

Focus :

INTERNATIONAL YEAR OF COOPERATIVES

ROUNDTABLE

[COOP1]

Room Mother Teresa  
Palais Brongniart

Wednesday, September  
19, 2012

**CAN THE COOPERATIVE SYSTEM BE A MODEL FOR  
SOCIAL ENTREPRENEURSHIP? CAN IT SERVE AS  
A REFERENCE FOR THE PRIVATE SECTOR?**

## MAIN FINDINGS

If you look hard at any member of a cooperative, you will find that deep down they are driven by a utopia. At the same time, cooperatives represent a credible alternative to the economic system. They provide numerous responses to the current difficulties faced by entrepreneurs, and their link with the local area is very strong. Cooperative businesses have had restraints imposed upon them in the form of regulations over the last two decades, which favour the dominant economic powers and which have brought about the situation we can see before us today. The European Commission's Social Business Initiative should start to buck the trend. Cooperatives face two major challenges: scaling up and growing internationally.

## SPEAKERS

**Félicie Domène**

Chairwoman and CEO, Coopérer pour Entreprendre

**Jean-Luc Perron**

Vice-Chairman, Convergences 2015 / General  
Manager, Grameen Crédit Agricole Microfinance  
Foundation

**Felice Scalvini**

Vice-president, Alliance Coopérative  
Internationale pour l'Europe / Co-president,  
Coopératives Europe

## MODERATOR

**David Eloy**

Editor in Chief, Altermondes

IN PARTNERSHIP WITH 

Wednesday, September 19, 2012

## SUMMARY OF INTERVENTIONS

### Cooperative development as an alternative

Felice Scalvini states that after four years of crisis, cooperatives are showing a remarkable capacity for resilience and adaptation. A cooperative shows greater flexibility in managing its activities and has the ability to bolster and support the social fabric. In Africa or China, cooperatives arouse broad interest because they are better able to respond to the problem of wealth redistribution. Furthermore, no cooperative bank has received public bailout money from the European Union. All of this has meant that during the UN's international year for cooperatives, a 'cooperative pride' has set in.

It should also be stressed that this type of activity, rather than being linked to capital, is first and foremost linked to human beings. Even though a cooperative needs to be backed by capital, it does not need to guarantee maximum returns on it. Cooperatives are akin to the tortoise racing the hare in Aesop's well-known fable. The vision of the economy and business offered by cooperatives is very different to the conventional view. The true social business choice is a cooperative setup, which places the person at the centre instead of capital. According to Felice Scalvini, the problem comes from management schools that only give a partial overview of the possibilities. George Soros himself made this observation. An insistence on true business biodiversity is necessary, given that over the last 20 years regulation has continually pushed towards greater uniformity. What path should cooperative development strive to follow? It should aim to multiply the number of cooperatives while being careful not to go any faster than the tortoise. One must be wary of the risk and temptation of leaping onto the capitalist path, since each time a group has attempted accelerated growth it has ended in failure. That which cooperatives are truly in need of today is a legislative framework which is favourable to them. Capital will arrive later through the cooperative's activities and through solidarity. Wherever a legal framework of this type is to be found, cooperatives will also spring up.

The year 2012 is drawing to a close with this message: the next decade must be the decade for cooperatives. At the beginning of November a large global conference on

this will be held in Manchester, the city where the first cooperatives took root.

### The risks for the sector: the case of business and employment cooperatives

Félicie Domène continues by saying that there are 70 business and employment cooperatives (or entrepreneur cooperatives) in France. Their slogan could be "Start business for yourself, succeed together". The main challenge for entrepreneurs is to get past the first three years, then the first five years. Within these groupings, each individual develops their own business and the cooperative deals with administration. The fact that there are many people taking part together means that knowledge and skills can be passed on easily. Coopérer pour Entreprendre has been granted the AFAQ26000 certification which approves projects which aim to enhance social responsibility. The system of cooperatives means that certain rules must be followed and guarantees training for entrepreneurs. The main difficulty is that this status is still not very widely known. Awareness raising is therefore necessary. Another difficulty is that cooperatives have a relatively low gross operating surplus compared with conventional businesses because money is being used for other purposes, such as in stocks and shares. An entire financial system has had to be invented around cooperatives, since they constitute the third type of business: one which liberates, stimulates, provides encouragement and shows concern for the common interest.

### What are the prospects for consumption cooperatives?

Jean-Luc Perron notes that during the nineteenth century, continental Europe invented a new model: production cooperatives and consumption cooperatives, inspired by certain social utopias, particularly those of Charles Fourier and Pierre-Joseph Proudhon. Later, these structures prospered in certain sectors, but failed in others. Crédit Agricole was founded in 1885 by farmers, for farmers who had no access to bank finance at the time. The movement then considerably evolved. Crédit Agricole now has 6 million members and 39 regional savings banks that are shareholders of Crédit Agricole SA. Crédit Agricole today has a dual governance system: administrators are elected by members and an operational senior management team is appointed by the

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board of directors. Jean-Luc Perron points out that this model can be exported to emerging and developing countries. He particularly highlights the 'missionary' role played by Crédit Agricole through Crédit Agricole Consultants, who have sought to promote this model in Armenia since 1993. Their support allowed for an agricultural cooperative bank to be created from scratch in this country while it was in the midst of war and crisis. Founded in 1996, ACBA Bank is today the main bank in the country and continues to be loyal to its initial vocation, since 30% of its work is devoted to funding small-scale agriculture. What is more, many microfinance institutions in developing countries have adopted the cooperative model, particularly in West Africa.

### SUMMARY OF DEBATE WITH THE AUDIENCE

**What is the difference between a business cooperative and a conventional business incubator?**

The difference is that the incubator has the mission of ensuring that the business breaks away from it after some time. In a cooperative, the entrepreneur can stay. After two years, he can choose to become an associate member of the cooperative.

**Is there a critical size for cooperatives? Can they spread across borders?**

Their system of democratic governance means that it is rather complex for them to spread to other countries and there are few cooperatives that are truly international. Furthermore, a large cooperative has to face one real challenge which is that of maintaining its principles. The example of *OikoCredit*, a solidarity-based investment cooperative, deserves our attention on this point. A shared international cooperative vision needs to be created. On the other hand, a cooperative does not necessarily always need to grow, even though it is true that it is more difficult to face innovation challenges the smaller you are. This depends on the sectors and the different businesses that are taking part. The real problem for cooperatives is that interests within it tend to diverge the larger it becomes. The status of European cooperative has not been put to use to great success.

**Could cooperatives support the creation of hybrids, with businesses like Danone?**

The answer is to be found in Brasil, China or India; places where a new form of capitalism is now taking hold.

REPORTER

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### MORE ON THIS TOPIC

- Alliance Coopérative Internationale: [www.coopdefrance.coop/fr/118/aci/](http://www.coopdefrance.coop/fr/118/aci/)
- Coopérer pour Entreprendre: [www.cooperer.coop](http://www.cooperer.coop)
- Oikocredit: [www.oikocredit.org](http://www.oikocredit.org)