

Cooperatives

Definition of a Cooperative [1]

A cooperative is an association of persons (organization) that is owned and controlled by the people to meet their common economic, social, and/or cultural needs and aspirations through a jointly-owned and democratically controlled business (enterprise). The people of the cooperative are those who use its products, supplies, and/or services. Profits are also often returned back to the members of the cooperative, however, cooperatives are often more focused on services for members than for investments.

Cooperatives can be created for a number of different reasons or to fulfill a number of different needs: jointly process goods, split costs, split control over work, purchasing power (bulk buys), shared employees, shared wages, etc.

Cooperatives have several defining characteristics [2]

- an open and voluntary association
- a democratic structure with each member having one vote
- an equitable and fair distribution of economic results according to the volume of operations made through the cooperative

Cooperatives are enterprises that serve the needs of their members who contribute to their capital.

Principles of a Cooperative [1]

1. **Voluntary and Open Membership:** Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities and meet the requirements of membership, without gender, social, racial, political or religious discrimination. Members have control over setting policies for the co-op and making decisions for the cooperative.
2. **Democratic Member Control:** Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions.
3. **Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their cooperative.
4. **Autonomy and Independence:** Cooperatives are autonomous, self-help organizations controlled by their members.
5. **Education, Training, and Information:** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute to the development of their cooperatives. They inform the general public about the nature and benefits of 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.

Why cooperatives are important [2]

- **EU economy** - there are 250,000 cooperatives in the EU, owned by 163 million citizens (one third of EU population) and employing 5.4 million people
- **Market share** – cooperatives hold substantial market shares in industries
 - **Agriculture** - 83% in the Netherlands, 79% in Finland, 55% in Italy and 50% in France
 - **Forestry** - 60% in Sweden and 31% in Finland
 - **Banking** - 50% in France, 37% in Cyprus, 35% in Finland, 31% in Austria and 21% in Germany
 - **Retail** - 36% in Finland and 20% in Sweden
 - **Pharmaceutical and health care** - 21% in Spain and 18% in Belgium

Working Group on Cooperatives [2]

The Working Group on Cooperatives was established in 2013 to assess the specific needs of cooperative enterprises with regard to a wide variety of issues such as the appropriate EU regulatory framework, the identification of barriers at national level and the internationalisation of cooperatives.

Upon the recommendations of the Working Group, 2 pilot projects are being implemented: 'Business transfers to employees creating a cooperative' and 'Reduction of youth unemployment and the setup of cooperatives'.

Business transfers to employees creating a cooperative

This project aims to make it easier to transfer businesses to employees/workers in a cooperative. It will also raise awareness about the benefits of a cooperative model. Two consortia have been chosen to implement the project. It started in April 2016.

Reduction of youth unemployment and the setup of cooperatives

This project will support the development of entrepreneurship education, focusing on cooperatives. It will encourage cooperatives to employ young people and promote start-ups. This will help provide youth employment and ensure the generational renewal of cooperatives. Two consortia have been chosen to implement the project. The project started in April 2017.

References

- [1] <https://ncdc.unl.edu/what-cooperative> (last accessed: 2023. 06. 22.)
- [2] https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/cooperatives_en (last accessed: 2023. 06. 22.)