CO-OPERATIVE

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CO-OPERATIVE, OR "CO-OP"

- An autonomous association of people who voluntarily cooperate for their mutual social, economic, and cultural benefit.
- Brings economic and other resources under democratic control.
- Precursors of co-ops date back to ancient times, everywhere.
- Powerful economic & social structures nowadays, especially in times of economic crisis.

WHAT IS CO-OP?

- Owned by people who uses the service
  - Supermarket owned by regular customers
  - Medical co-op owned by local patients
  - Funeral service co-op
  - Credit bank owned by the (potential) loaners
  - Farmers' co-op owned by farmers
  - Co-op company owned by workers

TYPES OF CO-OPS:
CONSUMERS' CO-OPS

- Business owned by consumers (+ employees)
- Rochdale Society of Equitable Pioneers, 1884



  - under severe poverty after industrial revolution…
  - founded by poor workers and locals
  - first model of modern co-ops
  - Rochdale Principles: developed into 7 co-op principles

TYPES OF CO-OPS:

FARMERS' CO-OPS



TYPES OF CO-OPS:
FARMERS' CO-OPS

- Farmers pool their resources for mutual benefit
- May share: land, machines, seeds, fertilizers, chemicals, fuel, labor…
- Benefit from economies of scale, reduced cost
- Commercially successful ones include: India's Amul (dairy products), Dairy Farmers of America (dairy products) in US, Malaysia's FELDA (palm oil).

TYPES OF CO-OPS

CREDIT UNION



Ali and Angawire: members of Pamtando of Ulimi Savings & Credit Co-op

TYPES OF CO-OPS

CREDIT UNION

- Same service as the banks, but not for profit
- Affordable financial services:
  - credit to finance small businesses
  - pay expenses, savings to build a nest egg
  - financial literacy training, education

TYPES OF CO-OPS

WORKERS CO-OPS

- Owned by workers
  - buy-in when start working
  - “surplus” distributed based on working hours, seniority, etc
- Controlled by workers (one worker - one vote)
  - Workers hire the CEO, not the other way around
  - elect directors / managers, decision by consensus
- Goal: to produce jobs and value the community (not profit)
- Tend to create long-term stable jobs, sustainable business practice, accountable to their community

TYPES OF CO-OPS

HEALTH CARE CO-OPS

- Members are mostly patients (+ employees)
- Set-up hospitals / clinics, health care experts
- Other activities such as dietary education, sports
- “Surplus” are invested for retirement house, dental clinics, further health-care and for lowering cost
- Closer and more trusting doctor-patient relation



TYPES OF CO-OPS
INSURANCE / MUTUAL

- Steady buy-in, in times of need
- Most prevalent, old form of co-ops
  - Crédit agricole, BPCE, Crédit Mutuel (France)
  - Co-operative bank of Keny Limited and subsidiaries: one of the biggest in the world
  - Stokvel: one out of two adults in Africa

MONDRAGÓN COOPERATIVE CORPORATION

- The world-biggest production, workers co-op



MONDRAGÓN COOPERATIVE CORPORATION

- The world-biggest production, workers co-op
- Mondragón: small town in Basque
    - under extreme poverty and repression after Spanish Civil War
    - started by a young priest “Don Jose Maria”
    - technical school (1943) -> company “Ulgor” with 5 pupil
    - 24 (1952) -> 68,000+ worker-owners (1982)
    - now: 85 industrial co-ops, 43 schools, 4 banks

7 PRINCIPLES OF CO-OP

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation among co-operatives
- Concern for community

1. OPEN MEMBERSHIP



- Voluntary organizations
- Open to all persons able to use their services and willing to accept the responsibilities of membership
- Without gender, social, racial, political or religious discrimination.

2. DEMOCRATIC MEMBER CONTROL



- Democratic organizations controlled by their members, who actively participate in setting their policies and making decisions.
- One member, one vote

3. MEMBER ECONOMIC PARTICIPATION

- Members contribute equitably to, and democratically control, the capital of their cooperative.
- Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.



4. AUTONOMY AND INDEPENDENCE

Free from external control and constraint; self-governing.

- Autonomous, self-help organizations controlled by their members.
- If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. EDUCATION, TRAINING AND INFORMATION



- Provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives.

6. COOPERATION AMONG COOPERATIVES

- Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.



7. CONCERN FOR COMMUNITY



- Cooperatives work for the sustainable development of their communities through policies approved by their members.

WANT TO CREATE CO-OP?
KEY QUESTIONS TO IDENTIFY AN OPPORTUNITY

- Would the recipients of the services (potential co-op members) be better served by owning and having direct control over the enterprise?
- Will the services provided by the co-op enterprise provide a clear and direct benefit for the member-owners that would justify their investment in the enterprise?
- Are there available sources of technical, advisory, and financial support to help with the co-op enterprise development process?