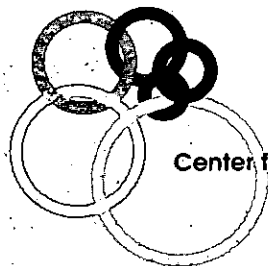


MANAGEMENT RECRUITING, DEVELOPMENT, AND RETENTION PRACTICES AMONG WEST COAST CONSUMER AND WORKER COOPERATIVES

by
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June 1993

The research leading to this report was financed by the
University of California, Center for Cooperatives
as a part of its Competitive Grants Project

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INTRODUCTION

THE PROBLEM

Cooperatives attempt to combine economic goals with a social vision based on the values of equity and mutual self-help, resulting in unique management challenges not shared by standard corporations. Recruiting and retention of skilled senior managers has been identified as a key problem for many consumer and worker cooperatives. In contrast to many standard corporations and sole proprietorships, the senior manager of a cooperative lacks the control and ownership position and opportunity for financial reward that inspires many owner-managers. Senior managers of cooperatives must have industry expertise and technical skills, an understanding of the cooperative's non-economic goals, the ability to manage complex and overlapping relationships with board members and employees, and, often, the capacity and inclination to manage employees in a democratic and participatory work setting. Attracting such multi-talented managers can be difficult and requires the appropriate match between the candidate and the position.

OBJECTIVES OF THE STUDY

While it is recognized that many factors may affect a cooperative's ability to attract and retain good managers, this study focuses on an investigation of the impact of human resource management practices on senior management recruiting, development, and retention.

The objectives of this study were to

- review the available human resource management literature addressing management recruiting, retention, and development, in order to identify both standard and state-of-the-art practices among cooperatives and standard corporations
- gather information on current senior management recruiting, development, and retention practices among West Coast consumer and worker cooperatives

- identify areas of satisfaction and dissatisfaction with existing practices among board members and senior managers, and
- identify practices that could be more widely adopted to improve senior management recruiting and retention in the future.

METHODOLOGY

This study involved five tasks: a literature review, the development of survey instruments, the identification of survey candidates, the survey itself and an analysis of survey findings. Each of these tasks is described below.

REVIEWING THE LITERATURE

An extensive search of materials concerning management recruiting, selection, retention, and development among cooperatives and standard corporations was conducted. Relevant articles, books, and manuscripts were used to identify state-of-the-art and commonly used human resource management practices. This information was used to develop the survey instrument and then to evaluate the responses and practices of the cooperatives surveyed.

Special efforts were made to identify materials that address cooperatives. Various cooperative bibliographies and the indexes of cooperative (and related) periodicals were used to identify these materials. In addition to published sources, a dozen organizations with expertise relevant to the cooperative field were contacted to identify additional materials on relevant topics. Unfortunately, this effort revealed a limited amount of literature specifically addressing management recruiting and retention among cooperatives. (see Annotated Bibliography).

DEVELOPING THE SURVEY INSTRUMENT

Two survey instruments were developed. The first was designed for the general manager of each cooperative or a member of the cooperative's management

team, if a single general management position did not exist. The second was designed for a board member of each cooperative—whenever possible, one who participated in the hiring of the current general manager.

The questionnaires opened with general background questions regarding the cooperative's management structure, the length of time the respondent had served on the board or as general manager, and his or her prior experience. This section was followed by questions in six key areas identified from the literature:

- recruiting and hiring
- compensation
- scope of authority and responsibility
- performance evaluation
- training
- job satisfaction.

In each of these areas, a mix of closed and open-ended questions was used to identify the cooperative's current practices and policies and to elicit the respondents' opinions regarding effective and ineffective practices and suggestions for improvements. For the most part, these questions were constructed in a parallel manner, to facilitate comparisons among the responses of board members and managers. However, in some cases, questions considered to be more relevant to either the manager or board member were included in only one questionnaire.

IDENTIFYING SURVEY CANDIDATES

The initial goal of identifying survey candidates was to obtain a sample of 40 or more California consumer and worker cooperatives representing a cross section of the sizes, industries, and management structures represented among California cooperatives. To develop this sample, directories and mailing lists were obtained from cooperative resource and technical assistance organizations. From these sources, a preliminary list of over 270 worker, consumer, marketing, and secondary cooperatives was identified. To be included in the survey, cooperatives had to

- operate as a legal cooperative corporation, or as a standard or nonprofit corporation acting in a cooperative manner (i.e., one member-one vote and any dividends paid on the basis of patronage)
- employ a general manager who was not a founder (i.e., who had been hired) or a general management team of no more than 4 individuals (i.e., not a collective management structure), at least one of whom had been hired.

Telephone calls were made to every cooperative on the

preliminary list to verify their existence, evaluate them against the screening criteria, and identify the appropriate individuals to respond to the survey. Over 135 cooperatives no longer existed, did not answer, and/or had no telephone listing. Another 100 plus were no longer operating as cooperatives or had no general manager or had a management team larger than 4 individuals (usually a collective management structure). From the preliminary list, only 25 existing cooperatives (16 consumer cooperatives and 9 worker cooperatives) met the screening criteria.

This initial pool of 25 cooperatives was judged to be too small to produce sufficient data to identify broad patterns and trends among respondents. For this reason, the geographic reach of the survey was extended to include the states of Oregon and Washington. A similar procedure was used to identify and screen potential survey respondents in these two states, resulting in the addition of 13 consumer cooperatives and 13 worker and marketing cooperatives to the survey pool, for a total of 51 cooperatives in 3 western states.

CONDUCTING THE SURVEY

A sample of 6 cooperatives of different sizes and types was selected to test the survey instrument. Test interviews were conducted by telephone in December 1990 and early January 1991.

Changes made to the survey instrument as a result of the test were minor, consisting primarily of wording changes to clarify meaning and the elimination of several questions that appeared redundant or irrelevant. Because the changes were minor, the responses from participants in the test were included in the final analysis of survey results.

The remaining interviews were conducted from January through March 1991. Most respondents were interviewed by telephone without first having seen the interview questions. Upon request, questionnaires were mailed prior to telephone interviews in some cases. In two cases, written responses were returned in lieu of telephone interviews. All respondents were guaranteed confidentiality.

During the time that elapsed between initial screening and completion of the interviews (approximately 5 months), 9 cooperatives either went out of business or both board member and manager failed to respond to repeated telephone calls, resulting in a final survey size of 42 cooperatives. In some instances, it was not possible to conduct interviews with both the manager and a board member of a cooperative, resulting in

interviews with a total of 38 managers and 37 board members. In cases where only the board member or manager responded, selected responses were included in the final survey sample for the purpose of analyzing most trends and practices, but not for the purpose of comparing the extent to which the opinions of managers and board members coincided on specific issues.

ANALYZING FINDINGS

Qualitative and quantitative results were interpreted to identify

- general patterns in policies and practices among survey participants
- common problems encountered by survey participants
- unique and/or highly successful human resource management practices and programs, and
- the extent to which managers' and directors' views coincided regarding the successes and problems encountered in management recruiting, retention, and development.

Because of the relatively small population of cooperatives surveyed and the mix of closed and open-ended questions used, very little meaningful statistical analysis was possible. Quantitative analysis emphasized median results rather than correlative relationships or mean results which, for the most part, would have been statistically insignificant or biased.

CHARACTERISTICS OF THE SURVEY SAMPLE

General background questions revealed the following characteristics of the survey sample:

- Of the 42 cooperatives surveyed, 25 were located in California, 8 in Oregon, and 9 in Washington.
- 18 were consumer cooperatives, 12 were worker cooperatives, 6 were artist/craft marketing cooperatives, and 3 were secondary cooperatives (cooperatives owned by other cooperatives).
- The cooperatives represented a variety of industries: food retailing and distribution (25), plywood manufacturing (6), arts and crafts marketing (5), baking (1), entertainment (1), reforestation (1), business services (1), transportation services (1), and recycling (1).
- The median age of coops was 17 years; nearly all were older than 10 years. (Younger cooperatives were more likely to have been excluded from the survey because their general managers tended to be founders and were not hired.)

- The average number of employees was 51; the median was 38.
- The average number of paid management positions was 4.5; half had 4 paid managers or fewer, and 10 had only 1 paid manager.
- Nearly all had a single general manager; 2 had general management teams of 2 and 4 managers, respectively.
- Nearly all general management positions were permanent; 3 cooperatives had rotating or elected general managers.
- The average tenure of the current general manager was just over 3 years; the median tenure was 2 years. An average of 2 individuals had been employed as the general manager within the last 5 years.
- Nearly two-thirds of responding cooperatives had changed their management structure in some manner in the last 5 years, typically from a team or committee structure to a more hierarchical structure with a single general manager, or by adding middle-level managers.
- 75% of general managers were members of the cooperatives they manage.

The survey sample was relatively diverse in terms of geographic location, type of cooperative, age, and size. However, the focus on consumer cooperatives resulted in over half of the sample being food businesses. The group was characterized by well-established companies which, for the most part, have had over 10 years to develop and refine their human resource management practices.

SUMMARY OF FINDINGS AND CONCLUSIONS

In five of the six areas researched, managers and boards expressed satisfaction with management recruiting, hiring, and retention practices. The primary exception was the area of senior management training and development, where a majority of managers and board members were dissatisfied with their current practices. In general, the cooperatives studied appear to have done an effective job of screening and hiring senior managers who are satisfied to fill jobs that in many respects were not perceived by managers to be competitive with comparable positions in their industries (with respect to compensation, scope of responsibilities and authority, and training and professional development opportunities).

Despite expressed satisfaction, almost every area studied has potential for improving current management recruiting and retention practices. Recommendations for improvements came from the human resources management literature, managers' suggestions based on knowledge of practices outside their cooperatives, and, to a somewhat lesser extent, board members' suggestions.

There may be some substantial obstacles to the realization of such improvements, particularly with respect to the perceived lack of financial resources to support new practices and the potential unwillingness of some boards to implement standard human resource management practices. It should be noted, however, that many of the changes recommended by board members, managers, and the human resources management literature could be implemented at relatively little cost.

The following is a summary of the key findings and conclusions in each of the six areas explored in this study. These are discussed in greater detail in the section Survey Findings and Discussion.

RECRUITING AND HIRING

About half of the managers surveyed were hired from within and half from outside their cooperatives. Internal versus external hiring did not appear to be linked to job tenure, which for the current managers was relatively short, averaging about two years.

According to survey respondents, the most common obstacles to recruiting and hiring qualified senior managers included the following:

- a lack of candidates with the necessary combination of industry, management, and cooperative expertise;
- a lack of interested qualified candidates, given the relatively low pay offered;
- disorganization on the part of boards, resulting in confusion and delay during the hiring process.

The cooperatives surveyed relied somewhat less on traditional outreach methods to publicize job openings than do standard corporations. By not using the standard media to the extent that competitors do, the survey respondents may not be reaching as many potentially qualified candidates. However, this may be compensated for by the practice of publicizing positions formally and informally among cooperative networks.

Nearly all of those surveyed could improve their hiring practices by conducting training in recruiting and hiring procedures and by conducting internal re-

views of job requirements and potential hiring issues. At least one-third of the survey respondents could benefit by instituting more formal screening procedures, including more rigorous screening criteria and interviewing techniques.

The level of employee involvement in the senior management hiring process was relatively low. Although participatory hiring presents some risks, the process tends to educate employees about management responsibilities and gives them a vested interest in the success of the managers hired. By incorporating employee involvement in senior management recruiting and hiring, many of the cooperatives surveyed might improve the initial work situation and performance of future managers.

Cooperatives appeared to be evenly divided on the issue of accepting "adequate" candidates versus seeking the "best" candidate at potentially higher cost. This suggests that some West Coast cooperatives may be favoring short-term cost savings over better financial performance in the long run, assuming "adequate" managers are not as effective as the "best" candidate for the job.

Managers tended to be less satisfied with past recruiting and hiring procedures than board members. Managers were generally in favor of making such procedures more formal and systematic in the future.

COMPENSATION

Most of the cooperative managers surveyed valued the opportunity to work with a cooperative more than the material incentives of their jobs. On average, managers believed that their base compensation and benefits were below the level of their counterparts in other businesses within their industries. And, unlike their counterparts in private industry, very few of the cooperative managers had an incentive component as part of their compensation package. Although most managers stated that they were satisfied with their compensation packages, many noted that they would not be satisfied with their compensation if they were not working for a cooperative.

The extent to which less competitive compensation practices may be negatively affecting these cooperatives' abilities to recruit and retain effective managers is not clear.

SCOPE OF AUTHORITY AND RESPONSIBILITY

Although it is assumed that cooperative managers typically have broader responsibilities and somewhat

more limited decision-making authority than owner-managers in similar businesses, the managers surveyed in this study were generally satisfied with the scope of both their responsibilities and their authority. There is no indication that the imbalance in these areas, relative to the position of managers of other businesses, has a detrimental effect on the cooperatives' abilities to recruit or retain qualified senior managers.

PERFORMANCE REVIEWS

The performance review process was frequently neglected among the cooperatives surveyed. According to board members' responses, over 25% of the cooperatives surveyed did not conduct regular performance reviews; according to managers' responses, this proportion was much higher, at approximately 40%. In the majority of cooperatives that have conducted such reviews regularly, the reviews have tended to be informal and unstructured.

Managers' comments indicated that the absence of regular reviews was perceived as a sign of board members' disinterest in the manager's efforts, as well as in the performance of the business. Greater board concern and discipline in this area might serve to better motivate senior managers and promote improved business performance.

TRAINING AND DEVELOPMENT

Senior management training and development was the most neglected of the areas addressed in this study. Only one-third of the cooperatives contacted allocated funds for senior management training on an annual basis, and even fewer boards (less than 15% of those responding) defined senior management training needs regularly. Less than half of the managers responding to the survey were satisfied with the level of training they had received.

Studies of other cooperatives and the responses of board members in this study indicate that a key reason that senior managers leave cooperatives is for professional advancement (either to return to school or to take other jobs). This suggests room for significant improvement in cooperatives' ability to retain senior managers by developing, expanding, and improving training and professional development programs.

JOB SATISFACTION AND MANAGEMENT RETENTION

Over 80% of the cooperative managers surveyed stated that they were satisfied with their jobs. They

indicated that such factors as compensation, job security, and access to training were of secondary importance. The factors most commonly cited that contribute to job satisfaction were

- the opportunity to work with a cooperative
- the scope of responsibility associated with the job
- the opportunity to grow the business
- the opportunity to achieve personal growth on the job
- the lifestyle associated with the job
- the organizational culture.

The only factor consistently cited as a frustration was the perceived weakness of the boards. While most managers stated that they were satisfied with their jobs, more than half had seriously considered leaving their positions, primarily because of problems with boards, frustrations with the participatory management process, the volume of work and level of stress experienced on the job, and the relatively low compensation, given the broad scope of job responsibilities.

Despite the relatively high rate of recent turnover among these managers and the large number who indicated that they had seriously considered quitting, only two of the cooperatives had developed succession plans to immediately replace managers if they were to depart suddenly.

SURVEY FINDINGS AND DISCUSSION

The survey findings are discussed below in six sections, corresponding to the topics addressed in the survey instrument:

1. recruiting and hiring
2. compensation
3. scope of authority and responsibility
4. performance evaluation
5. training
6. job satisfaction.

Each section begins with a discussion of the standards and issues used to evaluate the survey responses. These discussions are based on a review of literature concerning effective human resource management practices among cooperative and non-cooperative organizations. The reader will note that some topics are heavily documented, containing extensive references to the human resources literature, while the discussion of other topics appears thin. This is due to the unevenness of the literature in this field. Some topics (for example,

the impact of management training on management recruiting and retention) simply have not been researched and written about much. In such cases, the author has relied on the comments of those surveyed to develop a sense of "standard" and "optimal" practices.

1. RECRUITING AND HIRING

The Recruiting Process

Recruiting and hiring practices vary widely. However, a number of activities are commonly accepted as the basic tasks required for an effective management search. These include

1. conducting a review to determine the requirements of the position and the issues that may arise during the hiring process
2. preparing a job description, publicizing the opening
3. screening candidates' qualifications
4. selecting a pool of candidates for interviews, interviewing, checking references, and making the final selection decision.

Many standard corporations have personnel or human resource managers who have extensive experience in recruiting and hiring. These managers typically provide training, guidance, and support to others involved in conducting recruiting and hiring activities.

Consumer and worker cooperatives, especially smaller ones, rarely have personnel whose sole responsibility is personnel management. They typically rely on their boards, staff, and members to carry out the recruiting and hiring process. For this reason, cooperatives may have a greater need to obtain training and

support from outside professionals to ensure that they are effective and in compliance with the law as they recruit and hire managers.

Survey Findings: For the most part, survey respondents' hiring practices included the more critical of the tasks involved in the recruiting process. Sixty-five percent prepared a formal job description. Fifty-seven percent checked references before making a hiring decision (however, 5 of the 7 that did not check references hired individuals who were previously on the board or staff of the cooperative), and 51% developed screening criteria prior to screening or interviewing candidates.

However, only 11% conducted internal reviews to identify job requirements and issues involved in the hiring process, and 5% provided training for board members in recruiting, interviewing, selection, and/or reference checking. Table 1 summarizes these findings.

Nearly all of the cooperatives surveyed could improve future recruiting and hiring practices by providing training to those involved in the hiring process and conducting internal reviews before initiating the recruiting process. Many survey respondents could benefit from defining screening and evaluation criteria upfront, so that screening and interviewing could be structured to provide the information necessary to make effective hiring decisions.

To some extent, the less formal procedures employed by the survey group may result from lack of resources and time to devote to recruiting and hiring. Board respondents were roughly evenly divided re-

Table 1
**Activities Undertaken by Boards
 During the Process of Hiring General Managers
 (sample size of 37)**

| | Yes | | No | | No Response | |
|---|--------|---------|--------|---------|-------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Conducted internal audit to determine skills needed or issues likely to arise during hiring process | 4 | 11% | 24 | 65% | 9 | 24% |
| Approved/developed job description | 24 | 65% | 4 | 11% | 9 | 24% |
| Provided training to board members in recruiting, interviewing, selection, or reference checking skills | 2 | 5% | 26 | 70% | 9 | 24% |
| Developed screening criteria prior to screening or interviewing | 19 | 51% | 9 | 24% | 9 | 24% |
| Required candidates to take some type of written or oral test | 4 | 11% | 24 | 65% | 9 | 24% |
| Required candidates to provide some type of previous work samples | 8 | 22% | 19 | 53% | 9 | 25% |
| Checked candidates' references | 21 | 57% | 7 | 19% | 9 | 24% |

garding their priorities with respect to time and money invested in the process. Of 19 respondents, 10 viewed “finding the best individual for the job at potentially high cost” as the most important priority, while 9 felt “minimizing search costs and finding an adequate manager” was most important.

In addition to reporting on the activities involved in the hiring process, 22 cooperatives who recruited general managers from outside their organizations reported on the cost and time involved in recruiting and hiring. The average length of time involved in the hiring process was 2.8 months (ranging from 2 weeks to 8.5 months). Fourteen of the 22 respondents provided information on the cost of recruiting. The average cost was \$1,330 (ranging from \$23 to \$5,500), most of which was spent on publicizing job openings.

Although difficult to prove in the absence of longitudinal studies, these results may indicate that some cooperatives are shortchanging themselves in their efforts to minimize search costs. By obtaining an adequate manager, instead of the best manager for the position, some cooperatives may be contributing to higher senior management turnover and poorer business performance in the long run.

Internal vs. External Hiring

Most businesses, including cooperatives, have strong yet sometimes conflicting institutional hiring biases. On one hand, internal hiring is often preferred: organizations want to offer opportunities for advancement to qualified individuals as rewards for effective service, to maintain loyalty, and to retain the benefit of experience within the company. On the other hand, businesses want the most highly qualified candidates and the internal candidate pool may be limited. Frequently, the need for qualified candidates takes precedence.

Although outside hiring expands the population of candidates, it can send a strong message to employees that sufficient talent isn't available from within. If employees disagree, such a message can lead to low morale or disloyalty among those who desire opportunities for promotion and development. In addition, “tissue rejection” may arise from bringing in an outsider who doesn't know or understand the business or culture and who fails to work effectively with the board or staff. As Geber notes in *Should You Build Top Executives...Or Buy Them*, “corporations with strong identities [and] common goals ... are better off by growing their own.”

Cooperatives, as organizations with particularly strong cultures, may be more likely to benefit from enhanced management development programs and internal hiring than most standard corporations.

Survey Findings: The hiring practices of the cooperatives surveyed are somewhat at odds with Geber's recommendation. Approximately half of the current general managers were hired internally (from either the board or staff). About two-thirds of these individuals applied for the position; the remainder were approached with offers and were the sole candidates considered.

Although many stated an informal preference for internal hiring, only 5 of 34 responding cooperatives have a formal policy favoring hiring general managers from within. Three of these have policies stating a *preference* for internal hiring, and two *require* hiring from within. Five other cooperatives with no formal policy on internal hiring did consider the issue prior to hiring their current general manager. However, most chose not to hire from within, because of the perceived lack of qualified candidates.

Previous management experience, a cooperative attitude or management style, industry experience, experience working with cooperatives, and interest in the cooperative movement were all ranked as more important screening criteria than whether the candidate had prior experience working within the cooperative. See Table 2 for a summary of these findings.

If Geber's comments regarding “tissue rejection” and the problems of external hiring hold true for cooperatives, one might expect to see shorter tenures among general managers hired from the outside. In fact, there was no difference between the median tenures of managers hired from within versus those externally hired; in both cases, the median tenure was

Table 2
Average Importance of Factors Considered by Boards
in Selecting General Managers
(Scale of 1 to 5, 5=Most Important)
(sample size of 37)

| | Avg. Rank |
|---|--------------|
| Management experience | 4.4 |
| Cooperative attitude/management style | 4. |
| Industry experience | 3.6 |
| Experience working in a cooperative | 3.4 |
| Active interest in the cooperative movement | 3.2 |
| Prior experience working with candidate | 3.1 |
| Academic credentials | 2.6 |

approximately two years. While these group sizes are too small to be statistically significant and length of tenure may reflect many other factors, this experience suggests that internal hiring has been no more or less successful with respect to management retention than external hiring among the cooperatives surveyed.

This result does not necessarily invalidate the implication of Geber's conclusions. Cooperatives may still have the most to gain from strengthening their management development programs and hiring capable managers from within. However, unless cooperatives can develop employees with the same level of industry and management experience as outsiders, internal hiring may not present the best solution.

Outreach Methods

The literature reveals very little about the methods used by standard corporations to publicize senior management job openings, and virtually nothing has been written about cooperative practices in this area.

The following information, from Grossman and Magnus in the *Personnel Journal* (1989), was gathered from a randomly selected sample of subscribers that included standard corporations of all sizes and a variety of industries. The survey identified the media used by subscribers to publicize management positions:

- 95% used newspaper ads
- 59% used trade journal/magazine ads
- 38% used executive search firms, and
- 37% used college recruiting resources.

Survey Findings: The cooperatives surveyed tended to make less use of traditional outreach tools than their

counterparts in private industry. On the other hand, they engaged in inter-cooperative outreach, a practice which has no apparent parallel among standard corporations.

The outreach methods used by cooperatives in this survey to publicize senior management positions are summarized in Table 3.

Local newspaper advertisements and word of mouth publicity were used most widely and found to be the most effective methods of publicizing managerial job openings. Job announcements posted at the cooperatives' work sites were the third most commonly used method of outreach but were believed to be less effective than some less commonly used outreach methods such as advertisements in trade and cooperative publications.

The difference between the practices of the cooperatives in this survey and the businesses responding to the *Personnel Journal* survey may be due in part to the emphasis many of the cooperatives place on limiting search costs and identifying candidates who share cooperative values. It is not possible to determine from the results of this survey whether these differences place cooperatives in a better or worse position with respect to management recruiting and retention than their noncooperative counterparts. However, to the extent that minimizing costs results in less outreach, these cooperatives may be failing to reach potentially qualified and appropriate candidates.

Participative Recruiting and Hiring

Participative recruiting, a process in which em-

Table 3
Rate of Utilization of Various Outreach Methods
in Hiring General Managers
(sample size of 37)

| | Used | | Did Not Use | | No Response | | Ranking of Effectiveness (1=Most Effective) |
|-------------------------------------|--------|---------|-------------|---------|-------------|---------|---|
| | Number | Percent | Number | Percent | Number | Percent | |
| Local newspaper ads | 20 | 54% | 3 | 8% | 14 | 38% | 1 |
| Word of mouth | 17 | 46% | 6 | 16% | 14 | 38% | 1 |
| Cooperative publication ads | 7 | 19% | 16 | 43% | 14 | 38% | 2 |
| Trade publication ads | 10 | 27% | 13 | 35% | 14 | 38% | 2 |
| Executive search firm hired | 4 | 11% | 19 | 51% | 14 | 38% | 3 |
| Notice posted at cooperative | 14 | 38% | 9 | 24% | 14 | 38% | 3 |
| Letters to membership | 10 | 27% | 13 | 35% | 14 | 38% | 4 |
| Notice posted at other cooperatives | 10 | 27% | 13 | 35% | 14 | 38% | 4 |
| Notices posted at colleges | 0 | 0% | 23 | 62% | 14 | 38% | N/A |
| College alumni publication ads | 0 | 0% | 23 | 62% | 14 | 38% | N/A |

employees are involved in the selection of managers, gives employees a vested interest in the success of the individual selected. Such an opportunity can provide employees with a better understanding of their manager's job and create positive expectations and a more receptive work situation for the new manager. This can lead to improved work quality on the part of employees, improved support for the manager, and better overall employee morale. Further, in a participative work culture, a team approach to the hiring process may be critical to the success of the new manager.

But participatory hiring is not without potential pitfalls. Problems may include the relatively limited capacity of staff to assess candidates' leadership talents or the requirements of the position, difficulty on the part of employees in separating personal from organizational priorities, and divisiveness which may linger after hiring if employees are not in full agreement on the manager selected.

Participative hiring is best used when the employees' acceptance is critical to the success of the new hire and when the process is compatible with the overall organizational culture. (The latter, especially, suggests that participatory hiring may be particularly effective in cooperatives.) The appropriate level of participatory process can range from consultations with employees for feedback purposes to total control of the hiring process by employees.

At a minimum, the full board should be involved in selecting the final candidate, since the board bears the responsibility for monitoring and evaluating the senior executive.

Training is considered a prerequisite for all employees involved in recruiting and hiring, to ensure that a common message is communicated to candidates, that qualifications sought and evaluation criteria are commonly understood, and that each individual is well versed in the relevant laws regulating hiring practices (Newstrom, Lengnick-Hall, and Rubenfeld; Kizilos and Heinisch).

Survey Findings: Among the 23 cooperatives who hired general managers *from outside their organizations* only 1 cooperative involved employees in either outreach or the final decision-making process and none involved employees in the process of interviewing and evaluating candidates. In approximately two-thirds of these cooperatives, interviewing and evaluation tasks were delegated to board committees, and in five cooperatives the final selection decision was delegated to a

board committee as well.

A number of the managers and board members of cooperatives that hired *from within* volunteered information on the extent of employee participation in hiring. In most of these cases, employee involvement was limited to feedback provided to boards on specific candidates. In a few cases, generally the very small worker cooperatives, all employees were involved in the final selection decision.

Primary Obstacles to Recruiting and Hiring

Two primary obstacles to hiring are cited in the cooperative literature. The first is the perceived lack of qualified candidates who share cooperative values or have experience working within a cooperative enterprise.

The second obstacle, cited most commonly in reference to worker cooperatives, involves cooperative policies that limit the maximum pay of managers to levels below market rate. The best known example of such a policy is found in the Mondragon cooperative network, where compensation of senior managers is capped at a multiple of the pay of the lowest wage worker. The primary purpose of such salary caps is to minimize class differences between managers and workers (Clamp 1987).

Survey Findings: Board members cited the lack of management candidates with appropriate values and/or adequate cooperative experience as a recruiting obstacle approximately four times as often as they cited existence of policies that limit the pay of senior managers. Two additional problems were cited with greater frequency than either of these two obstacles:

1. a lack of *interested* candidates (among those qualified) given the cooperatives' financial *inability* (rather than political unwillingness) to offer market rate compensation, and
2. a lack of experience and/or organization on the part of boards (and others involved in hiring), resulting in disagreement on hiring needs and priorities, and cumbersome hiring processes. This occasionally resulted in lengthy delays that led candidates to withdraw or accept other positions before the hiring decision was made.

Some of the cooperatives surveyed may have the potential to re-prioritize expenditures and allocate additional dollars to pay more competitive senior management salaries in order to attract more interested, qualified candidates in the future. Similarly, better organization

of the hiring process would ensure that the largest possible pool of qualified candidates remains throughout the hiring process.

Suggestions for Improving Recruiting and Hiring

In each area of questioning, survey respondents were asked to identify particularly effective practices and offer suggestions for future improvements. Although most of these recommendations are not common practice among the survey respondents, they are consistent with effective practices cited in the literature. Interestingly, managers tended to have less positive comments about past hiring practices and more comprehensive recommendations regarding future improvements than board members did. This may be due to a relatively lower level of business expertise among board members.

Board members' comments on practices that enhanced their last hiring process included

1. delegating recruiting and initial screening activities to committees for greater efficiency
2. using an outside professional familiar with national cooperative networks who helped to identify a greater number of qualified candidates
3. preparing information packages and disseminating them to candidates, including information on the financial status of the cooperative and job descriptions of key employees, and
4. using local community college courses to train board members in hiring practices.

Board members' suggestions for improving future hiring processes included

1. extending the time period for advertising and interviewing (with the implication that planning well in advance of the departure of the former general manager is needed)
2. conducting more extensive outreach and advertising
3. conducting better research regarding the appropriate publications in which to advertise, the needs of the cooperative, and the qualifications required for the position
4. reducing the number of board members involved in early stages of the hiring process for greater efficiency (and less confusion on the part of candidates), but allowing for broader input before final decisions are made, and
5. requiring every board member to interview final candidates for a better comparative assessment.

In contrast, managers' responses to questions about effective practices employed in the hiring process were mixed; some were quite negative. A significant number commented that "nothing" was handled well or that "the board was quite disorganized" or "left the candidate hanging" or "didn't know what they wanted to do."

Positive aspects of the hiring process as experienced by some managers included

1. the "frankness" and "forthrightness" of boards and members concerning difficult aspects of the positions and the cooperatives' poor financial performance
2. responsiveness and quick action on the part of some boards, and
3. in one case, the use of an industry consultant who assisted with the process.

Improvements recommended by managers for future hiring practices included

1. formalizing hiring procedures, including developing uniform questions to be asked of all candidates
2. training board members in interviewing techniques and affirmative action and equal opportunity law
3. placing greater emphasis on reference checking
4. using consultants more to determine the cooperative's needs and the qualifications sought
5. focusing on "technical and administrative" abilities of candidates rather than individual popularity and personality traits
6. negotiating a written employment contract at the time of hiring
7. devoting regular working hours to interviews, so as not to indicate that hiring managers is a low priority, and
8. clarifying the roles and responsibilities of the board versus management in order to communicate these more clearly to candidates during interviews and hiring negotiations.

2. COMPENSATION

Determining Base Compensation

Several studies indicate that scalar compensation structures (in which higher compensation is provided to those with increased responsibility and decision-making authority) exist in nearly all cooperatives. However, cooperative pay scales tend to be compressed relative to pay scales in private industry. The compen-

sation of workers at the lower end of cooperative pay scales tends to be higher than their cohorts in private industry, while cooperative managers tend to be paid less than other managers in their industries. Managers in most cooperatives are required to “punch in” as wage workers do and receive far less in the way of benefits and perks than their counterparts in standard corporations. This situation exists despite widespread recognition that senior managers of cooperatives are faced with at least the same degree of difficulty in their jobs and require as much or more expertise as their counterparts in private industry (Ninacs, Clamp 1987 and 1990, Bergen).

There are two divergent views among compensation experts regarding the state of cooperative compensation practices. The first, represented in the writings of Groves and Wald, suggests that management compensation within cooperatives, especially senior management compensation, should be performance related and comparable to private industry standards.

In recent writings, Wald rejects the notion that the alternative financial structure of cooperatives precludes an ability to institute competitive compensation structures and notes that cooperatives have no choice in the matter of competing for talent in the marketplace.

The opposing view, represented by Bergen, points out that cooperative managers’ key motivation is non-traditional and differs from the motivation of senior executives in standard corporations. Bergen argues that it is unnecessary to adopt compensation policies identical to or competitive with private industry. He recommends that cooperatives set senior management salary levels between the norms for private industry and those of the government/nonprofit sector. He notes that cooperatives are viewed by their top managers as “semi-public” organizations, for which they are highly motivated to work because of their non-traditional nature. He asserts that top cooperative managers measure relative compensation first in terms of what other cooperatives are offering and second in terms of industry standards. Bergen does warn, however, that excessive compression of salary scales may deter even the most dedicated managers from assuming the risks and responsibilities associated with the position of CEO or general manager.

Low salaries can be rationalized as a necessary selection device, ensuring that the managers who elect to fill senior positions within cooperatives are ideologically committed to cooperative principles. This outlook has helped to support the Mondragon coopera-

tives’ policy regarding caps on senior management compensation, which is specifically designed to minimize social and economic differences between workers and managers.

A related issue is that of compensation reviews and periodic increases in compensation. The annual compensation review is a standard tool for motivating senior managers. Typically, the annual compensation review is conducted as part of the performance review process, although many companies separate these two processes in order to emphasize one set of issues at a time.

In general, the factors taken into account in determining managers’ base salaries include the requirements of the position, comparable salaries in the industry, and the manager’s level of experience and performance relative to specific objectives. Senior managers of standard corporations are less likely to receive periodic merit-based increases in base compensation than other employees, as their total compensation usually involves an incentive component based on company and/or personal performance. The amount and structure of the incentive component usually is also considered as a factor in setting and revising the base salary. (See below, Structuring Incentive Compensation.)

Survey Findings: Compensation practices among the cooperatives surveyed are generally consistent with Bergen’s view of the appropriate compensation structure for cooperatives. However, the motivation for these practices is to some extent inconsistent with Bergen’s analysis.

In general, the managers surveyed perceived that they were compensated competitively compared with managers of other similar cooperatives, but less than managers in comparable positions in standard corporations in their industries. Thirteen of 24 responding managers believed that their compensation was “about the same” as that of managers in comparable jobs at other cooperatives, 6 thought their compensation was better, and 5 thought it was worse.

Only 3 of 29 responding managers believed that their compensation was better than that of their counterparts in competing standard corporations; 3 believed that they were compensated “about the same,” and 23, or nearly 80% of those responding, believed their pay was worse (see Table 4).

In contrast to Bergen’s views, most of the reasons given by board members for compensating their man-

agers less than managers in standard corporations are not ideological (see Table 5).

Surprisingly, board members—who bear the primary responsibility for setting compensation—were less satisfied with managers’ compensation than the managers themselves. Of 36 board members, none felt that their general managers were paid “too much.” Half felt that their general managers received the “appropriate amount” of compensation, and half felt that managers were paid “too little.”

Of 38 managers responding, 23 were satisfied with their initial compensation packages and 15 were not. Of 36 who responded regarding their current compensation package, again approximately two-thirds were satisfied with the amount of pay. Many managers commented that they were satisfied with the relatively low pay *only* because the position was with a co-op. Otherwise, many conceded, the low salaries would not be sufficient to compensate them for the level of responsibility and scope of work required in their jobs (see Table 6).

This difference between managers’ and board members’ levels of satisfaction may reflect the fact that many boards have experienced problems hiring and retaining competent managers in the face of competition with private industry. At the same time, the relatively low salaries have served as an effective screening device during hiring, ensuring that the managers who

accept these positions are motivated by the sort of nontraditional factors Bergen discusses.

The processes used by cooperatives in the survey to set and revise senior managers’ salaries were generally informal and fairly diverse, including everything from “based on last manager’s salary” and “the candidate stated his amount” to “when a raise is requested the board talks about the issues” and “all workers and managers receive the same” level of increase.

Only half of responding managers had received regular compensation reviews. Of the 17 who had received reviews regularly, 13 were satisfied with the review process. Fourteen of 30 managers had received merit-based compensation increases since they were hired. (The median tenure of these 14 managers was 2.25 years.) Three managers had received cost of living increases only, and 13 managers had received no increase in compensation. (The latter had a median tenure of 1.5 years).

The results regarding pay raises were not surprising, given the financial problems identified by many cooperatives and their perceived inability to pay market rate compensation. The following factors were most commonly involved in determining management compensation among the cooperatives surveyed (listed in order of frequency): the ability of the cooperative to pay, job duties, performance goals and standards, salary survey information (either internal or external), and

Table 4
Managers’ Views on the Competitiveness of Their Compensation

| | Better | | Same | | Worse | | No Response | |
|---|--------|---------|--------|---------|--------|---------|-------------|---------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Opinion of competitiveness of manager’s compensation compared with that in other cooperatives | 6 | 16% | 13 | 34% | 5 | 13% | 14 | 37% |
| Opinion of competitiveness of manager’s compensation compared with that in competing companies (not cooperatives) | 3 | 8% | 3 | 8% | 23 | 61% | 9 | 24% |

Table 5
Factors Involved in Determining the General Manager’s Compensation

| | Considered | | Did Not Consider | | No Response | |
|--|------------|---------|------------------|---------|-------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Ability of the cooperative to pay | 32 | 86% | 4 | 11% | 1 | 3% |
| Nature of job duties | 29 | 78% | 7 | 19% | 1 | 3% |
| Performance goals/standards | 21 | 57% | 15 | 41% | 1 | 3% |
| Salary survey information | 18 | 49% | 18 | 49% | 1 | 3% |
| By-law/policy constraints on salary levels | 3 | 8% | 33 | 89% | 1 | 3% |

formal by-law or written policy constraints (such as salary caps or salary scale ratios designed to minimize class differences among employees). However, the lack of attention to the compensation review process suggests a low level of understanding among board members regarding the minimum requirements associated with guiding, motivating, rewarding, and retaining senior managers.

Structuring Incentive Compensation

Approximately 90% of all U.S. corporations pay annual bonuses. The bonuses, which range in size from 10% to 50% of base compensation, are linked to the attainment of performance targets established at the beginning of each year. Firms that do offer top executives bonuses have been found to have a higher average rate of total compensation, approximately 12% above the average for firms not paying such bonuses (Bergen, Wald).

A study of 10 major Canadian cooperatives and their executive compensation plans conducted in 1980 concluded that the key to successful bonus plans was that

the individual had and was able to perceive that he had a high degree of personal impact on almost all the key variables that affected the results for which he was held accountable and on which the bonus was based. The other criterion for success... was that the potential payout in any one period would be large relative to salary; the effective working range for this would be at least up to 50% of base salary.

Consistent or stable bonuses were not considered to be effective motivators (Bergen).

Another study of cooperative compensation practices recommends "a minimum of 10% and a maximum of 30% of salary" as the appropriate range of bonus payments. The study found that some cooperatives offered bonuses as high as 50%. It further recommended that incentives be calculated on the basis of achievements relative to standards, such as profit or return on equity targets. "Such incentives must be offered in order to compete with noncooperatives which

can entice senior management with stock options as an added incentive" (Renquist).

Survey Findings: Less than 40% of the managers surveyed had an incentive component as part of their compensation. Typically such bonuses were structured as a percent of profits (ranging from 0.5% to 1.0%) rather than a percent of base salary paid only upon meeting previously agreed upon financial performance targets. Several of those with bonuses structured as a percent of profits noted that their industries have been unprofitable for some time. Hence, they were not motivated by the unlikely possibility of achieving profitability.

Suggestions for Improving Compensation Practices

Only managers were asked to comment on effective compensation practices and to offer suggestions for improvements. They identified almost nothing in the way of innovative or effective compensation practices currently in use. An unusual example of an innovative compensation practice was described by one manager (perhaps tongue in cheek) as "the collective's willingness to allow the manager's vacation to be used to do outside work to supplement income."

Managers suggested the following improvements in compensation practices, all of which are consistent with recommendations and practices cited in the literature:

1. increase levels of pay or benefits to more closely match industry standards
2. conduct regular compensation reviews
3. encourage board members to take adequate time to prepare and research industry standards before conducting compensation reviews
4. create an incentive plan
5. separate compensation reviews from performance reviews and conduct the former at the time when budgeting is done.

Table 6
Summary of Managers' Responses to Selected Questions
Regarding Compensation

| | Yes | | No | | No Response | |
|--|--------|---------|--------|---------|-------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Satisfied with initial compensation package | 23 | 61% | 15 | 39% | 0 | 0% |
| Compensation includes incentive component | 14 | 37% | 21 | 55% | 3 | 8% |
| Receive some form of regular compensation review | 19 | 50% | 19 | 50% | 0 | 0% |
| Satisfied with compensation review process | 13 | 46% | 4 | 14% | 11 | 39% |
| Satisfied with current compensation package | 23 | 61% | 13 | 34% | 2 | 5% |

3. SCOPE OF AUTHORITY AND RESPONSIBILITY

As noted earlier, certain aspects of the responsibilities of senior managers are no different than those of their counterparts in other businesses within their industry. Thus, cooperative managers must have comparable industry expertise and technical skills to manage successfully in a competitive environment. However, in addition to these standard responsibilities, they are required to manage organizational and interpersonal dynamics which are typically more complex than those within the standard business. To do so, they must understand and support their cooperative's non-economic goals and possess the ability to manage complex and overlapping relationships with board members and employees. Further, particularly in worker cooperatives, they must have the capacity and inclination to manage employees in a democratic and participatory work setting.

While the positions are often more demanding, the scope of authority and decision-making power of cooperative senior managers is typically constrained in comparison with the control of the owner-manager or senior manager of a standard corporation. There is very little in the cooperative literature that discusses the impact of this disparity on cooperatives' ability to recruit and retain talented managers. However, it has been noted that the generally lower levels of compensation combined with broader responsibilities and relatively limited decision-making powers are likely to make the process of hiring and retaining good managers quite difficult (Wald).

Survey Findings: With regard to the limits posed on general managers' decision-making authority,

- Boards played a relatively significant decision-making role in many areas of operations (approval required in over 50% of cooperatives responding), including such areas as expenditures above certain dollar amounts, the sale of assets, changes in personnel policies, preparation of annual budgets and business plans and obtaining outside financing. The most common limit on the general manager's decision-making authority was in the area of expenditures. The average maximum expenditure managers were authorized to make without board approval was approximately \$3,000.
- Membership authority to approve managers' decisions was relatively limited; the most common area of membership control (in only

13% of the cooperatives surveyed) involved approval of the annual business plan.

Most general managers and board members were fairly satisfied with the responsibilities and the scope of authority of the general manager:

- 31 of 35 board members felt that their general manager's scope of responsibilities was appropriate, and 34 of 36 felt that the general manager had adequate authority over decision-making.
- From the general managers' perspectives, 33 of 38 were satisfied with their scope of responsibility, 29 of 35 were satisfied with their decision-making authority relative to their boards, and 16 of 20 responding managers were satisfied with their decision-making authority with respect to members.

While the official policies of the cooperatives surveyed limit the authority of cooperative managers relative to owner-managers of similar businesses, the managers surveyed appeared to be satisfied generally with the balance of their responsibilities and authority. While a few said that their boards "meddle" in operational activities, others commented that their boards were not sufficiently involved in overseeing the business' performance. Several managers expressed concern about the lack of accountability required of them by their boards and suggested that stronger boards would provide better support for the manager and more effective governance on behalf of members.

It does not appear that the balance of job responsibilities and scope of authority of these cooperative managers has had a detrimental impact on the managers' level of job satisfaction or on the cooperatives' ability to retain them as managers.

4. PERFORMANCE EVALUATIONS

The Performance Review Process

The purpose of performance reviews is to reach conclusions regarding management effectiveness, communicate those views to the manager, and provide counseling and direction to the manager, in order to improve future performance. This feedback and guidance is considered to be one of the primary motivational and management tools available to boards of directors.

Several experts have discussed effective procedures for conducting management reviews (Renquist,

Smith and Zimbelman). The following is a synthesis of their recommendations:

- Develop standards for evaluation, including a job description and performance goals and objectives, which are agreed upon by both the general manager and the board of directors as a reasonable guide for judging future performance (over the course of 6 to 12 months).
- Prior to the review, obtain information from the manager regarding the business' performance since the previous review, the internal strengths and weaknesses of the business, the opportunities and threats the business faces in its markets, the manager's self-evaluation, and his or her proposed plans and objectives for the business.
- Use a simple appraisal form that directly addresses the previously agreed upon job description and performance goals and objectives.
- Require the participation of the full board of directors.
- Consider obtaining input from a variety of sources, including members, employees, outside consultants with knowledge of industry performance norms, etc.
- Emphasize future actions to be taken to improve the manager's performance and the performance of the business.
- Present the final evaluation both verbally and in writing.

As Smith and Zimbelman note, "To avoid management evaluation is to neglect one of the most important functions of the board and to truly jeopardize the future of the co-op."

From the managers' point of view, neglect of the review process can signal a lack of board level concern

with the manager's efforts, as well as with the performance of the business. Obviously, this can be a serious disincentive to effective management.

Survey Findings: The performance review process typically employed by the cooperatives surveyed was less frequent, formal, and systematic than that described above. The relative absence of regular performance reviews and the informality of most of those that were regularly conducted suggest the potential for widespread unacknowledged (or ignored) performance problems, as well as the potential for significantly improving business performance and management motivation.

Twenty-seven of 37 board members, or 73%, said regularly scheduled performance reviews of the general manager were conducted. However, only 59% of the managers (22 of 37) believed this to be the case. According to the 22 managers responding, performance reviews were conducted on average once every 11 months, although formal policies typically called for more frequent reviews.

Although many cooperatives employed elements of the recommended procedures cited in the literature, the majority of review procedures were described as "informal." Less than half (14 of 34) of the cooperatives set performance objectives prior to reviews and, in many of these cases, the process and the objectives also were described as "informal." Table 7 summarizes managers' responses to questions regarding the nature of performance reviews and the extent to which board and staff were involved in conducting such reviews.

Suggestions for Improving Performance Review Processes

A number of suggestions were made by both board

Table 7
Summary of Managers' Responses to Selected Questions
Regarding Performance Reviews

| | Yes | | No | | No Response | |
|---|--------|---------|--------|---------|-------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Performance evaluated regularly | 22 | 58% | 15 | 39% | 1 | 3% |
| Full board involved in performance review | 24 | 63% | 2 | 5% | 12 | 32% |
| Board committee involved in performance review | 12 | 32% | 14 | 37% | 12 | 32% |
| General manager involved in performance review (shares in actual evaluation, not just recipient) | 22 | 58% | 4 | 11% | 12 | 32% |
| Employees involved in performance review | 12 | 32% | 14 | 37% | 12 | 32% |
| Cooperative members involved in performance review | 4 | 11% | 22 | 58% | 12 | 32% |
| Performance objectives set prior to reviews | 15 | 39% | 15 | 39% | 8 | 21% |

members and managers regarding ways to improve the review process, all of which were consistent with the processes advocated in the literature and may help cooperatives in their efforts to direct and motivate top managers. Managers suggested the following:

1. Develop lists of priorities and goals and a timeline for accomplishing them. Evaluate the manager on his/her ability to accomplish them within the stated time frame.
2. When the number of parties involved in providing feedback is large, shorten the evaluation form and reduce the time frame involved.
3. Allow more time for discussion between board and manager regarding the review.
4. When appropriate, incorporate more positive feedback into the review; include what is going well, in addition to what is not.
5. Keep the process objective; avoid basing the evaluation on personality rather than performance.

Board members recommended the following:

1. Develop objectives with the manager rather than handing them over to manager.
2. Be specific regarding objectives.
3. Collect and evaluate input from staff rather than having staff directly involved in the review process to reduce time spent and make the process less cumbersome.

5. TRAINING AND DEVELOPMENT

The primary goals of training and development at the general management level are to

1. enhance the general manager's performance and, thereby, the cooperative's performance
2. increase the manager's job satisfaction by promoting the learning of new skills and the opportunity to accept new responsibilities and challenges, and
3. increase the manager's loyalty and maximize the length of time he or she will commit to the job.

The responsibility for achieving these goals lies with both the board and the general manager. Their joint task is to ensure that the manager has the resources and scheduling flexibility to participate in trainings; the board must also provide guidance regarding the new skills and knowledge needed.

Tools commonly used in management development programs include team-building sessions (group

trainings and events to strengthen relationships and promote communication among managers and other employees) and both in-house and off-site trainings for individuals and groups on such topics as interpersonal dynamics, negotiating and conflict resolution, finance and accounting, sales and marketing, time management, organizational behavior and development, regulatory compliance, and written communication (Geber).

Survey Findings: In comparison with the other areas addressed by this survey, senior management training and development was given little attention by the cooperatives. In most of the cooperatives surveyed, very little has been done to provide comprehensive and systematic training and development programs for top managers.

Only one-third of 38 responding managers said that their cooperatives allocated funding annually for management training. According to 8 of these managers, the average total training budget was \$6940 per year, or approximately \$805 per manager. Several of these managers commented that training budgets were not always spent, because of the difficulty of allocating time to training in the face of day-to-day job demands.

In less than 15% of responding cooperatives, boards or board committees determined training needs on a regular basis. Training needs among most survey candidates were defined in an ad hoc manner, if at all.

Of 23 managers responding, 15 received some type of formal training within the prior year and 11 of those (less than half of those responding) were satisfied with the training they received. A similarly low proportion of board members indicated their satisfaction with the manner in which management training was handled.

The most commonly employed types of training are seminars and trade shows sponsored by industry groups and chambers of commerce. Some managers made use of other training opportunities, including

1. working with consultants and other professionals (such as attorneys)
2. attending classes at local colleges
3. attending the annual Cooperative Management Institute (CMI) sponsored by the University of Wisconsin Center of Cooperatives, and
4. participating in the Consumer Cooperative Management Association (CCMA) Conference sponsored by the University of Wisconsin Center for Cooperatives and the National Cooperative Business Association.

Managers felt that the most effective training included (not necessarily in order of effectiveness)

1. training from previous managers
2. on-the-job experience
3. trade shows
4. CMI and CCMA workshops and classes (primarily valued by managers of consumer cooperatives), and
5. training from outside consultants.

While training priorities tended to be set informally (or were lacking altogether) and training opportunities were taken advantage of in an ad hoc manner, several managers did identify training policies and practices that they felt would enhance their cooperative's management development practices. Their recommendations included

1. providing training on personnel management and conflict resolution within a participatory management framework
2. spending time with managers of other cooperatives, on-site
3. taking advantage of professional development courses and business seminars offered by local colleges
4. providing adequate training to board members to enable them to effectively evaluate senior management training needs
5. conducting an annual survey of training needs, setting priorities and creating an annual (funded) training and development plan.

6. JOB SATISFACTION AND MANAGEMENT RETENTION

According to Clamp in her writings on the Mondragon cooperatives,

work in the co-ops for most managers is a vocation. Those managers who stick with it have set aside the opportunity for higher pay and status... [they] have a strong ideological motive for staying [which includes]... an acceptance of the legitimate dominance of labor over capital, and the democratic rights of the General Assembly. ... Most managers remain out of dedication to a system which they feel better serves the needs of themselves, their co-workers and their communities (Clamp 1987).

The average length of stay of managers of Mondragon cooperatives is five years. Managers there depart primarily for reasons associated with professional advancement (Clamp 1990).

In recent years, a number of significant attitude shifts among cooperative employees in the U.S. have been identified, which have strong implications for

managerial job satisfaction and the ability of cooperatives to retain good managers.

In general, employees at all levels have placed increasing emphasis on the intrinsic value of the work and less emphasis on long-term job security. Concurrently, they have been setting increasingly higher expectations regarding work quality, participation in management, and personal growth (Todt). This shift is consistent with the democratic, social-welfare goals of consumer and worker cooperatives.

On the other hand, Robert Kabat notes in *American Cooperation* (1987) that a number of attitude shifts have been identified among managers. According to Kabat these shifts are associated with the growing level of education managers bring to their jobs, and most do not favor the hiring needs and management retention practices of cooperatives:

1. Managers expect to apply greater expertise on the job and treat the opportunity to do so as an end in itself.
2. Managers tend to be more aware of rights and entitlements now than in previous years, including fringe benefits.
3. Because they enter jobs with greater academic skills (although not necessarily better organizational and personnel management skills), managers expect to command higher salaries and more responsibility.
4. Managers are less inclined to identify with the "cooperative ideal" or to be motivated by the historical contributions of cooperatives.

Thus, cooperatives may be offering management opportunities that are consistent with trends in overall *employee* attitudes, while they simultaneously buck the prevailing trends in *management* attitudes. The type of attitude shifts identified by Kabat indicate that the total pool of experienced managers who are or would be satisfied in positions of leadership in cooperatives may be shrinking.

Survey Findings: Among the managers surveyed, 81% stated they were "very satisfied" or "satisfied" with their jobs, 11% were "somewhat satisfied," and 8% were "not very satisfied." Twenty-three managers responded to a question regarding the factors that have the most impact (positive or negative) on their overall job satisfaction. Table 8 displays management responses in order of frequency of response.

The cooperatives surveyed seem to have been successful in identifying and hiring individuals whose

values are consistent with cooperative values and culture. However, the relatively high turnover (twice as high as that of the Mondragon experience) and the short average tenures of current managers suggest that other factors may play an important role in a manager's decision to stay or leave.

When managers were asked to rate the above factors as to the extent of positive, neutral, or negative impact on their current level of job satisfaction, all the factors were rated positive or neutral, on average, with the exception of the competence and skill of the board (see Table 9). Job dissatisfaction was most commonly associated with problems managers experienced interacting with boards, often perceived by the managers as inexperienced, unprofessional, or incompetent, as illustrated in the following remarks:

"The only thing holding the co-op back is the lack of competence of the board."

"The board does not understand general business and industry problems and how they relate to our company."

"It's hard to be entrepreneurial, the board acts too slowly."

"The unprofessional side of the board often dictates to the professional they hired."

More than half (58%) of the responding managers have "seriously considered" leaving their jobs. Commonly cited reasons for doing so include (not necessarily in order of importance)

1. problems with boards
2. frustration with the collective or participatory process
3. the amount of work; burnout; stress
4. compensation below market, or below the desired

Table 8

Factors Impacting Job Satisfaction

| | Number of Responses |
|---|---------------------|
| Opportunity to work with a cooperative | 10 |
| Opportunity for personal growth | 9 |
| Organizational philosophy/culture | 8 |
| Opportunity to grow the business | 8 |
| Scope of responsibility | 5 |
| Level of decision-making authority | 3 |
| Compensation | 3 |
| Opportunity to work with a good management team | 3 |
| Lifestyle associated with the job | 2 |
| Feedback received about job performance | 2 |
| Competence and skill of the board | 1 |
| Opportunity to learn and gain experience | 1 |

level, given job responsibilities and the amount of work, and

5. the desire for more long-term security.

Similarly, board members were asked to cite reasons that past managers had departed. Stated reasons included (not necessarily in order of frequency)

1. lack of support from the board
2. issues involving job description, authority, and compensation
3. interpersonal and managerial problems with members or employees
4. loss of faith in the cooperative management system, and
5. other job or educational opportunities.

Despite the relatively high turnover among managers of the cooperatives surveyed, only 2 of 37 board members stated that their cooperatives have developed succession plans in which a specific candidate has been identified to replace the current general manager in the event of his or her sudden departure. In both of these cases, the identified successor is currently an assistant manager. In most cases, remaining middle level managers or board members would be expected to fill in for the departed manager on a temporary basis until a permanent replacement could be found. The smaller cooperatives generally felt that their management teams were too small (often a single manager) to enable them to identify a successor prior to the departure of the current manager. The larger cooperatives, for the most part, did not identify succession planning as a priority.

Table 9

Average Impact of Various Factors Considered by Managers in Determining Job Satisfaction (-1=Negative Impact, +1=Positive Impact) (Sample Size of 38)

| | Avg. Impact |
|---|-------------|
| Opportunity to work with a cooperative | 0.9 |
| Scope of responsibility/level of authority | 0.8 |
| Opportunity to grow a business | 0.8 |
| Opportunity for personal growth | 0.8 |
| Lifestyle associated with the job | 0.8 |
| Culture/philosophy of the organization | 0.6 |
| Opportunity to gain experience | 0.6 |
| Opportunity to work with a good management team | 0.5 |
| Compensation | 0.3 |
| Feedback received about job performance | 0.3 |
| Job security | 0.2 |
| Access to training/skills/knowledge | 0.2 |
| Competence/skill of the board | -0.1 |

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- Kabat, Robert I. "The Human Resources Environment for Cooperative Businesses." in *American Cooperation, 1987*. The American Institute of Cooperation, Washington D.C. 1987. pp. 188-196.
- Kizilos, Tolly, and Roger Heinisch. "How a Management Team Selects Managers." *Harvard Business Review*. September-October, 1986. pp. 6-12.
- Newstrom, John, Mark Lengnick-Hall, and Steven Rubenfeld. "How Employees Can Choose Their Own Bosses." *Personnel Journal*. December 1987. p. 121.
- Ninacs, William A. "Compensation vs Recruiting in Alternative Organizations" and "Staff Evaluations: A CED Perspective." Unpublished manuscripts prepared as course assignments for the Community Economic Development Program, New Hampshire College. 1990.
- Renquist, Don. "What Are The Effective Methods of Evaluating Performance and Setting Fair Compensation Levels for the Chief Executives and Senior Executives?" Paper presented at the International Conference of Cooperative Board Chairmen. University Center for Cooperatives, at Monterey, California. 1980.
- Smith, Geoffrey F. and Karen Zimbelman. "Assessing Management Performance," in *Challenges to the Cooperative Board of Directors*. Cooperative Grocer, Athens, Ohio, 1988.
- Todt, Jules R. "Securing Management Talent: A View from The Farm Credit System." in *American Cooperation, 1985*. The American Institute of Cooperation, Washington D.C. 1985. pp. 349-353.
- Wald, Robert M. "Compensation at Cooperatives." *The Cooperative Accountant*. Winter 1989.

ANNOTATED BIBLIOGRAPHY

Introduction

This bibliography is based on an extensive literature review of materials concerning managerial re-

cruiting, selection, retention, and development among standard corporations and cooperatives. Although there is only a limited amount of literature that specifically highlights managerial recruiting and retention in cooperatives, general human resources management literature does offer useful examples and approaches that are quite applicable to cooperatives.

Organization of Bibliography

The bibliography has two parts: "Overview and Methods" and "Approaches for Different Types of Organizations." For many of the entries, a brief summary of contents is included.

The first part is divided into six sections:

1. "General," an overview of the significant issues affecting executive recruitment and retention
2. "Participative Approaches to Managerial Selection," which is particularly applicable to the nature of cooperatives' organizational structure and operations
3. "Managerial Development and Promotion from Within," which focuses on managerial training and retention
4. "Executive Search Firms," which describes a potentially useful recruitment resource for cooperatives
5. "Recruitment Market Research and Advertising," which explains techniques for identifying candidates for managerial positions and preparing effective advertising to attract them, and
6. "Temporary Executives," which describes the increasingly popular practice of hiring temporary managers.

The second part, "Approaches for Different Types of Organization," covers the unique challenges in managerial recruitment and retention among organizations that are not large, mainstream corporations. This second part contains four sections:

1. "Cooperatives," which includes articles on managerial recruitment and development primarily in American agricultural cooperatives and British retail cooperative societies
2. "Entrepreneurial Firms and Small Businesses," with information on approaches of small business to these issues, which may be relevant to small cooperatives
3. "Nonprofit Organizations," and
4. "Public Sector," which describes two types of organization that face problems similar to those

of cooperatives, since the organizations have non-economic goals and offer below-market salaries for managerial positions.

Bibliographic Sources

The most helpful general resources were *Work-Related Abstracts* (under the topic headings "Personnel Management," "Compensation," and "Management Science") and *Personnel Management Abstracts* (under the topic headings "Recruiting," "Selection," "Job Design," "Job Satisfaction," "Entrepreneurs," and "Small Business"). Abstracts published from 1980 until mid-1990 were reviewed. MELVYL, the University of California's comprehensive computerized database of books and periodicals held throughout the entire library system, was especially useful for identifying relevant books and reports. The Business Periodicals Index and ABI Inform were also consulted.

Sources focusing specifically on cooperatives were reviewed as well, yet only a limited amount of material on managerial selection and retention was found in these sources. The *Cooperative Bibliography* (by Patricia Hill, Maryjean McGrath, and Elana Reyes; published by the University Center for Cooperatives at the University of Wisconsin in 1981) and the *Food Co-op Bibliography* (by Elana Reyes, published by the University Center for Cooperatives at the University of Wisconsin in 1981) were both reviewed, as were the article indexes for both the American Institute of Cooperation's annual yearbook and the *Cooperative Grocer*.

In addition to these published sources, organizations with expertise or resources relevant to the cooperative field were contacted in order to identify any additional articles, books, and unpublished manuscripts on managerial selection and retention in cooperatives. These organizations included the Center for Cooperatives in Davis, California, the National Cooperative Business Association, the Industrial Cooperative Association, the Ford Foundation, the University Center for Cooperatives/University of Wisconsin-Extension, the Milwaukee Association of Cooperatives, North Country Development Services, Puget Sound Cooperative Federation, Workers Owned Network, the National Association of Cooperative Credit Unions, the Philadelphia Association of Cooperative Enterprises, and the Catalyst Group.

Part A. OVERVIEW AND METHODS

I. General

Acharya, Sankarshan. *Sequentially Rational Expectation Equilibrium Policies for Managerial Hiring, Compensation, Reviewing, and Tenuring*. Salomon Brothers Center for the Study of Financial Institutions. Graduate School of Business Administration, New York University. 1988.

Bargersock, A.S. "Recruitment Options That Work." *Personnel Administrator*. no. 34, March 1989. pp. 52-55.

Four specific programs found to enhance recruiting effectiveness are direct mail solicitations, research agency introductions, university networking, and local professional association networking.

Challenger, James E. "Older Managers are Making a Resurgence." *Personnel Journal*. no. 7, July 1986. pp. 27-29.

Cowan, R.A. "How To Avoid Hiring the Short-term Manager." *Industrial Management*. no. 2, 1989. pp. 12-13.

An executive search firm gives the following tips for recruiting managers who will "last" with a company: do a thorough background check, don't rely on chemistry and emotion alone, and allow proper consideration for a candidate's track record.

Feinstein, F. "Executive Hunts Lengthen as Jobs Grow More Complex and Pool Shrinks." *The Wall Street Journal*. August 1, 1989. p. A1.

Many companies find that filling management jobs now takes longer—perhaps twice as long as ten years ago. Fewer qualified candidates are applying for the positions, partly because of the diminishing number of graduate students and the increasing specialization of jobs.

Fischer, Howard M. "Select the Right Executive." *Personnel Journal*. no. 4, April 1989. p. 110.

There are unprecedented numbers of experienced executives out on the street, making the selection process more complicated.

Grossman, M.E., and M. Magnus. "Hire Spending." *Personnel Journal*. February 1989. pp. 73-76.

Recruitment spending is up, even during periods when employers are scrambling to slash payroll costs. Employers have found that running efficiently depends on having the best people, and they are spending millions on advertising, college programs, and testing in order to get them.

Hallett, J.J. "Hiring Job Spirit." *Personnel Administrator*. February 1989. p. 24.

Personal traits, such as the willingness and desire to learn, offer more than impressive credentials and resumes.

Jensen, Michael C., and Kevin J. Murphy. "CEO Incentives: It's Not How Much You Pay, But How." *Harvard Business Review*. May-June 1990. pp. 138-153.

Compensation policy not only shapes how top executives behave, but it also helps determine what kind of executive an organization attracts.

Johnson, R. "Trying Harder to Find a No. 2 Executive." *The Wall Street Journal*. June 19, 1989. p. B1.

For entrepreneurial firms and public companies that are still run by their founders, it is more difficult than ever to find qualified "number two" executives.

Kleiman, L.S., and M. Biederman, "Job Analysis for Managerial Selection: A Guidelines-based Approach." *Journal of Business and Psychology*. no 3, 1989. pp. 353-359.

A job analysis study is conducted for the purpose of deriving standards for selection to entry-level management jobs in a public utility company.

McConkey, Dale D. "Promotion From Without...The Second Business Strategy." *The Business Quarterly*. Winter 1987-1988. pp. 37-41.

McGill, L.D. "Hiring a Competitor's Employee: Assessing the Risk." *Employee Relations Today*. no. 3, 1988. pp. 191-198.

An employer who hires a competitor's valuable employees should assess the situation and determine the potential for legal liability.

Muir, J. "Recruitment and Selection." *Management Services*. November 1988. pp. 12-15.

A company that consistently recruits from the outside induces its employees to leave, an expensive result in terms of lost experience.

Scott, M.S. "Job Seekers Meet Corporate America Via Interspace." *Black Enterprise*. May 1989. p. 45.

Interspace Personnel, Inc. has a recruiting formula that provides minorities opportunities to interview with top corporations, principally through job fairs.

Svatko, J.E. "Pre-Employment Assessment for Management Personnel." *Small Business*. April 1989. pp. 28-39.

Warn, R.S. "Selecting a First-Time Front Line General Manager." *Manage*. no. 1, 1987. pp. 12-13.

When selecting someone for entry into management, it is important to consider how well they manage themselves.

Wentworth, J. "How Not to Recruit: True Stories." *Recruitment Today*. no. 1, 1989. p. 8.

Mistakes that can be made in recruiting include paying too little, asking for too much, and taking away tools for selection.

(author not known) "Is There a Best Way to Recruit?" *Management Today*. April 1985. pp. 95-96.

The British Institute of Management emphasizes that effective executive recruiting and selection are vital to the successful development of any organization. Also, it is important for organizations to grow their own managers.

(author not known.) "Recruitment Services Buyers Guide." *Personnel Journal*. August 1987. pp. 65-68.

2. Participative Approaches to Managerial Selection

Halcrow, Allan. "Employers are Your Best Recruiters." *Personnel Journal*. No. 11. November 1988. pp. 42-49.

Kizilos, Tolly, and Roger Heinisch. "How a Management Team Selects Managers." *Harvard Business Review*. September-October 1986. pp. 6-12.

Honeywell's Systems and Research Center used a participative management system to hire a new director of business development. Article describes a process for in-house recruitment and selection.

Neustrom, John, and Steven Rubinfeld. "How Employees Can Choose Their Own Bosses." *Personnel Journal*. December 1987. p. 121.

Although employees choosing their own supervisor may sound novel, there are many models for similar practices in place in society. Article outlines rationale, pitfalls, and specific guidelines for participative selection process.

3. Managerial Development and Promotion from Within

Bremer, K.I., and D.A. Howe. "Strategies Used to Advance Women's Careers in the Public Service: Examples from Oregon." *Public Administration Review*. no. 6, 1988. pp. 952-961.

An examination of seven local, state, and federal agencies in Oregon that have track records of success in moving women into management positions.

Bunning, R.L. "Rewarding a Job Well Done." *Personnel Administrator*. January 1989. pp. 60-62.

A variety of studies have shown that external rewards provide dramatic results in work performance.

Evans, W.A., et al. "Cross-Cultural Factors in the Identification of Managerial Potential." *Journal of General Management*. no. 1, 1987. pp. 52-59.

If there are differences in managerial roles between Western and Asian organizations, then one should consider these differences when identifying managerial potential.

Fever, Dale. "Making the Leap From Supervision to Management." *Training and Development Journal*. December 1988. pp. 62-68.

Geber, B. "Should You Build Top Executives...Or Buy Them?" *Training*. February 1989. pp. 25-30.

Considering the difficulty of good succession planning, buying often looks cheaper. Yet it is difficult to predict and measure the long-term costs associated with damaged morale and employee defensiveness.

Glenn, Tom. "Executive Development: The Vital Shift." *Training and Development Journal*. May 1985.

Hunt, John W. "Alienation Among Managers: The New Epidemic or the Social Scientist's Invention?" *Personnel Review*. no. 1, 1986. pp. 21-26.

Lundberg, Craig C. "The Dynamic Organizational Contexts of Executive Succession." *Human Resource Management*. Summer 1986. pp. 287-304.

Mahler, Walter Robert. *Executive Continuity: How to Build and Retain An Effective Management Team*. Dow-Jones, Irwin. Howewood, IL. 1973.

Skapinker, M. "A New Way to Identify Hidden Executive Talent." *International Management*. December 1986. pp. 73-74.

In many cases, a company's ability to adapt is hampered by tradition-bound executives who can't keep pace with change. Consultants combine testing with in-depth interviewing to bring out hidden talents and problems in managers.

Sisson, Keith, and John Storey. "Developing Effective Managers: A Review of the Issues and an Agenda for Research." *Personnel Review*. No. 4, 1988. pp. 3-8.

Solomon, John. "Firms Address Workers' Cultural Variety: The Differences Are Celebrated, Not Suppressed." *The Wall Street Journal*. February 10, 1989. p. B1.

Some corporations are setting up ethnic advisory panels to help spotlight cultural differences, demanding that executives quell any white male bias and work to root out sources of friction.

Storey, John. "Management Development: A Literature Review and Implications For Future Research." *Personnel Review*. November 1989. pp. 3-19.

4. Executive Search Firms

Byrne, J.A. "The New Headhunters." *Business Week*. February 6, 1989. pp. 64-67.

Executive recruiters are now key advisers to corporate America. Executive mobility is likely to accelerate, owing to cost cutting in management development programs.

Connaro, R., ed. *Executive Search: A Guide For Recruiting Outstanding Executives*. New York, Van Nostrand Reinhold Co. 1976.

Cowan, R.A. "How Not To Work With an Executive Recruiter." *Manage*. no. 40, 1988. pp. 14-15.

Kohlman, James D. *Make Them Choose You: The Executive Selection Process; Replacing Mystery With Strategy*. Prentice Hall, Englewood Cliffs, NJ. 1988.

Lewis, William. *The Prentice Hall Directory of Executive Search Firms*. Prentice Hall, New York. 1986.

Taylor, A. Robert. *How To Select and Use an Executive Search Firm*. McGraw Hill, New York. 1984.

Thompson, Jacqueline. "Anatomy of an Executive Search." *Management Review*. no. 5, May 1986. pp. 55-59.

A diary documenting the experience of locating and hiring a chief operating officer for a Silicon Valley entrepreneurial firm.

5. Recruitment Market Research and Advertising

Amante, L. "Help Wanted: Creative Recruitment Tactics." *Personnel*. October 1989. pp. 32-34.

If human resources managers are to meet the challenge of the changing and shrinking workforce, they must go beyond the classified ad approach.

Fyoch, C.D. "New Ways to Say 'Help Wanted.'" *Personnel Administrator*. September 1988. p. 100.

By using new strategies, newspaper ads can be cost-effective and successful.

Hughes, J.F. "Don't Search, Research." *Personnel Journal*. February 1989. p. 83.

There are cases in which it makes sense to follow the full search approach, but increasing numbers of corporate managers are turning to individual researchers to reduce cost per hire, while still being able to reach those outstanding candidates advertising can't reach.

Krett, K., and J.F. Stright. "Using Market Research as a Recruitment Strategy." *Personnel*. November 1985. pp. 32-36.

It makes sense for human resources managers to find out how individuals choose jobs and what attitudes are held by the types of people that their companies want to hire.

Lee, T. "Notice: All Employees Must Wash Hands Before Applying for a Job." *The Wall Street Journal*. June 2, 1989. p. B4.

Restrooms at Chicago's Merchandise Mart serve as informal employment centers, since job notices, placed by wholesalers that occupy the building, line the tile walls.

Magnus, M. "Recruitment Ads That Work." *Personnel Journal*. August 1985. pp. 42-63.

Martin, B. "Recruitment Ad Ventures." *Personnel Journal*. August 1987. pp. 46-63.

Recruitment ads are useless unless they stand out. It is important to know of the dominant advertising trends and successful campaigns.

Shepherd, E.R. "Why Search When Research Will Do?" *Recruitment Today*. no. 2, 1988. pp. 42-46.

There are significant differences between executive search firms and research firms as tools in the recruiting process.

(author not known.) "How to Increase The Effectiveness of Classified Recruitment Advertisements." *Personnel Management*. October 1987. p. 97.

The U.S. Advertising Bureau offers pointers for producing successful small job ads.

(author not known.) "Want Ads Really Do Offer Help." *Industry Week*. August 19, 1985. p. 5.

Employment ads often feature excellent opportunities for career growth. Employers often change their minds about experience levels, so they may be willing to upgrade the position for senior candidates.

6. Temporary Executives

Feinstein, S. "More Small Firms Get Help From Rent-a-Boss Services." *The Wall Street Journal*. January 25, 1989 p. B1.

Companies are hiring chief executives on short-term contracts to get through financial crises or fill in for managers who die or get sick without successors.

Melloan, G. "Temps Now Take a Turn at Executive Level Jobs." *The Wall Street Journal*. May 19, 1987. p. 29.

There is a rise in demand for professional temporary workers.

Moshal, B.S. "Rent-a-Boss." *Industry Week*. March 21, 1988. pp. 83-84.

There is now a segment of young temporary help that is dedicated to providing companies with competent business professionals to fill managerial positions. They are available on a short-term, time sharing, or project basis.

Zinn, L. "How to 'Temp' as a Top Executive." *Business Week*. September 12, 1988. p. 125.

Companies are increasingly turning to executive temporary agencies to get senior executives willing to work for a year or less. There are 200,000 managerial temps in the U.S.

Part B. APPROACHES FOR DIFFERENT TYPES OF ORGANIZATION

1. Cooperatives

Bergen, W.E. "Co-operative Executive Compensation." Paper presented at the International Conference of Cooperative Board

- Chairmen, University Center for Cooperatives, at Monterey, California. 1980.
- Chapman, Harold E. and others. *The Contemporary Director*. Co-operative College of Canada. Saskatoon, Saskatchewan. 1986.
- Clamp, Christina. "Managing Cooperation at Mondragon: Persistence and Change," in *Social Intervention, Theory and Practice*, ed. Edward M. Bennet. Edwin Mellen Press, Lewiston, New York, 1987.
- Idem. "Managing Cooperation at Mondragon: The Nature of Participation in Worker Cooperatives." New Hampshire College, Community Economic Development Department. Paper prepared for the XII World Congress of Sociology, July 1990, Madrid, Spain.
- Cornforth, Chris. "Cooperative Manager." *The Cooperative Yearbook*, 1989.
- Colter, Carolee. "Getting and Giving Employment References." *Cooperative Grocer*. November - December 1989. pp. 10-12. Co-ops need to be cautious in giving out references and skillful in getting references from previous employers. Offers specific suggestions for obtaining useful information from references.
- Cooperative League of the U.S.A. *A Guide to Modern Management for Cooperatives*. Cooperative League of the U.S.A. Washington D.C. (no date.)
- Freppert, Jerry. "Training and Educating Management, Directors, Employees, and Members: The Harvest States Program," in *American Cooperation*, 1985. The American Institute of Cooperation, Washington D.C. pp. 178-182.
- Harvest States, an agricultural cooperative based in Minnesota, has developed an extensive training program for its managers and employees. In particular, the cooperative offers courses on decision-making, financial analysis, and leadership skills.
- Groves, Frank W. "Selecting and Evaluating the Cooperative Manager," in *American Cooperation*, 1988. The American Institute of Cooperation, Washington D.C. 1988. pp. 77-88. A summary of the entire recruitment, evaluation, and selection process of cooperative management.
- Holland, Douglas A. "Challenges Facing Directors of Co-operatives." *Working Papers*. vol. 3, no. 1. Co-operative College of Canada. Saskatoon, Saskatchewan.
- Hopping, Robert W. "Securing Management Talent: The GROWMARK System," in *American Cooperation*, 1985. The American Institute of Cooperation. Washington D.C. pp. 354-356.
- GROWMARK Inc., a farming supply operation in Illinois, has had a long-standing philosophy of promoting from within. In addition, GROWMARK has developed an organized managerial selection system.
- Kabat, Robert I. "The Human Resources Environment for Cooperative Businesses," in *American Cooperation*, 1987. The American Institute of Cooperation, Washington D.C. 1987. pp. 188-196.
- Organizational goals are achieved only when human resources are integrated with those goals. Many organizations fail to plan and to anticipate the changes that will inevitably effect them. Addresses the effect of changes in labor force compensation on planning requirements for human resource needs.
- Kilcourse, Tom. "Making Management Development a Co-operative Venture." *Personnel Management*. No. 8, August 1988. pp. 35-39.
- Any attempt to develop individual managers in isolation from their context will be futile. Therefore, individual development and organizational development have to be promoted in a parallel manner. The author describes how such a strategy has been adopted in the Leicestershire Cooperative Society. The article offers specific comments on developing a cooperative culture, developing political/interpersonal skills, creating training and assessment centers, and preparing succession plans.
- Nelson, William J. "Training and Educating Management, Directors, Employees, and Members: The Minnesota Experience," in *American Cooperation*, 1985. The American Institute of Cooperation, Washington D.C. 1985. pp. 183-189.
- The status of cooperative training and education needs to be improved. Addresses cooperatives' need to recruit the best employees and managers who have an interest and knowledge of cooperatives. Based on the perspective of formal cooperative education institutions (agricultural). Comments are applicable to non-agricultural sector but limitations exist in terms of available numbers of management candidates and resources available for training and education.
- Ninacs, William A. "Compensation vs Recruiting in Alternative Organizations" and "Staff Evaluations: A CED Perspective." Unpublished manuscripts prepared as course assignments for the Community Economic Development Program, New Hampshire College. 1990.
- Renquist, Don. "What Are The Effective Methods of Evaluating Performance and Setting Fair Compensation Levels for the Chief Executives and Senior Executives?" Paper presented at the International Conference of Cooperative Board Chairmen. University Center for Cooperatives, at Monterey, California. 1980.
- Reuss, Rita Rye. "Involving Women in Cooperatives at the Board Level and Other Leadership Roles," in *American Cooperation*, 1985. The American Institute of Cooperation, Washington D.C. 1985. pp. 451-454.
- Cooperatives should encourage and make available to today's farm woman the opportunity to take a strong role in cooperative activities, particularly on the board and in decision-making roles.
- Smith, Geoffrey F., and Karen Zimbelman. "Assessing Management Performance," in *Challenges to the Cooperative Board of Directors*. Cooperative Grocer, Athens, Ohio. 1988.
- Todt, Jules R. "Securing Management Talent: A View from The Farm Credit System," in *American Cooperation*, 1985. The American Institute of Cooperation, Washington D.C. 1985. pp. 349-353.
- The capacity of cooperatives to secure and maintain management talent appears to be quite good in the short run and reasonably good in the long run, provided the work environment matches with the employee's values and the tools to identify and develop management talent are judiciously exercised.
- Turner, Michael S. "Management Factors Affecting Success of Farmer Cooperatives," in *American Cooperation*, 1988. The

American Institute of Cooperation, Washington D.C. 1988.

Wald, Robert M. "Compensation at Cooperatives." *The Cooperative Accountant*. Winter 1989.

Discusses need for competitive compensation, including such issues as competing with companies that can offer stock options and other forms of equity compensation.

Wells, Frederick Author. *Recruitment, Selection, and Training for Management in Retail Co-operative Societies*. Education Department, Co-operative Union. Loughborough, England. 1963.

(author not known.) U.S. Agricultural Cooperative Service. "Recruiting and Training Co-op Employees" (available from the library of the Canadian Cooperative Association, Ottawa, Canada).

Addresses all levels of employee recruiting and training.

(authors not known.) "Special Issue on Cooperative Development and Barriers to Cooperative Development." *Journal of Economic and Industrial Democracy*. vol. 11, no. 4, November 1990.

2. Entrepreneurial Firms and Small Businesses

Curran, James. "Training and Research Strategies for Small Firms." *Journal of General Management*. no. 3, Spring 1983. pp. 24-37.

Research on owner-managers can help in the design of appropriate training courses that are based on their needs and experiences.

Finney, Martha. "Human Resource Management in Small Business: No Small Task." *The Personnel Administrator*. no. 11, November 1987. pp. 36-44.

Small business personnel managers need to turn challenges into advantages and thus make the company competitive in recruiting.

Hutton, T.J. "Recruiting the Entrepreneurial Executive." *Personnel Administrator*. January 1985. pp. 35-36.

Risk orientation, self-motivation, and a "hands on" style are qualities possessed by successful entrepreneurs. Accordingly, compensation and recruitment techniques should fit this style.

Logsdon, Gene. "Survival Tips for Corporate Ship Jumpers." *In Business*. no. 3, May-June 1988. pp. 36-37.

Small businesses are surprisingly often started by executives who became bored, bitter, and blocked within large corporations. Often they err in thinking that the methods they used in big business are not applicable to small business.

Lowden, James S. "Managerial Skills for Entrepreneurs." *Management Decision*. no. 4, 1988. pp. 35-39.

Mehta, Sanjir. "Entrepreneurs: Is Training Your Successor a Major Problem?" *Pakistan Management Review*. no. 2, 1988. pp. 41-46.

Entrepreneurs who have established their own businesses often have difficulty delegating and training a successor.

3. Nonprofit Organizations

Garrison, Stephen A. *Institutional Search: A Practical Guide to Executive Recruitment in Nonprofit Organizations*. Praeger, New York. 1989.

Simendinger, Earl A. and Terence Moore. *The Health Care Executive Search: A Guide to Recruiting and Job Seeking*. Aspen Publishers, Rockville, MD. 1989.

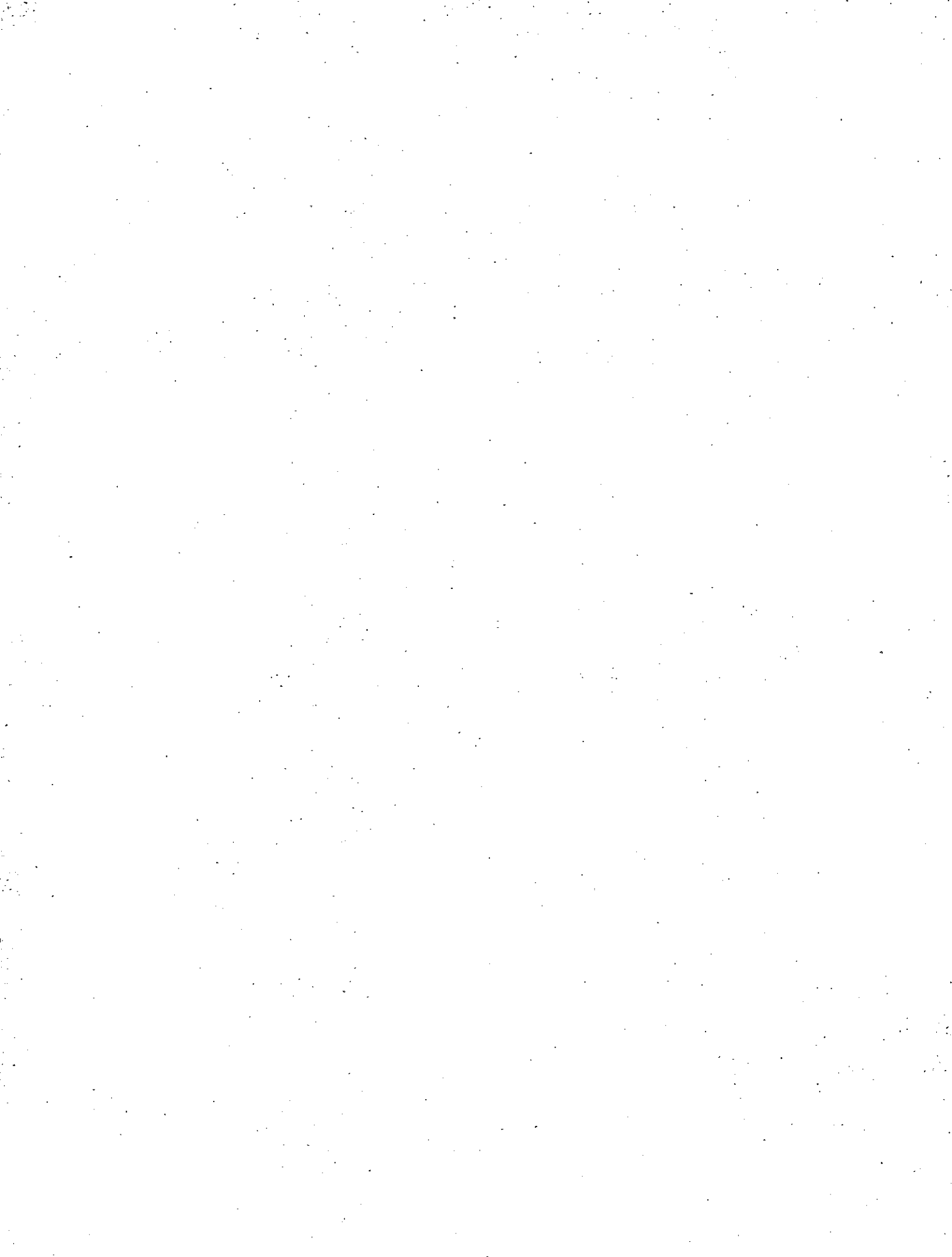
4. Public Sector Organizations

Ammons, D.N., and J.J. Glass. "Headhunters in Local Government: Use of Executive Search Firms in Managerial Selection." *Public Administration Review*. no. 3, 1988. pp. 687-693. An examination of search firms' activity in local government, attitudes of key officials toward the use of such firms, and evidence suggesting trends for the future.

Swanson, John A. *Hiring an Executive Director: A Guide For Regional Councils*. National Association for Regional Councils, Washington D.C. 1980.

White, Charles R. *Manager Retention and Job Change in the Transit Industry: A Survey of Manager Attitudes*. Center for Urban Studies, School of Urban and Public Affairs, Portland State University. 1987.

(author not known.) "London Councils Offer Pay Supplements to Attract Staff." *Personnel Management*. October 1987. p. 101. Because of a shortage of suitable applicants and competitive salaries offered by the private sector, local governments are having difficulty hiring employees. Consequently, they are offering salary supplements and additional benefits in order to attract employees.



ABOUT THE CENTER FOR COOPERATIVES

The Center for Cooperatives was established by the California Legislature in 1987 as a Center in support of research, education, and extension activities to "advance the body of knowledge concerning cooperatives in general and address the needs of California's agricultural and nonagricultural cooperatives..."

The Center's objectives are to promote:

- **EDUCATION.** The Center offers formal and informal educational programs to those involved in cooperative management and develops teaching materials for all levels of interest.
- **RESEARCH.** To help the state's cooperatives reach their objectives, research is conducted on economic, social, and technical developments. Practical aspects of this research are the provision of competitive research grants, and studies for government agencies on how cooperatives can help achieve public policy objectives.
- **OUTREACH.** The Center informs the public on cooperatives and their significance to the economy of California.

The Center is a University-wide academic unit. Its teaching and research resources are drawn from expert professionals from all University of California and state university campuses, other colleges and universities, as well as sources indigenous to the cooperative business community.

The Center has established an endowment fund to receive gifts and contributions from the public, foundations, cooperatives and other like sources.