

Co-operative Overview

*Prepared by
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What is a Co-operative?

A Co-operative is people:

- ~ they build it;
- ~ they own it;
- ~ they vote for it;
- ~ they control it;
- ~ they benefit by it;

Millions of people in many countries around the world today have organized to provide themselves with good and services in a Co-operative way. These organizations are called Co-operative Societies and there are many types in Ghana. These organizations have been classified into four distinct categories:

1. Agricultural Co-operatives are engaged in food production, processing and marketing.
2. Industrial Co-ops are involved in rural cottage industries such as local alcohol distillation, handicrafts, Kente weaving, cloth dying and manufacturing, etc.
3. Financial Co-ops are engaged in savings mobilization in both rural and suburban areas. For example: micro-loan banks, credit unions and 'susu' collectors.
4. Service Co-ops are involved in the service industry such as transport, consumer societies, etc.

Thus, a Co-op is made up of people who are united with the purpose of mutual self-help and are organized for other economic and social objectives with the intent to be based on equality and equity. They must provide the people with necessary goods and services or make joint use of their available resources to increase their income.

The International Co-op Alliance, i.e. The World Umbrella Co-operative Organization, defines a Co-op as an "autonomous association of persons united voluntarily to meet their common economic, social and cultural needs of aspirations through a jointly-owned and democratically controlled enterprise."

How Did Co-ops First Begin?

Robert Owen was a great pioneer in the field of Co-operative enterprises in Britain during the early nineteenth century. However, early Co-ops did have their problems. The 'Rochedale Pioneers', the name given to a successful Co-op at Toad Lane, Rochedale, England on the 21st of December in 1844. This group of people acted to stop the unethical price fixing going on in their neighborhood and spear-headed a community

effort to stop the exploitation of the majority poor by the minority rich. The success of this agriculturally based Co-op inspired many other Brits to create their own farming Co-operatives all over the UK and other parts of the world, particularly in Europe. In 1862, the first financial Co-op was begun in Germany by a man named Friedrich Raiffeisen. He organized peasant farmers for the purpose of providing them credit and avoiding the greedy fingers of money lenders. In Ghana, Co-ops were first introduced in 1928 in an attempt to improve the quality of cocoa for export. They were so successful that, by 1960, the Co-ops were marketing almost 40% of the entire cocoa crop. The Co-op activity in Ghana spans to almost every economic activity. At the end of 1996, there were as many as 11,154 registered Co-ops in the African Nation.

Co-ops and Human Values:

Co-ops believe in the primacy of the individual, that is, that each individual has inborn human values and a right to personal dignity in life. Three main elements can be identified here:

1. Equality: The belief that all human beings are important because they are human beings; they may not be equal in ability, intelligence or circumstance, but all humans should have equal access to resources and equal opportunity to control the forces that shape their lives.
2. Equity: Humans believe in the principles of fairness and justice; they respect and trust one another in the hopes that a sense of community will emerge.
3. Mutual Self-Help: People can be the masters of their own destinies by working together rather than against their fellow man.

When people have concern and compassion for others, human values rise above material values. Co-ops strongly emphasize the importance of the moral values of honesty, openness, social responsibility and caring for others.

Co-ops and Individual Rights:

Co-operatives recognize the following as fundamental rights of the individual:

- ~ The right to life, liberty and the pursuit of personal development, well-being and happiness.
- ~ The right to employment opportunity and security of livelihood sufficient for each to live in dignity and decency.
- ~ The right to sufficient income in retirement to ensure a life of dignity.
- ~ The right to equal access to public places, activities and assembly.
- ~ The right to be recognized and treated as an individual and not as an instrument of production.

Co-ops and Social Values:

Co-ops believe that no part of society should gain at the expense of the human rights and common decency of others. Society is best served when the fruits of its economic, social and cultural accomplishments are widely distributed. They believe that the

democratic system requires widespread participation in all important economic, political and cultural processes. Control of these processes is the privilege and responsibility of all people as a whole and not that of a select part of the population.

Co-operative Principles:

These principles are guidelines that enable Co-ops to put their values into practice for the good of the whole. The basic reason for the success of the Co-ops of Western Europe is the set of rules which have become universally accepted as pertinent to the operation of Co-ops all over the world. These rules have become known as the Principles of Co-operatives and they are what give Co-ops their unique set of characteristics. These are the seven principles which are implemented today:

1. Voluntary and Open Membership: Co-ops are volunteer organizations and are open to all people able to use their services and willing to accept the responsibilities associated with membership without prejudice or discrimination toward gender, race, religious, political or sexual preference.
2. Democratic Member Control: Co-ops are democratic organizations which are controlled by their members. The members actively participate in the setting and implementation of all policies and decisions. Women and men serving in elected positions are accountable to the members and all members have equal voting rights.
3. Members Economic Participation: Members contribute equitably to and democratically control the capital of their Co-op. Members may receive a limited amount of compensation for services and members control the surplus of their capital. They may allocate surplus for any of the following purposes: development of their co-op; setting up economic reserves; benefiting members in proportion to their contribution to the Co-op; and supporting any other activities approved by the members.
4. Autonomy and Independence: Co-ops are autonomous, self-help organizations controlled by their members. If they enter into an agreement with another organization, including governments, or raise capital from external sources, they do so on terms set by their members and maintain their Co-operative autonomy.
5. Education, Training and Information: Co-ops serve their members most effectively and strengthen the Co-op community by working together through local, national and international structures.
6. Co-operation among Co-ops: Co-ops serve their members most effectively and strengthen the Co-operative movement by working together through already in place organizations and structures on the local, national and international level.
7. Concern for the Community: Co-ops work for the sustainable development of their communities through policies focused on community growth and development through long-lasting programs approved by their members.

Different Kinds of Co-ops:

There are many kinds of Co-operatives:

~ Consumer Co-ops;

~ Credit Co-ops;

- ~ Insurance Co-ops;
- ~ Supply Co-ops;
- ~ Marketing Co-ops;
- ~ Wholesale Co-ops;
- ~ Housing Co-ops;
- ~ Food Production Co-ops;
- ~ Manufacturing Co-ops.

How Does the Co-op Support the Members?

A Co-op is another type of business enterprise and it supplies the members' basic needs. It also gives the member a good chance to become a more complete human being as there are opportunities for the individual to experience the values of teamwork and to know, understand and accept the responsibilities of working as part of a group.

How does the Member Support the Co-op?

The member supports the Co-op with patronage, participation and communication. The member uses society to satisfy the needs for which the Co-op was organized. The member acts responsibly in elections and helps to influence the operations of the Co-op. The member explains and/or discusses the Co-op with members and non-members alike.

How do Co-ops Differ from Private Businesses?

~ The nature of the Co-op organization is different from that of a private enterprise. The Co-op is a union of people not a union of capital.

~ The purpose of a Co-op is to provide service and a sense of community accomplishment to its members. Other businesses organize themselves solely for the profit of investors. Co-ops create savings on the things that they use but never on the things that they do not use. In a private enterprise an investor may make a profit off of a product that they may never have used or even seen. This is not the case in a Co-op.

~ The Co-op is owned by those in the community who use the services provided. Other businesses are owned by investors.

~ The Co-op is controlled by the members regardless of the number of shares held or the involvement within the Co-op itself. In other enterprises, control is not equal but proportional to the number of shares held or the power of the investor.

~ In a Co-op, the surplus is returned to the members or set aside for future projects to benefit the community. In a private business, the surplus goes directly into the hands of the investors and does not benefit the organization as a whole.

~ In a Co-op, shares remain at face value and cannot be traded. When a member leaves, his shares are sold back to the Co-op. In other businesses, shares rise and fall in value and are traded freely on the stock market.

Co-operative Internal Structure:

The highest decision – making body of a Co-op is the General Meeting of members. The General Meeting decides on the policies that should guide the Co-operative's service and receives reviews and makes decisions upon reports of the Board and its auditors. It also elects new members to the board.

Below the General Meeting is the Board of Directors. The Board employs and/or discharges the Manager or Secretary and sees that the organization's policies are clearly defined and are followed in all operations. It also reviews business operations and sees that they are being done efficiently and follow a defined policy.

The Manager and her supporting staff operate the business as efficiently as possible within the policies laid down by the Board. She reports regularly as required to the Board about the business.

Co-operative External Structure:

At the village, community, city or workplace level, the society formed by at least ten people is known as a Primary Society. The society formed by the district or region by at least 2 Co-ops is known as a Secondary Society or Union. The society formed by a consortium of Co-ops on a national level is referred to as a Tertiary Society or an Association. In some cases, the village level societies may affiliate directly with a national association. The Co-operative body formed by various national Co-operative societies and associations is called an international Co-operative Alliance.

The International Influence of Co-ops:

Co-ops play a unique socio-economic role because of four distinctive features: they are organized for mutual self-help; they apply democratic practices to business; they are organized to solve social and economic problems; and respect human values and the rights of individuals.

These characteristics make them particularly effective in developing countries and between countries. Co-ops span the world and their common interest in mankind has enabled them to work toward common goals in spite of cold wars and political ideologies. Co-ops in Ghana are brought together at the national level under the Ghana Co-operatives Council and at the international level under the International Co-op Alliance based in Geneva.

How is a Co-op Formed?

The initiative for forming a Co-op society usually emanates from two main sources: a group of people may voluntarily decide to form a Co-op; or an outsider group might act as an animator and talk to a group about the virtues of a Co-op.

In order to determine whether there is a need to form a Co-operative one must examine whether there is an expressed need from the population for a Co-op in the area. After an expressed need is made public, one must ask the following questions:

1. Are present needs met satisfactorily?
2. Can they be improved upon?
3. Are these services not being catered as they should?
4. Are people concerned about the present lack of service?
5. Would they be prepared to do something about their felt need?

After answering these questions, the Co-op can begin to assess the situation and apply needed principles to better implement a lasting organization with a positive effect on the community.

How do Co-operative Businesses Run?

The amount of money or capital required to start the operation is estimated. Then it is raised among the members of the Co-op by sale of shares and/or by money that is loaned to the Co-op by members. The surplus belongs to the members and should be distributed equally so to avoid the situation of one member benefiting more than another. This may be done as follows: by provision for development of the society; by provision of common services to the community in which the society is operating; or by distribution among the members in proportion to their transactions with the society.

How is a Co-operative Managed?

A Co-op is managed by the following: the General Meeting, Committee and Secretary.

If you are interested in the formation of a Co-operative to promote your economic well-being, then quickly get in touch with the nearest office of the Department of Co-operatives for free counseling services.