Chapter 4

Characteristics and Functions of Cooperative Entrepreneurship

I. Introduction

Cooperatives, as social and economic enterprises are doing commendable services to all sections of the population throughout the world. It is the one movement, which has touched all aspects of human life. There are more than 150 types of major cooperatives working in more than 150 countries of the world. It is not a movement that came into being instantly. It was born out of the lessons learnt by the great number of failures. Its foundations were laid down during the peak of the Industrial Revolution, where capitalism and human exploitation were ruling high. So many trials and tribulations were borne by this great movement. Cooperatives could survive in all types of economies and all types of political systems. Whether it is a developed country or developing country or a least developed country, one could find the fingerprints of cooperatives in all these countries to address the problems of the poor. The fundamental factor for the success of such cooperatives can be attributed to the entrepreneurial qualities of the cooperative leaders and promoters.

The changing faces of economic systems condition the cooperatives to be innovative, so as, to remain viable and to adapt to the needs of its members on the basis of their strengths and unique features. Inspired or induced by this condition the cooperative entrepreneur takes the initiative and to get organized with the resources available to reach concrete results. To survive in a competitive environment all cooperatives have to be led and managed by entrepreneurs who have a sense of cooperative enterprise and who know how to innovate to respond to their needs.
II. Definition of Cooperative Entrepreneurship

There is no universal consensus on the definition of cooperative entrepreneurship. The concept of cooperative entrepreneurship is fundamental. It is closely linked to the viability and sustainability of cooperative enterprise and the cooperative movement. Applied in the cooperative sphere, cooperative entrepreneurship is a process whereby a group of promoters mobilizes financial and nonfinancial resources to launch a new cooperative or revamping the existing cooperative to satisfy the socioeconomic and cultural needs and aspirations of group of members. That is the definition of cooperative entrepreneurship.

Cooperative entrepreneurship in fact seeks to bring creativity, innovation, and strategic management in the management of cooperative society. To do this it is essential that cooperatives should have dynamic governance structures, qualified competent and dedicated human resource, and modern management systems. Based on this, entrepreneurial characters of cooperatives and functions of cooperative entrepreneurship are discussed in this chapter.

III. Characteristics of Cooperatives that Facilitates Entrepreneurship

1. **Cooperatives are Business Organizations**: Cooperatives are organized by likeminded people to satisfy a particular group of economic needs like credit, banking, marketing, service, consumer distribution, and other services. They work on business lines applying all business and management techniques. They earn a surplus, what is called as profit to manage the institution. As business organizations, they have to compete with other sectors of the economy, the private sector and the public sector. Applying all business techniques, they strive to improve their volume of business year after year and they diversify their activities according to the needs and demands of the members. This business character of cooperatives needs the application of entrepreneurial qualities to the business undertaken. For example, to run a marketing cooperative, the board or the leaders of such cooperative must know all the elements of marketing.

2. **Cooperatives are Social Organizations**: Like the economic function, social function is also the bedrock of cooperatives. It is a combination or mixture of both economic service and social benefit. By being social organizations, cooperatives work to serve the poor and underprivileged in the community, they preach and practice equality in their functions and provide equity in their services. One of the basic features to organize cooperatives of various kinds by various sections of the society is to avert exploitation, of all forms. It is the cooperatives which relieve the farmers from the exploitation of usurious money lenders, avert the exploitation of private traders, and protect the members from organized collusion. Hence, the entrepreneurship character is very much emphasized to extend more service benefits to the maximum population living in the specific area of operation.