

Protecting the Cooperative Identity for a Global Cooperative Future

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The global credit markets began to collapse in September 2008 as a result of imprudent, self-destructive practices on the part of the leader Wall Street financial houses. This failure of good judgment of financial professionals made the point that markets are no guarantor of sustained wealth creation.

Business leaders, governments and regulators in most part of the world are acting for the dynamic functioning of sound financial institutions for supporting a successful free market economy. At the heart of the problem was the failure to assess risk and a shortsighted system of incentives and personal remuneration. Compensation of senior executives, fund managers and traders was built on greed and self-interest and decoupled from long-term wealth creation. Profits which proved so false were in effect privatized to those who created the crisis through excessive rewards.

United Nations declared the year 2005 as the International Year of Micro-Credit and the year 2012 the International Year of Cooperatives.

In 2006, the Department of Economic and Social Affairs of United Nations together with the United Nations Capital Development Fund jointly published a book on “Building Inclusive Financial Sectors for Development” based on the result of research into the financial sectors including cooperatives, credit unions and micro-finance for the poor around the world.

In this 2020 Cooperative Decade, many government and non-government organizations such as the European Foreign Affairs Council are paying more attention to cooperatives and are giving increased focus on support to cooperatives and social enterprises.

ACCU, united with cooperatives and cooperatives apexes is active in promoting the Blueprint Strategy for a global cooperative future as a powerful claim which co-operatives make to the world that they have a way of doing business which is both better and brings a more effective balance to the global economy than the dominance of one single model. It is the strategy of participation, sustainability, capital, legal

framework with identity at its core interlinking the others.

Cooperative Identity is defined by the core values and principles of co-operation.

Points on cooperation to be reflected upon are:

- Cooperation exists when people work together towards a common goal.
- Cooperation is governed by the principle of mutual respect.
- One who cooperates creates good wishes and pure feelings for others and the task.
- Courage, consideration, caring and sharing provide a foundation for cooperation.

Facing competition and changing environment, some cooperatives have experienced tough time running with cooperative values and principles. Some even thought of changing its cooperative mode of operation.

Principle is something which is considered to be constant, an idea which is regarded as valid independent of time and circumstances, a generalization accepted as true after having been deduced from facts many times observed and verified by experience.

Cooperative principles are defined as practices which are essential for the achievement of the purpose of the cooperative movement. The question is on how to ensure that they are tangible, perceptible and visible to members and are really and truly being put into practice. Are cooperatives living up to their role and identity and fulfilling their required duties? The current global financial situation leads us to believe that the cooperative identity counts even more.

Many books and conferences have defined the basic ideas of cooperation. Essentially, the Cooperative principles are:

- Self-help,
- Democracy
- Economy
- Liberty
- Equity
- Altruism
- Social Advancement/Education

F.W. Raiffeisen (1818-1888) known as the Father of the Worldwide Credit Union Movement made this statement: "Credit unions must not confine themselves to granting loans. Their main objective should be to control the use of money, to

improve the moral and physical values of people, and their will to act by themselves.” Just as ACCU has produced a good educational guide book called “360 Degrees Financial Literacy based on Raiffeisen’s statement, I would like to use a compass to illustrate 4 simple and yet cardinal cooperative identity:

E Education

Cooperatives place a strong emphasis on the education of members to help them improve their economic condition. Member education includes an emphasis on the importance of regular savings, a focus on how the cooperative works , on the democratic process, on the privileges and responsibilities of member ownership, but principally it focuses on alternatives; the education of member as consumers, how members can get the best services. Cooperatives by their existence and success, provide a cooperative alternative that offers useful comparison and contrast to the rest of the financial system. This alternative benefits consumers and ultimately society.

S Social

Continuing the ideals and beliefs of cooperative pioneers, cooperatives seek to bring about human and social development. Our vision of social justice extends both to the individual members and to the larger community in which they work and reside. Many cooperatives include social objectives in their formal mission statement and undertake specific activities that are intended to be socially beneficial. Attempts, by way of performing social audits are made to measure results and to assess the social impact of their organizational decisions. Social auditing lead to improved management of organizational resources, broader scope for social action, and strengthening of membership base through closer adherence to cooperative principles.

W Well-being/Wealth creation/Willingness to act

Raiffensen also made this statement:” I cannot offer you a miracle which will free you from poverty without any effort on your part. But one way I do know which anyone can follow and which , if all work together for the common good, can achieve its purpose—freedom from want. We must start from the fundamental principle that, by improving physical well-being, spiritual welfare also benefit. By providing loans for the needy and industrious member of your community, they will be enabled themselves to enjoy the fruits of their industry and thrift instead of laboring for the benefit of the usurer. In this way they will become independent of any form of outside

help which can only reduce them again to poverty with its bitter consequences>”

The 4 secrets of building wealth: work hard, spend less, save more and only get loan to expand business and acquire more wealth.

“Do it yourself development”, “Helping people to help themselves” “ Thrift and diligence are our virtues”. These are not just mottos of cooperatives. They are acts of cooperatives.

N Non Profit

To be sustainable, every business cannot be running at a loss all the time. It has to make a profit. Cooperatives are no exception.

The cooperative movement seeks to eliminate the exploitation of man by man and it foresees a suitable method for rewarding in a fair way every factor which contributes to the production and supply of goods and services. Exploitation takes the form of profit. By profit we mean the payment of useless or parasitic activity or service. This concept of “Profit” is thus both an economic and an ethical one. From the economic viewpoint, profit may result in making goods more expensive; it is considered as the difference between the price of a commodity and the price of the same commodity produces and sold in conditions in conformity with economic logic. Ethically, profit results in making one group of people wealthier at the expense of another group.

Not for profit, not for charity but for service.

We have examined 4 of the core values and principles of co-operation by way of a compass. We need to, with our united efforts, communicate the cooperative identity through a powerful and distinctive message to ensure that cooperatives are seen and understood by people from all walks of life. It is a big task! Unity makes big tasks seem easy as unity is built from a share vision, hope, an altruistic aim or a cause for the common good.

What about bringing this message to the market place?

**IF YOU ARE NOT SATISFIED WITH OTHER BUSINESS MODEL, TRY
COOPERATIVES!**