

3.1 Cooperatives start-up in real world environment - methodologies for the development of ideas in innovative projects

3.1.1 Why cooperate



e-module 3 (Social) entrepreneurship – cooperative start-up implementation
October/2021

3.1.1 Why a cooperative?



3.1.1 Why co-operate?

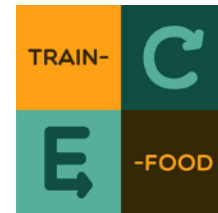


This lecture addresses the following topics:

- Social entrepreneurship
- The social enterprise
- Examples of social enterprises
- The cooperatives
- Reasons why choosing a cooperative to create a business
- Principles and values of the cooperative
- Benefits of the cooperatives

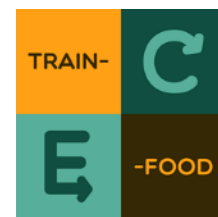
What is social entrepreneurship?

Social entrepreneurship is a process by which citizens build or transform organizations to advance solutions to social problems, such as poverty, illness, environmental destruction, human rights abuses and corruption, in order to make life better for many (Bornstein and Davies, 2010)



What is social entrepreneurship?

Watch this video (2' 02'"): <https://www.youtube.com/watch?v=1ecKK3S8DOE>



03 How to make money and help others at the same time

Watch the following video (4'43')

<https://www.youtube.com/watch?v=t1lf-dZWXFE>



The social enterprise



The social enterprises are organisations that sell products or services for a profit.

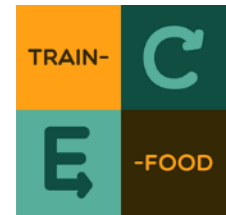
With that profit they can have some social or environmental impact

For example: an organisation sells coffee for a profit, and with that profit they help people who are homeless.



Social entrepreneurship is proving to be part of the solution

The social enterprise



Some social enterprises train and employ people who are socially excluded or marginalised or who perhaps might not have had a job otherwise

Can you think about other examples?

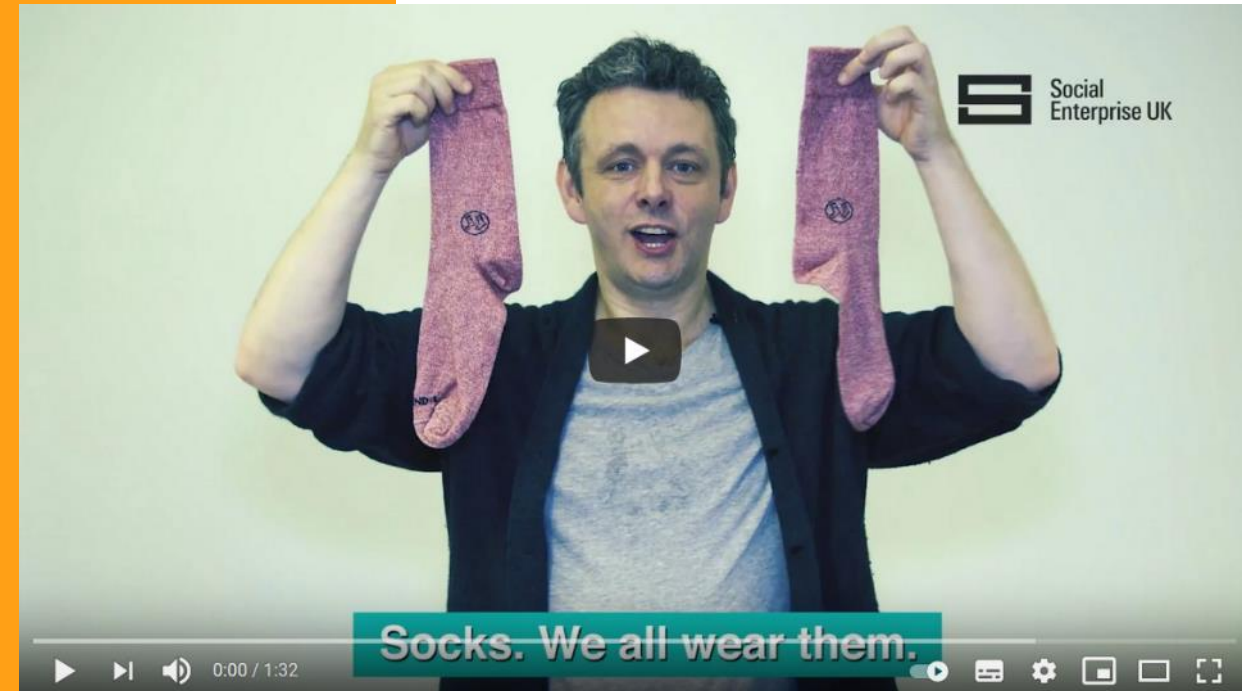


Social entrepreneurship is proving to be part of the solution

The social enterprise

By selling goods and services in the open market, social enterprises create employment and reinvest their profits back into their business or the local community.

This allows them to tackle social problems, improve people's life chances, provide training and employment opportunities for those furthest from the market, support communities and help the environment. It's business for good and when they profit, society profits.



Cheer up with this video (1'32''):

<https://www.youtube.com/watch?app=desktop&v=T2vxSHkrcns&feature=youtu.be>

Opportunities for social enterprises

Environmental protection and quality

Food supply chain

Health care

Community safety and security

Education

Arts, culture and humanities

Social justice

Circular economy



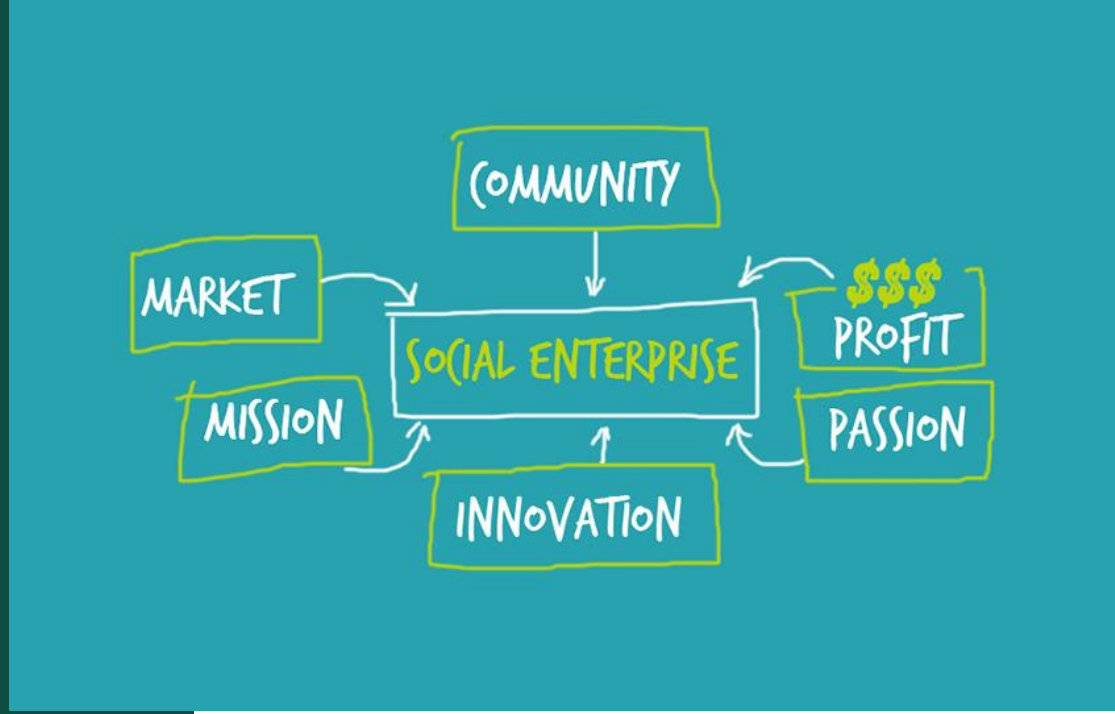
Opportunities for social enterprises



Stimulating community economies:

In some communities, social enterprise can employ people who otherwise may migrate or endure long commuting times.

Communities that embrace social enterprises are supporting jobs and helping to build enduring local economies



Source: <https://www.greenopportunities.org/social-enterprise/>

Social entrepreneurship is proving to be part of the solution

Opportunities for social enterprises

Environment & biodiversity:

Upcycling, recycling, food production, composting, eco-tourism, nature wildlife and preservation sanctuaries can all be set up to tackle climate change and social impact.



Source: <https://www.huffpost.com/>

Social entrepreneurship is proving to be part of the solution

Opportunities for social enterprises

Inclusivity:

In many communities, social enterprise can help bridge the gaps between young and old, or settled and Travelling communities, or new immigrants into smaller towns and villages.



Source: <https://saice.org.za/>

Social entrepreneurship is proving to be part of the solution

Opportunities for social enterprises

Overcoming social exclusion:

Social enterprises can work with those more vulnerable or overlooked in society by providing apprenticeships, training, skills, resources and related opportunities for a living wage; offer affordable housing and offer the support needed to assist those in difficulty.

Social entrepreneurship is proving to be part of the solution



Source: <https://pin.it/6M2AqOF>

Opportunities for social enterprises

Community and Business:

Social enterprises can often play a vital role in bridging businesses with communities and offering companies the chance to invest or purchase in a more socially responsible manner.



Source: <https://www.dreamstime.com/>

Social entrepreneurship is proving to be part of the solution

12 Examples of social enterprises

Environmental issues:

Watch the following video (2'17')

<https://www.youtube.com/watch?v=18HVIZbQYNA>



13

Examples of social enterprises

Watch the following video (2'18')

<https://www.youtube.com/watch?v=I2OJWbgR0ng>



The Cooperative



There are a host of organizational structures for social entrepreneurship, but we are going to focus on cooperatives, because they put people at the centre of their economic activity.

Cooperatives are jointly-owned and democratically-controlled enterprises rooted in the values of self-help, self-responsibility, equality, equity, democracy, and solidarity.



The Cooperative

All members participate actively and equally in making decisions and setting policy; get access to more favourable working conditions, goods and services than in the free market and reinvest the accumulated capital into the cooperative

By meeting their members' needs, co-ops are playing a significant role in fighting global poverty and economic injustice in addition to contributing significantly to local economies.



3 million Co-ops
in the world

1.2 billion
members

12% people in the
world are part of
a Co-op

The Cooperative

Watch this video (3'46"): What is a cooperative?

<https://www.youtube.com/watch?v=N50Mysg3luw>



Coops are everywhere in the world

Watch following video (1'40')

<https://www.youtube.com/watch?v=8RCZPrUIU0o>



Principles and values of the cooperatives



The cooperative is a **society made up of people who freely associate** to carry out a business activity that allows them to satisfy their economic and social needs and aspirations.

It is a business model in which economic and business objectives are integrated with others of a **social nature**, achieving economic growth based on **stable employment**, **equality** and **social equity**, and offers great possibilities for entrepreneurs to make their way professionally.

There are cooperatives in all productive sectors and branches of activity, which shows that any type of business project can be carried out with a cooperative.



19 Principles and values of the cooperatives

Watch this video (4'05''):

<https://www.youtube.com/watch?v=KJTf4PuTy64>

Task: write and make a summary of the 7 principles and send it to your supervisor.



Reasons why choosing this model



Today, undertaking a business is a risky and difficult task.

A person who wants to start a business must work and enhance a series of capacities, such as initiative, leadership, the capacity for risk, work and dedication, patience, creativity, self-confidence and the capacity for observation and to learn from others.

In collective entrepreneurship projects, those individual qualities are joined to the collective ones.

This is one of the many advantages that collective self-employment can provide: mutual support and the complementarity of knowledge, skills and abilities.



Reasons why choosing this model



A cooperative is a **democratic** and **participatory** company model, based on **people and not on capital**, which allows a greater development of people and teams of people.

It transfers to the business world a way of seeing life and human, business and professional relationships, being as profitable as any other legal form.



Reasons why choosing this model

In addition, in a context of crisis, cooperatives manage, thanks to internal **flexibility** and the ability to reinvent themselves, to maintain the jobs created and even continue to grow. The risk is shared between partners.

Many of the entrepreneurs who have chosen the cooperative as a legal form are young people who have seen the solution there to **create their own job** and not face the challenge of setting up a business alone.



Defying the Crisis - The Spanish Collective Mondragón



Together. How cooperatives show resilience to the crisis.



23 Reasons why choosing this model



Defying the Crisis - The Spanish Collective Mondragón (5'04")

<https://youtu.be/zaJ1hfVPUE8>



Together. How cooperatives show resilience to the crisis (2'55")

<https://www.youtube.com/watch?app=desktop&v=2Gx4IRYQXxM>



Benefits of the cooperative



Profits and earnings generated by the cooperative are distributed among the members, also known as user-owners.

Cooperatives have a series of advantages over other types of companies:

- ❑ **Less taxation:** members of a cooperative are only taxed once on their income from the cooperative and not on both the individual and the cooperative level.
- ❑ **Funding opportunities:** depending on the type of cooperative, there are some subsidies or grants available for cooperatives.
- ❑ **Reduce costs and improve products and services:** taking advantage of its size, when they are bigger, cooperatives can more easily obtain discounts on supplies and services.
- ❑ **Perpetual existence:** the cooperative structure brings more continuity to the business. Members can leave the business without causing dissolution.
- ❑ **Limited liability** of the members
- ❑ **Mutual aid and cooperation** without speculation.

Activity. The social enterprise: discussion (estimated time 30 min)

The class will be divided in small groups of 4-5 students. The students will discuss within the groups the following questions during 15 minutes. Then, the groups will put in common their suggestions. The supervisor will organise a panel where the representative of every group will write their conclusions. The supervisor will organise the ideas and they will get some conclusions.

- Which are the differences between an enterprise and a social enterprise?
- Which are the differences between a social enterprise and a non-profit organization?
- Which are the competitive advantages of a social enterprise?





TRAIN-CE-FOOD project

<https://trancefood.si/en/home-english>

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