

(Feature Research Project 2019-05)
Reviewing the Trajectory of Korean Consumer Cooperatives

Lee Eunjung

[Summary]

- Today's consumer cooperatives in Korea was the movement promoting the direct-dealing of organic farm produce.¹
 - Farmers, reacting against the conventional agriculture using chemical pesticides and fertilizers ushered in by the Green Revolution of the 1970s, advocated a return to organic farming and began to teach consumers of its importance, paving the way for the organic farm produce movement.
 - Leading the movement was Hansalim, whose model inspired the establishment of consumer cooperatives more and more, first in and around Seoul and later across Korea.

- Let us trace the trajectory of consumer cooperatives' growth in Korea.
 - Korean consumer cooperatives have grown both in numbers and influence over the last three decades. (iCOOP saw its revenue multiply by 300 times over this period).
 - The scope of the Consumer Cooperatives Act (CCA) in Korea encompasses cooperatives serving for both general consumers (Dure, iCOOP, Hansalim, Happy Coop, etc.) and university student as well as medical consumers. For our purposes, let us focus on the four main cooperatives, i.e., Dure, iCOOP, Hansalim, and Happy Coop.
 - These main consumer cooperatives celebrated their own 20th or 30th anniversaries by publishing reflections on their past projects and activities. Respectively combining its own objective data with narratives in the publications, however, made it difficult to grasp entirely the history of the Korean consumer cooperatives that has been shaped by their reciprocal and dynamic influences.

- We can trace the trajectory of the four major cooperatives' growth in light of the International Cooperative Alliance (ICA)'s *Guidance Notes on Cooperative Principles* (2015).²
 - Diverse metrics and criteria can be used to measure each cooperative's policy and performance. For our purposes, we apply the ICA's principles.
 - The ICA's *Guidance Notes* were put together by the Alliance's Cooperative Principles Committee to provide a detailed guide on the organization and workings of cooperatives. Published and endorsed by the ICA in 20 years after the declaration of identity in 1995, the *Guidance Notes* provide explanations, cases, and applications of cooperative principles in the recent state of affairs. As such, the principles laid down in these notes can form a useful framework through which one can reflect on the

¹ Characteristics of Korean consumer cooperatives. *Rural Economy*, vol. 29, no. 3.

² ICA (2015/2017). *Guidance Notes on Cooperative Principles* (Korea Cooperative Association Trans). Seoul.

evolution of Korean consumer cooperatives, assess their current status, and discover the future direction in which they should be headed.

- A cooperative ensures the freedom of members to join and withdraw from it. It also emphasizes the duties and responsibilities of members. The four Korean consumer cooperatives adopted different membership policies early on, and their performances have differed as a result.
- Democratic control of members is at the heart of cooperative governance. The four cooperatives have been evolving their governance structures over time to shape and protect their unique identities. They also specialize in the different policy concerning merchandise, in consequence achieving different performance.
- Members' economic participation is crucial to these four cooperatives that retail distribution takes the central place in. As the scope of their businesses far exceeds the capital contributed by members, these cooperatives have had to rely on various policy projects to find the necessary funding. They have also steadily increased the amounts of required financial contributions from members, in addition to raising various funds and launching projects to increase members' participation in their business activities. iCOOP has been especially active since its early days in achieving financial security by expanding members' participation in financial contributions and in launching members' loan campaign to cooperatives. It was also the first to introduce "Additional capital contribution per transaction", motivating the other cooperatives to follow suit.
- Autonomy and independence are essential to enable cooperatives to achieve their own purposes in terms of financial independence. The regulatory regime, like laws and government policies, should also be reformed and evolved so as not to disadvantage cooperatives compared to other enterprises. The four major cooperatives have been consistently lobbying for the amendment of the CCA. They have also been active and vocal participants in the drafting of the bills for the Framework Act on Cooperatives and the Framework Act on Social Enterprises in Korea.
- Training, learning and information form the foundation without which cooperatives cannot last. Campaigns targeting not just members, but also the public at large raise public awareness of how cooperatives contribute to the improvement of society.
- Since their inception, the major Korean consumer cooperatives have had ample opportunities for training and learning through exchange and cooperation with their counterparts abroad, particularly in Japan, and also in Europe, the United States, and Canada. The Korean cooperatives also work with producers' cooperatives in developing countries for fair trade. They are also active participants in the ICA.
- Consumer cooperatives have strong ties to their respective local communities. The activists in Korean consumer cooperatives are also dedicated to the realization of their cooperatives' values. Contribution to local communities is not just a secondary job in these cooperatives, but actually forms the main backbone. These cooperatives and their members have been engaging in a wide range of activities in places to "make the world better."