

BUSINESS INSIGHT 1993 Summer

Interview: Organizing Movements

Organizing movements - The Third Step to the Community Business



Isao Takamura

1923: Born

1946: After graduating from Kobe Economics University (Currently Kobe University), joined Nada Purchasing Union (Currently Co-op Kobe).

1960: Promoted the expansion of business style of supermarkets.

Currently he is the Chairman of Co-op Kobe, the president of Japanese Consumers' Cooperative Union and a member of Economic Council and Social Policy Council.

We are used to thinking of a corporation when we hear a business organization. There are many different kinds of corporations such as an organization with high ambitions, an organization that takes good care of connections between inside and outside the organization, an organization that claims to uphold democracy for its governance structure and an organization that respects contributions and volunteer work in the community. However, there are some organizations that interest us because they don't have a corporation structure when we think more about this issue. In this issue, we feature Mr. Isao Takamura, Chairman of Co-op Kobe, a consumer cooperative (Co-op) organization that has attracted the world's attention, and asked him some fundamental questions in relation to our special theme.

This interview was conducted in 1993. So, what Mr. Takamura talked in this interview and his background are original.

We desire that you search their website for the latest information.

**Editor:** In this issue, we have a special theme, “Whose company is it?” Co-op is a democratic organization in a sense that people voluntarily participate in it. Especially during severe changes, it definitely needs a leader who will control the organization. I think this organization is asked that question, “Whose organization is this?” more than the corporations. I would like you to talk about what you think daily, based on the experiences you have had as Chairman of Co-op Kobe, a Japanese representative Co-op.

The chairman mentions three factors in terms of success of Co-op Kobe. (1) To respect the principles and keep the mindset unchanged from the foundation, (2) To like innovations and the progressive and experimental management that implemented the innovations, (3) To focus on education and put value on people.■1 Now I would like to ask you about the unchanged mindset.

### **Co-op that Has Survived by the Power of the Principles**

**Mr. Takamura:** I have written almost everything about it in my recent book■2, and also I discussed it at the Committee of Educational Training of ICA■3. I cannot talk about the development of Co-op Kobe without telling Mr. Kaga■4. Co-op Kobe passed through the severe eras and crises. In a sense, it is very amazing for the organization that is very fragile to have survived in the times.

If it was just a business organization, it would have been destroyed when it lost the foundation of the business. In fact during the control period between prewar and the middle of the war, many Co-ops were dissolved or bankrupted. Or people said that if Co-ops didn't have anything to sell, they did not have any reason to exist. The reason why Co-op Kobe survived this time was that not only it was a business to sell things cheaply but also it was made and kept as a cooperative organization or an organization to help each other at the grass-root level.

Mr. Kaga, the founder of Co-op Kobe, left us the words, “Love and Cooperation”. He has an ideology that we cannot protect the foundation of society without cooperative organizations. This ideology has been kept in the principles of Co-op Kobe.

The history of Co-op Kobe can go back to 1921■5. Around that time, Japan was in the middle of the economic recession after World War I. The society was in confusion and poverty was a serious problem. It was Mr. Kaga who stood up to solve the social worries and confusion so that they could save the poor. Co-op was founded as one of the systems to support social foundations.

The most horrible crisis in history was the era of the controlled economy between the pre- and post-World War II periods. It was also the time when the all department stores had nothing to sell because everything such as rice was under the government's control. However, no one at Co-op Kobe said that they should dissolve even during such a time,

because people still needed a cooperative organization. People in Tokyo were clever, so when they saw the times and didn't see anything to buy they considered co-ops to be unnecessary. But in Kobe, people didn't think that such organizations were unnecessary. Even though we did not have anything to sell, we kept the minimum system going and survived the time. The principles of the organization kept the organization going and kept providing energy to develop the organization.

Mr. Kaga left the plaque you can see in this room saying “I Recorded the ideology centered on the cooperative organization” ■6. These words were unknown for a long time and weren't written to show. The words in this frame are not included in over 30 of his collected writings. He wrote this when he happened to come to the Co-op. But these words precisely express the essence of cooperative organizations. Co-op Kobe has sincerely followed its central ideology in any time and under any circumstances. We still keep this in our mind. But we don't shout it aloud at the morning assembly like some other companies do.

■1

When Chairman Takamura was interviewed as Chairman of The Life Insurance Association Japan by S.A. Böök, these were mentioned. However, they were explained in more details in his books and other interviews later.

■2

“Theory of Co-op Management”, published by Co-op, 1993. In order to complement this interview, I referred to this book all the time.

■3

ICA stands for International Co-operative Alliance. It has about a hundred years of history, and it has over 600 million members in more than 80 countries. It is the biggest organization of United Nation NGOs.

■4

Toyohiko Kagawa (1888-1960): The history of Co-op Kobe can go back to the time when he went to the slum in Kobe as missionary at the age of 21 in 1909.

■5

1921, the year of Co-op Kobe foundation. It was three years after the rice riot and the year of the strikes of Kawasaki and Mitsubishi. The Army was sent out to settle those strikes.

■6

The words directly written by Toyohiko Kagawa in the frame, “Recorded the ideology centered on the corporative organization”, are as follows: “Make a profit while enjoying together’, ‘Humanitarian Economy’, “Share Capitals’, ‘Do not take in’, ‘Separation of authorities’, ‘Beyond political parties’, ‘Education oriented’.

### **The Principles of the Social Movements and the Benefits**

**Editor:** Those organizations■7 that have the principles with very high ambitions often forget the actual problems right in front of them. It is very dangerous to go on with just principles. But in Mr. Kagawa’s ideology, there is a utilitarian recognition that is “no one follows you if there are no benefits”.

**Mr. Takamura:** He was a priest■8. He decided to save the poor and went to the slum. The slum was such place as the bottom of the society where the people didn't have any morals but feelings of resentment and did not allow anyone who is only speaking fine words. He decided to do social activities putting himself in such world. Also he was involved in labor movements. The labor movements were not an easy job. You need a lot of energy for them. You must be determined. There will be internal breakup among the members while negotiating and also conflict of beliefs. Mr. Kagawa was the leader of such movements, but he couldn't save the poor as he wanted. I wouldn't blame him if he would have gotten sick of the labor movements. He realized that it was very hard for the poor to get over this situation once they became poor and that it was more important not to create the poor.

**Editor:** However, the saving poor would be hard to be the principle of such movement in the modern society. Don't you think even principles become a mere facade unless we put spirit into it?

**Mr. Takamura:** The central ideology of Mr. Kaga’s 7 Points■9 has the universality that still applies today. For example, there is an idea of “Make a profit while enjoying together”. There would be many ways of interpreting the word, profit. But through giving the unchanged mindset various positive interpretations in different times, we have done Co-op activities.

■7

In organization theory, it is said that an organization that simply pursues technical efficiencies becomes a system when it has an activity value and principle and starts pursuing something beyond the efficiencies. For example, there is a book called “Leadership in Administration”, P. Selznick (Translated by Toshinobu Kitano, 1963)

■8

Toyohiko Kagawa, who was a priest, declared, "I will create a heaven on the earth" and "the mind of love and cooperation". He positioned the cooperative activities as a method to make it happen.

■9

Please refer to the note 6 about the context of the 7 Points.

### **Nada Regional Re-construction Project**

**Editor:** Co-op Kobe has continuously shown a progressive management full of experimental spirit. Is it possible to see the innovative spirit at the beginning of Co-op Kobe? I heard that Co-op Kobe was created by combining Nada Purchasing Union whose first leader was Zenji Nasu and Kobe Purchasing Union (later Kobe Consumption Association) whose first leader was Suteichi Fukui. Can you please explain that to me that by going back to the beginning?

**Mr. Takamura:** The founder was Mr. Kagawa in terms of the mindset but he knew that he was not good at business. Almost all the businesses Mr. Kagawa did failed. However, the first leaders who took over the business of Co-op in both Kobe Purchasing Union and Nada Purchasing Union were businessmen in the Kansai area■10. Both of them were doing very progressive management.

Mr. Nasu was a businessman in Osaka who was originally from Shikoku and knew the primitive capitalistic society that was more brutal than now. It was Mr. Hirao■11 whom Mr. Nasu went to get advice from when Mr. Nasu wanted to quit the job and do something for society. Mr. Hirao, as you know, was a businessman who wanted to contribute to the regional society and created Kohnan Academic School and Kohnan Hospital. That is what I think was great about the financial leaders back then. Those financial leaders who had their residences around here got together, centered around Mr. Hirao, at the clubhouse■12 nearly every night. One night they came up with an idea of Regional Re-construction Project.

The current areas called Nada and Higashi Nada used to be new residential areas, and financial leaders in Osaka and Kobe had their mansions and their homes here. These people were moved in from outside. The original residents were from Sumiyoshi Village. And they had conflict between new residents and old residents. It was hard to live while having such conflict. For example, the new residents were rich so they did not ask for a discount. On top of it, they bought high quality goods. On the other hand, people from the village thoroughly asked for discounts on cheap goods and bought them. These merchants, of course, dealt with the new residents more. As a result, the living expense went up. The people who originally lived there had to suffer. A conflict caused various problems. In that case, the new residents also couldn't live comfortably. The level of the living standard of the old residence must be lifted up.

So they created roads, temples, public facilities, schools, and hospitals. These were what

Mr. Hirao and others did. The members of this club became members of the village assembly of this area. Mr. Hirao became a minister■13. These people became the members of the village assembly and spent time and money to improve the area. As a part of the project, they create the Co-op that was Nada Purchasing Union back then. That was a new quest for civil rights around that area as a part of regional development. They had this very high standard in the idea of their living situation. That is that they had to create a new society and community with the old residents. If they thought that they should only have a luxurious life, they couldn't have the real living situation.

**Editor:** The financial leaders had such ideas in old days.

**Mr. Takamura:** Maybe there were great leaders in Co-op Kobe back then.

■10

This kind of interaction is called leadership sharing. Leaders can bring out each others' ability of leadership by utilizing each others' strengths and filling up each others' deficiency. At the beginning of Co-op Kobe, we can see the leadership sharing between those activists who created the principles and businessman who actually practiced the innovation.

■11

Hachisaburo Hirao apparently got to know about Co-op organizations when he was a branch manager of London branch of Tokyo Marine and Fire Insurance Company.

■12

It was called "Kannonbayashi Club". Apparently clubhouses around there were very classic and sumptuous, and were left for a while to the war.

■13

As a businessman in the Kansai area, he was very appreciated. He was asked to be the Minister of Commerce but refused it and became the Minister of Education instead.

### **Bring Community into View**

**Editor:** Don't think that the recent managers don't have any interests in their communities that they live in?

**Mr. Takamura:** The companies ignore the region they are located. In an individual life, not many people think to improve the region where they live, do they? That is why an

employee of a company doesn't want to be the president of the local residents' association, as if they're saying that they couldn't do such a stupid thing...

When they work they get tired from working at work. If they don't do it well they get tired from working at the local residents association. But you cannot continue a community activity that makes you tired. You can get into the community activity because that can make you feel happy and comfortable. Cleaning up is basically not very pleasant but cleaning up in your neighborhood does not make you feel tired much. However when we go on a trip as a local community, it makes us really tired even though it should be enjoyable.

By the way, two presidents of Japanese Consumers' Cooperative Union before me (the third president) ■14, Takeshige Ishiguro, was appointed to minister (former Minister of State). He was a chief of the fire company for 50 years in Setagaya Ward, Tokyo. He is now an Honorable Citizen of Tokyo. He was still participating in the activities, such as first appearances and extinguishing fires with a cap on, until he retired a few years ago. In Tokyo the fire companies are the volunteer organizations that support the traditional communities. Those local people with power create systems such as a Fire Company in order to protect their own lives. The cooperative organizations were founded with the same kind of mentality.

**Editor:** In such sense, the root of Co-op is the organization to improve the infrastructure of the community, isn't it?

■14

As in Ishiguro's saying, in the epigram of human resource/education (title quoted) in his recent book, "Theory of Co-op Management" (refer to ■2), quoted the following words. "A cooperative organization is a school of democracy. I consider whether or not the cooperative organization is doing well as an indicator to know whether or not the human society progresses."

### Participation of People from the Business World

**Mr. Takamura:** Those who thought about welfare and implemented the plans for the welfare were people from the business world. The first leader of Kobe Purchasing Union, Mr. Suteichi Fukui■15, was a person who succeeded in shipbuilding. The ship company flourished during the World War I. He was a city councilor at the time, but he agreed to manage a cooperative organization, similar to the case of Mr. Nasu, because he agreed with Mr. Kagawa's idea. He basically must have been very talented as a businessman.

Mr. Kagawa was in charge of the principles, and these businessmen were in charge of management and the Co-op was started. So even though the business size was very small with the members of 300 or 600 at the time, what they did was big. When they organized their businesses, the ideas were very progressive. Since they knew the structure of the Japanese business world, they ran the organization in a big economic

structure. For example, when they purchased products they checked the market of Kitahama and thought about how they should purchase seafood and so on. That became a tradition of Co-op Kobe. We like doing new things anytime ■16.

■15

Mr. Fukui mentioned the following when he regulated the aim of the organization by amending the articles (This is quoted by Mr. Takamura in his book, "Theory of Co-op Management). "The aim is to defuse the spirits of cooperation, to improve economic organizations, to widely increase the welfare of the people. "

■16

Some examples of the progressive management at the beginning are the selling of rice per kilograms and the posting of the price of rice and so on. That was because they could easily cheat on their customers if they sold by measure or with an inflated price.

### **Entering into Supermarket Business**

**Mr. Takamura:** Our style is to pursue the most progressive level all the time. In one way, there is a risk. The most typical example of this is the introduction of the supermarket. At the dawn of the distribution revolution, we couldn't tell where that distribution world was headed. Supermarkets were phony so many supermarkets went bankrupt. Back then, supermarkets were called a business that came in quietly and went out quickly.

Even now we cannot tell if the popular factory outlets will become the mainstream in the future, what kind of discounters will grow, or whether department stores will recover or not. Supermarkets back then were even more obscure than these. In such times even though we had a risk we started the supermarket business. The time when we started was about the same as the time Daiei and Ito-Yokado started. In addition, the funny thing is that those who were 30 years old back then created a form of the current supermarket. They are all now 69 or 70 years old■17.

**Editor:** It was you who created the supermarket business at Co-op Kobe. Who was the then president who decided to enter the supermarket business?

**Mr. Takamura:** It was Shunsuke Tanaka (the fourth Nada Purchasing Union President.) Since I wanted to do the supermarket business he let me do it. He gave me permission. I failed a lot. But he took in my failures nicely because it was normal to fail when you challenged new things. I was beaten badly in such discussions about the business.

**Editor:** Oh, you had opposition?

**Mr. Takamura:** Yes. Every time I failed, I was told off. Those branches with non-store-based sales (Taking-Orders and Home Delivery System, currently called Group Purchase System) were our mainstream, but not selling at stores. So when I suggested purchasing new products and putting them at the supermarkets, my suggestions were rejected in many ways. For example, at that time Chicken Ramen, an instant food came out, but I was denied selling them in the supermarkets because they might not be good for health. There was a strong criticism against instant food as a whole. So then branches refused to sell instant foods. But the general consumers were not satisfied with the sales situation without instant ramen. How we should evaluate Ramen was troublesome. But the young people wanted to eat such food. Without such food, as a result, we limited our consumers' selection of food. If the food was harmful, the story would have been totally different. Then, at last we reached the point where we all agreed that we should check whether or not the instant food was harmful. Even though I had opposition, I always tried to do things positively.

**Editor:** It is important to discuss. But you also knew the importance to try first with the experimental spirit.

**Mr. Takamura:** Please refer to a short history or case examples of Co-op Kobe at the ends of my book "Theory of Co-op Management" for more details. For example, selling white rice per kilogram at the end of the Taisho period was revolutionary. There are many progressive things. It was after the war that selling by kilogram became normal, so we started it 30 years before everyone else did.

**Editor:** What was the innovational thing at the beginning?

**Mr. Takamura:** We experimentally tried a self-service for the first time in Ashiya in 1931 before the war. We did it again in 1946 after the war. I think we were one of the quickest organizations to start using computers■18.

■17

The introduction of the supermarket was in 1956. That was the first among Co-ops, but also ahead of Daiei and Ito-Yokado.

■18

It is said that the introduction of P. O. S. was before any other supermarkets. This could be one of the reasons why Co-op Kobe sees itself as a neophilia.

## **Democracy that Draws a Conclusion**

**Editor:** Many people think that it will be difficult to implement new planes immediately after deciding what to do in a democratic manner. But I think Co-op Kobe has already the system, doesn't it?

**Mr. Takamura:** Yes. If we start doing something after the other people have already started doing it, it is a following, isn't it? A following is an imitation, so it's hard to create good productions. In order to be most advanced, we cannot help wasting time. But since we have to waste time a lot, we can create good products. If we take in an already-made-technology, setting it up itself is very difficult. So as a result, you set it up in a way that you could not use it well. We have an idea that those systems we struggle to develop with some failure will work relatively well.

**Editor:** But doesn't democracy fit in revolutionary innovation?

**Mr. Takamura:** That is the problem. The reason why the Co-op didn't do well in Tokyo was because they crushed creative ideas by their discussion. They had this strong sense that a discussion should be done perfectly. On the other hand, in the Kansai area, we also do discuss but we draw a conclusion to decide what we do. I think that it is a cosmopolitan<sup>■19</sup> attitude of Co-op Kobe to focus on extremely real advantages without worrying about doing the perfect discussion. We have a conclusion there.

**Editor:** When supermarkets were introduced, the supply increased and also you could evaluate the profit which maintain and grow the organization.

**Mr. Takamura:** We have to throw it into the public and let them choose whether or not it works. If a leader forces the organization to do what he thinks it is good, it doesn't matter how good it is, it will create some kind of distortion among the organization, I think.

**Editor:** That is a good aspect of capitalistic market. At the very end, each consumer will choose. That shouldn't be perfectly ignored.

**Mr. Takamura:** That is an issue of products. There are many Co-ops that affirm that they only deal with the products of their Co-op. But those products with the Co-op label are not the only products of the Co-op. It means that if Co-op chooses national brand products, they could be the products of the Co-op.

**Editor:** But probably the difference from the normal shops is to change consumers through education. Democracy such as co-op movements is, in a way, based on appropriate education, I think.

■19

Mr. Takamura thinks that the common key point of Co-op Kobe and CO-OP Kanagawa as successful Co-ops in our country is the cosmopolitan environment as harbor towns.

## Not to Sell Products, to Buy Them for Customers

**Mr. Takamura:** We are not an agent of manufacturers but an agent to purchase on behalf of our consumers. So we purchase products in a point of view from our consumers. Of course there are our choices as a buyer agent. We don't totally let the consumers to choose their products, but we choose products to sell from the standpoint of the consumers. So we never choose any products based on the brands. For example, if we only deal with National, then our electric appliances should be National. What we need to do is to choose products based on the fact. For example, National's washing machines are good, but Victor's TVs are good, Hitachi's refrigerators are good and so on. That's why we recommend Hitachi's refrigerators, Victor's TVs, and National's washing machines. That's how we prepare our products for our consumers. We are not an agent of manufacturers so we are not going to recommend products from only one manufacturer.

**Editor:** Mr. Nakauchi (at the time, Chairman and President of Daiei) told us exactly the same thing. He told us that he would not create an irresponsible shop that totally let its customers choose<sup>■20</sup>. In a way, I think there are some similarities in Co-op to normal supermarkets and large retailers.

**Mr. Takamura:** A difference from normal retailers is that we check products objectively and scientifically. When we choose products, we run various scientific experiments with the participation of consumers.

As its structure, we have Committee of Product Development, Products Meeting, and Products Exam Center. We have a seven story building for products examination.

What we share with normal supermarkets is acceptance of the fact that there are various values of consumers and they cannot live with products that have only one concept. Even Co-ops have to admit it and plan a policy against products.

Even now, some people say they only need the products of Co-op and other people think that directly dealing with agricultural organic products is Co-op's only job. However, we recognize various opinions and we keep our attitude that we try to make people's lives rich.

■20

The following is what Mr. Nakauchi said. "I say, 'Do not create any responsible shop that lets the customers to choose what they buy'. The right way is the customers buy what we chose. Even if the customers purchased a product from us with their eyes closed, we would take a responsibility when something happened. We need to make a shop like that." "Business Insight", Vol.1 No.1, March 1993, p.99.

## **Focus on People and Education**

**Mr. Takamura:** The third key factor of the success of Co-op Kobe is people. That means we focused on education, but before we focused on education, we respected people. It is a respect to dignity, value, possibility of people. In the "Theory of Co-op Management", I have a reason why I focus on human education. Since people have various possibilities, I would like to seek the best structure of human organization and the best ability development so that they can fully bring out their abilities. It is not an incentive that corporations give their employees. I think co-op movements by sharing a kind of a dream can be very effective.

By increasing human group abilities, not by using money or things, wealth should be created. If we could do that, co-ops could create a purpose of life or a pleasure of living for our members. It is my belief in such possibility. In this point of my belief, I think I can share my thought with Mr. Kagawa's belief as a religious believer. Co-op movement is fundamentally a connection between human organizations or between humans. I think he has to have a strong belief in humans.

## **Female Volunteers**

**Editor:** When you say humans in this case, it includes the union members apart from the employees of co-ops, right? You have many volunteers, don't you?

**Mr. Takamura:** I think especially volunteers will be very important in the future. It is important for us to intentionally study it for the society of the 21st-century.

**Editor:** Yes, I agree. Apparently there are many retired white-collar people who cannot fit in a community so they only stay at home without contributing their abilities to the community.

**Mr. Takamura:** In that sense, it is women who support co-ops very well. It is women who come out in the public as members of the union. These women are people who have good education, whose husbands are the top of big companies, who used to live in America for 10 years, who went around many countries in the world, or who used to teach at university. We have many different kinds of women who lived in different worlds and contributed to the society. They have good experiences, good knowledge and good abilities. We have these people joined our co-op activities and they work without business class or titles. Men, on the other hand, unconsciously act in the way they used to act. So it's is a very hard for them to get into a new community. Men don't know how to act in a new community, and also the new community doesn't know how to treat those men. The community also worries about where the man used to work or a fact that he used to be managing director and so on.

**Editor:** Yes. That is why people without titles can get into a community relatively easily.

■21

96% of the members of Co-op Kobe were married women at that time.

### Co-op before PTA and Sponsored Sports Events

**Mr. Takamura:** It is possible because they are women. They don't act as other people expect them to act. It was PTA (Parent-Teacher Association) where women worked actively after the war. But, PTA lost its influence in the local society. And also the number of children decreased. They had no choice but to be members of PTA, if they had four or five children in school. PTA now is very small. However, co-ops started expanding the activities. These female volunteers started participating in various organizations of the co-op's life culture, social welfare, environmental issues, overseas aid, exercise/health etc. as well as become committee members. Even their children started participating in co-op activities. UNICEF collects contributions all through the year, this is a good education for children. Children can learn thoughtfulness towards others by participating■22.

This is not well-known but Co-op supports sports activities. The attitude of the corporations toward sports is to advertise their corporations through players' uniform on TV. But in Co-op a few tens of thousands of people make a few hundred groups to play some kinds of sports. By doing so, everyone starts getting to know each other in their local community, even though they didn't know many people before. Now it has a great influence not only on health but also on making a community. Adults such as those who are retired come and participate in an activity to teach children how to play soccer because they used to play. Now we have 50 groups in sports alone.

In the case of a public schools club, they have many members at the beginning but gradually lose them. But in a case of Co-op, people get other people and it expands. For example, "Hey, come with us. Let's make a group like this", "We can divide this group into two when this group grows in the future", and so on. And if Co-op helps them with a place for the activities and by having a leader of the groups, these groups will automatically keep growing. For example, when we put a new advertisement in relation to sports in March for the next fiscal year, there were people in front of our department at five o'clock in the morning. Even though Co-op doesn't promote anything about these activities, people invite other people. This is the critical difference between us and private corporations.

**Editor:** So the union members start activities at the very beginning, don't they?

**Mr. Takamura:** The problem is a place. They don't have any place even though they want to start an activity by themselves. So they ask Co-op to request a place such as a meeting room, the top of the building, a kindergarten nearby, a church, a school and so on. When Co-op becomes a mediator between those people who need a place and a facility they want to use, those people who are in charge of the facilities let them use the facilities without any worries. And also they need some coordinators in order to

maintain group activities. So Co-op prepares the coordinators. We get those people who were willing to volunteer as coordinators and those who need the coordinators together, make rules, and let them work together. Co-op plays a role of mediator. We need a certain budget, if we want to provide such places. Apart from Life and Culture Center<sup>■23</sup>, we have a meeting place called Co-op Center, which is a bit smaller than Life and Culture Center, in each region. So people can do various activities and meetings there.

**Editor:** It is exactly the strength of democracy. Various people come up with ideas and Co-op organizes them and runs a test on them. When the result of the test is good, you keep it and diffuse it, right?

■22

In ICA Congress (Stockholm in 1988), President Marcus mentioned that the basic values of the cooperatives were participation, democracy, honesty and caring for others. In normal corporations, they may talk about participative management, but may not talk about honesty or caring for others as the basic values of the organization. If you would like to study the principles and basic values of cooperatives, we recommend you the followings: “The Principles and Movements of Cooperatives”, Koji Fujisawa, Zenkoku Kyodo Shuppan, 1990; “International Cooperative Movements and the Basic Values”, Yoshio Imai, Japan Keizai Hyoron Sha, 1990; “Co-operatives Values in a Changing World”, S.A. Böök, Japan Joint Committee of Co-operatives, 1912. This is a report to the ICA Congress, Tokyo, known as the Böök Report.

■23

Life and Culture Center was founded for the union members and the local community members as a part of memorial events of the 60th year anniversary. It has a gymnasium, a health club, a hall, a library, laboratories and restaurants. It is a building with a ground floor and five stories. Unlike those centers that teach various cultural activities, it doesn't have any curriculum but students get their own teachers and create their own classes.

### **Co-op is a Community Business**

**Mr. Takamura:** Co-op doesn't manage the activities that these people want to do. These groups are made voluntarily. These smaller groups will be the center of the Co-op network. In a sense of expansion, the centrifugal force is always working. It is something like, if they are doing that, we are going to do this. There are many people who do various environmental activities. Some people work in the recycling of empty bottle and empty milk cartons. And some work to diffuse soaps. Some try to clean the water, and some try to plant trees in the mountains. There are many different kinds of environmental movements. And Co-op supports these activities by creating

environmental funds.

**Editor:** In that sense, Co-op is a kind of a community business, isn't it? It supports improving the communities.

**Mr. Takamura:** This kind of thing is hard to see. Things such as Life and Culture Center are easy to be noticed but activities themselves, for example, sports activities, are not known to the public. Even newspaper reporters don't know about the activities. Even so, I think this plays a great role in the local communities. If you think about it, there are no organizations that a few tens of thousands of people join daily in the whole local communities.

**Editor:** Co-op movements are showing a new community style in our country.

**Mr. Takamura:** Yes. I think the existence of such organizations means something in the society. They don't support all the activities in the communities. But such networks are growing in the world. That means we have a hope for the future. I don't think that Co-op will control the world, but it will play more greater roles.

### Co-op Movements for Crises

**Editor:** The movements in the human or volunteer work are good when they are going without any problems, but they seem weak once they face some problems. Don't you think?

**Mr. Takamura:** I think once these activities are started they have their recovery power when they face crises under various conditions. The recovery power consists of support and understandings at the organization level, which is that people think that they must keep the organization going.

When we entered the supermarket industry, there is the fact that some cooperatives went bankrupt because they made big stores. Businesses are always at a risk of failures. The power of Co-op is originated from the public organization.

The reason why Berkeley Co-op failed was that it didn't have the power of the public organization<sup>24</sup>. Especially Berkeley is one of the places in the United States where people like arguing and also political movements. Besides, people come in and out all the time. So they didn't have the power of the public organization. I felt really sorry for the parties when I read what happened. There were people who started a movement against grapes produced in Peru for political reasons. So they decided not to sell grapes at a production meeting, and all the grapes disappeared from the floor of the shop. Then, they lost support from the public. The public knows what is important and what's not. Maybe a kind of productivity becomes stability.

**Editor:** It is required very difficult sense of balance, isn't it? You must take in new

things all the time; otherwise, you'll be left behind. But there might be extremely dangerous political factors in the new things. It is a very hard work to decide what you should take in and what you shouldn't while identifying dangerous things.

**Mr. Takamura:** There was an opinion that Co-op didn't have to make big shops but shops that would only sell the products of Co-op. So in the process of expanding the stores of Co-op, we took part-time directors to the United States of America. And we explained to them that Japan would be like this in 10 or 15 years while looking around the American distribution industry. Once they saw, they understood what we were talking about. These people persuaded the union members. So in a sense of keeping people informed, it is an education. It is to keep them informed by explaining in detail. It is not to pull them up to where you want to go. I think this is how we encourage people to start working on new things.

■24

The stories of the parties involved in dissolution of Berkeley Co-op in 1989 introduced in the following writing. "Why did Berkeley Co-op go bankrupt? - Evidences from 18 people", Co-op Shuppan, 1992.

### More Localization Rather Than National Integration

**Editor:** You think it is not good for Co-ops to be integrated nationally and become one big organization, don't you?

**Mr. Takamura:** I think it is not good for Co-op to be integrated■25. The most important thing is to be understood and to be supported by the local people. Passive acceptance such as that Co-op is not so bad. I think Co-op is supported by such acceptance. This kind of foundation is something human, not logical. I think that local characteristics create humanity. If the national organization becomes our first priority, we will lose such humanity that the local people synchronize themselves with the organization. As a result, the organization itself will disappear and we suffer.

**Editor:** In addition, if integrated, the organization will have the bigger power. So it will start wanting to use political power and that will make its management distorted.

**Mr. Takamura:** Small stores are the same. In the local areas, if the small stores go up against Co-op, they can't do their business. Going up against Co-op makes their local customers enemies. In the local areas, customers shop at Co-op and also at small stores. That's how they compete. If they don't admit it, they cannot even have their own business going. People from the small stores know it very well. But if we become a big organization at the national level, it will create organizations that operate political movements against us. And they will make a movement against our Co-op policies and we will be criticized for forgetting about the local areas. If we are integrated, there is a possibility that we are going to do something bad to society. I think even Co-op cannot avoid to be bureaucratized by centralizing administrative power, so Co-op should be

distributed in local areas.

■25

There are some movements in Europe such as Denmark, Austria, and Sweden, to integrate or merge cooperatives or to have one cooperative per country. The number of affiliates of Japanese Consumer's Cooperatives Union is 670. In our country as well, even though there is no proposal to integrate, there are some progressive movements for merger and consolidation.

### Pluralistically Linked Organization

**Mr. Takamura:** Co-op movements are completely pluralistic. It is not good for Co-op that is a pluralistic organization to create a unified organization. So my idea is to keep it as linked organizations that can accept the pluralism.

There could be cooperatives that only do group purchases, which only deal with environmental issues, and so on. 1000 or 2000 students could get together and make a cooperative. We don't really need weird cooperatives though. I think it is okay to have many different kinds of cooperatives if they don't create bad images on or lose the trust of Co-op.

**Editor:** An organization is very stable while expanding appropriately. But if it gets too big, it has a risk that you will draw yourself away from the local area. It would be hard to balance it out as a manager, wouldn't it?

**Mr. Takamura:** We solve problems one after another. It is not theoretical. What I have been doing as Chairman of Japanese Consumers' Cooperative Union about the last eight years, including political activities, is to accept the fact that there are many different ways, by keeping myself away from one dimensional and philosophical thought. We have regionally linked organizations beyond prefectures. These are created voluntarily. Japanese Consumers' Cooperative Union didn't order them to create such organizations. For example, we didn't even tell them it would be okay to have their products linked up. We don't create one big strong nationwide organization but we continue to create various different types of groups on a voluntary basis. We don't really have a forecast on how this will turn out to be. But if we tried to make a strong centralized organization without these steps, we might change the essential characteristics of the Co-op movements. Or if we lost the pluralistic supports that Co-op has, we would lose our vitality, I think.

### Co-op's Way of Preparing Budget

**Editor:** It is said that the bottleneck of Co-op is budget. Apparently some suggest

becoming a corporation.

**Mr. Takamura:** Turning into a joint-stock corporation is a big problem that became a theme of the last ICA (International Co-operatives Alliance) Congress. In terms of this problem, I am not worried at all. That is because of high propensity to save in Japan. In Europe, they allow non-union members to use the facilities, so they don't rely on the union members investments. Japanese Consumer Co-operative Law doesn't allow the usage of non-members. So the major premise is that the union members invest the money into Co-op. But Japanese propensity to save is higher than any other countries, and women have a lot of savings so there are no worries. The investment from these women supports Co-op. So as long as we have real ability to be stable and trust from the women, these women will invest money into Co-op. We can borrow from the union members as cooperative bonds. The dividends of a joint stock corporation are paid by the corporation. But Co-op accumulates the dividends as the increased capital without returning the dividends and the distribution of the surplus to the members in proportion to their transaction<sup>■26</sup>. When asked to increase the capital, the investment money increased 6 billion yen in Co-op Kobe last year. Two billion yen out of it was the investment of the dividends and the distribution of the surplus to the members in proportion to their transaction. Four billion yen was the increased capital. We borrowed money from the union members in a form of cooperative bonds act end of this March, and we got 6 billion for a week. It is said that the economy is bad now but these married women have money.

**Editor:** Money comes into those who have trust from people. And if you think about it, the dividend is a bit higher than the interest rate of a savings account at a normal bank, so for the consumers it is more advantageous fund management. We cannot really promote it much, can we?

**Mr. Takamura:** For Co-op, it is cheaper than borrowing from a bank. So we both have advantages. If we have to pay the interest to the bank, we prefer paying to the new members to the bank. In that aspect, we can make the union members happy. Some university professors tell us to do financial service and investment advising. Even when women go to a securities company to ask for some advice, they may be still worried. They have no worries with Co-op. If Co-op is truly trustworthy and there are people who hope so, some financial institutions will support us.

■26

2% of the distribution of the surplus to the members in proportion to their transaction goes back as the increased capital in the group purchase and the annual amount is 400 million To 500 million yen. If we make a group of stores, we have 1% of returns. When we add it to the former amount, it becomes 17 to 18 billion yen.

### Exchange with the Customers (Union Members)

**Editor:** By the way, what kinds of people are working as employees in the Co-op

organizations? I asked a female employee in her 30s from Co-op Kobe, "what is good about this organization?". And she answered me that everything was better than what she expected. What do you think this means?

**Mr. Takamura:** The best thing in this organization is relationship. It is very easy to live with. Basically, the barrier between union members and employees is very low. Since there are no conflicts in terms of advantage and disadvantage in their positions, they can talk to each other without worrying about their positions. For example, they ask each other for help, the union members invite the employees for a 'thank-you' party, the union members plan a welcome party for freshmen, and sometimes they give us birthday parties. Or the employees take charge of activities of the union members as their leaders. Sometimes 200 or 300 employees participate in the Youth Activities as volunteers. There are some parents who spoil their kids but they never come with their kids because it is a camp hosted by Co-op. The parents don't say that they want to come. They are not worried because the young fellows from Co-op go with their kids. The parents are more worried when the schoolteachers go with their kids. Therefore, we have good relationship in the organizations.

For normal supermarkets, stores are battlefields. Co-op has a sense of continuity and a sense of connection inside the office and in the local communities. These make a good relationship.

### **[From editor] The Third Way**

It was not only at the beginning with 300 employees when they had a connection with local communities. Even though the number of their union members is one million now, they still have a connection with local communities through small sports events and volunteer works. The current businessmen have forgotten such words as community, network and volunteer. Nowadays people are striving to get the relationship back with community. I got an impression from the stories of Mr. Takamura that the consumers' cooperatives had something important that we often forget when working at an office.

When talking with people working for corporations, the words, "war", "competition" or "a sense of crisis" often come out. But this time I heard such words as a connection among people in a community and also "love and cooperation" that has been a big theme since Mr. Kagawa. Those words that make me a bit shy to say come out without any hesitation. Moreover, those words are the foundation of this organization. The organization is built upon the connection among people. We might be able to see a new world, if we review corporations in such point of view.

Today, Chairman Takamura told us a very interesting example of managing community business not in a way of a joint stock corporation, not in a way of a government organization but in the third way.

Thank you for sharing your valuable time with us.

(In addition, at the 73<sup>rd</sup> Meeting of The Representatives Mr. Takamura was resigned and was appointed to Honorary Chairman and Advisor)