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COOPERATIVES

## The Role of Cooperative Entrepreneurship and Firms in Organising Economic Activities – Past, Present and Future

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It is often said that cooperation is strong in practice but weak in theory. Although not quite true, it is a fact that cooperation has been little researched, has weak links with mainstream economics and, partly for these reasons, the theory and practice remains surprisingly unfamiliar. The intention of this article is to correct the situation by reviewing a) the ideas behind cooperative entrepreneurship and compa-

ny form, and b) the present role of cooperation in the organisation of economic activities.

Modern cooperation has its origins in the principles and values established in early 19<sup>th</sup> century Britain and which have been interpreted and brought up to date by the International Cooperative Alliance (ICA). These principles have been variously applied in the different fields of practical cooperation. What all cooperatives have in common, however, is that they are owned and controlled by their users and operated in their interests through member and customer-owned companies.

Cooperation appeared in Finland in the final years of the 19<sup>th</sup> century as one aspect of the national struggle against the tightening grip of Russian power. Its founder was *Hannes Gebhard* who gathered around him a representative group of social influencers. His strategy for the development of cooperation was based on a federal organisation, specific legislation and an ideological umbrella organisation to organise and coordinate activities.

The cooperative company is just one of the many institutions by which society organises economic activities in the most practice and efficient way. The main points of departure in a cooperative organisation are that membership is voluntary and open to all and that it produces services in the interests of its members.

The cooperative form of company and entrepreneurship is in extensive use throughout the world. Some two-thirds of all adults in Finland are members of one or more cooperative societies. Individual membership has grown strongly in recent years, particularly in retail and banking cooperatives, reaching a total of over 3 million. Including the cooperative insurance companies, the mutuals, the total number surpasses 5 million. A recent phenomenon in



Finland has seen the rise of small-scale cooperatives of which a good thousand have already been established.

The total turnover of Finnish cooperatives and mutuals in 2000 was about 25 billion euros and they provided work for almost 82 000 people.

Today, cooperation has an important social role to play in the organisation of economic relations. Whereas originally cooperatives

ensured the balanced development of the market economy, in our new globalising world these national, democratically controlled organisations ensure that the economy continues to serve the everyday needs of the ordinary people. The cooperative model has also proved useful in organising other economic activities in society, particularly within the social economy of the third sector between the private and public spheres. ■