

# ILO 2017 Conceptual Framework for Measurement of Cooperatives



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Co-operatives: Putting People at the Centre Of Development

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# Introduction

## Context:

- No agreed uniform statistical definition of cooperatives
- Need of similar data for international comparability
- Risk of misrepresentation of the co-operative world with few hard figures on the number of coops, workers, members, share of the GDP
- Need of a better recognition of the economic and social impacts of coops by governments and people, improved policies for a model proved valuable (resilient to crises, sources of employment and social welfare...)

Major issues regarding cooperative statistical representation:

- ❖ Conceptual (boundary, scope, size)
- ❖ Classification (by activity, by type of members, by other)
  - Membership and employment
  - Measurement of the wealth (value-added) produced by coops

## Defining:

- To capture the core nature of the coop
- Without expanding too much

## Classifying:

- In continuation with existing classifications
- While enabling translation between those



# Overview of definitions

	ICA	SNA	CIRIEC (2006)	Eum (2016)	Carini et al. (2017)
Private and legal/formally-organized entity/institutional unit with legal status	X	X	X	X	X
Created to meet members' needs through the market	X	X	X	X	X
Distribution of surplus according to the members' transactions		X	X	X	X
Members must also be customers, employees or suppliers or be otherwise involved in the activities of the cooperative.		X	X		
Democratic-governance principle, one member-one vote	X	X	X	X	X
Voluntary/Freedom of membership	X		X	X	X
Self-governing entity with autonomy of decision	X		X	X	
Limited interest on share and loan capital			X	X	
Voting rights of investor members, if allowed, must be limited so that control remains vested in the user members			X	X	
In the event of winding-up, net assets and reserves must be distributed according to the principle of disinterested distribution			X		

- Need of a statistical definition composed of:
- Common-core criteria (criteria which tell without ambiguity to what extent an entity is a coop or not)
  - Additional (non-mandatory) criteria



# Proposed conceptual framework for defining and classifying coops

## A coop :

- Is an organization with a legal identity that functions according to specific principles;
- Is a member-based organization whose members have a shared identity as members-users;
- Has specific economic objectives and functions.

## Double classification:

- By economic activity (ISIC)
- By types of cooperative





# Structural-operational qualification criteria of the cooperative

Component of the cooperative structure	Structural-operational qualification criteria	ICA Cooperative principles covered by criteria
<b>Association of persons (AP)</b>	1. Non compulsory and non restrictive membership	Voluntary and open membership
<b>Enterprise (E)</b>	2. Private, formally-organized and autonomous entity	Autonomy and independence
<b>Relationship AP → E</b>	3. Democratic member control	Democratic member control
<b>Relationship E → AP</b>	4. Economic activity of the cooperative is primarily to satisfy the needs and aspirations of members and community and surplus may be distributed to members in proportion to usage	Member economic participation and care for community

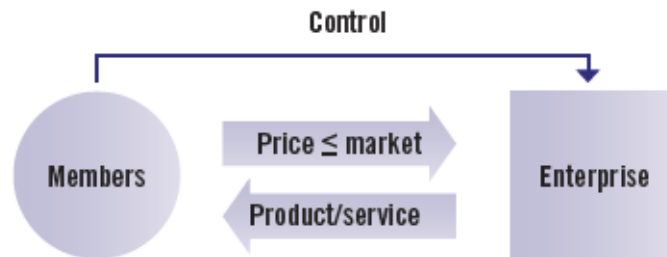


# Member-based organization with specific economic objective functions

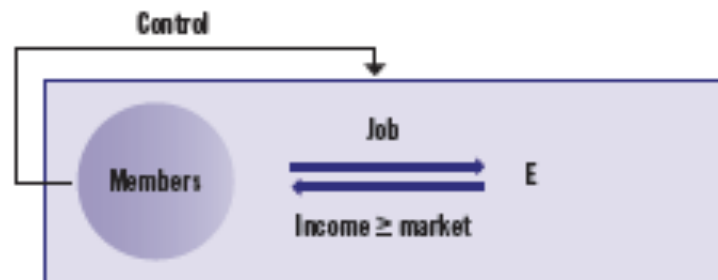
Members-providers: *The coop maximizes the value of members' products*



Members-clients: *The coop minimizes intermediation costs for members' purchases*



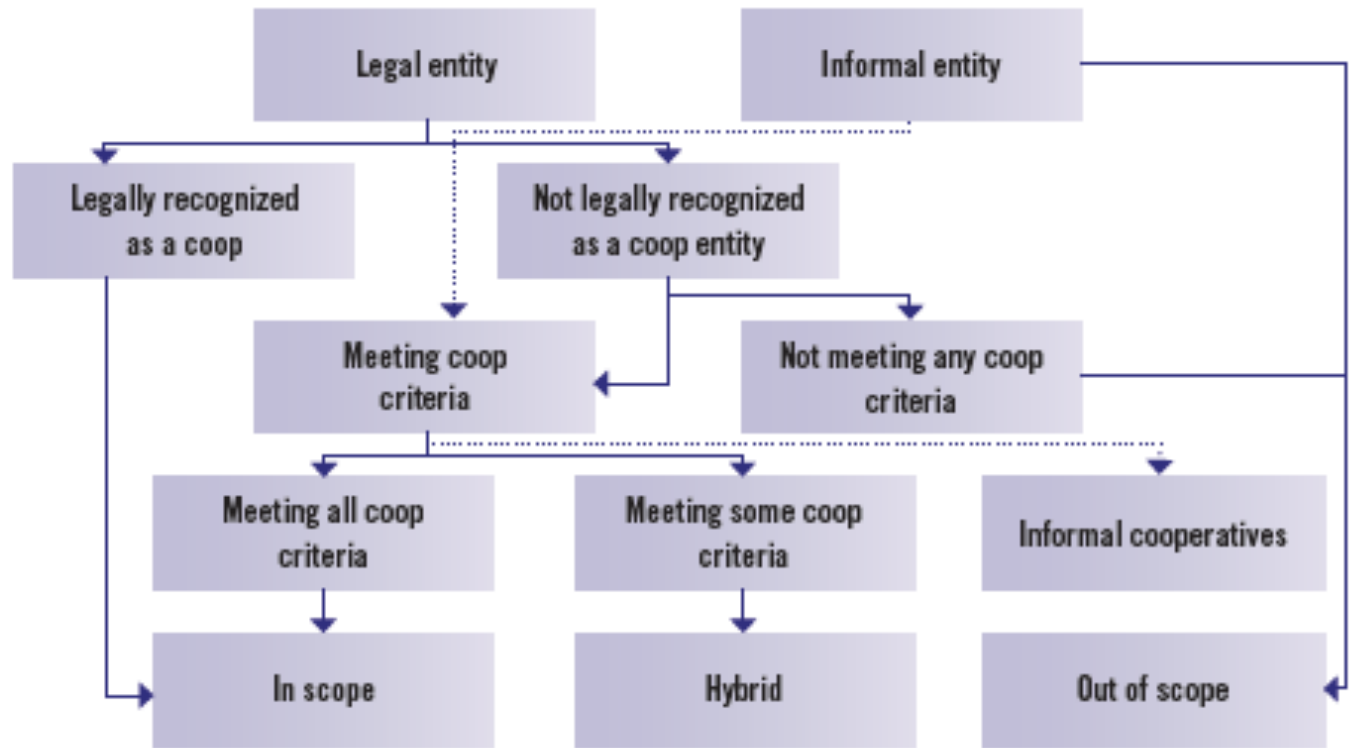
Members-workers: *The coop maximises job creation and good work conditions*





# Screening decision criteria

**SNA**  
**Institutional**  
**Units**  
S-11: Non-financial corporations  
S-12: Financial corporations  
S-15: NPI serving households





# Conclusive remarks

## STATISTICAL DEFINITION

- No single criterion: A set of criteria is necessary to pin down coops that meet the definition.
- A minimum of four, not hierarchized, structural-operational qualification criteria are required.
- These cover some of the ICA cooperative principles but not all. Cooperatives that follow these or more of the cooperative principles are in scope.

## CLASSIFICATION

- Cooperatives are member-based entities with particular economic objective functions in relation to meeting their members' needs and interests
- For classifying, a single classifying system does not suffice.
- Cooperatives need to be classified by two systems, one referring to its main economic activity, and the second one to the members' relation to the cooperative.
- This second classification should be based on the actual nomenclatures used by cooperative stakeholders, which could be harmonized by the International Co-operative Alliance.





# Conceptual Framework

## on Measurement of Cooperatives and its Operationalization

Report discussed at the  
COPAC Technical Working Group  
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Available online:

[http://www.ilo.org/global/topics/cooperatives/publications/WCMS\\_578683/lang-en/index.htmContents](http://www.ilo.org/global/topics/cooperatives/publications/WCMS_578683/lang-en/index.htmContents)

# THANK YOU!



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