

Promoting the People's Business

An Activist's Guide for Progressives

1. Who this guide is for, and how it can be used

Progressives can positively influence decision makers and policy makers to try to achieve the best possible business environment for member owned co-operatives.

This guide is a tool to help them in that work. There is a great deal of good practice from around Europe that can be shared and built upon. The guide draws together some of this and suggests some methodology and communications protocols that can help to grow a consistent global approach to this work.

We recognize that there will remain significant variations between EU member countries. We believe that it is possible to respect this diversity and grow consistent themes and messaging to strengthen our overall impact.

Who are we seeking to influence?

This guide is intended to help with work that is undertaken with:

- Parliamentarians, legislators and politicians at the national and local level
- National and international regulators
- European Union institutions

How to use this guide

This guide is intended to support the custom and practice of work to influence governments that is already succeeding. In those areas, it should be seen as a supplement that may be referred to to help develop a consistent communications approach across jurisdictions.

The advice in this guide should be adapted to respect the national priorities and opportunities in each country.

A routemap to successful influencing plans



This diagram summarises the approach the Alliance is proposing through this policy guide, drawing together the existing custom and practice and sharing good examples that can form the basis of aligned national influencing plans.



The importance of clear and consistent communications in public affairs

How we present the People's Business to those that we wish to influence is very important.

We can build more sophisticated communications messages when we know that we are dealing with those that have a deeper knowledge and appreciation of co-operatives, but it is always a good idea to use the same foundation points to grow this message out from. Too often, we can lose sight of the big picture of why co-operatives are important and what they can achieve.

This means that there is a hierarchy to how we construct our communications messages to show why co-operatives matter:



It is important that we seek to make the case for co-operatives in an easily understood and consistent way. We need to present co-operatives within the context of the choice of business structures available in the relevant jurisdiction. It is important that we are able to show that co-operatives are rational and worldly, with a long and successful tradition in many parts of the world.

2. Communicating the value of The People's Business: How co-operatives are different

The purpose of co-operatives - explaining why we need them

Co-operatives exist when groups of individuals come together to achieve an objective that they could not achieve alone. They are a rational alternative to investor owned business when the objective is different from maximising return to shareholders.

Co-operatives often come about as a response to the failure of a market to adequately serve the interests of groups of customers, workers or producers, such as where services and products are unavailable or otherwise not accessible to groups of people.

Because the co-operative business purpose is different from investor owned businesses, these firms behave differently, pursuing business plans that aim to secure long term success for their members. As a result, they positively affect the markets in which they operate, often by restricting the profit taking of investor owned firms that must compete with them.

Basic facts about co-operatives

Broadly speaking, there are three types of co-operatives – consumer co-operatives, worker co-operatives and producer co-operatives. Each has clear stakeholders and co-operatives are designed to serve these groups of members.

Co-operatives are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity plus the seven internationally recognised principles - guidelines by which co-operatives put their values into practice.



Key statistics about the sector

We must be able to communicate the overall significance of co-operatives; the European statistics are impressive and help to explain the importance of co-operatives to economies and societies.

The People's Business publication includes key statistics about the size and scope of co-operatively owned business in different sectors in Europe.

3. How The People's Business is relevant to economies and society

Progressives should try to align the co-operative sector's objectives with the political objectives of decision makers. While these objectives will inevitably vary from one nation to another, we can identify a number of broad priorities which match with the ambitions of co-operatives.

Many governments share the priorities of building resilient economies and fostering enterprise so we can immediately identify a cross-over between the ambitions of the co-operative sector and that of national governments.

We must make common cause where our ambitions and those of policymakers overlap, rather than leading our conversations with a 'shopping list' of issues that we wish to see delivered. Our overall objective of an improved business environment for co-operatives will always need an alignment of interests, ours – government's, plus practical ideas for how to achieve these.

So our communications messaging needs to show the relevance of co-operatives in a way that those we are seeking to influence will appreciate. This means that we must be able to present the case for co-ops as organisations that can solve everyday political and social problems.

- Co-operatives are important to European prosperity. They help to create and grow sustainable economies and societies that benefit the lives of the widest number of people by sharing power in, and the rewards of, business.
- Co-operatives are good for markets and competition. Their different ownership structure allows them to focus on the long-term needs of their customers and on delivering high quality products, often designed with and for their customers, at fair prices, rather than having to focus on the interests of external shareholders.

The following communications messages are examples of why co-operatives are good for their economies, their members, and society.

These types of messages can be adapted for use by activists in order to present The People's businesses in a way that is understood by the people we are trying to influence, reflecting the type of policy priorities that they are concerned with.

Consumer co-operatives increase customer trust and accountability

In many countries, trust in institutions of all kinds is at an all-time low. Yet existing customers trust co-operatives more than they do investor-owned competitors. This feeling of trust is because co-operatives have been established to serve their customers, rather than investor shareholders.

Ownership by members means very different governance arrangements from those of investor-owned business. All members are treated equally, and every member has, in principle, one vote. Members elect representatives to form boards or committees which have responsibility for overseeing the affairs of the co-operative on behalf of its members. This democracy is a powerful benefit, empowering all members equally.



Co-operatives protect society and communities

Co-operatives give a high priority to corporate social responsibility. Indeed, many co-operatives have a deliberate policy of dedicating some of their surplus to benefit the community, region or society in which they operate.

Co-operatives provide competition and choice for consumers

Because they are differently owned co-operatives provide extra competition and choice in the market place. They frequently offer products which differ from those of their competitors and can focus on different parts of the market.

Co-operatives contribute to corporate plurality and diversity

The member ownership of co-operatives creates corresponding diversity in forms of corporate governance; risk appetite and management; incentive structures; policies and practices; as well as behaviours and outcomes.

Because of their ownership structure, co-operatives pursue business strategies aimed at long-term sustainability, contrasting with investor-owned companies that require shareholder-led, short and medium-term business strategies.

Co-operatives actively contribute towards corporate diversity because their reason for existence – their business purpose – is different to that of investor-owned businesses.

All businesses exist to serve their owners. The difference with co-operatives is that their owners are their members, who may be customers, workers or those with shared interests. This means that co-operative can focus on the needs of their members instead of the demands of external investors.

Co-operatives promote economic resilience and sustainability

The evidence of the global financial crisis is that co-operatives have generally been more resilient than investor-owned firms. During the financial crisis of 2007/8 and the following years of economic turmoil, co-operatives in the financial sector have not faced the levels of difficulty encountered by the banking sector and by certain other insurers.

Co-operatives play an essential role in the European economy, especially in times of crisis, by combining profitability with solidarity; creating high-quality jobs and strengthening social; economic and regional cohesion.

4. The co-operative agenda for Government

We understand the role of decision makers in creating an environment for diversity and growth that will enable co-operatives to flourish. By communicating strongly with them, we can educate them about co-operatives and gain their interest in working through co-operatives to achieve positive public policy results.

The key priorities for building the People's Business are:

- The need to improve general awareness of co-operatives
- The need for positive policy frameworks to develop the co-operative sector
- The need for quality legislative and regulatory frameworks

A series of practical objectives are proposed to provide a consistent set of objectives to deliver against these priorities.



The need to improve general awareness of co-operatives

Co-operatives from many jurisdictions have reported that they have experienced difficulties when working with government and regulatory authorities which appears to stem from a lack of knowledge about co-operatives. This problem was particularly acute when working with legislators.

Co-operatives require: a commitment from governments to engage with co-operative organisations at all levels, on a regular basis. The machinery of government must be sufficiently skilled to understand the different objectives of co-operatives and is able to produce policy that reflects this.

- National governments should nominate a minister responsible for relations with co-operatives
- Governments should ensure that they have access to training for officials responsible for working with the sector on a day-to-day basis.
- National co-operative associations should establish Parliamentary Friendship or All-Party Groups in Parliament to educate and build consensus in favour of co-operatives.

The need for positive policy frameworks to develop the co-operative sector

Co-operatives should be able to compete on a level playing field with their shareholder-owned counterparts. Governments and European authorities all have a responsibility to ensure that markets work properly. It should be a policy objective of governments and regulators at all levels to ensure that a level playing field exists for all types of business, regardless of ownership structure.

Co-operatives require: public authorities to adopt positive policies that promote corporate diversity and develop a work plan that will help to enable co-operatives to deliver their objectives.

The need for quality legislative frameworks

The lack of an enabling environment is a critical problem for co-operative businesses, and Governments are responsible for the legal frameworks under which co-operatives registered in their country or state will operate. Too often, particularly in countries where the market share of co-operatives is low, the legal framework applying co-operatives is old-fashioned, restrictive, or unclear with regard to establishing new co-operatives.

Co-operatives require: national governments to review their legislation governing co-operatives and update it in favour of best practice legislation in order to create a legislative framework that facilitates free and fair competition and aims to reach the best global standards.

The need for quality regulatory frameworks

While supervisors and regulators seek to make markets and products safer for consumers, they sometimes fail to understand the differences between legal structures and business purpose. The risk for co-operatives is that regulatory environments are designed simply on the basis of a 'one size fits all' approach that relates to the risks and challenges posed by competitors with investor-owned structures. The evidence is that ownership does in fact alter the behaviours of businesses, and it is important that regulatory regimes reflect this.

Co-operatives require: Governments to commit to create regulatory regimes that are sensitive to the ownership structure of co-operatives, their different corporate purpose, and which are proportionate to the need to protect consumers.

