

Module 1 Cooperative Business

Glossary



Business – A person, partnership, or corporation engaged in commerce, manufacturing, or a service; profit-seeking enterprise or concern.

Capital – Money invested in a business to generate income.

Cooperative – A form of business organization in which profits are distributed as patronage refunds, and all members have a single vote.

Cooperative – A farm, business, or other organization that is owned and run jointly by its members, who share the profits or benefits.

Corporation – A form of business organization in which the owners have shares in a separate legal entity that itself can own assets and borrow money.

Democratic – Pertaining to or characterized by the principle of political or social equality for all.

Financial risk – The probability that an actual return on an investment will be lower than the expected return.

Inputs – Items purchased to carry on a farm's operation. Such items include fertilizers, pesticides, seed, fuel, and animal feed.

Limited liability company (LLC) – A form of business organization similar to a partnership but offering its owners the advantage of limited financial liability.

Margin – Difference between the cost price and selling price of a product.

Marketing cooperative – Cooperative structured to maximize the return members receive for the goods they produce.

Partnership – An association of two or more persons as co-owners of a profit-making business. Chief criteria of a partnership are participation in management, sharing profits, sharing losses, ownership of assets together, and having a firm name, a single joint bank account, and a single set of farm records. No one factor is controlling.

Patron – A person who is a customer, client, or paying guest, especially a regular one, of a store, hotel, or the like.

Patronage – The financial support or business provided to a store, hotel, or the like, by customers, clients, or paying guests.

Patron refund – A portion of cooperative profits returned to members based upon patronage.

Profit – The surplus remaining after total costs are deducted from total revenue.

Purchasing cooperative – Cooperatives structured for members to gain access to affordable, quality goods.

Risk – A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.

Share – A unit of ownership that represents an equal proportion of a company's capital.

Shareholder – An individual, group, or organization that owns one or more shares in a company.

Service cooperative – Cooperatives structured to provide services, such as agronomic, financial, and utility, to its members.

Sole proprietorship – Simplest, oldest, and most common form of business ownership in which only one individual acquires all the benefits and risks of running an enterprise. In a sole proprietorship, there is no legal distinction between the assets and liabilities of a business and those of its owner.

Utility – A public service, as a telephone, electric system, transportation, or the like.