

# Cooperative Enterprises Build a Better World

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## Abstract

There is a strong message from the International Year of Cooperation, 2012 and from that of the ICA that the economies of the world can have a sigh of relief since the Cooperative Movement as well as the sector can deliver goods and meet the challenges of the world, economically and otherwise. The Cooperatives proved to be the best employer, producer, supplier, seller, distributor and what not! They can build a better world, as asserted by many stalwarts in the field of Cooperatives in many countries. The article below, throws light on the various strengths and supports of Cooperatives in the world and their capabilities.

**Keywords:** Livelihood, Movement, Cooperative Means, Democratic Management, Social Inclusion

It was the fond hope of millions of cooperators around the world is that the Cooperative Enterprises can build a better world, irrespective of the regions and economic set up of the countries of the world today. Many new methods of managing business and means of production being practiced now, proved beyond doubt, that the one and only amicable means of business or/and production is the great 'cooperative means', which was founded in 1844 by the Rochdale Pioneers. The Co-operative Movement brings together over one billion people around the world. The United Nations estimated in 1994 that the livelihood of nearly 3 billion people, or half of the world's population, was made secure by co-operative enterprise. These enterprises continue to play significant economic and social roles in their communities. The International Co-operative Alliance represents close to one billion individual members. These statistics are calculated from the subscription formula on ICA's 270 members from 96 countries (as on 11 June 2013). On this basis, the global representative body for co-operatives is one of the largest non-governmental organisations in the world today by the number of people it represents, according to available figures. The country with the largest number of individual members indirectly represented by the ICA is the United States with 305.6 million members. There are nearly 30,000 co-operatives in the USA. The next countries are in Asia, with China following next behind the US with 160.8

million individual members. And then India with 97.6 million individual members. Together these three countries account for nearly half of the members that the ICA represents indirectly. The fourth largest number of members is in Japan with 75.8 million individual members – one in three Japanese households hold membership of a co-operative – and then Indonesia with 40.6 million individual members. All in all, four of the top five countries, by membership that the ICA represents – are in Asia. France is the first European country with 32.4 million individual co-operative members, represented through their organisations by the ICA. Iran has 25.5 million individual co-operative members which are represented by the ICA. Canada, where one in four people are members of a co-operative, then follows with 18.1 million individual members represented by the ICA. The United Kingdom has 11.5 million individual members and Bangladesh follows not far behind with 11 million.

Below are **some facts** about the Movement that demonstrate their relevance and contribution to economic and social development.

- (i) In **France**, 21,000 co-operatives provide over 1 million jobs representing 3.5% of the active working population
- (ii) In **Kenya**, 63% of the population derive their livelihoods from co-operatives. Approximately

- 250,000 Kenyans are employed or gain most of their income from co-operatives.
- (iii) In **Colombia**, the co-operative movement provides 137,888 jobs through direct employment and an additional 559,118 jobs as worker-owners in workers co-operatives – providing 3.65% of all jobs in the country.
  - (iv) In **Indonesia**, co-operatives provide jobs to 288,589 individuals.
  - (v) In the **United States**, 30,000 co-operatives provide more than 2 million jobs.
  - (vi) In **Denmark**, consumer co-operatives in 2007 held 36.4% of consumer retail market.
  - (vii) In **Japan**, the agricultural co-operatives report outputs of USD 90 billion with 91% of all Japanese farmers in membership. In 2007 consumer co-operatives reported a total turnover of USD 34.048 billion with 5.9% of the food market share.
  - (viii) In **Mauritius**, in the agricultural sector, co-operators play an important role in the production of sugar, vegetable, fruit and flower, milk, meat and fish. Nearly 50% of sugar-cane planters are grouped in co-operatives.
  - (ix) In **Côte d'Ivoire**, co-operatives invested USD 26 million into setting up schools, building rural roads and establishing maternal clinics in 2002.
  - (x) In **New Zealand**, 3% of the gross domestic product (GDP) is generated by co-operative enterprise. Co- operatives are responsible for 95% of the dairy market and 95% of the export dairy market.
  - (xi) In **Uruguay**, co-operatives are responsible for 3% of the GDP. They produce 90% of the total milk production, 340% of honey and 30% of wheat. 60% of co-operative production is exported to over 40 countries around the world.
  - (xii) In **Canada**, four of every ten Canadians are members of at least one co-operative. In Quebec, approximately 70% of the population are co-op members, while in Saskatchewan 56% are members.
  - (xiii) In **Malaysia**, 6.78 million people or 27% of the total population are members of co-operatives
  - (xiv) In **Norway** out of a population of 4.8 million people, 2 million are members of co-operatives.
  - (xv) In **Paraguay**, 783,000 people or 18% of the population are members of 1,047 co-operatives. These have a direct impact on the livelihoods of over 6 million people.
  - (xvi) In **Spain**, in 2008 15% of the population or 6.7 million people are members of a co-operative.
  - (xvii) Worldwide more than 1 billion people are members of cooperatives.
  - (xviii) Cooperatives provide 100 million jobs worldwide, 20% more than multinational enterprises.
  - (xix) The economic activity of the largest 300 cooperatives in the world equals the **10<sup>th</sup> largest national economy**.
  - (xx) In **India and China** combined, more than 400 million people are part of cooperatives.
  - (xxi) In **Germany and the United States**, one in four people are cooperative members while in Canada that number is four in 10!
  - (xxii) In **Japan**, 1 out of every 3 families is a member of a cooperatives.
  - (xxiii) In **Indonesia**, cooperatives provide jobs to 288,589 individuals.
  - (xxiv) In **Kenya**, 250,000 people are employed by cooperatives.
  - (xxv) **The Canadian** maple sugar cooperatives produce 35% of the world's maple sugar production.
  - (xxvi) In **Colombia**, the 8,124 cooperatives were responsible for 4.96% of the GDP in 2009. They employ over 137,888 people – 46% of which are men and 54% women.
  - (xxvii) In **Kenya**, cooperatives are responsible for 45% of the GDP and 31% of national savings and deposits. They have 70% of the coffee market, 76% dairy, 90% pyrethrum, and 95% of cotton.
  - (xxviii) In **Poland**, dairy cooperatives are responsible for 75% of dairy production.
  - (xxix) In the UK, the largest independent travel agency is a cooperative.
  - (xxx) In **Vietnam**, cooperatives contribute 8.6% of the Gross Domestic Product (GDP).
  - (xxxi) **Costa Rica** counts over 10% of its population as members of cooperatives.
  - (xxxii) In **Germany**, 20 million people are members of cooperatives, 1 out of 4 people.
  - (xxxiii) In **Singapore**, 50% of the population (1.6 million people) are members of a cooperative.

The **Indian experience** is absolutely encouraging and the contribution of cooperative sector is really appreciable. Some of the relevant data are given in the following Table.

**Contribution of Cooperative Sector in India**

Indicator	Percentage
Agriculture Credit Disbursed by Coops	18%
Fertiliser Disbursed	36%
Fertiliser Production	27%
Sugar Production	47%

Wheat Procurement	34%
Milk Production	80%
Oil Marketed	49%
Warehouses	64%
Handlooms in Cooperatives	54%
Fishermen in Cooperatives	23%
Rubber Procured & Marketed	18%
Direct Employment Generated	1.22 Million
Self Employment Generated	15.4 Million

## The ILO Experience

In the words of Mr. Juan Somavia, Director-General of the ILO, on the occasion of the 90<sup>th</sup> ICA International Co-operative Day and the 18<sup>th</sup> UN International Day of Cooperatives, "As we celebrate this International Day of Cooperatives in the UN International Year of Cooperatives, the ILO salutes cooperators and their organizations around the world. Cooperatives are engines of economic growth offering a dynamic and flexible business model in production, marketing and service delivery. Globally, about 1 billion women and men are involved in cooperatives which generate some 100 million jobs. The three hundred largest cooperatives generated revenues of 1.6 trillion dollars in 2008, operating in diverse sectors, including in agriculture, finance, consumer, insurance and health sectors. At the same time, cooperatives also give the smallest of operators the opportunity to improve their output and income".

In sum, cooperatives have a key role to play in the economic, social and environmental pillars of sustainable development. And the recent Rio+20 Summit reaffirmed the role of cooperatives in contributing to social inclusion and poverty reduction. Clearly, with such an approach, cooperative enterprises are helping to build a better world. Yet to thrive fully, they also need a supportive environment and the ILO's Promotion of Cooperatives Recommendation (R.193), celebrating its 10<sup>th</sup> anniversary this year, provides sound guidance on creating such an environment. One could wish to translate the cooperative ideal into action to make good use of this Recommendation. The resilience of cooperatives, including in times of crisis, testifies to the sustainability and adaptability of the cooperative enterprise. Today, in confronting the widespread and growing income inequality, unemployment, underemployment and social exclusion that have been the corollary of prevailing inefficient patterns of growth, cooperative ideals and action are much needed. ILO reaffirmed its commitment to its long-standing collaboration with the cooperative movement. All have to join forces to help cooperatives to create a better world with social justice.

There are many success stories to prove that already the cooperatives laid the foundation for creating a better world. As in the case of RADIO AL REVÉS of Venezuela there

are certain lessons for others as shared by these veteran cooperative members include the following.

- (i) Forming a cooperative is work of the heart, it's not just forming a structure and making roles, everything will result from your own efforts.
- (ii) The fundamental element of cooperatives is that there is trust and there is trust because there is transparency, responsibility and respect.
- (iii) We can't close ourselves into the economics, we have to transcend into the social dimension and see that there is a reality within your community, and because you are organized you can therefore help to resolve the problems.
- (iv) Cooperativism is not a document it is something you carry in your heart.
- (v) A requirement of this work is to lose your desire to give orders. If you like to give orders, or you like to follow them, then this is not for you.

A message to workers is that the only way to move forward is through organization, an organization that is clear, transparent and responsible.

**The Premises of the above noble lessons are based on the very functioning of cooperative enterprises in many countries, including that of the above.** As the economy recovers more slowly than what is hoped it to be, every community in the country is stretched. The stress of struggling with employment, housing, education, child and elder care, health care, even putting food on the table, spills over to our schools, police and fire departments, neighborhood organizations and houses of worship. Durable solutions to these significant problems must come from within our communities because they aren't coming from Washington or Wall Street any time soon. Although communities are rich in resources, often they are unrecognized, and, therefore, untapped.

- (i) Fortunately, one can have an apt for that! Gathering as a community with intention, in an environment in which each person is valued and their contribution celebrated, is the fertile environment in which relationships and ideas flourish. Communities where neighbors know each other are friendlier, safer and rich in resources beyond the monetary spectrum.
- (ii) The method is to create the infrastructure that fosters social capital and community spirit, the foundation of healthy communities. Communities with solid foundations are far more likely to brainstorm expansively and creatively for solutions with the potential for job creation, improved health, affordable care for the vulnerable, and more.
- (iii) One should believe that there are three key elements to the infrastructure: **Mixing:** Facilitating monthly community gatherings –mixers – to meet others, to have

- fun, to encourage neighborliness, and to nurture relationships in an environment that fosters synergistic problem solving and empowers communities to utilize their unique resources to create solutions that meet their own needs.
- (iv) **Educating:** They dramatically changed culture calls for a new approach which cooperatives are particularly suited to deliver. The challenge of meeting the baseline needs of housing, nourishing food, health care and education is complicated by political divisiveness that has weakened the economy. Meeting these needs cooperatively is not only the best shot, it is well within the reach.
- (v) **Connecting:** Connecting members with each other, and providing access to experts to support the initiatives that communities undertake, is critical to getting results. Current technology makes this more possible than ever before.
- (vi) One has to have worked to develop a database for members to maintain their own profile that includes basic data as well as what they have to offer, such as skill with cars, with children, or a spare bedroom. It can also include what members seek, such as a stand-in grandma, someone to shovel the walk, or help with computers.
- (vii) Two groups of experts have important roles: social service professionals to lubricate the social bonds for friendlier, higher functioning neighborhoods and co-op technicians to facilitate co-operative formation and access to sources of capital. Co-operatives that involve money need to be established with prudent business plans and bylaws to insure long term success. Co-operative technicians help navigate the process, identify potential funding sources and provide a solid foundation to build upon.
- (viii) The familiar childhood song, *The more we get together.... The happier we'll be / 'Cause your friends are my friends and my friends are your friends...* expresses the fact that getting together often, and broadening the circle of friendship, creates happiness. Experiencing a sense of community and belonging is how human beings are meant to live.
- (ix) Unfortunately, in the increasingly isolated culture there are few opportunities to gather with our neighbors casually and often. Without casual social interaction, people are prone to loneliness, the breeding ground for suspicion, self-doubt and the awkward feeling of not fitting in. This can deteriorate into severe mental illness with tragic and potentially deadly consequences that we have seen too often. The offset to isolation is cultivating opportunities, including mixers, to foster social capital, the breeding ground for friendly, responsive, resourceful communities.
- (x) New Community Vision promotes the cooperative business model to address our unmet needs for housing, jobs, goods and services that the conventional market place does not perceive as profitable. This is the challenge and the invitation: to meet the real needs of real people with a broad range of remedies, including those beyond the monetary realm. Cooperatives, designed to meet members' needs, can be whatever members decide they want, need and are willing to commit the energy and resources into creating.
- (xi) Gathering regularly to nurture strong, resourceful communities is the way to achieve healthy communities in which people thrive.

Similarly in case of Cooperatives and Women for the cause of Promoting Self-Empowerment "Cooperatives, and other collective forms of economic and social enterprise, have shown themselves as distinctly beneficial to improving women's social and economic capacities. And, women around the world contribute to their societies in many different ways. Quite often these contributions are not fully recognized and appreciated. On 8 March each year the international community commemorates the International Day of Women, not only as a means of lauding some of these unrecognized and underappreciated contributions, but also to reflect on those areas of continued systematic discrimination against women and inhibition of their capacities. This past International Women's Day, the world stopped to reflect on the plight of women in rural areas, and their unrealized potential for ending the global maladies of poverty and hunger. The limitations and discrimination facing women as farmers and agricultural producers have profound effects, not just on the women affected, but also on society as a whole. In the State of Food and Agriculture Report 2010-11, the Food and Agriculture Organization of the United Nations suggested that increasing women farmers' access to and use of productive resources could increase total agricultural output in the developing world by 2.5 to 4 per cent, potentially reducing hunger by 12-17 per cent. In this context, cooperatives, and other collective forms of economic and social enterprise, have shown themselves as distinctly beneficial to improving women's social and economic capacities.

### The Benefits to Women Through A Cooperative Organization

In a study on women producers and the benefits of collective forms of enterprise, Jones, Smith and Wills found that organizing into collective enterprises, such as cooperatives, enables women to unite in solidarity and provide a network of mutual support to overcome restrictions to pursuing commercial or economic activities. Similarly case studies of women's cooperatives in rural Nigeria and rural India indicated that, compared to non-cooperative members,

women engaged in cooperative activities were better off, in terms of productivity and economic wellbeing. In the Indian study, the members of the cooperatives reported on their increased economic security, the entrepreneurial skills acquired, and their increased contributions to the economic wellbeing of their families.

- (i) Through cooperative organization, women have also been able to effect positive change in the social and physical wellbeing of their families, communities, and nation. For instance, The Uganda Private Midwives Association helps change the daily lives of its members and the wider community by addressing maternal and infant care. Similarly, the Kilimanjaro Native Cooperative Union has developed some innovative programmes focussed on addressing the needs of children among the membership and the wider community. Its seven-year scholarship programme (2006-2012) meets the secondary educational expenses of community orphans and the vulnerable children of its members.
- (ii) Studies have also shown that the elements of self-reliance and collective action built into the cooperative model also allow women to develop social capital that would be otherwise difficult to attain. Membership in collective enterprises allows women to build both working and personal relations, often increasing their social standing. Women members of collective organizations also often report increased self-esteem and a sense of solidarity and support, particularly in times of need.
- (iii) Challenges faced
  - (a) The benefits to women brought by cooperative enterprise are many, but they are not universal. Some social and cultural nuances within households and communities can serve to limit how much of women's returns they are able to retain. Similar constraints may also affect their ability to organize as cooperatives.
  - (b) In agricultural cooperatives in many Asian countries, women account for only 2 to 10.5 per cent of total membership. In addition, as with any other form of enterprise, women's cooperatives still face the challenges of quality production, access to markets, market-driven prices and fair legislation.

### Beyond The Rural Experience

While much of the available research on women in cooperatives focuses on women producers, in rural areas in developing countries, it is easy to see how the benefits of cooperatives could translate to improved livelihoods for urban women as well. In Italy, evidence shows that the application of cooperative employment in the social economy not only provided decent work for otherwise vulnerable or transitional individuals but also imparted them with the labour force and entrepreneurial skills to further diversify

their livelihood prospects. This element of capacity building is one that would be useful to normally marginalized women whether as rural or urban dwellers.

The collective strength and increased self-esteem associated with cooperative membership is also useful in strengthening women's capacity to defend and secure their rights to decent living and decent work. In the United States, women domestic workers have used cooperatives as a means of organizing themselves to ensure fair wages and reduce exploitation.

### Overcoming The Challenges

Cooperatives and other forms of collective enterprise already feature greatly in the structure of global agricultural production, particularly in developing countries. However, the benefits of cooperatives cannot be realized without attention to gender inequality. Despite the heavy involvement of women in agricultural production, they are still not well represented in membership and leadership of agricultural cooperatives. Developing women's only cooperatives provides a strategy for including women in the benefits of cooperative organizations while speaking to some of the nuances of culture and social practice that may otherwise inhibit their full inclusion. As such, where policies and programmes focus on women's economic empowerment, self-employed women workers, and women producers should be made aware of the benefits to creating cooperatives or joining existing ones. At the same time, where the option to cooperative membership exists, but the barriers to full participation of women are high, efforts must be made to sensitize cooperative members and leaders to issues of women's rights and the benefits of women's full participation.

Where cooperatives are in place, and women's membership is strong, capacity building is still essential for effective participation. Cooperatives cannot function effectively if their members are not fully aware of and adherent to the values and principles at the core of cooperative organization and other forms of collective enterprise. For members to be effective, they have to be aware of their rights and roles as members and effective ways for managing cooperative leadership. This is especially pertinent in women's only cooperatives, and with women cooperative members in settings where women usually maintain subservient, less visible roles in the household and community. This sort of empowerment can increase women's leadership in cooperatives.

Operationally, it is important that cooperative members, whether women or men, have adequate knowledge of productive, market and legal processes relevant to their field of work. It is especially important to emphasize this in strengthening the capacities of women cooperative members, in situations where women's access to education and information may be limited. More specifically ensuring

that women's cooperatives have equal and adequate access to extension services and relevant productive and communication technologies is vital. Incidentally, ensuring access to credit for women's only cooperatives is essential for them to be able to grow. This not only requires reviewing structural barriers to financing for women and/or cooperatives, but also promoting the pursuit of cooperative networks or associations that can further strengthen the assets base and creditworthiness of cooperatives in need of financing. In this regard, and others, it is important to establish clear avenues for dialogue between women's cooperatives, governments and other stakeholders. This will ensure that governments and other stakeholders are more responsive to the particular needs of women's cooperatives.

### **A Case Example of Global Mamas of Kenya**

In short, promoting cooperative organization among women is a worthy strategy for self-empowerment, but it is not without its political, social and cultural challenges. An important balance must thus be struck between cooperative formation, individual and organizational capacity building, government support and promotion, and organizational autonomy if the full Global Mamas is very proud of our recognition as a "fair trade" manufacturer and distributor through the Fair Trade Federation (FTF). The FTF is a non-profit organization in the United States that accepted Global Mamas to its ranks only after conducting a thorough investigation that ensured the African women who comprise the Global Mamas cooperative are the primary beneficiaries of the proceeds from clothing sales. Fair Trade means an equitable and fair partnership between marketers in North America and producers in Asia, Africa, Latin America, and other parts of the world. A fair trade partnership works to provide low-income artisans and farmers with a living wage for their work. Fair Trade Federation (FTF) criteria are:

- (i) Paying a fair wage in the local context.
- (ii) Offering employees opportunities for advancement.
- (iii) Providing equal employment opportunities for all people, particularly the most disadvantaged.
- (iv) Engaging in environmentally sustainable practices.
- (v) Being open to public accountability.
- (vi) Building long-term trade relationships.
- (vii) Providing healthy and safe working conditions within the local context.
- (viii) Providing financial and technical assistance to producers whenever possible.

### **The Practical Success of Pretoria in South Africa - Cooperatives can be Used as A Business Model to Effectively Empower Communities**

They can create employment and eradicate poverty, says Chief Director of Cooperatives Development at the

Department of Trade and Industry, Jeffrey Ndumo, while speaking at the graduation ceremony for members of the Soweto-based cooperatives who have completed the enterprise development and empowerment training workshop offered by the department last month. "Cooperatives are established by members of the community with a common purpose after identifying a social, cultural or economic need that will assist them improve their lives. "Economically, cooperatives are a good and successful model to create employment and eliminate poverty. They are also one of the best ways and means of mobilizing the marginalized sections of our society and bring them into the mainstream economy," he said at the event at the Diepkloof Community Hall in Soweto. Ndumo said that while at the moment the contribution of cooperatives to the country's Gross Domestic Product was minimal, "the future of employment creation in South Africa lies with cooperatives due to their ability to create a captive market." He added that the training that was offered to members of cooperatives was in line with the mandate to promote entrepreneurship in the country and establishing, supporting and growing cooperatives.

### **Conclusion**

Guided by the compass of social justice, cooperatives are vehicles for promoting decent work and decent lives for all. As democratic, value-driven and locally-controlled organizations, they foster social inclusion. Organization brings strength and the organization and solidarity of the cooperative movement have been highly effective in enabling disadvantaged groups to gain voice, mobilize to pursue their economic interests and to secure social protection. Indigenous people, refugees, migrants, women in rural and urban areas, unemployed persons, the elderly, and the disabled have all found possibilities for social and economic participation and advancement through cooperative action and enterprise. Rooted in the people and communities they serve, cooperatives are well-placed to serve as guardians of the environment and the conservation of ecosystems for the benefit of future generations. Agricultural and other rural cooperatives can play a key role in preventing ecosystem degradation and assuring food security. So it could be concluded that the "better world" can be created only by cooperatives where there is no place for caste, colour, creed, race and religion. If not Cooperatives, who else? And if not now, when?

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