

Module Four

Types and Categories of Cooperatives



The capital structure of the most cooperatives in Indonesia is weak due to their limited ability to mobilize own capital both from their own business activities as well as from members. Cooperative has also limited access to capital from external sources. Financially strong and self-reliance cooperatives can play an important role in increasing their members welfare and thereby contribute to a more equitable income distribution.

Types of Cooperatives

In Indonesia, the most frequent types of cooperatives are the following:

1. Credit Cooperatives- promote thrift among members and create funds to grant loans for productive purposes
2. Consumers Cooperatives - procure and distribute commodities to members and non-members
3. Producers Cooperatives - undertake joint production whether agricultural or industrial
4. Marketing Cooperatives - engage in the supply of production inputs to members and market members' products
5. Service Cooperatives - engage in janitorial duties, carpentry, medical and dental care, transportation, insurance, and other such services
6. Multi-purpose Cooperatives - combine two or more business activities of these different types of cooperatives. Most of the cooperatives in Indonesia are of this type.

Categories of Cooperatives

Cooperatives are categorized as follow:

Primary cooperatives operate at the grassroots or local level. In the marine aquarium industry, primary cooperatives are membership-based associations of villagers in a community or fishing site. Primary cooperatives review membership, conduct needs assessments, create and implement business development plans, and mobilize and

manage their resources. Most of the information in this training manual is focused on the primary level.

Secondary cooperatives are regional federations of primary cooperatives. In the marine aquarium industry, a secondary cooperative could be a Bali-wide federation of MAC-certified community-based fishing cooperatives from around the island. The foremost role of secondary cooperatives is to provide support services to their member cooperatives. These services might include informational ones, like keeping primary cooperatives informed about relevant laws and regulations. Another important role of secondary cooperatives is to provide linkages both among primary cooperatives (to strengthen cooperation and networking among them), and between primary cooperatives and tertiary ones.

Tertiary cooperatives are federations of cooperatives at the national level. In the marine aquarium industry, a tertiary cooperative might be a federation of all MAC-certified fishing cooperatives in Indonesia. Tertiary cooperatives have four major roles:

- First and foremost, they must provide linkages between their member cooperatives and the government, representing the objectives and needs of these organizations to the government and lobbying the government for support.
- Second, tertiary cooperatives are responsible for designing curricula for training and capacity building at the primary and secondary levels.
- Third, they must work to provide financial support to their grassroots-level constituents.
- Fourth, tertiary cooperatives are responsible for strengthening the network of regional-level, or secondary cooperatives.