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Reducing Unemployment through A Co-Operative Movement

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ABSTRACT: The history of the cooperative movement concerns the origins and history of cooperatives across the world. Although cooperative arrangements, such as mutual insurance, and principles of cooperation existed long before, the cooperative movement began with the application of cooperative principles to business organization. The cooperative movement began in Europe in the 19th century, primarily in Britain and France. The industrial revolution and the increasing mechanisation of the economy transformed society and threatened the livelihoods of many workers. The concurrent labour and social movements and the issues they attempted to address describe the climate at the time. Financially, cooperative banks, called credit unions in the US, were invented in Germany in the mid-19th century, first by Franz Hermann Schulze-Delitzsch (1852, urban), then by Friedrich Wilhelm Raiffeisen (1864, rural). While Schulze-Delitzsch is chronologically earlier, Raiffeisen has proven more influential over time. In Britain, the friendly society, building society, and mutual savings bank were earlier forms of similar institutions. Robert Owen (1771–1858) is considered as the father of the cooperative movement. A Welshman who made his fortune in the cotton trade, Owen believed in putting his workers in a good environment with access to education for themselves and their children. These ideas were put into effect successfully in the cotton mills of New Lanark, Scotland. It was here that the first co-operative store was opened. Spurred on by the success of this, he had the idea of forming "villages of co-operation" where workers would drag themselves out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing. He tried to form such communities in Orbiston in Scotland and in New Harmony, Indiana in the United States of America, but both communities failed.

KEYWORDS: unemployment, cooperative, movement, revolution, reducing, bank, credit, business, labour

I. INTRODUCTION

A **cooperative** (also known as **co-operative**, **co-op**, or **coop**) is "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise"[1,2]

Cooperatives may include:

- businesses owned and managed by the people who consume their goods and/or services (a consumer cooperative)
- businesses where producers pool their output for their common benefit (a producer cooperative)
- organizations managed by the people who work there (a worker cooperative)
- businesses where members pool their purchasing power (a purchasing cooperative)
- multi-stakeholder or hybrid cooperatives that share ownership between different stakeholder groups. For example, care cooperatives where ownership is shared between both care-givers and receivers. Stakeholders might also include non-profits or investors.
- second- and third-tier cooperatives whose members are other cooperatives
- platform cooperatives that use a cooperatively owned and governed website, mobile app or a protocol to facilitate the sale of goods and services.

Co-operative enterprises were formed successfully following Rochdale, and an international association was formed in 1895. Co-operative enterprises are now widespread, with one of the largest and most successful examples being the industrial Mondragón Cooperative Corporation in the Basque country of Spain. Mondragon Co-op was founded under the oppressive conditions of Fascist Franco Spain after community-based democracy-building activities of a priest, Jose Maria Arizmendiarieta. They have become an extremely diverse network of co-operative enterprises, a huge enterprise in Spain, and a multinational concern. Co-operatives were also successful in Yugoslavia under Tito where Workers'



Councils gained a significant role in management. In many European countries, cooperative institutions have a predominant market share in the retail banking and insurance businesses. There are also concrete proposals for the cooperative management of the common goods, such as the one by Initiative 136 in Greece.[3,4]

An annual general meeting of a retail co-operative in England, 2005. In the UK, co-operatives formed the Co-operative Party in the early 20th century to represent members of co-ops in Parliament. The Co-operative Party now has a permanent electoral pact with the Labour Party, and some Labour MPs are Co-operative Party members. UK co-operatives retain a significant market share in food retail, insurance, banking, funeral services, and the travel industry in many parts of the country. Denmark has had a strong cooperative movement, especially in the farming and industrial sectors. Co-housing is also common in Denmark in which residents share a common eating and gathering space. In some instances, the living spaces are financed by the Danish Housing Association, but other times residents collectively own the land and property. In Germany, the rebuilding of the country after World War II created a legislative opportunity in which politician Hans Boeckler significantly lobbied for the co-determination ("Mitbestimmung") policies which were established, requiring large companies to include a Workers' Council in the Board of Directors. These policies have had some influence on European Union policies. Emilia Romagna, Italy had two separate and strong co-operative traditions that resisted Cold War interference by US agencies and have worked effectively in conjunction with each other. Co-operative banks have become very successful throughout Europe, and were able to respond more effectively than most corporate banks during the 2008 mortgage-securities crisis. Renewable Energy co-operatives in Europe became important in the early development of windpower in Denmark beginning in the 1970s. Germany followed in the early 1990s, first on a larger scale with wind co-ops, then with a citizen's movement which challenged the reliance on nuclear power, organized, challenged the energy monopolists there, and successfully created a successful co-op social enterprise by 1999. A citizen's group began operating wind turbines and involving broad community ownership in the U.K. by 1995. Deregulation of the electricity markets allowed energy co-operative social entrepreneurs to begin to create alternatives to the monopolies in various countries. In France, where an enormous percentage of the power is generated by nuclear sources, this occurred after 2000. In Spain, wind power was developed by corporate-led efforts, and it took longer for a renewable energy-focused social enterprise to get established. Similar renewable energy co-ops around Europe have organized in a network.

Asian societies have adapted the co-operative model, including some of the most successful in the world. Nevertheless, the crises generated by traditional inequalities and the shareholder model continues to require civil society and entrepreneurial responses, such as the Citizens Coalition for Economic Justice in South Korea, the Seikatsu Club Consumer Co-operative in Japan, and the Self-Employed Women's Association in India. Other noteworthy efforts include Sophon Suphamong's efforts as governor in Thailand with agricultural co-ops and Antonio Yapsutco Fortich's contributions in the Philippines helping formulate a co-operative strategy with sugar workers. The International Labor Organization, originally established in 1919, has a Co-operative Division.[5,6]

Co-operatives were brought to Latin America and developed there by 1902. Substantial independent efforts to develop employee-owned enterprises or co-operatives have occurred as responses to crises, such as 2001 crisis in Argentina. In Brazil, the World Social Forum process led to the articulation of Solidarity Economics, a modern, activist formulation of co-operativism. The Fair Trade certification movement established first in the Netherlands in 1988 with an international headquarters in Bonn nine years later requires member farmers to have established a co-operative. In 2016, UNESCO inscribed "Idea and practice of organizing shared interests in cooperatives" on the Representative List of the Intangible Cultural Heritage of Humanity.

Capital and the Debt Trap reports that "cooperatives tend to have a longer life than other types of enterprise, and thus a higher level of entrepreneurial sustainability". This resilience has been attributed to how cooperatives share risks and rewards between members, how they harness the ideas of many and how members have a tangible ownership stake in the business. Additionally, "cooperative banks build up counter-cyclical buffers that function well in case of a crisis," and are less likely to lead members and clients towards a debt trap

DISCUSSION

A consumers' cooperative is a business owned by its customers. Members vote on major decisions and elect the board of directors from among their own number. The first of these was set up in 1844 in the North-West of England by 28 weavers who wanted to sell food at a lower price than the local shops.



Retail cooperatives are retailers, such as grocery stores, owned by their customers. They should not be confused with retailers' cooperatives, whose members are retailers rather than consumers. In Denmark, Singapore, Italy, and Finland the company with the largest market share in the grocery store sector is a consumer owned cooperative.[7,8]

A housing cooperative is a legal mechanism for ownership of housing where residents either own shares (share capital co-op) reflecting their equity in the cooperative's real estate or have membership and occupancy rights in a not-for-profit cooperative (non-share capital co-op), and they underwrite their housing through paying subscriptions or rent.

Housing cooperatives come in three basic equity structures

- In **market-rate housing cooperatives**, members may sell their shares in the cooperative whenever they like for whatever price the market will bear, much like any other residential property. Market-rate co-ops are very common in New York City.
- **Limited equity housing cooperatives**, which are often used by affordable housing developers, allow members to own some equity in their home, but limit the sale price of their membership share to that which they paid.
- **Group equity or zero-equity housing cooperatives** do not allow members to own equity in their residences and often have rental agreements well below market rates.

Members of a building cooperative (in Britain known as a self-build housing cooperative) pool resources to build housing, normally using a high proportion of their own labor. When the building is finished, each member is the sole owner of a homestead, and the cooperative may be dissolved.[9,10]

Credit unions are cooperative financial institutions owned and controlled by their members. Credit unions provide the same financial services as banks but are considered not-for-profit organizations and adhere to cooperative principles.

Based on data from 156 countries, the updated estimate shows that employment in or within the scope of cooperatives concerns at least 279.4 million people across the globe, in other words 9.46% of the world's employed population. Out of this figure, 27.2 million work in cooperatives, including around 16 million cooperative employees and 11.1 million worker-members.

Employment within the scope of cooperatives, comprising mainly self-employed producer-members, concerns over 252.2 million people, the vast majority being in agriculture. The number of cooperatives throughout the world is 2.94 million and the number of members in all types of cooperatives is 1,217.5 million.[11,12]

In addition, the present report pays special attention to the potential contribution of cooperatives to technological development and accompanying social change. In the changing world of work, cooperatives need to respond to new opportunities and challenges. The concepts of "platform cooperativism" and "commons" could usher in innovative ways of working in, and with, cooperatives in the 21st century. However, while fully recognizing the contribution made by these new concepts, this report proposes their combination with the tools and methods of the cooperative movement, which would strengthen and give concrete expression to the contribution they are able to make to address problems related to work and employment in the changing world of work.

Co-op jobs, also known as cooperative education jobs, are jobs that offer a unique balance of classroom learning and real-world experience by integrating learning opportunities for students. These are typically paid, full-time positions in the student's chosen field, and they may or may not give someone school credit in place of traditional classroom courses. The amount of pay they earn also depends on the industry they are working in.

Some co-op jobs last one semester, while others can extend for an entire year. Typically, students who participate in a co-op will alternate semesters. For example, they may take courses for one semester and then spend the next semester working in a co-op job where they can apply the knowledge they gained in the classroom. Usually, students work in an entry-level role as they gain experience and further their education during their junior or senior year of college.

RESULTS

A worker cooperative or producer cooperative is a cooperative owned and democratically controlled by its "worker-owners". There are no outside owners in a "pure" workers' cooperative, only the workers own shares of the business,



though hybrid forms exist in which consumers, community members or capitalist investors also own some shares. In practice, control by worker-owners may be exercised through individual, collective or majority ownership by the workforce, or the retention of individual, collective or majority voting rights (exercised on a one-member one-vote basis). A worker cooperative, therefore, has the characteristic that the majority of its workforce owns shares, and the majority of shares are owned by the workforce. Membership is not always compulsory for employees, but generally only employees can become members either directly (as shareholders) or indirectly through membership of a trust that owns the company.[13,14]

Unlike internships, co-op jobs provide a more in-depth and extensive work experience, which gives students an edge over their peers. Students invest more time in co-ops, which helps them provide a significant contribution to the organization, unlike interns who might only work part time over the course of two to three days a week.

Another reason co-op jobs are so alluring to students is that they are often paid positions, which means students can offset some of their school costs. Depending on the institution, students may also not be charged tuition while they're in a co-op. Additionally, co-ops offer a more niche approach than internships. This is particularly appealing to students looking to specialize in a specific area of their field.

The qualifications students need to get a co-op job will depend on their school's application requirements and the organization they want to work for. Most co-op jobs have GPA and credit hour requirements. Each program and area of study has its own qualification guidelines as well. However, there's no need to be enrolled as a full-time student to participate in cooperative education.

Students with co-op jobs often have to submit work forms during their co-op term. These forms include work term goals and objectives, student performance evaluations and a work report that explains their responsibilities during their work term. It's important to note that most co-op jobs are also graded. The cooperative education coordinator and your supervisor at your work site determine your grades.[15]

Finally, most institutions require students to complete a minimum number of credit hours before they become eligible for a co-op opportunity. They also typically require you to have been admitted to a degree program before reporting to a co-op job. It's important to become familiar with your school's co-op program before looking for co-op jobs. If a college doesn't have a cooperative education structure, students can still try to get a co-op job if they follow the requirements and create a valid structure to receive credit hours for their work.

Benefits of having a co-op job as a student

Here are some of the main benefits of pursuing a co-op job during college:

Unique learning experience

Cooperative education gives students a deeper and richer educational experience with real-world insight into their careers. By choosing a co-op job, students have the opportunity to alternate study and work. They can also earn college credit for working in a job that's related to their career and gain exposure to real-world situations that they can't experience in the classroom. Additionally, co-ops allow students to learn more about their career options by experiencing different work environments before graduation. It can help solidify their decision to choose a specific career.

Opportunity for networking

When students enter the job market before graduation, it gives them the chance to make vital connections and build rapport with employers and others in their industry. While it isn't always the case, many co-op students end up receiving full-time offers from their co-op employers. Not to mention, it instantly broadens their network, so they'll be better positioned in the workspace when they complete their education.[16]

Better income

While many internships are unpaid, co-op work terms are typically paid. Employers pay competitive wages and sometimes even relocation expenses. Additionally, some institutions will not charge tuition or other costs to students



with active co-op jobs. Of course, paid work experience means employers expect a higher level of professionalism and productivity from students, but since these are often full-time, paid positions, the dedication is worth it.

Stronger resume

Employers prefer recent college graduates to have at least some real-life experience in today's competitive market, and co-ops can help you meet those expectations. Co-op jobs provide practical work experience that could increase employability and your potential to advance within your field. Getting to add this experience to your resume can give you an edge over your peers and help you impress potential employers.

CONCLUSIONS

Industries that hire co-op employees

Although any company can hire co-op employees, companies must meet a set of specific requirements to post a co-op position. These companies need the approval of colleges to hire students from their co-op programs. Hiring co-op students is a cost-effective strategy for both small and large businesses looking for motivated and qualified staff members. At the same time, students get the chance to apply their classroom knowledge to a work setting.[17]

Many industries hire co-op employees, including:

Engineering, Architecture, Business, Marketing, Agriculture, Food science, Environmental studies, Science, Geography, Computer science, Technology, Hospitality [17]

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