
Fostering the cooperative principle of the democratic member control

— 2nd International Forum on —
Cooperative Law

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Introduction

- One of the elements that differ co-operatives from other forms of organizations is their democratic function. Not only this element leads to a democratic transformation of the economy but also contributes to the individual transformation of the member and guarantees the existence of the cooperative.
- The democratic member control of the cooperative's identity is a powerful strategic advantage
- Factors that challenge this principle and the need to foster it

International Cooperative Alliance Statement

Cooperative: “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”. (Statement on Co-operative Identity, ICA, 1995)



Ownership

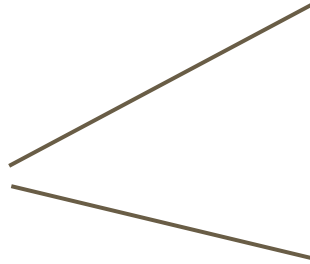


Democratic control

International Cooperative Alliance Statement



Democratic control



Ultimate control of cooperatives in a democratic manner

Active involvement in setting policies and market key decisions

One member - One vote

Factors that challenge democratic member control



Free-ride problem



Scale and complexity



Co-operatives with different classes of members






Principal - agent problem



Lack of information

Suggestions - Conclusions

-  Consensus is one of the elements that contribute to the success of the cooperative
-  The importance of education: least educated members are the least involved in the governance of their organisations
-  Legislative framework that would establish measures to favour the legitimate representation and participation of members and set mechanisms that promote active member participation and democracy within the cooperative

**Thank you for your
attention !**

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