



REPUBLIC OF ZAMBIA

**MINISTRY OF COMMERCE,  
TRADE AND INDUSTRY**

**DEPARTMENT OF COOPERATIVES**

**BENEFITS OF CO-OPERATIVES**

**Do your self a favour, join a co-operative**



**Introduction**

A cooperative is a form of business that benefits members, communities and the nation in a number of ways.

The benefits are therefore classified in three categories as below:

**A) INDIVIDUAL MEMBER BENEFITS**

**1. Ownership by members**

A cooperative is jointly owned by members who use it and use its services and also benefit from declared dividends.

**2. Co-operatives raise human dignity**

Poor people always feel worthless and socially rejected. They are traumatized and emotionally detached, feeling no one cares or loves them. They need company, love and encouragement.

- Co-operatives help people escape poverty and achieve dreams, such as owning a home or giving their children education.
- Since educated decision-making is essential to a co-operative's success, co-operatives also teach new skills, from adult literacy to business operations.
- Co-operatives empower individuals by giving them a chance to participate in decisions, which affect them.
- Promotion of co-operative participation in socio-economic events.

**B) COMMUNITY BENEFITS**

**1. Co-operatives keep economic benefits within a community;**

Co-operative members, who tend to be community residents, won and keep profit within the community. Co-operatives exist

to fulfill a need in a community that is not being met by other businesses, for example:

- Agricultural co-operatives supply, input, market and add value to agro-products.
- Consumer co-operatives provide the members with the goods and services at competitive prices.
- Worker's productive co-operatives are formed to create or maintain employment in a community
- Housing co-operatives give low-income people the opportunity to own their own homes.
- Savings and credit co-operatives serve people with limited incomes not serviced by commercial banks. They mobilize savings and extend credit to micro-entrepreneurs who otherwise might not be able to secure financing.

**2. Co-operatives build open markets:**

As more and more governments privatize state owned enterprises, there is a danger that these monopolies may be moved intact into private hands.

- Co-operatives help avoid this pitfall by ensuring wider participation by the users of the former state service.
- Co-operatives spread economic power and encourage competition.
- They provide market leverage to small producers victimized by powerful cartels or sole source companies.

- They undercut middlemen and money lenders, whose charges are often exorbitant.
- By ploughing profits back into the business, co-operatives can operate on narrower margins. Thus they help drive down unfair prices, and set a competitive range for goods and services.

### 3. Co-operatives are systems for development

Co-operatives draw community businesses into regional and national networks through apex organizations such as Unions and Federations. The following are associated benefits;

- Lower co-operatives benefits from larger business volume, operating efficiencies and professional management of apex organizations.
- The economics of scale enjoyed by co-operatives enable members to purchase supplies at volume discounts, and receive profits from value-added processing.
- Savings and credit co-operative members pool their resources together and transfer surplus savings to credit in lower income areas.
  - Co-operative insurance companies are tied into a worldwide reinsurance network to guard against catastrophic losses. They pool groups of individuals not served

by commercial companies to guard against personal and business risks.

4. Other types of business do not exist in the remotest parts of the country, cooperatives will be there to cover the gap  
Apart from sole proprietorship, Cooperative is a model that is wide spread in Zambia to provide the most needed services to communities.

### C) NATIONAL BENEFITS

#### 1. Citizen mobilization is easier with cooperatives:

The government and other interested organizations find it easier to organize citizens through cooperatives because the movement is wide spread and the membership is huge.

2. Since cooperatives are business entities, they also contribute to job and wealth creation.
3. **Co-operatives promote democracy:**
  - Co-operative members own their business. They provide share capital, elect board of directors and receive the benefits of ownership through better service and patronage refunds based on usage. In this way co-operatives reduce poverty.
  - Co-operatives bring people outside the mainstream into a

nation's economic and political life.

- Co-operatives teach people how to resolve problems democratically, since many decisions are made through the voting process and the majority wins. **Some individuals who received education and experience in democracy from co-operatives have become good political leaders.**
- In emerging democracies, co-operatives help throw off the shackles of a non-market economy. Their members develop the skills of entrepreneurship and learn market values. By so doing co-operative members who are also entrepreneurs use these skills to improve services provided at individual and co-operative society levels.

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