



FAQs - Members Related

Who are the founder members?

The founder members are the initial group of individuals who will set up and register the co-operative and ensure that the co-operative has a feasible and viable business case. Once legally set up, the founder members will manage the co-operative as part of the formed Management Committee/Board of the society, but they will be required to stand down at the first AGM to allow democratic elections to take place.

What are the rights and duties of members of co-operatives?

Members who join the co-operative will be asked to support the objective of the co-operative. Members will be required to hold the minimum shareholding indicated in the governing document, usually £1 non transferable and non withdrawable share to maintain their membership in the co-operative. Members will contribute to the running of the co-operative through their vote at general meeting, in accordance with the principle 'one member, one vote, and can also stand for elections to the Board.

How do members benefit?

Depending on the type of co-operative and the performance of the business, members could receive a dividend based on an equitable distribution of the surplus (profit is often referred as surplus in a co-operative), or only an agreed interest on their shareholding or both. However, the surplus could be also re-invested in the business, and this is to ensure the long-term sustainability of the co-operative and the achievement of its objectives. How a co-operative distribute surplus is decided at the Annual General Meeting by the members.

How would members distinguish the co-op from non-cooperative businesses?

Co-operatives abide by the seven principles and the values of co-operation, often written in their governing documents – the Rules. A close examination of its governance, should reveal policies and procedures that guarantee democratic participation and elections, ensure the centrality of the voice of its members in decision making and in the running of the business.

Prepared by Co-operative Alternatives – April 2022