

Instructor's manual

Chapter 4 – Co-operative societies in society: classifications and incorporation

This chapter explains the three principal ways of classifying co-operatives: the area-based method, the membership-based method, and the group-served method. It then discusses the legal structures and regulation within which co-operatives in Britain operate. By the end of this chapter you will be able to:

- identify the different types of co-operatives;
- assess the advantages and disadvantages of various methods of classification;
- recognise the legal structures that apply to co-operatives.

The key arguments that will be developed in this chapter are:

Co-operatives are classed in different ways: by area, by membership, and by group served.

Co-operatives are most commonly classed according to the type of group served.

The group-served method distinguishes between consumer co-operatives, producer co-operatives, worker co-operatives, and hybrid co-operatives.

There is a legal framework for establishing and running a co-operative.

Chapter cases and seminar exercises

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| Case 4.1 | Ocean Spray |
| Case 4.2 | The Co-operative Group |
| Case 4.3 | Suma Wholefoods |
| Case 4.4 | Fifth Season (additional) |
| Case 4.5 | West Whitlawburn (additional) |



Summary of Learning

This chapter has argued that:

- There are different ways of classifying co-operatives but the most common method is by user served.
- Co-operatives have a variety of legal forms under which to incorporate.
- There are numerous benefits and disadvantages to each legal form and a clear understanding of the co-operative's financial and administrative needs is required to select the appropriate structure.
- Different legal forms protect the interests of the holders of power in an organisation; a co-operative must ensure that the members of the business are recognised by the chosen legal form.

Possible Essay/Discussion Questions

- What are the difficulties of classifying co-operatives?
- Identify the types of co-operatives operating in your community. How would you classify them?
- Considering the restrictions placed on a business if it registers as an Industrial and Provident Society, are co-operatives better served by other legal forms?
- What advantages would a co-operative derive from registering as a CLS or CLG?

Useful resources

Mutuals Register <https://mutuals.fsa.gov.uk/>.

Companies House <http://www.companieshouse.gov.uk>.

Co-operative and Community Benefit Societies and Credit Unions Act 2010

<http://www.legislation.gov.uk/ukpga/2010/7/contents>.

