



The World Co-operative Monitor: aim and methodology

The World Co-operative Monitor is an International Co-operative Alliance (Alliance) initiative with the scientific support of the European Research Institute on Cooperative and Social Enterprises (Euricse) and a scientific committee composed of international researchers and experts. The project builds off the work started by the Alliance with the Global 300, which brought together economic information about the 300 largest co-operative and mutual organisations in the world.

The intent of this ambitious project is to define a new process of data collection, integration, and analysis, culminating in the creation of a regularly updated database containing economic, employee, and other social data to monitor and demonstrate both the economic and social impact of the largest co-operatives worldwide. This methodological note briefly describes the main statistical aspects characterizing the project: i) the definition of the population under study; ii) the World Co-operative Monitor metrics framework; iii) the data collection methodology; iv) rankings.

1. The population under study

For the purpose of the project, it is important that the boundaries of the population under study are understandable worldwide and that they reflect the characteristics of co-operative organisations in different areas of the world and in different contexts. The process of definition and classification, however, is not trivial as researchers working on this face two main issues: (a) the diversity of national legislation and (b) the variety of co-operative forms.

Comparative studies show that legislation concerning co-operatives varies widely from country to country—much more so than legislation pertaining to for-profit enterprises (Roelants 2009). In particular, national laws often do not consider all forms of co-operatives, and they are restrictive about various aspects, such as the minimum number of members or the rules limiting the distribution of profits. In addition to the legislative diversity, it is necessary to consider the organisational diversity within the co-operative sector. In recent years, researchers have been studying the varied and multifaceted nature of co-operative organisations (Hansmann 1988; Fici 2013), highlighting how co-operative organisations vary in the relationship between the co-operative and its members and the type of activity carried out. The co-operative sector is generally characterized by a high prevalence of alliances and vertical and horizontal collaborations (Zevi et al. 2011). For these reasons, hybrid forms, such as co-operatives of co-operatives, co-operative groups, and co-operative networks have also been considered in the study.

Non-co-operative enterprises in which co-operatives have a controlling interest are also considered in the study due to their importance in understanding not only the direct impact of co-operatives but also their indirect impact and in evaluating the role and importance of the co-operative movement within the global economy.

The variety of existing organisations that refer to the co-operative model has been schematized for the purpose of the project in the typologies shown in Table 1.

Table 1. The World Co-operative Monitor Co-operative Organisation Types

Co-operative type	Definition
Co-operative	An autonomous association composed mainly of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.
Mutual	Private co-operative type organisation providing insurance or other welfare related services. Consider also micro-insurance and mutuals with both voluntary and compulsory membership.
Co-operative of co-operatives/mutual	Co-operatives composed mainly of co-operatives/mutuals that carry out an economic activity for the production of goods or the provision of services of common interest for their members. It periodically publishes its own financial statements.
Co-operative group	A co-operative group is: 1) is composed of organisations that operate as a single economic entity, 2) regularly publishes a consolidated financial statement, 3) includes mainly co-operatives, 4) acts according to co-operative principles and values and 5) is controlled by co-operatives.
Co-operative network	A co-operative network: 1) composed of organisations that operate as a single economic entity, 2) does not publish a consolidated financial statement, 3) includes mainly co-operatives, 4) acts according co-operative principles and values and 5) is controlled by co-operatives.
Non co-operative enterprise	Non co-operative enterprise in which co-operatives have a controlling interest

Another stage of complexity derives from the role played by members within the organisation and their composition. On this basis, co-operatives have been divided into the subtypes shown in Table 2.

Table 2. The World Co-operative Monitor Co-operative Subtypes

Subtype	Definition
Worker co-operative	A co-operative owned and democratically controlled by its worker-owners. Worker co-operatives enable members to obtain more favourable working conditions than those available on the market, both in terms of quality and economy.
Producer co-operative	A co-operative owned and democratically controlled by producers who band together to process or market their products.
Retail co-operative	A co-operative formed to purchase and supply goods and services at competitive conditions in the interest of members (retailers).
Consumer co-operative	A co-operative owned and democratically controlled by its main consumers. Consumer co-operatives enable members to obtain supplies and/or durable goods

	on more favourable conditions than those available on the market. They work to safeguard the quality of products and services as well as sales prices.
Purchasing co-operative	A co-operative formed to aggregate demand to get lower prices from selected suppliers. It is often used to reduce costs of procurement.
Financial co-operative	Co-operative bank, credit union, and insurance and other financial service co-operative. Private co-operative enterprise providing banking and financial intermediation services, democratically controlled by its member customers (borrowers and depositors). Consider credit unions and banks whose capital is composed by individuals without rights regarding the management of the bank. An insurance co-operative owned and democratically controlled by its main insured. Insurance co-operatives enable members to obtain insurance policies on more favourable conditions than those available on the market.
Housing co-operative	A co-operative formed to provide an owned or rented property on more favourable conditions than those available on the market. This category includes both housing co-operative and co-operatives in the sector of Construction.
Social co-operative	A co-operative that manages health, social or educational services and productive activities for work integration of socially disadvantaged people.
Other type	Co-operatives not classified in the previous types.

2. The World Co-operative Monitor metrics framework

One of the long-term aims of the World Co-operative Monitor Project is to collect data that can assess not only the economic, but also the social and environmental impacts of the largest co-operatives worldwide. For this reason, the World Co-operative Monitor Project collects a set of SMART indicators grouped into six categories inspired by the Impact Reporting and Investment Standards (IRIS), a universal language of impact-related terms and metrics for social, environmental, and financial performance reporting promoted by the Global Impact Investing Network (GIIN 2011). The six categories composing the World Co-operative Monitor Metrics Framework Structure are presented in Table 3.

Table 3. The World Co-operative Monitor Metrics Framework Structure

ORGANISATION DESCRIPTION: metrics that focus on operational model, type of the organisation and location.	OPERATIONAL IMPACT: metrics that describe the organisation's members, employees and volunteers.
PRODUCT DESCRIPTION: metrics that describe the organisation's products and services.	PRODUCT IMPACT: metrics that describe the performance and reach of the organisation's products and services.
FINANCIAL PERFORMANCE: reported financial metrics.	GLOSSARY: definitions for common terms that are referenced in the metrics.

In the organisation description section, questions are designed to collect general data on organisations, such as the name, year founded, location of the organisation's headquarters, organisation type, sector of activity, and so on. Looking at the financial performance section, the choice of economic data to be collected is based on the analysis of the most recent developments

of scientific thought concerning the measurement of the economic performance of co-operatives (Lerman and Parliament 1991; Austin et al. 2006; Marin-Sanchez and Melia-Martì 2006; López-Espinosa et al. 2009; Beaubien 2011; Beaubien and Rixon 2012). Looking at the operational impact section, the questionnaire focuses mainly on the governance and ownership structures and on employees.

Table 4. World Co-operative Monitor Indicators by Section

Organisation description	
Contact person	Contact person for the organisation
Organisation type	See Table 1
Organisation name	
Organisation address	
Organisation email	
CEO	Basic information about the CEO of the organisation
President	Basic information about the President of the organisation
Membership	Is membership in the organisation is voluntary
Voting rights	Does the organisation apply the principle of "one member, one vote"
Product description	
Type of cooperative	See Table 2
Sector of activity	Sectors of activity in which the co-operative operates according to the International Standard Industrial Classification
Financial performance	
Turnover	The income that a company receives from its operating business activities, usually from the sale of goods and services to customers. It could be considered as the value of economic production that is produced and performed (finished or unfinished) during the period. It consists of sales for products or services provided during the year.
Interest income	Revenue that is generated from a bank's assets (commercial loans, personal mortgages, etc).
Net interest income	Difference between interest income and interest expenses.
Non-interest income	Income from banking services and sources other than interest-bearing assets; it includes such items as the income from trading and securitization, investment banking and advisory fees, brokerage commissions, venture capital, fiduciary income, and gains on non-hedging derivatives.
Premium income	Revenue received as insurance premiums paid by customers.
Total liabilities & equity	Sum of Current liabilities (Amounts owed within one year for goods and services purchased on credit terms, except accruals and deferred income) and Long term liabilities (Amounts owed after more than one year for goods and services purchased on credit terms. Except Minority interests and provisions).
Share capital and reserves	Capital invested by members (or shareholders in case of non co-operative enterprises) at the time of the organisation's creation. Its amount can increase (if new funding is needed) or decrease (in case of significant losses or in case of redundancy). Reserves are any part of stockholders' equity, except for basic share capital, they are retained in the business and not distributed to the owners.
Bonds	A bond is a debt investment in which an investor loans money to an entity which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and

	sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debtholders, or creditors, of the issuer.
Deposits	Savings and checking accounts, time deposits, term deposits, certificate of deposit (CD)
Interbanking loans	loan between banking institutions. Interbank loans are facilitated to cover liquidity requirements set by a regulatory agency. In instances where a bank has a shortage of liquid assets, it borrows from other banks whose liquid assets are in excess than that required.
Technical reserves	reserves for with- profit policies which add to the value on maturity of with-profit endowments or similar policies, prepayments of premiums and reserves against outstanding claims.
Bank loans	amount of money loaned at interest by a bank to a borrower, usually on collateral security, for a certain period of time.
Over draft	An extension of credit from a lending institution when an account reaches zero. An overdraft allows the individual to continue withdrawing money even if the account has no funds in it.
Trade credit	the amount of the credit coming from the agreement where a customer can purchase goods on account (without paying cash), paying the supplier at a later date. Trade credit is essentially a credit a company gives to another for the purchase of goods and services.
Other liabilities	amount of liabilities not included in the previous categories.
Donations, sponsorships and scholarships	<u>Donations</u> : a voluntary transfer of property to third-parties made without any expectation of benefit accruing to the donor or anyone associated with the donor. <u>Sponsorships</u> : a mutually beneficial exchange whereby the organisation (the sponsor) receives value in return for cash or goods- or services-in-kind provided to third-parties. <u>Scholarships</u> and other study grants awarded by the organisation: amount of money that is given by a school, an organisation, etc., to a student to help pay for the student's education.
Operational impact	
Members	Number of members
Female members	Number of female members
Youth members	Number of members aged between 15 and 24
Participation rate	participation rate (%) at general assemblies over the last three years.
Members' types	types of members of your organisation http://www.uwcc.wisc.edu/pdf/multistakeholder%20coop%20manual.pdf
Members remuneration	<u>Patronage refunds</u> . Income remaining after deducting all expenses (net margin) is then distributed in proportion to patronage. The income in excess of expenses generated by the members' use of their business is thus refunded to them. <u>Profit share</u> . Share of the profits for the period divided among the members of the organisation. <u>Discounts on goods and/or services</u> . Discounts on the price of goods or services produced by the organisation. <u>Other remuneration</u> . Other types of remuneration not included in the above categories.
Employees	Average number of employees of the co-operative (independent of the kind of contractual form adopted). According to the International Labour Organisation (ILO), employees are all those workers who hold the type of job defined as paid employment jobs. This number excludes volunteers.
Female employees	Average number of female employees
Youth employees	Average number of employees aged between 15 and 24
Elected officers	Any co-operative member voted into a position of decision-making authority (i.e. board of directors, policy committee, social committee etc.).

Volunteers	Volunteer work includes activities or work that some people willingly do without pay to promote a cause or help someone outside of their household or immediate family. (International Labour Organisation, Manual on the Measurement of Volunteer Work).
Product impact	
Social report	Annual publication reporting data and information about the social and environmental effects of an organisation's economic actions to particular interest groups within society and to society at large

3. The data collection methodology

The World Co-operative Monitor database is built following two main strategies: 1) the integration of existing databases and other data collected by national associations, research institutes, and other organisations, and 2) the use of a questionnaire to collect data directly from enterprises.

Euricse makes every effort to then complete the dataset through online research and consultation of financial statements and annual reports. With respect to the first strategy, several federations and research centres have undertaken a systematic collection of economic data in order to publicise lists of the largest co-operatives at the national and sectorial levels¹. In addition, some private companies have developed regional databases that gather personal and economic data about co-operative organisations from across the world. Although the existing databases differ in terms of population coverage and economic indicators, their integration provides a good starting point for the construction of a basic list of co-operatives to which the questionnaire can be addressed.

Data collected directly from the enterprises makes it possible to gather a wider range of information than is available in existing databases. In addition, since definitions of the data are common and detailed, the economic and social data collected are robust and thus allow for a full comparison of co-operatives in different countries. Finally, the online questionnaire facilitates the collection of documents reporting the activities of the co-operative (annual, social, environmental reports, etc.), which is useful in the analysis performed to assess the impact of co-operative and mutual organisations.

The questionnaire is available online at www.monitor.coop and is open to all co-operative and mutual organisations. To facilitate its completion among diverse groups of people, the questionnaire is presently made available in Chinese, English, French, Greek, Italian, Portuguese, Spanish, and Turkish.

4. Rankings

Given the limited availability of data on a global level that can be used to compare co-operatives across different contexts, the Monitor is presently primarily focused on general organisational

¹ Lists relative to the year 2014 were utilized; however, it cannot be excluded that a source list could potentially contain data from the closest year available.

data and financial performance data. For this reason, the rankings presented are purely economic in nature.

Based on current scientific thought concerning the measurement of the economic performance of co-operatives, the research team has chosen to release rankings based on turnover, defined as the income generated by the business activities conducted by a company, usually the sales of goods and services to customers. In the case of the Insurance Co-operatives and Mutuals sector, this is premium income.

For the Banking and Financial Services sector, this is the sum of net interest income, net premiums and other operating income, such as deposit and payment service charges, lending fees and credit card service revenues, income from brokerage and investment fund services, management and custodial service fees, foreign exchange income as well as other income. However, this value was used solely for the banking and financial services ranking. In the Top 300 ranking, in order to achieve a more homogeneous comparison, the sum of interest income, non interest income (income from banking services and sources other than interest-bearing assets) and premium income (if the organisation also provides insurance services) was utilized for banking and financial services organisations. This methodology creates the most homogeneity possible among data sources, but note that there could be variations among countries and existing rankings regarding calculations and values used.

In addition to rankings based on turnover, the rankings based on the ratio of turnover over gross domestic product (GDP) per capita are also released. The ratio of turnover over GDP is not intended to compute the contribution of each co-operative to the national GDP, but it is a first attempt to relate the turnover of the co-operative to the wealth of the country in which it operates. GDP and GDP per capita have in fact different meanings. GDP is the overall output of all the final goods and services produced within a country during one year. GDP per capita measures the purchasing power of an economy in an internationally comparable way. Therefore, the ratio of turnover on GDP per capita measures the turnover of a co-operative in terms of the purchasing power of an economy, in an internationally comparable way.

Regarding the sector of activity, co-operatives, mutuals and non-co-operative enterprises controlled by co-operatives are classified into 7 sectors:

- Agriculture and food industries: organisations operating along the entire agricultural value chain, starting from the cultivation of agricultural products and livestock farming to the industrial processing of agricultural products and animals. This sector includes both agricultural producers' co-operatives and consortia of co-operatives (or similar arrangements) that carry out the processing and marketing of agricultural goods for their members;
- Wholesale and retail trade: organisations formed to purchase and supply goods and services at competitive conditions in the interest of their members;
- Industry and utilities: organisations operating in industrial sectors (with the exception of the food industry) and utilities; that is, co-operatives that are active in the management of infrastructure for a public service, such as electricity, natural gas, and water. The industrial sector also includes worker co-operatives in the construction sector;
- Banking and financial services: co-operative banks and credit unions providing banking and financial intermediation services, democratically controlled by member customers (borrowers and depositors). Also included are credit unions and banks whose capital owners are composed of individuals without rights regarding the management of the bank or credit union.

- Insurance co-operatives and mutual: mutual organisations and co-operatives owned and democratically controlled by their insured customers. These entities enable members to obtain insurance policies at more favourable conditions than those available on the open market.
- Health and social care: organisations managing health, social, or educational services. These may include consumer (user), producer (provider) and multistakeholder social and health co-operatives which seek to provide high-quality, cost-effective community health care and social services;
- Other services: organisations providing services other than those included in health and social care, such as co-operative business services and transport.

If an organisation carries out several activities, it has been classified in the main sector of activity. If a co-operative carries out several activities and has a consolidated balance sheet, the total turnover of the various activities is considered for the sector and top 300 rankings. While the rankings generally consider individual co-operatives, the turnover for co-operatives that act as a group is summed in the event the group presents a consolidated balance sheet.

All values in the World Co-operative Monitor rankings are expressed in US dollars. For the data derived from Income statements, the average annual exchange rate is utilized. For balance sheet data the year-end exchange rate is used. The values are rounded to the second decimal place and percentages are rounded to the nearest whole number. This applies to the capital chapter discussed below.

The methodology for the capital structure research in the 2016 World Co-operative Monitor can be found within the 2016 report.

The list of data sources utilized for each edition of the World Co-operative Monitor can be found within the report, available at www.monitor.coop.

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