



International  
Co-operative  
Alliance  
Asia and Pacific



# Statement of Cooperative Identity

Third Nepal Cooperative Congress

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[www.icaroap.coop](http://www.icaroap.coop)

# The Statement of Cooperative Identity (SCI)

A cooperative 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**.

**Cooperatives are based on the values** of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the **tradition of their founders**, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Seven Cooperative Principles

- Voluntary and open membership. ...
- Democratic member control. ...
- Member economic participation. ...
- Autonomy and independence. ...
- Education, training and information. ...
- **Cooperation among cooperatives.** ...
- Concern for community.

# ROAD TO THE STATEMENT OF COOPERATIVE IDENTITY

Approval of ICA Identity Statement at 1995 ICA 31<sup>st</sup> Congress contains definition of a cooperative, values and principles

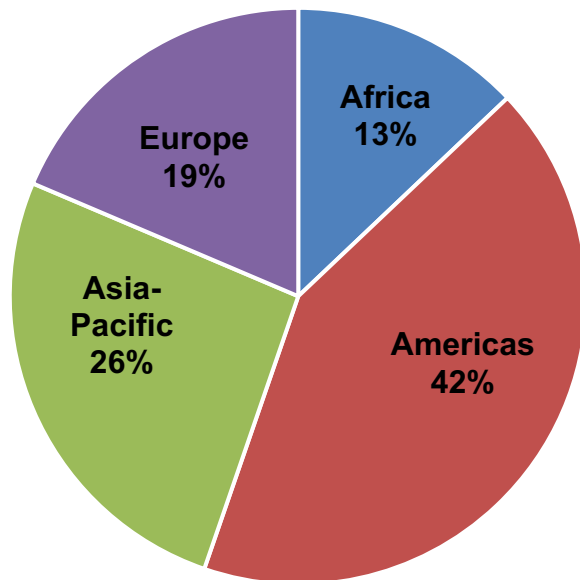
ICA Statement included in UN Cooperative Guidelines (2001) & ILO Recommendation 193 on Promotion of Cooperatives (2002).

ICA Principles Committee - Guidance Notes of Cooperative Principles in 2015 to help understand and practice principles.

Regional Consultation – ACO, Iran, Malaysia, Nepal, Philippines

Deepening Cooperative Identity – 33<sup>rd</sup> World Congress – 2021

# ICA Cooperative Identity Survey



- 2,290 complete responses
- 136 countries participated
- Female – 698 / Male – 845
- Age distribution

**Under 18 – 1**

**18-30 years – 89**

31-40 years – 565

41-50 years – 414

**51-64 years – 605**

More than 65 – 295

# SURVEY FINDINGS

Strong but not universal familiarity with the foundational cooperative identity documents. Respondents are more familiar with the seven Cooperative Principles than the *SCI* as a whole.

Most respondents agree, **first**, that the *SCI* has an impact on their cooperative and, **second**, that the Statement is relevant in expressing the distinct purpose and nature of cooperatives and in capturing cooperatives' responsibility to society at large and to future generations (**relevance of Statement**).

Respondents rated the **Democratic Member Control Principle** as the most relevant to their business or the most important in distinguishing cooperatives from other enterprise forms.

All types of respondents generally believe that **the Statement has not been promoted sufficiently**, particularly among government actors. They also call for more internal education in the movement on the cooperative identity.

# ARE COOPERATIVES LOSING GROUND TO OTHER ACTORS?

With the exception of expert respondents, most respondents **do not agree strongly with the statements that cooperatives are losing ground to other actors.**

- Countries that **do not agree** that cooperatives are losing ground include Nigeria, the Philippines, Korea, Argentina and Finland.
- Countries **taking a middle position** include Brazil, Spain, India, Kenya and France (and Greece and Colombia to some extent).
- Countries **expressing stronger concern** include the USA, Canada, Australia, the UK, Mexico, Italy and Japan.

# Four Different Positions Concerning the Current Identity Statement

- **The current Statement is good enough.**

  - The Principles need to be fully practised.

  - The Statement needs to be better known.

  - Tools should be developed to help cooperatives fully live their cooperative identity.

- **The current Statement needs to be updated to strengthen cooperatives' contribution to addressing societal problems and the environmental crisis.**

  - We need to catch up to a changing world (environmental sustainability, treatment of employees, diversity and inclusion..)

  - The Statement needs to be more specific and practical <-> It needs to be more general

  - We need to use plainer language.

- **A more balanced approach is needed to fulfil the original mission of cooperatives.** Better balance between the economic and social dimensions and between the interests of members and the interests of the community at large.

- **The Statement is hypocritical.**

# Regional Consultation on the Road to 33<sup>rd</sup> World Congress

## Mission drift.

- Smaller cooperatives dependent on government – violates values of self-help, self-responsibility.
- Bigger cooperatives more as corporates and aping dominant market model
- Members thinking more of themselves **as borrowers rather than as responsible owners.**”
- **Emphasis on ‘selling’** cooperative products and services.

## More competition and less cooperation

- Cooperatives not networked. Misplaced perception of autonomy and independence
- Huge unutilized capital within the system lying unutilized
- Operate in silos

## State control

- More as regulators rather than enablers
- Varying interpretation of what cooperatives can and cannot do
- Cooperatives happy with tax sops



# Regional Consultation on the Road to 33<sup>rd</sup> World Congress

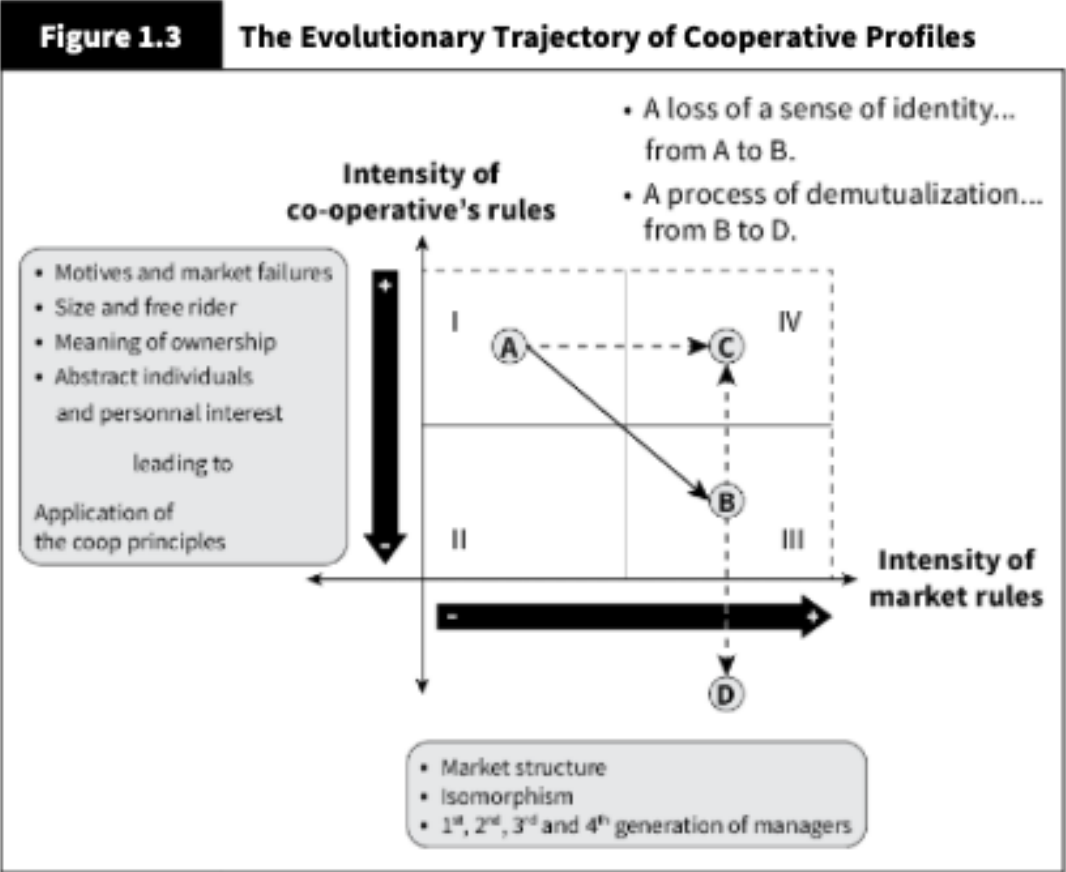
## **Governance**

- Meaningful involvement of women and youth. Cooperatives still reflect dominant culture
- Internal governance of cooperatives. Leadership by rotation

## **Perception and Awareness**

- Absence of examples to emulate the cooperative model
- Cooperatives not seen as a career path - well-versed with other forms of enterprises.
- Lack of focus on promoting and teaching the cooperative principles and values

# EVOLUTIONARY TRAJECTOR OF COOPERATIVES, DANIEL COATE



Source: The diagram in figure 1.3 was developed by D. Côté with the collaboration of B. Tremblay in research on the capitalization practices of cooperative banks.

# CHALLENGES CONFRONTING COOPERATIVES

## EXTERNAL

- Trends (dominant ideological paradigms, development of market economies, demographic shifts)
- Events (depression, natural, economic meltdown, pandemic, wars)

## INTERNAL

- Ideological beliefs and constructions within a diverse movement
- Non-adherence to values and principles
- Dependence on governments

# WHY COOPERATIVES AND IDENTITY MATTERS?

Growing inequality, political and social divide

Real threats by consequences of climate change and rampant pandemic.

Social and economic transformation at the heart of recent movements to meet youth and gender, and respond to environmental, economic and social challenges

Businesses in different corners of the world are reframing their purpose; stakeholders and not shareholder

New business models are emerging, centered on, or advocating for ethical values and common good,

**Cooperatives ought to be the leaders, rather than followers, based on their distinct cooperative identity which provides them with legitimacy as enterprises in the service of people and the common good, rather than capital and profit.**

# Issues to consider

Corporate social responsibility' 'social enterprise' 'new business models centred on, or advocating for ethical values and common good. Using the language and messages of co-operatives. **How do cooperatives distinguish themselves in this context?**

US Roundtable of business leaders declared—in stark contrast to business as usual – that they are accountable to their stakeholders rather than only their shareholders.

Principles	Stakeholder capitalism	Cooperatives
Open membership – don't discriminate	↓	↑
Democratic – one member one vote	↓	↑
Economic participation – people not just shareholders	↔ started talking	↑
Autonomy	?	↑
Lifelong learning—members, staff, public	↔	↑
Cooperation	?	↑
Concern for community	↔ started talking	↑

# What gives competitors the market advantage?

Is it product?

Is it the private label?

Is it efficient infrastructure to deliver?

Is it access to capital?

Is it human resources?

Is it research?

Is it innovation?

Are any of these which cooperatives cannot do individually? Can we do this as a group?

# What cooperative do that advantages the competition?

Believe that through growth we will lose our identity as coops

Problems with individual accountability/ incentive systems,

Cumbersome decision-making and governance processes,

Insufficient rewards for talented leadership,

Aversion to "business, profit, and management."

The culture can drive out talent.

# LEVERAGING THE COOPERATIVE IDENTITY

## **Apex organizations - important role to support the development of new cooperative enterprises.**

- COVID highlighted the role of apexes for advocacy
- Encourage cooperatives in new areas like technology, gig economy, or services sector.

Cooperatives of the same kind are naturally federated at regional and national level

## **Collaboration among different kind of cooperatives**

- Leverage capital within the ecosystem.
- Actively compete with private players.
- Reduce gap between producer and consumer



# LEVERAGING THE COOPERATIVE IDENTITY

## Government as an enabler

- Amend Cooperative Act that makes it easier for people to form cooperatives
- Level playing field to take advantage or take part in the incentives provided by the Government to enterprises
- Promote cooperative entrepreneurship
- Data on cooperatives

## Awareness

- Improve limited understanding of cooperatives
- Promote school and university cooperatives
- Contribution of cooperatives to the economy
- identify ways to integrate youth into the cooperative movement.

# WAY FORWARD – REGIONAL CONSULTATIONS

Strength of cooperatives (close proximity to members, members' trust)  
technology to improve efficiency but 'member interest' at the center

Present cooperatives as a **modern way of doing business** that brings them and the larger community common good.

Focus on the **membership aspect of cooperatives**.

Need for members to go back to volunteerism so as to open up spaces for youth.

**New technologies** as much as possible.

Assess cooperatives - **indicators should be in place for association and enterprise**

**Cooperative leaders can be a role model**

**Need strong examples to emulate the cooperative model** when they think of doing business.

# AREAS TO LOOK INTO

Amendment in Cooperative Act that makes it easier for people to form cooperatives.

Advocate with government for make policies that encourage the development of cooperatives

Participation or representation youth in cooperatives

Data on cooperatives

Contribution to the economy

Tools to measure (including identity)

COOP brand

Research to innovate, to integrate, to demonstrate

# IAN MACPHERSON IN 2010

Such crises, when they are real, of course affect cooperatives and perhaps the sudden economic downturn of the last two years can be seen in that light. More fundamentally, cooperatives have not always addressed the underlying crises as effectively and consistently (form, knowledge, contact, ideology, competitive capacity). Rather, despite the efforts of many dedicated cooperators, the movement has tended too often to follow a policy of drift and avoidance. Today, as the movement potentially has the opportunity to contribute even much more than it already has, it must seize the opportunity to address those issues as best it can so that it can respond most effectively to all the external crises that continuously emerge. The obvious and dramatic crises are important – but so too are those that simmer beneath the surface and that have persisted for generations.

WHAT DIFFERENCES DOES A CENTURY MAKE? CONSIDERING SOME CRISES IN THE INTERNATIONAL COOPERATIVE MOVEMENT, 1900 AND 2000



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**THANK YOU!**

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