are used interchangeably, often in conflicting and inconsistent ways (Collom, 2003; Cooke & Kothari, 2001; Marchington et al, 1992; Mitchell, 1998; Pateman, 1975; Ramsay, 1977). Some of these terms include: industrial democracy; organizational democracy; workplace democracy; participation; voice; empowerment; and involvement. Although similar in nature, and indeed necessary for democracy in the workplace to exist, terms such as participation often do not encompass the wider institutionalized ideals of workplace democracy (Cheney, 1995). It is important from the outset to explain variations in the terminology and make sure these terms are clearly defined.

Employee participation

During the 1970's, a lot was written about alternative management systems involving employee participation (see Dachler & Wilpert, 1978; Garson & Smith, 1976; Ramsay, 1977; Reilly, 1979). In a report prepared for the British Institute of Management, employee participation was defined as "...any agreed process established within an organization through which employees are able to affect managerial decisions" (Reilly, 1979:9).

One of the most cited authors from this time was Caroline Pateman. She wrote primarily about political democracy and the implications of this on society and organization in general. Pateman (1975) also attempted to summarize management systems which used employee participation in the workplace by grouping them into three types: full, partial, and pseudo. *Full participation* is where every employee has equal power to determine the outcome of a decision. *Partial participation* is where employees have some influence, but ultimately the power and decision making authority still rests with management. *Pseudo participation* is where management involves employees in discussions regarding decision making, giving them the illusion they have some influence or power over these decisions. An aspect of democratic control within a cooperative

enterprise should involve full participation, where employees (members) have equal power to determine a decision, not just influence the decision.

Employee involvement

Employee involvement became a popular term used within management circles beginning in the 1980's (Marchington et al, 1992). It can be viewed as a way for management to improve employee commitment to goals through involvement of workers in a range of processes that do not necessarily involve the power sharing of decision-making authority with workers (Ackers et al., 1992; Harley, 1999). Employee involvement embraces a diverse range of management processes described by Marchington et al., (1992:7) as an “escalator of participation”. Employee participation can be summarized into four categories: downward communication, upward problem solving, financial involvement and representative participation (Marchington et al., 1992; Marchington & Wilkinson, 2004). While elements of all four of these categories are important to democratic control in cooperatives, employee (member) involvement does not guarantee power sharing and worker (member) control. Strictly speaking, by using the term employee involvement, mere downward communication of information by management to workers could be deemed as employee involvement. Such a broad range of processes without a guarantee of control of decision-making by the membership is not entirely appropriate to examine democratic control of cooperatives in China.

Partnership approaches

There are many variations of partnership in the workplace, all with potentially different elements and dimensions (Woodworth & Meek 1995; Marchington, 1998; Taylor & Ramsey 1998). In common with all these dimensions, there is a desire for employers, employees and their unions to work together to build trustful industrial relations. Often, though not always, a union representative or some other directly elected representatives from the workplace meets with management to ensure there is an independent employee agent within the organization (Rogers & Streeck, 1995). The works council model of partnership is seen to improve information flow between workers and management (Freeman & Lazear, 1995). However, Guest and Peccei (2001) found that the balance

of power in terms of decision-making is skewed towards management. In countries such as Germany, there is legislation that promotes workplace partnership; widely known as co-determination (Hübler & Jirjahn, 2003). Other forms of partnership include profit sharing and share ownership arrangements designed to give each employee an opportunity to acquire a financial stake in the enterprise (Blinder 1990; Conte & Svejnar 1990). Collective ownership of the cooperative enterprise by its membership is assumption based on the very definition of the cooperative model; so a financial partnership of this kind would not be considered as anything beyond what is already the norm in a cooperative. Also, partnership models involving union representation would not appropriately explore democratic control of a cooperative enterprise as union density in cooperative enterprises is extremely low (Cornforth, 1982). However, in large cooperatives, a representative of cooperative members on a management board is very common (Chaddad & Cook, 2004).

Employee voice

The term employee voice is defined by Hirschman (1970:30) as “any attempt at all to change, rather than to escape from, an objectionable state of affairs”. The term re-emerged in the 1980’s when Freeman and Medoff, (1984) argued that it was desirable for companies to provide a voice mechanism to detect problems at an early stage. Like the related terms above, employee voice is poorly defined and subject to different interpretations and meanings (Dundon et al., 2004; 2005, Wilkinson et al., 2004). Employee voice encompasses direct and indirect representative forms and many consider trade unions as the most logical and efficient arrangement for providing that voice in the workplace (Pateman, 1975; Freeman & Medoff, 1984; Ramsay, 1997; Towers, 1997). However, the sharp decline in union density around the world has led to a representation gap where the efficacy of the non-union voice has become more critical (Bacon, 2006; Dundon & Gollan, 2007; Towers, 1997). Testing the cooperative model as an alternative to collective bargaining using Hirschman’s (1970) exit, voice and loyalty strategy, research shows that cooperative members are more willing to use ‘voice’ mechanisms and remain loyal to the organization rather exit (Hoffman, 2006). This is often because of an ideological commitment to the cooperative model by the members (Cornforth et al., 1988; Rothschild & Whitt, 1986). However, in a conventional workplace (as is often the case with the related concepts of participation, and

involvement above), a ‘voice’ is all that is really provided to workers. There is no guarantee that management will act on what they have heard from workers as, even using employee voice mechanisms, the “responsibility of decision making ultimately remains with management” (Gollan and Wilkinson, 2007:1138).

Workplace democratization

WD embodies a fuller concept of what this thesis seeks to explore, that is, not simply a voice for members of the cooperative to speak their mind, but a complete transformation of power relations enabling the cooperative members to influence and change managerial decisions. To clarify what is meant by the term ‘workplace democratization’ for the purposes of this study, a working definition of what this term entails is given below.

3.3 Working Definition of Workplace Democratization

As a cooperative is 100% owned and democratically controlled by its members, they effectively bypass the need for union representation, collective bargaining, co-determination, and the other management ‘add-ons’ outlined above. To recognize the distinct structure of participation and the unique form of democratic control, WD is perhaps the best avenue to understand member control within cooperative enterprises. The term WD is more appropriate than ‘industrial democracy’ because the focus is on the organization, while industrial democracy often includes relations between organizations (Bernstein, 1976).

At the most basic level, WD within a cooperative is expressed directly through a ‘one member, one vote’ decision making system. However, as a cooperative grows in size, participatory concessions are often made to direct democratic systems in order to increase their efficiency (Ng & Ng, 2009). Through representative democracy, members delegate decision making responsibilities to elected individuals. The representatives that make up the governing body (e.g., board of directors) potentially reduce the amount of time consuming meetings that the general membership has to attend; this leads to greater efficiency in the decision making process. However, there is a danger of allowing democratic control of the cooperative to degenerate into a hierarchical form of

organization, where the decision making authority falls into the hands of a small group of managerial elite (Cornforth, 1995). The extent to which the general membership retains control of the cooperative depends heavily on the structure of the organization and the provisions it makes to ensure democratic member control. To examine the nature of democratic control of cooperative enterprises, a clear definition of what is meant by WD, must be given. However, it must be kept in mind that no one is in a position to assume what is 'real' democracy. Democracy is not a unitary concept; it encompasses many types and degrees (Harrison, 1994).

The purpose of this thesis is to explore what democratic control means to members of Chinese cooperatives. It will not slavishly adhere to a pre-existing definition of WD and use this to evaluate the cooperatives under study. However, in order to frame the boundaries of my investigation, it is useful to look at how WD has been defined by other authors. A functional definition of WD is provided by George Cheney below:

A system of governance which truly values individual goals and feelings (e.g., equitable remuneration, the pursuit of enriching work and the right to express oneself) as well as typically organizational objectives (e.g., effectiveness and efficiency, reflectively conceived), which actively fosters the connection between those two sets of concerns by encouraging individual contributions to important organizational choices, and which allows for the on-going modification of the organizations activities and policies by the group. (Cheney, 1995: 170).

From this definition, it can be clearly understood that WD within a cooperative must involve the balance between individual goals and organizational objectives. The governance structure of the cooperative must allow for, and even encourage, individual members to contribute towards important decisions made by the organization. The system of governance within the cooperative must also be able to modify its practices and policies, even revising its own constitution, if that is collectively deemed necessary by its membership.

Bernstein (1976:9) gives a definition of a WD within an organization that is:

(R)un in such a way that meaningful participation in decision making is consistently available to each member (at least within their area of competence and concern) and that top decision makers are ultimately accountable to and removable by the working membership.

This definition reiterates the importance of member control, as those in leadership positions are able to be removed from their position, if decision-making is not consistent with the concerns of the membership.

There is also a slight semantic difference in the way that Bernstein presents his definition of WD that is important to note here. Bernstein prefers the term ‘workplace democratization’ rather than ‘workplace democracy’. His studies are concerned with the process of transformation that an organization goes through, not the particular state of democracy it may eventually achieve. As he states: “the term democratization seems more realistic...in all probability, there is no fixed, single, or final state of workplace democracy” (1976:4).

Bernstein’s original model of WD includes studies from China, among many other countries (*see*: Bettelheim, 1974; Macciocchi 1972; Mydral, 1970; Richman, 1967). Although the Chinese studies used by Bernstein (1976) are now very dated, there is at least some consideration of the Chinese context. In contrast, other researchers who have explored models of WD such as Rothschild & Whitt (1986) and Gunn (1984) focused their research solely on organizations within the United States.

Bernstein (1976) outlines six internal components that his research suggests must be present within an organization striving for WD. These six components have many similarities with the nine structural conditions presented by Rothschild & Whitt (1986); and Gunn’s (1984) ten facilitative conditions. Bernstein (1976) contends that the level of democratization in the organization will decline without any one of the six components listed below. These components are:

1. Participation in decision-making, whether direct or by elected representation.

Although this requirement may seem obvious, there are schemes calling themselves “economic democratization” (such as Employee Stock Option Plans) that have not included member participation in decision-making. In fully democratized organizations, downward managerial authority on members is balanced by frequent upward input into policymaking and the members’ ability to remove managers from their position.

2. Frequent feedback of economic results to all employees

This is in the form of regular monetary feedback to the members about the surplus that they themselves have directly produced and control; not just information feedback. If the return comes frequently, it can be usefully inform the decision-makers of the immediate effects of their decisions. This return must be made to the entire participating group, managers included. If not, members may become fragmented and are likely to compete against each other for individual rewards. This would destroy the cooperative interaction necessary for joint decision-making and production. Rewarding the group stimulates the formation of group identity. Members and managers come to see that they are dependent on one another for future rewards.

3. Full sharing with members of management-level information and, to an increasing extent, management-level expertise.

Members and their representatives must be able to obtain all of the information necessary to make or to judge management-level decisions. Once members have knowledge of the actual state of the cooperative, it is not rare for them to moderate their demands. One way of solving the need for ‘industrial secrecy’ might be to transfer full information only to the members’ representatives, thereby keeping the mass of members much less informed. Education for membership is needed so management expertise and knowledge can be more widely comprehended by the wider membership.

4. Guaranteed individual rights

To have successful democratization, a cooperative needs to guarantee each member freedoms of speech and assembly, and an assurance they will not be penalized for their

participation in the petition of grievances. A cooperative must also have secret balloting in elections, due process, and the right of fair appeal in cases of discipline. There must also be immunity of workers' representatives from dismissal or transfer while in elected office and a written constitution alterable only by majority or two-thirds vote of the full membership.

5. An independent board of appeal in case of disputes

Members must have confidence that the settlement of rule violations is equitable and carried out by an authority independent of management. This authority should be composed of peers as far as possible and it may even be helpful to bring in a neutral third party to participate in the judicial process.

6. A particular set of attitudes and values

These traits, or type of consciousness, are not expected to be present within the membership in their absolute form: instead, they indicate directions or tendencies. Research from several studies identified individual elements of consciousness Bernstein saw as critical to the process of group self-management (Argyis, 1954; Das, 1964; Dunn, 1973; Freire, 1974; Maslow, 1964; Tabb, 1970; Theobald, 1970). Some of the traits necessary for a democratization of the workplace include: self-reliance, flexibility, activism, willingness to admit mistakes, receptive to new and unfamiliar experiences, a strong sense of attachment to one's fellows, and able to compromise with others.

3.3.1 'Measuring' workplace democracy

In addition to the six components briefly outlined in an abbreviated form above, Bernstein's (1976) model of WD outlines three criteria that have been explored in order to understand the degree to which WD operates within an organization: (1) The scope or *range* of issues over which democratic practices have influence, from trivial welfare issues, operational issues, and tactical issues, to vital strategic issues (see also Cheney, 1995); (2) the *degree of control* members exercise over decisions (see also Collom, 2003; Knudsen, 1995; Marchington, 2005); and (3) observing the highest *level*

at which member influence is exercised (see also Monge and Miller, 1988). These three criteria are explained further below.

Range

The range, scope, or breadth of issues, that democratic systems have domain over within the cooperative are extremely important. If important issues such as salary and wages are excluded from consideration, this would seem to undermine trust and confidence in a system that allows for democratic participation on ‘any matter except...’ It is important to note what these exceptions might be and the reasons for excluding them from democratic participation by members.

Degree of control

What is the true extent of influence by members of the cooperative? Do members stage a vote only to find out that a contrary decision has been made by the board of directors behind closed doors? It is important for the cooperative to decide the issues in which consensus is paramount. Less important issues can be delegated to a representative committee, if agreed to by the membership. However, an important issue such as the revision of, and amendments to, a cooperative’s constitution may require the support of two-thirds of the members.

Level

It is important to understand at what level in the organization the locus of participative decision making control takes place. Likewise, it is crucial to assess to what degree normal employees/members have been empowered to exercise democratic control over higher level issues. Are there elements of WD at the production level but things run ‘business as usual’ at the top management level? A division of this nature can undermine confidence and trust within the organization (Barker, 1993a).

Bernstein’s (1976) model of WD has provided a starting point to explore the meanings of WD to members of Chinese cooperatives. Although this study does not strictly use this model as a

measure of WD for the cooperatives under study, Bernstein's components and criteria were taken into consideration during the semi-structured interviews with cooperative members (for full details of methodology, see Chapter 5).

3.4 Workplace Democratization within Cooperatives

This section will review what has been said about WD within previous studies on cooperatives, especially those in China. King (1995:1161) argues that scholars "have much to learn from simply observing and describing the formation, evolution, and operation of successful cooperatives". Cooperatives tend to make different decisions from their investor-owned, business counterparts (Rothschild, 2009). They should not be evaluated on their ability to achieve bureaucratic standards they do not share with these firms because cooperatives are an effort to realize a set of different values (Rothschild-Whitt, 1979). How then, should WD in cooperatives be assessed? There are a number of practical limitations within any kind of democratic system. The following eleven reoccurring themes have emerged from the literature dealing with WD in cooperatives.

Environment

Baldacchino (1990) saw the problems of developing cooperative values within a capitalist society. He argued that unless adequate consideration is given to external environment of the cooperative, it will fail in democratic, if not economic terms. It has been argued that WD suffers overwhelming odds, given that it is placed in a non-democratic context (Dachler and Wilpert, 1978; Rothschild & Whitt, 1986; Russell et al., 1979). WD within cooperatives is more likely to survive if it is supported with environmental 'infrastructure' such as: ideology and value systems, industrial relations, legal support, advice, and financial support (Blasi et al., 1984; Kleinman, 1996; Paton, 1989; Varman & Chakrabarti, 2004). Rus (1970) found that, in the Yugoslav context, the distribution of influence within an organization was more dependent on social context than the 'idiosyncratic factors' of the organization. Conditions of political and social upheaval have been shown to have profoundly influenced the environments in which WD within cooperatives organizations have been created and developed (Veljko, 1970). For example, studies in Portugal (Bermeo, 1986), Peru (McClintock, 1981; Stephens, 1980), Chile (Espinosa & Zimbalist, 1978),

and Algeria (Clegg, 1971) showed that important political educative effects are demonstrated by socialist or nationalist movements. However, these studies also showed that even with government support for the creation of cooperatives, it is not guaranteed that WD will result. Rothschild-Whitt (1979) and Russell et al. (1979), in an empirical work carried out in California, found that the environmental constraints (legal, political, cultural) led to less desirable forms of WD. They are inclined towards the hierarchical practices of the conventional organizations that surround them. Rothschild-Whitt and Lindenfeld (1982:18) explain that WD is not possible “without the growth of a parallel political movement that can help to democratize the hierarchical organizations which presently control most of the society’s resources”. Bernstein (1976) concludes that WD cannot be transformative without countervailing forces to the logic of the market. These countervailing forces include a working class party, cooperative or egalitarian culture, socialist ideology, revolutionary movement, or a government committed to economic democracy.

Consciousness & Values

The concept of a ‘social’ or ‘democratic’ consciousness and other personal values and beliefs are shown to be important to the functioning of WD in cooperatives. Rothschild-Whitt (1979) suggests that, when cooperatives maintain alternative values and culture (among other important factors), they are more likely to retain democracy. Links to social movements, economic marginality and an oppositional and transitory orientation help to keep these alternative values and culture vital (Cornforth, 1995).

A set of specific attitudes and values make up a ‘participatory/democratic consciousness’. They are summarised as ‘resistance’ by Bernstein (1976). He believed that people would be less prone to manipulation and more involved in ‘activism’ - giving them a greater ability to create and organise policy - if they possess these qualities. Bernstein (1982) also argues that the lack of this democratic consciousness leads to compliant and passive behaviour. Further to this, Hoffmann (2001, 2006) found that shared egalitarian beliefs meant members had confidence and that procedural justice norms would prevail. Workers’ new-born confidence in the fairness or justice of the organization prevented many possible disputes from arising and, when they did arise, helped to ensure they could be resolved informally.

Although the relationship between WD and social consciousness at the national level is far from clear, empirical studies in Venezuela found the degree of members' solidarity towards their local communities was significantly tied to the level of WD in their cooperatives (Harnecker, 2009; Pineiro, 2005). Evidence from India suggests that a lack of 'democratic consciousness' among cooperative members from the lowest rung of the caste system meant they are more susceptible to hierarchical influences (Varman & Chakrabarti, 2004). Labour struggles in Mexico have developed a participatory culture where cooperative members pushed for WD. This included scepticism and a willingness to challenge authority, readiness to recall representatives, a belief that representatives would maintain contact with rank-and-file, honesty, and an expectation of members to participate fully in board and committee meetings (Hernandez, 2006).

Sometimes the consciousness acts to constrain forms of democracy and authority in cooperatives (Adato, 1994). It is argued that infusing cooperatives with political ideas is a distraction, reducing efficiency and placing unnecessary burdens of political development and welfare on these organisations with which they cannot cope (Worsely, 1971). This was found to be the case in Zimbabwean and South African cooperatives. In both countries, many cooperatives originated from revolutionary roots and political objectives. They developed through members skilled at resistance and under a heavy ideological load. Zimbabwean cooperatives are seen by many to be the 'vanguard' in the country's 'transition to socialism' (England, 1987). In South Africa, some thought cooperatives could, in the long run, "topple capitalist industry" (Philip, 1989:37). However, this situation has obviously not eventuated.

Initiator

Banaszak (2008) finds that in Poland, the people who initiate the cooperatives are a key factor for the cooperatives' success. The ideological commitment and rebelliousness of cooperative initiators were found to be an essential ingredient for a successful cooperative movement in South Africa (Adato, 1994). In a Hong Kong women's cooperative, those who built the cooperative from the ground up tended to have a greater understanding and appreciation of cooperative principles than those who were recruited later (Ng & Ng, 2009). In a study of five industrial cooperatives in

Kolkata, India, Bhowmik & Sarker, (2002) suggest that state support for cooperatives was a prerequisite for their success. In these government-sponsored cooperatives, the officials of the Cooperative Department exert greater control over decision making than the members. In another Indian study, Varman & Chakrabarti, (2004) found a gulf of expectations between the initiators (labelled as ‘activists’), who initiated the formation of the cooperative, and the workers/members who later joined the organization. The difference of opinions between the initiators and the members became further complicated as workers are economically dependent on the cooperative and at times the influence of the ideological driven activists seemed to be insensitive to the extreme economic vulnerability of the workers.

Leadership

Cornforth (2004) suggests that power and decision-making in cooperatives is often concentrated at the top and cooperatives have for a long time been characterized by a lack of participation and sense of involvement by their membership. Mulder and Wilke (1970) report that inequality will always appear in any decision-making group due to the differences each individual possesses when it comes to skills in communication and persuasion. Articulate, talented and inventive people may have a magnetic appeal in cooperatives, especially in the formation stage (Cathcart, 2009). In Mexican cooperatives researched by Hernandez (2006), the business continuity and long-term economic plans of the cooperatives required a well-trained and consistent management team, who became primary leaders in the organization. The extent to which individuals can single-handedly influence the outcome of decisions can be seen as a threat to collective control of the organization (Rothschild & Whitt, 1989). While charismatic leaders can help foster a participative environment, they must be aware, and avoid, the paradox of trying to force democratic involvement on others (Cheney, 1995). Close personal relationships with leaders (and between individual members) can lead to avoidance of discussing pertinent issues in the fear of rejecting or offending others ideas (Mansbridge, 1980).

Members’ expression of voice in the form of criticism aimed at improving the organization is central to a vision of true democracy (Rothschild & Whitt, 1989). This is especially apparent in two studies (*see* Novak & Harter, 2008; Varman & Chakrabarti, 2004) that link the relationship

between WD and poverty alleviation. Both of these studies find that the socio-economic conditions of poverty and homelessness meant that members/employees relied heavily on the organization for their basic needs. This resulted in the membership being far less likely to question or criticize directives and recommendations made by the leaders. Lack of education, especially in business and democratic principles, meant that members did not have confidence to contribute in the decision making process. Cooperative leaders in South Africa who had a much higher education level than the general membership often abused the power and authority they commandeered from it (Adato, 1994). Sennet (1980) finds that, to overcome this problem, role switching within the organization (such as election to a position on the board of directors) can bring about fuller levels of participation in the organization and help members appreciate others point of view. However, the attitudes and ways that those in key positions interpret their roles seem to be important. To this extent, Cornforth (1995) finds evidence to suggest that job rotation alone might not be enough to prevent those in positions of power from acting in ways which others feel are largely unaccountable.

Kanter (1982) gives examples where complex decisions or specialized expertise is required. In these cases, particular organizational members should be granted a stronger voice in the discussion. However, expertise should not be used as an excuse to withhold knowledge sharing and mystify the policy making process to the cooperative members. Within cooperatives, ultimate authority should not rest with the individual leaders but collectively among the members as a whole. Members of the cooperative on the Board of Directors or other governing bodies are expected to understand the members' needs and ensure resources are employed to meet those needs (Baarda, 2002; Cornforth, 2004; Simpson & Cheney, 2007). With leadership making all the management decisions and not consulting members' needs, the cooperative will lack internal democracy and eventually dissolve, as in the case of an Indian jute cooperative investigated by Bhowmik & Sarker (2002).

Elite Members

Michels (1949) suggests that psychological and organizational factors lead to the emergence of a dominant elite who are then able to make themselves indispensable. There are a number of factors that can result in certain members becoming indispensable, or elite. For example, contributing a

large share of patronage or supply to the cooperative, the possession of superior leadership skills when the cooperative faces difficulties resolving disputes within a restricted timeframe, and, the need for a stable leader in order to preserve continuity of direction (Cornforth, 1995). Cornforth et al. (1988) point out that the management of a cooperative by elite members is due to the fact that much of the specialized management knowledge and information is held in people's heads rather than written down and circulated. This was made obvious in the lack of information sharing apparent within women's worker cooperatives in Hong Kong (Ng & Ng, 2009). Adato (1994) finds that the rural relationships based on traditional and tribal lines of authority in South Africa have shaped competing conceptions of democracy and authority within the cooperatives. In Mexico, Hernandez (2006) finds that the filial commitment of followers' and workers' trust in the capacities of their leaders can lead the membership to nominate and elect a managerial elite.

Time

One of the major challenges to any participative group is managing time collaboratively (Leavitt, 1964; Mansbridge, 1980). Effective two-way communication through frequent meetings often involves the intense expression of emotion amongst members and is very time consuming (Cheney 1995). Cornforth et al. (1988) summarizes the costs of WD in cooperatives as the inability to decide and act in a timely manner. There are also high transaction costs associated with the need to disperse information widely (Ng & Ng, 2009). Some members may come to see the heavy reliance on consensus and democratic process as a form of constraint on their own autonomy in the workplace. Individual members sometimes feel they are unable to control their own work time as they are committed to attend numerous meetings (Cheney, 1995). Members of worker cooperatives in Hong Kong, for instance, complained that there were too many meetings as many members were not interested in policy issues and were quite willing to follow informal leaders' suggestions (Ng & Ng, 2009). Hernandez (2006) observes a genuine desire from the membership in a Mexican cooperative to reduce the length of their meetings as they were scheduled for the members' day off. This creates problems with absenteeism and apathy towards WD in the organization. The time consuming nature of the democratic process may be especially difficult for individuals and organizations with a history of non-democratic habits and values. Some argue that, in this regard,

organizational behaviour cannot be changed (Argyris & Schon, 1974), and the desire to restructure hierarchically is almost irresistible for some organizations (Newman, 1980).

Tyson (1979) explains that, even though the democratic process can be quite time consuming and inefficient, a cooperative can enjoy the increased collective energy and commitment that comes from consensus and the very act of participation itself. Members may delegate decision making authority to leaders in an attempt to save time. However, once decision making authority has been delegated to cooperative leaders, this brings into question the level of control the membership actually has over the cooperative.

Training/ Information Sharing

Long (1982), in a study of an employee-owned firm in Canada, stressed the need for manager training in order to have functioning WD. However, it is pointed out by Rothschild-Whitt and Lindenfeld (1982) that most people lack the opportunity, even at educational institutions, to learn about WD. Low education levels in general have been shown in many studies to influence WD within cooperatives. Hernandez (2006) reports that because the average education level of the cooperative members she researched in Mexico were below third grade, finding workers who had the qualifications to run the cooperative was difficult. She also asserts that low education levels of the cooperative membership meant they overly relied on the recommendations of representatives, who in turn, did a poor job in explaining important issues to the membership. Research of cooperative members in Hong Kong also found that illiteracy inhibited WD. Once some members missed a meeting, they could not catch up with the discussion because they were unable to read the minutes of the last meeting (Ng & Ng, 2009).

Disparity in the education level between managers and members in South Africa has been found to lead to limited WD (Adato, 1994). In one South African cooperative, only three educated coordinators held all seven positions on the management committee. This eventually led to a lack of information sharing, corruption (or members' perception of corruption on the part of managers) and little effective participation by members. Varman & Chakrabarti (2004) reported that many of the decisions in the cooperatives they studied in India, were made by the 'activists' who initiated

the project. This is due to, what they consider to be, inadequate communication channels within the cooperative. Nevertheless, the communication of knowledge between managers and the membership does not have to be a formalized process. Bhowmik & Sarker (2002) for example, reported success through informal social networking. By holding discussions and trade union meetings to explain to the members the functioning of their cooperative, the members were able to understand the problems of their cooperative. This also gave the membership opportunities to make suggestions on various matters concerning the management of the cooperative.

Homogeneity

Hansmann, (1990) and Mansbridge (1980) argue true WD can only be achieved in small homogeneous organizations. As the heterogeneity of the cooperative's membership increased, the efficiency of the cooperative was threatened (Cook, 1995; Choi & Feinerman, 1993; Hendrikse & Bijman, 2002; Karantininis & Zago, 2001; Levay, 1983). The experience of community cooperatives, suggests long-term member control may be best sustained, by embedding the enterprise firmly within a neighbourhood base to ensure an active membership (Somerville, 2007). To this effect, Carroll (1971) emphasises the importance of social cohesion and a common enemy to the cooperative membership. He argues that, in Latin America, this has been achieved in many cooperatives made up of ethnically distinct immigrants, members of religious sects, and members of revolutionary political parties. Participants must bring to the process similar life experiences, outlooks and values, if they are to arrive at an agreement.

However, common ethnic or social bonds which foster group cohesion can also restrict the growth of the cooperatives' membership base. This conclusion is supported by (Harter & Krone, 2001), who found that as membership within farming cooperatives in Nebraska became less homogenous, those changing demographics threatened the values of WD within the cooperatives. Younger members belonging to 'Gen X' did not share the values of loyalty to the cooperative as their predecessors: they did not fully relate to democratic ideals, having more interest in 'what's in it for them' attitude. A division between perceived 'new' and 'old' members also led to internal rivalry that weakened WD in Indian Cooperatives (Bhowmik & Sarker, 2002).

The absence of similar values makes reaching and abiding by a consensus much more difficult. South African cooperatives had encountered problems with decision making cohesiveness when the majority of members were male and the managers were young women (Adato, 1994). Darr's (1999) study at an Israeli taxi cooperative, illustrates how conflict arose between members due to ethnic origin and class affiliation. Class and caste affiliation is also an issue in the SAMITI cooperative in India. In keeping with traditional, caste based division of labour, members from the Balmik caste did the sanitation work while non-Balmiks members refused to do these tasks, even if it meant going without work (Varman & Chakrabarti, 2004).

Some scholars claim the potential for conflict in a cooperative is greater than in a capitalist firm, owing to the large number and diversity of opinions that needed to be considered in the decision making process (Cornforth et al., 1998; Greenwood & Santos, 1992; Jackall, 1984, Rothschild & Whitt, 1979). Rothschild and Whitt (1986) hypothesized that conflict can be reduced, or at least better controlled, within the more impersonal and bureaucratic relations of a democratic majority vote system.

Size

Weber & Eisenstadt (1968) acknowledge that under certain conditions, (small size) organizations can avoid structures of domination and can maintain direct democratic systems of control. However, Weber (1958) largely dismissed the possibility of WD in favour of bureaucracy. Rousseau (1950) proposed that the upper limit for participatory democracy would be groups in where each member easily knew other members. There is a need to have representative democracy when growth makes direct face to face interaction impractical. Cornforth (1995) proposed that, within cooperatives of more than 15 - 20 members, the cooperative would need to develop a more complex structure than direct democracy. Stohl & Cheney (2001) report that the creation of level spanning groups within the organization can open up communication channels more generally in the organization while enhancing members' awareness of the 'big picture'.

Cornforth (1995) finds the small size of one of the cooperatives he studied meant frequent informal discussions, consultations and regular meetings all helped to develop a shared understanding of the

cooperatives aims and objectives. In search of growth, members can be seduced into abandoning their principles. Members of a cooperative must be aware of the threat of individuals who want to join the cooperative in order to radically change the nature of the organization. Measures must be taken to buffer the organization from outside pressures to alter its core values and practices (Cheney, 1995).

Bernstein's (1976) study of large cooperatives suggests the need for the formalization of rules and procedures. However, as Varman & Chakrabarti (2004) found in Indian cooperatives, the fast growing organizations that tried a top-down approach to enforce new rules and procedures were not accepted by the membership and eventually became ineffective. Rather than a distinct cut-off point where organizational size determines success or failure of democratic processes, there can be a slow erosion of democracy as the size of the organization grows. Hernandez (2006) found the sheer size of the meetings in the Mexican cooperatives she researched, intimidated some members from participating. However, this is not always the case.

In perhaps the most famous example of a large and successful worker cooperative, the Mondragon Cooperative Corporation (MCC), Forcadell (2005) explored the relationship between WD and business success. With over 90,000 worker members, MCC is by far the largest worker cooperative in the world. The MCC has received a number of awards and certificates for organizational excellence, providing a shining example of successful business and functioning WD for other organizations to emulate. This study indicates the difficulty of maintaining direct face to face participation in a large group. Despite these difficulties, the experience of the MCC suggests it is still possible to make decisions democratically, even if power is delegated to representatives of the workers. Although a hierarchal structure is present at MCC, power ultimately resides in individual cooperatives. To maintain democracy within the multiple levels of the MCC, each level of the hierarchy is prohibited from carrying out tasks that could be done at a lower level.

Degeneration

Some empirical studies of WD in cooperatives have focused on 'degeneration' and the factors that contribute to it (Apthorpe et al., 1977; Gunn, 1984; Isaac et al., 1998; Meister & Ross, 1984; Russell,

1985). Basically, the degeneration thesis states that, in order to survive, cooperatives will inevitably be forced to adopt the same organizational forms and priorities as investor owned firms (Cornforth, 1995). It takes less time and effort to manage an organization using an authoritarian structure, where one person, or a small group of people, make decisions. Implementing WD is much more complex because, before any decision is made, discussions should be held at every level and a general approval is required (Bhowmik & Sarker, 2002). Robert Michels (1949) noted democracy deteriorates into oligarchy when those at ‘the top’ begin to develop expertise and charisma. WD becomes restricted to the periodic election of managing committee members. At the same time, the general membership lose their willingness and ability to challenge authority, eventually becoming compliant (Hernandez, 2006).

Meister and Ross (1984) proposed a detailed description of the process of democratic degeneration in cooperatives. The model he presented has four stages. In stage one, there is high idealism and commitment from the membership which eventually meets head on with economic reality and the need for management/directors. In stage two, conventional business management principles are increasingly adopted. There begins to be conflict between the idealists and managers. In phase three, the cooperative will lose its radical ideals and succumb to market values. Democracy is restricted to a representative board. In the last stage, power is assumed by management because of their expertise and ability to control information: power is assumed by management.

Cornforth et al. (1988) researched cooperatives across Europe and proposed three theories of ‘degeneration’: (1) *constitutional degeneration*, where ownership and control eventually ends up in the hands of an elite minority, often the initiators; (2) *capitalist degeneration*, where market forces lead to the alignment between the cooperative and the business environment, and (3) *internal pressures*, such as indiscipline, that leads to manager control. However, they are much more optimistic than Meister and Ross (1984), as they do not claim degeneration is inevitable. As Hunt (1992) has observed, different cooperatives are likely to face different combinations of conditions and may interpret and react to them in different ways. Cornforth (1995) showed where cooperatives maintained a commitment to cooperative principles and ideals, it often found ways to constructively deal with the threat of degeneration.

Contradiction

Morgan (1986: 339) argues many management theories do not match the complexity and sophistication of the realities they face. In order to overcome this, he argues it is necessary to take a multi-paradigm or multi-perspective approach in order to “understand and grasp the multiple meanings of situations and to confront and manage contradiction and paradox, rather than pretend they do not exist”. Rather than hypothesise about whether a cooperative, will inevitably result in degeneration, it is possible to explore how the paradoxical forces can coexist in a mutually influencing relationship (Hernandez, 2006). Managing a stable organizational structure as well as balancing the unique motivations, beliefs and values of individual members, is an interesting dynamic in the management of a cooperative enterprise. Conn (1990) points out the most obvious dilemma confronting cooperative management: on the one hand, there are to be no bosses; on the other hand, everyone is the boss.

A number of authors realise this contradiction; they have embraced this paradoxical view as a way to explore the tension and WD within cooperatives. Ng & Ng (2009) propose democracy is manifested in a cooperative’s daily practice of sustaining and resolving contradictions. Taylor (1994) illustrated the internal tensions between a drive for efficiency and cooperative principles that are constantly at play at Mondragon. Pressure for greater efficiency can lead to the creation of specialized roles that may undermine WD by constraining the scope for job rotation and the sharing of management tasks (Cornforth, 1995; Meister & Ross, 1984; Russell, 1985). The cooperative SAMITI, located in a poor region of India, constantly had to debate whether it was a provider of jobs, or a social movement. It found over the years, as it grew in size, its internal contradictions also became more apparent (Varman & Chakrabarti, 2004).

Bernstein (1976:509) explored the contradiction of membership activism and “the organisation's need for stability and obedience to decisions once made”. Unlike other authors, Bernstein offers a possible resolution to this particular contradiction. By allowing authority to flow upward from the participants when they chose managers or set long-term policy directly, members must also let authority and obedience flow downward when the elected directors make decisions to be carried

out by the rest of the membership. In such a system, activism and obedience could be combined within a stable authority structure.

3.5 Workplace Democracy within Chinese Cooperatives

This section will focus on research carried out using empirical evidence since the introduction of the 2007 cooperative law in China. Considering the differing types of cooperatives in China over its recent history (see Chapter 2), it is appropriate to focus on democratic control of Chinese cooperatives since the 2007 law because it specifically states cooperatives must be democratically run. There have been very few empirical analyses focused on the role of cooperatives in China's agricultural economy (Bijman & Hu, 2011; Deng et al., 2010; Garnevska et al., 2011; Han, 2010; Liang & Hendriske, 2013; Jia et al., 2010; Zheng et al., 2012). The existing research in this area has focused predominantly on the aggregate macroeconomic level. In contrast, very little research has been conducted at the microeconomic level, with an emphasis on the behaviour of cooperative members. Cooperative specialists suggest more research on the effectiveness of democracy and participation in cooperatives could help practitioners improve their outcomes (Saunders & Bromwich, 2012).

Confusion over the title

One of the biggest challenges to developing WD within Chinese cooperatives is the very limited understanding of what cooperatives are and how they differ from other organizational forms. This lack of awareness exists not just among cooperative members and potential members but also among many government officials and staff who are responsible for supporting cooperative development. Many organizations that use the name 'cooperative', add to the confusion. The names of cooperatives are not standardized and include farmers associations, industrial management organizations, farmer's technical associations, professional associations, specialized cooperatives, township and village enterprises, people's communes, and shareholder enterprises (Clegg & Cook, 2008; Han, 2010). In some instances, government stimulus packages to promote farmers cooperatives have led to some private entrepreneurs masquerading as cooperatives (Ware, 2011).

The confusion can be attributed, in part, to the relatively recent introduction of the cooperative law. Past experiences of cooperatives in the 1950's, has led to scepticism amongst farmers who question the efforts of the government to promote cooperatives (Clegg & Cook, 2009). Rural Credit Cooperatives and Supply and Marketing Cooperatives exist in almost all townships and many villages throughout the rural areas. In their shop fronts they prominently display the "cooperative" label. In their early years, many of them did resemble cooperatives. However, they usually have lost all resemblance to a cooperative type of organization. They neither fit the international standards for cooperatives, or the definition of cooperatives in the 2007 cooperative law. The same can be said for the All-China Federation of Supply and Marketing Cooperatives (ACFSMC). The ACFSMC is China's representative to the ICA. However, it has become more like a government run enterprise than a cooperative organization. At the county level and above, salaries for the ACFSMC are paid by the Finance Bureau, and personnel appointments are made by the Personnel Bureau (Zachernuk et al., 2012). Nonetheless, for historical reasons, these organizations retain the 'cooperative' label.

Despite this confusion, it seems the failure of the government-driven collectivization movement in the 1960s does not significantly influence farmers' behaviour towards joining cooperatives 50 years later. It appears very few farmers associate the historical failures of state collectivization with privately organized cooperatives. Survey results show only 5.74% of farming households regard historical failure as a reason for not joining a cooperative (Zheng et al., 2012).

Reason for participation

In general, Chinese farmers participate in cooperatives because they view it as an institution that can help them to reduce production and marketing risks, can ultimately enhance their chances of expanding their business operations and can increase their income level (Zheng et al., 2012). Cooperatives also have non-economic benefits for their communities. Saunders & Bromwich (2012) report increased communication within communities and decreased anti-social behaviour amongst the membership of cooperatives in North West China (i.e. gambling and drinking problems).

From the view of its political function, and reason for the encouragement of cooperative development from the State, cooperatives naturally have an antipoverty function (Liang & Hendriske, 2013). Recent empirical studies have identified the following variables as the main determinants of joining and participating in Chinese Cooperatives: farmer's age; educational attainment; price fluctuations; risk tolerance level; commercialization ratio of agricultural products; household size; on-farm income; land size; government support and performance of existing cooperatives; farm expansion; operational costs; geographic location; and crop types (Zheng et al., 2012).

In terms of WD that is encouraged by the cooperative model, the government collects household information and statistics from farmers when they register as a co-operative and, in return, the government implements various beneficial policies via cooperatives (e.g., preferential tax treatment). The voice of small farmers is organized and can receive more attention because of the existence of cooperatives (Liang & Hendriske, 2013). This is stimulating greater farmer willingness to participate in community affairs, decreasing antisocial behaviour and fostering community harmony (Saunders & Bromwich 2012).

Poor Organization and Structure

Although farmers may be aware that cooperatives are beneficial and are willing to participate, they are often disappointed with the performance of cooperatives (Zheng et al., 2012). Many cooperatives have poor performance due to bad management practices which discourage members' active participation. Given the tendency for the average size of Chinese cooperatives to be quite small, few achieve the necessary scale to enable hiring of professional, full time management staff. The business operations of most cooperatives in western China are taken care of by one or more members of their management board, usually on a part time basis (Zachernuk et al., 2012). Managers are frequently farmers or people with experience as traders and not trained managers with knowledge or experience in contract law, financial analysis, or the development of marketing plans. This leads to a lack of formality and serious shortcomings when it comes to the construction of internal rules and operating mechanisms. Han (2010) found a lot of Chinese cooperatives' constitutions are non-standardized, and some do not even have a constitution. A considerable

number were found to have no Council, Board of Supervisors or other formal decision making mechanisms.

Given this lack of decision making structure, the current organization and management of Chinese cooperatives is rather autocratic, with little accountability to the membership (Zheng et al., 2012). Some farmers may join without being fully committed to the cooperative and its operations (Garnevska et al., 2011). Many cooperatives are careful to distinguish between formal and informal members. Formal members are often those who have formally joined a cooperative and in some cases, have paid a membership fee and have voting rights. Informal members, or ‘client members’, are typically more loosely associated with the cooperative but often are included in many activities (Deng et al., 2010). The median size of informal membership is usually larger than the proportion of formal membership (Jia et al., 2010). Members have a contractual obligation to their cooperatives. However, informal members in many cooperatives have a choice of selling their products to traders outside the cooperatives who, depending on market conditions, may offer a higher spot price for goods. It is very hard for the cooperatives to monitor such transactions, or take legal actions against informal un-registered cooperative members (Zheng et al., 2012).

Importance of Leadership

Garnevska et al (2011) found that a dedicated initiator with vision, an open mind, an enthusiasm for innovation, business and management skills, a good education, and excellent communication skills is critical for the success of Chinese cooperatives. The chairman of a cooperative is often an entrepreneurial person with a background in trading, food processing or extension services (Bijman & Hu, 2011). They could also have experience working in governmental departments (Liang & Hendriske, 2013) even as present or past village leaders (Saunders & Bromwich 2012). The experience of working in governmental departments improves the chairperson’s social capital. This enhances his or her capabilities in acquiring information, negotiation with district officials, and the ability to convince large groups of farmers to become members of the organization they are managing (Bijman & Hu, 2011). Experience in trading, food processing and product transportation implies the chairperson has more opportunity to access markets and to able establish a broad marketing portfolio of products.

Nevertheless, even though the leader may be democratically elected, there are some fears influential leaders may make arbitrary decisions and take actions that could undermine the democratic governance of the cooperative. A chairperson who used to run a company often has the tendency to guide the cooperative towards demutualization (Liang & Hendriske, 2013). Some concern has been shown that, with overly influential leaders, ordinary members may not be able to assert democratic control and find their own solutions to problems that arise (Saunders & Bromwich 2012). Zheng et al., (2012) observed some Chinese cooperatives are ineffective in catering for the basic needs of their membership. These cooperatives may exist for leaders to take advantage of governmental subsidies and other means of financial support available to cooperative registration. Farmer cooperatives will not survive if they do not serve the entire membership (Liang & Hendriske, 2013).

It is a characteristic of the Chinese State that, even in pre-communist China, the central government will attempt to control agricultural production across the country (Xiong, 1999). The development of agricultural cooperatives depends very much on maintaining good relationships with local authorities and existing power structures. In many instances, local governments are involved in initiating farmer cooperatives, rather than a bottom up approach from the farmers themselves (Liang & Hendriske, 2013). In some circumstances, even cooperative leaders may be appointed by a local government agency rather than elected by members (Zachernuk et al., 2012). Since small businesses are very vulnerable, given the instability of rural markets, many cooperatives have sought close links with local officials and village leaders (Clegg & Cook, 2009). Some cooperatives have even devised strategies to garner support from local officials, such as naming the local leader as an honorary chairman of the cooperative (Zachernuk et al., 2012). Interestingly, research by Jia et al., (2010) found cooperatives initiated by the government tended to leave farmers to make most decisions while cooperatives initiated by farmers tended to take centralized governance. While support from local government is important, autonomy of decision making enhanced participation in the cooperatives. Good levels of participation by members and transparency by leaders increased trust and the prospect of successful outcomes (Saunders & Bromwich 2012).

Balance of Power

Although one of the fundamental organizational features of a cooperative is that it is governed by its members, the decision making mechanism in Chinese cooperatives is not sound, as some groups of members may be more influential than others (Bijman & Hu, 2011). In practice, the ‘one man one vote’ decision-making mechanism is almost non-functional, as many cooperatives are run by only a few people (Han, 2010). In general, the literature on Chinese cooperatives refers to the membership of cooperatives as one unitary group. However, some authors assert it is more accurate to divide members into two groups, according to the extent to which these members take part in the activities of the cooperative (Liang & Hendriske, 2013; Zhao & Develtere, 2010; Zheng et al., 2012). These two groups can be described as core/elite members, and general/marginal members. It is often the case that core members play the key role in decision making, a phenomenon inconsistent with the principles of democratic control in cooperatives (Han, 2010).

Farmers in China differ in asset capital and social resources. The term core member is used to describe cooperative members with wealth, respect and knowledge. A core member is usually one of the initiators of the cooperative. However, a member joining the cooperative after its founding may also eventually become a core member because of distinct capabilities. Besides having the resources that common members possess, core members are also likely to have better management skills, better access to modern technologies, a higher educational background, as well as more market and personal relationship networks with downstream buyers and processors (Liang & Hendriske, 2013). Members of the management and the board are referred to as core members, because of their key roles in the farmer cooperative. Core members impose themselves as the pivotal cooperative entrepreneurs. They invest themselves in these cooperatives for reasons of economic self-interest to maintain their own social prestige and political power (Zhao & Develtere, 2010). A core member holds relatively large shares and is usually in charge of at least one of the key businesses areas such as: management, input purchasing, production, product purchasing, marketing, accounting, (Liang & Hendriske, 2013). Therefore, they tend to have more advantages over common members (Zhao & Develtere, 2010).

Most farmers in China are ‘common farmers’; those who are good at farming but not experienced at marketing or management (Liang & Hendriske, 2013). The term ‘common members’, refers to farmers who buy a small amount of capital shares or pay an entry fee to join a cooperative. They transact with the cooperative but are seldom involved in the operational decision making (Zheng et al., 2012). Common members can be regarded as participants in the cooperatives but they participate mainly to pool risks and obtain services provided by cooperatives such as input supply and marketing services. Therefore, their motivation for participation is different from the core members’ profit-seeking objective as common members are usually risk adverse and are satisfied by obtaining services and securing stable prices for their produce (Liang & Hendriske, 2013).

It must be noted that although there is an uneven balance of power between these two groups, core members tend to have the same interests as common members and they can be regarded as power brokers between local and collective officials and the common farmers. Farmers have more trust in core/elite farmers than they do in government officials. Therefore, they tend to choose these elites as their own representatives in the grass-root election of local governance bodies. They are capable of interpreting bureaucratic processes to local residents. They negotiate directly with government officials who control the village resources. To ease tensions, these elites identify with and incorporate the common interests and opinions of all the villagers into their consideration. Their strength and power is based on their social networks and reputation. They use this as bargaining power with local leaders and exert their influence in the village development. This enables a more even economic development, for the benefit of the whole community. This is perhaps developing a new kind of local leadership based on achievements rather than authoritative power (Zhao & Develtere, 2010).

Voting

The research conducted by Bijman & Hu (2011), found that the Chinese cooperatives they examined, all had a general assembly of members, which convened several times a year. There was a board of directors (often called the council) and there may also be a board of supervisors. Their average size of the board of directors was 5.5 members; and the average size of the board of supervisors was three. The chairman of the board of directors (or council president) may also act

as the manager of the cooperative. Decision-making on the board of directors used a one-person-one-vote system. However, the law states each member should have at least one vote. At the same time, the law also allows individual members who account for a large share of the capital contribution or of the volume of transaction with the cooperative to enjoy up to a maximum of 20% voting rights for an individual member. Thus, the classic cooperative principle of one-member-one-vote does not apply (Zhao & Develtere, 2010). In addition, common members often do not participate in decision making. In 92% of the cooperatives surveyed by Liang & Hendriske (2013), decisions were made only by core members without the participation of common members. In the other 8% cooperatives, core members still dominated in decision making yet with the marginal participation of common members. Smaller producers might gradually lose their confidence in the cooperative if only the larger producers formulate the policy and become dominant in the cooperative decision making (Garnevskaja et al., 2011).

Cooperative membership in China is based on the household. This means each household/member has one vote in the cooperative. A possible tension with this system may arise where the person who represents the household may not be the person who performs the actual farming activities. In a study by Garnevskaja et al (2011), they found it was mainly women who were doing the farming while men, sometimes working as migrants somewhere else in China, were attending the cooperative meetings and participating in the decision making process.

Women's participation

A study conducted by Bromwich and Saunders (2012), reported that WD within cooperatives was stimulating progress towards overcoming traditional stereotypes. Through higher levels of activity in meetings and other cooperative affairs, women reported feeling empowered from having joined the cooperative. While the cooperative membership of most of the households in this study was registered under the man's name, it was estimated that 60% of those at plenary meetings were women. An improvement in intra-household relationships between men and women was also reported. Joint decision-making relating to the cooperative, such as the decision to join, was made together by husband and wife. While discussions were led by men, women did speak confidently and felt their opportunities for full participation were improving, although traditional attitudes to a

woman's position in rural society were still prevalent and generally women's participation in society was weak.

Homogeneity of Membership

The average size of registered cooperatives is between 20 and 80 households (Zachernuk et al., 2012). Operating on such a small scale in China makes it difficult for cooperatives to access markets large enough to have a significant financial benefit for their membership. A number of factors contribute to keeping the scale of cooperative operations small. When the membership stretches outside local townships, centralized input purchase and production seems to be difficult to be maintained (Jia et al., 2010). Farmers from the same village or town usually know each other well and they usually have a high degree of kinship. Speaking the same local dialect contributes substantially to smooth communication. As a result, the costs of decision making and coordination would be relatively low if members speak the same dialect (Liang & Hendriske, 2013). Administrative structures in rural China are centered on the village as a unit. Inter-village and inter-township collaborative activities are more difficult to coordinate as they may require resolving conflicts between administrative jurisdictions (Zachernuk et al., 2012). Member managers may lack enough knowledge of markets and management so they have to limit the membership size and also limit the membership within a certain area to ensure the homogeneity of interests of the members (Liang & Hendriske, 2013).

Importance of Education

Farmers often have difficulty understanding the new cooperative principles (Saunders & Bromwich, 2012). Research by Zheng et al., (2012) showed farmers' participation was closely related to their perception of professional cooperatives. Their educational attainment is a critical factor that influences farmers' perception level. However, Chinese farmers commonly possess a low educational level, especially amongst women (Garnevska et al., 2011). For women, this is a constraint to participate fully, especially in leadership positions (Saunders & Bromwich 2012). The education level of chairpersons within cooperatives in China was significantly higher than the average education level of the farmers (Liang & Hendriske, 2013)

A key area where policies can improve WD within Chinese Cooperatives is in the expansion of opportunities for farmers to receive formal and technical education. Saunders & Bromwich (2012) identified on-going training needs, particularly for leaders to be able to explain the benefits and responsibilities of membership to potential cooperative members. Training was also needed for leaders to understand the need for transparency and democratic participation in decision-making. In addition, the government should increase efforts to promote and publicize the benefits of participation in cooperatives in more effective ways (Zheng et al., 2012).

Possible solutions to address these issues include increased training opportunities for members and leadership groups in participatory methodology and cooperative principles. For example, it was found a participatory role-play approach was an effective method in demonstrating democratic principles and running cooperative affairs to those members with limited formal education (Garnevska et al., 2011; Saunders & Bromwich, 2012). The results from these studies revealed that regular training partially increased members' understanding and knowledge on cooperatives and their potential.

In January 2011, the MOA published guidelines for cooperative promoters to support cooperative development. The guidelines outlined the role of promoters as: providers of support, training, guidance and advice, without interfering directly in the operations of cooperatives. The guidelines state that training for cooperatives should be done at least twice per year and promoters should visit the cooperative at least once every calendar quarter to provide advice. The guidelines also note the role of government (and cooperative promoters) is to assist cooperatives to: develop work plans; help them improve their commercial activities; provide assistance in strengthening the internal governance and democratic management of cooperatives (Zachernuk et al., 2012).

3.6 Conclusion

The definition and use of the term democracy in the field of industrial relations and management studies has been varied and often overlaps with other related terms. This chapter has presented some of the ways democracy has been framed historically. It also outlines the way the term borrows

from, and lends itself to, other concepts such as involvement, participation, and, voice. WD is seen to be the most appropriate term to use as the starting point to begin an exploration of democratic control of Chinese cooperatives. Findings from empirical research on WD in cooperatives have been presented in themes that have emerged from a review on the literature. Recent studies of WD in Chinese cooperatives have presented some areas of interest. These points will be developed further in later chapters as this thesis endeavors to offer some new insights and further advance knowledge in this area.

CHAPTER FOUR: COOPERATIVES AS RELATIONSHIPS OF POWER

Chapter Four acts as a bridge between my review of the literature surrounding cooperative democracy (*see* Chapter Three) and the methodology I have used for this study (*see* Chapter Five). I will argue in this chapter that an exploration of power relationships, using a Foucauldian inspired discourse analysis (FDA), is a valuable approach to investigating democratic member control in Chinese Cooperatives. Due to the contested nature of the term ‘democracy’, this chapter will argue that it is perhaps unproductive to try and mechanically apply some pre-existing model, or a form of measurement, derived from western experiences to explore the issue of cooperative WD in China. In order to understand how WD functions within Chinese cooperatives, it is of value to conceptualize WD as a system of power relationships. These relationships can be examined through an analysis of the discourse used by Chinese cooperative members regarding the management of their organization. The purpose of this chapter, is to argue that an examination of ‘discursive formations’ can add another layer of understanding to the complex issue that is democracy in the Chinese context.

Firstly, this chapter will discuss some of the issues of democracy as a subjective and contested term. Secondly, the conceptual perspectives of ‘power’ will be introduced as an area of interest inseparably intertwined with organization studies. Thirdly, this chapter will clarify how the term ‘discourse’ will be used in this thesis. Fourth, this chapter will give a brief overview of a variety of approaches that can broadly be described as Critical Discourse Analysis (CDA). Fifth, I explain and defend my choice to follow a CDA approach inspired by Michel Foucault’s conception of power (FDA) (Foucault, 1977, 1978, 1980). I will then give specific examples of how scholars have successfully used FDA to explore issues of WD within other organizational types and the relevance these approaches have to the theoretical implications and methodology I have used for this study. In conclusion, I will collect together some of the seemingly diverse concepts and ideas presented in this chapter by elaborating on how exploring ‘cooperatives as relationships of power’ will embrace the contested nature of the term democracy, and position my study within the

theoretical framework provided by CDA scholarship. This will allow me to use this chapter as a launch pad to discuss my specific methodological approach in Chapter Five.

4.1 The Contested Nature of Democracy

The purpose of the previous chapter (Chapter Three) was not to provide a definition of WD so that I could sketch out a blueprint or a measure of how democracy should ideally be practised within cooperatives. In fact, I would argue this is perhaps an impossible task. For example, Kokkinidis (2012: 235), states WD should be viewed as a system that is “permanently open to challenge and change”. WD should be seen not as an objective goal but rather an opportunity for cooperative members to continuously (re)invent forms of meaningful participation in the decision making process (Macekelbergh, 2009). French post-structuralist philosopher Jacques Derrida (1997, 2005) describes democracy as *a venir* (to come), a future promise of equality and justice, of freedom and openness to the ‘Other’. Bernstein (2012:4) prefers the term workplace ‘democratization’ over workplace ‘democracy’ as it places emphasis on the *process of transformation* a workplace constantly undergoes as it gradually moves towards more democracy; not a particular target of ‘democracy’ it hopes to eventually achieve. As Foucault (1984) suggests, no one can claim the true definition of democracy. It is a contested term that is bound by the material constraints, rhetoric, discourse, and communication in a certain context (Cheney & Cloud, 2006).

China’s physical size, large population, and communist political system make it an interesting case and presents obvious sensitivities to any discussion of democratization. The unique cultural, economic and political history of modern China also contributes to the contested nature of the meanings that democracy has in China today. For example, the strong notion of democratic centralism in China is unique to the twist on ‘Marxist-Leninist thought’ introduced to China through Maoism. Mao Zedong linked democracy with class struggle. Democratic participation under Mao excluded those from the anti-revolutionary classes (the definition of these classes frequently changed over the course of the Chinese communist revolution). Mao’s democracy was very much an *in-group* phenomenon, restricted mainly to CCP members and the Red Army (Lin & Lee, 2013).

Mao described his vision of a Chinese democratic state during an interview with New Zealand journalist, James Betram in 1937:

We must look not only at the term but at the reality. There is no impassable gulf between democracy and centralism, both of which are essential for China. On the one hand, the government we want must be truly representative of the popular will; it must have the support of the broad masses throughout the country and the people must be free to support it and have every opportunity of influencing its policies. This is the meaning of democracy. On the other hand, the centralization of administrative power is also necessary, and once the policy measures demanded by the people are transmitted to their own elected government through their representative body, the government will carry them out and will certainly be able to do so smoothly, so long as it does not go against the policy adopted in accordance with the people's will. This is the meaning of centralism. Only by adopting democratic centralism can a government be really strong (Schram, 2004:122).

Therefore, even though democracy is frequently promoted in recent speeches given by CCP leaders (He, 2013), it is seemingly based on a subjective definition of democracy as centralism and exclusion. For example, in China, various forms of village democracy promoted by the central government are seen more as a way to improve local governance and promote stability, rather than an avenue to participate in creating the policies of the CCP dominated political system (He, 2007, Sun et al., 2013). The idea of centralism and democracy as it is expressed within Chinese cooperatives will be revisited in the findings and chapters of this thesis. However, an explanation of the term 'power' and its relevance to this study must first be addressed.

4.2 Organization and Power

The relationship between 'power' and organization has been of interest to philosophers and theorists for many years (Clegg et al., 2006). For example: early Machiavellian 'strategies of power', Hobbes's 'mechanistic cause agency' views (*see* Clegg, 1989), Weber's (1958) 'iron cage',

Gramsci's (1971) notion of 'hegemony', and Giddens (1979) 'duality of structure' theory. All of these approaches have made significant contributions towards the exploration of power relationships in organizations. The continued and growing popularity of critical management studies, feminism, and post-structuralism, has led to an even broader set of perspectives to detect and explain power in organizations (Kärreman and Alvesson, 2009). A precise definition of power within organizations has been "challenged, amended, critiqued, extended, and rebuffed over the years", leaving us with "a multitude of different voices that speak to and of power and a variety of contradictory conceptualizations" (Hardy & Clegg, 2006: 754). A broad conceptualization of power relationships in the management literature is perhaps why the processes linking together power, discourse, and organizational reality, are sometimes unclear (Leclercq-Vandelannoitte, 2011). However, according to Hardy and Grant (2006), willingness to break through the constraints of a single precise definition have allowed for a greater understanding of power as a complex organizational phenomena.

However, there have been efforts to try and define the various ways in which power relations within organizations can be approached. In an attempt to categorize the way power has been broadly discussed in the management literature, Kärreman and Alvesson (2009) have presented three dominant perspectives of power. The *first* perspective sees power as a restraining force, or something that makes people do things that others want them to do. In this way, power is seen as a form of restriction which stops people from doing the things they would otherwise freely have chosen to do. Conversely, the *second* perspective is less interested in an overt or physically restricting power. It identifies social power as ideologies and cultural traditions that make people voluntarily comply with an existing order without the need for explicit power in dealing with visible conflict (Knights & Roberts, 1982; Lukes, 2005). This perspective provides a means to understand how power operates when social reality is constructed in ways that avoid visible conflict. The *third* perspective is said to understand power as 'power to', rather than as 'power over' (Chan, 2000). In this way, power is viewed as a productive, rather than restrictive force. From this perspective, power is an integral part of social reality and enables social agents to act 'freely' within certain vistas or discursive horizons (Death, 2010). The most important contributor to this third perspective on power is undoubtedly Michel Foucault (1977, 1980) whose ideas of power will be explored in greater detail below.

Power may often be imagined as residing in the hands of an individual (such as a king or president), or an organization (like the army or police), or even ‘the system’ (facism, socialism etc.), however, this study goes beyond this perspective. In short, this study conceptualizes power as a property of complex but consensual social relations which are articulated within the context of certain meaning systems (Knights & Roberts, 1982; Mumby, 1988; Mumby & Stohl, 1991). By placing the organization’s economic/financial objectives into the background (with ideologies and authority/power structures now in the foreground), the features that “constrain, justify, obscure, or mystify the interests of the powerful come to light” (Fairhurst & Putnam, 2004:12).

How then can these relationships be explored? Phillips and Hardy (2002) point out how researchers can focus on the dynamics of power through discourse analysis (DA). Mumby and Clair (1997) share a similar position, emphasizing the need to consider the relationship between discourse and power. Recent studies recognize certain discourses circulated by organizational actors have implications in terms of power relationships and control (Cooren, 2004). For example, research using DA has shown how discourse legitimates specific positions and reaffirms status relations within organizations (Cornelissen et al., 2008; Oswick, et al., 2004). As stated by Hardy and Phillips (2004:299), “Discourse shapes relations of power while relations of power shape who influences discourse over time and in what way”. The next section will define the term ‘discourse’ and explain how it is has been used as a lens to examine power relations in management studies.

4.3 Discursive Reality

Over the past three decades there has been a trend in organizational studies towards an increasing interest in DA. This interest is consistent with the ‘interpretive’ (Burrell and Morgan, 1979; Mumby & Stohl, 1991; Putnam & Pacanowsky, 1983), or ‘linguistic’ turn in the 1980’s (Alvesson & Kärreman, 2000a, 2000b; Putnam & Cooren, 2004; Rosenau, 1992) and the ‘discursive’ turn of the 1990’s (Grant et al., 1998; Keenoy et al., 1997). At its most basic level, the linguistic turn, was a departure from the view that language is simply a mirror of nature, radically challenging the idea that language merely communicates information. Instead, language was recognized as,

fundamentally, producing the social reality of all experience (Philips & Oswick, 2012). Increasing contact with other cultures, and the resulting reflection of our own practices, led to alternative ways of talking about reality, thought, language and agency. The social rules used to define the world we live in, once seen as natural, were now much more subjective and potentially changeable (Iedema, 2011). The de-construction of objectivity towards multiple possibilities of namings and values, is what Foucault called, 'heterotopias' (Foucault, 1970). The linguistic turn embraced the contested character of the ways that particular identities, meanings, institutions, and objects are privileged over other potential formations (Mumby, 2011). When statements about an object or topic are made from within a certain discourse, it makes it possible to construct that object in a particular way. It also restricts other ways that particular object can be thought about and acted upon (du Gay, 2000). DA provides a tool to how examine how things could be, or could have been different (Iedema, 2011).

It is claimed that discourse 'acts as a powerful ordering force in organizations' (Alvesson and Kärreman, 2000a: 1127). Through the production and dissemination of texts, organizational elements are brought into being, are modified, or disappear (Philips & Oswick, 2012). Social reality involves discursively constructed ensembles of oral, written, or gestural *texts* produced through social interactions (Mumby & Stohl, 1991; Putnam & Cooren, 2004). That is to say, the texts we produce and exchange do not represent reality, but in fact, these texts construct or constitute it; bringing social actors into being (Alvesson & Kärreman, 2011; Ashcraft et al., 2009; Parker, 1992; Putnam & Cooren, 2004; Fairhurst, 2009; Hardy, 2004; Hardy et al., 2005; Searle, 1995). How the texts are produced, and why some texts are more influential than others, are questions that are of particular interest to DA researchers (Philips & Oswick, 2012). While examining the complexities of multiple sense-making efforts as they exist side-by-side in 'the same' organizing process, it is perhaps the *lack* of shared meaning within organizations that makes discourse studies worth doing (Mumby, 2011).

Thus, DA examines texts in order to understand the processes whereby reality comes into being, rather than simply expounding on how actors make sense of a pre-existing reality (Hardy, 2004; Phillips and Hardy, 2002). A focus on the process of social construction is the most important

contribution of DA. While other methodologies attempt to uncover or interpret social reality, DA endeavours to understand the ways in which it was produced (Philips & Oswick, 2012). DA does not try to ‘get inside the heads’ of the people under study, but rather, it aims “to explore the dynamics and complexities of public meaning-making as people go about their daily organizational lives” (Mumby, 2011:1158).

At this point, it is necessary to give a definition of what is meant by ‘discourse’ for the purposes of this study. This is a difficult task as there is a range of not always compatible theoretical and methodological approaches between authors and texts concerning the endless possibilities and meaning(s) of discourse (Anais, 2013). Thus, there is no handy definition available, as the notion of discourse is “essentially fuzzy” (van Dijk, 1997: 1). It often seems the definition of discourse has been stretched out to incorporate almost everything. This has created problems of focus, coherence and has thus put into question the possibility of making meaningful claims (Alvesson & Kärreman, 2011). Firstly, it must be understood that, although related, ‘communication’, and ‘discourse’, are not synonymous (Fairhurst & Putnam, 2004).

Discourse analysts often talk about ‘the discourse’ or ‘a discourse’. When used in this sense, they are referring to an inter-related set of texts, and related practices of production, dissemination, and reception, that brings an object into being (Parker, 1992). However, discourse should not be narrowly defined as *text* (Mumby & Stohl, 1991). It must be considered an ensemble of *textuality* in all its forms (i.e. speech, written documents, signs, symbols, graphs, images, icons etc) (Hardy et al., 2005; Putnam & Cooren, 2004). The term discourse does not refer simply to language and speech acts, but to the way language works to produce (and/or reproduce) organized fields of knowledge and practice (Tonkiss, 2004). According to Grant et al. (2004:3), discourse refers to the:

Structured collection of texts embodied in the practices of talking and writing (as well as a wide variety of visual representations and cultural artefacts) that bring organizationally related objects into being as these texts are produced, disseminated and consumed.

Another valuable definition of discourse explains it is “a group of statements which provide a language for talking about – i.e. a way of representing – a particular knowledge about a topic” (Hall, 1992:290). As is explained in further detail below, this definition is often associated with Foucault’s ‘discursive formations’ (1972) and his interest in how discourse creates the categories, facts and objects that they claim to describe. In this regard, it can be seen that discourse also constitutes power relations. It does this by holding in place meanings associated with concepts, objects and subject positions, which in turn, distribute power and privileges among actors. Actors may produce texts, but to do so, they can only draw on existing discourses. Therefore, the texts they can construct and how they are able to interpret them, are limited and shaped by the nature of existing discourses (Hardy & Phillips, 2004). What is of interest to researchers engaging in DA is how texts are produced, received, consumed, and how they draw on previous texts and discourses to become meaningful within the social context they occur (Philips & Oswick, 2012).

There have been attempts by organizational scholars to try and define the various approaches to DA. DA generally involves some form of textual analysis, some sort of structured investigation of local texts as they are situated within the broader social context (Philips & Oswick, 2012). Potter and Wetherell (1987) presented four levels: (1) the micro-discourse approach; (2) the meso-discourse approach; (3) the grand discourse approach; and, (4) the mega-discourse approach. Similarly, Johnstone (2008) also developed a categorization of DA distinguishing between ‘discourse’, in the singular (ds) and ‘discourses’, in the plural (dp). But perhaps the attempt at classification that has stimulated the most contention and debate is, Alvesson and Kärreman’s (2000a) small ‘d’, and big ‘D’, approach to DA.

Alvesson and Kärreman (2011:1121) are critical of some of the contributions that DA claims to have made to organizational studies, stating that DA “continues to be used in vague and all-embracing ways”. To clarify the wide variety of ways DA is used in the literature, the authors attempted to distinguish between discourse (small ‘d’), which refers to the study of micro-scale talk and text in local social practices, and Discourses (big ‘D’), as general and enduring systems of thought situated in historical contexts (Fairhurst & Putnam, 2004; Jian et al., 2008). At one extreme, small ‘d’ discourse approaches (e.g. Boden, 1994; Samra-Fredericks, 2003;

Schwartzman, 1989) are strongly influenced by the paradigms of conversation analysis (Sacks et al., 1974) and ethnomethodology (Garfinkel, 1967) as methods of enquiry that produce detailed empirical data gathered through participant observation (Kwon et al., 2009). At the other end of the spectrum, big ‘D’ Discourse draws heavily on Foucault’s ideas of looking more towards Discourses as bodies of knowledge and expressions of power/knowledge-relations, “that systematically form the object of what they speak” (Foucault, 1977: 49), rather than everyday linguistic interaction (Alvesson & Kärreman, 2011). Thus, the move to Discourses aims to address the macro-processes of discourse that embody micro-actions (Fairhurst & Putnam, 2004). Similar to Johnstone (2008), with the dichotomization of DA, small ‘d’ effectively equates to ‘ds’, as both are concerned text-focused analysis. While ‘D’ is similar to dp as it is concerned with wider patterns of language or ‘paradigm-type studies’ (Bargiela-Chiappini, 2011).

Recently, Alvesson & Kärreman (2011) have reviewed the way they describe levels of discourse by suggesting *text-focused studies* (TFS) and *paradigm-type discourse studies* (PDS) are better names to indicate what people are addressing when they talk about *discourse* or *Discourse*. Alvesson and Kärreman (2000b) recommended researchers focus on ways to move between the two levels of analysis because both are essential. However, in recent years there has been much debate surrounding Alvesson and Kärreman’s attempts to categorize the levels of DA.

Bargiela-Chiappini (2011), see ‘d’ and ‘D’ as an over simplification of much more complex issues. Philips and Oswick (2012) elaborate on this by stating that there is an unhealthy preoccupation with ‘d’ and ‘D’ which fails to adequately acknowledge the extent to which the two levels are mutually implicated and difficult to meaningfully disentangle. This has constrained the work of DA researchers as they have tended to focus on ‘d’ or ‘D’ at the expense of engaging with both. Hardy and Grant (2012) suggest these categories have outlived their usefulness and proposed that these levels of DA be considered as resting on a continuum rather than inside metaphorical boxes. However, they also suggest viewing levels of DA on a continuum is also problematic as they interpenetrate and overlap, or in other words, “the local and global mutually condition each other” (Foucault 1980: 94).

Philips and Oswick (2012) believe there is a need to ‘open up’ not ‘close down’ the scope of DA. Regardless of what one decides to name them, the key question is how to relate the various levels of language use in empirical work (Kwon et al., 2009). Chouliaraki and Fairclough (2010: 1214) agree. They state there needs to be a:

tendency towards stronger conceptual links between discourse, power, and other ‘moments’ of the social process that emerge as theoretical and empirical problems within organizational studies, as well as towards more versatile and porous methodologies that make space for novel, interdisciplinary research designs in the field

In this light, I will return to this idea when I describe my own methodological approach in Chapter Five. Below, I will first differentiate between the terms CDA and an FDA; both terms I will use frequently to describe my own approach in this study.

4.4 Critical Discourse Analysis view of power

Critical Discourse Analysis (CDA) pays particular interest to the relationship between language and power. ‘Critical’ can be basically understood as “embedding data in the social, taking a political stance explicitly, and a focus on self-reflection” (Wodak, 2001:9). CDA examines how issues of power, hegemony, and ideology are shaped through social and linguistic practices central to meaning and organization (Deetz, 1982). However, language on its own is not intrinsically powerful; it gains power through its use within the agendas of powerful people. CDA is especially sensitive to these agendas and the subtle manifestations of influence that can maintain the domination of one group by another (Fairclough, 1989; Mumby and Clair, 1997; Simpson & Cheney, 2007). CDA embraces the contested nature of discourse(s) exploring both privileged and marginalized accounts and perspectives (Keenoy et al., 1997). CDA scholars aim to make power relationships explicit and play an advocacy role for groups who suffer from social discrimination (Wodak & Meyer, 2001).

CDA is not a single method, rather, a methodological approach. The CDA approach has been heavily influenced by sociolinguistics, discourse theory, and semiotics (Barker & Galasinski 2001;

Fairclough 1995; Gavey 1997; McNay 1992; Phillips & Hardy 2002; Phillips & Jorgensen 2002; Wodak & Meyer 2001; Wood & Kroger 2000). It examines the process of objectification through language and therefore provides the basis for “logics to be mobilized, challenged, (re)contextualized, and made manifest through hierarchy, values, symbols, and practices within organizations” (Wodak & Meyer, 2009: 3). It focuses primarily on: texts (written or spoken); on the rhetorical and technical use of language; and, on questions of how social categories, knowledge, and relations are shaped by discourse (Anais, 2013; Fairclough, 2003; van Dijk, 1988). CDA proposes that discourse is embedded within sociocultural practice at three levels: (1) a piece text in the immediate situation, (2) an instance of discursive practice in the wider institution or organization; and, (3) and an instance of social practice at a societal level (Fairclough, 1995). Based on these three different levels, undertaking CDA involves: the examination of the language in use; the identification of processes of textual production; and the consideration of the institutional factors surrounding the event and how they shape the discourse (Fairclough, 1992).

The ‘critical’ nature of CDA has popularized its use among organizational scholars who have an interest in studying power relations (Hardy & Phillips, 2004; Leitch & Palmer, 2010; Mumby, 2004). Below I have chosen just one CDA approach to outline in more detail, as this will be the starting point from which I will base the methodology for this study, although several strands exist within the field (*see* Wodak, 2001). The ‘Foucauldian’ discourse analyst shares the CDA’s concern with the “relationship of language to other social processes and of how language *works* within power relations” (Taylor, 2004: 436).

4.5 Foucauldian Discourse Analysis view of power

Michael Foucault’s work covers a wide range of subjects, such as: psychiatry (1965); the human sciences (1970); medicine (1973); the penal system (1977); and sexuality (1981, 1985, 1986). Thus, his work is of interest to scholars in a number of different academic fields. There are, however, three underlying themes that those familiar with Foucault’s work, might identify as central concerns: (1) discourse, knowledge, and truth; (2) discipline, control, and power; and (3) ethics and the subject (Leclercq-Vandelannoitte, 2011; Townley, 1993). In a lecture at the College de France on January 5th 1983, Michael Foucault elaborated on his intentions for focusing on these three areas

of interest (Foucault, 2010). Instead of looking at history in terms of ‘mentalities’ or ‘representations’, Foucault tried to present a history of thought using these three domains to form the ‘focal point of experience’ (Foucault, 2010:3). For example, in the first domain Foucault attempted to shift from exploring ‘the contents of knowledge’ to ‘the forms of knowledge’ by looking at discursive practices and the rules of veridiction (i.e. the worldview of a subject, not the objective truth of a statement). In the second domain, he did not seek to analyse institutions of power or forms of domination, but rather, he studied the “techniques and procedures by which one sets about conducting the conduct of others” (Foucault, 2010: 4). The third domain shifted from a question of analysing the subject, to analysing the forms of subjectification and the techniques/technologies of the relation to self, or, “what could be called the pragmatics of self” (Foucault, 2010:5). These three domains generally correspond to three intellectual periods: archaeological, genealogical, and ethical (Burrell, 1998). Much like the CDA above, there are a variety of approaches that may vaguely be considered FDA. The aim of this section is to briefly introduce some of Foucault’s ideas and clarify which aspects of his work I will incorporate into this study.

Foucault’s work was significantly influenced by Wittgenstein and Nietzsche. Wittgenstein understood philosophical issues as tensions between discursive practices, without the demand for definitions. Analysis of issues should become a description of discursive tensions in all of their historical ‘situatedness’ (Marshall, 2001). The importance of power for Nietzsche was also reflected in Foucault’s work (Powers, 2007). For Nietzsche, an attempt at redefinition is seen as a strategy for access to hegemony or dominance of one discourse over others. The act of defining or re-defining something as truth constitutes a move of power. The notion of truth depends on, and is determined by, the conceptual system in operation. Nietzsche argued that current use of any concept consists of historical conglomerates, borrowings, dominations, shifts, displacements, transpositions, and impositions (Powers, 2007). Foucault agreed any attempt at analysis must be considered as another interpretation or domination and like Nietzsche, also used the term *genealogy*: a term I will discuss in more depth below.

The questions raised from an FDA relate to how and why, and with what effects, boundaries

become imposed, maintained, and breached, not whether they are accurate or efficient, or whether they reflect reality (Townley, 1993). FDA is concerned with what discourse does, rather than what it means: “What is questioned is the way in which knowledge circulates and functions, its relations to power” (Foucault 1983: 212). The implication of Foucault’s work for management scholars is that FDA is inseparable from the analysis of power relations (Prichard et al., 2011). Below, I will outline the term ‘discourse’ and its meanings from a Foucauldian perspective, before I discuss Foucault’s view of power relationships.

Discourse

Michael Foucault’s work has long been identified with DA. In Foucault’s early work (1972, 1977), he focused on discourse to examine the social effects of knowledge produced by discourses and disciplines. Like other DA approaches, an FDA can include specific events of language use: ‘letters, speeches, conversations, legal documents, books’ (Sawyer, 2002: 436). However, for Foucault, discourse is not really concerned with everyday language use that can be reduced to linguistic properties (du Gay et al., 1996; Fairhurst & Putnam, 2004). It is more about historically developed systems of ideas, language and practices that provide knowledge about a particular topic at a particular historical moment. This then forms, institutionalized and authoritative ways of addressing a topic (Alvesson & Kärreman, 2011; Riad, 2005). FDA focuses on broader ‘discursive formations’ (Deetz, 1992) and considers “how discursive practices constitute both objectivities (social institutions, knowledge) and subjectivities (identities and actions)” (Cunliffe, 2008: 81). In terms of Alvesson and Kärreman’s (2011) classification of discourse studies, FDA is consistent with “paradigm-type discourse studies” as it involves “discerning the rules which ‘govern’ bodies of texts and utterances” (Fairclough, 2003:123) as opposed to the “detailed analysis of a specific text or an episode of real-time interaction” (Philips & Oswick, 2012: 456).

The contradictory and contentious nature of discourse is addressed by Foucault in *The Archaeology of Knowledge* (1972) where he outlines the importance of statements. He writes that instead of:

...reducing the rather fluctuating meaning of the word ‘discourse’, I believe I have in fact added to its meanings: treating it sometimes as the general domain of all

statements, sometimes as an individualizable group of statements, and sometimes as a regulated practice that accounts for a number of statements (Foucault, 1972: 90).

Foucault views the statement not as a linguistic unit, like the sentence, but as a “function” (Foucault, 1972: 98). The statement as ‘function’ can be theorised as a discursive intersection where words and things intertwine and become vested with particular relations of power. Foucault considers the rules that govern the production of statements as his primary object of investigation, and examines the way they structure the formation of objects, and ways of speaking about them (Howarth, 2000:52). According to Foucault (1972: 100), the statement is a “special mode of existence” which enables “groups of signs to exist, and enables rules or forms to become manifest” (Foucault, 1972: 99).

The operation of several statements together constitutes a body of knowledge, or a ‘discursive formation’. These discursive formations make it possible to describe and analyse discourse as a ‘regime of truth’ (Foucault 1979, 1980, 1983). That is to say, discourses aim to ‘reveal a truth’ but instead, they create and control the objects they claim to know (Leclercq-Vandelannoitte, 2011). He noted that, “discourse finds a way of limiting its domain, of defining what it is talking about, of giving it the status of an object – and therefore of making it manifest, nameable, and describable” (Foucault, 1972: 46).

Objectification acts as a mechanism of visibility (Deleuze, 1992; Ewald, 1992); formulating how a “group is seen or known” (Scheurich, 1997: 107). Once constituted as an object, individuals can be placed into disciplinary spaces within a “grid of social regularity” (Scheurich, 1997: 98). From there, “discourse ‘rules in’ certain ways of talking about a topic, defining an acceptable and intelligible way to talk, write, or conduct oneself ... [and] it ‘rules out’, limits and restricts other ways of talking, of conducting ourselves in relation to the topic or constructing knowledge about it’ (Hall 1997: 44). In other words, through the process of objectification, individuals not only come to occupy *spaces* in the social hierarchy but, through their continual subjugation, come to know and accept their *place* (Graham, 2005). Over his life’s work, Foucault showed how madness, the body, life, death, and human beings have progressively become objectified through discourse.

Power

Foucault's notion of power, also termed *power/knowledge* or *biopower*, is one of the most important contributions in Foucault's work, because it forms the basis for FDA. The main exposition of the notion of power is found in *The History of Sexuality, Volume One*, (1978; see also: Foucault, 1972, 1977, 1978; 1980a; 1980b).

Foucault's concept of power/knowledge insists it is not possible for power to be exercised without knowledge and it is impossible for knowledge not to engender power (Foucault, 1980a). Foucault challenged the positivist portrayal of knowledge and power as having an independent existence. Instead, he argues they are coterminous: power produces knowledge, and discourse and knowledge have power and truth effects (Leclercq-Vandelannoitte, 2011).

From a Foucauldian perspective, there is no central point from which power emanates. Power is not possessed by an individual, a group of institutions, a structure, or a set of mechanisms that ensures obedience. Foucault stated, "power is not something that is acquired, seized or shared, something one holds on to or allows to slip away" (Foucault, 1981:94). It is not a physical strength or force and does not mean domination through violence (or, threat of violence) by one group over another. It does not even necessarily proceed in a linear top down fashion. In fact, Foucault sees power relations as non-intentional. It cannot be said that power relations are a result of a choice or decision of an individual person or group of people. Power is not necessarily planned out like some conspiracy, intended to oppress individuals. Instead, power/knowledge functions through strategies and practices without conscious direction (Powers, 2007).

For Foucault, power must be understood as a continually shifting web, a grid, or a network of interacting forces. Power is relational and must be analysed as something that "circulates ... [and] functions only when it is part of a chain... exercised through networks" (Foucault, 1980: 98). These networks can be understood as sets of possibilities and constraints that are constituted in discursive constructions and embedded in material resources. The constraints and conditions of these networks frame the social interactions which allow certain actions and prevent others (Leclercq-

Vandelannoitte, 2011). Power must be understood as the multiplicity of force relations deeply rooted within the sphere in which they operate; which in turn, constitutes their organization (Foucault, 2004b: 92-3).

Foucault proposed three themes in his analytics of power: it is immanent in all social relations; articulated through discourses (as well as through institutions); it is the multitude of potential effects it can have because its impact and significance vary across different social relations, discourses, and institutions (Jessop, 2006). Power also creates tensions among individuals or groups. Because of the inequality of the tension, local and unstable states of power are constantly being created, dissolved, reversed and reshuffled through micro-politics instead of physical force (Powers, 2007). Using an FDA, questions such as ‘who has power?’ or ‘where, or in what, does power reside?’ are changed to the ‘how’ of power. Or in other words, what are the practices, techniques, and procedures that give power effect? (Townley, 1993).

Foucault regards power as a visible arrangement in a variety of social fields (Kärreman & Alvesson, 2009). Power does not exist outside of economic relations, political relations, knowledge relations, or sexual relations but is inherent within them. Foucault emphasizes that situations of domination within these social fields are embodied within the dominators as much as the oppressed. These individual instances of power, usually called domination or oppression, are effects or terminal points within the web of power relations (Powers, 2007).

Thus, power and resistance are entwined and found together at all points within the web of power relations. Foucault finds no relations of power without resistance (Jermier et al., 1994). Resistance is not the opposite of power, but inherent in the exercise of power (Kärreman & Alvesson, 2009). Therefore, Foucault (1983) uses resistance as the starting point in locating and analysing power relations. An example of this is the process of marginalization. Marginalization occurs when non-dominant discourses are not eliminated. Instead, they are tolerated as alternative positions of resistance that provide a target and the point of tension to sustain the dominant discourse. Therefore, discourse may be both an instrument and an effect of both power and resistance. It transmits and produces power but also can undermine and expose it (Powers, 2007). Hence, resistance is not

necessarily negative or constraining: rather, it has positive productive and creative effects (Foucault 1980; Knights and Morgan, 1991). The power-resistance relationship produces truth, rights, and the conceptualization of individuals as subjects through the process of discursive practices (Townley, 1993). Foucault (1977:194) wrote: “

We must cease once and for all to describe the effects of power in negative terms: it ‘excludes,’ it ‘represses,’ it ‘censors,’ it ‘abstracts,’ it ‘masks,’ it ‘conceals.’ In fact, power produces; it produces reality; it produces domains of objects and rituals of truth.

Power relationships are omnipresent because they are continually produced, transformed and reproduced in every social interaction from one moment to the next. These relationships evolve because they are situational, contextualized, and sometimes conflicting (Leclercq-Vandelannoitte, 2011). Power has a complex existence in the context of each particular manifestation. Thus, an FDA of power relationships may only be analysed according to a specific people, in a specific situation and not in general representative terms that apply to other times, peoples, and places. While it may be possible to discuss wider implications from the findings of my research, the small data set raises problems of external validity. One cannot assume my research findings are representative of the situation across all of China.

As a researcher, I must also consider if the discourse created from my own findings can be considered as ‘truth’. How did my own process of inquiry and presence in the fieldwork affect my research findings? Issues regarding reflexivity in the research process will be covered in Chapter Five. Foucault dismisses the idea of universal truths in favour of a ‘general politics’ of truth. That is to say, there are certain types of discourse which become accepted and are made to function as truth. What is important is an exploration of the techniques and procedures accorded value in the acquisition of ‘truth’; the status of those who are charged with saying what counts as true. Foucault states that:

my problem is to see how men govern (themselves and others) by the production of truth (I repeat once again that by production of truth I mean not the production of true utterances but the establishment of domains in which the practice of true and false can be made at once ordered and pertinent) (Foucault, 1980: 131).

Foucault stresses the need to investigate the different ways in which subjects are accorded status and the right to speak because of their recognized training and specialization (trained doctor), the institutional sites (hospital), and ‘subject position’ (the title or subject position ‘doctor’ is an empty place individuals can occupy) (Howarth, 2000).

According to Foucault (1983: 212), there are two meanings of the word ‘subject’: “subject to someone else by control and dependence, and tied to his own identity by a conscience or self-knowledge”. Power and knowledge intersect in the production of the human subject through defining and fixing individuals’ sense of who they are, and how they should ‘be’ (Kärreman & Alvesson, 2009). Power draws on knowledge that transforms individuals into disciplined subjects. This can generate a point of power-resistance, a desire to change, and discontinuity (Knights & Murray, 1994).

However, the production of the human subject inevitably involves disciplinary mechanisms, or technologies (i.e., invisible surveillance, depersonalization of power, and subtle coercive mechanisms), that result in self-discipline. The well-known metaphor of the panopticon represents the development of this technology as a disciplinary gaze which sees everything without the observed seeing the observer. Thus, individuals internalize the disciplinary gaze, and instead of power being exercised on the powerless “the individual herself now plays both roles” (Mills, 2003:46). This disciplinary power adopted by society (e.g. CCTV, phone tapping, and other clandestine information gathering through internet connected devices by government agencies) makes the panopticon a generalizable model that symbolizes power relationships as they appear in everyday life (Willcocks, 2004).

4.6 Examples of Foucauldian Discourse Analysis in management studies.

Foucault has a substantial following in organizational analysis. Over the past few decades, many authors have published studies drawing on the work of Foucault to explore various issues related to the management of organizations (*for examples see* Alvesson, 1996; Burrell, 1988; Chan, 2000; Covaleski et al., 1998; Cunliffe, 2008; Deetz, 1992; Dick, 2004; Ezzamel & Wilmott, 2008;

Harrison, 1994; Holmer-Nadesan, 1997; Jones, 2004; Knights & Morgan, 1991; Knights & Vurdubakis, 1994; Knights & Willmott, 1989; Kornberger & Clegg, 2011; Maguire & Hardy, 2009; Musson & Duberley, 2007; Riad, 2005; Thomas & Davies, 2005; Vaara & Tienar, 2008). They have used a wide range of specific methodologies and methods.

As I argue in section 4.5 above, FDA is consistent with ‘big D’ or ‘paradigm-type discourse studies’ (Alvesson & Kärreman, 2001a). It is less about everyday linguistic interaction and more about scrutinising ways in which a topic is addressed within a web of authoritative and historically developed systems of ideas (Kärreman, 2014). Most FDA studies within the field of management studies note the power embedded in organizations through networks of texts that draw on prevailing ‘discursive formations’ (Deetz, 1992) and their correlating ‘discursive practices’ (Leclercq-Vandelannoitte, 2011).

Similar to my own study that focus on the discourses surrounding democracy, authors within the field of management studies have focused on the discursive formation of a particular term and explored how the discourse related to the use of this term influences the practices within the organizations under study. For example, Knights and Roberts (1982) examined the term ‘company’ and ‘organization’ to explain how it seems to take on the form of an alien entity which has a life of its own, driven by mysterious forces that constrain and restrict the individuals in it. Knights and Morgan (1991) showed how the term ‘strategy’ constructed and reconstructed individual identities and subjectivities within a sales team. A few years later, the same authors again explored the impact of discourses around ‘strategy’ as it related to the implementation of new information technology systems within the finance and insurance departments of a particular firm (Knights & Morgan, 1995). Nordgren (2008), studied the discursive tensions of using the term ‘service management’ in hospitals and how two competing discourses around treating individuals as customers or patients resulted from the use of the same term.

A study that is particularly relevant to my own research, because of its topic, theoretical framework and methodological approach, is a project by Abigail Cathcart (2013). It explored the meaning of organizational democracy within the John Lewis Partnership in the UK. Using an ethnographic

approach, she collected data through a combined mix of observation, interviews and official publications. Cathcart used FDA to examine how decisions about democracy and participation serve particular groups; she explored the practices and power relationships within the organization that lead to decision production (Cathcart, 2013). Similar to cooperatives, the Partnership organizational model is a fundamental paradox; an organization that purports to share power but at the same time embraces the concept of managerial prerogative. Cathcart effectively argued that WD in the Partnership helped to generate a form of control which often diminished freedom, at the same time as it purported to widen it.

In the John Lewis Partnership, the partners were frequently reminded by management of the benefits associated with working there, and other organizations that were not partnerships were far tougher and more autocratic in their management practices. Partners were also often reminded that management had their happiness as its ultimate objective. Power operated through constructing ‘truth’. It implanted the idea that partners should be grateful for their membership in the Partnership and should demonstrate their gratitude through compliance with managerially determined decisions. It was interesting how the founding principles of representative democracy within the Partnership were expressed as something of which people needed to be reminded of. For my own study, it was almost the opposite situation. It wasn’t the case that cooperative members needed reminding that management had their best interests at heart. Instead, the cooperative members themselves explained that they genuinely felt that this was the case. This was one of the major reasons why they felt that they did not have to participate actively in every managerial decision.

In the John Lewis Partnership, the difference between participation as a partner, on the one hand, and participation as a manager, on the other, was blurred, both structurally and discursively. The elected representatives of the Partnership faced a crisis of identity. There was a gap between making management decisions in the interests of their constituents, or making the decisions required to manage a profitable business. Democracy was valued only insofar as it benefited the running of the business and not always the needs of those who were participating in the democratic process. The discursive construction of a ‘partner’ as a ‘co-owner’ was used to legitimize an emphasis on profit above all else. The concept of ‘business rationale’, dominated debates and was

invoked frequently and rarely questioned. The term ‘business case’, was used to invoke a sense of undeniable logic, which, once used, was privileged over all other arguments. The phrase, ‘What kind of *business* would do that?’ was used rhetorically and repeatedly within the organization, usually after someone had outlined benevolent actions, such as offering work-experience to disabled children, a generous refund policy, or the compassionate way in which a redundancy process was managed. In my own study, cooperative members expressed a lack of understanding around basic business management knowledge. Therefore, the rationale of leadership decisions was not often questioned by the cooperative members.

In constructing the subjective position of ‘partner’ as a ‘co-owner’ and prioritizing economic rewards above over their own personal beliefs and desires, the potential for alternative discourses was weakened. Managers claimed to be frightened about the power of the vote because they were afraid the partnership would lose its position in the market. Management were essentially frightened the Partners would put their own interests before the Partnership. Partners also claimed to be frightened there would be repercussions if they openly showed dissent and the Partnership was becoming just like any other store. Thus, rather than seeing the model of ‘partnership’ as the freedom to determine priorities or challenge dominant business orthodoxy, it was used instead to constrain and limit democratic engagement (Cathcart, 2013).

In contrast to Cathcart’s findings, the cooperative members in China saw their membership in the cooperative as an obvious advantage compared to farming alone. Furthermore, the collective farming organizations they belonged to before the formation of the cooperative did not have the same level of leadership transparency they now enjoy. In consideration of their own experiences, although they were not challenging the cooperative leadership, or even actively participating in voting on managerial decisions, the level of transparency around decision making by the cooperatives’ leadership meant that members did not consider the management style to be a conventional approach to doing business. Even without expressing dissent, the cooperative members’ experience of WD was not considered to be limited or constrained. This brief comparison between the two studies serves to illustrate that, although the topic and theoretical framework shared similarities, the findings of the two studies varied widely. However, this can

almost be expected considering the dramatic differences in the historical development, political climate, and the cultural differences between the subjects of the two studies.

The data collection methods and approach to data analysis used by Cathcart (2013) are very similar to my own study. In fact, I first became aware of Cathcart's study after my data collection was completed. This is at a time when I was considering options for organizing and analysing my own data set. Considering her topic of research and approach to data collection, her approach to data analysis was a heavily influential factor in the method I eventually chose for the data analysis in this study. However, Cathcart was not entirely explicit in the way she describes how she actually went about conducting an FDA. It would seem this would be intentional on her part as she states "to over emphasize the role of methodology in generating an account of what happened in the Partnership would be to align with the belief that a single truth is out there waiting to be uncovered" (Cathcart, 2009: 78). I tend to agree with her rejection of the notion that a single truth is waiting to be discovered, especially for any study that sets out to explore the meaning(s) of democracy. However, I still believe it is important to be as explicit as possible when outlining your own methodology.

Cathcart also states that her analysis was guided by an edited collection of analysis methods by Clive Searle (2004). In particular, Cathcart relies heavily on a chapter within the collection by Tonkiss (2004). However, Cathcart admits that "[al]though my approach was influenced by a number of techniques including discourse and content analysis, I could not claim to have adhered to these forms in any strict sense" (Cathcart, 2009: 78-79).

My own study contributes further to the theoretical and methodological approach to exploring WD that Cathcart's research opens up. I have made an effort to further detail and use, in a stricter sense, the approach presented by Tonkiss (2004) as it relates to the study of WD, in particular, WD within Chinese cooperatives. Tonkiss offers a helpful guide with a step by step approach for researchers (such as myself) who are relatively inexperienced when it comes to conducting an FDA. Her guide has been used by a number of authors who study organizational phenomena from an FDA

perspective (Anais, 2013; Cathcart, 2014, Godfrey, 2014; Kelan, 2008; Maravelias, 2009; Torkelson et al, 2007).

This is by no means an attempt to argue that using Tonkiss (2004) is the only or the best way to approach an FDA. There are many other approaches to conducting FDA. Tonkiss (2004) herself suggests other ways to approach discourse analysis (e.g., Fairclough, 2003, Gill, 1996; Potter & Wetherell, 1994; Wetherell et al., 2001). Alternatively, there are additional approaches, such as the ‘Communication Constitutive of Organizing’ or CCO (Leclercq-Vandelannoitte, 2011); the discourse-historical approach (Wodak, 2001); the ‘discursive pragmatists approach’ (Alvesson & Karreman, 2000a) etc. Hence the debate about the best approach to analysis that should be used for FDA is alive and well amongst authors who implement a Foucauldian theoretical framework. Furthermore, some authors are critical of certain aspects of FDA as outlined in section 4.7 below.

4.7 Critiques of Foucauldian Discourse Analysis

Although FDA is widely used in the field of management studies, there is intense debate around the various approaches that researchers apply when conducting FDA (Alvesson & Karreman, 2011a, 2011b, Bariela-Chiappini, 2011; Iedema, 2011, Mumby 2011, Hardy & Grant, 2012). Alvesson and Kärreman (2000a:1145) claim that there is a tendency of scholars using FDA ideas to work with a “too grandiose and too muscular view on discourse”. According to Rose et al. (2006), many studies reduce FDA to a discourse-based framework, while other aspects appear only in reference to dominant discourses.

As Brown and Coupland (2005) point out, little attention centres on deviations from discourses. Newton (1994: 893–894) also contends that:

[t]here is little explanation in Foucault’s work of why and how people may ‘elaborate’, ‘resist’ or manipulate the discourse, and in consequence there is only a partial account of the process by which people ‘exercise power’. If discourse provides a basis upon

which ‘subjectivity itself is constructed’ ... then we have a theory of subjectivity which leaves out the subject.

As Newton (1994) asserts, within an FDA, individuals are only embodied appendices of various discourses. These discourses constitute the subjectivity the observer, who may, in turn, think that is what s/he observes (Alvesson & Kärreman, 2011). This presents a problematic vision of how power makes people speak and see (Willcocks, 2004).

According to Newton (1998), a Foucauldian theoretical framework represses the subject and inadequately explains the agency–structure relationship in relation to disciplinary power. Organizational Foucauldian scholars, such as Knights (1997) and Townley (1998) have been criticized on these grounds (Fairhurst & Putnam, 2004). There is also criticism surrounding the “subjugation of the material to the discursive world” (Fairhurst & Putnam, 2004:15). The material realities of “bodies, sweat, machines, factories, cubicles, wages, benefits, exhaust fumes, timber, and effluent” seem to be minimized in an FDA (Cheney & Cloud, 2006: 505). Along with an underdeveloped exploration of the significance of material sources, it is claimed that ideological forces (such as communism, capitalism and consumerism etc.) escape serious attention in an FDA (Kärreman & Alvesson, 2009).

Perhaps at the root of some of these debates is Michel Foucault’s reluctance to clearly outline a research method (Harwood, 2000; Meadmore et al., 2000; Tamboukou, 1999). For this reason, researchers perceive FDA as inaccessible and dangerous (O’Farrell, 2005). However, according to Scheurich and Bell-McKenzie (2005), part of the appeal of FDA for the social scientific researcher, is that FDA represents a “set of critical tools that can be used in any sort of grouping” (p. 857). This view does not promote un-systematised speculation, instead it reflects the reluctance of researchers using an FDA to prescribe a method or make truth claims through ‘scientific’, ‘objective’, ‘precise’ methodologies. In spite of this, not declaring a clear methodology no longer acts as a way to avoid the “positivist trap” (Harwood, 2000: 59). In some ways, it has become a trap in itself (in order to defend against potential criticism of this study, I outline my methodological approach to FDA clearly in Chapter 5 below).

The lack of a generally agreed methodological approach for using an FDA has supported claims about the superiority of linguistically-based methodologies, such as CDA, over analytical techniques inspired by the work of Foucault (Anaïs, 2013; Graham, 2005). There are a number of scholars who have combined FDA with Fairclough's interests in texts, taking on a social constructionist position that addresses agency and structure (e.g. Bergström and Knights, 2006; Grant et al, 2004; Hardy & Phillips, 1999; Maguire & Hardy, 2009; Mantere & Vaara, 2008; Motion and Leitch, 2009, Phillips and Hardy, 2002, Phillips et al., 2008). For this study, the original texts were translated from Shandan dialect into standard mandarin, and then into English. Even though the meaning of the statements were retained through the translation process (for further discussion on translation, see section 5.4), the original wording and order of the texts were changed. Therefore, an approach that focused on the structure of the interview texts would not have been appropriate for this study.

For me, a relatively inexperienced researcher, a specific outline for conducting an FDA would, in no doubt, be invaluable. However, Foucault's ambiguity in relation to how one might go about doing FDA is no doubt an intentional strategy, "for if Foucault had prescribed specific methodology, he would have fallen foul of his own critique of truth and science" (Harwood (2000: 42). Even Foucault himself stated, "I call myself more of an experimenter than a theorist: I don't develop deductive systems to apply uniformly in different fields of research" (Foucault, 1991:27). If Foucault had 'prescribed' a way in which one *must* go about doing FDA, this would be hypocrisy of the highest form (Graham, 2005).

The challenge lies in maintaining a post-structuralist respect for uncertainty (Usher & Edwards, 1994), without appearing vague or uncertain in what I am doing. I must be explicit in my own methodological approach in much the same way as Foucault is precise and specific in *The Archaeology of Knowledge* or *The Order of Things* (one could even say pedantic) without being prescriptive about what I am doing, or "trying to dictate what is to be done" (Foucault, 1980a: 236). I outline my step by step approach to data analysis in section 5.7 below.

4.8 Cooperatives as Relationships of Power

In order to integrate the wide range of ideas presented in this chapter, it is important to summarize how this study will frame cooperatives as systems of power relationships that can be explored through discourse analysis. Using a broadly critical approach to the relationship between language and power that is explicit about my own interests as a researcher, I have chosen to more specifically select a Foucauldian approach that sees power as a productive, not a restrictive force. Discourse not only provides a way to explore power relationships, but it also brings to light the points of resistance that can undermine and expose dominant and oppressive practices within the management of cooperatives.

As the cooperative members and other participants in this study produce ‘discursive formations’ of WD in their organizations, they are making explicit their own knowledge of what they believe a cooperative is, and how it is they interact with other members and stakeholders to democratically manage their cooperative. From an FDA perspective, power and knowledge are inseparably connected. The way the participants of this study speak of the categories, objects, and ‘facts’ of WD, they are producing a ‘regime of truth’ that establishes and naturalizes the concept of WD within their organizational reality. Their descriptions and statements manifest a discursive intersection where words and objects become vested in power relationships. I hope to provide evidence that will discuss the rules governing the production of discourse around democratic member control of Chinese cooperatives.

4.9 Conclusion

This chapter has described the reason why the theoretical framework I have chosen differs from more positivist approaches to exploring issues of WD in cooperative management studies that have dominated past research in this area (see Chapter 3). This links my research to a field of study that focuses more on power relationships as they circulate within specific historical and political contexts. By embracing the contested nature of the term democracy and looking at the issue from a critical approach based on an ‘ethos’ of Foucauldian power/knowledge perspectives of discourse,

I am able to present a unique and valuable way to explore WD in Chinese cooperatives. My specific method used for this study is outlined in the following chapter.

CHAPTER FIVE: RESEARCH DESIGN

My research is primarily a qualitative study using an ethnographic approach to the research question: What does democratic member control mean to the members of Chinese cooperatives? Two sub questions also of interest to me were: how democratic member control was manifest through organizational practices in Chinese Cooperatives? And also, what the term ‘cooperative enterprise’ means to people in China who are directly involved in promoting or participating in them? The field research involved interviews which took place between August 2012 and February 2013 across various locations in China, however, the majority of my time was spent in Shandan County in Gansu Province.

I have analyzed data collected from semi-structured interviews with: nine members of the ICCIC executive board in Beijing and Shanghai; five cooperative trainers and promoters in Shandan; nine leaders of cooperatives in Shandan County; and also, 12 common members of cooperatives in Shandan. I have drawn from official texts produced by the ICCIC that outline the organization’s stance on democratic participation within the cooperatives they promote and give training. I combined this with observations made in the field to give context to the interview responses I analyzed. The aim of this research is to understand how members of Chinese Cooperatives discursively construct the meanings of WD within their organization and how this then manifests itself through the organizational practices of the cooperatives under study.

Mainly quantitative approaches have been used by researchers to attempt to uncover the tensions, paradoxes and contradictions that emerge within Chinese cooperative enterprises. For example, Jia et al., (2010) used the results of a 2009 national representative survey as data for their study of Chinese cooperative governance. Survey data was also utilized by Zheng et al., (2012) in their study of producer participation from cooperatives in Jilin Province. Liang & Hendrikse (2012) study of participation from core and common members in Zhejiang Province also relied on data analysis collected from survey data. Although there are yet to be any studies published which specifically use an FDA to investigate WD within cooperatives enterprises generally (let alone Chinese cooperatives), FDA has been used to investigate alternative management structures within

organizations which implement WD (Cathcart, 2013). Interestingly, Sigley's (2006) study of Chinese governmentalities observes that, although most FDA based research is conducted in a Western context, particularly the United Kingdom and Australia, China is emerging as one of the most productive sites in exploring the relations between knowledge, power and subjectivity. It is my hope this study of WD in Chinese cooperatives can contribute towards the scholarship to extend the use of an FDA approach into the Chinese context.

The combined use of ethnography and FDA by Cathcart (2013), who investigated power relations and the meaning of WD within the John Lewis Partnership in the UK, is especially relevant to my study. However, none of the studies outlined in my review of the literature have used an FDA to focus specifically on WD within Chinese cooperatives organizations. Thus, one of the major contributions made by this thesis is that it represents the only methodological and theoretical example of FDA used to explore issues surrounding WD in Chinese cooperatives. This will hopefully open up space for future studies to adopt an FDA approach to explore issues of knowledge, power and subjectivities in the Chinese cooperative sector, and organizations that use democratic management more broadly.

Firstly, this chapter will outline, in general terms, my research approach which draws from qualitative ethnographic principles. Secondly, I will make explicit my own interests in pursuing this research project and outline my own 'pre-understanding' (Gummesson, 1991) about cooperatives that unavoidably has an effect on my interpretation of the data I collected. Thirdly, I will outline the specific approach I used in my fieldwork to collect the data used for analysis. Fourth, I will cover issues surrounding the translation of interview responses and some of the ethical implications I encountered during the data collection process. Lastly, drawing on suggestions from Tonkiss (2004), I describe the tools I used to organize and analyse the data I collected.

5.1 Research Strategies

My research strategy used a qualitative approach. This study seeks to answer is how WD is experienced within the Chinese context and given meaning by the circulation of discourse by those

involved in the ICCIC in Beijing and Shanghai, as well as cooperative trainers, leaders and members in Shandan. I propose that, as an observer, it is impossible to completely divorce myself from the activity of inquiring into the reality of others. I do not exist in an objective world outside the reality of the participants I am studying. The role of my presence in the research field was not to hold up a mirror that reflects ‘truth’ to the readers of this thesis. Although I have endeavored to be as accurate as possible in describing my observations and interpreting interview responses, my own interaction in the events I witnessed and my own understandings, preconceptions, values and desires must be accounted for. Thus, my research framework assumes relativist ontology: acknowledging the presence and validity of multiple meaningful realities. In terms of my own research strategy and presentation of my findings, I reject the positivist notion of a single unitary truth devoid of human belief. Reflecting on the scholarly work of Michel Foucault, I propose there are multiple competing discourses available to interview respondents and, how they draw on these discourses to construct the meaning of their own behavior in a certain social context, reveals important power relations.

General theories, or truth claims, that try to fit reality into specific paradigms are constantly challenged by pluralist, regionalized, disordered and irrational explanations (Gobo, 2008). These realities can differ, or be shared between groups of individuals. Ultimately, these realities are created by the social actors within their unique social, cultural, religious, or political environments. The reality of the world for the social actor is constructed from events and phenomena in their surroundings and given meaning through the process of social interaction involving history, language and action (Schwandt, 1994). The data gathered during my fieldwork has been analyzed using an FDA to generate interpretive claims regarding the meanings of WD with a specific focus on power relationships within cooperatives in Shandan County, China. The findings this study presents are a joint construction of reality, between my own observations and those of the participants I interviewed and observed. During the data collection, interview informants recalled events, explained situations and meanings, and exhibited behavior, that I interpreted from an outsider’s perspective. Informants constructed accounts of reality in their interview responses that explained to me areas of interest that fell within the line of inquiry of my research questions. However, in the process, they perhaps omitted events, practices, actions or behaviors they felt were mundane, or of little interest to me as a researcher, or fell beyond the scope of my study. Therefore,

the findings of this thesis are a representation. They represent various accounts of reality I was fortunate enough to have had shared with me during my data collection. After leaving the field, and engaging with my subsequent data analysis, I have presented these various accounts in the following chapters. The ‘findings’ of this thesis are yet another layer of interpretation, another account of reality. They provide an account of a shared experience, a co-construction of reality between me as a researcher and those I was researching. While some of findings of this study may in some way be similar to situations found within other cooperatives (especially in China), they cannot be considered as truth claims generalizable to other contexts beyond the scope of this project.

5.1.1 An ethnographic approach

The research strategy I used for this study drew on ethnographic principles. Ethnography focuses on a specific population, place and time with the deliberate goal of describing it to others (Sanjek, 2004). It is concerned with the way in which cultures are rhetorically, stylistically, and textually described to others, cautiously avoiding a position of western superiority when constructing a representation of other cultures for the reading audience (Gobo, 2008). I have attempted to be honest and aware of this tendency as I interpreted my own interactions with a foreign culture. I am aware the purpose of presenting my findings about WD within Chinese cooperatives is for a mainly western audience. At times, I struggled with this tendency to compare WD in Chinese cooperatives to what I might believe are superior examples of WD in other cooperatives I had encountered in my review of the cooperative management literature. I feel it is important the reader of this thesis is also aware of this personal struggle of mine: interpreting the presentation of my findings with this caveat in mind.

Ethnography encompasses mixed methodologies that share a common assumption, that is, personal engagement with the subject as the key to understanding. Participant observation is the most common component of an ethnographic approach but interviews, conversational and discourse analysis, documentary analysis, film and photography, as well as life histories all have their place in the ethnographer's repertoire (Hobbs, 2006). It is not the research or techniques that define ethnography. What defines this research approach and what is at its very core, is ‘thick description’

(Geertz's, 1973). The intention is to produce a description that is constructed with the meaning of social practices from the everyday perspective of the members of the group under study.

There has been much discussion surrounding the benefits of combining ethnography and FDA; (see Alvesson & Kärreman, 2011; Atkinson et al., 2011; Bargiela-Chiappini, 2011; Wray-Bliss, 2002) and examples of an ethnographic approach used to gather data for FDA based studies (Riad, 2005; Cathcart, 2013). Using an ethnographic approach assumes interview responses do not provide a mirror to the mind of the interviewee. However, considering the 'short distance' from the site that such language is normally used, ethnographic interviews are conducted in a setting that stimulates language use as it would be used in a practical setting, attaching it to physical resources and context. For example, in my own research, interviews were regularly conducted in the offices and homes where cooperative members often met to practice democratic decision-making. This attempted to provide a reflective and stimulating setting for interviewees where responses were attached to practice and meanings. Time spent in the cooperative members' homes and places of work gave me the opportunity as a researcher to observe, experience, and attempt to make sense of the context where statements and discourse is given meaning in its 'right place' (Barley, 2010).

Bell and Bryman (2003) regard pure ethnography as "intense researcher involvement in the day-to-day running of an organization" (2003:315). Locke (2001) considers a minimum of twelve months in the field to constitute true ethnography. However, being restricted by finances, visa considerations and my thesis completion timeline, I only spent a total of seven months in the field. Thus, it could be considered my level of involvement in the cooperatives under study and length of time I was able to stay in Shandan, act as restrictions to a claim this study has used a 'pure' methodological approach. I would agree with these potential criticisms. However, I would not call this project a 'pure' ethnography, but rather, as mentioned above, it draws on 'ethnographic principles'.

Knoblauch (2005) explains the difference between conventional ethnography and what he considers 'focused ethnography'. Conventional ethnography relies on long term field visits, with the researcher taking an open participative role, gradually gaining knowledge as an 'insider'. Focused ethnography relies on much shorter field visits with a much more specific field of inquiry

guided by background knowledge rather than insider knowledge. Hughes et al, (1994) utilized this focused ethnographic approach in their study of cooperative behavior amongst air traffic controllers. Entering the field with a pre-determined specific interest (the use of data system technology used in air traffic control), the researchers used a ‘quick and dirty’ ethnographic approach, only spending a few weeks in the field, feeling it was an inappropriate situation to spend a lengthier period of time due to the sensitivity around safety issues in the workplace they were studying. Another more widely cited example of short ethnographic study (five months) of the Mondragon Cooperatives in Spain (Cheney, 1999) also challenges the need to spend such a long period of time in the field. In my own study, a focused ethnography involved drawing on my own background knowledge about cooperative enterprises, my review of literature surrounding democratic participation within cooperatives and my knowledge of the history and the development of the Shandan region. This ‘pre-understanding’ narrowed the domain of my investigation and the initial focus of my observation interview design to specifically analyze WD within the Gung Ho cooperatives in Shandan.

5.2 Locating myself as a researcher

This section will deal with issues of reflexivity and my own position as an outsider making sense of complex social relationships in a foreign environment. Although I have spent five years living in Taiwan and have an intermediate level grasp of Mandarin Chinese, my socio-economic, cultural, and employment background growing up in New Zealand is completely foreign in almost all respects to that of the rural farmers I interviewed in Shandan. I embrace the fact that reflexivity is an unavoidable phenomenon during the data collection process. I am aware interviewees may have told me responses they believed I wanted to hear (the ‘official transcript’), not a description of what they were objectively doing (Converse, 1987). I attempt to be open and transparent about this limitation throughout the research process.

Gummeson (1991) argues the acknowledgement of ‘pre-understanding’ and the difficulty of gaining access to the research participants, is not generally accepted across all social science disciplines, nonetheless, it should be considered a valuable part of the research process. Pre-understanding can be first-hand experience and insights, or second-hand knowledge acquired

through a reading of the literature surrounding the research topic. Researchers must reflect on and make visible any pre-understanding and the process by which access to participants is gained in the study (Stenbacka, 2001). In this light, I openly declare that I am a member of the NZ China Friendship Society (NZCFS) and the NZ Cooperatives Association (NZCA) as well as the former secretary of the NZ Association for the Study of Cooperatives and Mutuals (NZASCM). My membership in the NZCFS sparked my interest in researching Gung Ho and the connections I have made through the NZCFS have been supportive of my research. Members of the NZCFS in Wellington made arrangements for me to pursue my research interests in China.

My direct involvement in organizing a research conference focused on cooperative enterprises before I left for China and my work with NZASCM exposed me to a number of other concurrent research projects concerning various aspects of cooperatives from around the world. Interactions with other researchers, combined with my own education background in industrial relations and human resource management, my reading of the literature around cooperatives and WD, together with my involvement in the NZCA (who have their own definitions of what a cooperative is and how it should be democratically managed), constitute what I consider to be my 'pre-understanding' of my research topic. It was impossible for me to ignore my own experiences and enter the research field with a 'blank slate'. Although I was interested in the way that interview informants discursively constructed the cooperative enterprise and WD within their cooperatives in China, I often found it difficult not to judge some of their comments based on my own pre-understanding. Frequently during my data collection process, I had to remind myself of some of these preconceptions I had about what a cooperative should be and how it should be managed, careful not to let it cloud the way I attempted to interpret and report my findings.

The motivation behind my research is a personal conviction that cooperative enterprises offer the basis for an alternative economic model, a 'third way,' where a spirit of cooperation, instead of competition, will benefit all members of society. However, I do not regard this as a source of potential bias during my data collection and analysis. I realize cooperative enterprises are not perfect. There is much to learn from the experiences of both successful and failed cooperatives. Going into this research project I knew, despite cooperative enterprises being active in Shandan for over 60 years, the cooperatives under study were part of a poverty alleviation project promoted

by the NZCFS. The last 60 years of cooperative development in Shandan had improved but not completely alleviated the economic challenges of the people living the area. I believe the desire to more clearly understand some of the issues challenging the cooperatives under investigation allowed me to maintain some sense of objectivity, despite my obvious enthusiasm for the cooperative movement. I maintain an interest in exposing and finding solutions for some of the difficulties and trials that expanding the cooperative sector of the economy in China (and my home country of New Zealand) would entail. This includes accurately reporting the both the successes and failings in regards to WD in the cooperatives under investigation.

5.3 Data Collection

Ethnography does not use pre-determined analytical categories at the beginning of the study (Locke, 2001) but rather it uses a funnel structure as it becomes progressively focused over time (Hammersley and Atkinson, 1995). This study initially adopted a definition of WD (Cheney, 1995; *see Chapter 3*) to guide my initial research questions, exploring dimensions of WD such as range, actuality, and level (Bernstein, 1976). However, this approach was not used as a ‘measuring stick’ to determine how well WD works within the Chinese cooperatives under investigation. I did not compare an ideal model of WD to the way WD operates in the Shandan cooperatives. Rather, the literature guided my area of focus, helping me to ask prompting questions that seek to uncover the power relationships characterizing the way WD is discursively constructed by members of the cooperatives in China.

I spent a total of seven months in China; four of those months in Shandan County. I made it explicitly clear to everyone I met in China that I was a university student conducting research for a PhD thesis (and later publications) that will describe the nature of WD in Shandan to a western audience interested in the development of Chinese cooperatives. I realize there may have been a change in normal behavior by participants just by my presence and interest in their activities. However, I did not want to deceive them regarding the reason for presence in their community.

The openness of this approach resulted in some problems with local authorities who attempted to restrict my access in Shandan. After spending less than a month in Shandan, I received a telephone

call from the local Security Bureau who asked about the nature of my research. After briefly explaining to them the objectives and purpose of my research they informed me I was not allowed to continue with this research project; I must leave Shandan immediately and not return until I had an official invitation from the local Shandan County Government to return and finish my data collection there. I complied with their request and left Shandan the following day. Returning to Shandan proved quite difficult as no one I contacted from the Shandan County Government was willing to write an invitation for me to return. It was a frustrating few months stuck in limbo, unable to return to New Zealand; unable to enter Shandan to complete my data collection. During this time I missed out on valuable opportunities to attend the AGM's of the cooperatives I had planned to study. I used my time, 'banished' from Shandan, to travel back to Beijing and Shanghai to interview additional executive members of the ICCIC. An invitation letter did not eventuate until a personal contact I had in New Zealand, from the NZCFS, petitioned the Mayor of Shandan on my behalf. Having this letter I was able to travel to Hong Kong to apply for a visiting visa for the purpose of conducting research in Shandan. Apart from this major setback, my data collection progressed quite smoothly. My data collection had three main components outlined below: Interviews; Observation; and, Secondary sources.

5.3.1 Interviews

I used a semi-structured approach to the interviews: they were conducted between September 2012 and February 2013. I identified a number of relevant questions in advance (see Appendix A, B & C). These guiding questions were used as a reference during the interviews. From this list, certain questions were omitted and other un-prepared questions added dependent on the answers from interview informants. The prepared questions were guided by the parameters identified by my research interests namely, the practice and meanings of WD in Chinese cooperatives. The main themes used to investigate my research interest have been outlined in section 3.3.1 (such as range, actuality, level, leadership etc.).

For example, my prepared interview schedule includes a question exploring the theme of range: what are the issues/decisions you democratically participate in? The questions I asked also directly relate to an FDA as I examined the "how" of power, that is, the practice, techniques, and procedures

that give it effect (Foucault, 1980:154; Townley, 1993:520). For example: Do you think you have influence in your cooperative? If yes, what is the process and how do you make use of it? Despite having prepared an interview schedule, I was free to ask follow up questions and pursue other lines of interest as discussion within the interview developed (Saunders et al., 2009). In fact, none of the interviews I conducted followed the interview schedule exactly as I had prepared it. As Glaser and Strauss (1967) note, in order to build theory, deciding what data to collect and where to find it, must take place as it emerges. At each stage throughout the interview phase, I reflected on the emerging and salient issues. These themes refocused my interview questions and area of interest. I also made a record of any counter-texts and alternative viewpoints, careful to note any signs of resistance to the dominant discourse. I endeavored to develop these themes using participant's own words where possible, rather than trying to interpret them through my own understanding. Participants were given copies of interview transcripts and had the opportunity to correct any of their responses to the interview questions.

Below is an explanation of the four phases of my interview process shown in Fig. 1.

Phase 1 (a & b)

Before I traveled to Shandan, I interviewed five members on the governing council of ICCIC in Beijing (1a) and four members on the governing council of ICCIC in Shanghai (1b). Interviewing members of the governing council gave me a broad understanding of the purpose and goals of the movement from those who are recognized as representatives responsible for establishing the general overarching policies regarding WD within the organization (see Appendix A for interview schedule).

Phase 2

A contact I made in New Zealand, who works closely with NZCFS projects in Shandan, arranged for me to meet with cooperative trainers and promoters. I interviewed five people from this group. Not all of the participants from this group were from Shandan but all had spent considerable time in the area and were able to describe salient issues regarding WD within the cooperatives there.

Fig. 3: Interview Participants

Phase		Number of interviewees
1 (a)	Members of Beijing ICCIC	5
1 (b)	Members of Shanghai ICCIC	4
2	Shandan Cooperative Trainers & Promoters	5
3 (a)	Shandan Cooperative Leaders: Successful/ well established	3
3 (b)	Shandan Coop Leaders: Average	3
3 (c)	Shandan Coop Leaders: Poor/ Newly Established	3
4 (a)	Coop A: Animal Husbandry Cooperative Total Members: 8	3
4 (b)	Coop B: Animal Husbandry Cooperative Total members: 50	4
4 (c)	Coop C: Vegetable Growing Cooperative Total members: 20	6
		Total 36

Phase 3 (a,b,c)

The promoters and trainers from Phase Two helped me select leaders from a total of nine cooperatives in Shandan. These were chosen from a wider group of 29 NZCFS and ICCIC supported cooperatives I had access to in the area. 3 (a) were leaders from established and financially successful cooperatives. 3 (b) were leaders from an average performing/mid-sized cooperative. 3 (c) were leaders from newly established/struggling cooperatives. This gave me a fuller picture of the overall development of cooperatives in the area. Interviewing the leaders gave me an idea of the cooperative's history, how it is structured, how the structure (dis)encourages WD and how they believe important decisions should be/are made (See Appendix B for an example of the interview schedule).

Phase 4 (a,b,c)

This last phase involved selection of three cooperatives, one from each of the three categories outlined in Phase three above. The three cooperatives that were the focus of this phase were based on permission/support I received from the leaders to interview members of their cooperatives and recommendations from promoters and cooperative trainers interviewed in Phase Two. The ease of access to the villages was also an important consideration (it was snowing quite heavily some days and many of the cooperative members lived on dirt roads 40-60km away from Shandan Bailie School where I was staying). There was one vegetable growing cooperative and two animal raising cooperatives. I wanted to do a machinery cooperative instead of the second animal raising cooperative but the leader pulled out at the last minute because the members of the cooperative were busy harvesting crops before the Chinese New Year celebrations.

The sampling of informants in the four phases above used a combination of convenience and snowball sampling (Bell & Bryman, 2003). For example, an important contact I made from the NZCFS in New Zealand was able to personally introduce me to two members of the ICCIC in Beijing. Luckily for me, these two ICCIC Executive members agreed to participate in my research project as interview informants. On completion of the interviews, they were also willing to provide the names of other ICCIC Executive members in Beijing and Shanghai that I was able to make contact with and also interview. Without being so specific as to reveal the identity of my informant, another key contact for me was made at a research conference, which was focused on the management of cooperative enterprises that I attended in New Zealand before entering the field. This contact had personally been involved with the ICCIC as a trainer in Shandan and introduced me to other trainers I was able to interview once I arrived in Shandan.

Another one of the trainers that I interviewed had worked closely with numerous cooperative leaders over a number of years. He provided me with names and phone numbers of cooperative leaders I was able to contact. From his experience, he divided the cooperatives he had contact with into strong, medium, and weak categories based on size, financial success and length of time since they were established. From the list he provided me, I was presented with, at least what this trainer considered to be, a cross section of cooperatives representative of the current situation of

cooperative development in Shandan County. I called through this list until I managed to find three cooperative leaders from each category who were willing and able to meet with me. At the conclusion of the interviews with cooperative leaders, I asked them if they could provide the name and contact details of members of their cooperatives I could interview.

I traveled to members' farms or workplaces to conduct the interviews. The interview lengths ranged from 20 minutes to two hours with an average time of 40 minutes per interview (see Appendix C for interview questions). Interviews took place towards the end of my stay in Shandan, allowing me to build relationships of trust with the participants before I conducted the interviews. I recorded any observations I made immediately after the interviews.

Interestingly, the cooperative member interviews in Phase Four turned into group interviews. Word had got around about my visit to the leaders' homes and that I would be returning to the village to do interviews with members. I found quite a crowd of curious people waiting for me outside the leaders' homes when I arrived. The leader of the cooperative arranged the members for me to interview. This was unavoidable as the leader was the only one with the complete member list. Experience from people at SBS and SCF told me cooperative members would not respond to invitations to participate in my research unless it was through the leader or if I already had a personal relationship with them (which of course I didn't).

My translator made it clear to participants that we would prefer to go to their house to do the interviews in private but in every case the members insisted they would rather go to the leader's house. One of my translators suggested to me this may have been because they were uncomfortable to host a foreign visitor in their own home. Another reason suggested to me was that perhaps the leader's house is where they always met for meetings or any business relating to the cooperative; it seemed natural for them to want to go there to discuss cooperative issues. The members turned up to the leader's house together on scooters or by hitching a ride on the back of a truck. Even though we had asked them on the phone if they could come one by one, they seemed much more comfortable talking to me in a group or with a friend. One member even brought his old grandmother with him and asked if she could sit in on the interview because she had never seen a foreigner before.

I arranged with the cooperative leader to use their living room to conduct the interviews. Instead of asking participants to wait outside and enter the living room one by one (it was terribly cold, around -20 degrees on some days and this seemed rather cruel and unnecessary) I sat around the fireplace and began the interviews with the cooperative members together. This was certainly unplanned and required some improvisation on my part.

5.3.2 Observation

Observations were not used as data for analysis but rather, as a way for me to try and contextualize the interview responses from the research participants. The notes I recorded were mainly descriptive rather than interpretive observations (Patton, 1989). Guided by the aims of observation outlined by Silverman (2001) and Bryman (1988) my observations: sought to understand how the cooperative members see their world; describe the everyday detail of interactions; contextualize the interview data in the wider social spheres and adopt a flexible approach to design and categorizing. A guiding framework of what I was looking out for in my observations was taken from Evans (2013). I chose this as a guideline to note taking because the observation prompts included things like: the boundaries of participation; tension; and the consequences of resistance. All of which are relevant to themes to my investigation of WD in Chinese cooperatives (see Appendix D).

I conscientiously recorded field notes at every stage of my fieldwork. I usually made hand written notes during and especially shortly after, the interviews took place while the observations were fresh in my mind and easy to recall. I also used the voice recorder on my phone while driving back to my accommodation immediately after the completion of interviews where long, bumpy, mud roads made it difficult to write notes. I listened to these voice messages and physically recorded them once I was able to use my computer. For example, in one of the group interviews in Shandan, I noted one of the cooperative members seemed disinterested in the interview. He often got up to walk around the room and tried to start unrelated topics of conversation with other interview participants. I later found out the behavior I observed during the interview was reflective of his

general attitude of disinterest towards any sort of participation in the decision-making processes conducted by the cooperative.

In the same village, (and most villages I visited in the area) I also observed how close many of the cooperative members lived to each other and how ‘at home’ they felt in each other’s houses (helping themselves to food and cigarettes etc.). I also noted how common it seemed for the cooperative members to spend time together drinking and playing cards on the side of the street, genuinely enjoying each other’s company outside the cooperative’s core farming activities. Villages in Shandan County seemed to be clustered together as tight knit communities with each household living side by side. The village was surrounded by the farmland that the cooperative members collectively farmed. In many ways the villages resembled the same architecture and same style of housing in the main township (housing units arranged side by side) but on a much smaller scale. I felt this was interesting as the agricultural cooperatives I am familiar with in New Zealand consist of farmers spread across the whole country, presenting an obvious challenge for regular face-to-face interaction. This observation supported one of the themes emerging from the interviews. That is, most of the members felt it was unnecessary to hold regular formal meetings as they saw each other on a day to day basis and had regular opportunities to talk about issues facing the cooperative in an informal way.

5.3.3 Secondary Data

I have gathered information about Shandan regarding average income, major industries and history of cooperative development in the area from online sources available on Chinese government websites. This has given me some context to the business activities of the cooperatives under study. I also collected official documents published by ICCIC, such as promotional and training material. These documents can be found publicly on the ICCIC website and are regarded as examples of organizational discourse (Prichard et al., 2011; Leclercq-Vandelannoitte, 2011). The statements in these documents were a valuable resource during my fieldwork, as I observed whether the policies and programs outlined by ICCIC leadership were carried out as intended. I attended a Quarterly ICCIC committee meeting while I was in Beijing and was also in attendance at two separate presentations by members of the ICCIC, one in New Zealand, and one in China.

5.4 Translation

My study involves the recording, translation and interpretation of interviews. With assistance from local translators, I have transcribed the recorded interviews and translated all of the transcripts and relevant documents used in my data analysis into English. Although there may be some objection to using translation of textual data for discourse analysis (Fairclough, 1992), the use of translated data has been used in a number of published studies (Chilton, 1990; Papa et al., 2009; Wodak, 1991).

Although I have strived to be as accurate as I can in the translation of interview transcripts and other documents, the process involved the creation of a new set of statements. In some cases (especially interviews conducted with cooperative members in Shandan) interviews were translated from a local dialect into standard Mandarin Chinese and then into English. Therefore, in many respects, my analysis can be considered as my own perspective. I do not claim to speak on the behalf of the research participants. The findings chapters of my thesis will not be *their* perspective. The findings presented in this thesis are *my* perspective of what I believe the analysis of the data would indicate the participant's perspective to be. However, I have striven to give research participants the opportunity to comment and correct the findings I have made, whenever possible. I have attempted to do this in two ways. Firstly, I sent interview transcripts to participants who provided an email or physical mailing address. Secondly, I sent translated copies of the findings chapters to participants to comment on and offer suggestions, before I submitted the final copy of this thesis for examination.

I was accompanied by a total of four translators during the interviews conducted in Chinese. These translators had access to raw data and assisted me in transcribing the interviews. Each of these translators signed confidentiality agreements to ensure they would not reveal the identity of participants or what was said in the interviews to anyone beyond me or my supervisors.

During the interview Phases Three & Four (see Fig. 4) it was necessary to have the interviews translated twice. The first time these interviews were translated, the translator took the liberty of paraphrasing the informants' responses, as he was afraid I would not understand the local slang

used by the cooperative members. However, I felt this over simplified some of the interview responses. I had these interviews translated a second time which revealed a much more colorful description of certain responses. This aided me in understanding how cooperative members described their attitude towards WD. For example, the first translator translated an informant's response as "Many cooperatives use trickery and aren't really cooperatives at all". The second translation of the same statement used the literal translation "Many cooperatives hang up sheep's heads and sell dog's meat". Both sets of interview translations were helpful in allowing me to decipher what the cooperative members were saying in the interviews.

5.5 Ethical Implications

The Human Ethics Committee (HEC) at the Victoria University of Wellington (VUW) approved this research project on June 20, 2012. The purpose of the HEC is to ensure all VUW research involving human participants conforms to ethical standards. A major consideration for the HEC application for this research project included the confidentiality of participants.

Before each interview, I gave participants an information sheet that explained their identity would be kept confidential. Only my PhD supervisors, the local translators, and I were aware of the respondent's identity. I also made them aware they would not be directly quoted in any researching findings without first seeking their approval. I asked informants if I could also digitally record the interviews so at a later time I could refer to what was said during the interviews.

I was made aware by cooperative trainers in Shandan that some of the participants would be illiterate. Although most of the cooperative leaders and members in Shandan seemed to be able to comfortably read the documents I presented them, I could tell that a few of the participants were struggling to understand some of the issues in the participant confidentiality document I gave them. To make sure they understood, my translator went over the important points regarding confidentiality and recorded a verbal consent (together with a signed consent form) before we began any of the interviews.

I offered participants the opportunity to receive a copy of my research findings in a simplified format that covered the main points of my findings chapters, which I would send them via email or by post. I hope the findings of this study are not only of benefit to myself as a researcher hoping to earn a PhD degree but also will offer some insights and suggestions of ways, the cooperatives I investigated, may be able to improve the way WD functions within their organization. Many of the participants referred to me as a “foreign cooperative expert” who had come to Shandan to help them. I felt very uncomfortable with this title and reiterated I was merely a student and considered them to be the experts who were teaching me. A few of the participants seemed enthusiastic to receive a copy of my findings and I also promised to return to Shandan and share some suggestions regarding WD with the cooperative members once I had completed my PhD studies.

5.6 Methodological Limitations

This section outlines four methodological limitations I have identified during the data collection and analysis phases of this project. Firstly, the reasons for the restricted time I was able to spend in Shandan due to unforeseen circumstances will be explained. Secondly, the reason for my limited ability to follow up with interview informants in Shandan is given. Thirdly, the challenges regarding the translation of materials for conducting a discourse analysis are explored. Fourth, the potential limitation of complete and honest responses from informants due to the impromptu group interview format is discussed.

First, I would have ideally liked to spend a longer period of time with the cooperative members in Shandan. If it had been possible, I would have treasured the opportunity to have more day to day contact with the cooperative members and experience their daily rituals and habits as they went about their work on their farms. Such an opportunity would have given me even more opportunities to observe the member interactions and further understand the context in which interview responses were framed.

Although the 2007 Cooperative Law requires democratic participation, democracy in China is still a politically sensitive issue. My intended length of stay in Shandan was cut short by the Public Security Bureau who forced me to leave the county and not return until I had an official invitation

from the Governor of Shandan County. Obtaining an invitation from the Governor proved to be quite difficult. My data collection unfortunately coincided with the once in a decade change of leadership of the CCP in Beijing. This meant that all government officials across China were in Beijing to elect the new leadership. This proved to be a politically sensitive time to conduct a research project on Chinese forms of democracy. This delayed my data collection phase by two months. Although I eventually received this invitation, the months of negotiation required to obtain this invitation letter made it impossible for me to be in Shandan during a crucial time of the year, that is, the end of the growing season when they held their AGM. Having the chance to attend an AGM and observe the decision-making processes first-hand, could have added a further dimension to perspectives shared with me by interview informants. Missing out on this opportunity due to my own lack of foresight and risk mitigation planning is a major regret for me as an aspiring researcher. Furthermore, I was unable to return to Shandan at a later date to attend an AGM due to the expiration of my visa, lack of funding, and time restrictions based on the submission of my thesis date.

Secondly, for the same reasons just outlined, I was also unable to return to Shandan to share my findings and conclusions with interview informants. For informants from the ICCIC Executive Board and cooperative trainers, this was not an issue. I was able to send emails to garner comments and corrections on interview transcripts and research findings. In fact, a few of the ICCIC executive board members and cooperative trainers still regularly maintain contact with me today. The opportunity to maintain these professional relationships and have continued input from them regarding my research interests, has greatly benefited my own personal development and knowledge of my research field.

However, for members of the cooperatives in Shandan, I was unable to do this. They did not have (or at least did not choose to provide me with) email addresses to send transcripts or copies of research findings. From my experience trying to obtain written consent for participation in the study, I knew that many interview informants in Shandan were unable to confidently read at a level. This constraint meant it was a futile to send return addressed hard copies of my research findings to them to make comments and corrections. I still maintain hope I can return to Shandan at a future date, as I would like to carry out further research and record developments in the cooperatives there.

If it is possible, I would appreciate the opportunity to re-visit many of the remote areas where these cooperative members live and share with them my perspectives on the experiences that they were so kindly willing to share with me

Thirdly, this desire to return to Shandan leads to another methodological limitation. If I were to return, I would need to be accompanied by someone able to speak the local dialect and Mandarin (or ideally English), so they could assist with translation. This is the situation I was faced with while conducting the original interviews with members in Shandan. As outlined in section 5.4, there have been objections to using translated material to conduct discourse analysis (Fairclough, 1992). Although there have been many research articles published which use translated materials as the base of conducting a discourse analysis, I agree this process must be considered as a potential limitation.

I obviously do not agree translated material should not be used for discourse analysis. However, the quality and accuracy of the translated material must definitely be taken into account. As discussed in the following section below, it would be of great interest to me to have a native Chinese speaker use a similar theoretical framework to explore WD in Chinese cooperatives. It would be fascinating for me to see if there were any major similarities, or differences, in the way a local researcher would interpret the interviewee responses from the cooperatives in Shandan without having the responses first translated into standard Mandarin and then into English. From the feedback I have received from trilingual cooperative trainers based in Shandan, I am confident my research has addressed the most salient issues described by interview informants there. However, an exploration of potential variations in responses based purely on the interpretation of meaning as it shifts from one language to the other would be a project worthy of further investigation by a team of researchers much more qualified than myself.

The fourth and last limitation I will discuss in this section, is the arrangement for interviews with cooperative members in Shandan. As I explained in section 5.3.1, I originally planned to interview cooperative members individually. I was caught unprepared when asked by the cooperative members to be interviewed together. I am still a little puzzled as to why the members from each of the three cooperatives chosen for this research project all preferred to be interviewed as a group,

rather than individually. I can only speculate that some of the potentially sensitive issues discussed in these group interviews would have led to some members ‘holding back’ some of their true feelings so as to not seem rude or offensive. For example, consider the questions: Do you think there are people with more influence and power in your cooperative? How did they gain their power? Although most of the members answered yes to this question and gave some illustrative examples, they perhaps did not elaborate as fully as they might have felt comfortable doing if they were interviewed individually.

In conclusion, I knew this research project was never going to be easy. This was the first time I had ever conducted any kind of research in a foreign country and in such an unfamiliar foreign environment. I knew it would not be a straight forward task but I was determined to make the project work. My supervisors had placed faith in me to be able to complete my research as planned and I prepared to do so accordingly. Doing the actual research in China was a steep learning curve and provided plenty of unexpected trials and surprises that, in hindsight, I feel I had not adequately prepared myself. Regardless, I was able to work around these challenges and present a thesis that makes a valuable contribution to my field of study. Some of the limitations above could have perhaps been mitigated with better preparations while others were always going to be limitations from the outset. This section has been an attempt to be honest and open about some of these limitations. The next section looks beyond my own study to describe how future research(ers) can build on my unique theoretical framework to produce a fuller description of WD within cooperatives in China.

5.7 Data Analysis

The primary object of FDA is to examine the rules that govern the formation of the prevailing discourse (Howarth, 2000). Researchers using an FDA emphasize the constitutive power of discourse relative to non-discursive, natural, or material conditions that construct subjects and social relations (Dreyfus & Rabinow, 1983). FDA explores the production of meanings and how statements prepare the ground for the “practices that derive from them” (Foucault, 1972: 139). That is to say, the discourse that constitutes the object also constitutes the knowledges and practices through which that object is disciplined (Foucault, 1972).

Statements can be understood as things said that present a particular view of the world and privilege particular ways of seeing. FDA is an exercise in explicating statements that function to place a discursive frame around a particular position; that is, statements coagulate and form rhetorical constructions that present a particular reading of social texts (Graham, 2005). The regularity of statements represents a discursive field which can be (re)traced and linked to a constituting field of power-knowledge. Power/knowledge relationships reveal themselves through micro-practices that discipline actors, while revealing the plurality of discourses from which actors may choose but also resist (Fairhurst & Putnam, 2004).

The task for the discourse analyst then is to ask: how is it one particular statement appeared rather than another? (Hardy & Phillips, 2004). The emphasis is on what is involved in rendering an arena (such as WD in cooperatives) knowable: What are the processes by which it has become known? How do these processes become established and used? Who is accorded the right to speak? What are the institutional sites from which discourse derives its legitimation? What are the effects? Who has access to the discourse? (Hardy & Phillips, 2004; Townley, 1993).

The analysis of my data attempted to uncover the power relations inherent in the production and circulation of discourse about WD in Chinese cooperatives. In *The History of Sexuality*, Foucault placed Western discourses on sex within a general 'economy of discourses' to provide an account of 'the fact it is spoken about, to discover who does the speaking, the positions and viewpoints from which they speak, the institutions which prompt people to speak about it and which store and distribute the things that are said' (Foucault, 1978:11).

With this in mind, my analysis investigated the way in which cooperative members talked about WD, paying particular attention to the power relationships that influenced the democratic process. My focus was not on uncovering 'facts', instead my interest was in the way WD was subjectively described by the informants. More specifically, my analysis looked at: what ways the practice of WD has been discursively constructed within the organization; who holds authority to speak and make decisions within the organization; where the points of tension and resistance in the democratic process are; what practices and procedures of WD have become legitimized through

the use of ‘official’ documents and in what ways is it (in)appropriate for those who do not share the common goals or objectives of leaders within the cooperative to act/resist the dominant discourse.

However, as explained in section 4.6 and 4.7 in the previous chapter, methods for conducting an FDA are not always clearly outlined by those who use this form of DA. Even Foucault himself said: “I call myself more an ‘experimenter’ than a theorist: I don’t develop deductive systems to apply uniformly in different fields of research” (Foucault, 1991: 27). Both Anais (2013) and Cathcart (2013) argue that there is difficulty in defining how an FDA is practically realized. For guidance, both authors turned to Clive Searle (2004) to inform their individual approaches. Tonkiss (2004) from this collection, was also very helpful to me in guiding my own approach to data analysis.

Tonkiss (2004) rejects the idea that texts are open to any number of different and equally plausible readings. Findings are to be grounded in textual evidence and detailed argument. FDA entails a commitment to challenging common-sense knowledge and disrupting easy assumptions about social meanings. The analyst is concerned with examining the way specific forms of text and speech produce their versions of a social issue, problem or context (Tonkiss, 2004: 367).

Tonkiss (2004) stresses that a methodology adopted by DA should come from engagement with the data itself, rather than from any fixed set of strategies or any sort of textbook approach. Taking heed of this advice, rather than treating the textbook as a step-by-step instruction manual, I relied on the three stages suggested by Tonkiss (2004) as a guide to engage with the data and ‘open up the text’ for analysis.

Fig 4: The three stages to doing discourse analysis (Tonkiss, 2004)

Doing Discourse Analysis	
i) Selecting and approaching data	
ii) Sorting coding and analyzing data	
a) Identifying key themes and arguments	
b) Looking for patterns of association and patterns of variation	
c) Attending to silences	
iii) Presenting the analysis	

i) Selecting and approaching data

After the completion of 36 interviews, I had (what seemed like at the time), an almost overwhelmingly large data set. Many of these interviews went for over an hour, so the task of selecting the key data was quite intimidating for me. For Tonkiss (2004), the primary consideration in selecting textual material is its relevance to the research problem, rather than the number of texts being analyzed. It is not necessary to account for every line of text under study. It is better to extract the sections that provide the richest source of analytic material. This does not mean that the discourse analyst should ‘select out’ the data that supports a certain argument or assumption of the researcher, while ignoring troubling or ill-fitting section of text. Often the sections that contradict the assumptions of the researcher prove to be the most productive for the analysis. DA requires a challenge to common-sense knowledge and disturbing the standard views around social meanings.

Tonkiss argues that DA needs the researcher to take a ‘wait and see’ attitude as they read over the data set. The selection of data should not just be about looking for answers to specific questions. Instead, the analyst should look at the way that both the questions and the possible solutions are constructed. Therefore, it is especially important to make clear the rationale for data selection and how it might provide insights into a topic.

My rationale for selecting data is illustrated below, with examples from my own analysis. For instance, originally I had chosen to focus just on the practice of decision making and the meaning

of democracy within the cooperatives, ignoring factors such as finance, skills training and even the definition of a cooperative. I originally ignored these topics to make the task of analysis more manageable, choosing to focus exclusively on statements around democratic decision making. However, as the DA process progressed, I had to go back to the raw data and include whole sections of texts I had initially ignored. As it later became apparent to me, there were statements about the problems associated with securing finance and the lack of skills training that were strongly connected to the discussion of democracy. Illustrating the presentation of my analysis with statements I originally believed were irrelevant actually served to strengthen many of the points about democracy I present. For example, in the case of defining a cooperative, I ended up dedicating a whole chapter to exploring the definition of a cooperative. Defining a cooperative was not an area of interest I had originally included as a focus of my research, however, it ended up being an integral area to explore in depth in order to make sense of the way cooperative members spoke about democracy within their cooperatives in China.

ii) Sorting, coding and analysing data

The second phase of the analysis process that Tonkiss (2004) outlines involves the sorting and coding of the data. This phase is broken down into 3 steps: identifying key themes and arguments; looking for variation in the text; and, attending to silences.

a) Identifying key themes and arguments

Tonkiss (2004) explains that the basis for critical interrogation of the data should focus on the repetition and emphasis of key-words and phrases. This reveals most clearly what the speaker is trying to convey. First, it is important to identify the ideas and representations that cluster around certain themes. In this respect, the data collected from the interviews were subjected to thematic analyses to identify underlying forces, aspects, principles and effects of organizational discourse around defining a cooperative enterprise, and the meaning and practice of democracy within the cooperative (see chapters 6 & 7).

Initially, the simplest way for me to begin to manage the data was to arrange the interview

responses according to topics of conversation that followed the basic line of questioning in the interview questions. For instance, responses to questions regarding the 2007 cooperative law were grouped together, as were the responses regarding the training and support the ICCIC gives to encouraging WD in cooperatives. From here, keywords and phrases that stemmed from each of these topics of conversation led to the emergence of themes that were not originally considered in the construction of my interview questions. For example, from the topics of conversation started from my question regarding ICCIC involvement, other recurrent themes emerged about ‘foreign influence’ and ‘financial issues’ that threatened the continuation of ICCIC activities in China emerged from the original topics of conversation.

Identifying key themes helped me to manage the data and provided a systematic order to begin the process of analysis. Specifically, I wanted to understand how economic, historical, cultural and social conditions influenced the emergence of discourses about WD and the effect this had on the cooperatives’ structures, relationships of authority and modes of governance.

Tonkiss (2004) also points out that, at this stage, it is important to consider which other discourses or arguments are drawn on to define or justify the discourse being analysed and to consider what the associations are between the different actors and how they are spoken about and positioned within the text. This involved ascertaining the characteristics, problems or concerns associated with different social actors or groups, the standpoint from which the speaker developed their account, the extent to which agency attributed or obscured the text, how agency is depicted within the text, and who is seen as active or passive in producing the problems, processes or solutions described. An example that illustrates this step in the data analysis is demonstrated through analysis of statements made by the leadership of the ICCIC in Beijing and Shanghai constantly referring to the ICA principles as the measuring stick for what constituted a ‘real cooperative’. This same leadership group sometimes referred to the cooperative members as uneducated peasants. In contrast to the ICCIC leadership, the cooperative members mainly looked to the guidance provided by local government officials and their own experiences to define what a cooperative should be, not a foreign international association, such as the ICA. Furthermore, the cooperative members in Shandan, considered themselves to be ‘common people’, not peasants.

b) Looking for patterns of association and patterns of variation

The second step in sorting, coding and analyzing the data is looking for associations and reading for variations between the explanations given on certain issues. This step represents two tactics that Foucault called ‘the play of internal relationships’ (Foucault, 1984:102). By focusing on such variations, the discourse analyst disrupts the appearance of a cohesive single discourse. I looked for associations between different actors, groups and problems and noted the differences and variations. This method looks beyond the initial themes that emerged in the process above and concentrated on the contradictions, uncertainty, and counter alternatives presented in the interview responses. That is to say, as each of the initial identification of key themes above became apparent, I was careful not to dismiss outlying voices, and I embraced the point of view of individuals who opposed the dominant discourse.

By focusing on the variations, I was able to unsettle the appearance of a coherent linear piece of discourse; and to consider inconsistencies and the way the discourse excluded or sidelined alternative accounts. For example, one of the members I interviewed in Beijing had rather pessimistic views of the purpose and future of the ICCIC and the possibility of having true WD within cooperatives without a drastic overhaul of the Chinese political system. Instead of dismissing these claims as not ‘fitting’ into the more optimistic views of the other ICCIC leaders, these contrasting views allowed me to contemplate the points of tension within the organization and some of the contradictions the political situation in China presents for encouraging active democratic participation of members in the cooperative management.

c) Attending to silences

The third step in sorting, coding and analyzing the data, as offered by Tonkiss (2004), requires the researcher to adopt a ‘split’ approach to the text. On the one hand, it is necessary to read along with the meanings being created and pay attention to how things are being said. On the other hand, FDA requires the researcher to read against the grain of the text, to look to silences or gaps, and to make conjectures about alternative accounts that are excluded by omission. An FDA entails attention not only to what a text includes but what it excludes through the ‘politics of inclusion’. The researcher cannot force the data to say things that are not there. They can highlight the places

where the text is silent and think about what remains ‘unsaid’ and the reasons for this. This tool helps place the discourse in a broader interpretive context. Reading for silence does not arise out of a desire by the researcher to liberate ‘voiceless’ groups or to diagnose their reasons for being marginalized. Instead, it is to understand the wider historical discourses that operate to maintain their position at the edges or on the margins of society (Anais, 2013).

According to Tonkiss, nominalization is important to consider when analyzing how issues are spoken about and referred to within the text. Nominalization here refers to the use of nouns instead of verbs to describe events. For example, “Chinese culture is a threat to democracy”. Specific forms of agency by real social actors are attributed to abstract or impersonal processes. An example in this study illustrates the ‘silence’ by a cooperative member in Shandan who, instead of naming specific individuals in the local government who hindered the process of establishing cooperatives in Shandan, chose to use the statement “political bureaucracy is a challenge to establishing cooperatives attributes”. This reduced some of the trials of cooperatives to an abstract concept (e.g. their difficulties in securing funding they been promised from government agencies). I noticed how cooperative members often referred to ‘the State’ or ‘local government’ in abstraction. During interviews, I observed the behavior of the interviewees who would stop, look around the room and consider their response so they would not specifically mention the name of the individual they were complaining about. It was apparent that the cooperative members knew specifically the names of people within these organizations who were the source of their problems. Most likely out of fear of repercussions, local officials were mentioned in abstraction when any dissatisfaction was expressed.

iii) Presenting the Analysis

The final stage of FDA offered by Tonkiss (2004) is concerned with the language used by the researcher to construct their own account of the data. This places scrutiny on the extent to which the account is backed up with persuasive evidence and authority. This phase of the process relates to issues of validity and reflexivity.

Tonkiss emphasizes the importance discourse analysts to have a particular concern with issues of validity, especially internal validity. The argument presented must be a result of rigorous analysis that is coherent and consistently based on the evidence found in the data. The discourse analyst should aim to provide a persuasive account that offers an insightful and critical interpretation of a research question. The result should be a challenge to taken-for-granted meanings around the subject matter.

However, pursuing internal validity is not to say that FDA claims to offer a ‘true’ or objective account of the given text. Like many other forms of qualitative case study research, the findings are unlikely to claim to be more widely representative beyond the scope of the case study. This raises some issues regarding generalization and external validity, as it can be conventionally conceived of in a positivist sense. Despite this, the capacity for theoretical generalization beyond the case study is likely to be strong. There are aspects of Chinese society, culture and history that feature as parameters for WD to operate within (see section 7.1). Many of these unique language features and societal values are likely to be present, not only in Shandan, but also throughout Chinese communities across the world.

Lastly, in this final phase, Tonkiss (2004) emphasizes the importance of aiming to be reflexive throughout the research process. The discourse analyst must question their own assumptions, critically examine their processes of enquiry, and consider their effect on the research setting and research findings (to consider my attempt to be open and transparent about my own predispositions, see section 5.2). The researcher must acknowledge the effects on the data of their presence during the fieldwork situation (see section 5.6), the ways that they select their data, and the writing strategies they implement to present their analysis.

There were a number of interesting findings that emerged from my data collection and analysis. However, due to length restrictions on this thesis, I must be selective with the findings I present in the following chapters. For example, interview responses from informants in Shandan often drifted away from my focus on democratic management, to their own personal financial problems. Although financial issues are related to the sustainability of democratic organizations and cannot

be completely ignored (Bernstein, 1976), financial difficulties within the organizations under study were not the focus of my study and were also not unexpected, as the cooperative organizations I approached were part of a poverty alleviation project by the NZCFS. As outlined above, these seemingly peripheral issues were only mentioned when they related back to a theme that emerged from the discussion of WD.

Other findings that repeatedly emerged from the interview responses, which fell beyond the scope of this study, included issues such as: the difficulty of farmers to deal with market fluctuations; sales and marketing issues; a lack of technology and mechanization; restriction of information and skill training. Some of these issues will be briefly touched on in the following chapters but only as they directly relate to the focus of my study regarding WD within Chinese cooperatives. I will revisit some of these issues again in the Future Research section of chapter 9.

5.8 Conclusion

This chapter has discussed in detail my own approach to gathering and analyzing the data used for this study. Using a qualitative approach drawing on ethnographic principles, I have combined observations and semi-structured interviews together with secondary documents published by the ICCIC to constitute my data sources. Analysis of this data has been guided by the thinking of Michel Foucault who, rather than outlining a specific methodology, provided a toolbox to open data for analysis. Using the DA devices elaborated on by Fran Tonkiss, the following two chapters present themes that have resulted from my interaction with the data. These themes propose some points of discussion that will provide some insights into WD in Chinese cooperatives.

CHAPTER 6: WHAT'S IN A NAME? EXPLORING THE MEANINGS OF THE COOPERATIVE ENTERPRISE IN CHINA

This study is focused on how democratic management (WD) is defined in Chinese Cooperatives and how this form of democracy manifests itself within the organizations under study. This Chapter (Six) examines the ways a cooperative is defined in China before the next chapter (Seven) looks more specifically at issues around the democratic management of these cooperatives. Chapters Six and Seven of this thesis are located in a position that is traditionally reserved for the presentation of the research findings. However, I feel a little uncomfortable with using the term findings. Drawing on the epistemological position from which this study set out (see section 5.1), the term ‘findings’ would imply the uncovering of a truth that previously existed, regardless of the researchers presence in the field. The contents of Chapters Six and Seven present a perspective that is an illustration of the conditions in China as interview informants had described them. Informants’ responses are interpreted through my own research interests, experiences, interactions and observations during the fieldwork. I am creating and presenting a possible perspective to view the issues under study. Rather than a traditional presentation of ‘findings’, I would prefer to use the term ‘themes’. Chapters Six and Seven present an arrangement of dominant themes that assist in interpreting the data collected. Chapter Eight will discuss the themes presented below from an analytical perspective that focuses on power/knowledge relations.

As explained in the previous research design chapter (Chapter Five), I have approached the topic of my research using a discourse analysis, based on the work of Michel Foucault. Specifically, I have drawn on Michel Foucault’s concepts of power/knowledge relationships as they are expressed through discourse and the effects this discourse has on constituting reality, as it circulates through a complex web or “grid of social regularity” (Scheurich, 1997: 98). Pursuing a Foucauldian Discourse Analysis (FDA) approach led to a number of unique questions I considered when analysing the responses and various perspectives that were shared with me. For example: Who was considered as qualified to speak the truth about what a cooperative should be? Where were the points of resistance and deviation from the ‘official’ narrative? How did the interview respondents

categorize themselves and others? Were any perspectives of individuals or groups, marginalized? Were there any gaps or silences? What were the possible reasons for things alluded to but which perhaps remained unsaid?

Having already translated my data and selected the statements that broadly relate to WD, Chapter Six and Seven will present my use of the second of the three stages suggested by Tonkiss (2004) (see section 5.7 for a full account of my approach to data analysis). Chapter Six and Seven each have four key themes. These themes are grouped together around, not only topics that show patterns of association, but also patterns of variation. For example, interview informants explained the importance of having close relationships with government officials in order to run a successful enterprise in China. However, some informants also saw government officials as being preoccupied or even lazy. The themes presented in these two chapters also attend to silences in the text and the possible reasons for it. Again, to use the comments about attitudes towards government officials as an example, none of the members actually used the name of a government official they were complaining about. Again, I had a sense that the informants in the room all knew who was been spoken of. However, I also speculate that the 'silence' in this case is due to a fear of repercussions. Chapter Eight presents these key themes and arguments as three discourses that allow for a unique perspective of WD in Chinese cooperatives.

The existing literature focused on democratic management in China is very limited. This study is unlike the positivist approaches (based on survey and questionnaire data) that have been used to research cooperative democracy in China (see Clegg, 2008; Hu et al., 2007; Jia et al., 2010; Liang & Hendriske, 2013; Saunders & Bromwich 2012; Zheng et al., 2012). A discursive analytical approach allows a researcher to explore the complex issues of democratic management in China in a novel way, opening up new possibilities from which to explore the complexities of defining democracy.

This chapter focuses on the meanings of the word *cooperative* as it is used in China. Specifically, it focuses on how the various statements and perspectives offered by the interview informants (see Chapter 5.3.1 for table of interview informants) result in some interesting variations in what defined a Chinese cooperative. In order to maintain the confidentiality of the interview informants, I have

used the name of the interview group combined with a numbering system following each direct quote I have cited in this thesis. This approach gives the reader a clear understanding of which interview group each individual informant came from, while at the same time, differentiating between individual informants within each of these interview groups. For example, the use of a direct quote, followed by 'Cooperative leader 3 - Shandan' would indicate the direct quote came from the third cooperative leader (of a total of nine cooperative leaders) interviewed in Shandan. In total, 36 individuals were interviewed during my data collection. The table below (Fig. 5) outlines the number of informants from each interview group.

This chapter is divided into four sections. The first section explores the way members of the International Committee for the Promotion of Chinese Industrial Cooperatives (ICCIC) looked to the International Cooperative Alliance (ICA) as an internationally recognized central authority on what defines a 'true' cooperative. This is in contrast to cooperative members in Shandan who looked towards their own personal experiences within their immediate surroundings in their village and drew from local conditions to define what a 'true' cooperative is. The second section, examines the influence of the Chinese Communist Party (CCP) in China. Specifically, it explores the effects of how the CCP creates possibilities and presents restrictions to the meanings of cooperatives in China through the practice of setting legislation on the legal requirements for the registration of a cooperative enterprise in China. The third section addresses some of the issues surrounding the confusion and misunderstandings expressed by members of the cooperatives in Shandan. For example, the effects of their self-expressed general lack of: education; confidence in their own personal ability; knowledge about cooperatives and, lack of knowledge about other forms of business enterprise in general. The fourth, and last section of this chapter, investigates a theme of the cooperative enterprise in China as being 'impure', 'incomplete', or somewhat lacking in some respect. I will do this by looking at the expressions of a need to change, or improve the current situation. Also, the reasons given for acceptance, unwillingness to change, or hopelessness about the current circumstances will be analysed. The concluding remarks will bring these ideas together and touch on which aspects of these four themes will be developed for analysis and discussion in Chapter Eight.

Fig.4: Informant Groups

Name of informant group from each interview phase	Number of individual informants from each group (36 total)
ICCIC Executive Board Members - Beijing	1,2,3,4,5
ICCIC Executive Board Members - Shanghai	1,2,3,4
Cooperative trainers - Shandan	1,2,3,4,5
Cooperative leaders - Shandan	1,2,3,4,5,6,7,8,9
Cooperative members - Shandan	1,2,3,4,5,6,7,8,9,10,11,12,13

6.1 Local experience versus international standards

Good and bad cooperatives are both developing really fast in China. True cooperatives are those that meet the ICA principles, so most cooperatives in China are not cooperatives. (ICCIC Executive Board Member 5 - Beijing)

It [information regarding cooperatives] came through the county and village level, and then we set up the cooperative. There was another cooperative that formed in the area before us so we saw their cooperative constitution and thought that it would be good for agricultural development here. (Cooperative member 10 - Shandan)

The two quotes above serve to illustrate two very distinct ways that interview informants defined the cooperative enterprise. The first perspective viewed ‘true’ cooperatives as those that meet the criteria as defined by the ICA, an international, yet foreign, specialized agency that represents expertise and authority to ‘rule in’ what a cooperative enterprise should be. The second perspective was based on local experiences in Shandan and the cooperative members’ interactions with village and township leaders. These two perspectives used to define the cooperative enterprise in China will be the focus of this section.

Interview respondents I met with in Beijing and Shanghai were all executive members of the ICCIC. As outlined in Chapter Two, the ICCIC is an organization dedicated to promoting cooperatives in

China. The ICCIC itself is not a cooperative organization, and, members on the executive board I spoke to were not themselves members of an agricultural cooperative. However, the ICCIC, as an organization, is a member of the ICA. Therefore, members of the ICCIC had an understanding of the ICA's cooperative definition and often referred to the ICA's seven cooperative principles when talking about what they felt a cooperative should be (see section 2.1.1). When asked about what they thought a 'true' or 'real' cooperative is, they themselves often specifically mentioned the ICA definition and the seven ICA principles.

China absorbs overseas experience and cooperatives here are basically based on the internationally accepted ICA principles. (ICCIC Executive Board Member 5 - Beijing)

Having this knowledge about the ICA and international standards, in 2006 a few members of the ICCIC were approached by the CCP to act as consultants. The ICCIC members shared their knowledge and experience with CCP policy writers during the drafting of the 2007 cooperative law. So, when talking about the way cooperatives should be in China, many ICCIC members "feel they are the experts and able to give advice to others" (Beijing ICCIC executive member 3 talking about the cooperative training conducted by ICCIC members). This advice is carried out through various training and promotion activities conducted throughout China by the ICCIC. Cooperative trainers interviewed in Shandan were previous or current members of the ICCIC, and/or received regular contact and training from individuals who were still associated with the ICCIC. Therefore, responses from members of the ICCIC in Beijing and Shanghai and the trainers in Shandan tended to repeat a discourse of defining cooperatives in regards to international standards laid out by the ICA. They saw ICA principles as the defining requirements of a 'real' cooperative. In various ways, these international standards differed from the standards of a 'Chinese cooperative'. It was often explained that Chinese cooperatives were inferior or deficient in some respect.

I didn't support cooperatives until I saw the true ICA standard principles of cooperatives. The ICCIC rely on ICA principles and their own history in China from the 1940's. If cooperatives here are up to international standards, they are considered 'true' cooperatives. Some cooperatives [in China] care more about business management than improving their cooperative to meet the ICA standards.

Cooperatives must be in line with seven international principles (Cooperative trainer 4 - Shandan).

The Zhangye government [nearby city government that administrates Shandan County] can see a difference between real cooperatives and Chinese cooperatives. Zhangye asked the ICCIC to come because although they had 300 registered cooperatives already, they wanted true ICA style cooperatives, not Chinese cooperatives (Cooperative trainer 1 - Shandan).

However, although most of the ICCIC members were aware of and strongly supported the use of ICA principles to differentiate between what they saw as 'real' or 'true' cooperatives, in comparison to 'Chinese style' cooperatives, it was pointed out by one respondent in Beijing that the issue of defining a cooperative enterprise is actually not as simple as measuring Chinese cooperatives against international standards. The comment below moves away from the common description of true cooperatives as those meeting ICA principles. This executive member in Beijing acknowledged that all cooperatives need to adapt to their environment in order to be successful.

Sometimes it's not so clear to define a cooperative. Perhaps we should use the term 'effective', or 'good' rather than 'real' cooperatives. Are you a real person or a foreign devil? We shouldn't talk about cooperatives in this way. Every cooperative is different and operates in a unique environment with its own problems. A real cooperative should adapt to its environment. (ICCIC Executive Board Member - Beijing)

An executive member from Shanghai talked extensively about China's political history and the cultural differences that influence the development of cooperatives in China. He felt the development of cooperative enterprises needs to be treated with this in mind and it is impossible to assume international principles can be directly transferred to the Chinese context, stating that "foreign experience should never be mechanically applied in China." However, despite these outlying views of effective cooperatives needing to adapt to their local environment, overwhelmingly, foreigners and foreign institutions were seen to be the experts on cooperatives.

The ICA was seen by members of the ICCIC to speak with authority on what a cooperative should be.

The majority of respondents felt foreigners and foreign institutions in general had experience and knowledge about 'true' cooperatives that Chinese people perhaps did not have. The idea that Chinese needed to learn from foreign experts and be guided by them to establish 'true', successful cooperative enterprises was often repeated. This view built on the idea of using ICA principles as the comparison Chinese cooperatives needed to be measured against. Foreign countries were often seen as examples of what a cooperative should be and as a goal or target that cooperatives in China should be working towards.

The ICCIC promotes simple and honest cooperatives like Western and Taiwanese cooperatives (ICCIC Executive Board Member 2 - Beijing).

The ICCIC has used the DLA [cooperative assessment tool] in many areas across China to assess Chinese cooperatives. The DLA was provided by Canadians who are experts. Chinese people can see the assessment level of foreign cooperatives and broaden their horizons (ICCIC Executive Board Member 1 - Beijing).

We need to be big like New Zealand cooperatives. We need to form a cooperative across the whole country (Cooperative trainer 3 - Shandan).

Looking outward for help and guidance was apparent in the responses from ICCIC executive members and cooperative trainers in Shandan. Additionally, members and leaders of the cooperatives in Shandan often used the word 'outsiders', instead of 'foreigners' to indicate those who had superior skills. The term outsider is much broader than foreigner. Outsider encompasses not only foreigners but also Chinese people from outside Shandan County.

Looking for 'outsiders' to come and help the development of the cooperatives in Shandan is perhaps due to the distinctive history regarding cooperative development in the area since the 1940's. Despite living in China for 60 years, Rewi Alley was a New Zealander, a foreigner, an

outsider, who brought with him expertise and knowledge about cooperatives the local people relied on during the turmoil of the Civil War in China during the 1940's (see section 2.3.1). The discourse of needing to rely on outsiders and foreign experts to aid cooperative development in Shandan seems to have continued to this day. Interview participants in Shandan were all aware of who Rewi Alley was and his legacy in the area. This legacy was reinforced with statues, a museum dedicated to his memory and also a street and hotel named after him in Shandan. They were aware of his efforts to collectivize industries in the area and knew of the expertise he brought with him. However, this direct relationship with the memory of Rewi Alley's efforts did not necessarily mean members of cooperatives had any clear knowledge of international standards or understanding of how cooperatives operated overseas, rather, outsiders or foreigners were just seen as superior in knowledge and skills.

With the help of Gung Ho and experts from New Zealand we trained our leaders and formed the cooperative after that (Cooperative leader 7 - Shandan).

We need to invite outsiders, especially with financial management skills. Their expertise is a lot stronger (Cooperative member 12 - Shandan).

Despite a reliance on outside and overseas experts to help cooperatives become established in the area, leaders and members in Shandan very rarely compared their own organizations to overseas cooperatives when defining what a cooperative should be. Their definition of a cooperative was based on their own experience, information about cooperatives they had seen on television, interactions with other farmers, and guidance given by community leaders and government officials from within their local area. Many informants from Shandan seemed unsure of what the situation was like overseas for cooperatives.

In contrast to ICCIC members in Beijing and Shanghai, no members in Shandan talked about ICA principles. In addition to this, they even seemed unsure about what the legislation and policies were at the national level regarding cooperatives in China. For the cooperative members, working together cooperatively in their immediate farming endeavours seemed to be the most important

principles. For example, being a good listener, a good farmer, and raising your animals well were seen as the most important cooperative principles.

At the very beginning it was the news so I saw it on TV and thought it was good. The farmers didn't know about this before. I think everything about a cooperative is good (Cooperative member 3 - Shandan).

After hearing about cooperatives I talked to the some of the other villagers here and they felt it was the best thing to do in the current situation. After we formed the cooperative we could do things on a much bigger scale. Our sales have spread beyond our village. The requirements for joining our cooperative are that you only need to be good at doing your work, that's all. Be good at working and be willing to listen is good enough. If you come into the cooperative, you just need to raise your animals well (Cooperative leader 3 - Shandan).

Not all the responses from the cooperative members were quite as straightforward about what a cooperative enterprise meant to them. There was quite a range of perspectives shared about what a cooperative is from the members and leaders of cooperatives in Shandan; even from respondents within the same cooperative. Section Three of this chapter deals with some of the barriers members felt they had in order to be able to talk about their business operations confidently. However, at this point it is important to note a few of the leaders and members interviewed seemed to be quite confident in sharing what they felt a cooperative was, its advantages for them and the reason why they joined the cooperative.

The main difference between a cooperative and other types of organization is that all the members invest in it. We divide the labour clearly. We know the people joining it and understand each other. One difference is the cooperative was started by us. The purpose of a company is to benefit the boss and make as much profit as it can. The purpose of a cooperative is to benefit everyone. We follow the principle of dividing the profits back to everyone. We share both the benefits and the risks too (Cooperative leader 2 - Shandan).

Everyone has to be willing to do it themselves. We need everyone's approval, and everyone invests a little money. We divide profits according to everyone's shares. The people who make the investment get the benefits. Our goal is to help everyone become wealthy through the cooperative model. Members will definitely be happy if we help them and the cooperative has benefits for them. We do things for the benefit of everyone. If you are not getting benefits, what is your cooperative doing? (Cooperative leader 9 - Shandan)

Like the two leaders in the quotes above, the cooperative member seemed quite clear about being free to leave and join as they pleased, independence from certain aspects of government intervention and certain advantages of farming cooperatively.

Members are free to join and leave the cooperative whenever they want. The village government can't disband us and we can decide to demutualize. We are sharing the risks and sharing the benefits. It is a cooperative because you want to be a cooperative. You just need to understand it. In a cooperative we have people that come together to count as one, there's a way we can achieve things (Cooperative member 2 - Shandan).

Again, in these responses above, members and leaders of the cooperatives in Shandan looked to the immediate benefits to the members of the cooperative. A cooperative was "coming together as one to achieve things", to "share benefits and risks" and "to get wealthy through the cooperative model". Although a few members briefly mentioned it, there was no emphasis on a need to be autonomous from government control (ICA principle one), or to be democratically controlled exclusively by the members (ICA principle two). Members of the cooperatives looked mainly to the financial benefits they could gain for themselves by working together with others when defining the cooperative enterprise.

In the section above, it is clear theme that two divergent perspectives are used to conceptualize a cooperative. First, a cooperative is a prescribed model of business that must comply with key centralized international principles before it can be considered 'real'. From this perspective,

Chinese people need to look to foreign experts to be taught how to establish and operate a 'true' cooperative. On the other hand, the second perspective considered a much more decentralized view. This view mainly focused on the direct benefits of cooperation and collectivization of farming efforts. The 'rules' that cooperative leaders and members regard as deciding what a cooperative is in China are created by direct interaction with local leaders and government officials, not international standards. The influence of the government on defining cooperatives in China is the topic of the following section.

6.2 Under the Influence

The government is powerful, and guidance from the government is very important. Excluding government officials is not a recipe for the sustained success of cooperatives in China (ICCIC Executive Board Member 1 - Beijing).

The theme of this section will explore the role of the State, the CCP, as it defines the cooperative enterprise. First, this section will look at how the CCP can be seen to restrict the implementation of some international policies on the one hand, while concurrently opening up possibilities to create opportunities for cooperative development on the other. Secondly, the apparent over reliance of many respondents on 'the government', 'the country', and 'the State' for information and guidance regarding cooperatives will be addressed. Lastly, a discussion on some of the social conditions in China and how the guidance and authority of the CCP may not necessarily be seen as a negative factor in the development of cooperative enterprises will be presented.

Despite some ICCIC members' involvement as consultants in the drafting of the cooperative law in China, there are some obvious differences in the definition of Chinese cooperatives in comparison to those outlined by the ICA. The removal of the two ICA principles in the Chinese cooperative law for 'political reasons', is one example of how cooperatives in China are uniquely defined compared to cooperatives overseas.

Two ICA principles have been removed [from the Chinese Law]. Cooperation amongst cooperatives was deleted for political reasons. Small cooperatives cannot

unite and compete with large organizations. The ICA principle of 'concern for community' was also deleted (ICCIC Executive Board Member 4 - Beijing).

The 'political reasons' mentioned above were not explicitly elaborated on by this particular interview respondent. However, from the views gathered from other interview informants, especially in Shandan, I speculate that cooperatives extending beyond predetermined political boundaries could lead to problems with registration, regulation, and supervision. The interpretation and implementation of national level policy may differ between local jurisdictions.

In many villages a strong cooperative could be seen as a threat. In one township, the local government stopped a cooperative from being formed, either as a threat, or perhaps too much paper work. If it's a new and unfamiliar area of expertise, sometimes they can't be bothered (Cooperative trainer 1 - Shandan).

This presents potential problems of inconsistencies and contradictions between jurisdictions if cooperatives unite together from across local boundaries.

The reason that the ICA principle of 'concern for community' was deleted for political reasons is even harder to account for. It would seem the primary concern of the central government is reducing poverty for farmers by improving the financial benefits available if individual farmers work together to create economies of scale. There are also potential issues of cooperative enterprises acting as a social force. I can only speculate at this point but it feels as if there may be some concern that leaders elected by the cooperative members in their communities could be a challenge to CCP authority structures if the cooperative was to grow large enough in size.

Not only does the 2007 cooperative law omit two ICA principles, it is also loosely defined in other aspects. This allows for the creation of some cooperatives that can be very close to ICA standards, while at the same time, allowing registration of some organizations that do not resemble cooperatives at all.

The Chinese law follows international experience but it has wiggle room. For example, issues with an extra 20% of voting rights or 60% surplus distribution. This allows big players more power. You can have an ICA cooperative within the law, but you can also set up something very different under the law (Cooperative trainer 2 - Shandan).

The reason for this leniency is not entirely clear. However, as can be seen from the comment above, some of the changes in the cooperative law regarding extra voting rights and surplus distribution allow “big players” more. The comment below also seems to support the idea that a certain amount of vagueness in the law attracts investment in cooperatives from larger companies and entrepreneurs.

Real cooperatives are those that are owned and controlled by members working towards the common interest of all the members in the cooperative. Some cooperatives take advantage of national policies and they are actually running a private company, not a cooperative. Sometimes this is a result of manipulation by the leaders, members, or from outside entrepreneurs. Many have the name cooperative, like banks, supply and marketing companies and healthcare providers but they are not independent from government and they are not member managed (ICCIC Executive Board Member 1 - Beijing).

At times it seemed as though some interview respondents were upset with the way cooperatives were being allowed to develop in China. The number of cooperatives being established under the law was impressive on paper but in reality, some informants saw the name cooperative being used inappropriately. Again, as in the section above, it seemed to be mainly members of the ICCIC (i.e. familiar with ICA principles), who were calling Chinese cooperatives fake, not the members of the cooperatives themselves.

Most cooperatives in China ‘fly false colours’, they are fake and are actually companies pretending to be cooperatives. Many experts say 80% are fake, in private, some of them say 99% cannot meet the requirement of the law (ICCIC Executive Board Member 4 - Beijing).

Cooperative trainers who were not members of the ICCIC but had exposure to cooperatives internationally also shared this view.

I think China is trying to establish lots of cooperatives but not true cooperatives. Not many people I meet understand the need for democratic participation so in that sense they are not true cooperatives. A lot of cooperatives in China are not real. Experts in Beijing (ICCIC, MOA) say that many are not real. There is no democracy. It's like they are hanging up a sheep's head and selling dog meat (Cooperative trainer 4 - Shandan).

In China, government influence permeates through every level of society. Even organizations like cooperatives, that are, at least according to ICA principles, supposed to be independent and autonomous from government control, cannot escape the influence of the CCP. This has a direct effect on how the Chinese define cooperatives. In order for cooperatives to be successful in China, the maintenance of good relationships or '*guanxi*' is needed with government officials, although technically they are, if in name only, independent from direct government control.

The Shanghai office was set up by ICCIC members with help from good relations with government officials here. Good relationships with government officials are both essential and beneficial in China. Cooperatives need to be independent but also maintain their '*Guanxi*'. Pure co-operatives still need government support to be successful in China. Cooperatives in China will disappear in time without government support (ICCIC Executive Board Member 1 - Shanghai).

Cooperative trainers outside of the ICCIC also recognized the need to maintain strong ties with government officials in order for cooperatives to be successful in China.

Cooperatives need government support. Because of the planned economy days, a lot of people still have financial dependence on the government. To do anything you need the government's support. They shouldn't interfere but they should help. We can't

ignore the power of the government. That's just how China is. The 11th 5-year plan from the central government encouraged community development. Some local governments supported cooperatives because of this policy (Cooperative trainer 1 - Shandan).

Considering how Chinese countryside enterprises had been centrally run by the State in the past (see section 2.2), many cooperative farmers felt that only now had they become relatively free to run their own business. This was an interesting juxtaposition of ideas regarding freedom. The 'freedom' to operate their farming activities had not come as a result of a political movement or activism that freed them from government intervention, as is the case in other parts of the globe where cooperatives have flourished (see Rothschild-Whitt & Lindenfeld, 1982). Rather, this 'freedom' originated from the ruling Government who, through a top down process of setting legislation, gave them the permission to operate 'freely'. The ideas of freedom expressed by the cooperative member in Shandan below is perhaps in contrast to a more common perspective of freedom that would assume limited interference and control from the State in the governance of a cooperative.

The main way that I found out about cooperatives was through information provided by the government. Originally it was when the Governor came here and set things in place. Things have to be good with the county and the authorities. We take care of own business. We have the permission and support of the CCP government law and we run our own business. Cooperatives are free because the government supports them now (Cooperative leader 5 - Shandan).

Interview participants from cooperative membership in Shandan seemed to be aware that the central government were making efforts to support the development of farming cooperatives, although the specifics of these policies and the nature of the cooperative law was still unclear amongst most of the members. This confusion could be attributed to the concept many leaders have of state run cooperative organizations in the past. The "over dependence on the government from the planned economy days" and even being "brainwashed" because of the Mao era, were

interview quotes that explained why leaders may be unclear about the separation of collective farming activities from the State.

Although central government officials such as Hu Jintao are promoting cooperatives, at lower levels of government there is confusion and little understanding of what cooperatives are. Cooperatives have got a bad name in China due to the state run cooperatives under Chairman Mao. Cooperatives in China are like a child born with birth defects (ICCIC Executive Board Member 2 - Shanghai).

At the very top level, the CCP is responsible for setting the cooperative law. As instruction on how to implement this law is passed down to lower levels of government, there seems to be some genuine confusion of what a cooperative is, or should be - even from local government officials. It seemed to almost all of the interview participants that there were genuinely good intentions from the central government to use cooperatives as a tool to alleviate poverty amongst farmers in the countryside. However, as information about the law is passed from national, to provincial, to city, to county and then to village levels, there seems to be a dilution of accurate policy information regarding cooperatives as some government leaders at the local level struggle to implement the policies originally intended in the law. The gap of knowledge between central CCP leadership and local leaders allows entrepreneurs an opportunity to take advantage of the benefits that were originally intended for the common people.

Government intentions are good when they promote cooperatives but government-organized cooperatives are top down. However, they are still serving the welfare of the people as their goal. For example, in Shanxi Province, the local government told farmers 'if you don't form a cooperative then we won't give you funding'. So the farmers formed disorganized cooperatives that didn't really run well at all (ICCIC Executive Board Member 4 - Beijing).

The Chinese government emphasizes reaching target goals for the number of cooperatives registered. This makes it easier for the cooperative to be manipulated by entrepreneurs for private gain. Local governments do not know how to set up true

cooperatives so they offer incentives - 30,000 RMB. This is the wrong approach. It is not a good idea to give incentives. It needs to come from the community itself (Cooperative trainer 1 - Shandan).

Although the government is encouraging the development of cooperatives through advantageous policies and legislation, cooperatives have to deal with banking institutions that have their own regulations guiding the operation of their industry. This inconsistency becomes apparent when agricultural cooperatives which are legally registered and covered by the law, attempt to get loans from banks. These banking institutions often do not recognize the cooperative business model when loaning money and cooperative farmers find it difficult to raise capital necessary to operate their business. Without a place to go for loans, the cooperative members are looking to the government to provide loans to them.

This allows privately owned companies to join a cooperative as an individual member. The company can provide much needed capital and are attracted to join the cooperative due to a tax-free provision for cooperative members. The private companies are also able to enjoy a more prominent role in decision-making because of the size of their financial investment compared to farmers. They can legally hold 20% of the voting shares although they are technically just one individual member.

The government is trying to help cooperatives through the law and favourable policy but financial institutions have their own lending rules. Some use the name co-op to get tax breaks and government grants but the farmers are exploited. A lot of organizations want to do business with cooperatives for the tax exemptions (Cooperative trainer 2 - Shandan).

At the time we formed the cooperative, the leader of the village told us that forming a cooperative has a lot of advantages and we will get government support. We went to the local district party training centre for training. After the law was enacted by our country, things are a lot easier now. If the government is able to give us a little loan then we can build up the land and try to get government projects. We need to

fight for preferential treatment from the country's policies. The government needs to support investment (Cooperative leader 2 - Shandan).

In general, the members of the cooperatives in Shandan saw the role of the government as important and helpful, and in some cases, even essential for the development and success of their organization.

Researcher: Do you get leadership from the village?

Cooperative member 11 - Shandan: Yes. Yeah they did some promotion.

Researcher: So you do get some assistance from the village government, what about the county government?

Cooperative member 11 - Shandan: Yeah we do too. They help us solve problems. The CCP can help us. When we encounter problems they can provide information, help us with some capital, and provide us with some scientific skills. We regularly have government workers coming to guide the cooperatives.

Researcher: Who gave you the sheep?

Cooperative member 2 - Shandan: The village government and county government. The county government has provided us with water and electricity and the county government has invested a little money to fix the roads. We weren't successful in developing the land before. We are preparing to develop it in 2013 and now we have the county government's support.

The interview responses from many of the members interviewed in Shandan seemed to indicate a sense of over-reliance on government support. Many cooperative members seemed to be either unwilling, or unable to do things for themselves. For example, there was no mention of seeking training opportunities and funding sources beyond the direct assistance the government gives them.

We also need the government to give us favourable policies and give us more support, only then we can develop. Right now the country supports us. We want the government to give cooperatives favourable policies and tell us how to run the

cooperative. Having good policies is better than no policies (Cooperative member 9 - Shandan).

Although government support is essential for the functional development of cooperatives in China, a few of the leaders and members of the cooperatives in China expressed frustration and disappointment in the way that local government officials treated them.

The government looks at registration, not quality of the management. Many government agencies don't see the need for WD. There is nowhere for members to turn for support after the cooperative has been established (Cooperative trainer 2 - Shandan),

Giving good policies is better than directly leading us. But they don't give us any special policies, so after you form, you are on your own (Cooperative member 8 - Shandan).

Sometimes we ask them to lead us and they don't lead us. Sometimes when we ask them they say they are busy. They don't care about our business (Cooperative member 3 - Shandan).

Beyond the feeling of government officials being too busy to assist with cooperatives after they had been registered, there was also a sense by some members that they were being deliberately misled. Government officials were only "acting" like they had done everything they could do to help cooperative development. At the same time, officials were accused of withholding information about important funding opportunities while they went on "business trips to eat and drink".

There are fewer problems with our organization and more with the government. The government pays no attention to cooperatives. People from the government keep acting as if they already have done everything they can do and they don't put real effort into

this. They just go out on business trips to eat and drink and that's it (Cooperative leader 7 -Shandan).

The government does not make things public. Cooperative members are entitled to 5000 RMB each. I haven't seen any of this. It wasn't until after I had a chat with someone from the Bureau that I knew anything about it. The county and village government hasn't told us anything about this (Cooperative member 12 - Shandan).

Interpretation of these responses would seem to indicate a sense of misplaced hope in the government, whether local, regional, or national. A number of respondents in Shandan expressed that the government was important in providing information and guidance in how to run their cooperative but in many instances, this information was not getting to them. There was a feeling of being ignored once they had registered their organization as a cooperative. The government had achieved its goal of boosting the numbers of registered cooperatives, yet they had not continued to support them through favourable policies and opportunities for financial support once the cooperative had been established.

This section has outlined the importance of the CCP in China in terms of its influence on the way it sets the rules through legislation and the conduct of regulatory bodies. From the central government, there seems to be genuine importance given to the establishment of cooperatives. However, the implementation of central policy at the local level is perhaps not what was originally intended. Cooperative members see the need to develop strong relationships with government officials in order to be successful but this can lead complex relationships where members seem to rely on support from the government before they explore other options. Despite favourable policies towards cooperatives, there are cases where members are disappointed and disillusioned with the help and support they are receiving. Although cooperatives should, by ICA standards at least, be independent from government involvement, this does not seem to be the case in China.

6.3 Common people, uncommon knowledge

The history of cooperatives is quite short, people don't really understand what kind of entity a cooperative is. Communicating with members is important because not everyone understands what a cooperative is. Cooperatives have a weak foundation and nobody really trusts it (Cooperative leader 2 - Shandan).

The quality and character of the people here is not that great. Their thinking is very simple... Thinking here is too much... You know what I mean.... (Cooperative leader 9 - Shandan).

This section will address the issue of confusion and misunderstanding from cooperative members about the definition of a cooperative. In contrast to the confidence a few cooperative members in Shandan had when talking about what a cooperative is, for the most part, there was a lot of uncertainty from the members concerning the difference between a cooperative and other forms of organization.

Going into the data collection phase, I had my own perception of what a cooperative organization is from my own educational and professional background (see section 2.2). I could not ignore my knowledge of international definitions and government legislation I had gathered previous to discussing the meanings of a cooperative to members of selected cooperatives in Shandan. The cooperative members in Shandan were also the last group of respondents I interviewed in my data collection. By this time, I had interviewed the ICCIC Executive Board members in Beijing and Shanghai, the cooperative trainers in Shandan and also leaders of the Cooperatives in Shandan. As outlined in the first section above, I had realized the ICA principles were used as a standard by the ICCIC to compare the current state of cooperatives in China. Section Two outlined how the government has played a role in deliberately excluding some these principles and opened up other, perhaps 'looser', legal stipulations for cooperatives in China to operate within. However, as it will be addressed in this section below, for the most part, the majority of members of the cooperatives I interviewed in Shandan did not feel confident at all when they tried to explain what a cooperative organization meant to them.

Although the cooperative as a legal entity has only recently been officially recognized in China (see section 2.2), collective agricultural organizations have been around much longer. Many members compared the cooperative to ‘work teams’ or ‘production teams’ of the past. Not much for them had changed despite the change of the name. Members expressed they were still basically farming individually but at certain times they met together with other members to discuss important issues such as distribution of profits. However, although they had a new title – cooperative, meeting together to discuss their farming issues was nothing new for them.

Cooperative member 12 - Shandan: You do your own thing; you manage yourself and have your own restrictions. We raise the animals separately. People raise animals by themselves. Although we use the name cooperative, we develop individually. Then, there comes a time when everyone discusses things together. We talk about the benefits that we got that year. Just like this cooperative. It's still a work team. The work team is not necessarily a cooperative.

Researcher: So a cooperative is the same as a work team?

Cooperative member 12: It is the same.

Researcher: There is no difference between the organization of the two?

Cooperative member 12: Right, there isn't.

Not only were there references to organizations in the past to define what a cooperative is, some members also felt there was no difference between a cooperative and a government organization.

Researcher: Is the cooperative the same as a company, village government, production team, these kinds of organizations?

Cooperative member 1 - Shandan: Yeah it is definitely the same. How do I differentiate? It is a government organization. I think a cooperative probably counts as a government organization. This... well... haha...it is, it is a government organization. There is no difference.

Others saw no “substantial” difference between a cooperative and any other kind of company.

Researcher: So you get leadership from the government but it is the same as a company?

Cooperative member 2 - Shandan: Yeah, that's right.

Researcher: Is it the same as a company or a shareholding enterprise?

Cooperative member 5 - Shandan: It is largely the same, no substantial difference. Our cooperative doesn't have any dividends to give out to the members. We grow our own produce but sell it collectively and the profits are divided by how much you grow.

The inability of the cooperative members in Shandan to differentiate between a cooperative enterprise and other forms of government and private organizations had some serious implications. The way they spoke about cooperatives and the knowledge they had about this form of organization suggests they did not really feel there was another option for them. Many of the members felt they had no choice whether or not they wanted to join or leave the cooperative. In their knowledge, membership was not open and they were unable to leave and sell their own produce if they were unhappy with the conditions within the cooperative.

No, no I couldn't leave. It is not just that you want to join and then just join, and if you want to leave you can just leave (Cooperative member 2 - Shandan).

Oh, you can't leave. After you have joined you can't leave. No one has left. Once you're in, you're in (Cooperative member 3 – Shandan).

Researcher: Can you sell your own produce on the side?

Cooperative member 3 – Shandan: No we can't, absolutely not. The cooperative is one. It can't break up. It can't be divided. Joining a cooperative is a collective.

The confusion, misunderstanding and lack of knowledge of some members was very different to how many of the cooperative leaders viewed their organization. The cooperative leaders were much clearer on the principle of open membership despite the fact members of their own

cooperative were not. This opened up a space for clear misunderstandings and possible potential for manipulation of the members.

Right now there are only people who want to join, no one wants to leave. If they want to join they can. If they want to leave they can too. Some have left in the past but more people have joined. They have good prospects when they join the cooperative (Cooperative leader 9 - Shandan).

Most people want to join not leave. When there are a lot of people, something like this is bound to happen. If members make no contribution, they get criticized. If someone gives us a bad name or does something harmful toward the cooperative profits, they get one month's warning, then we can kick them out at the AGM (Cooperative leader 3 - Shandan).

There was a perspective often repeated by leaders in Beijing and Shanghai that members of the cooperatives in Shandan and other places across the Chinese countryside did not have the necessary knowledge and skills to fully participate in the newly formed cooperatives.

Cooperative members are simple, modest farmers. The most strong and capable farmers are all gone to jobs in the cities. People left in the village have no skill and talent and have traditional values. They can't just start a cooperative. They need help. (ICCIC Executive Board Member 5 - Beijing)

This lack of knowledge and education was reinforced by the way cooperative members subjectively created their own individual identity. Often they would see themselves as being 'uncultured' (没有文化). This literal translation of being 'uncultured' has further implications beyond concepts such as proper social etiquette. It includes a lack of formal education. However, it is not strictly education they are lacking when they say they are uncultured as there are other more specific terms that can be used in Chinese that would more accurately express a mere lack of formal education. I speculate that the term, to be 'uncultured', is a lingering effect of China's Cultural Revolution in the 1960's where formal education opportunities were restricted during this tumultuous period.

The age group of the farmers I interviewed in Shandan would seem to suggest that their education would have been severely affected by the political upheavals happening during this time. However, even today, talking openly about the Cultural Revolution is a very sensitive subject in China, so the exact reason why they chose to use the term 'uncultured' instead of 'uneducated' cannot be confirmed. Despite this, farmers recognized their own lack of education as a problem and often expressed the need to seek help to become a member of society who had 'culture'.

I don't have any culture, you have to help. Our level of culture is not good enough and our technical and scientific skills can't keep up. There is a lack of information. For example, I don't know how to use the internet (Cooperative leader 1 - Shandan).

We are all farmers so we need to change our management style because our cultural level is not that high. Things get muddled in my mind. Things go in one ear and out the other and I forget them quite quickly (Cooperative member 13 - Shandan).

I believe that I was a witness to this 'lack of culture' at an Awards Lunch in Shandan. The lunch was put together by various local organizations to present awards to cooperatives that had developed successfully in the hope they could act as an example to other farmers in the area to emulate. Before the awards, the local government provided guide assigned to me for that day, gave me a quick overview of acceptable Chinese culture regarding table etiquette at the banquet that was to be part of the awards lunch. As the farmers from the various cooperatives entered the banquet hall I could not help but notice they continually broke many of the cultural guidelines given to me by my guide (smoking, talking loudly during the awards, spitting, drinking by themselves without toasting leaders etc). This made my tour guide visibly uncomfortable. Apart from the statement of a lack of formal education, this was my only direct observational insight into the concept of being 'uncultured'. As can be seen from the quotes above, the farmers also viewed themselves as being uncultured. They did not have confidence in their own skills and abilities and saw themselves as being too far removed from the rest of society, which is developing at a much faster pace.

We are lacking in personnel with management ability and infrastructure. Information and management skills will be our main problems. We can only do this business if we

can manage it and know how to run it and supervise it. At the moment it is the skills aspect and a lack of capital. These are the two most important challenges. In our opinion we are in too remote of a place here in Shandan (Cooperative member 6 - Shandan).

Members of the cooperatives I interviewed in Shandan identified themselves first and foremost as simple, modest farmers. This seemed to imply they were in some respects incapable of being involved in the finance and management of their cooperative. They have always been farmers and are, in most cases, confident and proficient in their farming skills. However, in their view, traditional ways of thinking and farming are an obstacle for them to successfully compete in the modern marketplace. There is a fear, and perhaps justifiably so, that outsiders will take advantage of them when they come and introduce new ways of thinking and organizing their farming activities. Despite this, farmers realize they need to change in order to survive.

I was raising animals before this. I have raised animals for a few decades. I have always been raising sheep and cows. I have always been a farmer, always farming the land. We are all farming households. This was our line of business and we are skilled and proficient at it. At that time we had a production team that was raising animals. Now we are still raising animals. But if you don't have a specialty product and keep doing things the traditional way, you won't have any future (Cooperative leader 5 - Shandan).

People who have been outside the county are selfish and unwilling to share the information they have learned. The old people and children are left behind when the young capable people go out to work. We can't develop with traditional thoughts (Cooperative leader 3 - Shandan).

Another problem we have is our limited ability to deal with the market. We should process it ourselves and sell it ourselves, walking our own road. Right now we are holding onto the wall as we walk. If the wall falls over, we fall with it (Cooperative leader 7 - Shandan).

The wall this respondent is talking about is the guidance from local government leaders, cooperative trainers and other 'outside', or foreign influences. If the support from these organizations were to be withdrawn at any point, there was a lack of confidence in their own ability to compete in the open marketplace. One of the reasons for this lack of confidence seemed to be due to their reliance of a centrally planned system of farming in the past, a lack of general education, and lack awareness of conditions outside their own local environment. China's history of using the cooperative name to define various types of collective enterprises adds to this confusion. ICCIC members in Beijing and Shanghai recognized these reasons as major issues.

The people's commune is rooted in the people's consciousness and they are very wary of sharing property. We had a centrally planned system, so people still need to learn more about democratic participation. Many people here are foolish because of the Mao era (ICCIC Executive Board Member 2 - Beijing).

China is a state-run economy at its core so it is facing challenges to deal with market reforms. Being involved in finance, strategy and investment can be a shock to some members who have grown accustomed to a centralized management style run by the State. Lack of education and awareness of cooperatives makes it easy to slip back into old ways (ICCIC Executive Board Member 2 - Shanghai).

A few of the informants I interviewed expressed their underlying concerns about serious problems in Chinese civil society. They felt there were bigger concerns that needed to be addressed with society in general before cooperatives could develop successfully. However, their outlook was not just a negative criticism of current conditions. Many recognized a potential for change that rests with the people. As China continues to develop, not only economically but socially and politically, the people will find a voice and there will be potential for these changes to occur. Greater participation in civil affairs could lead to more participation in their business endeavours. Through education and training, progress is slowly being made to help farmers realize this potential.

China and the West are different in three aspects: the economy; our system; and ideas. Even though we superficially are number two economically, we are far behind on the other two. Chinese society is not mature. It is sick and social organization needs to change or the economic achievements will be lost. There is a silent majority in China. They want to be progressive and a decent dignified nation but they feel China has no respect because it is politically backwards. Looking at China's economic success, some people are blinded, like staring into a flashlight. They forget where the power comes from. The people are the power; they are like the batteries in the flashlight (ICCIC Executive Board Member 2 - Beijing).

Ways of thinking were inconsistent but through training, spreading information, everyone has gained some knowledge. After everyone has gained this knowledge, Chinese cooperatives will have potential (Cooperative Leader 2 - Shandan).

Although there were often self-expressed problems with lack of education, awareness and understanding about cooperatives from the cooperative members in Shandan, the situation was by no means considered hopeless. This section has explained how members of the cooperatives in Shandan subjectively constructed their own identity as simple farmers who, while good at their own farming activities, did not have the knowledge or skills to participate fully in the management and financial matters of their organization. ICCIC executive members also saw this as a major problem. Past experiences of State-run collectives under the leadership of Chairman Mao (see section 2.2) were often blamed for this situation but there was also optimism expressed by some that, through the right training and guidance, the situation will potentially improve in the future. There was a feeling that being involved in the cooperative movement and through training and support offered by the ICCIC, some of the shortcomings mentioned above could improve for farmers and society in general. The next section will continue on with this theme to propose that, although cooperatives in China might not be perfect, there is a sense they are improving the conditions of the people they have been set up to benefit.

6.4 Progress not Perfection

It doesn't matter if it's a black cat or a white cat, if it catches a mouse, then it is a good cat (ICCIC Executive Board Member 1 - Shanghai).

The final section of this chapter will present a concept of cooperatives as organizations that, while perhaps not fully measuring up to the conditions of every ICA principle, the intentions of ICCIC executive members and desires of cooperative trainers and members in Shandan, they are still in a process of change and progression in a positive direction.

The statement used to introduce this section by the ICCIC Executive above is originally a famous quote by former CCP Chairman Deng XiaoPing. Deng used this analogy as he introduced a period of economic overhaul that saw China open its doors to foreign investment. This period resulted in massive growth but at the same time, had many critics within the country who were purists. They questioned the changing nature of socialism in China. Although western investment in the late 1970's saw an end to the Maoist era of Chinese style communism, Chairman Deng justified the move away from strict Maoism with the statement above. It may not be a pure form of socialism but Chairman Deng felt it was the best thing for society. The ICCIC member in Shanghai who used this quote to describe cooperatives in China saw the situation in the same light. Even though Chinese cooperatives might not run like 'pure' or 'textbook' cooperatives that meet every international principle and standard, generally Chinese cooperatives benefit their members and should be viewed in a positive light. Other informants also shared a similar view.

Although the cooperative can potentially be dominated democratically [in terms of voting power] and taken advantage of financially by processing and supplier partners, members are still generally better off than they were before joining the cooperative (ICCIC Executive Board Member 4 - Beijing).

Some cooperatives meet the standard but not perfect in every way. At least members have a right to speak and get some services. This helps an underprivileged sector of society (Cooperative trainer 3 - Shandan).

As pointed out by an ICCIC Executive member in Shanghai, at this point in time, cooperatives are not a major driving force for Chinese economic growth. However, this same informant still believed cooperatives played an important role in society.

Cooperatives in the Chinese economy are like small boats on the ocean and SOEs are the aircraft carriers. Cooperatives will never be big players and large cooperatives are very rare. However, cooperatives are agile and can conduct small business. Cooperatives are at the bottom of the food chain but without the bottom of the food chain, the top will collapse (ICCIC Executive Board Member 1 - Shanghai).

There are a number of conditions in China that limit the extent to which cooperatives are able to operate freely. One of these is the Rural Household Contract System where land is allocated to farmers by local government authorities according to the needs of each household (see section 2.6.1). This means farmers do not technically own the land they use to produce the cooperative inputs but this is not necessarily a bad thing, as is explained below.

Cooperative is the best form of organization for the Rural Household Contract System. There is a lot of wastage when farmers compete with each other at the local market. A cooperative is more efficient. Sometimes corporate farmers can coerce the peasant farmers to lease their allocated land to them for a small price. If the corporation collapses, farmers are left with nothing. There is a threat of businesses coming to dominate the market and take away land so cooperatives have become popular. After the GFC, young people are returning home to farm. If land could be sold, it would quickly be snapped up by corporate farmers leaving nothing for the villagers (Cooperative trainer 1 - Shandan).

Another restrictive condition is the inability of cooperatives to form a federation with other cooperatives that sell similar products beyond their own local area. As the popularity of supermarket chains grow in China, it is becoming increasingly difficult for farmers to be able to compete with large, privately owned firms.

Cooperatives need to form a Federation and grow bigger if they sell the same product. As supermarkets grow in popularity, they cannot buy from small farmers. Farmers need to organize. Market competition has become a threat to what was a project to help farmers. Large companies will dominate (Cooperative trainer 4 - Shandan).

Although there are these restrictions, members generally felt that working together in a small cooperative was much better than working individually.

I wanted to join the cooperative, to make it bigger. You have to be a farmer to join the specialized farmer cooperative. The requirement for joining the cooperative is trust in all the members of the cooperative. You need to support everyone in the cooperative. If you work by yourself, it has no meaning (Cooperative member 3 - Shandan).

Joining the cooperative gave them access to information they would not have access to if they farmed by themselves.

The collectivization through a cooperative is good. For example, if I buy some sheep, the other members will know and I can introduce them to the seller. If everyone did it individually then we definitely couldn't get this information. The government wouldn't provide this information. If the cooperative has 10 members from different areas, we take all the good business methods and production methods and combine them together (Cooperative member 9 - Shandan).

Creating economies of scale led to the lowering of operation costs and higher selling prices. This had the combined effect of raising members' incomes. This is something the cooperative leaders were very clear about.

Once the members know the basic foundation of a cooperative, that agricultural inputs can be collectively bought at a lower price, they can understand that the cooperative has benefits for everyone. They feel that there are benefits for being a cooperative member.

We go out and find a good price before everyone agrees to sell. As a cooperative member, you only need to form a collective kind of model, everybody collectivizes to grow together, transport, work, all that stuff is done collectively. All the members come through us to get their seeds, fertilizer, and when it's all done, we take the responsibility to sell it. We provide services, management, and the most important part is selling it. Everyone gathers together and we can get a higher price (Cooperative leader 2 - Shandan).

The cooperatives have provided members with more definite economic advantages than if they were to farm individually and sell to private firms. The cooperative members continually expressed their ability to save money on buying their farming inputs through the cooperative and how they were financially better off now since joining the cooperative.

Cooperative member 2 - Shandan: We get things, and the cooperative is happy too. There is a saying; if everyone collects firewood, then the flame will be higher. It's beneficial for selling. The benefits are definitely there. When we buy fertilizer we can save a few hundred RMB.

Researcher: Have you got more money in your pockets?

Cooperative member 2 - Shandan: Yeah we have. It's a little better than before.

Despite these apparent advantages to forming a cooperative, a small minority of the interview respondents remained critical of the extent to which the cooperative model had genuinely benefited them. The member below had been a member of a cooperative for less than a year.

At this point I can't think of any advantages. There hasn't been any. There haven't been any big benefits (Cooperative member 13 - Shandan).

For a few of the members, the idea of a cooperative looks good in theory but the practicalities of funding the projects needed to bring long term economic gains lay beyond their reach.

It is an economic problem; the economic benefits are a little small. If our operations were bigger we could get a higher income. There are some economic requirements. The economic situation is not that good. The difficulty at the moment is the problems with capital. There is no investment. We don't have the capital. You need the ability and the money with people who support it. There is no way that we can do this processing. To build a factory, you need capital. Where is this money going to come from? (Cooperative member 1 - Shandan).

Although cooperatives are perhaps not in an ideal position right now, some leaders and members realized that developing successful cooperatives in China is not something that can be instantaneously implemented.

About 90% of the members are stable because they know that forming a cooperative is a process and not able to be set up successfully in one year. You can't take shares and put them in your pocket after just one year (Cooperative leader 2 - Shandan).

Overwhelmingly, the view of the cooperative members showed that, despite some of the challenges to their development (such as restriction of information and weak opportunity for growth because of lack of access to capital), joining the cooperative has, for the most part, been a positive experience. This is especially apparent in their recognition of the economic benefits that have increased since joining the cooperative. However, this perhaps is not necessarily directly the result of forming a cooperative organization per se; rather, it seemed that the synergy created through collectivized farming in general was far better than working individually. The cooperative name was perhaps inconsequential to the members who, as outlined section three of this chapter, also saw some of the benefits of collectivization through other types of enterprise, such as work teams and production teams used by the State in the past.

6.5 Conclusion

This Chapter has explored the definitions of the cooperative enterprise in China. Although international standards are seen by ICCIC executive members as a goal to aim for, conditions in

China restrict the reality of cooperatives to reach some of the internationally recognized standards. Internationally recognized standards of cooperatives were not implemented, let alone widely known about, by members of the cooperatives in Shandan. They had their own much more basic and pragmatic definition of what constituted a cooperative enterprise. This chapter has also covered the role of the government in China where intervention and control is a characteristic that can both support and hinder the development of cooperative enterprises. The lack of knowledge and awareness by members concerning what differentiates a cooperative from other forms of organization is a definite challenge for the development of cooperatives in China. The differences that exist between a cooperative and other forms of business organization needs to be addressed with increased training and education. However, although Chinese cooperatives may not fully reach international standards, generally, with only a few exceptions, the cooperative members see their membership in a positive light. There is a feeling they are moving in a positive direction. If nothing else, they are considered as a means to improve the economic situation of their members through economies of scale. The next Chapter will look at the opportunities that members have to democratically manage their cooperatives.

CHAPTER 7: THE MEANINGS AND PRACTICE OF DEMOCRACY IN CHINESE COOPERATIVES

This chapter seeks to address the fundamental research question of this thesis: how is workplace democratization (WD) defined in Chinese Cooperatives: how is this form of democracy manifest within the organizations under study? While Chapter Six looked more generally at issues concerning the meanings and definitions of the cooperative enterprise in China, this chapter focuses on the meanings and practice of democracy within the cooperatives under study in Shandan. Much like chapter six, the themes presented in this chapter are in the stage of FDA that Tonkiss (2004) would call coding and analyzing the data (see section 5.7). This is an effective way to show how the discourses presented in Chapter 8 have been developed from the comments made by interview informants.

The first section of this chapter will look at the wider issues within Chinese society that have had an effect on democratic participation within cooperatives. Building on section 2.2, the first section of this chapter will explore some of the cultural and political issues raised by informants. These were seen to provide the parameters by which WD is able to operate within in Chinese cooperatives. Secondly, the meanings of the word democracy, as it applies to cooperative management, will be explored by outlining the ways the term was understood and described by interview informants. Thirdly, this chapter will give examples of how WD is carried out in practice by the members of the cooperatives in Shandan. It will do this by looking at issues surrounding decision-making, meetings and voting. Fourth, the important role played by cooperative leaders in the villages will be scrutinised.

7.1 Chinese Democratic Parameters

Cooperative democracy is a pursuit but it is held back by national policy (ICCIC Executive Board Member 1 - Shanghai).

When asked questions about the meaning and practice of cooperative democracy, many interview informants expressed concerns about wider societal issues that inhibited democratic practices. This section will outline some of the wider cultural and political issues surrounding cooperative democracy in China. Firstly, this section will look at how the Chinese language and customs reinforce hierarchical and patriarchal values. The second part of this section will look at political issues, primarily the 2007 cooperative law and the conditions it creates that affect WD in Chinese cooperatives.

In the background of this discussion about WD, lingered cultural issues of which, as an outsider, I was not always explicitly aware. For example, the way the Chinese language itself reinforces hierarchy through the expressions for familial relationships was something I had never really thought of in relationship to democracy before.

In China the difference is hierarchy. This is even reflected in the language. For example, in Chinese you can't just be a 'brother' you have to be an 'older brother' (哥哥) or a 'younger brother' (弟弟). A lot of people are used to 'Yiyantang' (一言堂), a Chinese saying that means one person lays down the law through patriarchal domination like a father figure. Chinese tradition is controlling things like parents. They know little of democratic management (Executive Board Member 1 - Beijing).

In China, a person's importance in social relationships is indicated in the language that is used to describe the relationship to the person they are talking about, or whomever they are having the conversation with. As explained in the quote above, hierarchical social relationships are reflected in the use of this language. This was also apparent in the way cooperatives members talked to and about each other, especially to older or more experienced members of the cooperative using 'lao' (老) meaning 'old', before their surname. The word 'ge' (哥), meaning older brother, was also commonly placed after last names of older or more experienced members. This, perhaps, is simply just a polite way to address older members of society in Chinese culture. However, I tend to agree with the ICCIC Executive in Beijing who explained there is more to this than simply politely addressing someone. The Chinese language reflects and reinforces hierarchy through the words it used to describe social relationships.

Another example of this use of language to reflect hierarchy was a situation explained to me by a cooperative trainer in Shandan. Traditionally in China, a woman, when asked her name would give her husbands' name to represent her marriage to him.

Women are left behind when men go to work and it is hard for tradition to allow women to be leaders. Chinese tradition interferes with democracy. This is slowly changing. Once, at a training session I asked a woman her name and she gave me her husband's name. The other women all laughed when she said it so they were aware of what just happened. Customs like this are slowly changing (Cooperative trainer 1 - Shandan).

The idea that a woman would forgo her own identity as an individual to give her husband's name when asked her own name seemed like a joke to other female members of this training session. The idea of the women at the training session being aware of this tradition and laughing at the situation reflects a change in some of the attitudes towards the traditional ways language has been used to reflect hierarchy.

Another cultural practice that has a direct influence on WD in cooperatives is the importance of 'face' and how open debate and disagreement is not acceptable in Chinese culture as this leads to people losing face if they are seen to have lost a debate. Losing an election is another example of how one can lose face.

People don't disagree openly in meetings. To Chinese, 'face' is important. People don't run in an election because they don't want to lose face if they lose. You don't have to say no, there are ways around it. A quiet word before or after the meeting is more appropriate. A Westerner would say, that's not democracy, where is the debate? Well, in China, debate is rude (ICCIC Executive Board Member 1 - Beijing).

The traditional concept of not wanting to lose face by having an open debate, or not wanting to be a candidate in an election as an outside chance, has direct repercussions for democratic

participation. In an effort to save face, many important issues may be discussed privately between individuals, without giving the wider membership a chance to comment or contribute to the discussion. The fear of candidates to run in an election they felt they would probably lose could perhaps suppress new ideas and management styles from ever coming to fruition. Unless nominated by others, only those who feel they have a clear chance of winning will run in elections. After losing an election it seemed unlikely they would challenge the result or seek to run in an election again.

The traditional group of community leaders was seen as something that needed to be changed for democracy in cooperatives to develop. There was a reoccurring issue of wealthy or influential family members appointing members of their own family to act as managers of cooperatives. These management habits were hard to break, even though the business had converted into a cooperative.

The best type of cooperative is a newly established one. In this case, everyone is equal - equal work and capital. It is hard for Village Enterprises to convert; the worst are private businesses because management habits are hard to break. There was a cooperative that was originally a family owned business but they convinced 27 other people to join and form a cooperative. After they formed a cooperative, the leaders were still the original owners. They had formed habits in their minds. This habit formed over 10 years. Members felt their right to speak was small. One by one the members left, not because the business was bad but they felt their democratic rights were not protected (Cooperative trainer 5 - Shandan).

The members of the cooperative above felt their democratic rights were not protected. This was not only due to old management habits formed while the enterprise was a family owned business but also due to the fact that family members held positions that members of the cooperative felt they could never attain.

Chinese tradition of hierarchy affects the potential for community development. Sometimes blood relatives of the original owners are 'appointed' to be leaders of the cooperatives. Cooperative leaders should not just be the core group of successful

traders and businessmen who are already the leaders in the community, but it requires a lot to change that (Cooperative trainer 5 - Shandan).

However, one exciting phenomenon happening in Shandan now is the return of migrant workers to the farms. This is partly a consequence of the global financial crisis in 2008 which significantly lowered the demand for manufactured goods made in China. Having come back from the cities where they worked in these manufacturing industries, they have experienced a life outside the traditional hierarchy of their village leadership. They now feel a little more independent and have their own ideas and ambitions. Hence, they are more confident to carry out work on their own.

Nowadays, a lot of farmers have worked in the city and have done things for themselves. When they return, they want to make their own decisions too (ICCIC Executive Board Member 3 - Beijing).

Without having to rely on traditional family ties to influential and wealthy business owners to be successful and having their own money and ambition, the return of capable farmers to Shandan could change the landscape for cooperative development.

Besides issues of culture and tradition, contemporary political issues in China need to be considered, especially in terms of the way that the 2007 cooperative law defines democracy within cooperatives and how it is consequently implemented. From a political perspective, there is legislation that directly broadens the parameters by which WD operates in cooperatives. Chapter 6.2 mentioned some of the openness the 2007 cooperative law allows in defining a cooperative in China. Looking specifically at this legislation in regards to democracy is also interesting, especially when looking at voting rights.

Only 80% of the members have to be farmers, so because of the 20% extra voting rights available to members with larger capital investment, processors, suppliers, and retailers can overpower the democratic principle of ‘one man one vote’ in the ICA definition. The law can be twisted so the “false becomes true and the true becomes false. (ICCIC Executive Board Member 5 - Beijing)

Many informants mentioned they thought the law allowing larger ownership rights and voting rights to members of the cooperative (see section 2.6) meant it left room for manipulation. Farmers needing to seek capital investment to grow their cooperative could be taken advantage of if they let a large privately owned company join as a member of the cooperative. For example, this could be a supplier, or processor of their farming outputs. It could also be a large landholder. Over time, due to the large capital investment and extra voting rights afforded to the company member, WD could be slowly eroded to become redundant, although the organization still retained the title ‘cooperative’.

Democracy is especially restrained when the cooperative joins with a company. The situation gets tangled. Democracy can become a guise when the company equates their own interests with those of the members (ICCIC Executive Board Member 5 - Beijing).

Through the support of the large farm holders, we were able to prop everyone up. After the start up, those who got the benefits did so according to the cooperatives’ sales so the democratic rights and influence of the larger farm holders is bigger for those who make the most profits, and smaller for those who make losses. The farmers lost a lot and this made the cooperative seem like a lie (Cooperative leader 3 - Shandan).

This section has looked at some of the parameters, or restrictions that Chinese culture, traditions, and politics, form around the operation of democratic management within cooperatives. Examples given by interview informants included: features of the Chinese language that reinforce clear hierarchical distinctions; a patriarchal society with a tradition of a strong male, father-type figure leading business organizations like they would a family and the legislative conditions that can leave legally registered cooperatives “tangled” and “seemingly like a lie”. Considering the context in which WD can operate within, the section below will explore how informants, working within these parameters, defined the meanings of WD in cooperatives in China.

7.2 Democratic Meanings

WD is not an ICA principle because it is nice. Co-ops that practice WD survive longer and grow stronger. This is from 100 years' experience. Co-ops are inherently democratic. If there is no democracy, there is no cooperative development (Cooperative trainer 2 - Shandan).

Cooperative democracy just means bringing all the members together to have a meeting. That is democracy. Everyone sits down and decides profit division (Cooperative leader 9 - Shandan).

The two quotes above signal two views of WD shared with me by interview informants. WD is something that is seen as essential in the development of cooperatives but the way it is implemented in the cooperatives in Shandan may not quite be how those who promote it at a national, or international level envision its role in cooperative management. This section will examine some of the ways WD is described by interview informants. Firstly, the right to be an individual and have a valued opinion is seen as essential to the idea of democracy. Secondly, this section will cover the necessity of balancing the values and opinions of individuals with the needs of the group. Thirdly, I will describe how the principle of democracy is framed as meeting together often with other members to focus on clear communication and talking openly and transparently with each other. The final part of this section will look at the need for positive financial results and benefits to members in order for the discussion to be effective and efficient.

The idea of the individual being empowered through democracy was an idea often repeated at all stages of the interview process. While talking with Executive members of the ICCIC in Beijing, democracy was defined as participation of the cooperative members, that it should be based on a one-person, one vote system, and that the members were the masters.

Democracy is extremely important in defining a cooperative but it is so hard to define. I would use broad member participation. It means members are the masters. The ICCIC encourage one-man, one-vote through training. When they realize this, sometimes they

start to fight for this power. The DLA has engendered some real participation. At first, members were ‘yes yes, yes’ to the questions on the assessment. But, after a while, they were like ‘hey... hang on, wait a minute’.... (ICCIC Executive Board Member 1 - Beijing).

The quote above explains how some members of the cooperative were at first not aware of their role in the cooperative. It was not until they started to participate in assessment activities carried out by the ICCIC, like the DLA, that they realized the rights they had as individuals to participate in the cooperative.

Democratic participation is every cooperative member’s right and responsibility. You have a right to participate, a right to speak, a right to dividends. I think this is democracy (Cooperative member 7 - Shandan).

The individual’s right to participate and their right to speak, is not based on traditional roles or privileges the member previously had prior to joining the cooperative. This was a new kind of participation where individuals have a right to speak, regardless of who they are or how much money they have.

We don't do things according to how poor or rich you are, so we are able to motivate everyone to be active. We communicate with members before deciding rewards, and punishments. In this way, everyone seems a lot more satisfied (Cooperative leader 2 - Shandan).

A few members interpreted this individuality and the individual’s right to speak, as defining democracy. To them, it seemed the individual members’ ideas and ability to, ‘call the shots’ were the defining features of democracy.

Individuals share their own ideas. This is democratic participation (Cooperative member 2 - Shandan).

Democratic participation means the individual calls the shots. This is what it means, right? (Cooperative member 1 - Shandan)

However, overwhelmingly, democracy meant the values and opinions of individuals were seen as secondary to the needs of the group. Participation by everyone in the cooperative was a democratic value that was reinforced through promotional activities given by members of the ICCIC and trainers in Shandan.

Knowing all the information, discussing, hearing alternative voices and negotiating until reaching a consensus or compromise is important for democracy (ICCIC Executive Board Member 2 - Shanghai).

Normally we have a general training with members about what the co-op model is and more basic knowledge. Training emphasizes that cooperatives are for everyone, not just for one person. Members need training about WD as the nature of a co-op. They need to feel like the constitution and important decisions are their own making (Cooperative trainer 3 - Shandan).

Leaders of the cooperatives also expressed the importance of making decisions as a group, not just having important decisions made by one individual. Suggestions could be shared but ultimately the whole group needed to be satisfied before a decision was made.

We meet with the members many times and get everyone's approval. The biggest advantage of a cooperative is the democratic management. Whatever your point of view, you can speak your mind. Anything that you think is unreasonable you can bring it up at any time and correct it. Ways to improve can be suggested, if there are any issues we can discuss them together and make changes according to the requirements (Cooperative leader 8 - Shandan).

The excerpts below are taken from three separate discussions with cooperative members in Shandan. They serve to illustrate the importance of making decisions as a group, not just as individual members.

Researcher: Do you think that democratic participation is important?

Cooperative member 11 - Shandan: It is important. You can't just have one person saying what goes. One person's opinion is just that. You need to seek for the majority of people's opinion. Everyone has their own opinions, whoever has the most suitable one, we will follow that one. Even in the situation where the first opinion shared was right, you still need to get everyone's opinion.

Cooperative member 9 - Shandan: Democratic participation is participating voluntarily. It is everyone agreeing together about what to grow on the land.

Researcher: Do you have influence in your cooperative? Like, what you say goes?

Cooperative member 2 - Shandan: No, it's not like that. People don't do what I say. A cooperative is a cooperative, it is not for one person to speak, it is for everyone to speak and make decisions.

Researcher: So democratic participation is consulting with each other when you set policies, not one person says goes?

Cooperative member 10 - Shandan: Yeah. The ancient people said that three cobblers surpass Zhu Geliang.

The analogy in the last statement needed some explanation to me by my translator. Zhu Geliang is a revered intellectual, military strategist and statesman that lived in China in the second century AD. He is credited with inventing the wheelbarrow and crossbow along with producing a number of literary works. Despite his intellectual brilliance, there is a story taught in Chinese primary schools about three common shoe cobblers at the gate of the city who, through their combined effort (despite their profession being looked down upon), were able to solve a problem about how to build a statue, a problem that the brilliant Zhu Geliang was unable to solve by himself. In English,

the closest translation for this expression would probably be, ‘two heads are better than one’. This statement showed that common people, through their combined efforts, could surpass their own limitations and reach decisions that were perhaps better than those of an expert on the issue they are discussing.

The importance of meeting in a group to discuss issues together was seen as a central factor for members to define WD. It was not only the meeting together that was important, it was the way the meetings were conducted. Clear communication was seen as a key component to this.

You need to understand the problem clearly, communicate, and mediate
(Cooperative leader 2 - Shandan).

‘Openness’ and ‘transparency’ were words often repeated by informants to describe the way a democratically managed cooperative differed from other kinds of organization. Communication through open discussion and transparency were seen as characteristics of utmost importance when discussing the meaning of democracy within cooperatives; perhaps even more important than casting a vote.

The members get dividends on the trading volume, so sometimes they do not worry so much about unequal votes. They care about their profits most. The most basic thing is not violating regulations that have been set via discussion. Everything should be open and transparent (ICCIC Executive Board Member 3 - Beijing).

Openness and transparency within group discussions were considered important to gain trust in the cooperative leaders as members of the cooperative had invested their own money in the cooperative. If the members had collectively come to a decision, then, even if the decided course of action was a failure, they were more likely to accept that failure.

Democracy is important because the members set up the cooperative from their own pockets. Everything is transparent. We need to do a good job to gain trust and bring

everyone together. We need to trust the members too (Cooperative leader 1 - Shandan).

Openness and transparency develops WD. After taking on members' comments and suggestions, we can absorb a good way of thinking and doing. If we decided it together, and then lost money, then that's it (Cooperative member 8 - Shandan).

Despite the importance of open, transparent, communication and discussion being the defining features of democratic management, there was also a need for tangible results from these discussions to make them worthwhile. Often informants expressed concerns that discussion and communication took too long, and this needed to be balanced with effective decision-making and efficiency.

Even if leaders are devoted to their community, co-ops are different from businesses and need democratic participation. The number of people in a co-op means financial decisions take a long time. The same decision can be made within days or minutes in private business (Cooperative trainer 3 - Shandan).

Democracy doesn't mean discuss everything. There needs to be discussion on important matters. You need to balance efficiency with effectiveness. We need more consensus democracy so the manager can manage (ICCIC Executive Board Member 5 - Beijing).

Democratic participation doesn't mean discussion every day or every business activity. For example, selling onions; it shouldn't be every member coming to the leader one by one telling him what day to sell. The management team should decide this. The biggest problem with democracy is the amount of negotiation and discussion needed. However, this also is very important (Cooperative trainer 4 - Shandan).

As a result of all the meetings and discussion held by the cooperative, there was an expectation there would be some tangible results from the communication. These results were expected to be

in the form of financial rewards: the main reason why members got involved in the cooperative in the first place.

They hope that finances can be transparent. In one co-op members seemed dissatisfied with transparency and participation but satisfied with financial success. So they thought it was OK. If you hold up a co-op as an ideal organization because of democratic participation, but it has no benefits for its members, it's just an empty idea, 'a pie in the sky' (Cooperative trainer 4 - Shandan).

Democracy in cooperatives was seen here as important and necessary but financial success was much more important. Even if members were not entirely satisfied with the level of openness and transparency, they could accept the situation if their financial situation was steadily improving. Without financial success, democracy became a meaningless, lofty ideal that has no reward for the people it was supposedly meant to benefit. However, there was a fear this kind of attitude of seeing WD democracy as playing a secondary role to financial rewards could eventually break down the meaning of the cooperative enterprise.

Democratic participation is especially important for vulnerable groups, otherwise it just turns into private business. Democracy is the difference between a co-op and other businesses. Without democracy members will think they are employees. We need to develop business management and democracy together. Without democratic participation members will have an artificial sense of ownership. Co-ops are owned by, and operated for the people. If not, they will develop in an un-healthy way. If democracy gets paid a lot of attention it will be stronger and run more cohesively (Cooperative trainer 5 - Shandan).

This section has presented meanings of WD in Chinese cooperatives by looking at some concepts that, on the surface, seem like they are in direct opposition to each other. The first is the importance of the individual member as the 'master' of the cooperative who, 'calls the shots' versus the idea that all the individual members, including the leaders, needed to work together to arrive at decisions collectively. The second idea is the importance of openness, transparency and discussion to

communicate ideas versus the need to remain effective and efficient, by making important decisions in a timely manner and rewarding cooperative members with financial results. It would seem the meanings of WD in cooperatives are, in a way, like the fulcrum pivot of a seesaw that balances these opposing concepts. Although WD in cooperatives was seen as an important factor in defining a cooperative enterprise, a balance needed to be found between some conflicting concepts. Individual rights versus group cohesiveness and, open discussion versus efficient decision-making needed to be balanced, in order for democracy to have any meaningful use within the cooperative. The next section will investigate how this concept of democracy is implemented in practice within the cooperatives in Shandan.

7.3 Cooperative Democracy in Practice

Sometimes large formal meetings are quiet. I'm not sure if the meeting is just for show because I am there but it would be rude to ask such a question. Some meetings are smaller and everybody is just sitting on the bed or around the fire in someone's house. Babble, babble, babble, everyone is comfortable but it's informal. The other way is formal but it is meaningless (ICCIC Executive Board Member 1 - Beijing).

The quote above outlines a concern some of the meetings observed by this ICCIC member may be held just 'for show' during official ICCIC visits to the cooperative; not an entirely genuine reflection of how things are run while he was not visiting. Although WD is considered important by many of the ICCIC members, how it is actually carried out within the cooperatives in Shandan perhaps is another issue. This section will focus on how WD is implemented in practice within Chinese Cooperatives. This section will concentrate mainly on interview responses from informants in Shandan and how they spoke about the ways they implemented WD into their organization. Firstly, this section will explore the importance of meetings and the role they play in exercising democratic WD. Secondly, the issues that are discussed and deliberated on during these meetings will be outlined. Thirdly, the way decisions are made will be examined. Lastly, this section will look specifically at voting and how the act of casting votes is used in Chinese cooperatives to arrive at important decisions.

The importance of holding meetings was continually emphasized when talking with informants about WD in their cooperative. As outlined in the section above, transparency, open discussion, and clear communication were the necessary components of healthy democratic participation. Without having a meeting, important decisions could not be made.

We definitely need to hold a meeting. If we don't have the meeting, some things just can't be done. We need everyone to agree; no individual or small group of people can decide things by themselves (Cooperative leader 1 - Shandan).

Cooperative Trainers in Shandan considered the AGM to be the best forum where cooperative members could exercise WD. The chance to sit together with other members and cooperative leaders to discuss and decide on fundamental issues concerning their cooperative could be done at the AGM.

Democratic participation should be shown at the AGM. All members should be participating in the AGM. An AGM once or twice a year is a way to show the members democratic rights. Making by-laws, electing leadership, raising important issues, and going through the financial report should be done at the AGM (Cooperative trainer 3 - Shandan).

The AGM was chosen to be held at a time when farmers were less busy with their farming activities and had more time to meet together and discuss these issues. They that they were not really set for a certain date or time in advance.

We hold the AGM in the farming downtime, especially in the winter and at night, we make time for it. Seems like it takes a whole night, about 6 or 7 hours, we just sit down and have a discussion together (Cooperative leader 3 - Shandan).

However, the AGM was not the only meeting members held each year. Due to the close proximity to each other, there were a number of smaller meetings that could be held throughout the year.

The close proximity of the membership meant it was also convenient to call impromptu meetings when they were required.

We have a meeting with everyone 2-3 times year. Smaller meetings can be held at any time according to the need. All the members will get together to discuss things over. We have a big meeting every year in the spring and discuss what we are going to do that year, what we are going to grow, and then divide up the work (Cooperative leader 1 - Shandan).

We have meetings five or six times each year, seven is the most. Every time we sell our produce we have a meeting. The main meetings are at the beginning, middle, and end of the year. At the beginning of the year, in spring, we decide what to grow, our business during summer, and how to get the capital. In the middle, we look to see who has grown well and how to harvest for feed. At the end of the year, we have a few meetings, there are more things to talk about like sales and we make a plan for the following year (Cooperative Member 3 - Shandan).

Members seemed satisfied with the amount of contact they had with each other to discuss important issues at these meetings. There was also a feeling expressed by a few of the members that there may have been too many meetings. Due to the fact they lived so close together and saw each other every day, they had many chances during their day-to-day farming activities to discuss issues with each other.

The number of meetings each year is reasonable because the cooperative only has a few people who live close together and see each other a few times each day so there is nothing to talk about at the meetings. There are no real big meetings, but every 3 to 5 days we will have a little one (Cooperative Member 12 - Shandan).

Members are all from the village. Having them gathered around the surrounding areas makes managing it a little more convenient. We all know each other and have a good

relationship. Anytime, we can sit down together and talk. What conflicts can we have? If someone has a problem they just say it (Cooperative Leader 6 - Shandan).

Holding a meeting could be seen as formalizing decisions members had already discussed with each other beforehand. The meeting could be seen to make decisions official, although the results of the discussion at the meeting could seem redundant, as members had already seen each other “a few times each day so there is nothing to talk about at the meetings”. Formalizing these decisions included procedures such as writing a meeting agenda and putting it on the community noticeboard for everyone to see.

The leader of the cooperative below would call the members to let them know the agenda had been posted and they would hold a meeting the following day to discuss the issues.

The meeting agenda must be advertised a day before the meeting. Ordinarily I put a notice up on the noticeboard. Basically I just make a phone call and tell the members. There is no other way, but this is enough because the size of our organization is not that big (Cooperative Leader 5 - Shandan).

Setting a meeting agenda made things seem official and formal, despite the casual nature of the day-to-day interactions of the membership who discuss the issues amongst themselves. The idea of setting a yearly plan at the meeting and producing a summary was also a means of formalizing the oft-held casual discussions.

As the chairman, you have to tell the members what the plan is for that year. At the beginning of the year, you have to have a plan. At the end of the year, you have to have a summary. We look at aspects where we have not done a good enough job and where we have performed well, and we decide on how to go about things for the next year (Cooperative leader 2 - Shandan).

The kinds of issues discussed at these meetings will now be explored. The main concern for the membership seems to be financial related issues. Raising capital, improving profits through higher

selling prices and dividing profits were seen as the most important issues to discuss at these meetings. The day-to-day running of their farms seemed to be of less importance. This is perhaps because cooperative members were confident in their own farming ability but much less confident in issues regarding financial management (see section 6.3). Cooperative trainers in Shandan reinforced the importance of collectively discussing and deciding on financial issues as defining democratic participation.

Ideally, cooperative members have active role in setting policies, especially around sharing of surplus. They set the direction and are responsible. This is democratic participation (Cooperative trainer 2 - Shandan).

They need to discuss issues such as when to sell and how much for, what to grow, how to manage it together. The selling price and also how to spend money needs to be decided democratically. Cooperatives should have a meeting before each growing season to discuss market conditions, how much capital is needed and the benefits they will receive. (Cooperative trainer 3 - Shandan)

A few members expressed they were able to help think of ideas to overcome problems with capital at the meetings and play a role in participating in the decision-making concerning when to sell their produce to make the most profits.

How much we grow, are we able to grow it, how much to sell it for, all these things we participate in. When you think the price is good, everyone consults with each other about when the price might rise, we decide when to sell (Cooperative member 1 - Shandan).

At the meeting, the chairperson has also paid attention to us. Right now we are lacking capital. We help think of ways to overcome this. This is what we do (Cooperative member 6 - Shandan).

When it comes time to divide the profits at the end of the season, the meeting is also seen as the most appropriate forum to discuss these issues. If members were unsatisfied, they have a chance to air their grievances at the meeting. The cooperative management board could be held accountable to the members at the meeting. There is even the threat of being replaced if the members are not satisfied with the performance of the management board.

Some people may say that things have been divided unreasonably. They can bring these kinds of things up at the meeting. This is a kind of power; any kind of power belongs to the members. If a member has a suggestion or problem, then you have to accept it. There are a lot of people, so we can't listen to any unreasonable requirements. But if it is reasonable, you have to listen. Democracy is definitely important. The board manages the cooperative but the cooperative members all participate. If you manage it badly, then the members can choose another board (Cooperative leader 4 - Shandan).

I will now move on to discuss how decisions are made at these meetings. First, I will address a more casual conversational approach to arriving at decisions before I conclude the section with ways voting is used in the cooperatives. During the interviews, informants explained a conversational type approach to decision-making was commonly used at the meetings as the most common way of making decisions.

Researcher: If you encounter a conflict or contradiction how do you solve it?

Cooperative Member 8 - Shandan: The members of the cooperative that have bought shares discuss this at the meeting. We are all farmers, so we meet up at someone's house and sit down together, and have a conversational approach, sorting them out that way.

For various reasons outlined below, this casual conversational approach can sometimes lead to imbalances between the level of influence certain cooperative members have when deciding important issues. Although, for the most part, using this casual approach many members expressed that they felt there was no difference between the degree of influence each member held in any

decision-making. Coming together to talk and converse with each other at the meeting meant everyone is essentially equal and whatever you had to say has value, not your personality or position.

There is no one with the least amount of power in the cooperative. Everyone is equal. Everyone will discuss things together and no one is more powerful than the other. The power and influence is all the same. Power comes from what you say. If I have 1 mu [area of land], but what I say is correct, even if you have a 100 mu but what u say is wrong then it's not ok (Cooperative member 12 - Shandan).

However, it would seem the statement above, “power comes from what you say” means everyone is, in fact, not equal. The lack of education and knowledge about cooperatives, management and finance by some members (as outlined in section 6.3) means many members in the cooperative do not feel confident to speak up and contribute to the open discussion (i.e. the less you speak the less influence you are likely to have on the decision-making process). A few members within the cooperatives were much more confident in talking about issues they knew comparatively more about. This is supported by the statement below.

Researcher: Comrade, as a female member, does what you say have a lot of use?

Cooperative member 13 - Shandan: A lot less.

Researcher: Do you think that is because you are a woman?

Cooperative member 13 - Shandan: No, it's because of my skills. It is because my way of thinking. I can't keep up with them.

Cooperative member 11 – Shandan: (interrupting) She raises her hand every time. We only need to raise our hands and she will raise her hand too.

The female cooperative member above seemed to genuinely doubt her own ability. Throughout the interview she sat quietly as the others spoke, even when given equal opportunity to share her thoughts with the group. It is easy to imagine this might also be the case during the cooperative member meetings. She often made comments about how she was simple-minded and couldn't keep up with the other members in the cooperative who were more knowledgeable than her. It is doubtful

this was due to her being a female member. Another female cooperative member informant I had interviewed a few days earlier was confident and outspoken, very knowledgeable about the cooperative and even hinted at wanting to be the leader one day. It would be hard to conclude the member above lacked influence merely because she was female but rather, that she genuinely lacked the skills and knowledge to effectively participate in discussions. On the other hand, another member from the same cooperative, where the above dialogue took place, explained how he had a lot of influence in the cooperative due to his superior knowledge about local conditions and information regarding cooperatives. The knowledge he had about these conditions led to what he felt was an unequal level of power and influence in the cooperative.

Power comes from discussions at shareholders meetings where you speak your mind and give suggestions. The key is this information, the land contracts. I know a little more about these things, so I have more influence. I go out and talk to other people and look to see what they have done well. I just go and chat with others. Through the meetings with all the members, through the internet and TV, through studying the experiences of other co-ops and sharing this with the members, I make correct strategic decisions. Points I make and my use is a little more than them, I pay more attention to policies and supervision than them so my power and influence is not the same as them (Cooperative member 12 - Shandan).

During another discussion with a group of cooperative members in Shandan, they expressed concerns about having little or no influence in their cooperative management. This is for a number of reasons, including not attending the meetings, decision-making dominated by the cooperative leader, not discussing problems correctly and having less influence as a result of having less land.

Researcher: Do you know what democratic participation is?

Cooperative member 3 - Shandan: I don't know.

Researcher: Do you usually attend the cooperative meetings?

Cooperative member 6 - Shandan: I don't usually attend.

Researcher: Do you feel you have influence in your cooperative?

Cooperative member 6 - Shandan: Yes. Yeah it's ok. You have influence but not much. Occasionally we will participate a bit. There is no voting. Cooperative members have their say, through discussion then, the leader makes the decision. We need to discuss the problem. There are some problems that we don't talk about correctly.

Researcher: In your cooperative, is everyone's power and influence the same?

Cooperative member 13- Shandan: It's not the same.

Researcher: If I am cooperative member A and I have 100 mu, and you are cooperative member B and only have 10 mu, who do you think influence is bigger?

Cooperative member 13 - Shandan: Definitely A's power will be a little more.

Despite much of the rhetoric about the importance of open and transparent discussion and members being equal to contribute to the discussion concerning important decisions, there remains an attitude amongst many of the members: land-holding, leadership style and level of knowledge about finance and management restricts the level of meaningful participation and influence they can have during the discussion of important issues.

The last part of this section will address voting. From the excerpt above, it is clear some members do not vote on decisions and, at times, may not even attend decision-making meetings. However, this was not always the case. Voting on important decisions was a tool used within many of the cooperatives under study. The most common method used to vote was the raising of hands.

If we need to resolve an issue, there is usually no trouble or contradictions. The cooperative is very agreeable and we can complete these things. Basically, it is a showing of hands. If we encounter something where a decision needs to be made, then we do it by raising hands (Cooperative Member 3 - Shandan).

We usually vote by a show of hands to show acceptance. For an election we usually cast a vote (Cooperative Leader 8 - Shandan).

Voting in an election to select the cooperative's leaders seemed to be the only time when a ballot was used. Of the cooperatives under study that did use a ballot to vote, the names of the candidates would be written on a black board or piece of paper on the wall and cooperative members would cast their vote by writing the name of their preferred candidate on a scrap piece of paper. Votes were tallied and the winner of the election was chosen in this way. In one case, even a vote for the cooperative leader was not decided by a ballot, or raising of hands. In this cooperative, the members verbally agreed at the AGM, through open discussion, to keep their village leader and initiator of the cooperative as leader. Every member had a chance to say who he or she thought should be the leader, and why. Since there no other names were suggested as suitable candidates, the voting formalities were skipped and the village leader assumed the role of the leader of the cooperative.

Usually, it was explained to me that when an important issue arose, a simple majority vote was insufficient. Since the members and leaders felt it was near impossible for everyone to share the same opinion, decisions were made when supporting votes were over 75%, not just over 50%.

Researcher: When you make decisions by vote, what percentage do you need for it to pass?

Cooperative member 11 - Shandan: It has to be 75%. This is written in our constitution. Basically the higher the better, but it is not possible for everyone's opinions to be the same so over 75% is good enough to make a decision.

Even when voting was explained as a tool to make decisions, there were exceptions to this. Not every decision needed open discussion or a vote. Specialists or leaders could handle 'small' decisions, while 'big' decisions needed to be handled by members at the AGM.

We discuss these things and talk about the pros and cons; which has more benefits and which has less? Then we vote and see. When people offer a suggestion, you have to accept it right? If you can take care of it, then do it. If you can't everyone needs to discuss a plan to solve it. If it is a good suggestion or idea, we adopt it. Things that affect people, the people manage them. It depends on the situation. If one or two people can take care of it, then that is what we do. If not, we have a meeting with all

the members and take care of it. If it's a small thing, the leadership of the cooperative will discuss it. Specialists take responsibility; they have that kind of awareness. Big decisions are made at the AGM (Cooperative Leader 2 - Shandan).

The most common 'big' decision that needed to be made via voting seemed to be the election of cooperative leadership at the AGM. This is seen as important by both the members and leaders of the cooperatives, as a way for the leaders to legitimize their authority and the level of influence they had in decision-making once elected.

Election of leadership is through nomination at a meeting. When you raise your hand, that's one vote: one person, one vote. That's suitable. If you think that they can do the job then they get the job. That's the right way to do it (Cooperative member 1: Shandan).

At the AGM, I was elected to be the chairman. The chairman manages the cooperative; he has authority. As chairman, I have the right to supervise the members and supervisory board but not the right to tell people what to do. We have a board of directors, a supervisory board, a finance manager and we have a constitution. When we formed, this was all done through an election. Suggestions are made about who is suited to the job and everyone discusses it and decides. Everything is done according to the constitution (Cooperative leader 6 - Shandan).

This section has detailed how democratic decision-making is used in practice within Chinese cooperatives. The importance of holding meetings and having open discussions to arrive at decisions together is usually how this democratic process operates. Assymmetric knowledge of cooperative management, finance and local conditions leads to unequal influence in decision-making. The raising of hands to vote on important issues is also a tool used in this process. This is usually reserved for 'big' issues, such as the election of cooperative leadership. The legitimacy gained through this election process and the added influence leaders have on the cooperative through their election, will be the focus of the last section of this chapter.

7.4 The role of leadership

There is a habit of electing a leader and then just standing back. Some members are more passive. They join a cooperative to get help to sell their products for a better price and enjoy the better service and benefits. There is nothing wrong with this (Cooperative trainer 2 - Shandan).

The leaders of the cooperatives were often seen as those who had superior skills and knowledge. Members who lacked education, knowledge and skills looked to leaders to be able to offer guidance and direction. A lot of trust and confidence was placed in the leaders of the cooperative instead of in the abilities of the members themselves.

The final section of this chapter will look at issues surrounding cooperative leaders and the role they play in WD within Chinese cooperatives. Firstly, this section will look at the social structures in place that allowed certain individuals the preference to become the leader of the cooperative. Secondly, the role of leadership and the extended influence they have in the democratic process of decision-making because of this leadership position will be explored. Thirdly, the way the leaders and members legitimized this extension of authority over the cooperative will be outlined. The last point of this section is to touch on a subject that has been reoccurring throughout the findings chapters, that is the members' lack of self-confidence in their own skills and knowledge and how this, I argue, creates an over-reliance on the leaders for information and guidance.

At first, the position of the cooperative leader looked dubious, in particular to an outsider. Interview informants often told me the cooperative leader used to hold an important position within the community before the formation of the cooperative. These people initiated the formation of a cooperative. Once the cooperative was formed, the members elected the leader of their cooperative to be the same individual who was already the leader of their village.

The leader was often the one who started the cooperative. One of the leaders was the village Branch Secretary at the time that he formed the cooperative and another cooperative was started by the village leader (Cooperative trainer 3 - Shandan).

After talking with interview participants in Shandan though, their choice of leaders for the cooperative looked a lot less doubtful. The skills village leaders had gained in their role as the, their connections, popularity and ability to speak with the farmers were seen as transferrable skills applicable to the role of cooperative leader. This was explained clearly by a cooperative trainer in Shandan.

Some village leaders (who themselves are also elected) get elected as a cooperative leader. Members tend to select those already in leadership positions. If they are the head of the village, it usually means that the majority of the village already likes them. They have management experience and contacts and connections, so it's not irrational. Village leaders often have a better education...electing village leaders is not always a bad thing or a weakness because sometimes they are the most capable. They have been away (outside the village) and understand marketing and policy changes. Local village leaders know the best way to work with the farmers. The members only see what's in front of them but the leaders have vision. Cooperative leaders can get higher respect and social status if the cooperative succeeds (Cooperative trainer 3 - Shandan).

There was one reported case where the cooperative leader saw his position as more important than the leadership position he held in the Party.

One used to be Party Secretary but now he's not. This guy resigned from the Party Secretary position to run his successful cooperative (Cooperative trainer 3 - Shandan).

There was a danger of some 'carryover' effects, as cooperative leaders brought with them 'baggage' from their previous leadership roles in the community. This could have a restrictive effect on some of the membership policies the cooperative implemented. There was also a danger of selecting an individual purely because of their strong Government connections. However, despite their strong connections, their lack of business skills proved detrimental to the development of the cooperative.

One cooperative leader used to be the Village Cadre and still seems to act in that kind of role. Breaking the law [having a criminal record] or breaking the one child policy means you can't join. This could have been influenced by the leader's position as Village Cadre for 5 or 6 years (Cooperative trainer 1 - Shandan).

Realizing the 'baggage' some village leaders brought with them when becoming cooperative leaders, the cooperative trainers in Shandan focused training sessions on improving leaders' knowledge of WD so leaders could break 'bad habits' and understand how to implement WD.

Some leaders do not have a concept of democracy, but we can't ask them change instantly. They need to learn through their experiences. They should use their experience to teach others. Some cooperatives are especially undemocratic. Sometimes the leaders think their rights or power will be reduced if members are trained in democratic management. That is a problem if leaders act difficult (Cooperative trainer 3 - Shandan).

Selected leaders undergo training in management, finance, market and law. To avoid leaders forming bad habits, they need continuous guidance from SCF, SBS, promoters and the Government Agricultural Economics Department. You have to train the leaders and let them know democratic management is good for their business in the long term. SCF carries out training sessions with leaders to make sure they understand democratic participation (Cooperative trainer 4 - Shandan).

It is not always the case an ex-village leader is elected to be the cooperative leader. Sometimes a good farmer or big grower can become the leader.

Sometimes if a farmer has especially good farming skills he will be elected as a leader. Some normal members can have a good idea that is successful and after a while they will eventually be elected to be the leader of the cooperative. We need to develop more young people as leaders for long-term development (Cooperative trainer 3 - Shandan).

Even if the elected leader is not an ex party cadre or village leader, more often than not, the person who initiated the formation of the cooperative became the leader. This person already had a leadership role in the community or was looked up to by the membership in some way, either as a “big grower”, “entrepreneur”, or a “rich person”.

The increased level of influence these individuals maintained as leaders of the cooperative seemed quite obvious from comments made during many of the interviews. Even if members felt the level of influence was the same amongst themselves, they definitely saw the leader of the cooperative as having more influence.

Researcher: Do some people who have more power and influence than others?

Cooperative member 2 - Shandan: We don't have this phenomenon. We are agreeable and they take care of it. Apart from the leader, everyone else has about the same amount of influence.

Cooperatives are always organized by people who are more wealthy because they are the only ones with the capital who are able to do it. They will likely have more power too (Cooperative member 4 - Shandan).

ICCIC members in Beijing realized the level of influence inside the cooperative is not always even. This was legitimized by a number of reasons. ICCIC Executive members explained the level of financial investment from leaders was higher than the membership and this often justified in the minds of cooperative members their having greater influence.

It should be one man one vote, but in reality the leader takes the risks and the leaders control decision-making power. Leaders think they have invested more (ICCIC Executive Board Member 4 - Beijing).

The members of the cooperatives spoke less about differences in the level of financial investment and more about the differences in the level of skills, ability, knowledge and experience. The idea of

being experienced was especially important. The members' faith in their leaders came from the "physical things they can see" such as large harvests. Their "proven track record" in business and government roles was also important experience that legitimized their role as the cooperative leader.

You have to take care of your own work first. People will believe the actual physical things they can see. You have to do your own job well, then you can influence others. If I want to be the chairman I need to have a lot of influence; the more people, the more influence you need. People who have a proven track record of contribution and giving good direction get more influence. Members must have some faith in you and admit that you have some experience in society before they elect you. This is really important (Cooperative leader 3 - Shandan).

His [Cooperative Leader's] power is definitely a lot bigger. I don't have a problem with that. After all is said and done, he has walked many roads and crossed over many bridges (Cooperative member 3 - Shandan).

As a consequence of their life experience, leaders of the cooperatives were seen as those who also had more skills and ability than the average member. These skills meant they were more qualified to make economic decisions and set the cooperative's policies.

He has more ability. His ability to go out and sell is better. In the aspect of power, he is the director. Comparatively, he has a little more power. His influence comes from his ability to do business. The leader has good ability and makes the right policies. He has built this business up over the last 3-4 years. We don't need to have a meeting for small economic decisions because we really trust him (Cooperative member 3 - Shandan).

Everyone saw the leader as someone who was able to be a leader because of his management skills and courage, so he was elected. Over the last 3 years he has made the cooperative a lot better. The higher the leader's skills, the better it is for the cooperative (Cooperative member 5 - Shandan).

Leaders' sense of social responsibility was also important. The responsibility of sharing their skills and knowledge to the members of the cooperative was seen both by leaders and members as an important quality to being a good leader.

Leaders should have a sense of responsibility for the members below them. Whoever has better social skills, the right thing to do is to choose them. Whoever has the most ability, the most information, education, and the most experience in society comes out and tells everyone how to grow and what to grow (Cooperative leader 1 - Shandan).

He [cooperative leader] has a stronger sense of responsibility, so his influence is bigger, his power is also bigger; otherwise we wouldn't pick him (Cooperative member 6 - Shandan).

Beyond the level of investment, life experience, skills and sense of social responsibility that leaders and members gave as reasons to legitimize the position held by their cooperative leader, being democratically elected to the position of leader in and of itself was a good enough reason.

Researcher: Do you have more influence and decision-making rights than members?

Cooperative leader 6 - Shandan: This right came through democratic elections. The rights come from voting. If they elect you to be the chairperson, then you lead them to do the work. We are able to do things well, so for the time being there are no problems.

He was elected. It was a multi-candidate election. Everyone showed their agreement by the raising of hands. We probably could elect someone else right? (Cooperative member 8 - Shandan)

Once elected to the position of leader, although they may well be qualified for the job, members may rely on the cooperative leader for guidance more than perhaps they should. Members looked to the cooperative leader for information and to make decisions on their behalf. There was an attitude of 'what he says goes' amongst many of the cooperative members I interviewed.

He [the cooperative leader] is able to lead people, and if he leads us correctly, and if he has ability, whatever he says we will go and do. There are some things that we talk over with him. Basically he adopts them. Everyone just says whatever they think is reasonable and participate that way (Cooperative member 1 - Shandan).

Researcher: So your relationship with the leader is what he says goes, right?

Cooperative Member 3 - Shandan: Yeah, that's how it is. If he says go and graze the sheep, then I go and graze the sheep. If he says feed the sheep, I go and feed the sheep. Not getting any money from him is ok.

The leader guides the cooperative. We have a discussion, at the end of this. If the leader says that we still have to do things according to what he said, then that's what we do. The right to participate is important but it is only participation. The leader makes the final decision. The leader looks at things and decides if we are able to do it. He definitely has a little bit more influence because the leader has to take care of business (Cooperative member 10 - Shandan).

There was an obvious over-reliance on leaders of the cooperative for information about the market conditions for their produce. The leader was often seen as someone who was more experienced and knowledgeable than the membership. In most cases the leaders could read, use the internet, had travelled outside the county and had made important connections with suppliers and distributors of the cooperatives produce. They were seen as reliable sources of information. Cooperative members in Shandan looked to the leaders of their cooperatives for this information as they felt they could not get this information themselves.

He [cooperative leader] has a lot more information coming from outside the organization, so his influence is a little more. The leader keeps working hard to do market research and gather information. Only in this way can we develop faster. He will tell us specifically how many sheep to farm. He will tell us how many to buy. He can communicate with every household. The whole thing is our leader going out to

buy things and bring it back. He gets back, tells us, and we divide it up (Cooperative member 3 - Shandan).

Researcher: Can you use a computer?

Cooperative Member 13 - Shandan: I can't.

Researcher: Where do you get your information from then?

Cooperative Member 13 - Shandan: Haha, from the cooperative leader.

As noted herein, one of the main reasons for members' over-reliance on the leaders was a genuine lack of skills amongst the members necessary to fully participate in the management of their organization. Members did not feel confident in their own ability to be a leader. This did not necessarily mean that they did not have this desire to gain the ability. The ICCIC, SCF and SBS often held training programs to try and address some of these issues. The local government also played a role in trying to train farmers on various aspects of running their business. However, some members were clearly more apathetic towards the potential they had to one day be a cooperative leader.

Researcher: Do you think you have the ability to take on the responsibility of being the leader?

Cooperative Member 7 - Shandan: I don't have the ability. I don't want to. I don't have the brain for it.

I have followed the leader for a few years. The leader has been chosen. I can't be chosen to be leader. The people who are in leadership now are really good. I definitely don't have this ability. Well, at the moment I don't. I definitely want to get this ability. Everyone wants to have stronger abilities to get more income for their family (Cooperative Member 10 - Shandan).

I am satisfied with him. He is the leader. If I am not satisfied, then I need to get satisfied (Cooperative member 13 - Shandan).

7.5 Conclusion

This chapter has looked specifically at WD within Chinese cooperatives. Through exploring cultural and legislative factors that constrain WD in China, this chapter has presented a possible perspective of WD in Chinese cooperatives. In an ideal situation, interview informants described conditions of openness, transparency, communication and discussion needed to be present for WD to have meaning within the cooperative. However, as shown in this chapter, due to various reasons, these conditions were not always there in practice. This chapter concluded by outlining the role of the cooperative leaders and the way their skills, experience and knowledge were used to justify their position. This, however, leads to an over-reliance on the leaders by the membership who felt they did not possess the requisite skills to be a leader and, therefore, must be led. Chapter Eight will revisit the themes presented in Chapter Six together with this chapter. It will discuss how the themes presented in these two chapters can be analyzed through an exploration of power/knowledge relationships and what the results of this analysis contribute to the literature on WD in cooperatives.

CHAPTER 8: DISCUSSION

This study sets out to answer one main research question: what does democratic member control mean to the members of Chinese cooperatives? Two related sub-questions of interest included in the focus of this study are: how is democratic member control manifest through organizational practices in Chinese Cooperatives? Additionally, what the term ‘cooperative enterprise’ means to people in China who are directly involved in promoting or participating in them? The previous two chapters have presented eight themes that emerged from the data collection process in relation to these research questions. This chapter draws together these themes and presents a discussion based on three main arguments. Using a Foucauldian power/knowledge perspective, (see sections 4.5 and 5.6) this chapter outlines the contribution this study makes to the literature on WD within Chinese cooperatives.

Firstly, this section explores claims interview informants made about the definition of a ‘true’ Chinese cooperative by analyzing their statements through, what Foucault called, a ‘regime of truth’ (Foucault 1979, 1980, 1983). The inconsistencies of how ‘true’ cooperatives were described by some of the interview informants were compared to the experience of actual cooperative members in Shandan. The tension between the reality of the situation in Shandan, and the desired outcomes of the Chinese cooperative movement from interview informants in Beijing and Shanghai, is explained through an analysis of the power/knowledge relations at play. Secondly, I will examine the power relations of WD between cooperative leaders and members in Chinese cooperatives. This section goes beyond the assumption that cooperative leaders are power holders and cooperative members are simply passive followers. It argues that the way cooperative members subjectively describe themselves as lacking the skills and knowledge to actively engage in WD means they prefer the cooperative leader to make decisions on their behalf. WD to the members is being involved in a transparent discussion of the issues and being made aware of the reasoning behind the decisions made. Thirdly, the power relations between the Chinese Communist Party (CCP) and members of the cooperatives in Shandan are explored. This section argues that due to existing historical, cultural, and economic conditions, the members of the cooperatives in Shandan have a psychological reliance on CCP support. Without political activism and resistance

against authoritarian structures in the community and society in general, WD would be unlikely to become an important principle in the operation of Chinese cooperatives.

8.1 Inconsistencies and opportunities in defining a ‘true’ Chinese cooperative

The themes outlined in Chapter Six present a wide range of viewpoints by interview informants regarding the defining features of what a cooperative enterprise should be. For members of the ICCIC executive board, WD was considered to be the critical element needed in order for the organization to be considered a ‘true’ cooperative. For actual members of the cooperative in Shandan, a cooperative could successfully function without WD as a necessary feature. The purpose of this section is not to impeccably define true Chinese cooperative. Rather, it is to examine the discourse of true cooperatives from a perspective Foucault called a ‘regime of truth’ (Foucault 1979, 1980, 1983). That is to say, when truth claims are made, these claims create and control the objects they declare as truth. Foucault noted that “discourse finds a way of limiting its domain, of defining what it is talking about, of giving it the status of an object – and therefore of making it manifest, nameable, and describable” (Foucault, 1972: 46). As a discourse of ‘true’ cooperatives is promulgated, the power relations that sustain, regulate and resist this discourse can be analyzed.

This section scrutinizes some of the broader themes presented in Chapter Six. Firstly, this section discusses the responses of ICCIC members who produced a definition of ‘true’ cooperatives by looking to guidance from ICA principles. Since the beginning of the NZCFS and MFAT cooperative project in 2006 (see section 2.5.3), the definition described by the ICCIC was also sustained and circulated by cooperative trainers in Shandan, as a part of their role establishing cooperatives in the area. Secondly, the views of leaders and members of the cooperatives in Shandan will be considered. In most cases, the explanation of their cooperative’s activities did not include elements and principles of a cooperative that ICCIC members thought were necessary. Cooperative members described a reality lacking many of the aspirations regarding WD that ICCIC members thought ‘true’ cooperatives needed. These two alternate discourses - international standards vs local experience - both attempt to describe a reality of cooperatives in China. As the two definitions are presented, exploring the idea of a ‘regime of truth’ can be used to identify the complex web of power relationships used to define and describe ‘true’ cooperatives in China.

One of the major themes identified in section 6.1 was the way the ICCIC executive members in Beijing and Shanghai almost unanimously described a ‘true’ cooperative as an organization that met internationally recognized principles. This is a discourse I have named ‘international standards’. This discourse of ‘true’ cooperatives circulated amongst the ICCIC membership and was based on their specific knowledge of organizations outside of China. Most of the ICCIC executive members interviewed had traveled outside of China to participate in academic conferences, formal training programs, or business related activities. Consequently, they had been exposed to the operations and management of cooperative enterprises in foreign countries. These cooperatives operated in very different political and economic environments. The discourse produced by members of the ICCIC suggests Chinese cooperatives needed to be more like the large successful cooperatives ICCIC members had seen overseas. Interview informants from the ICCIC would often make comments comparing Chinese cooperatives to ‘Western cooperatives’, ‘New Zealand cooperatives’, or ‘Taiwanese cooperatives’. In making these comparisons, members of the ICCIC pointed out the many shortcomings they thought existed in the development of cooperative organizations in China. Many of their comments implied a deficiency in the way Chinese cooperatives were managed. These cooperatives were lacking in what ICCIC members saw as genuine WD. Most of the interview informants from the ICCIC doubted whether many of the so-called cooperative organizations in China should be called cooperatives at all.

ICCIC members looked beyond the Chinese legal definition for defining a cooperative and pegged their definition of what a cooperative should be on internationally accepted standards. The ICA was considered to be the organization qualified to determine what the cooperative standards should be. The ICCIC itself is a member of the ICA. As such, the members of the ICCIC were familiar with the ICA’s definition of a cooperative and the ICA’s seven cooperative principles (see section 2.1.1). For the executive members of the ICCIC, the seven ICA principles were used as the measuring stick for deciding what should be considered a ‘true’ cooperative and what should be considered a ‘fake’ or ‘false’ cooperative in China. It must be noted that this is not an approach encouraged by the ICA. In the publication of their seven principles, the ICA acknowledged the seven principles need to be adjusted to the unique political and cultural environments that cooperatives operate within across the world (Fici, 2012; Novkovic, 2008). However, most of the

ICCIC members interviewed took these seven guiding ICA principles and interpreted them as strict rules. In their opinion, Chinese cooperatives must adhere to these rules if they were to be considered as ‘true’ cooperatives. This led to members of the ICCIC considering most of the cooperatives in China to be fake, despite meeting the requirements to be registered as cooperatives under Chinese law.

Some members of the ICCIC were involved in providing information and consulting CCP policy-makers during the drafting of the 2007 cooperative law. Members of the ICCIC shared their knowledge of the ICA principles with the policy-makers and campaigned for their full inclusion in the Chinese law. However, for reasons that remained unknown to the interview informants, two ICA principles were excluded from the law (‘concern for community’ and ‘cooperation amongst cooperatives’). This has led a few of the ICCIC members to question the CCP’s motives for excluding these two principles. However, to date, there has been no formal petition made to the CCP to review the law with the hope of having the two ICA principles included in the Chinese cooperative law. There is speculation by ICCIC members that the CCP has attempted to control the growth and influence of the cooperative movement by discouraging the merger and formation of large cooperative federations like that of the Mondragon Cooperative Corporation in Spain (Forcadell 2005). With these restrictions placed on the development of cooperatives in China, a few ICCIC members expressed the view that cooperatives in China could not be considered ‘true’ due to the level of government interference.

Aside from the exclusion of the two ICA principles above, a number of other reasons were given by the ICCIC members to explain why they considered many of the cooperatives in China to fall short of ‘true’, cooperative standards. For example, ICCIC members explained the need for Chinese cooperatives to rely on government support and maintain close personal relationships with government officials meant cooperatives could never be autonomous from government control. In addition to this, members of the ICCIC saw elements of Chinese culture as interfering with WD in cooperatives. For example, an unquestioning respect for hierarchy, and a desire to maintain harmonious social relationships by avoiding public debate, challenged genuine WD in Chinese cooperatives. Members of the ICCIC also saw the cooperative members’ lack of education and skills as a stumbling block for participation in the management of their cooperative. The weakness

of WD in the management of Chinese cooperatives was a major reason for ICCIC members to consider the majority of Chinese cooperatives to be false or fake cooperatives. However, this is not to say that Chinese cooperatives are bad, or of no use. Generally, Chinese cooperatives are seen as having a positive economic impact on rural areas by improving the livelihoods of the members who joined the cooperatives. Cooperation by farmers is seen as a vehicle to improve the rural economy, yet due to a lack of autonomy and genuine WD, it was generally the opinion of the ICCIC members that, despite the high level of cooperation, these organizations were not ‘true’ cooperatives

The cooperative trainers and promoters interviewed were also skeptical of the number of ‘true’ cooperatives in China. Responses from the trainers in Shandan reflected those of the ICCIC members. Trainers also saw themselves as cooperative experts who endeavored to promote ‘true’ cooperatives that met ICA standards. All five of the cooperative trainers interviewed were familiar with the ICCIC. Some were even present or former members of the ICCIC. The trainers were also aware of the ICA principles and often referred to these as a standard measure for evaluating the quality of the cooperatives they worked with in Shandan. Cooperative training and promotion in Shandan is very much a focus of the ICCIC today because of the unique history of cooperative development e.g. Rewi Alley and the Shandan Bailie School (see Section 2.5.1).

With strong ties to the ICCIC, the trainers in Shandan differentiated themselves from government employed cooperative promoters and trainers from areas outside of Shandan. Unlike government funded trainers, the trainers in Shandan stated they were promoting ‘true’ cooperatives, not ‘Chinese style’ cooperatives. In some sense this could be considered a form of resistance or activism. However, the resistance to government style cooperatives was led by the trainers and not the members of the cooperatives themselves. As demonstrated by a study of Indian cooperatives, if the cooperative members did not share a sense of activism with the cooperative imitators, WD would unlikely be sustained as members increasingly relied on initiators (in this case trainers) to make decisions, reinforcing a hierarchical system of management (Varman & Chakrabarti, 2004). One of the major differences between what the trainers saw as true cooperatives and Chinese style cooperatives was the level of WD. Although none of the trainers claimed WD in the cooperatives in Shandan functioned perfectly, it was clear the promotion and improvement of WD was an

integral focus of their efforts in Shandan. As experts who had knowledge of ICA standards and the Chinese law, cooperative trainers in Shandan ruled out many cooperatives in the areas surrounding Shandan as being fakes. It was important to them that a cooperative met ICA standards, or was progressing towards these standards, in order to be considered a ‘true’ cooperative.

Problems surrounding the methods of raising of capital by cooperatives in China provide an example that illustrates the tensions between what trainers considered a ‘true’ cooperative and a ‘Chinese style’ cooperative. This problem was described by a few of the cooperative trainers in Shandan as being quite a common situation within cooperatives across China, although, none of the cooperatives approached for this study in Shandan were affected by this situation. This problem involves companies, as a legal entity, joining a cooperative as an individual member. There is an attractive incentive for a company to join a cooperative. By joining the cooperative, the company can qualify for tax breaks the Chinese government extends to rural businesses (Tao & Qin, 2007). The company may have originally had a supplier or distributor relationship to the cooperative. Cooperatives often struggle to raise capital from their membership and find it difficult to get loans from banks. Therefore, cooperative members often welcome the access to capital provided by a large company joining the cooperative. However, there are often complications concerning WD with this arrangement.

The Chinese law allows individual cooperative members to hold up to 20% of the voting rights. Having a large financial investment in the cooperative by a company could potentially lead to a disproportionate voice in decision-making processes. For example, if decisions made by the farmer-members were not seen as advantageous to the interests of the company, the company could threaten to leave the cooperative and take their much needed capital with them. In this way, the role of WD within the cooperative could potentially be undermined. Cooperative members could be coerced into making decisions which benefit the interest of the company but not their own. This is an example of a characteristic that cooperative trainers in Shandan described as ‘Chinese style’ cooperatives. These cooperatives are only considered ‘true’ as far as local requirements under Chinese legislation are concerned. However, the cooperative trainers who stressed the importance of genuine WD based on one member, one vote system, as per the ICA principles, could not accept that these ‘Chinese style’ cooperatives could be considered ‘true’ cooperatives. Yet, the

cooperative trainers were only able to meet with cooperative members periodically for training and other project related events. Their influence over what the cooperative members considered to be ‘truth’ was much less than that of the cooperative leaders.

The idea of a ‘true’ cooperative based on international principles was not a view shared by the leaders and members of the cooperatives in Shandan. In contrast to the attitude of ICCIC members and cooperative trainers in Shandan, cooperative leaders and the cooperative members interviewed did not see themselves as experts and repeated a discourse of ‘local knowledge’ to define a cooperative enterprise. They were often a lot more hesitant and uncertain about how to answer interview questions about the definition of a cooperative and what democracy meant to them. Cooperative leaders were usually a little more confident when answering interview questions about the definition of a cooperative in comparison to the members. The members often needed to be encouraged by the leaders to share their ideas and experiences. Cooperative members saw the cooperative leaders as purveyors of ‘truth’ about what a cooperative organization should be and what WD entailed; much more so than cooperative trainers.

Both leaders and members expressed a desire to have outside ‘experts’ come to help them with their cooperative activities. The cooperative members in Shandan felt they needed help to operate their cooperative. They lacked the confidence to manage the business by themselves. This desire to have outside help was often very vague. Unlike the attitude of ICCIC members, it was not foreigners or foreign institutions such as the ICA that were considered to be the most qualified to speak with authority about defining a cooperative enterprise. Although they realized they were lacking financial expertise and resources, for the majority of cooperative members in Shandan, it was Chinese government institutions that were seen as the most qualified and knowledgeable (the role of the government will be fully explored in section three of this chapter). None of the cooperative leaders or cooperative members in Shandan mentioned the ICA, or even the ICCIC when talking about outside help. Adhering to international principles and standards were not important to these respondents.

Cooperative leaders and members in Shandan had little knowledge of the development of cooperatives outside of their own area. During interviews with cooperative members in Shandan,

the cooperative members often expressed intense interest in what farming was like in New Zealand. They frequently complained they didn't know where to go to find out information about things such as farming skills, finance and techniques for livestock care. Despite this curiosity, the majority of the members had very little interest in learning more about WD in cooperatives, or even understanding more about the cooperative model in general. They seemed to have much more practical concerns such as improving their production yield and caring for the health of their animals in order to boost their income. The improvement of WD in their cooperative was not a high priority, or even a consideration, for most of the cooperative members interviewed in Shandan.

A few of the cooperative members were not even aware they were members of a cooperative. For them, they were farmers first and foremost. The legal title of the farming organization they belonged to seemed rather inconsequential. Most of the cooperative members interviewed in Shandan were aware they were members of a cooperative but they could not confidently explain what a cooperative was, or how it was different from other forms of business organization. There were various reasons given as to why the members originally formed, or later joined, the cooperative. For example, a lot of the members explained that forming a cooperative was something that seemed good for agricultural development because they had seen the benefits of the cooperative model promoted on the local television station. Others had seen examples of financially successful cooperatives formed in nearby villages, or they had been convinced to form a cooperative by a local cooperative trainer. The overall attitude towards their cooperative organization was positive. However, when pressed on the issue, there was often confusion amongst the members as to how a cooperative was different from other forms of collective farming in the past, such as work teams and village enterprises established by the government. The name of the farming organization may have changed but essentially the members felt they were doing the same day-to-day work they had always done before the cooperative was formed.

As opposed to members of the ICCIC and the cooperative trainers who were able to confidently share their attitudes and insights when asked about the meaning of democracy, very few of the members knew what the word meant. Often the question regarding democracy, or 民主 needed to be explained to cooperative members by using similar terms such as 'involvement', 'participation', and 'contribution' in the decision-making process. The concept of WD seemed fairly unimportant

to cooperative members. As they attempted to define their cooperative, WD was very rarely mentioned as a defining feature. Qualities such as being a skillful farmer, a good listener, and working together well with others were seen as the characteristics of a good cooperative member. The ability to contribute and actively participate in the management of the cooperative was seen as far less important. Although there were opportunities for discussion and collective decision-making, most of the members were quite content to allow the cooperative leader to make the management decisions (explored in section 8.2 below).

Although the cooperative members in Shandan lacked knowledge of ICA principles and internationally recognized standards concerning WD within cooperatives, the cooperative members in Shandan were, in a sense, the real experts in ‘true’ Chinese cooperatives. They lived the life of an actual cooperative member. The cooperative members’ description of a cooperative provided much simpler requirements than those proposed by members of the ICCIC and the cooperative trainers. The cooperative members did not have expectations they had to meet a certain number of internationally recognized principles before they could be called a ‘true’ cooperative. They worked together cooperatively for their collective benefit and were registered legally as a cooperative, thus they were quite content to be called a cooperative. The members may not have always fully understood the differences between a cooperative and other forms of business enterprise but this did not mean they considered their cooperative to be fake or false. They had no knowledge of foreign standards and ICA principles so these comparisons to them were not relevant. Their own local experience and recognition by local authorities as a registered cooperative was enough.

No ICCIC members or cooperative trainers interviewed were actually cooperative members. They had their own ideas about what a ‘true’ cooperative should be and how a ‘true’ cooperative should be managed. For them, WD was an essential element as it was internationally accepted principle that all cooperatives should adhere to. In contrast, the cooperative leaders and members in Shandan were actually part of an organization that was legally registered as a cooperative under Chinese law. In most cases, members were not even sure what the legal requirements were for forming a cooperative. However, they confidently placed their trust in the cooperative leaders to understand the legal requirements. Their own personal experiences shaped the way they defined their

cooperative enterprise. To them, a ‘true’ cooperative is simply an organization that allows them to associate together with other local farmers and benefit from the combined efforts of their farming activities.

Through an exploration of interview informants varying knowledge of ICA principles, ICCIC aspirations, Chinese legislation, and practical needs of cooperative members, an interesting perspective of ‘true’ Chinese cooperatives emerges as a point of contention within a complex web of power relations. For ICCIC executive members and cooperative trainers who had exposure and knowledge of international practices, their discourse on ‘international standards’ defined ‘true’ cooperative in a very narrow and specific way. They considered themselves to be experts because of this knowledge and criticized the national legislation and cooperative practices in China for not meeting their specific concept of a ‘true cooperative’. Interactions between the ICCIC and the farmers they worked with reflected this relationship. ICCIC members and cooperative trainers expressed their desire to change the current situation through training and promotion activities. The ICCIC members’ desire to turn ‘Chinese style’ cooperatives into ‘true’ cooperatives presents the complexity of these power relations. Due to the inconsistencies between ICA principles and a discourse of ‘international standards’ on the one hand, and Chinese cooperative legislation and a discourse of ‘local knowledge’ on the other, there is a constant point of tension when trying to define what a ‘true’ Chinese cooperative actually is.

8.2 Workplace Democracy and the leader/ member relationship

This section analyzes and discusses themes presented in Chapter Seven, including the role of leadership, the meanings of WD, and the practicalities of WD within the cooperatives in Shandan. In this section, the power relationships between cooperative leaders and cooperative members are explored and described through a discourse repeated by cooperatives members and leaders in Shandan. I have named this discourse ‘competency’. The analysis of this discourse is used to present a perspective of WD that shows how power relationships influence the meanings and function of WD at a practical level within the cooperatives. It looks beyond the basic view of leaders as power-holders and cooperative members as passive followers. It explains the role cooperative members have in constructing their own identity. Cooperative members’ perceived

lack of knowledge and skills necessary to operate a cooperative meant they often identified themselves as being incapable to actively engage in WD. Instead, members looked to the leader as their source of ‘truth’ and were quite content for the leader to make decisions related to the management of the cooperative on their behalf.

Firstly, the way ICCIC executive members spoke about the characteristics of the people in Shandan is given as an example to illustrate general perceptions of how ‘outsiders’ view the people of Shandan. Secondly, the way the cooperative members in Shandan spoke about themselves, their own skills, and their own capabilities is outlined. Thirdly, the role of leadership is explored through comments the leaders used to justify their position, including the effect their leadership style had on the practical aspects of WD within the cooperatives. In conclusion, this section argues the use of a power/knowledge perspective to explore the dynamics of the leader/member relationship allows for a re-evaluation of WD within the cooperatives in Shandan. The assumption WD is restricted by leaders who dominate the decision making process is re-framed by discussing the way cooperative members described themselves and their relationship with their cooperative leader.

The ICCIC members interviewed had never personally travelled to Shandan but they were able to share their general impressions of cooperative members living across China’s rural areas. When interviewing members of the ICCIC in Beijing and Shanghai, many of the statements they made regarding cooperative members in China suggested a number of perceived problems. Members of the ICCIC described cooperative members as having traditional values, being simple, modest farmers and even being a little simple-minded. Many of the farmers were from a generation that grew up in an economic environment centrally planned by the government. Members of the ICCIC explained that oftentimes the farmers had not adapted quickly enough to the economic changes that were being implemented in China. Because of this, many farmers were seen as relying on ways of farming they were more familiar with in the past. They were unable to adapt to market reforms and tended to slip back into old habits of over-reliance on government intervention in the marketplace. The ICCIC members saw the villagers as needing help. The most capable and skilled individuals from the countryside had left their villages to find jobs in the cities. Those left behind were seen as lacking the skills necessary to start a cooperative on their own.

Members from the cooperatives in Shandan also expressed a lack of confidence in their own ability. The members described themselves, first and foremost, as farmers. They talked down their own skills and saw themselves as lacking in a number of important areas. They complained about their remoteness in Shandan, the lack of infrastructure in the area and their lack of access to capital necessary to grow their farming operations. They described themselves as lacking education and culture. They felt they did not have the knowledge and skills needed to manage a cooperative. They expressed a desire to change and improve their situation but did not know where to find the information and did not believe they could do this on their own.

In contrast to the way cooperative members described themselves, they looked up to cooperative leaders for a number of reasons. In their research on cooperatives in northwest China, Garnevska et al., (2011) found that successful cooperatives often had an initiator with vision, an open mind, and an enthusiasm for innovation. Their research also concluded it was important for cooperative leaders to possess business management skills and have effective communication skills. Similarly, this study also found the cooperatives in Shandan were overwhelmingly led by individuals who were well respected by their cooperative members. This sense of respect was not only due to their position, or title, as cooperative leader but there was also a level of personal admiration for the skills and knowledge the leaders possessed. The cooperatives studied in Shandan were often led by the person who originally initiated the discussion of forming the cooperative. As initiators of the cooperative, the leaders in Shandan could usually articulate the benefits and characteristics of the cooperative model better than the cooperative members interviewed in this study. Their effective communication skills were necessary to bring members of the community together to form the cooperative. In a study of cooperatives in Hong Kong, Ng & Ng (2009) also found those who built the cooperatives up from the ground tended to have a more solid grasp and appreciation of cooperative principles than those who joined later. Even before the formation of their cooperative, in most cases, the cooperative leaders had many years of experience in the particular farming the cooperative was seeking to form. They had demonstrated to those around them they had the necessary skills to successfully manage their own farming operations. Cooperative leaders demonstrated vision, as they saw an opportunity to expand their own business operations by working together with farmers in their community. By forming a cooperative, the cooperative

leaders exhibited an openness to change as they searched for new distribution channels beyond their established marketplace in Shandan County.

The personal connections the cooperative leaders had outside Shandan County meant the leader had the confidence to go out and search for the relevant markets needed for the supply and distribution of the cooperative's produce. For example, in one of the cooperatives in Shandan, the members explained the cooperative leader would leave the village for long periods of time. He would go out to purchase the farming inputs needed for the cooperative to operate. The cooperative members would not be involved in this procurement process. The cooperative leader could arrange transportation to deliver the goods to the village and then coordinate with the members for the distribution of these goods. A few of the members described the willingness of their leader to go out and discover these new markets as courageous. Many of the cooperative members commented that their inability to speak the 'common language' (Mandarin Chinese) inhibited their ability to be the leader of their cooperative as they would be unable to go out and coordinate the purchasing and selling of goods beyond where their local dialect was spoken.

Cooperative members also frequently commented the cooperative leader was often their sole source of information regarding the strategic direction and focus of their cooperative activities. The members could perform the day-to-day tasks required to grow their vegetables, or raise their animals but they did not understand how the market operated for their farming outputs. The cooperative members saw one of the leader's roles as conducting market research and providing this valuable information back to the membership. Without this information, many of the members of the cooperative felt the cooperative could not develop successfully and would ultimately fail. Some of the members commented they could not read, or could not use the internet. They could not understand market information, even if it was written down in front of them. For this reason, they relied on the cooperative leader to relay information about the market conditions for their produce back to them. One group of cooperative members described how the leader would return from a visit to the market and go from house to house to tell each member how many lambs they needed to purchase and how many sheep each household should be grazing in total for that year. The cooperative members felt the leader's ability to gather this information and communicate it in simple terms for them to understand was a vital skill for the cooperative leader to possess. The

cooperative members felt the relaying of information between the members and the markets increased the influence the leader had over the cooperative's decision-making process. However, this seemed unavoidable as the leader was the only one able to perform this role.

The decision to elect the leader of the cooperative to their position was also based on the leaders' life experiences and abilities. Liang & Hendriske (2013) found that leaders of cooperatives in China often had experience working in government departments. In their research on cooperatives in Northwest China, Saunders & Bromwich (2012) found, in many cases, this work experience included roles as past (or even present) village leaders. They also expressed concern that overly influential leaders could restrict the ability of ordinary members to solve their own problems and engage in WD. The research from this study in Shandan also confirms that many of the cooperative leaders in Shandan were influential village leaders prior to the establishment of the cooperative.

Due to this experience, members spoke of their leaders as having the skills and ability necessary to manage a business. There was trust placed in the leader by the cooperative members who felt the leader was the most qualified for this position. This qualification was not based on educational attainments such as an MBA but rather, the members' trust in the track record of the leader. Drawing on their own observations of the leaders' performance prior to forming the cooperative, most of the members stated they were confident in their leader's ability to be in their position. Many of the cooperative members also commented on how they had observed the way the cooperative had been growing over recent years and this was a sign the leader possessed the skills necessary to continue on in the leadership position. Lacking any previous leadership experience of their own, the cooperative members felt they were not qualified to assume this role.

When decisions needed to be made, there was often a lack of input from the cooperative members themselves. From an outsider's perspective, it would be easy to assume cooperatives were lacking any substantial form of WD. The leaders could be perceived as overly influential in the management of the cooperative. However, during the interviews with cooperative members, they repeatedly described their own lack of skills, knowledge and ability as the reason why the leader dominated the decision making process. They did not have a problem with this arrangement. As explained above, the cooperative members saw their leader as someone who was: innovative,

courageous, experienced, and possessing the communication and management skills necessary to coordinate the cooperative's activities. The cooperative members explained they often felt it was unnecessary to hold a meeting to discuss economic decisions. They had trust in the business and management skills of the cooperative leader to make important decisions on their behalf. In this sense, the cooperative leaders did not see themselves as playing a repressive or restrictive role in WD. They did not ignore suggestions made by the cooperative members and did not make decisions contrary to their will. The cooperative leaders were responsible for sharing information with the members and making decisions that would bring the economic benefits the members desired.

The cooperative leaders often justified their role by explaining they had been democratically elected to their current position. This is the only situation where interview informants from within the cooperatives in Shandan explicitly used the term 'democracy' or 'democratic'. After a discussion of the term democracy and what it means to the cooperative members, this process of electing a leader once every three years was equated with WD by cooperative members and leaders. However, the notion of democracy defined by holding a democratic election every three years seemed more familiar to the cooperative leaders than continuing on with democratic decision-making processes throughout their term. The cooperative leaders emphasized that anyone in the cooperative could be the leader (although a few of the cooperative members admitted they were unsure if it was possible for them to elect an alternative leader if they wanted to). The leaders explained that multi-candidate elections were held every three years and members would raise their hands in support of them to be a leader. Generally the leaders felt they were doing a good job and there were no major problems in terms of leadership of the cooperative. In the nine cooperatives visited in Shandan during this study, there were no cases of there being any leadership challenges from other candidates.

Leaders explained the motive to be in their current position; it was a repeat of the many reasons given by the cooperative members above. Leaders emphasized the importance of doing their own job well before they were able to influence others. They needed to be successful in their own farming activities because they felt the cooperative members tended to only really believe the things they could physically see. Many of the leaders talked very vaguely about having 'experience in society' as a reason for members having faith in them. Only one of the leaders interviewed

openly talked about being the village leader prior to being the leader of the cooperative – stating that this was the reason he felt he was elected to be the leader of the cooperative. For the others, it remains unknown whether their reluctance to go into detail of their ‘experience in society’ was humility on their part, or avoiding the association of village leadership with cooperative leadership. Nonetheless, most leaders expressed that if they had a good track record of contribution to the cooperative and gave good direction through the decisions they made, they felt as though they would gain more influence. Many of the leaders also mentioned that the more people who joined the cooperative, the more influence they would need.

Cooperative leaders outlined a few practical factors that made leading the cooperative and facilitating WD a lot easier in Shandan. For example, the physical distance cooperative members lived from each other was very close. Usually the cooperatives were based within the one village so members could meet together often in casual settings to discuss cooperative issues. Cooperative leaders commented that they saw the cooperative members almost every day and had the opportunity to talk about any issues the cooperative was facing. Cooperative members could meet with the leader casually and discuss these issues almost anytime they wanted. Both leaders and members of the cooperative felt this diminished the need to hold formal meetings at set times during the year. The homogeneity of the membership within the cooperatives also assisted the decision making process. Cooperative leaders commented that the shared dialect amongst the members allowed for convenient communication and they could make a quick phone call to members to explain issues if they were not at home when the leader stopped by. Liang & Hendriske (2013) found the costs of decision-making and coordination were relatively lower if members spoke the same dialect. However, in Shandan, the dialect of membership led to problems of sharing information. Any training programmes from the ICCIC or other central government initiatives to assist cooperatives would need interpreters to accompany the training staff of these programmes. This was an added cost that needed to be considered. Experiences from community cooperatives suggest WD may be best sustained by establishing a cooperative within a neighbourhood base to ensure active membership (Somerville, 2007). Hansmann, (1990) and Mansbridge (1983) also argued WD could only be achieved in small homogeneous organizations.

In conclusion, this section has offered a re-evaluation of the way leaders may be seen by outsiders to dominate the decision making process. By using a Foucauldian power/knowledge perspective to explore this issue, the (over)reliance of members to seek out the cooperative leaders as a source for ‘truth’ about basic business functions related to the cooperative such as procurement, finance, marketing, logistics etc. led to a situation where the discourse regarding WD became a discourse about ‘competency’. The members subjectively described themselves as lacking the knowledge and skills necessary to manage a cooperative, or even confidently contribute to the decision making process. Due to the perceived competency of the leader, trust was placed in them to make decisions on behalf of the membership.

This section has explained that cooperative leaders do not hold the decision making power and they do not use this to repress or restrict participation in the decision-making process by the members. On the contrary, it is often the cooperative members who desired the leader to make decisions on their behalf. Thus we can see the relationships of power expressed through this discourse of ‘competency’. As Foucault stated, “[power] circulates... and functions only when it is part of a chain...exercised through networks (Foucault, 1980:98). The way the cooperative members subjectively described themselves as lacking the skills and ability to participate in WD meant the membership sought out a more traditional boss-employee type of relationship, possibly more commonly seen in organizations that do not pursue WD in their management systems.

The cooperative members did not regularly question the guidance of the cooperative leader or seek to challenge them on aspects of their management decisions. The cooperative members elected a leader they trusted to do a job where they felt under-qualified. Within the discourse of ‘competency’, the most important aspects of WD described by the members were twofold: 1) transparency, or the sharing of accurate market information in clear and simple terms and 2) a sense of accountability from the leader for decisions they made which could ensure the successful growth of the cooperative.

The exploration of the relationship between cooperative leaders and the cooperative members in this section has outlined a view that moves away from a proposition that members’ participation is restricted by cooperative leaders (Saunders & Bromwich, 2012). The power relationships

explored in this section see the members as supportive, rather than submissive to the decision-making role of the cooperative leader. For the members, the willingness of the leader to openly discuss and share the reasoning for their decisions is a key characteristic of WD within the management of their cooperative.

8.3 The Chinese Communist Party and its relationship to Workplace Democracy in the Shandan cooperatives

This section explores the role of the CCP within the cooperatives in Shandan. Throughout the data collection process, interview informants referred to the CCP as ‘the state’, ‘the country’, ‘the party’, or ‘the government’. For the purpose of clarity and simplicity, these various terms will hereafter be referred to as the CCP. Although this study did not set out to focus on the role of the CCP in cooperative WD, as the data collection process progressed, it became apparent the role of government needed to be taken into account if a fuller picture of WD in Chinese cooperatives was to be presented. This section argues the CCP, rather than having a repressive or controlling role, was often described as having a facilitative and supportive role. I have chosen to name the discourse used by interview informants to describe the role of the CCP as ‘eminence’. Cooperative members actively sought out help from the government in order for the cooperative to be successfully run. Many interview respondents seemed to think cooperatives could not develop in China without the support and help of the CCP. Surprisingly to me, rather than WD in cooperatives being seen as a threat to the local authority of the CCP, cooperative members actively sought the assistance of the CCP through WD.

As outlined in section 4.5, Foucault described the State, not as a pre-constituted source of autonomous power, but rather, an institutionalization of multiple power relations. These relations are constantly being (re)defined through a process of continuing struggles and confrontations (Jessop, 2006). An omnipotent State apparatus is not able to occupy the whole field of actual power relations so it must rely on existing power networks such as the family, kinship, knowledge, technology and so on (Gordon, 1980). This section does not analyze the broader super-structural power relations of the CCP per se, that would be a far too ambitious task for the purposes of this thesis. Instead, this section revisits some of the themes presented in the previous two chapters that

relate to the CCP and its power networks operating within the cooperatives in Shandan. It analyzes and discusses how these power networks involving the CCP influence the attitudes and behaviors of cooperative members engaging in WD.

Firstly, this section outlines the characteristics of the CCP as described by interview informants. The importance of the CCP's role is discussed at the local level as the influence of the CCP intertwines with the activities of the cooperatives in Shandan. Secondly, the disappointments expressed by some of the interview informants are discussed in order to further illustrate the expectations that some of the informants had in the role of the CCP. Thirdly, the complex power networks the CCP and cooperative members operate within are introduced. Lastly, a discussion on how the absence of political activism in Chinese cooperatives can potentially lead to behaviors that influence the function of WD is presented. From one perspective, these behaviours may seem to have a restrictive influence on WD. However, through the discussion of power relations presented in this section, it is argued that the seemingly compliant behavior described by interview informants is in fact a productive and necessary way to deal with the realities of WD within cooperatives in China.

In their research of cooperatives in China, Clegg & Cook (2009) found, due to their small membership size, many Chinese cooperatives sought close links with local government officials and village leaders in an attempt to protect themselves from some of the instability in rural markets. The findings of this research supported the findings of Clegg & Cook (2009). Starting from the initial interviews conducted with executive board members of the ICCIC, interview informants explained the importance of receiving help from the CCP. One of the interview informants from the ICCIC in Shanghai explained that having good relationships, or 'guanxi', with CCP officials was both essential and beneficial for the development of cooperatives in China. The informant elaborated on this, stating even 'pure cooperatives' (meaning those independent of CCP appointed leaders and pursuing WD) still needed to maintain close relations with CCP officials in order to be successful. This informant even speculated that Chinese cooperatives would disappear in time if close relationships with CCP officials were not maintained.

The role the CCP played seemed to be both material and psychological. A cooperative trainer in Shandan explained that psychologically a lot of cooperative members in the region had grown up during an era of having a planned economy. Even with market reforms, many of these farmers still looked to the CCP for economic guidance and support. Though the CCP were no longer seen to be directly interfering with rural markets compared to the past, the interview informant stressed the role of the CCP could not be ignored. He gave an example of the 11th Five-year plan announced by the CCP. In this plan, the central government broadly encouraged the need for community development in rural areas. Although the 11th Five-year plan did not specifically mention cooperatives, the cooperative trainer felt this declaration was a major factor in many of the provincial and local governments across China taking an interest in establishing cooperatives: it fulfilled the central governments push for community development.

Cooperative leaders also acknowledged the importance of the CCP as a source of information about cooperatives. In the same way the cooperative members often looked to cooperative leaders for ‘truth’ about cooperatives, cooperative leaders looked, in turn, to CCP officials as their source for ‘truth’ about cooperatives. Many of the cooperative leaders stated the first time they heard about the cooperative model of farming was through promotions by the provincial and local government. Visits from local CCP officials were explained as being particularly important as local officials were seen as having the authority to implement national policy. Most of the cooperative leaders were aware there was now a law in China that allowed for the formation of farming cooperatives (although they did not go into any specific details on this law and only a few were aware of when the 2007 cooperative law was passed). Many of the leaders explained the CCP at the county level had given them permission and had supported them to form their cooperative. Having received this permission and support, the leaders felt they were now free to conduct the cooperative by themselves.

For the most part, cooperative members explained support from the CCP was important, if not essential, for the development of cooperatives in Shandan. A few of the members from one of the cooperatives in this study explained that workers employed by the CCP regularly visited them. It wasn’t known if these ‘workers’ were CCP members themselves. What was clear to the cooperative members was that these workers were sent by the CCP to assist the development of their

cooperative. During these visits, the cooperative members explained these workers helped them to solve problems by providing information and skills training. They promoted the benefits of the cooperative enterprise and in some cases provided capital. In another cooperative, the members explained the village and county officials had provided them with the animals they needed to initially form the cooperative. These cooperative members were also aware of the role the CCP played in providing the infrastructure needed for their cooperative to operate. Members explained the CCP had invested money to connect their villages to water and electricity grids. In recent years there had also been local investment in improving roads in the area. The result of this was an increased ability to farm the land that was almost inaccessible to them just a few years ago. After the construction of new roads, the cooperative members stated they saw this as a sign the CCP was supporting their cooperative and they were confident the new infrastructure would allow them to successfully develop their farming ability in the future.

Despite the benefits the interview informants felt the CCP provided for the development of cooperatives in China, there were a number of areas where they expressed dissatisfaction and disappointment with the actions of the CCP. For example, a member of the ICCIC executive board in Beijing explained the CCP had good intentions for promoting cooperatives. However, this was a top down approach. Farmers were basically threatened if they did not follow the CCP's plan of establishing cooperatives. The ICCIC member explained that many farmers would not receive funding from the CCP if they were not part of a registered cooperative. Without adequate understanding of the cooperative model, farmers would form cooperatives that were disorganized and did not operate as a cooperative. They were registered as a cooperative to satisfy government targets but were cooperatives in name only.

A cooperative trainer in Shandan also expressed concern about the emphasis the CCP put on reaching targets on the number of cooperatives registered in China. The trainer felt local CCP officials themselves did not know what a cooperative was or how it was supposed to operate. There was no emphasis on the cooperative principle of WD from cooperatives established to reach these targets. Provincial CCP departments would offer a 30,000 RMB incentive for farmers to form a cooperative in order to meet targets set by the central CCP. Once the provincial CCP department had reached their target, they considered their work to be done and there was nowhere for members

to turn for assistance in running their cooperative after they had been registered. The trainer also expressed concern at this approach of giving incentives stating it opened up opportunities for entrepreneurs to convince farmers to register as a cooperative. The entrepreneurs could keep the 30,000 RMB for themselves, without passing the money onto the farmers in the cooperative. This trainer felt that in order for the cooperative members to benefit from the CPP policy, the desire to establish a cooperative needed to come from the cooperative members themselves.

One of the cooperative leaders interviewed openly expressed his concern about CCP support of cooperative development in Shandan. In his opinion, there were fewer problems with the operation of the cooperatives and more problems with the operation of the CCP. This leader accused the CCP of not paying any attention to the cooperative once it had been formed. He claimed local CCP officials do not put any effort into helping the cooperative develop and use their positions to enjoy a lavish lifestyle where they claimed to be helping the common people but spent most of their time away from Shandan.

A small number of cooperative members also expressed disappointment in the CCP for many of the same reasons given by the cooperative leaders and trainers outlined above. The cooperative members explained they were not looking for direct leadership of their business operations from the CCP, they were only asking for policies that would help them develop on their own. The members felt they were not treated as being special, although they were made to feel they would be after they followed the direction of the CCP to form a cooperative. The cooperative members explained that at times, when they approached local CCP officials for guidance, the officials would tell them they were busy and had no time to help. There was a feeling of abandonment from a few of the members who expressed disappointment the CCP did not care about their cooperative once it had been established.

One cooperative member went as far as to say that, not only were members being ignored, but he also felt they were being purposely misled by the CCP. This member gave the example of not knowing about the CCP policy of giving monetary incentives to form a cooperative. This member felt it was the responsibility of the CCP to make this information public when they promoted the benefits of forming a cooperative. This member only found out about the monetary incentive after

talking with someone they knew personally at the local Agricultural Bureau. Even the cooperative members who complained about the lack of support from the CCP acknowledged the CCP had the ability and potential to help them. Most of the cooperative members in Shandan explained situations where they had received help and support from the CCP. They reinforced comments from ICCIC members that having government support was vital for the cooperative's ongoing survival. There was a general feeling amongst cooperative members that without CCP support, their organization was not a legitimate cooperative. However, there were a small group of members who still felt the CCP needed to do a lot more for their cooperatives to be successful in the long term.

In a study of five industrial cooperatives in Kolkata, India, Bhowmik & Sarker, (2002) found that State support for cooperatives was a prerequisite for their success. The interview informants in Shandan also considered support from the CCP as a necessary element in the success of their cooperative. However, they also expressed concern their physical location was too remote in Shandan. The cooperative members were detached and aloof to the decisions being made in Beijing. Many interview informants in Shandan had much more frequent interactions with local village and county officials who they saw as qualified representatives of the CCP. These local officials were seen as helpful in spreading information and supporting the establishment of cooperatives but a few of the interview informants raised concerns that the local officials were only concerned in reaching targets set by the central government and did not have a genuine concern in providing ongoing support for the cooperatives in Shandan.

The leaders and members of the cooperatives in Shandan often described the complex network of governance in China in a very objective way. Terms such as 'the country', 'the party', or 'the state' were frequently used to describe the government in China; almost as if the 'the country' was a physical entity that was meant to be providing material support for them. Despite being ill informed of CCP policy regarding cooperatives, interview informants in Shandan expressed an expectation 'the country' was responsible for the success or failure of their cooperative. They felt as though they needed to be led and guided by 'the country' and they were incapable of operating their cooperative without the support that 'the State' or, 'the country' provided them. Their

description of the State as possessing the power necessary to produce successful cooperatives in China is a focal point from which power relations can be explored.

As Foucault proposed, an analysis of power relations must go beyond the perspective that power is located in the State as an institution that is endowed with, and exerts power from a central point (Gordon, 1980). In reality, the State is super-structural, an open cluster of relationships relying on a whole series of power networks which sustain its influence. From this perspective, we cannot assume the CCP inherently possesses power to act as an omnipotent institution dominating the operation of Chinese cooperatives. It is a more a circular network where interview informants simultaneously respond to, and exercise power themselves. Responses from the ICCIC members, supported by comments from cooperative trainers in Shandan, gave examples of existing power networks based on history, culture and economic conditions to explain the trajectory of power relations between cooperative members and the CCP.

Most of the interview respondents from the ICCIC explained that historically, the relatively recent influence of Mao's attempts to centralize the collection and distribution of agricultural produce is rooted in the consciousness of many of the older cooperative members in China. Although the CCP has been aggressively moving towards a market orientated rural economy for over three decades, many of the cooperative members still have a lingering sense of responsibility placed in the CCP's duty to guarantee a market for their produce. Culturally, the influence of Confucius thought was also described by a few of the ICCIC members as being integral to the worldview of the Chinese people. The emphasis of Confucius on maintaining social harmony by respecting hierarchical relationships acts as a basis from which interactions between CCP officials and farmers are constructed. From an economic perspective, a cooperative trainer in Shandan explained many of the farmers in the area were very aware that Gansu Province is lagging behind the fast paced economic growth being seen in other areas of China. Some of the cooperative members also specifically stated they were aware of the CCP's experimental economic intervention in provinces such as Guangdong where the creation of Special Economic Zones had led to the rapid rise in income for people in that area. They expressed a desire for similarly favorable economic policies to be extended to them in Gansu. These examples of historical, cultural and economic conditions give a brief example of the complex networks, or grid, in which power relations between the CCP

and cooperative members operated. By no means should these examples be considered a conclusive summary, but rather, they are indicative of the multiple and indefinite number of conditions influencing power relations between the CCP and cooperative members in Shandan.

The final part of this section will argue that the political values and ideology essential to a functioning ‘democratic consciousness’ (Bernstein, 1976) are (at least at present), absent from the environment in which Chinese cooperatives operate. While some of these elements may have historically contributed to the ideology originally contributed towards cooperative development in China, they have largely faded from the discourse cooperative members used to describe the reasons for participating in their cooperative organizations.

Drawing on the work of several researchers who identified individual elements of consciousness that seemed critical to WD (Argyis, 1954; Freire, 1974; Maslow, 1964; Theobald, 1970; Bernstein and Young, 1973), Bernstein (1976, 1982) outlined a specific set of traits that characterize, what he termed, a ‘democratic consciousness’. Essentially, these traits were seen as a general direction leaning towards 1) self-reliance, 2) flexibility, and 3) activism. These traits do not necessarily need to be present in an absolute form; rather, they indicate tendencies required to sustain WD. Collectively these tendencies were summarized as ‘resistance’. Cornforth (1995) also saw an important relationship between resistance and WD. His research proposed a strong link between resistance-orientated social movements and the maintenance of democratic values and culture within cooperatives. Rothschild-Whitt and Lindenfeld (1982) also argued WD in cooperatives is not possible without a parallel political movement aimed at democratizing existing hierarchical organizations.

It is true the origins of ICCIC or ‘Gung Ho’ cooperatives had strong links to activism and opposition. The Gung Ho cooperatives were created as a resistance movement against Japanese aggression on the Chinese mainland during the 1940’s (see section 2.2). However, as the Japanese were driven out of China at the end of WWII, the Gung Ho movement was institutionalized within the political framework of the planned economy. The activist, oppositional and revolutionary attitudes, which encouraged the formation of cooperatives in China’s past, are non-existent today. Cooperatives have become a form of organization that conforms to market pressures and CCP

policy rather than actively seeking an alternative to them. The values and attitudes of cooperatives as tools for activism and opposition have been replaced with a desire to become part of China's economic success story. Forming cooperatives is a mechanism for farming communities to have access to a marketplace where they would be excluded from as individuals.

A sense of resistance, activism, or being part of a social or political movement was noticeably absent from the responses of cooperative members in Shandan. In fact, the opposite seemed to be true. The cooperative members embraced the role of the CCP as being essential to the very existence of their cooperative organization. There was an over-reliance on CCP support and a reluctance to seek alternative funding sources, training opportunities, and other forms of guidance beyond those provided to them by the CCP. The interview informants did not see their involvement in their cooperative as a revolutionary mechanism to challenge a hierarchical system but rather, they seemed to use WD to replicate a very hierarchical system within their own organization (i.e. in cases where cooperative members elected the existing village leader to be the leader of their cooperative). Bernstein (1982) argued the lack of 'democratic consciousness', would lead to compliant and passive behavior by members of organizations pursuing WD. Without tendencies towards self-reliance, flexibility and activism, it is difficult to defend against outside influences that disrupt the functioning of WD within cooperatives.

This section has discussed the role of the CCP in Chinese cooperatives. The name chosen to describe the discourse used by the interview informants is 'eminence'. That is, the situation in Shandan points to a tendency for cooperative members in the area to rely heavily on CCP support. There is an expectation the CCP should provide more policies favorable to the operation of cooperatives in China and a sense of disappointment when this support is not provided. This reliance on the CCP does not seem to be an intentional strategy from the CCP, as they have been moving away from direct intervention in rural markets over the past three decades. The mix of historical, cultural, and economic conditions shaped the operation of power relations between CCP officials and cooperative members. Without a 'democratic consciousness' based on the values of self-reliance, flexibility and activism, WD is likely to be weakened in the long term as cooperatives seek to comply with existing power structures rather than resist them and provide an alternative power structure to the existing hierarchical system.

8.4 Conclusion

This chapter has discussed three arguments, or points of discussion, that present a unique perspective of Chinese cooperatives. Firstly, the discourses of ‘international standards’ and ‘local knowledge’ express the idea of measuring Chinese cooperatives against principles set by the ICA. This has opened up a space where the definition of a ‘true’ cooperative is challenged by the reality of the situation in Shandan as described to me by the informants from the area. The discourse of ‘true’ cooperatives in China provided an entry point to explore the power relations that Chinese cooperatives operate within. Although the cooperatives in Shandan may not conform to every ICA principle, particularly in terms of WD, the cooperative members in Shandan drew on their own experiences and defined their cooperative in much simpler terms. Lacking knowledge and understanding of international principles and the expectations that these guidelines entail, the cooperative members in Shandan looked to local requirements and personal experience to define the nature of their cooperative organization. The members were content to be identified as cooperative members although experts in cooperative development from Beijing and Shanghai labeled them as false or fake cooperative organizations.

Secondly, a discourse I have named ‘competency’ was used by interview informants in Shandan to explain the relationship between the cooperative leader and the cooperative membership. The relationship between the cooperative members and leaders was examined by re-evaluating the assumption that cooperative leaders dominated WD within the cooperatives in Shandan. For example, the election of a CCP official like the village leader to also lead the cooperative may be seen by some as a false sort of democracy because these leaders continued to make decisions largely unchallenged by the cooperative members. However, this situation was not a result of a restriction of WD by the cooperative leader. The way members subjectively and pragmatically described themselves as incapable of fully participating in important decisions making due to their lack of skills and knowledge meant they were supportive of cooperative leaders to make decisions on their behalf. Being part of the discussion of important issues and having information about the cooperative shared openly and transparently with them were the defining features of WD in the cooperatives in Shandan.

Lastly, a discourse I named ‘eminence’ was used to describe the power relations between the CCP and cooperative members. The interview informants demonstrated a strong reliance on CCP support. Members expressed disappointment when they did not receive the assistance from the CCP they thought they were entitled. The CCP were not seeking to directly control the cooperatives as they had done historically for other forms of collective farming in China. However, due to historical, cultural and economic factors, the cooperative members had come to expect CCP intervention and assistance in the operation of their business enterprise. Without a sense of resistance and an absence of a proposal for an alternative political system of governance, WD would seem unlikely to remain, or develop, as an important principal in Chinese cooperatives.

CHAPTER 9: CONCLUSION

This final chapter reviews the central arguments made in this thesis and considers the practical and theoretical contributions these arguments offer to the research field concerned with workplace democratization (WD) and the development of cooperative enterprises in China and beyond. This chapter is arranged into six sections. Firstly, this chapter summarizes the three key arguments this study has made. Secondly, contributions made by this thesis toward further understanding issues facing Chinese cooperatives and other organizations pursuing WD are outlined. Thirdly, the methodological contributions to the field of study are given. Fourth, the practical implications this research presents will be described. Fifth, I propose potential areas of interest for future research where other scholars could build on the efforts of this thesis. This chapter concludes by summarizing answers to the research questions this thesis set out to explore. It also emphasizes the unique theoretical framework this thesis has offered as an alternate way to examine WD within Chinese cooperatives and other democratic organizations in the future.

9.1 Key Arguments

This thesis offers three main arguments detailed in Chapter Eight. It is my hope these three points will stimulate further discussion by other researchers interested in exploring WD in Chinese cooperatives and WD in a range of other organisational structures. Firstly, this section summarizes the discussion of the meanings and definitions of a ‘true’ Chinese cooperative by revisiting the two discourses of ‘international standards’ and ‘local knowledge’. Secondly, this section summarizes the discourse of ‘competency’ as it relates to the meanings and manifestations of WD in the Shandan cooperatives. Thirdly, this section concludes by summarizing the discourse named ‘eminence’ that describes the importance interview informants placed on maintaining ties with, and receiving support from, the CCP. The ability to scrutinise these issues in Chinese cooperatives has been made possible through the use of a Foucauldian discourse analysis. This unique theoretical framework is, in itself, an important contribution to this field of study. The contribution

of this theoretical framework and approach for future research within this field is covered in section 9.3 below.

The first major outcome of this research argues there are two very different discourses circulating in Shandan, both of which attempt to describe a ‘true’ cooperative. ICCIC executive members and cooperative trainers repeated a discourse I have named ‘international standards’. This is based on the executive member’s experience and knowledge of the way cooperatives function outside of China. They look beyond the Chinese legislation to focus on ICA principles. This discourse emphasizes Chinese cooperatives are deficient in many ways, especially regarding WD. The majority of Chinese cooperatives are considered to be ‘false’ or ‘fakes’, as they did not adhere to all of the ICA principles, despite the fact that they meet the requirements under Chinese law to be registered as a cooperative enterprise.

Looking at WD in particular, the ‘international standard’ discourse also describes aspects of Chinese culture as interfering with WD truly functioning within a cooperative organization in China. An unquestioning respect for hierarchy, avoidance of public debate, and an unwillingness to challenge for a leadership role in order to ‘save face’ were examples featured in this discourse. Individuals who repeat the ‘international standard’ discourse generally see the positive impact of Chinese cooperatives on the livelihoods of their members. However, these organizations were not considered to be ‘true’ cooperatives.

In contrast to the discourse used by the ICCIC members and cooperative trainers, the cooperative leaders and members described their experience through a discourse based on ‘local knowledge’. Even though the cooperative members in Shandan realize they need outside help to operate their cooperative more successfully, the members generally look to the cooperative leader as the purveyor of ‘truth’ about what a cooperative enterprise should be. The cooperative leaders and members never mentioned the ICA or even the ICCIC when asked to define a ‘true’ cooperative. The outside help they describe is more along the lines of provincial and national government organizations offering them assistance in the form of training, finance and favourable policies.

Moreover, cooperative members in Shandan are less concerned with the principles of democracy. They generally showed little interest or understanding of WD. To them, more practical concerns surrounding increasing their income and improving the health of their livestock and annual production yield seem far more important than WD. The members work together cooperatively to achieve economies of scale. They are legally registered as a cooperative, so they are quite content to use the name cooperative even though most of the interview informants from Shandan cannot explain the difference between a cooperative and other forms of collective farming.

These two discourses illustrate what Foucault calls the ‘regime of truth’ (Foucault, 1979, 1980, 1983). The discourse of ‘international standards’ limits the domain of what proponents think should be considered to be a ‘true’ cooperative. For those who promulgate this discourse, WD is an essential principle of a ‘true’ cooperative as it is required by international standards written by those with the knowledge and expertise to have an authoritative voice on such matters. The power/knowledge relationships become apparent as ICCIC engage in promotion and training activities to change ‘Chinese style’ cooperatives into ‘true’ cooperatives. These efforts form a point on a complex web or grid of power relations. The cooperative members being trained do not recognize, or at least do not have any knowledge of the ‘international standards’ by which they are being judged. Instead, the cooperative members look to cooperative leaders and CCP institutions for guidance on what a true cooperative is. The two different discourses that explain a ‘true’ cooperative serve to identify a multiplicity of power relations and discursive constructions that produce the ‘politics of truth’ or the “establishment of domains in which true and false can be made at once ordered and pertinent” (Foucault, 1980:131).

The second major outcome, or point of discussion, this thesis presents is the discourse of ‘competency’ as used to describe the meaning of WD by cooperative members in Shandan. The competency discourse is two-pronged. On the one hand, it is used by members to subjectively describe their lack of competency; on the other hand, it was also used to describe cooperative leaders as competent business managers of the cooperative. An analysis of this discourse points to a relationship between cooperative members and leaders where power is circulated. The leaders do not restrict or repress participation in WD. Members who described themselves as lacking the knowledge and business acumen to fully participate in the decision making process of the

cooperative sought to elect leaders, who were perceived as competent, to make decisions on their behalf.

There were a number of reasons cooperative members gave to describe why they feel they are lacking in the necessary knowledge and skills to participate in WD. For instance, members complained about the remoteness of Shandan, the lack of infrastructure in the area, their lack of money or access to capital to grow their business. They also described themselves as lacking in general education (some complaining they were unable to use the internet or unable to even read). They described themselves as being ‘uncultured’, without an ability to speak the ‘common language’ (mandarin Chinese) and not confident enough to travel to regions beyond where they could communicate with others (i.e., mainly nearby counties within Gansu Province). Lacking any previous leadership experience of their own, the cooperative members expressed their belief they were not qualified to assume the role of leader.

Overwhelmingly, the cooperatives in this study are led by individuals who are admired by the cooperative members for the skills and knowledge they possess. Many of the cooperative leaders in Shandan are influential village leaders and held this position prior to the establishment of the cooperative. Even before the formation of their cooperative, in most cases, these potential cooperative leaders had demonstrated many years of successful farming experience and the requisite skills to bring to the proposed cooperative. Cooperative members frequently comment the cooperative leader is their sole source of information regarding the strategic direction and focus of their cooperative activities. Cooperative leaders exhibited vision and enterprise, as they saw an opportunity to expand their own business operations by working together with farmers in their community. The personal connections the cooperative leaders had outside Shandan County implied the leader has the confidence to go out and search for the relevant markets needed for the supply and distribution of the cooperative’s produce.

Cooperative leaders often justified their position and influence in the decision making process by explaining they had been democratically elected to their current position. To this effect, the election of a leader every three years is equated with WD rather than continuing to actively engage with democratic decision-making processes throughout the term of the leader. Both leaders and

members of the cooperative feel the close proximity of the membership diminishes the need to hold formal meetings and set times during the year. The cooperatives are based within the village so members can meet together often in casual settings to discuss cooperative issues. Cooperative leaders see the cooperative members almost every day. Hence, the leaders frequently have the opportunity to talk with members about any issues the cooperative is facing at almost any time they want. The closeness and casualness of the interpersonal relationships between the leader and the membership contributes to the lack of formal procedures regarding WD.

By using a Foucauldian power/knowledge perspective to explore the web of power relations regarding WD, it is possible to frame the (over)reliance of members to seek out the cooperative leaders as a source of ‘truth’ and the discourse regarding WD in Shandan could be defined as a discourse about ‘competency’. Within the discourse of ‘competency’, the most important aspects of WD described by the members are transparency and accountability. The cooperative members do not regularly question the guidance of the cooperative leader or seek to challenge them on aspects of their management decisions. The cooperative members elect a leader they trust to do a job they themselves feel they are unable to do. This second point of discussion precipitates a re-evaluation of the way leaders may be seen by outsiders to dominate the decision making process. In this regard, cooperative leaders do not hold the decision making power and use this to repress or restrict participation in the decision-making process by the members. On the contrary, it is often the cooperative members who desired the leader to make decisions on their behalf.

The third and last point of discussion argues that the CCP, rather than having a repressive or controlling role, is often described as having a facilitative and supportive role. I have named the discourse used by interview informants to describe the role of the CCP as ‘eminence’. This term is used here to account for the fact many interview respondents seem to think cooperatives could not develop in China without the support and help of the CCP. To this end, many cooperative members actively seek out help from the government in order for the cooperative to be successfully run.

Having good relationships, or ‘guanxi’, with CCP officials is seen as being both essential and beneficial for the development of cooperatives in China. If close relationships with CCP officials are not maintained, some of the interview informants speculate cooperatives in China would

gradually disappear over time. In the same way the cooperative members often look to cooperative leaders for ‘truth’, cooperative leaders also look to CCP officials as their source of ‘truth’ about cooperatives. Many leaders, for instance, stated the first time they heard about the cooperative model of farming was through promotions by the provincial and local government. Visits from local CCP officials are explained as being particularly important. Local officials are seen as having the authority to implement national policy. Moreover, many of the leaders explain the CCP at the county level had given them permission and have supported them to form their cooperative. Having received this permission and support, the leaders feel they are now free to conduct the cooperative by themselves.

The role of the CCP seems to be both material and psychological. Members explained the CCP provided material help by providing animals for the members and building new roads out to their farms. A lot of cooperative members in the region had grown up during an era of having a planned economy. Even with market reforms, many of these farmers still look to the CCP for economic guidance and support. However, members also expressed concern that their physical location was too remote in Shandan. The cooperative members feel detached and aloof from decisions being made in Beijing. Despite being ill informed of CCP policy regarding cooperatives, interview informants in Shandan express an expectation that ‘the country’ is responsible for the success or failure of their cooperative. They felt as though they needed to be led and guided by ‘the country’ and that they were incapable of operating their cooperative without the support ‘the State’ or, ‘the country’ provided them.

The activist, oppositional and revolutionary attitudes, which encouraged the formation of cooperatives in China’s past, seemed to be non-existent today. Cooperatives have become a form of organization that conforms to market pressures and CCP policy rather than actively seeking an alternative to them. The values and attitudes of cooperatives as tools for activism and opposition have been replaced with a desire to become part of China’s economic success story. In this regard, cooperative members seemed to use WD to replicate a very hierarchical system within their own organization (i.e. in cases where cooperative members elected the existing village leader to be the leader of their cooperative).

This last discussion point makes use of a discourse named ‘eminence’ to explain the role of the CCP in Chinese cooperatives. The cooperative members embrace the role of the CCP as being essential to the very existence of their cooperative organization. There is an over-reliance on CCP support and a reluctance to seek alternative funding sources, training opportunities, and other forms of guidance beyond those provided to them by the CCP. There is an expectation the CCP should provide more policies favorable to the operation of cooperatives in China and a sense of disappointment when this support is not provided. This reliance on the CCP does not seem to be an intentional strategy from the CCP, as they have been moving away from direct intervention in rural markets over the past three decades. The historical, cultural, and economic conditions that the power relations between CCP officials and cooperative members operate within shape the reality of this relationship.

In conclusion, the points of discussion raised in this thesis serve to question some of the assumptions that, on the surface, may appear as if WD is being purposely repressed in Chinese cooperatives. A discourse of ‘local knowledge’ expresses a lack of understanding and awareness by cooperative members in Shandan about foreign principles and a discourse of ‘international standards’ is used to define ‘true’ cooperatives. From the members’ perspective, they are a true cooperative because they have been legally registered under Chinese law. Also, their organization works cooperatively together for each member’s mutual benefit. This thesis does not seek to judge which one of these discourses is ‘correct’. Rather, the discourse analysis used to explore this issue opens up a discussion concerning power relations as they relate to attempting to define a ‘true’ cooperative in China.

This thesis has also proposed a re-evaluation of a possible assumption that cooperative leaders or the CCP are repressing WD in Chinese cooperatives. The discourses of ‘competency’ and ‘eminence’ explain a perspective that describes cooperative members who actively seek out the cooperative leaders and the CCP in order to be led. The members are not confident in their own skill and ability to participate in WD processes. They are materially and psychologically dependent on the CCP who they feel must endorse, support and provide for their cooperative if it is to be successful. The exploration of WD using an FDA has allowed for an alternative perspective to understand the complex web of power relations that exist in Chinese cooperatives.

9.2 Contributions to the study of workplace democracy and cooperatives

This section outlines the main contributions this study makes to the field of research concerned with WD. The relevance of this study is not only limited to cooperatives in north-west China. Elements of this study are relevant to cooperatives in other areas of China and across the world. There are also implications for organizational structures that seek to implement various forms of WD (see section 3.2). Firstly, this section will reiterate the value of using the term WD to explore democracy in the workplace. Secondly, the importance of awareness to management intentions when implementing a form of WD is discussed. Thirdly, the influence of the cultural and political environment on developing WD is considered. Fourth, issues regarding the demographics of organizational members are touched upon. In conclusion, this section presents a challenge to the idea that WD is repressed by leaders and the CCP. A new perspective of the relationship between the cooperative members and cooperative leaders is put forward by the arguments made in this study.

As outlined in section 3.3, the term ‘workplace democratization’ is a helpful starting point for exploring the meanings and manifestations of democracy in the workplace. This approach is not only of value within cooperatives in China, it can also be used as an approach to explore a broad range of organizations claiming to be democratically managed (Bernstein, 1976; 1982). The principle of democracy within a cooperative is often expressed through a ‘one member, one vote’ decision making system. However, concessions often need to be made in order to increase decision making efficiency as cooperatives grow in size. By definition, a cooperative is 100% owned and democratically controlled by its members. Therefore, cooperative membership effectively bypasses the need for union representation, collective bargaining, co-determination, managerial democracy etc. Using the term WD to explore democracy embodies a much fuller concept. It is not simply an avenue for members of a cooperative or workers to voice their opinions or bargain for favourable conditions with their managers. WD can offer a complete transformation of power relations, enabling cooperative members to sway managerial decisions and even choose who their managers are.

This study points out some of the differences in meanings that are manifest when WD is implemented within a culture that does not traditionally value democratic forms of decision making. Due to contextual differences, WD should not be used as a pre-existing universal definition to evaluate the operation of democratic decision making with a cooperative. There is a need to explore the term in each setting where forms of WD are implemented. Bernstein prefers the term ‘democratization’ rather than ‘democracy’ and suggests that studies in this area should be focused on the process of transformation. Bernstein states that “in all probability, there is no fixed, single, or final state of workplace democracy” (1976:4). Thus, as organizations continue to mature and develop, it would seem a useful starting point to continue to utilize the term WD in future studies exploring democratic member control in cooperatives and other democratic management systems more broadly.

The key findings of this study raise important issues for research more specifically focused on WD within cooperative management. As discussed in section 6.1, a few of the interview informants from the cooperatives in Shandan were not even aware they were members of a registered cooperative. Most were aware that they were part of a cooperative but could not define the difference between a cooperative enterprise and other forms of collective farming. Most importantly, members relied on local knowledge and experience to shape their understanding of their cooperative. Rather than looking to global experiences of textbook definitions, the reliance on local knowledge and experience to understand and define their organization was also reflected in research conducted in China by Clegg & Cook (2008), and Han (2008).

The discourse of ‘international standards’ (see section 8.1) frames the discussion of cooperative identity in Shandan. The ICCIC and trainers were pushing a definition of cooperatives that had yet to be received or was even being resisted by cooperative members. Overwhelmingly, the definitions outlined by the ICA were simply not known to cooperative members in this study. More specifically, they did not know that cooperatives, by definition, should be democratically managed. When asked about the meaning and manifestation of WD in their cooperative, they did not feel it was as an important or defining principle of their organization. Unlike at the creation of the Gung Ho movement, the idea of empowering people to become a part of an alternative movement that

could empower individuals to resist a violent and oppressive force (i.e. Japanese invaders), the idea of defining their cooperative as being part of a movement or a form of resistance was non-existent.

Like Zheng et al., (2012), this study also found that financial and economic advantages were given as the main reason for the Chinese members to join a cooperative. This raises an important issue: perhaps the conscious choice not to participate in management decisions is in itself an expression of WD. However, it is difficult for one to argue this point very convincingly, given that most of the interview respondents could not explain what WD meant to them or were unaware that cooperatives are defined internationally as democratic organizations.

The key arguments made in this thesis also contribute to the wider field of WD research more generally. For example, this study supports the findings of studies that gives importance to the political environment that an organization operates when attempting to engage in WD. The successful implementation of WD has been found to suffer overwhelming odds if it is placed in a non-democratic context (Dachler and Wilpert, 1978; Gorz, 1973). Even with socialist governments who may encourage WD, political support may not necessarily lead to the successful implementation of WD (Clegg, 1971). Rothschild & Whitt (1986) and Russell et al. (1979) also found organizations are inclined to mimic the hierarchical practices of the organizations that surround them. The environment in which cooperatives operate in Shandan and China more broadly would seem to support these findings. The non-democratic cultural and political norms outlined in section 7.2 lead to a difficult environment from which cooperatives can develop WD in China.

Despite the difficulties of implementing WD, in section 8.2, this study has also identified some factors in the environment that are an advantage to developing WD, namely homogeneity of membership and small organization size. Hansmann, (1990) and Mansbridge (1983) argue that true WD can only be achieved in small homogeneous organizations. Sommerville (2007) suggests WD may be best sustained by embedding the enterprise firmly within a neighbourhood base to ensure an active membership. To this effect, Conforth (1995) argues small homogenous groups can hold frequent informal discussions to help develop an understanding of the organizations aims and

objectives. This means there is often no need to develop more formal and structured systems often associated with democratic management. Although some cultural and political challenges exist to complicate the implementation of WD in Shandan, the small size and homogeneity of the cooperative organizations there certainly supported the idea it can be possible for systems of WD to operate without a formalized structure.

Perhaps the main contribution this study makes to the existing literature on WD is to question previous claims about the role of leadership and government intervention. As outlined in section 8.2, the relationship between the leadership of an organization and its members can become complex when implementing WD. In this respect, the arguments made in this study challenge the idea leaders can become a threat to the collective control of an organization (Rothschild & Whitt, 1989). In China, it is common for cooperatives to be run by a small group of people (Han, 2010). Due to this fact, there is some concern cooperative members in China may not be able assert WD (Saunders & Bromwich, 2012). Zheng et al., (2012) find many cooperatives in China are actually ineffective in catering to the needs of their membership. The chairman of a cooperative can often be a former or even current village leader (Liang & Hendrikse, 2013; Saunders & Bromwich, 2012). In some circumstances, cooperative leaders can be appointed by a local government agency rather than elected by the members themselves (Zachernuk et al., 2012). Accusations have been made that claim cooperative leaders invest themselves in a cooperative in order to maintain their own prestige and political power (Zhao & Develtere, 2010).

In this study, the discourse of ‘competency’ (discussed in section 8.2) explains that the cooperative members felt they lacked the knowledge and skills necessary to participate in the management decisions of their cooperative. For this reason, they were willing to transfer control and management decisions to cooperative leaders. In turn, leaders did not actively repress or restrict WD. The members of the cooperatives felt their leader was more competent and had the ability to make the appropriate management decisions on their behalf. Also, the cooperative leaders’ former (or current) positions they may have held as members of the CCP did not seem to be an important issue for the cooperative members. To this end, section 8.3 outlines the importance interview respondents place on maintaining close ties with government officials. Having government support

for their cooperative was seen as an integral factor in the future success or failure of their organization.

9.3 Methodological Contributions

This thesis presents an alternative perspective to the commonly used quantitative studies and provides an alternative approach that is able to further analyse and understand the function and presence of WD in Chinese cooperatives. The Foucauldian power/knowledge theoretical framework used in this study embraces the contested nature of the term ‘democracy’ (see section 4.5). By looking at the concept of WD from a critical approach based on an ‘ethos’ of Foucauldian power/knowledge perspectives, this study actively explores the meaning of WD, rather than just trying to measure a predefined concept of the term. Based on data gathered through ethnographic principles, an exploration of power/knowledge relationships through discourse analysis has presented a unique but valuable way to explore WD. This approach is not only of value to further understand cooperatives: it can be applied to other forms of organizations too.

However, this theoretical framework should not be considered superior to other theoretical approaches. It merely provides an alternative perspective to understanding the meanings and manifestations of WD within the organizations under study. Future research in this field could embrace this direction and further develop the theory and methodological tools used here to make it a more effective and widely accepted approach in the future.

From the outset, it was never the intention of this thesis to provide a summary or general picture of WD within cooperatives in China. The data collected in this study was from individuals who have experienced a unique and specific example of cooperative development in China. Of the hundreds of thousands of cooperatives that are now officially registered in China, the legacy of Rewi Alley, the history of the Gung Ho movement, and the modern guidance the ICCIC are a unique base from which Chinese cooperatives could develop (although affiliations with the original Gung Ho movement are not completely unheard in modern day cooperatives in other areas of China, see Clegg & Cook, 2009; Sachs, 2012). The association of the cooperatives in this study with the NZCFS, ICCIC and the ICCIC have no doubt played a role in the production of a discourse around

international standards and the importance ICA principles. This was a major focus of the discussion section of this thesis. This ‘international standards’ discourse could likely feature in a discussion of other agricultural cooperatives where international agencies were the catalyst for their creation. The findings of this thesis should not be considered a general overview of conditions within cooperatives around the world, or even across China. However, as outlined in section 9.2, there are a number of arguments made in this study that are relevant to the broad field of study concerned with WD and cooperative management.

It was my intention to develop an alternative approach to exploring WD within Chinese cooperatives. I feel I have successfully offered an example of how examining WD using a distinctive, theoretical framework based on the work of Foucault’s power/knowledge can allow a unique perspective. Furthermore I have addressed where future studies can explore WD in both cooperatives and WD in other organizations more broadly. By building on the work of Cathcart (2013) and her study of WD within the John Lewis Partnership, I have more clearly outlined an approach to FDA (see section 5.7) using stages of FDA proposed by Tonkiss (2004). It is my hope that future research examining WD can consider the theoretical framework and methodology used in this study as an alternative approach to the quantitative studies that have dominated the small number of published articles which consider democratic decision making in Chinese cooperatives (see Clegg, 2008; Hu et al., 2007; Jia et al., 2010; Liang & Hendriske, 2013; Saunders & Bromwich 2012; Zheng et al., 2012).

9.4 Practical Implications

Although this study did not set out to explore the more practical aspects of members’ participation in the cooperatives such as farming skills, finances, supply chains etc., there is one key practical implication of this study I would like to briefly mention here. This is the desperate need for education and training amongst members of the cooperatives in Shandan. The key arguments of this study would likely be radically different if cooperative members in this study had more opportunities to receive even basic formal education and technical training. This thesis is not the first study to identify this need in China (Garnevskaja et al., 2011; Ng & Ng, 2009; Saunders & Bromwich, 2012; Zachernuk et al., 2012; Zheng et al., 2012), and in cooperatives around the world

(Adato, 1994; Bhowmik & Sarker, 2002; Hernandez, 2006; Long, 1982; Rothschild-Whitt & Lindenfeld, 1982; Varman & Chakrabarti, 2004).

The discourse around what constitutes a real cooperative would no doubt be different if members had heard of the ICA and had even a vague knowledge of internationally recognized cooperative principles. The members would most likely be less reliant on the leader of their cooperative if they felt confident in their own ability and had a basic understanding of business management concepts such as marketing, accounting and finance.

A better understanding of the law, and access to materials members could easily understand would likely increase their knowledge of their rights as cooperative members. During my field studies in Gansu Province, I travelled to the neighbouring province of Xinjiang Province. Although I did not conduct any interviews there, I met a member on an NGO who had translated some rather complex health and sanitation information into a cartoon comic style book that was fun to read and something illiterate people in the region could easily comprehend. Something like that could be of great use to the people of Shandan who, for example, might not feel confident to read legal documents related to their rights as cooperative members. This would also decrease their reliance on ‘word of mouth’ sources of knowledge on which they currently.

The time and resources needed to conduct widespread training for members in the area is quite formidable. Honourable efforts are underway by the NZCFS, the ICCIC, and the SCF to meet some of these training needs. In fact, I was lucky enough to attend the inaugural meeting of the Western China Cooperative Training Centre that will be based in Shandan and cover all of the provinces in the western area of China. This is no doubt an exciting development. Time will tell if the organization of a training centre will have an effect on the discourse regarding cooperative power relations in Shandan.

9.5 Future Research

This section briefly outlines four possible avenues future research(ers), including myself, may consider if looking to build on the findings presented in this thesis. Firstly, future studies need to

involve a wider geographic area to investigate the similarities and differences that emerge in the discourse used to describe WD by Chinese cooperative members. Secondly, it would add value to the discussion of WD in China if members of the CCP involved in the creation of the cooperative law were also interviewed. Thirdly, a focus on cooperatives that have received significant funding from companies who have joined the cooperative as an individual member would be of interest. This would allow for an exploration of a reoccurring issue of concern discussed by informants in this study. Fourth, another level of depth could be added by researching the reasons individuals decided not to join a cooperative or finding those who decided to leave a cooperative after early membership.

Firstly, a study of a similar focus should be extended over a wider geographic area with more interview participants from a range of different areas across China. The reason why this study was focused on such a small geographical area in Shandan was due to issues with access and the sensitivity of a foreigner researching the topic of democracy in China. I was able to gain access to the interview informants in Shandan through their connection to the work of Rewi Alley and more recently, the work of NZCFS and MFAT in Shandan. I believe, ideally, it would be better if a Chinese citizen did a follow up study to this research. It would be much easier for a local Chinese researcher, or research team, to navigate around the sensitivity of exploring the meanings and manifestations of democracy. This could be done by Chinese researchers stating the purpose of their research is to understand how aspects of the farmers' cooperative law in China are being interpreted and implemented by local farmers. If challenged by local authorities, researchers would only need to point to the law where it clearly states Chinese cooperatives should be managed democratically. In addition, the local Chinese researchers would not need to apply for a visa or be asked to provide an invitation letter to be in the place where they already live. Requiring an invitation letter was a tool I think the local security authorities used to try and restrict my access to interview informants in Shandan. In addition, local researchers would be able speak directly with farmers without the need for a translator. This would potentially solve one of the issues raised around translation of texts for discourse analysis raised in the limitations section above.

Secondly, it would be interesting to interview certain stakeholders to whom this study did not have access. For example, given the opportunity, I would have relished the chance to interview a

member of the CCP responsible for drafting policies and laws surrounding cooperatives in China. I made two attempts to contact government officials in Beijing while I was in China. The first attempt was met with a lukewarm response from the government official who praised my interest in the subject matter but explained he was unable to meet with me while I was in Beijing due to important meetings he had scheduled during my stay. The second attempt to contact a government official was met with no response at all. If I had the funds and liberty to spend a longer time in Beijing I would have pushed harder to meet these individuals. For future research, I think it would be important to include interviews from the people who actually wrote the law. It would be interesting to find the reasons why they chose to use the phrase, 'democratically managed'. It would be interesting to understand what their intentions were regarding this management style and how well they feel the reality of the situation in China reflects their desired intentions.

Thirdly, there is a need for future research to interview members of cooperatives that received investment from private companies. On a number of occasions, ICCIC executive members and cooperative trainers emphasized how many cooperatives in China were not democratically managed because decision making was dominated by companies who joined the cooperative as an individual member. These companies used their extra voting rights to influence the decision-making process in a way that benefited the interests of the company, not the cooperative and its members. It would also be interesting to not only interview members of these cooperatives but also members of the company that has joined the cooperative. Although no cooperatives I encountered in Shandan had experienced this issue, according to some of my interview informants outside of Shandan, it is apparently quite a widespread problem for cooperatives in China. Future research that aims to explore WD in Chinese cooperatives should be aware of this issue and plan to include cooperatives where this condition is a feature of its membership structure.

The fourth and final point I will raise in this section is the possibility of seeking out opportunities to interview individuals who chose not to join a cooperative. Specifically, it would be interesting to understand the reasons why farmers who produce a certain kind product do not want to become a member of a nearby cooperative that specializes in the business activities related to the goods they produce. If possible, it would also be interesting to interview individuals who had previously been a member of a cooperative but had since decided to leave the cooperative. The opportunity

to explore management related issues that resulted in individuals not wanting to join or deciding to leave a cooperative would be another level of valuable data not covered by this study. Access and confidentiality issues would be the main concerns for researchers who decide to pursue this line of enquiry. However, if access could be gained to individuals who met these criteria, an even richer set of for analysis would no doubt emerge.

This section has outlined four potential avenues that could be pursued as a part of future research exploring WD in Chinese cooperatives. Having experienced staggering growth in the number of cooperatives being registered in China since the introduction of the farmers' cooperative law in 2007, there is a need for more attention and scrutiny on the management systems used within these organizations. The use of WD as a starting point to explore power relations through discourse analysis offers a unique perspective to further understand the management of these cooperatives. As outlined above, by going beyond the relatively narrow focus of this study and extending data collection to stakeholders beyond the cooperative itself, a richer, fuller understanding of WD within Chinese cooperatives would most likely be the result.

9.6 Conclusion

This thesis has added a distinctive perspective to the field of study concerned with the management of Chinese cooperatives and other democratic organizations more generally. Through an exploration of WD using an FDA, new ways to discuss the importance of WD within Chinese cooperatives has been proposed. These discussions focus around the Foucauldian concept of knowledge/power. The unique perspectives presented here serve to offer an example of FDA as a theoretical framework that could be considered as a valuable approach for future studies within this field of research. The 'true' meanings and manifestations of WD as it was described by interview informants centred around key discourses I have named 'international standards', 'local knowledge', 'competency', and 'eminence'. As these discourses described various subjective aspects of WD, the complexity of power relations between cooperative members, leaders, trainers, the ICCIC, the CCP, the ICA and a myriad of other entangled influences such as history, culture and economics come to the forefront.

In conclusion, to answer the research questions this thesis set out to explore, namely: how are Chinese cooperatives defined? How is WD defined in Chinese cooperatives? And, how is WD manifest within the cooperative organizations under study? The interview informants generally felt that democracy was not a critical principle of defining a cooperative. Instead of formalised voting and decision making procedures, informants from the cooperatives felt transparency and open discussion were the most important elements of WD. Cooperative members relied on the competence of leaders to make decisions on their behalf as they felt they did not possess the skills necessary to actively participate in the management of cooperatives themselves. Rather than seeing a cooperative as a decision making organization independent from government control, cooperative members actively sought out government intervention and support through favourable policies, leadership, training, and finance.

The discussion of these issues had opened up a space to re-evaluate issues surrounding repression and domination in the management of Chinese cooperatives. It has offered organizations seeking to implement WD in China and around the world, a unique example of the successes and challenges of WD from the experiences of cooperatives involved with the Chinese Gung Ho movement in China. This concluding chapter has also identified the methodological and practical implications this research has offered. This has provided some exciting possibilities for future researchers who could build on the theoretical approach used by this study.

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APPENDIX A: INTERVIEW QUESTIONS FOR ICCIC MEMBERS IN BEIJING AND SHANGHAI

1. Can you tell me a little about how you heard about ICCIC and why you decided to join?
您是如何得知中国工合国际委员会（工合国际）的呢？加入这个组织的原因是什么？
2. What is your position in the organization and how would you describe your role?
在这个组织当中您的位置是什么，发挥着什么样的作用呢？
3. What assistance do you believe the ICCIC offers the development of cooperatives in China?
您觉得上海工合国际为中国合作社的发展提供了什么样的帮助？
4. When talking to people involved in the Gungho cooperatives, they often use words like 'real cooperatives' or 'true cooperatives' to describe Gungho cooperatives in comparison to 'Chinese style' cooperatives. What do you think are the major difference between Gungho cooperatives and Chinese style cooperatives?
当提到人们加入工合合作社时，人们常用“真正的合作社”来描述他，以区分与“中国式合作社”的不同。您觉得共和合作社和中国式合作社最大的不同是什么？
5. How do you think the 2007 specialized famers' cooperative law has changed the situation for farmers' cooperatives in China?
2007年的中华人民共和国农民专业合作社法改变了如今农民合作社的现状，对此您怎样认为？
6. The new law specifically states that cooperatives must be democratically managed. What does democratic management mean to you in practice?
新的法律明确规定合作社必须是民主管理，但在现实实际当中，民主管理对您意味着什么呢？

7. What do people do to encourage democratic management within the Gungho cooperatives?
在工合合作社当中人们是怎样鼓励和促进民主管理的呢？

8. In your opinion how is democratic participation functioning within the Gung-ho Cooperatives?

您认为民主参与在工合支持的合作社当中是怎样发挥作用的呢？

9. Are there specific “habits-of-mind”, and/or interpersonal skills, that can make democratic management function better? If yes, please identify (or describe) for me those mental habits or interpersonal skills.

有没有一种特别的思维方式或者人际关系技巧能够让民主管理更好的运行？如果有，请描述一下？

10. Can you think of examples when there were problems introducing member democratic participation within the cooperatives?

可以举一些在合作社内部成员民主参与发生问题的例子吗？

11. If a majority of co-op members want a particular policy or favour a particular decision, but that co-op’s top managers do not want that policy or decision, what becomes that co-op’s future policy—the members’ preference or the managers’ preference? Can you tell me of an instance where this occurred in one or more Gungho co-ops?

如果大部分的合作社成员想通过一项特别的政策或者倾向于某一决定，而管理者并不支持，那么最后的决定是怎样的呢？是遵从成员意愿还是管理者的意愿？能举一个发生在一个或者几个共和合作社内的例子吗？

12. What challenges do you see in the future of cooperative development in China? What has the ICCIC done or what do you think the ICCIC should do to overcome these problems?

您觉得中国合作社的未来发展会有什么挑战？工合国际会如何克服这些问题？

APPENDIX B: INTERVIEW QUESTIONS FOR COOPERATIVE LEADERS

1. How was the cooperative formed? Who initiated the discussion of forming the cooperative?
合作社是如何组建的？是谁发起的关于组建合作社的讨论？
2. What do you think are the major things distinguishing a cooperative from other organizations?
你认为区分合作社和其他组织的主要因素是什么？
3. Could you explain to me the governance structure in your cooperative?
你可以给我解释一下你的合作社的治理机构吗？
4. What does democratic participation within cooperatives mean to you? How important is this to you?
合作社内的民主参与对你意味着什么？这对你有多重要？
5. Could you explain to me how democratic decision making works within your cooperative?
请你给我解释一下，你的合作社是如何进行民主决议的吗？
6. How much of your time is spent in decision-making meetings with the cooperative membership? Do you think this is appropriate? Why/ why not?
你花多少时间与合作社成员开作决定的会议？你什么时候与社员举行这些会议？你认为这是恰当的吗？为什么？
7. Do you think there are people with more influence and power in your cooperative? How did they gain their power?

你认为在你的合作社中有一些人获得了更多的影响力和权力吗？他们是怎么获得这些权力的？

8. What are the major challenges that are facing your cooperative? What challenges do you see for the organization in the future? How do you see the cooperative dealing with these challenges?

你认为你的合作社正在面临的重大挑战是什么？你能预见的未来的挑战是什么？合作社将如何应对这些挑战？

APPENDIX C: INTERVIEW QUESTIONS FOR COOPERATIVE MEMBERS

1. How did you first hear about the cooperative? Why did you decide to join?
你最初是怎么知道有这个合作社的？你为什么要加入合作社？
2. What do you feel you contribute to the cooperative?
你认为你能够为合作社做些什么呢？
3. How do you benefit from the operation of the cooperative?
你从合作社的运行中得到了什么好处？
4. What do you think are the major things distinguishing a cooperative from other organizations?
你认为怎样才能区别合作社与其它组织？
5. What does democratic participation within the cooperative mean to you? How important is this to you?
你怎样理解合作社内社员的民主参与？这个对你有多重要？
6. What issues/ decisions do you democratically participate in?
在合作社的运行中，你参与了合作社哪些方面的决策？（或你参与做了合作社哪些事务的决定？）
7. Do you think you have influence in your cooperative? (If yes, what is the process and how do you make use of it?)
你认为你在合作社里有影响力吗？（如果有，你是怎样发挥你的影响力的？你参与合作社的管理是如何体现的？如举手表决重大决定？）

8. How much of your time is spent in decision-making meetings? Do you think this is enough or too much?

一般你要花费多少时间参与合作社决定有关业务的会议？你认为这个时间刚好还是太多了？)

9. Do you think there are people with more influence and power in your cooperative? How did they gain their power?

你认为在你的合作社里，有些人取得了更多的影响力和权利吗？他们是如何获得这些权力和影响力的？

10. How do you evaluate the leadership of the cooperative? Do you think you have means to hold the leaders accountable?

你是如何评价合作社的领导层的？你认为你有能力和措施承担领导者的责任吗？

11. What are the major challenges that are facing your cooperative? What challenges do you see for the organization in the future? How do you see the cooperative dealing with these challenges?

你认为你的合作社正在面临的重大挑战是什么？你能预见的未来的挑战是什么？合作社将如何应对这些挑战？

APPENDIX D: OBSERVATION GUIDELINES

- What is happening here?
- Who is taking part?
- What counts as competence?
- Who are the experts?
- Who is excluded from the action and why?
- How is the boundary on participation maintained?
- Who contests what counts as participation and what is the consequence of resistance?
- Who are the novices?
- What are the spatial-temporal arrangements/limits of the interaction?
- How are social relations organised and structured through this practice?
- What bodily skills are required to participate and what materials/tools?
- What cultural values and ethical dispositions emerge from the practice?
- Where is the tension/the drama/the poetry/the conflict?
- What is the aesthetic/the feel/the flow of action?
- How can I take part?