

Case Study 1.1

Origins of the co-operative principles

The co-operative principles that exist today originated with the Rochdale Society of Equitable Pioneers founded in 1844. Since then the principles have been revised in 1937, 1966, and most recently in 1995 when the ICA also produced the Statement on the Co-operative Identity.

The Rochdale Principles, as they appeared in their annual almanac of 1960:¹

1. That capital should be of their own providing and bear a fixed rate of interest.
2. That only the purest provisions procurable should be supplied to members.
3. That full weight and measure should be given.
4. That market prices should be charged and no credit given or asked.
5. That profits should be divided pro rata upon the amount of purchases made by each member.
6. That the principle of "one member one vote" should obtain in government and the equality of sexes in membership.
7. That the management should be in the hands of officers and committee elected periodically.
8. That a definite percentage of profits should be allotted to education.
9. That frequent statements and balance sheets should be presented to members.

It is interesting to note some of the business innovations and standards that the Rochdale Pioneers implemented in conjunction with their contribution to co-operative principles. For instance, notice how they operated a business strictly on cash (a great example of an efficient working capital model – see chapter 2); their commitment to providing quality produce at fair prices (non profit maximising); and the introduction of a system whereby information relating to the financial performance of the co-operative was made available to the members. Transparency with regard to finance is increasingly valued in many sectors and organisations today.

¹ Link4Life, 'Principles', <http://www.link4life.org/index.cfm?fuseaction=c.showPage&pageID=324&CFID=749830&CFTOKEN=69816374>, accessed 14 November 2011.

