

The Co-operative's Green Schools Revolution

Co-operation

Teacher Notes: All about co-operatives



All about co-operatives

What is a co-operative?

Co-operatives are owned and run jointly by their members, who share the profits and benefits. Like other businesses, a co-operative aims to make a profit. But unlike other businesses that's not its main purpose. Co-operatives come in all shapes and sizes (including worker, consumer and community co-operatives) but at the heart of every co-operative is a group of like-minded people with a shared vision and the belief that the best way to achieve it is to work together. All co-operatives share the same internationally recognised, Values and Principles which determines why and how they do business.

How is a co-operative different to other businesses?

Co-operatives have a different governance or ownership structure to many other organisations. Many businesses are 'investor owned' and focus solely on profit. That is, they have shareholders: people who have paid to own a share of the company and who aim to make money from their ownership. A shareholder gains influence according to the number of shares they hold, so a shareholder-owned business can operate for the benefit of a few large shareholders.

In contrast, co-operatives work on the principle of equality. It's strictly 'one member one vote', regardless of how much each member may have invested in or contributed to the co-operative. It's a dynamic alternative to the predominant shareholder model that exists to benefit a limited number of investors in a business (see principle 6 overleaf).

What is the history of co-operatives?

The modern co-operative movement was established in Rochdale in 1844 as a response to harsh conditions of life and work for ordinary working people in Britain, which was rapidly becoming industrialised.

The rapid population shift from the countryside to the new cities took away families' ability to grow some of their own food and forced people into cramped living conditions that became blighted by disease. Unemployment was rife and many families fell into extreme poverty. This, coupled with a Europe-wide failure of potato harvests that gave rise to this period being known as the 'hungry forties', led to starvation for many.

Many mill owners used their wealth to take control of local shops. They paid their workers in tokens that could only be spent in their shops, fixed prices and ensured that those who could find work were forced to spend their income on food that was often adulterated, overpriced or sold in 'short' measures.

The Rochdale Pioneers were 28 weavers and tradesmen who had a vision for a better world, and believed that this could be achieved through co-operation. They came together to open a co-operative store to sell 'pure and unadulterated food' that poor families could afford. Their shop at 31 Toad Lane opened on 21 December 1844 offering butter, flour, oatmeal, sugar and candles. By buying in their own food they could avoid adulteration by dishonest shopkeepers, and by sharing the work they could offer food at prices workers could afford. This was a brave and radical step that sent a clear message that there was a better way for workers and consumers to live.

Anyone could join for a small sum and got one vote as a result. Any profits or surplus from the shop was shared between members according to how much they had spent in the shop. Significantly, women could join, have the same



democratic rights as men and receive this dividend – all at a time when women were denied the right to vote (80 years ahead of the Equal Franchise Act, 1928).

The Rochdale Pioneers succeeded in creating not only a shop but a co-operative model with a clear set of principles which could be easily replicated. This resulted in the growth of a radical new movement. By 1860 there were over 3,000 members and six co-operative shops. Few people could afford to go to school and many children worked in mills or other industrial settings, so each shop had a reading room above where members could attend classes and improve their learning – a vital resource when learning was a distant hope for most people. This commitment to learning continues today and one of the co-operative movement's guiding principles is a commitment to providing education, training and information for members.

In 1863 the Co-operative Wholesale Society (CWS) was formed to buy in bulk for co-operative shops across the country to harness buying power so that even smaller shops could benefit (co-operation among co-operatives is one of the co-operative principles). Just twenty years after the Rochdale Pioneers set up shop, more than 350 other co-operative societies had sprung up the length and breadth of the UK, who between them had over 100,000 members. When many of these societies merged together they formed today's Co-operative Group that includes The Co-operative retail shops.

Worker co-operatives:

Worker co-operatives are owned and controlled by employees.

Educational co-operatives:

Schools can be co-operatives too! Since 2008, over 130 co-operative schools have been set up in the UK. Many of them are big supporters of Fair Trade.

Community co-operatives:

There's a huge growth in new forms of co-operatives - they include farmers' markets, community-owned pubs and village shops.

Producer co-operatives:

Smallholder farmers working together to share marketing and other costs, such as fertilisers and transport.

Consumer co-operatives:

Owned by their customers and staff.

Financial co-operatives:

Most commonly credit unions, members can save and access credit at affordable rates and lower risk.



**It's a
co-operative
world!**



**GREEN SCHOOLS
REVOLUTION**

Co-operative values and principles

The Rochdale Pioneers developed a successful model for co-operatives that combined effective business practices with a framework of co-operative values. These form the 'values and principles' that underpin co-operatives across the world today. Through acting together, sharing ownership and making democratic decisions in order to meet their common needs and aspirations, members remain central to co-operative success.

Co-operative values

Values drive co-operative organisations:

Self-help

In co-operatives, people help each other whilst helping themselves by working together for mutual benefit.

Self-responsibility

Individuals within co-operatives act responsibly and play a full part in the organisation.

Democracy

A Co-operative will be structured so that members have control over the organisation – one member, one vote.

Equality

Each member will have equal rights and benefits (according to their contribution).

Equity

Members will be treated justly and fairly.

Solidarity

Members will support each other and other co-operatives.

Co-operatives also believe in ethical values of **honesty, openness, social responsibility** and **caring for others**.

Co-operative principles

The co-operative principles are guidelines by which co-operatives put their values into practice:

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, 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

All members have an equal say in the future of the co-operative.

3rd Principle: Member Economic Participation

In many co-operatives this is about what they will do with their profits.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members.

5th Principle: Education, Training and Information

A very important aspect of any co-operative.

6th Principle: Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative 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.

Discover more online

Download our weblinks page to find lots of links to organisations that will help you learn the story of the co-operative movement, find case studies of co-operatives and more.