

Glossary on co-operatives (general)

Agricultural co-operative

see: *Producer co-operative*.

Annual (General) Meeting

A meeting legally required of all co-operatives and attended by members of the co-operative. During the meeting, members may elect representatives of the Board of Directors of the co-operative, hear financial reports, amend the rules of the co-operative, or plan the co-operative's activities for the next year.

Board of Directors (BoD)

Elected democratically by the co-operative's members. The Board of Directors oversees the operations and finances of the co-operative.

By(e)laws

The rules or articles that govern a co-operative. By(e)laws cover the process for electing a Board of Directors, the process of admitting new members, timing of (annual) meetings, responsibilities, and other typical issues related to "governance" of the co-operative.

Consumer co-operative

Type of co-operative owned by the people who buy the goods or use the services of the co-operative. Through bulk aggregate purchases consumers are able to achieve prices and quality not available from other non-co-operative business. Consumer co-operatives include credit unions as well as child care, electric and telecommunications, food, health care and housing co-operatives. In 1844 the Rochdale Society of Equitable Pioneers in Rochdale, England, was the first modern consumer co-operative, which they founded due to their dismay with the high prices of flour.

Co-operative divi

also: *Dividends*.

Distribution of profits or surplus among members of a co-operative in proportion to members' transactions with the co-operative. For example, a consumer co-operative may decide to pay dividends based on the annual share of members' purchases. "Distribution of surplus in proportion to trade" represents one of the original ideals set out by the Rochdale Society of Equitable Pioneers in 1844 in Rochdale, England which have been adapted by the International Co-operative Alliance since 1937.

Co-operative interest

also: *Share*.

A co-operative interest is a sum of money individuals pay into a co-operative in order to become members.

Co-operative member

Any individual holding shares in a co-operative.

Co-operative member share

A share represents a portion of the value of a co-operative. The number of a member's shares does not translate into greater voting power though, as one member, one vote is chiefly practiced in elections or other forums of decision-making. In a limited-equity housing co-operative, members buy shares of the co-operative, which are the member equity of the co-operative.

Dairy co-operative

see also: *Producer co-operative*.

A co-operative that allows dairy producers (usually cow owners) to achieve economies of scale in processing and marketing and to improve methods of production, conservation and processing of products (e.g. cream and butter).

Democratic (member) control

Co-operative members have democratic control over the co-operative and how its capital is used. Members have equal voting rights exercised on a one member, one vote basis which is unrelated to the number of co-operative shares purchased. It is one of the original ideals set out by the Rochdale Society of Equitable Pioneers in 1844 in Rochdale, England which have been adapted by the International Co-operative Alliance since 1937.

Distribution of surplus in proportion to trade

A co-operative's profits from joint marketing are distributed among members in proportion to the goods supplied by each member. It is one of the original ideals set out by the Rochdale Society of Equitable Pioneers in 1844 in Rochdale, England which have been adapted by the International Co-operative Alliance (ICA) since 1937.

Dividends

see: *Co-operative divi*.

Economies of scale

Cost advantages that co-operative and private enterprises obtain due to their size. Production costs per unit of output generally decrease with increasing scale as fixed costs (e.g. rent and salaries) are spread out over more units of output.

Farmers' co-operative

see: *Producer co-operative*.

General meeting

see: *Annual (general) meeting*.

Housing co-operative

Subtype of consumer co-operatives. The co-operative owns the real estate (building, units) and the members are tenants. Membership is granted by way of share purchase. Pooling of members' resources leverages their purchasing power, lowering the costs per member of all the services and products associated with home ownership.

Hybrid co-operative

Multi-stakeholder hybrid co-operatives seek to balance conflicting needs, for example, between consumers' desire for affordable products and producers' desire for higher prices for their goods. In many cases, this is tied to members' dual roles as producers and consumers in the economy. For example, a group of coffee growers forming a co-operative to jointly sell its coffee is referred to as producer or marketing co-operative. In the case those farmers then also jointly purchase agricultural equipment and inputs to apply on their coffee plants, this makes them members of a consumer co-operative. Both labels are correct. One refers to the co-operative's initial ownership structure (producers) and the other describes the dual gains that can result from its organisational structure which compliments both coffee production and the needs and roles of members as consumers.

International Co-operative Alliance (ICA)

Established in 1895, the independent and non-governmental organisation ICA is the global apex organisation for co-operatives. It raises awareness about co-operatives, ensures a favourable policy environment for co-operatives to grow, and spreads information and technical information to co-operatives. Its principles represent an amended version of the original Rochdale principles from 1844: voluntary and open membership; democratic member control; payment of limited interest on capital; autonomy and independence; education, training and information; cooperation among co-operatives; and concern for community.

Marketing co-operative

see: *Producer co-operative*.

Minimum quality standards

Co-operative's minimum quality standards that need to be met by members in order to sell their produce to the co-operative. Co-operatives usually provide technical training to support members in producing high quality products (e.g. milk and coffee).

Open (and voluntary) membership

Co-operatives are voluntary organisations. They are open to all persons who are able to use their services and willing to accept the co-operative's bylaws, without gender, social, racial, political or religious discrimination. It is one of the original ideals set out by the Rochdale Society of Equitable Pioneers in 1844 in Rochdale, England which have been adapted by the International Co-operative Alliance since 1937.

Producer co-operative

Type of co-operative owned by producers of agricultural, farm or craft commodities (e.g. dairy, crops and baskets). Members engage in joint storage, processing and marketing of the pooled products in order to achieve economies of scale in processing and marketing. Once farmers have collectively achieved higher prices, they often start to explore the next steps of processing and marketing their own produce. If producer co-operatives practice joint marketing they can also be classified under marketing co-operatives. The largest producer co-operative in Europe is FrieslandCampina, which is composed of 14,391 member dairy farms in North-Western Europe.

Promotion of education

Often co-operatives provide (technical) training to their members as well as the public and thus contribute to the development of their co-operatives. Moreover, co-operatives inform the general public about the nature and benefits of cooperation and thus win new members and inform opinion leaders in their community. It is one of the original ideals set out by the Rochdale Society of Equitable Pioneers in 1844 in Rochdale, England which have been adapted by the International Co-operative Alliance since 1937.

Purchasing and shared-services co-operative

A union of businesses that join together to improve their financial performance and competitiveness in the market. Members can benefit through lower operating costs by pooling purchasing power for goods and services. E.g.: Best Western is the world's largest hotel chain and shared-services co-operative, owned by independent operators of more than 4,000 hotels worldwide.

Raiffeisen, Friedrich Wilhelm

Friedrich Wilhelm Raiffeisen (1818-1888) founded the first credit union and first rural co-operative bank (Rhenish Agricultural Cooperative Bank) in Western Germany in 1864 and 1872, respectively, on the principles of self-help, self-responsibility, and self-administration.

Rochdale Equitable Pioneers Society

Name of the co-operative that was founded in 1844 by a group of 28 artisans working in the cotton mills of Rochdale, England. In order to overcome high food prices, the weavers pooled their resources to collectively buy flour, oatmeal, sugar and butter at lower market prices.

Rochdale Principles

see also: *Co-operative divi, Democratic (member) control, Distribution of surplus in proportion to trade, Open (and voluntary) membership, Promotion of education.*

Seven ideals for the operation of co-operatives which were formulated and used by the Rochdale Society of Equitable Pioneers in England in 1844. These include open membership, democratic control, distribution of surplus in proportion to trade, payment of limited interest on capital, political and religious neutrality, cash trading, and promotion of education. The principles still stand and serve as the basis of co-operatives' principles worldwide. In 1937, the International Co-operative Alliance (ICA) adopted these principles and only amended them in 1966 and 1995.

Savings and Credit Co-operative (SACCO)

Sub-type of consumer co-operative owned by the people that make use of the co-operative's financial services. Formed for the financial help of its members and provides loans and savings products to members, usually below the interest rates of money lenders.

Self-help group (SHG)

Predominantly in rural areas of developing countries microfinance co-operatives employ self-help groups in order to viably lend to the poorer client segment without collateral security. Customers are typically formed into small groups of 10-30 members. Through joint liability, members without collateral can access loans because members guarantee each other's loan repayments through arrangements of so-called solidarity groups of 3-5 members.

Share

see: *Co-operative interest.*

Solidarity group

Generally solidarity groups consist of 5 members and are employed by microfinance co-operatives to ensure loan repayment. Peer pressure and joint liability among solidarity group members overcome the problem of lack of collateral security for the financial co-operative. Different replications of this approach can be observed.

UN International Year of Co-operatives (IYC)

In 2009, the United Nations declared that 2012 would be the International Year of Co-operatives (IYC). International years are declared by the United Nations to draw attention to and encourage action on major issues. The IYC is intended to raise public awareness of the contributions of the co-operative model to poverty reduction, employment generation and social integration.

Worker co-operative

Type of co-operative owned and democratically governed by its employees. A worker co-operative may be a firm in which every employee participates in decision-making in a democratic fashion. Generally, shares are held by employees with no outside ownership, allowing them to directly benefit from the financial success of the business. Corporación Mondragón (1956), based in the Basque Country of Spain is the world's largest example of a worker co-operative.