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THE ROLE OF CO-OPERATIVES IN NEOLIBERAL SRI LANKA: A CASE STUDY

Vidya Samarasinghe¹ and Dhammika Jayawardena²

University of Sri Jayewardenepura

Emails: 1vidya@sjp.ac.lk, 2dhammika@sjp.ac.lk

ABSTRACT

The co-operative movement of Sri Lanka is a historically embedded phenomenon. Since its emergence in the latter stage of the British colonial era of the country, the movement has been creating a unique value system in Sri Lanka's political economy thus enabling 'weaker sects' of society to be 'productive members'. Yet, once Sri Lanka opened up its economy in 1977, this social and economic role, the 'double nature', of co-operatives was exposed to an ambivalent situation. Against this backdrop, this article critically examines the role of the co-operative movement in 'neoliberal Sri Lanka'. Based on the case study method, it analyses how primary co-operatives of the country operate in the free market conditions. The article shows that Sri Lankan co-operatives are continuously losing their momentum and strongholds in the market as they are struggling to cope with the challenges in the free market conditions. In conclusion, the article argues that Sri Lankan co-operative movement needs to transform itself into a 'voluntary people's movement', if it is to continue into the future.

Key Words: Co-operative movement; Market economy; Neoliberalism; Primary Co-operatives; Sri Lanka.

1. Introduction

From its inception in the eighteenth-century Europe, co-operatives have been considered as a 'distinctive form' of organisations. The reason for this, as some scholars argue, is the 'double nature' of co-operatives: it is viewed that members of co-operatives have shown a tendency to form both 'social groups' and 'business enterprises' simultaneously thus making co-operatives a 'distinctive form' of organisations which differs from, hierarchical, if not 'capitalist' organisations (Kokkinidis, 2015). This double nature of co-operatives has been an embedded facet of the 'co-operative movement' of Sri Lanka. Since its modest origin in the latter stage of the British colonial era¹ of the country, co-operatives in Sri Lanka have been able to provide their members with social and business spaces while actively contributing to the welfare and wellbeing of the 'common man', or 'weaker sects', of Sri Lankan society.

However, neoliberal reforms introduced to Sri Lanka in the late 1970s were not only aimed at privatisation of state enterprises, liberalisation of exchange rate and promotion of foreign direct investment, but also promoting 'free market competition' (Hettige, 2000; Kadirgamar, 2017). Despite the regulatory changes and previously unexperienced market competition, history of the co-operative movement shows that it has been able to 'survive' for more than four decades in the market economy. Yet, at the same time, it is evident that within the context of market economy, the co-operative movement is losing its momentum in social as well as economic spheres (Department of Co-operative Development, 2017). Indeed, since the recent past, some of the co-operatives are not only subject to shrink of their 'market share', but also compelled to close down their lossmaking ventures (Department of Co-operative Development, 2017).

Against this backdrop, this article critically examines the research problem pertaining to the role of co-operatives in neoliberal Sri Lanka. And so, it addresses the question of how co-operatives of Sri Lanka are 'surviving' in the market economy of the country. For this, based on the case study method, the article analyses the ways in which primary co-operatives of Sri Lanka operate in the market economy while at the same time providing their members with social as well as business space.

The article is organised under following sections. First, it recaps the literature related to evolution of the co-operative movement of Sri Lanka. Second, the article explains methods used in fieldwork, conducted in a multipurpose (primary) co-operative society, Gloomy Future (pseudonym), in a semi-urban area in Colombo district, Sri Lanka, and data analysis methods. In doing so, third, the article analyses and discusses the challenges that co-operative movement of Sri Lanka is facing in the market economy and how primary co-operatives are continuously losing their momentum and strongholds in the market. In conclusion, the article argues that co-operatives of Sri Lanka need to undergo radical changes, which are sensitive to the ongoing demographic and socioeconomic developments in 'neoliberal Sri Lanka', if they are to continue into the future.

2. Co-operative Movement of Sri Lanka: The Evolution and Current State

Co-operatives across the world have a long history. For instance, in England, the first co-operative was formed in 1700 as a fire insurance firm. Also, in the mid-1700s French consumers attempted to establish co-operatives (Williams, 2007; Zeuli & Cropp, 2004). Despite these historical roots of co-operatives in the West, the current form of co-operatives across the world is largely inspired by the Pioneers' Co-operative Society of England. In 1844, a group of working-class men called the Pioneers' Co-operative Society, founded the modern co-operative movement in Rochdale in Lancashire, England to provide an affordable alternative to poor-quality and adulterated food and provisions, using any surplus to benefit the community (Williams, 2007; Winslow, 2002; Zeuli & Cropp, 2004).

Due to this unique nature of the 'co-operative concept', co-operatives were welcomed by many countries across the world. In fact, in the early twentieth century, the British colonial rulers of India had established co-operatives to improve the economic condition of Indian farmers under the Cooperative Societies Act of 1904 (Kunal, 2013). Similar developments were reported in other parts of the world making co-operative movement a significant force in economic as well as social sphere (Gooneratne, 1966; Williams, 2007). Thus, at present nearly three million co-operatives operate all over the world. These provide job opportunities to more than 10 percent of the employed population of the world. In terms of the economic contribution, the 300 largest co-operatives altogether generate more than US \$ 2000 billion in turnover while operating in numerous areas (World Cooperative Monitor, 2019).

2.1. Co-operatives in independent Sri Lanka

As history shows, the co-operative movement has had a significant impact on the economy and lives of ordinary people in independent Sri Lanka, particularly during the 1950s and 1970s, although its 'ups' and 'downs' were subject to 'national economic policy oscillated between "open, market-oriented industrialization" [during 1952-1955 and 1965-1970] regimes and "closed, state-controlled, import-substitution industrialization" [during 1956-1964 and 1970-1977] ones' (Winslow, 2002, p. 11). For instance, in 1940s there were nearly 4000 registered co-operative societies in the country (Department of Co-operative Development, 2017). But, in the context of independent Sri Lanka in the 1950s the number has increased by more than three times (see Figure 1).

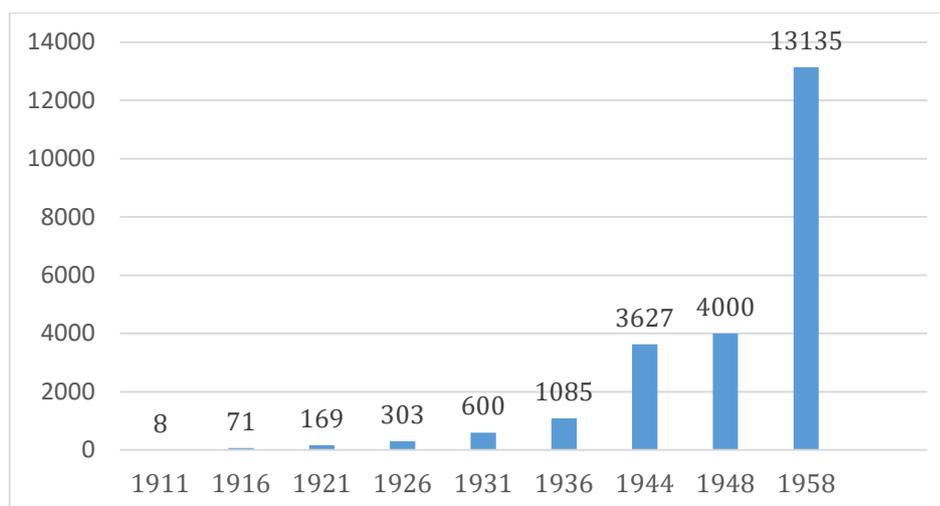


Figure 1: Number of Member Societies from 1911 to 1958

Source: Survey Data, 2018.

Parallel to this development, which was accelerated by the amendment of the Co-operative Societies Ordinance in 1921 to enable non-credit societies to be registered, during 1944 and 1958 membership of the societies also increased by more than 60 percent, from 826,814 to 1,327,273 (Department of Co-operative Development, 2017). Indeed, history shows that until neoliberalisation of Sri Lanka's economy in the latter part of 1977, the presence of the co-operative movement in the economy and society of the country was noteworthy, although some of non-significant and/or non-operative co-operatives had disappeared during the 1960s and 1970s. By 1977 the total number of societies stood at 8490, of which 7635 were primary co-operatives (Department of Co-operative Development, 2017). These were regulated by Co-operative Societies Act No. 5 of 1972 which was enacted to make the co-operative movement 'compatible' with the 1972 Republican Constitution of Sri Lanka and the (left-wing) coalition government of 1970–1977.

2.2. Free market and the co-operative movement

However, the role of the co-operative movement in the country's economy and society was compelled to change when the Government of the United National Party opened up the economy of Sri Lanka. In the open economy, or 'free market' context, co-operatives were exposed to a hitherto unexperienced market competition (Winslow, 2002). Furthermore, the Government policy on restricting the welfare schemes on food and other necessities and the abolition of the 'ration card', known as 'rice card', had adverse impacts not only on the weaker units of society but also on co-operative societies, especially primary co-operatives whose main customers had been from such units (Samarawickreme, 1997). In this free market context, the number of registered co-operatives dropped by 60 percent as there were only 3403 societies in 1978, although there was a slight increase in the membership (Department of Co-operative Development, 2017).

Despite the initial shock of free market reforms and competition, since the mid-1980s, the co-operative movement of Sri Lanka has been able to regain its role in society and

economy to some extent. The number of societies increased gradually during the mid-1980s and until 2014 (see Figure 2). As statistics of the Department of Co-operative Development show, in 2014 the number of registered co-operatives in Sri Lanka accounts to more than 14,000; among these nearly 10,000 co-operatives are in operation and employ more than 44,000 workers. Furthermore, their operating profit in 2014 exceeds Rs. 6500 Million—as a combination of secondary and primary co-operatives which consists more than 8.6 million members (Department of Co-operative Development, 2017).

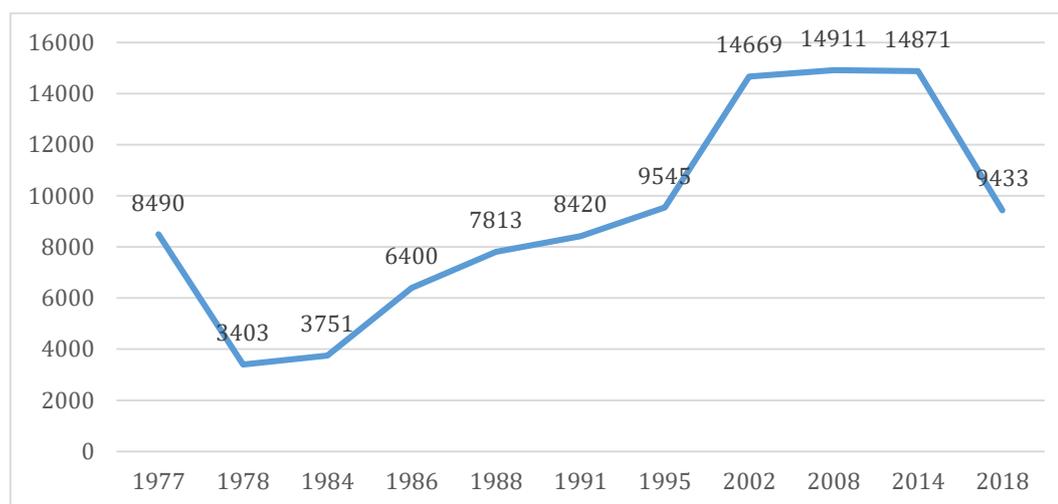


Figure 2: Number of Member Societies from 1977 – 2018

Source: Survey Data, 2018.

Nevertheless, since 2014 the co-operative movement of Sri Lanka has been showing a decline. For instance, when comparing with the number of co-operative societies listed in 2014, there is a 36 percent drop in the societies listed in 2018. In fact, statistics show that in 2014 there were 14,871 listed co-operatives. The number has dropped to 10,770 in 2015 and to 10,635 in 2016, and further to 9,433 in 2018 (Department of Census and Statistics, 2019). Likewise, the annual turnover and profits of the societies show slight variations during this period, from 2010 to 2018. Moreover, in 2016, inactive co-operatives account to nearly 35 percent of the number of listed co-operatives (Department of Co-operative Development, 2017). This is despite the fact that there has been a significant progress in the country's consumer market since the end of the 30-year separatist war of Sri Lanka in 2009² (Jayawardena, 2017). And so, it seems that at present, co-operatives in Sri Lanka are stagnating, if not weakening as they are struggling to adapt to the ongoing demographic and socioeconomic changes of the country.

3. Fieldwork and Data Analysis

Methodologically, our study was based on the qualitative approach; more specifically the case study method (Piekkari & Welch, 2018; Yin, 2009). Before commencing fieldwork, we conducted a semi-structured interview with a senior officer of the Department of Co-operative Development. Based on the interview and our analysis of the data—in terms of the past (1900s–2000s) and the present (2012– 2018)³ trends of co-operatives with

regard to number, membership and turnover of co-operatives—we have identified that there is a ‘strong case’ to explore, the ‘survival’ of co-operatives in ‘neoliberal Sri Lanka’. Yet, at the same time, we realised that ‘playing with statistics’ alone would not allow us to understand the ‘grass-root realities’ of co-operatives. Therefore, we decided to generate data qualitatively using the case study method. And so, we located fieldwork in a well-established multipurpose co-operative in a semi-urban area in Colombo district, Sri Lanka which we call as the Gloomy Future (GF).

3.1. Why a case study (method)?

The rationale of the selection of GF, as the fieldwork site, was basically twofold; accessibility and the nature of the co-operative. GF is a well-established multipurpose (primary) co-operative of which history goes back to the mid-1970s. But, before commencing the fieldwork ‘formally’, we conducted an initial site visit to the Head Office in August 2018. During the visit we had a semi-structured group interview with the General Manager, Assistant General Manager (Members Relations) and Assistant Commercial Manager of GF which continued for about two and half hours. The focus of the interview was basically on the current states of GF, its historical evolution and the internal and external challenges and opportunities that GF is facing. As part of the interview, we were able to collect various documents that embody many facts and figures of GF. Moreover, after the interview we got an opportunity to visit the Co-op City adjoining the Head Office. This was to have a rough idea of how everyday processes of the Co-op City are being run and managed. Considering these, we hypothesised that GF would be a ‘perfect case’ to understand and to articulate the ‘common struggle’ of co-operatives in neoliberal Sri Lanka.

Yet, we were (and are) aware of the ‘limits’ of the case study method—as a ‘qualitative’ research approach—and its bias towards ‘qualitative positivism’ (Piekkari & Welch, 2018). Also, we were conscious of our (positional) identity, or subjectivities, and how such subjectivities affect the study in general and our ‘methodological choice’ in particular. Indeed, we were a ‘team’ of university academics who were inspired by the qualitative approach to social research and as far as our relationship with co-operatives is concerned, except one member of the team, we were (and are) not regular customers of co-operatives: rather we are used to shop in ‘supermarkets’. Thus, we acknowledge the fact that our desire to see the longevity of co-operatives, or how they survive in a free market context, seems more ideological than real.

Despite these ‘biases’, we argue that the qualitative approach to data collection and analysis in general and the case study method in particular provided us with a ‘reliable methodological approach’ to the phenomenon in question that is ‘how (primary) co-operatives operate and survive in the market economy of Sri Lanka’. Indeed, not only such methods facilitate us to investigate the phenomenon in in-depth and within its real-life context (Yin, 2009), but also, they allow us to construct ‘situational knowledge’ (Mason, 2002).

Given this context, in September 2018 we commenced our fieldwork in multiple sites of GF. These consisted of the Funeral Parlour of GF located in a village that is 5 Km away

from its head office, a Co-op Super (the Co-op Super-SR) and a 'milk bar' located within 1 Km of the head office, and a co-operative store (Pradeshika-K) located in a village within 3 Km of the head office. To generate primary data, we used semi-structured and unstructured interview methods based on both individual and group interviews (Mason, 2002; Marshall & Rossman, 2011). All interviews, which lasted anywhere from 30 minutes to one and half hours, were digitally recorded with the consent of the participants. They consisted of both managerial and non-managerial employees, such as a manager and two employees of the Funeral Parlour, the Manager of Pradeshika-K, the Manager of the Co-op Super-SR and two members of the sales staff of the Milk Bar adjoining the Co-op Super-SR. All interviews were conducted in Sinhala. In addition, we conducted (unstructured) observation, particularly in the Funeral Parlour and the Co-op Super-SR. Members of the team recorded their observation in detail during or after the (daily) activities of fieldwork.

Once generated, data were transcribed (and translated to English) under each place (as well as under each participant) in detail which came out as 'sub-cases'. Subsequently, as a team, we read through the transcribed data for several times to gain a general understanding as well as to 'isolate common themes'. Simultaneously, we discussed and reflected on our experience and observation at different places of the research sites; notwithstanding we did not apply thematic analysis, if not (all) steps of such analysis (Braun & Clarke, 2013). Instead, we opted a holistic (analytical) approach to the case in question, although, as seen in the following section, we organise our case thematically.

4. Analysis: GF as a Case Study

GF, is a multipurpose (primary) co-operative located in a semi-urban area in Colombo district, Sri Lanka. During the time we conducted fieldwork it arms with 21 regional co-operative stores which are known as 'Pradeshika', 12 mini Co-op cities, 5 Co-op supers and a Co-op city. Pradeshika are the relatively small regional co-operative stores with limited turnover; nevertheless, the Co-op city and the Co-op supers are similar to department stores or supermarkets with relatively high turnover, diverse product range and situated in unburn or semi-urban locations. In addition to these, GF runs its own funeral parlour, printing press and packaging unit of spices.

GF employees around 400 employees of which more than 60 percent are women. As a whole, GF runs at a profit, although some of its ventures, such as the printing press, are lossmaking. The losses of these ventures, as the General Manager of GF explains, are mainly due to the market competition 'unique' to neoliberal Sri Lanka.

It seems that the 'norms' of the free market, such as middlemen commissions, have threatened the existence of GF, if not some of its ventures, as they are unable to comply with such norms. For instance, some of its ventures, such as the Electric shop, which sold electric wires, switches etc. have been already closedown due to losses. As fieldwork unfolded, we realised that the 'threat' of the free market competition cannot be restricted only to aforementioned 'market norms'. Rather, it has sneaked to all 'business ventures' of GF, especially to Pradeshika.

4.1. Free market competition and the survival strategy of GF

In nature, Pradeshika are similar to small retail shops which sell essentials and daily essentials, particularly to customers with low-income. Due to the ever-increasing private sector competition in the retail market in this semi-urban area most of Pradeshika are now struggling to survive. Due to this competition, even the Co-op supers and the Co-op City of GF, which enjoy around Rs. 5 to 15 million monthly turnover, are now under the threat of survival. This is how the Manager of the Co-op Super-SR explains the situation:

They are [too] facing difficulties. But their strategy is long term. So, they are deterministic. So many private supermarkets have opened their outlets around this area [of GF]. But our [co-operative] shops are not expanding. People don't have that motive to develop. Our people are sleeping.

As the Manager thinks, GF's (and its ventures') inability to adapt to the market competition is not just due to the nature of the competition itself, but due to the lethargic attitude, if not conventional business policies of it. As a result, GF finds it difficult to take any workable action that would help to mitigate the private sector-led competition in the retail business sector of the semi-urban area in which GF remained a key player. This is how he explained his view on the changes:

We have maintained our volume of sales continuously. Our focus is the middle-class. A person who goes to Cargills goes there anyway. And a person goes to *pola*, [fair, an open market nearby the Co-op Super-SR which sells all kinds of fresh food and other daily needs at a competitive price on Wednesdays and Sundays] anyway goes to *pola*. We pay attention to attract the crowd that goes to *pola*.

Although the Manager is aware of the long-term strategy of the supermarket chains, he is reluctant to accept that such strategy has an impact on his venture and Pradeshika of GF. Instead, he is of the view that changing the '*internal* management practices' is the solution (for the lossmaking ventures) as he views (lower) 'middle-class', the traditional customer base of GF, especially of its Pradeshika, as a static phenomenon. Indeed, the Manager is keen to continue with such customer base, assuming *pola* (fair) as his immediate competitor.

Yet, the 'market reality' shows how compelling the demographical changes are. This is how the manager of the Funeral Parlour explained it referring to the attire of the corpse.

. . . we have only the national suit [traditional dress for men in Sri Lanka]. We don't have coats and other modern clothing. But private parlours have them all. They are very attentive to the social needs. When we don't have the dress that they need there is a risk that they would shift to another service provider.

So, as the manager correctly recognises, funeral parlours of the private sector, are evolving alongside the ongoing changes in the market and society; notwithstanding his venture is lagging behind such changes.

4.2. Caught in between: market competition and social role

Despite the widening gap between GF and the ongoing changes in the (free) market and society, it seems that the managers of GF are pleased to think that GF can continue its 'business ventures' with its traditional market position or strategy that is 'cost leadership'. The rationale of such strategy is simple: how to make GF's goods and services affordable to the 'weaker sects' of society. This is how the manager of the Funeral Parlour put it:

. . . with the recent hike in our costs due to increasing prices of our supplies [inputs], such as [funeral] bar sets and clothes, we are really struggling with pricing. But I was of a firm opinion, not to increase prices. And we ourselves absorbed the [extra] cost. So, our intention was not to pass the burden to customers and not to disappoint them.

The Funeral Parlour of GF, plays a socially justifiable role in a competitive sector, especially for the customers who comes from low income groups. And so, despite the increase of the cost, the Parlour keeps its prices stable, so as to continue with its market position as the 'cost leader'. Indeed, this strategy, which supports the 'social role' of GF, is part of the way in which the managers of GF operate their ventures. As the Manager of Co-op Super-SR described his pricing policy of the Milk Bar:

In a co-operative we don't expect profits all the time. For example, we buy 'short eats' for the Milk Bar at reasonable prices. We have high sales [volume] at smaller [profit] margins. But all the school children [from nearby two schools] are immensely benefited by this. They are full when they eat a [Chinese] roll and drink a glass of milk from the Milk Bar.

As a co-operative society, 'keeping prices affordable' is one of the key goals of GF. So even if the competition is high, the managers of GF are keen to go ahead with the spirit of co-operatives as a distinctive form of organisations (Kokkinidis, 2015; Renting et al., 2012). Yet, as we observe, the 'free market competition' in neoliberal Sri Lanka makes this socially justifiable role of GF a tough one. As a result, even the managers of Pradeshika, who are struggling to survive, think that they need to change their way of 'doing business' by converting Pradeshika into Co-op cities; notwithstanding such change may further marginalise the weaker sects in neoliberal Sri Lanka (Department of Census and Statistics, 2018; Jayawardena, 2017). This is how the Manager of Pradeshika-K, simply expressed her stance on the change, when we asked her about the idea of converting Pradeshika into Co-op cities.

We have also suggested that [converting Pradeshika into Co-op cities]. Because [middle-class] people like to choose goods on their own now.

4.3. (Mis)management, politics and the survival of GF

Lagging behind social and economic development as well as demographical changes is noticeable in GF and its (top) management. As a result, since the recent past, not only GF is experiencing slow growth, if not stagnation, but also some of its ventures are subject to collapse. Yet, these 'grass-root realities' have hardly compelled the management to change its orthodoxies. As the Manager of Co-op Super-SR explained his experience:

I had to write more than 25 letters [to GF's top management] to get this generator installed here. I had to fight and work a lot to get these ACs [air-conditioners] installed here. The former management had a grudge against this co-operative. They always wanted me to under-perform and demoralised me. But finally, I carried this [Co-op Super-SR] to a very good level with a lot of hard work.

It seems that there are many 'untold stories' behind *managing* 'business ventures' of GF as well as of its top management. Indeed, once told, these stories embody the daily struggle of the managers of the business ventures, most of whom are from modest socio-economic backgrounds and are still keen to go ahead with the spirit of co-operatives. As these stories tell, the stagnation of most ventures of GF is not just due to the venture managers' management style, but is owing to the top management attitude towards the venture managers and their managerial judgment. As the Manager of the Co-op Super-SR put it:

Once I requested automated payment machines, so that customers would be able to pay by themselves for their purchases. But the Head Office rejected it as managers of other supermarkets [Co-op Supers] were against the system.

Indeed, as we observe, overlooking the 'grass-root realities' in the way of rejecting many sensible suggestions made by the venture managers was part of GF's top management attitude towards its venture managers. Yet, as fieldwork unfolded, we have come to realise that these 'resistances' as well as 'changes' are embedded in, or subject to, power relations and organisational politics of GF. As a result, most of the venture managers were struggling with managing their everyday business operations. As the manager of the Funeral Parlour put it:

The [top] management is also not stable. The positions are changed frequently. The GM [General Manager] again changed during last two three days... Ex-GM was interdicted due to some reasons . . . The position was again given to the Secretary [of GF].

GF, as we observe, is not immune to mismanagement, if not corruptions. In fact, during the time we conducted fieldwork, the top management of GF is under the preview of an administrator from the Department of Co-operative Development. Interestingly, 'mismanagement' of GF appears as part and parcel of the ongoing market competition in neoliberal Sri Lanka. This is how the manager of the Co-op Super-SR explained his view, when we asked him about the over-stock of some of the items displayed at the Co-op City.

Hmmm... it is like this. People don't understand the logic. Sometimes the seller traps the Purchasing Manager [of GF] by offering a free item for each 10 or 100 [items] purchases. But we have to be careful as to why these people provide free items. That is simply because they are not saleable. Ultimately a lot of stock lies unsold inside the supermarkets [co-operatives]. I felt that the sales manager (in fact he was referring to the Manager of the Co-op City) had some affinity with the Lux [regional] agent for some personal gain.

It seems that in the current free market context, not only GF's management is 'trapped' by smart sales agents, especially those who work for the multinational corporations operate in Sri Lanka. So 'management errors', such as over purchasing unmovable products, which

were virtually full on the shelves of the Co-op City, as we experienced it, appear as innocent. Yet, once dig deeper into this area, we realised that such ‘errors’ were a small part of a big picture.

4.4. Playing politics with co-operatives

It is hard to claim that co-operatives of Sri Lanka are ‘membership co-operatives’ (Winslow, 2002), although GF as well as other co-operatives of the country are ‘run’ by a board of directors ‘elected’ by its members. Indeed, GF as well as other co-operatives are not only subject to rules and regulations of many government bodies, particularly the Department of Co-operative Development, but also run by the (regional) petty politicians of the national political parties of the country who control the director board (Department of Cooperative Development, 2018; Fernando et al., 2021; Winslow, 2002). As a result, any management ‘error’ of GF, as well as any other co-operative, is subject to, if not mingles with ‘party politics’ of the country, more or less. As the manager of the Funeral Parlour explained the situation,

People struggle to get the power. And no one stays for longer in the chairs [chairperson of GF]. Lot of politics...After 1996, the [top] management started getting corrupted. Early days there were very intelligent [and honest] leaders. But today everyone is trying to get personal benefits. We are not focusing on our capabilities and trying to improve these [ventures of GF].

In this context, GF as well as most of the other co-operatives of Sri Lanka are used as a political platform by petty politicians to establish their political path. As history of GF shows, most of recently served chairpersons of GF were not only the regional politicians of national political parties, but also elected members of the local, or provincial, government bodies (known as Pradeshiya Sabha and Provincial Council). Indeed, most of them have used the chairpersonship of GF to get elected to the Pradeshiya Sabha or to the Provincial Council.

This interminglement between party politics and the top management of GF, as we experienced it, has made GF a ‘corrupted entity’ with so many ‘management errors’. Against this backdrop, one hand we realised that not only the real needs of the sustainable ventures of GF, such as the Funeral Parlour, remain unaccounted for, but also such ventures are treated as mere cash cows. On the other hand, this dire condition of the ventures, such as the Funeral Parlour which operates round the clock, make their employees’ ‘work life’ miserable. In fact, as we experienced, the employees of the Parlour (including two managers who work on a shift basis) were deprived of the basic needs, such as a proper place to eat and rest. This is how one of the employees, Lalith (pseudonym), of the Parlour shared his work life with us:

From 8.30 am in the morning to 8.30 am in the next morning. And then a day off. There are four men [employees] per shift. And then if someone does not report [for the shift], the one who currently works [has to continue and] fills the gap. And for that he is paid an OT [Over Time].

...

Research Team Member: Well where do you have lunch normally?

Lalith: We eat here.

Research Team Member: Hmm... then you must be really used to eat [here]. To eat here with the mortuary [embalming place] behind. You drink here too? Isn't it?

Lalith: Yes.

Either because of the attitude of the top management or due to the stagnating situation and 'management errors' of GF, most ventures of GF physically as well as socially, as we experienced it, remained in an archaic condition. Such condition not only makes the work life of GF's employees harsh, but also tends to distract customers, mainly those of the middle-class, from the business ventures. In this context, it is hard to imagine what kind of a future the top management of GF is planning for its people as well as 'business ventures' in this free market conditions in neoliberal Sri Lanka.

5. Conclusion

The co-operative movement of Sri Lanka, like in other parts of the world, emerged as an 'alternative' business model that was able to compete with profit motivated private ventures of the country (Jayawardena, 1996; Kokkinidis, 2015; Renting et al., 2012; Winslow, 2002). Indeed, in the pre and post independent eras of the country the movement helped to uplift the living standards of the members of such sects who consisted of both the membership of co-operatives as well as of those who were connected to co-operatives as suppliers, customers and so forth (Gooneratne, 1966; Jayawardena, 1996; Ranaweera, 2009; Sumanasekara Banda, 1976). Therefore, until opening up the country's economy in the late 1970s the co-operative movement was regarded as a key contributor of many sectors in Sri Lankan economy (Department of Co-operative Development, 2017; Samarawickreme, 1997; Winslow, 2002).

In fact, after 1977, the open economic policy of the UNP government was, *inter alia*, promoting capitalist entrepreneurship, private sector investment and private sector-led competition in the areas, such as retailing business in which primary co-operative societies played a significant role (Department of Co-operative Development, 2017; Kadirgamar, 2017; Samarawickreme, 1997; Winslow, 2002). These developments, as seen, have negatively affected the existence of the co-operative movement as a vital player in Sri Lankan economy and society. In fact, since the economic liberalisation, the movement has been stagnating, if not declining (Department of Co-operative Development, 2017, 2018).

Co-operatives' struggle to 'survive' in a free-market condition is not an isolated struggle unique to Sri Lankan co-operative movement. Rather, the literature shows that the existence of co-operatives in both the Global South and North is under the assault of free market competition and its underpinning norms and assumptions. Despite 'success stories' of some of the large co-operatives, such as Amul in India and Mondragon in Spain, many co-operatives across the world are struggling with neoliberal economic policy and free market competition (Hanson, 2017; Martiniello, & Nyamsenda, 2018; Metereau, 2020; Wedig & Wiegatz, 2018). And so, in order to exist in a free market condition, co-operatives are compelled to embrace such norms and assumptions. In turn they have to abandon, at least partially, their 'social role' (Hanson, 2017; Metereau, 2020);

notwithstanding the literature also shows how the free market provides co-operatives with new market opportunities (Wedig & Wiegratz, 2018; Winslow, 2002).

Against this backdrop, we can see that some of the issues, such as ‘management errors’ and the influence of party politics and government intuitions, for instance the Department of Co-operative Development, are somewhat unique to Sri Lankan co-operative movement, if not to the co-operative movement(s) in the Global South (Martiniello, & Nyamsenda, 2018; Metereau, 2020; Wedig & Wiegratz, 2018; Winslow, 2002). On the one hand, these issues, particularly management errors, mingle with party politics of Sri Lanka. On the other hand, attempts to make the co-operative movement a ‘voluntary people’s movement’ were subject to the pressure of party politics as well as the political will of the respective governments. Indeed, such attempts, as history shows, led to further strengthen the integration of the movement with government administration and local politics (Gooneratne, 1966; Jayawardena, 1996; Winslow, 2002).

In this context, envisioning a (sustainable) future for co-operatives, mainly those of multipurpose (primary), such as GF, in neoliberal Sri Lanka seems an impossible task. This is because in the free market context of the country co-operatives are struggling to transform themselves either into market-sensitive business firms—so as to comply with the ongoing demographical and socioeconomic changes in the country (see, Hennayake, 2013; Hettige, 2000; Jayawardena, 2017)—or into a ‘voluntary people’s movement’—so as to continue with the social role of the co-operative movement. Nevertheless, such ‘transformation attempts’ are not only riddled with ‘management errors’ and obstructions of the party politics, but also, they tend to distract the traditional customer base of co-operatives. Thus, it is hard to imagine how far co-operatives would go ahead with such a customer base in the context of neoliberal Sri Lanka.

In conclusion, we argue that the ‘double nature’ of co-operatives, those of mainly (primary) multipurpose, in neoliberal Sri Lanka has now become a ‘double edge and double bind problem’ as Derrida (1998) would call it. Indeed, how to form, or continue with, ‘social groups’ and ‘business enterprises’—the social and economic role of co-operatives—simultaneously in the context of neoliberal Sri Lanka appears as the possibility of impossibility, unless the co-operative movement of the country is ready to undergo a radical transformation process, such as transforming the movement into a ‘voluntary people’s movement’. Such a transformation, we argue, would enable the co-operative movement to cope with the challenges in the neoliberal economy and free market—via greater networks and alliances, among others (see Martiniello, & Nyamsenda, 2018; Wedig & Wiegratz, 2018)—while at the same time keeping the ‘spirit’ of the movement.

Notes

1. Sri Lanka was subjected to European colonisation, first by Portuguese, then by Dutch and finally by British from 1505 to 1948.
2. From the 1980s, Sri Lanka was in a state of civil war with separatist Tamil militants in its North and East. The war ended with their defeat in May 2009.
3. Official statistics of co-operatives of Sri Lanka are available until 2018.

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