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## Basic Introduction to Co-operatives

A co-operative is any organisation that is run by its members for its members, essentially instead of shareholders, you have stakeholders.

For example, a housing co-op is run and owned by its tenants, a workers co-op is owned and run by its workers, an artist's co-op is run by and for artists, and a food co-op is run and owned by the people who buy food from it. This means that the main people who benefit from running the organization are the people using it, rather than a second category of people who make money simply from ownership.

### Why Co-ops rock

Co-ops are also anti-hierarchical. This means every stakeholder has an equal share in the organisation, so no one has more of a say over how things are run than anyone else. Most co-ops use consensus, or if they're too big, they sometimes democratically elect a board to run the organisation. Smaller is better though, since it means more direct involvement for the members.

# Co-ops:



## Co-operative Values & Principles

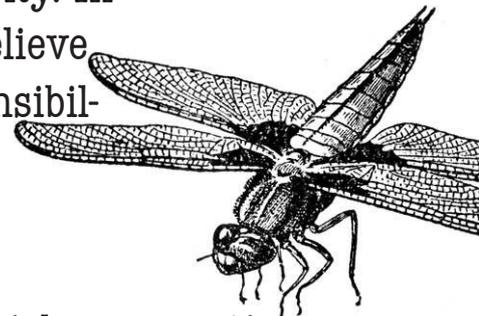
Co-operatives are unique businesses that are based on explicit values and principles articulated in the International Co-operative Alliance's Statement on the Co-operative Identity, adopted in 1995

### Definition

"A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social & cultural needs & aspirations through a jointly-owned & democratically controlled enterprise." (International Co-operative Alliance's Statement on the Co-operative Identity (ICASCI), 1995)

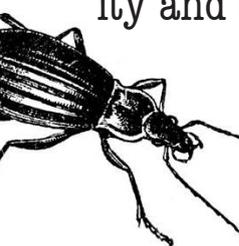
### Values

"Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others." (ICASCI, 1995)



### Principles

The cooperative principles are guidelines by which co-operatives put their values into practice. Seven principles are defined in the International Co-operative Alliance's Statement on the Co-operative Identity. (overleaf...)



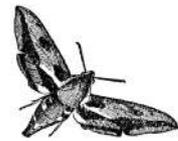
### Stakeholder Ownership

Stakeholder ownership promotes local control, empowerment and direct democracy, as opposed to shareholder ownership in which the interests of stakeholders are neglected and the profit motive prevails. An essential principle of co-operative organising is that the organisation is owned and run by its stakeholders.



## Co-operatives as a means of organising

Co-operatives are also a means of organising – they are a process not just an outcome. Co-operation provides strength by bringing people with mutual aims & interests together through the pooling of energy, time & resources to effect change for a common benefit.



## Non-hierarchical

Non-hierarchical decision-making allows each person involved in the project to have an equal say in the running of the organisation. This may be enacted through consensus decision making in which all members must agree to decisions. While non-hierarchical decision-making can take longer than a hierarchical management system, it makes for more well-rounded decisions which better reflect the interests of members while empowering individuals at the same time. Another form of organisation that is less hierarchical is democratic election of co-ordinators or delegates who are subject to recall.

## Ways of organising

### Consensus decision making

Consensus Decision Making is a system of reaching decisions that is widely regarded as one of the most participative and empowering decision making process. It is a process that can result in surprising and creative solutions.



-When used properly, Consensus is participative and democratic. It not only encourages, but actually requires everyone to take an active part in the decision making process - unlike conventional democratic systems in which we give our power to others to wield on our behalf.

-Consensus actively discourages domination on account of gender, race, sexuality or any of the other 'usual' isms.

-The quality of a consensus decision should be better. Groups using consensus are attempting to find win-win solutions to their problems. They try to synthesise the best of all the group's proposals into a decision that everyone is happy to implement, thus avoiding isolating and alienating minorities.

-Consensus is also task orientated - it's a decision making process, and therefore by definition about making effective decisions



*The information in this pamphlet >>ver. 1.2<< was adapted from: the Oroberous Artists Co-op zine 2007; Shifting Spaces website [www.shiftingspace.coop]; Seeds for Change Network [www.seedsforchange.org.uk]; The Co-operative Federation of Victoria's "What is a co-operative?" Brochure; and The International Co-operative Alliance's "Statement on the Co-operative Identity" 1995.*

# Co-operative Principles



## 1st Principle: Voluntary and Open Membership

Co-operatives are 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.

## 2nd Principle: Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

## 3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

## 4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into 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 co-operative autonomy.

## 5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

## 6th Principle: Co-operation among Co-operatives

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

## 7th Principle: Concern for Community

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

