

Finnish Cooperation, new Cooperative Act and learning supports Cooperatives

PELLERVO

Sami Karhu, managing director

Conventus 27.9.2013



COOPERATIVE ENTERPRISES BUILD A BETTER WORLD



The Content of Presentation

1. Pellervo, Confederation of Finnish Cooperatives
2. The Finnish Cooperative Sector
3. New Cooperative Act 1.1.2014
4. How learning supports Cooperatives



1. Pellervo, Confederation of Finnish Cooperatives

MEMBER ORGANISATIONS (274)

ANNUAL MEETING

DELEGATION (25)
Chairman **Tauno Uitto**

BOARD OF DIRECTORS (9)
Chairman **Martti Asunta**

ADMINISTR. SERVICES
Juhani Lehto

MANAGING DIRECTOR
Sami Karhu

COOPERATIVE SERVICES
Sami Karhu

SWEDISH COOPERATIVE SERVICES
Per-Erik Lindström

PELLERVO MAGAZINE
Teemu Pakarinen

LEGAL SERVICES
Anne Kontkanen

DEVELOPMENT PROJECTS
OSUUSTOIMINTA (Co-op) MAGAZINE
NEW COOPERATIVES
INTERNET SERVICES

- COOPERATIVE COUNCIL**
Otto Mikkonen
- PELLERVO TRAINING INSTITUTE LTD.**
Kari Huhtala
- PTT - Pellervo Economic Research Institute**
Pasi Holm
- FOOD & FARM FACTS LTD (TNS Gallup), Market research**
Anne Kallinen
- PELLERVO PUBLICATIONS SERVICES LTD.**
Antti Äijö
- BRUSSELS OFFICE**
Jonas Laxåback

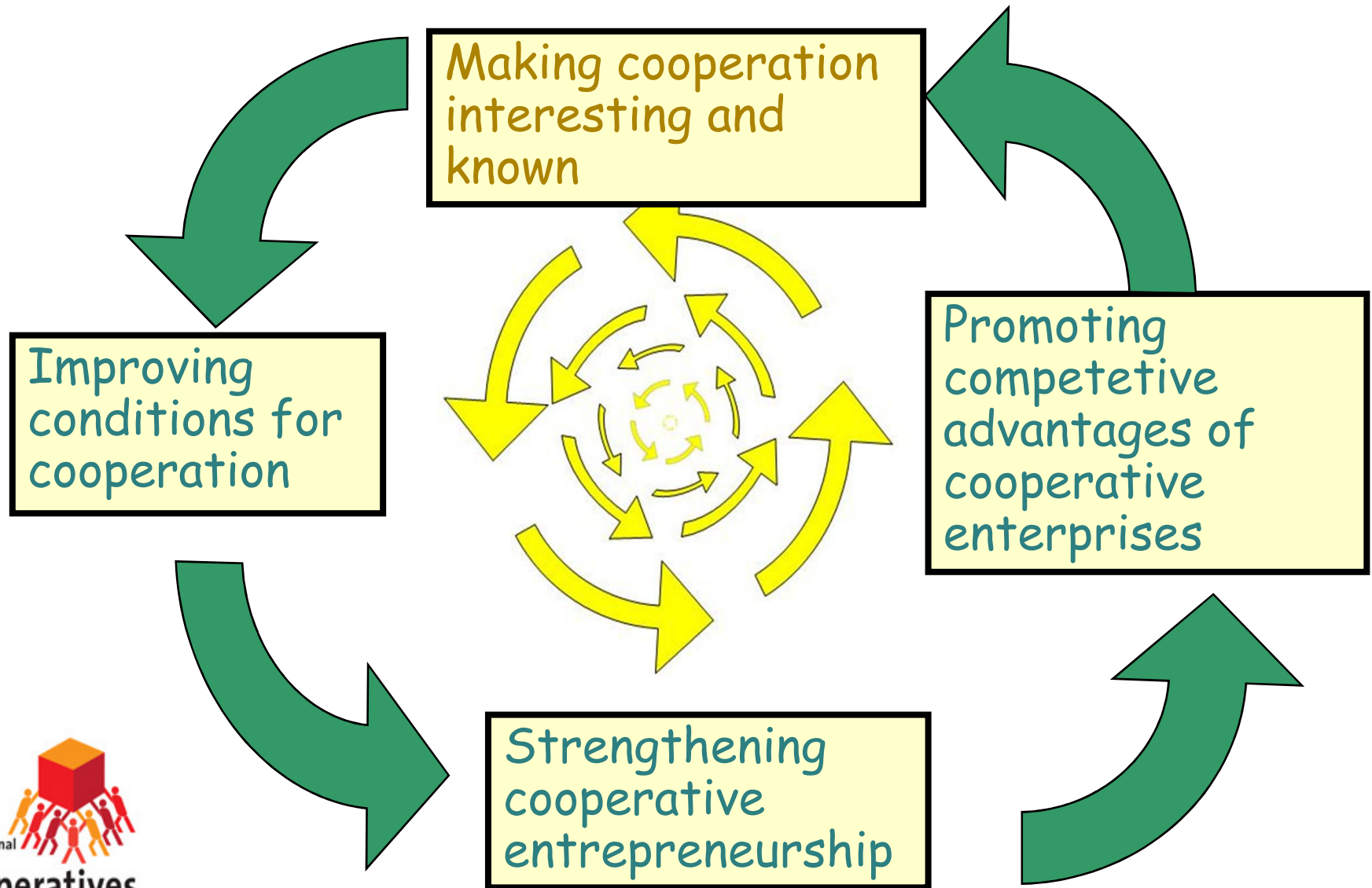
Members of Pellervo (274)

169	Cooperative banks	Central Union of Agricultural Producers and Forest Owners (MTK)
19	Local mutual insurance companies	Finlands Svenska Andelsförbund r.f. (Swedish-speaking Pellervo)
19	Milk cooperatives	LocalTapiola General Mutual Insurance Company
4	Meat cooperatives	Metsäliitto Osuuskunta (Forest cooperative)
2	Cooperative retail societies	Munakunta (Egg cooperative)
18	Other cooperatives	FABA Osuuskunta (Animal Breeding cooperative)
		Osuustoiminnan Kehittäjät - Coop Finland ry (new-wave co-ops,)
		POP Pankkiliitto osk (37 local co-op banks)
		Valio Ltd Milk processing and marketing, owned by the cooperative dairies
		SVOSK Central organisation for water coops

(1 september 2013)

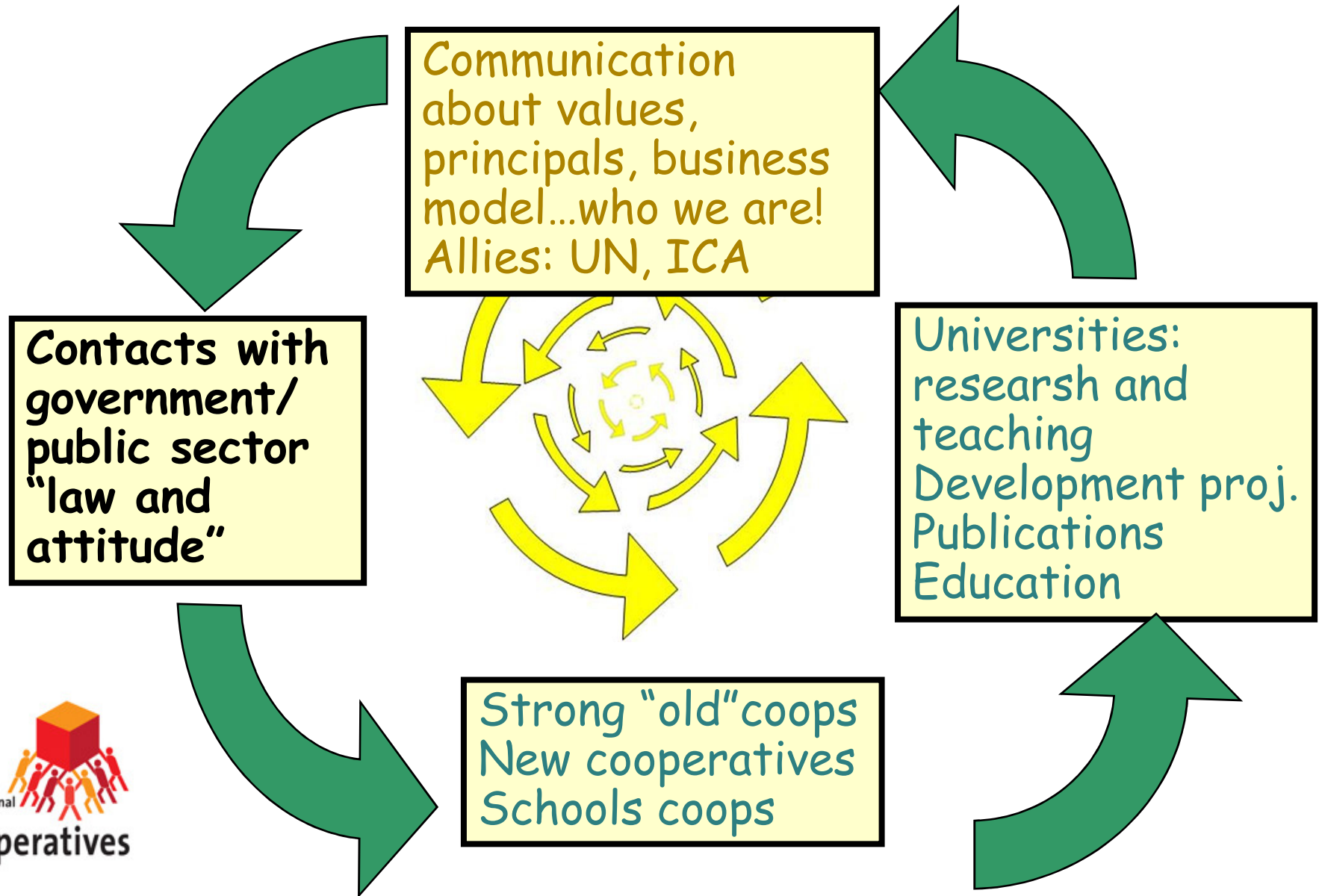
Cooperation – The First Choice!

”Giving cooperation a positive spin in society”



Cooperation – The First Choice!

”Giving cooperation a positive spin in society”



2. The Finnish Cooperative Sector

Cooperation in Finland Facts and Figures

2012	Number of cooperatives	Members in cooperatives	Personnel in group	Turnover in group Mill €	Market share %
<i>Meat cooperatives</i>	5	8 900	12 400	3 900	1) 80
<i>Cooperative dairies</i>	23	9 000	5 400	3 600	2) 97
<i>Egg cooperatives</i>	1	200	100	50	3) 41
<i>Vegetable cooperatives</i>	5	350	50	60	10 - 40
<i>Forestry cooperatives</i>	1	124 300	12 000	5 000	4) 37
<i>Animal Breeding</i>	1	12 200	400	40	100
<i>Hankkija-Agriculture Ltd*</i>	-	-	<950>	<1000>	>50
<i>Consumer cooperatives</i>	30	2 325 250	48 300	12 400	5) 46
<i>Cooperative banks</i>	234	1 509 200	13 950	5 900	6) 42
TOTAL **	300	3 989 400	92 600	30 950	
2011	311	3 885 050	89 650	30 650	
<i>Mutual insurance 2012</i>	10	3 100 000	6 200	4 000	7)

* Agricultural supply limited company, a subsidiary to largest consumer cooperative SOK

** Total number of cooperatives in Finland according to

Trade Register was 4 311 at the end of 2010.

1) Meat from producers

2) Milk from producers

3) Eggs from producers

4) Share of market logging from private forests

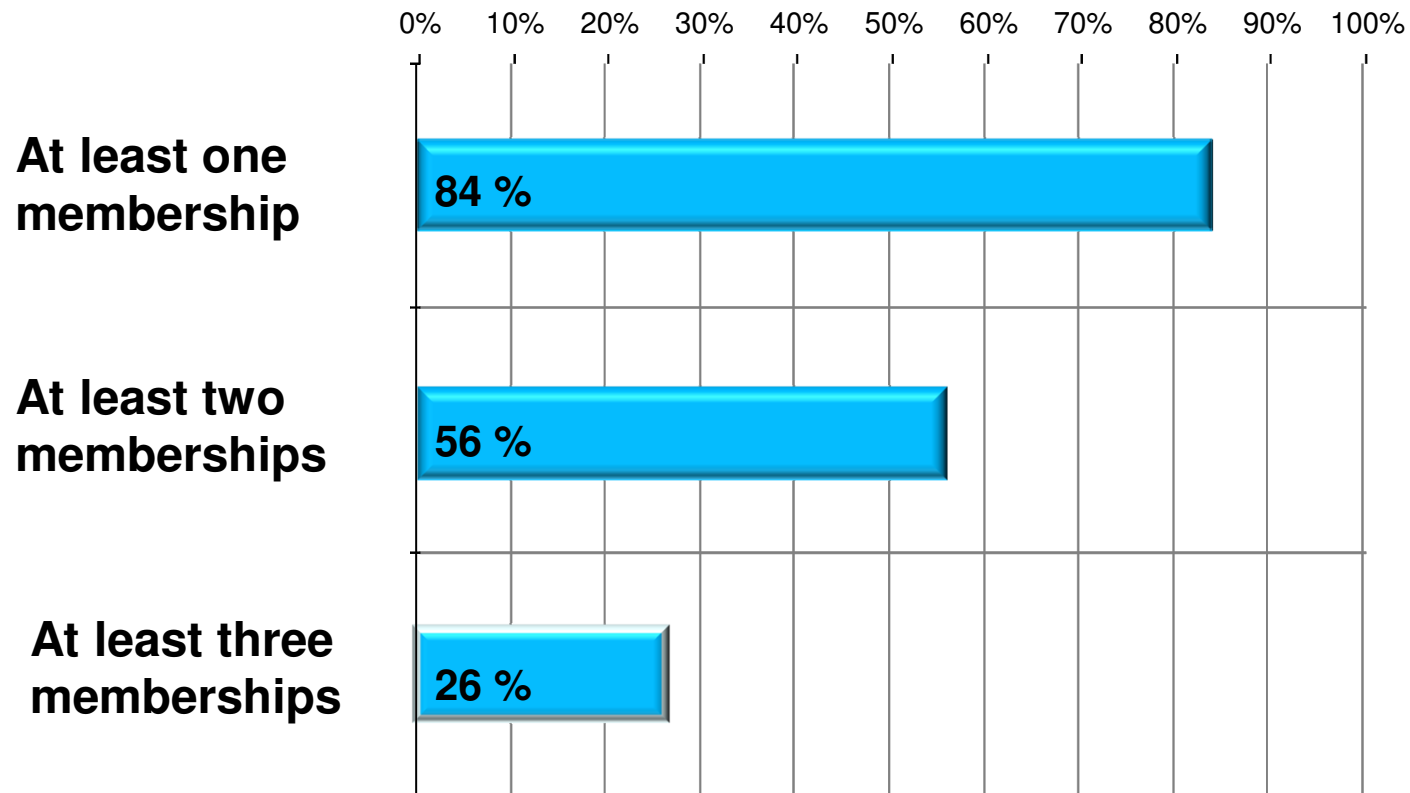
5) Consumer cooperatives sales

6) Deposits (incl. S-Pankki)

7) Premium income

Increasing number of memberships in Finland

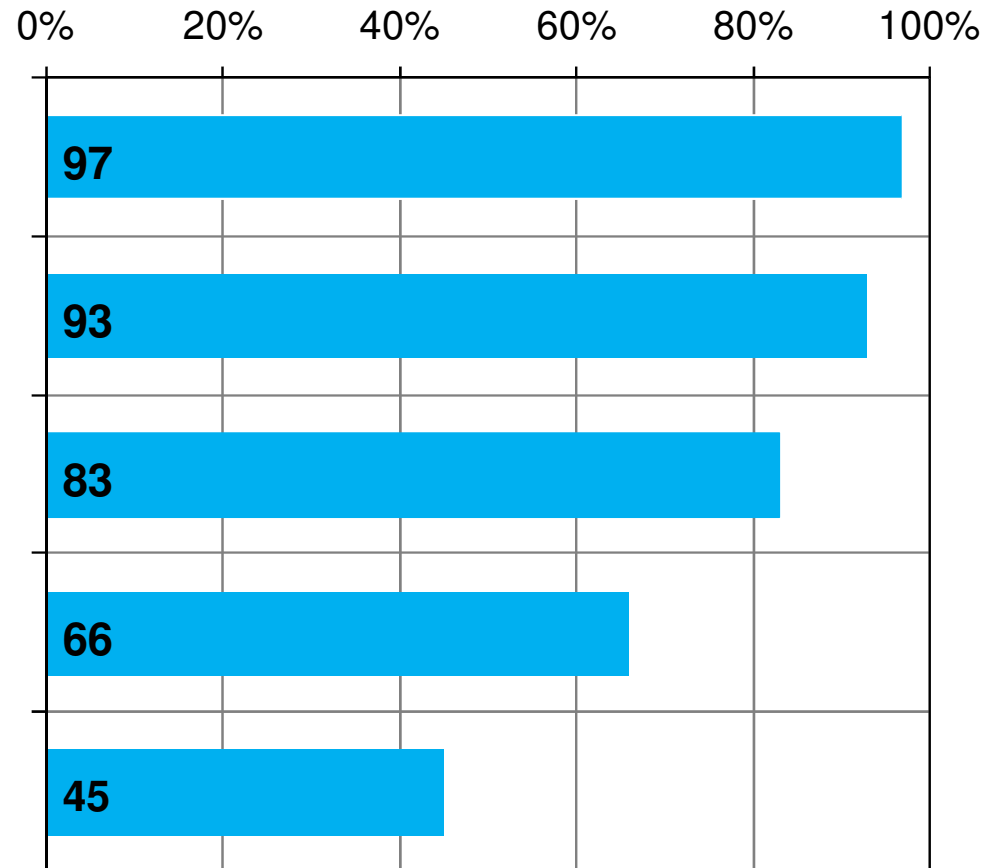
Average 2,1 memberships per person



Farmers have more memberships than average

*Average 4,1 memberships per farmer
In 1998 3,3 memberships*

(whole population 2,1)





HKScan

ATRIA OYJ



Farmer coops

- Farming in Finland is family farming.
- Strengthen the farmers role in the food chain.
- Secure the markets for the agricultural products.
- Producer cooperatives set standards and prices on the market, which also the private companies in the sector are compelled to follow.
- Leaves the value added to the chain.
- Market shares from 45 % to 97 %
- Strong structural change, especially in dairy and meat coops

The cooperative hybrids

Model with primary cooperatives controlling a plc (limited company on the open stock market)

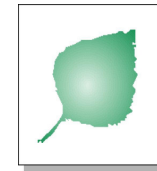
- Formation of hybrids to gain capital – to grow
- The plc is vital for the function of the primary cooperatives
- Control managed by shares with graded voting rights

4 Hybrids:

- Atria Oyj and HKScan Oyj in the meat sector. Controlled by primary cooperatives
- Metsä Board Oyj in forest industry. Controlled by primary cooperative Metsäliitto
- Pohjola Pankki Oyj. Central bank for primary cooperative banks and controlled by them.

Cooperative banks and insurance

- Cooperative banks
 - two competing cooperative bank groups
 - 1,4 million memberships
 - Pohjola Bank biggest Finnish owned finance group
 - market share over 37 % of the deposits
 - increasing bonuses
- S-bank owned and run by consumers' coops and SOK had 2,8 % of deposits
- Mutual insurance
 - mutual fire insurance started in 1660s
 - strong indemnity (damage) insurance
 - LähiTapiola Group



S-Pankki



Consumer cooperatives



- **The consumer coops in the S-Group and their central cooperative SOK**
 - 20 regional and 9 very small local cooperatives with 2 million members
 - sales 12 billion euro (excluding VAT)
 - market share in daily goods 44 %
 - biggest hotel and restaurant owner in Finland
 - second largest in petrol stations
 - S-bank has 2,8 % of deposits



- **The Tradeka cooperative**
 - one cooperative with 270 000 members
 - strong in hotels and restaurants; turnover 580 million euros
 - has no retail anymore



New wave cooperatives

- New 2. wave of coops started in early 1990s, when Finnish economy was in depression and unemployment rose up to near 20 %.
- Government and cooperative sector have had common projects to increase cooperative entrepreneurship.
- Since then every year about 200 new cooperatives have been established.
- Now 4500 cooperatives - 90 % small enterprises
- All over Finland, countryside, suburbs and towns.



**New
Cooperatives
in Finland
31.12.2010**

Sources:

Finnish National Board of
Patents and Registration,
and
PELLERVO Confederation
of Finnish Cooperatives

<i>Worker, service and expert co-ops</i>	855
<i>Marketing co-ops</i>	355
<i>Culture, publishing and media</i>	235
<i>Purchasing co-ops</i>	98
<i>Social, health and welfare co-ops</i>	92
<i>Travel services co-ops</i>	67
<i>Energy co-ops</i>	78
<i>Development co-ops</i>	49
<i>Water co-ops</i>	1039
<i>Others</i>	122
TOTAL	3.020

Cooperatives in colleges and schools

- Today cooperatives are used as a tool for training in entrepreneurship in Finnish colleges. This educational model where the students form, run and develop cooperatives for marketing their skills has proved to be very successful.
- The students learn how to run a business and how markets in their own field function
- The model has been exported to colleges and universities in several other European countries.



New Cooperative Act

- 1.1.2014
- The first cooperative act 1901...second 1954...third 2002 (now in force)
- Modernise all over
- Easier to understand – structure from Ltd-law
- Easier to establish a cooperative – one member is enough – cooperative identity?
- Easier to collect capital to coops
- Cryptic law?
- The future will show us the consequences

How learning supports Cooperatives

- A Big and Deep Question in Finland !

Training and guidebooks

- Different kind of guide books published by Pellervo and our companies and networks.
 - Willingness to pay?
- Also free for all on the Pellervo Internet.
 - Motivation to read?
- Seminars
 - Distance to Helsinki?
- Pellervo Training Institute Ltd – for cooperatives
 - Ability to pay? In practice only the large cooperative enterprises take part.
 - Training without public recourses.

Schooling

- The Cooperative Enterprise Model has not been part of schooling system...it has been part of popular movements...workers coops and farmers coops...from father to son –measure.
- Now it try to be part of schooling system as all other enterprise models.
- We have took part in entrepreneurship education – project with administration and Universities.
- "Team learning" - new innovation in Universities of Applied Science: a genuine cooperative enterprise is a platform to study entrepreneurship!

Universities

- We have to go deeper...to universities...
- ... to be part of intellectual atmosphere/airspace of society/economy
- All teachers graduate from Universities
- If you don't research you don't teach
- We need more doctors, researchers, professors to this field – investor ownership dominate too much
- Endowed professorship (2013-2017) Iiro Jussila, LUT ->
- Journal of cooperative organisation and management (2012-)
- Coop Network Studies – 8 universities take part
- Close contact with economic life...

Thank you!
Kiitos!

