



# co-operatives



## what are they?

A co-operative (often shortened to co-op or coop) is a business owned and run by and for its members. The definition, principles and values of co-ops are laid out by the International Co-operative Alliance (ICA).

**Definition:** a co-op is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

**Values:** self-help, self-responsibility, democracy, equality, equity and solidarity.

**Principles:** in 1844, the Rochdale Pioneers founded a consumer co-op that started the modern co-operative movement. They produced a set of co-operative principles, amended over time, that form the basis of the ICA's 'Statement of Co-operative Identity'. The seven principles are:

- 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

There are three main categories of co-operative:

1. worker co-ops: owned by employees
2. consumer co-ops: owned by customers (housing co-ops, credit unions, food purchasing co-ops and social centres/clubs are sub-categories of consumer co-op)
3. producer (or marketing) co-ops: owned by independent producers (farmers, for example) to market their produce

Multi-stakeholder co-ops are hybrids that bind together different interest groups, e.g. workers, consumers, investors etc. Often, different stakeholders in a co-op have different objectives – e.g. a credit union, where borrowers want interest rates low and savers want them high.

Worker co-ops are not just employee-owned – they are also democratically managed. The John Lewis Partnership (inc. Waitrose) is a well-known employee-owned business. Employees own shares in the company or in a trust that owns shares (that are not publicly traded). When the company does well, employees benefit financially. Workers have more control in co-ops – they either make decisions directly, or decide who's going to make them. Employee-owned businesses are fellow-travellers, however, along with mutual societies, although neither are true co-ops, which subscribe to the principles and values above.



*Suma Wholefoods Co-op - the UK's largest independent wholefood wholesaler/distributor.*

Structures of co-ops can vary enormously. In the UK, if an organisation's constitution matches the above definition, values and principles, and the members consider themselves part of the co-op movement, then they are. Elsewhere (e.g. Germany), there are much more specific definitions and legal structures.

Co-ops are run democratically – one member / one vote; some raise capital by asking members to invest by buying shares; some distribute profits to members, and some are in 'common ownership', and don't. There are over 2.6 million co-ops worldwide, with over 1 billion members and employing 250 million people.

## what are the benefits?

Co-ops provide democracy for workers and consumers, and more interesting work, as workers are involved (although they don't have to be) in the decisions affecting their jobs. Consumer co-ops can allow people to access things (or more things) more easily or cheaply than they could alone. However, consumer co-ops vary a lot in their adherence to co-operative principles.

Some people think that co-operation represents the opposite of competition and a free market. This isn't the case. Co-operatives are not about eliminating competition. A co-operative restaurant will be in competition with other restaurants, even other co-operative restaurants. Competition keeps standards high and prices reasonable. The opposite of competition is not co-operation, it's monopoly. Currently, the economy is tending towards monopoly – multinational corporations dominate most sectors, destroying both the free market and competition.

And here are a few other things they don't do: suck money out of our communities to pay shareholders; concentrate wealth in very few hands; avoid taxes, so that the rest of us have to pay more; or employ sweatshop labour.



## what can I do?

**Support co-ops:** use your local co-ops. With the Co-op Group and a lot of the larger co-ops, dividends paid to members are in direct proportion to the amount of money spent. This tends to benefit those with the most money, so isn't ideal. Also, co-operative principles are often forgotten in large co-ops. You could ask the staff if they know much about the co-op and its values.

Switch to a credit union for local savings and loans; to the Phone Co-op for your broadband, landline and mobile; and to Co-op Energy for gas and electricity. Co-op Energy purchases electricity from community energy schemes, and you can choose the type of renewable energy you want and from where. Plus, closely related to co-ops, you can shop with John Lewis / Waitrose, and switch your banking and mortgage to a building society. You can also join the Worker Co-op Solidarity Fund. Join for a pound a week, and a fund builds up to promote the co-op movement.

**Work in a co-op:** there's a Loomio.org group with info about job vacancies in the co-op sector. Join for free and put 'worker co-ops' in the search box. You'll see a thread called 'vacancies and opportunities'. Loomio is a platform/tool for discussions and decision-making provided by Enspirial – itself a worker co-op.

**Set up a co-op:** Co-operatives UK have lots of resources, including their business support service, the Hive. They can help you register a new co-op, merge co-ops or convert an existing business to a co-op. Browse their websites and contact them to talk about your options. Search online for co-op development agencies. They have advisors to help you set up. They



*The Co-op Group - the UK's largest consumer co-op, with 4200 locations and 4 million customers.*



*The Rochdale Society of Equitable Pioneers, who wrote down the co-operative principles in 1844.*

charge, but there's usually a free first consultation, and they often look for funding to pay for their time. The Hive have a fund that pays for co-op development advice. If you have a local, high-profile co-op, it might be worth contacting them to let them know that you have an idea for a co-op, and to ask if there might be anyone you can chat with. Most people in the co-op movement would like there to be more co-ops. Radical Routes have more detailed information.

**Convert to a co-op:** existing businesses can become co-ops. The organisations mentioned above can help with this too. The process has to be open and voluntary – no-one should suddenly find themselves part of a co-op that they weren't consulted about forming.

A co-op in which all workers or consumers are members is called a fully-mutual co-op, but co-ops can have workers or consumers who aren't members. Some people may not want the responsibility of co-running a co-op, but if the business converts, they can keep their job without being a member. In that case, they won't have a say in the decisions that affect their job.

## resources

- [lowimpact.org/co-operatives](http://lowimpact.org/co-operatives) for more info, courses, links & books, including:
- Radical Routes, *How to Set Up a Worker Co-op*
- Rob Harrison, *People Over Capital*
- T Scholz & N Schneider, *Ours to Hack & to Own*
- [ica.coop](http://ica.coop): International Co-operative Alliance
- [thephone.coop](http://thephone.coop): the Phone Co-op
- [cooperativeenergy.coop](http://cooperativeenergy.coop): Co-op Energy
- [uk.coop](http://uk.coop): Co-ops UK – trade body, directory
- [radicalroutes.org.uk](http://radicalroutes.org.uk): network, loans, advice

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