

# COOPERATIVES AND EMPLOYMENT: a Global Report

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**coop** International Organisation of  
Industrial and Service Cooperatives  
A Sector of the International  
Co-operative Alliance



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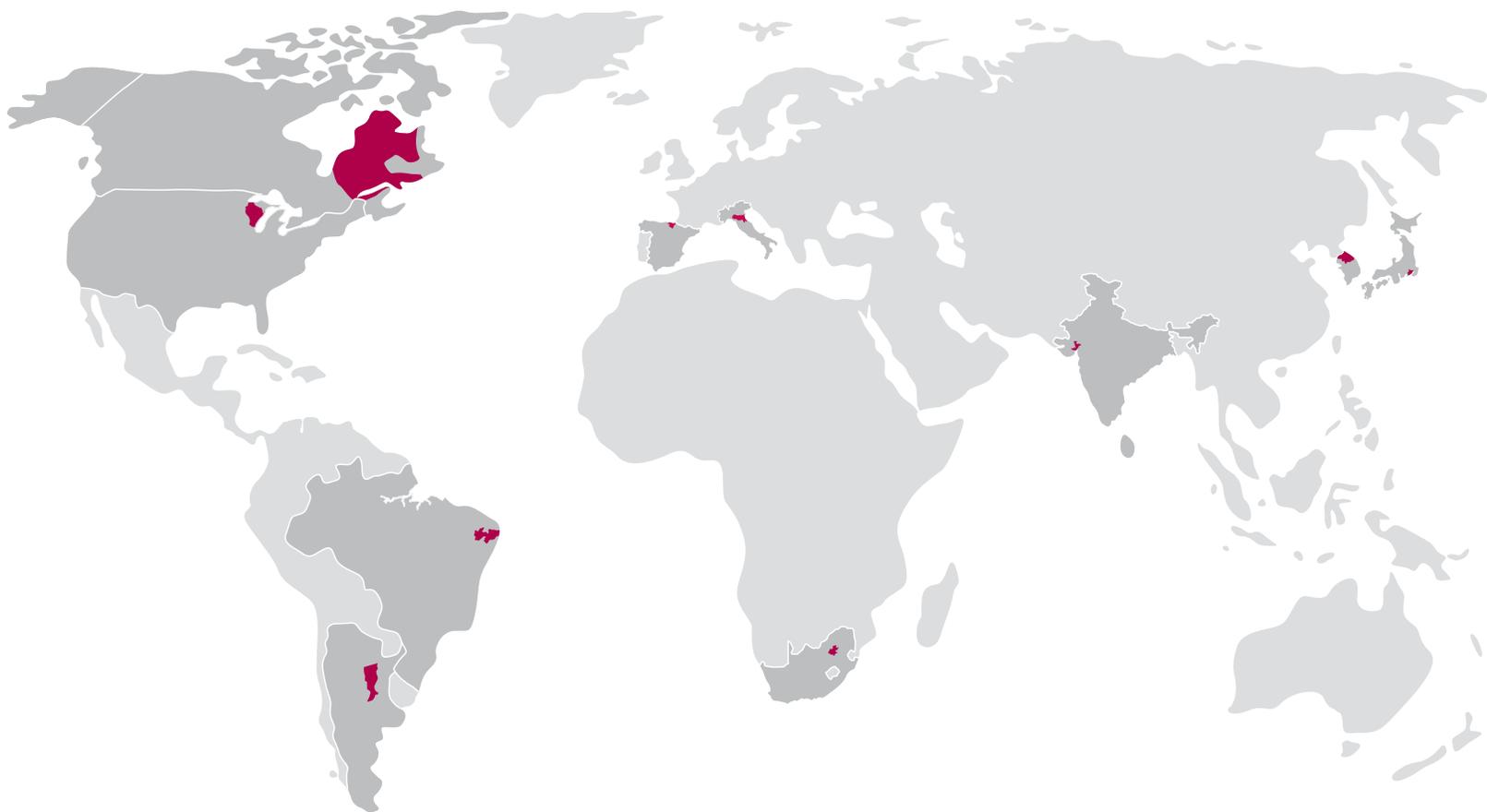
According to the ILO, the world is suffering from unprecedented unemployment (over 200 million persons), dramatic youth unemployment, an historic level of migration and a very substantial presence of informal and precarious employment. Meanwhile, **the report estimates that cooperative employment, both full time and part time, involves at least 250 million people in the world** according to official data from 74 countries covering 75% of the world's population. 26.4 million of these people work *in* cooperatives, as employees (15.6 million) or worker-members (10.8 million), while 223.6 million producers organize their production together *within the scope of* cooperatives. The great majority of cooperative employment is to be found in the G20, where it makes up almost 12% of the entire employed population. On the basis of an analysis of data from a limited number of countries, cooperative employment appears to have remained, by and large, stable over the years and to have shown particularly strong resilience to the global crisis which flared up in 2007/2008. In spite of their still comparatively modest figures, worker cooperatives and social cooperatives have experienced a very significant surge in employment.

A large part of **the study focuses on fieldwork we carried out in 10 selected regions** which present a high degree of diversity in terms of socio-economic environment: Gauteng (South Africa), Ahmedabad (India), Gangwon (South Korea), Kanagawa (Japan), Santa Fe (Argentina), Paraiba (Brazil), Wisconsin (United States), Quebec (Canada), the Basque Country (Spain) and Emilia-Romagna (Italy). The fieldwork confirmed the abovementioned worldwide tendencies, with some regions characterized by a much higher cooperative employment level, such as Emilia Romagna with almost 15% of the entire employed population. It also showed that working conditions (wages, other types of compensation, safety at work, social protection etc.) were generally at least as good as those found in other enterprises in comparable sectors, and were often better. In addition, it revealed that cooperative employment was generally characterized by a longer duration

and a far more balanced geographical distribution than the average and that cooperatives tended to formalize employment.

Qualitatively, the fieldwork revealed **distinctive characteristics of cooperative employment** as it is experienced by the dozens of people we interviewed, all of whom work either in, or within the scope of cooperatives, with **a combination of economic rationale, a quest for efficiency, shared flexibility, a sense of participation, a family-type environment, pride and reputation, a strong sense of identity and a focus on values**. We discovered that this mix of characteristics was both a cause and a consequence of the economic sustainability of cooperatives. At the same time, we also identified a number of **serious challenges** that could weaken cooperative employment, in terms of **competition, management skills, labour standards and demographics**.

The report finally formulates a series of recommendations in the fields of employment policy and statistics, entrepreneurship, labour, education and research, as well as development, aimed at enhancing the already huge contribution made by cooperatives to overall employment in the world.



**JAPAN**  
KANAGAWA



**SOUTH KOREA**  
GANGWON



**SOUTH AFRICA**  
GAUTENG



**BRAZIL**  
PARAIBA



**ARGENTINA**  
SANTA FE



**UNITED STATES**  
WISCONSIN



**CANADA**  
QUÉBEC



**ITALY**  
EMILIA-ROMAGNA



**SPAIN**  
BASQUE COUNTRY



**INDIA**  
AHMEDABAD

TABLE 1 - LIST OF TARGET REGIONS

COUNTRY	REGION	NATURE OF THE ADMINISTRATIVE UNIT	POPULATION	MAIN ORGANIZATION HAVING PROVIDED ASSISTANCE
JAPAN	Kanagawa	Prefecture	9.0 million	JWCU (member)
SOUTH KOREA	Gangwon	Province	1.6 million	KFWC (member)
SOUTH AFRICA	Gauteng	Province	12.3 million	COPAC (partner)
BRAZIL	Paraiba	State	3.8 million	OCB and UNISOL (members)
ARGENTINA	Santa Fe	Province	3.2 million	Fecootra and CNCT (member)
UNITED STATES	Wisconsin	State	5.7 million	USFWC (member)
CANADA	Québec	Province	7.9 million	CWCF (member) and Desjardins Group (partner)
ITALY	Emilia-Romagna	Region	4.4 million	Legacoop-ANCPL and Confcooperative (members)
SPAIN	Basque Country	Autonomous region	2.2 million	Konfecoop (member of member)
INDIA	Ahmedabad	District	6.3 million	SEWA (partner)

# CHAPTER 1

---

## INTRODUCTION TO COOPERATIVE EMPLOYMENT IN THE WORLD CONTEXT

## 1.1. GOALS AND STRUCTURE OF THIS REPORT

This report aims at contributing to a better understanding of the contribution of cooperatives to employment all over the world, and in particular at:

- formulating a definition of cooperative employment and its main components;
- calculating an approximate estimate of the overall number of cooperative employment globally and its ratio of the world's employed population;
- probing into the evolution of cooperative employment over time, both during the global crisis that flared up in 2008, and over a more ample length of time covering the pre-crisis period;
- verifying the main trends of cooperative employment in terms of location, namely the distribution between urban and rural areas, small towns and large cities, and central and peripheral regions;
- understanding the main tendencies of cooperative employment in terms of gender, age, recruitment patterns, HR management, relations with the trade unions, social inclusion, role in terms of formalization of the economy etc;
- grasping the distinctive characteristics of cooperative employment as an experience, based on direct testimonies of people whose employment is directly linked to cooperatives, and understanding how these characteristics interact with the entrepreneurial sustainability of cooperatives.

As we can see, the goals of this study are both quantitative and qualitative, and therefore require both overall an analysis based on the highest possible quantity of reliable data, and fieldwork at the grassroots in different parts of the world.

In the rest of **THIS CHAPTER**, we first examine the main trends of employment and unemployment in today's world, and on how cooperatives have reportedly been faring over the last few years, review the main characteristics and limitations of the study, and explicit the methodology that we have been using.

**CHAPTER 2** presents quantitative estimates of cooperative employment at the global level.

**CHAPTER 3** analyses the quantitative and qualitative data collected during the fieldwork in 10 selected regions around the world and attempts to conceptualize key qualitative characteristics of cooperative employment.

**CHAPTER 4** examines whether, and to what extent, these characteristics are conducive to the economic sustainability of cooperatives and *vice versa*, and analyses the main challenges which cooperative employment is facing under globalization.

**CHAPTER 5** provides conclusions and formulates a series of recommendations.

## 1.2. MAIN GLOBAL TRENDS OF EMPLOYMENT AND UNEMPLOYMENT AND HOW COOPERATIVES REPORTEDLY STAND OUT

According to the most recent data provided by the International Labour Organization (ILO), in 2013 almost 202 million people were unemployed around the world, an increase of almost 5 million compared to the previous year (ILO, 2014a). The ILO Global Employment Trends 2013 warned about the resurgence of unemployment in 2012 and its extension on a larger scale: “those regions that have managed to prevent a further increase in unemployment have often experienced a worsening in job quality, as vulnerable employment and the number of workers living below or very near the poverty line increased” (ILO, 2013a, p.11).

Employment and unemployment patterns are directly linked to growing levels of poverty and exclusion, as well as economic desertification of depressed regions. The ILO reports that, despite a modest decrease in working poverty, “Currently some 397 million workers are living in extreme poverty; an additional 472 million workers cannot address their basic needs on a regular basis” (ILO 2013a, p. 12) and that geographical imbalances have actually worsened under the crisis in developed countries, due in part to the pre-crisis housing bubble and overheating in real-estate and financial services (ILO 2013a, p. 51).

The global youth unemployment rate has reached the historical peak of 12.6%, with 73.4 million young people unemployed in 2013, representing an increase of 3.5 million compared to the 2007 level and 0.8 million above the 2011 figure (ILO, 2013b, p.7). Youth unemployment is particularly high in the European Union, the Middle East and North Africa, reaching, for example, 24.8% in Egypt (2010), 29.3% in Jordan (2012), 35.3% in Italy (2012), 37.6% in Portugal (2012), 42.3% in Tunisia (2011), 53.2% in Spain (2012) and 55.3%

in Greece (2012)<sup>1</sup>. Furthermore, informal employment among young people remains pervasive and transitions to decent work are slow and difficult (ILO, 2013b, p.1). Youth unemployment produces the risk of a scarred generation and, according to UN Secretary General Ban Ki Moon, “is an epidemic that represents a great test of our time”<sup>2</sup>.

The ILO data also reports that informal employment still accounts for over 20 per cent of total employment. In particular, Central American countries continue to experience rates of 70 per cent or more and significantly higher informality rates can be found in South and South-East Asia (ILO, 2014a, p. 13).

The number of migrants seeking employment is accelerating and thousands of them struggle in search of a better life, knocking on the door of the most industrialized countries: according to the ILO, there are globally 232 million international migrants, representing 3.1 per cent of the world’s population, and more than 90 per cent of them are workers and their families<sup>3</sup>. Migrant workers are becoming increasingly present in the public debate and are often an electoral flag; the criminalization of migrant workers in an irregular situation and their vulnerability to exploitation and abuse are calling for concrete measures in global migration governance (UNHR, 2013; ILO, 2014c).

Many studies report a gender gap in the labour market: a recent ILO study, the *Global Employment Trends for Women*, reports that women suffer from higher unemployment rates than men, and this gap widened during the 2008-2012 period (ILO, 2012, p. 4). Despite the progress made in girls’ and women’s education, occupational segregation often remains a

predominant feature, even in industrialized countries (ILO, 2014b, p. 2). For example, according to a study released by the Institute for Women's Policy Research in the United States, there continues to be substantial gender segregation in that country and, according to data referring to 2012, "non-traditional" occupations for women employed only six percent of all women, compared with 44 percent of all men. The same study also suggests that occupational segregation and the gender wage gap are inversely correlated (Hegewisch and Hartmann, 2014).

Long-lasting decent jobs through a sustainable private sector are being encouraged as a central goal of the post-2015 UN development agenda: in the current turbulent economic environment, economic growth *per se* would not appear to be sufficient. The heads of State and Government and high level representatives who met at Rio de Janeiro in 2012 encouraged "the private sector to contribute to decent work for all and job creation for both women and men, and particularly for the youth, including through partnerships with small and medium enterprises as well as cooperatives"<sup>4</sup>.

The growth of the world's working-age population, the environmental imbalance, the scarcity of resources and the gradual urbanization process entail structural change towards technological innovation, the use of renewable energies, climate-friendly technologies and more sustainable modes of production (ILO, 2012b, p. 1). On the other hand, by 2050 the global economy will need to provide a decent living for more than 9 billion people, 70 per cent of whom will live in urban areas. By the same date, one in three persons living in high-income countries and one in five living in developing countries will be over 60 years of age<sup>5</sup>. New market opportunities to meet emerging needs that result from these changes are therefore challenging policy makers at different levels. Despite that, only small amounts of public spending go into active labour market measures.

In OECD countries, an average of less than 0.6 per cent of GDP was spent on such measures in 2011 (ILO, 2013a, p. 13).

It should also be strongly emphasised that work and employment have attained a profound societal meaning in today's world. According to Aurelio Parisotto, ILO Senior Economist: "Access to safe, productive and fairly remunerated work is not just about earning an income. It is an important means for individuals and families to gain self-esteem, a sense of belonging to a community and a way to make a productive contribution. A shift to inclusive and sustainable development will not be possible if millions of people are denied the opportunity to earn their living in conditions of equity and dignity"<sup>6</sup>. The rise in professional suicides surveyed in several industrialized countries bears witness to the fact that employment goes right to the heart of the meaning of life itself. For example, a UK study reports that one in three unemployed young people had contemplated suicide<sup>7</sup>. A US study found that a 10 percent increase in the unemployment rate increases the suicide rate for males by 1.47 percent<sup>8</sup>. Similar data can be found in studies from Italy and Spain<sup>9</sup>. These studies also point out that the phenomenon is rife amongst young people. As we can see, the consequences of growing unemployment, under-employment and precarious employment on society and the economy are incalculable.

Against this backdrop, cooperatives have reportedly been showing remarkable resilience to the crisis which flared up at the global level in 2008, including in terms of employment. This phenomenon has been publicly underlined by eminent international institutions. In his message marking the 2013 International Day of Cooperatives, United Nations Secretary-General Ban Ki-moon highlighted that cooperatives "can help build resilience in all socio-economic spheres in times of global uncertainty"<sup>10</sup>.

According to Guy Ryder, Director General of the ILO, “cooperative enterprises have been born out of crisis situations, responding directly to the needs of their members” and “when their ideals are put into action, they continue to show their efficacy”<sup>11</sup>. Indeed, according to the ILO “cooperative enterprises are re-emerging as a resilient and relevant solution that is not only durable, but timely,”<sup>12</sup> while newly formed cooperatives tend to last longer than other types of enterprises (Birchall and Ketilson, 2009, p. 29).

The report adopted by the European Parliament in July 2013 *On the contribution of cooperatives to overcoming the crisis* underlines cooperatives’ resilience both in terms of employment rates and business closures and points out that, despite the crisis, “cooperatives have been created in new and innovative sectors and that there is considerable evidence of this resilience, particularly in relation to cooperative banks and industrial and service cooperatives (worker cooperatives, social cooperatives and cooperatives formed by SMEs)”<sup>13</sup>.

## 1.3. KEY DEFINITIONS

According to the ICA *Statement on the Cooperative Identity* and the ILO *Promotion of Cooperatives Recommendation*, 2002 (N° 193), a **cooperative** is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”<sup>14</sup>; it is regulated according to 7 operational principles, namely “voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community”; and is based on the “cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others”<sup>15</sup>.

The meaning of the term **employment** used in this study follows the ILO definition, according to which “employment covers any work, be it for wage or salary, profit or family gain”<sup>16</sup>, and includes both “paid employment” and “self-employment”, taking into consideration that “employers, own-account workers and *members of producers’ cooperatives* [our underlining] should be considered as in self-employment”.<sup>17</sup>

This international definition thus goes beyond the sole concept of employees and embraces all remunerated economic activities (in cash or in kind) under different types of labour status. It is also consistent with OECD standards<sup>18</sup>.

The ILO concept of employment follows a growing trend over the last four decades: along with the increasing unemployment problem, the use of the term “employment” has been largely extended to include all kinds of human activities allowing people to obtain resources in cash or in kind. Contrary to the perceived tendency that, in modern society, all types of employment will gradually converge towards an employer-employee relationship, we observe that different forms of employment, such as self-employed producers or freelancers, still remain an

important part of recognized work forms and are even developing. While these forms are increasingly included in the concept of employment in a wider sense, it is certain that they have distinctive features from employment in a narrow sense (namely the employer-employee relationship).

In compliance with the above ILO definition of employment, which also includes members of producers' cooperatives, the term **cooperative employment** used in the study refers to employment performed both *in* and *within the scope of* cooperatives, namely comprising both employees and worker-members working *in* cooperatives, and self-employed producer-members producing *within the scope of* cooperatives (in terms of processing, commercialization and/or inputs), as well as the employees of these self-employed producer-members.

Indeed, producer-members and their cooperatives are directly related to one another both in terms of the production process and of enterprise governance: the cooperative usually provides a fundamental contribution to the producer-member's production process, while the producer-members together democratically control their cooperative. We thus do not consider producer-members' employment as being indirectly related to cooperatives.

Three main types of cooperatives are considered in the study, according to the types of members who control them:

- **Users' cooperatives**, where the members are users, such as consumers (consumer cooperatives), account holders (cooperative banks and credit unions), users of electricity or water distribution services (utility cooperatives) etc.;
- **Worker cooperatives**<sup>19</sup> and **social cooperatives**<sup>20</sup>, made up prevalently of worker-members, who are both owners and staff members, except for multi-stakeholders' social cooperatives (see below), where the worker-member can be a minority; worker cooperatives have the main mission to create and maintain sustainable jobs; one part of the social cooperatives focus on community services (health, education, social services etc.), while another part specialises in work integration of disabled or disadvantaged people.
- **Producers' cooperatives**, through which individual producers of goods or services (such as farmers, fishermen, taxi drivers, artisans etc.) organize themselves entrepreneurially together in terms of inputs, processing and commercialization.
- In addition, the study also mentions **multi-stakeholder cooperatives**, made up of various types of members who take part in the governance of the cooperative.

## 1.4. MAIN CHARACTERISTICS AND LIMITATIONS OF THE STUDY

In this study, which lasted 15 months (from June 2013 to August 2014), we have endeavoured to analyse employment related to cooperatives inter-sectorally and globally, through a double-pronged quantitative and qualitative approach.

With regard to the quantitative component of the study, our purpose is to provide estimates rather than hard figures, since the important element at this stage is to establish a better understanding of the scale of employment in or within the scope of cooperatives in the world. Indeed, this work does not set out to be a statistical study, although we consider that further research in cooperative studies based on quantitative data should be pursued in partnership with universities and other research institutions.

As far as the qualitative component is concerned, the study takes into account different aspects reflected in the ILO's labour standards and concept of decent jobs. However, we will try to go further than these parameters to discover the intrinsic characteristics of cooperative employment through a fresh qualitative approach. Based on people's interviews, from their opinions, comments and expressed feelings, we will try to draw a picture of what working in or within the scope of a cooperative means and to identify which aspects can be found as being specific to the cooperative experience, as well as the impact of these aspects on the entrepreneurial sustainability of cooperatives.

This study focuses on cooperatives and only cooperatives. We have expressly excluded from the scope of our work very similar forms of enterprises such as majority employee-owned enterprises or

mutuals, increasingly regrouped under the categories of "social economy" or "solidarity economy". The figures would be higher if we had done so. However, none of these other forms have clear world standards governing all main aspects of the enterprise which would, at the same time, be shared and endorsed universally (which, instead, is a main and original characteristic of the cooperative model, as we saw in the previous section)<sup>21</sup>. Indeed, including these similar forms would make it very difficult to draw a clear line concerning the object under study, both quantitatively and qualitatively.

The study only focuses on direct cooperative employment, which includes, according to our definition based on the ILO's definition of employment, also self-employed producers producing *within the scope of* cooperatives, as explained above. It does not analyse indirect employment, such as long-term jobs (providers, local services) induced by cooperatives' presence in a community, nor jobs generated through productive loans granted by credit cooperatives around the world. Had we done so, the quantitative estimates would certainly have been bigger. However, this would have required a much more profound and ample level of analysis, which would have gone beyond the time and conditions set for this research. In addition, the calculation of indirect employment is, according to the ILO, extremely difficult to carry out in a reliable manner<sup>22</sup>.

Even though this study takes into account the different categories of cooperatives and cooperative employment, it does not include a sectoral classification of cooperative employment, which would have exceeded the time limits of the study.

We decided to give a strong grassroots orientation to this work because we believed that this was needed in order to get an in-depth insight into the concrete reality of cooperative employment. Therefore, a substantial part of the study is based on fieldwork carried out in 10 selected regions with comparable geographical and

demographic sizes, which were identified according to a number of criteria examined under section 1.5. below. They can be seen on the world map on p. 10 and are listed and briefly described in Table 1 on p. 11. A more detailed description of each of the 10 regions can be found in Annex 2.

## 1.5. METHODOLOGICAL CONSIDERATIONS

We have used different research methods in different parts of the study.

For Chapter 2, which focuses on the number of jobs or individual economic activities created or maintained in or within the scope of cooperatives all over the world, we collected all data sources containing statistical information on cooperative employment in each country where we were able to obtain such information. Firstly, we collected data from national statistical authorities, national public bodies in charge of cooperatives or national cooperative organizations. Secondly, we also collected data from existing studies on the same topic. Thirdly, we contacted national cooperative organizations in order to ask them for relevant information and explanations in order to be able to interpret the data properly. In this process, we tried to distinguish data on employment performed *in* cooperatives, such as employees and worker-members, from data on employment performed *within the scope of* cooperatives, such as producers and artisans and the employees of the latter. This data collection work took place throughout the entire research period. The results are partial and refer to different years according to different countries, not exceeding the 2003-2014 period. The resulting figures are therefore only gross estimates, which cannot be considered as statistics. Computing world-level cooperative employment statistics would require corresponding public policies, which at this stage do not exist either at the international level or in many countries.

However, calculating these estimates was not sufficient to understand the specificities of cooperative employment. In order to do so, we conducted in-depth research within target regions. Its outcome is used mainly in chapters 3 and 4.

For the selection of the target regions (see map on p. 10, Table 1 on p. 11, and Annex 2), our first step was to choose 10 countries where the cooperative system was well developed in terms of quantity and variety, while considering also the geographical, economic, developmental and cultural diversity of those countries, so as to have a good global sample. At the same time, we

also chose countries where we could ensure the availability of national members or partners, as well as clear communication. As a second step, we identified one region in each chosen country, where the total population size was between 1.5 million and 12 million and where the density and diversity of cooperatives was more important compared to other regions in that country. Although we tried to respect this latter criterion, some regions were chosen out of specific considerations. For example, we found that in Japan the regions where the cooperative sector was relatively more important and diverse compared to other regions had very similar characteristics with the region chosen in Korea, because the two countries had similar cooperative traditions and structures. To avoid this similarity, we chose another region in Japan where prevalently urban types of cooperatives, such as consumers' and worker cooperatives, have developed well, instead of Japan's traditionally strong rural cooperative sectors such as agriculture, fisheries and forestry. Similarly, the strongest cooperative regions in Brazil have very similar characteristics to Argentina's selected province of Santa Fe, besides being geographically very close: we therefore chose a Brazilian State at the other extreme of the country, where the cooperative movement is not yet very strong, but whose development looks promising, with a very different economic and social environment compared to the more developed south of the country.

This kind of selection does not consider representativeness in regard to the population group, since this could not be identified a priori. On the contrary, based on our theoretical and practical focus on cooperatives and employment, this could be understood as theoretical sampling (Glaser and Strauss, 2008). This is particularly important to mention because we used this selection not only for in-depth research to obtain statistical data, but also for qualitative interviews with people who work *in or within the scope of* cooperatives.

Visits and interviews lasted for around one week in each of the above regions, for a total of 10 weeks between October 2013 and March 2014. In all, we visited, or had interviews or meetings related to 60 cooperatives and 13 cooperative organizations in different sectors. 65 individual interviews were carried out besides many other contacts, meetings and on-the-spot visits. They involved staff members in different roles and positions, and producer-members active in a wide array of economic activities. The fieldwork was prepared months in advance in each of the 10 regions and follow-up with several local contacts continued for weeks afterwards. Several hundred pages of fieldwork reporting have been drafted. The surveys were conducted by the three authors, who divided the fieldwork among themselves based, to a large extent, on their language abilities and knowledge of the countries involved<sup>23</sup>. At the same time, we also availed ourselves of the collaboration of CICOPA's members or (like in the case of South Africa or India) of CICOPA's long-time partners, who were able to provide us with substantial contextual information. In Quebec, the partnership with the Desjardins Federation was fundamental.

**In each of the 10 regions, we conducted two types of research activities.**

Firstly, we collected statistical data on the regional economy in general and cooperatives in the region. We generally found it very difficult to obtain quantitative information on cooperatives at the regional level. For this reason, we had to make use of all possible methods, such as collaboration with the regional cooperative movement, access to public statistics data bases, and a combination of both methods.

Secondly, in order to identify common aspects and diversity of cooperative employment, we conducted qualitative interviews with people working in or within the scope of cooperatives. Based on ethnographical interviewing methods (Beaud and Weber, 2003), we tried to understand different work practices in cooperatives and their interpretation, as explained by the actors themselves.

In order to reflect diverse aspects as much as possible, we tried to find interviewees who were as diverse as possible in terms of cooperative types and personal profiles such as gender, age, work status, affiliation (or not) to trade unions, types of labour relations with cooperatives etc.

We conducted the interviews in a semi-directive fashion in order to prevent the researcher's representation from influencing that of the interviewee (Alcaras et al. 2009), whilst at the same time keeping the interviews focused on employment issues. All interviews are recorded and partly transcribed, focusing on the interviewees' statements concerning the specificities of cooperative employment. Except for the Japanese and Indian cases, where we were helped by interpreters, all other interviews were conducted in native languages (Italian, Spanish, Portuguese, Korean, English and French).

Some interviewees requested the highest possible level of anonymity, whereas others preferred not to be mentioned and others had no clear opinion in this regard. We therefore decided to treat all interviewees alike and to provide them with the highest level of anonymity in the quotations taken from the interviews. Therefore, for each quotation we only provide the region and the sector of activity of the cooperative, generally without referring to the person's position in the cooperative: we only specify whether the person is an employee, a self-employed producer-member, or a worker-member. Only in the case of two cooperative groups, namely Desjardins and Mondragon, do we mention the group in the statements quoted.

## NOTES

1. See CIA World Factbook - as of July 22, 2014, [www.cia.gov/library/publications/the-world-factbook/fields/2229.html](http://www.cia.gov/library/publications/the-world-factbook/fields/2229.html)
2. See the article *Ban Ki-moon: Decent jobs for youth are essential to the future we want* available on [www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_247414/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_247414/lang--en/index.htm)
3. See ILO *Labour migration: Facts and figures*, available on [www.ilo.org/global/about-the-ilo/media-centre/issue-briefs/WCMS\\_239651/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/media-centre/issue-briefs/WCMS_239651/lang--en/index.htm) (data issued 26 March 2014)
4. See *The Future We Want: Outcome document adopted at Rio+20*, p. 27, available on: [www.un.org/en/sustainablefuture/](http://www.un.org/en/sustainablefuture/)
5. *Ibid.* p. 14
6. See ILO's comment issued on 20 May 2013, *Why jobs and livelihoods matter*, available on [www.ilo.org/global/about-the-ilo/newsroom/comment-analysis/WCMS\\_213399/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/comment-analysis/WCMS_213399/lang--en/index.htm)
7. See Haroon Siddique *One in 10 young British 'have nothing to live for'*, The Guardian, 2 January 2014 [www.theguardian.com/society/2014/jan/02/one-in-10-jobless-yougov-poll](http://www.theguardian.com/society/2014/jan/02/one-in-10-jobless-yougov-poll)
8. See Dean Baker *The Human Disaster of Unemployment*, the New York Times Sunday Review, 12 May 2012. [www.nytimes.com/2012/05/13/opinion/sunday/the-human-disaster-of-unemployment.html?pagewanted=all](http://www.nytimes.com/2012/05/13/opinion/sunday/the-human-disaster-of-unemployment.html?pagewanted=all)
9. See *La crisi uccide imprenditori e disoccupati: lo scorso anno si sono tolte la vita 149 persone*, La Repubblica, 15 February 2014, at [www.repubblica.it/economia/2014/02/15/news/crisi\\_suicidi\\_lavoro-78655798/](http://www.repubblica.it/economia/2014/02/15/news/crisi_suicidi_lavoro-78655798/) and Angeles Lopez *La crisis y el desempleo golpean a los jóvenes europeos*, El Mundo, 18 September 2013 [www.elmundo.es/elmundosalud/2013/09/17/noticias/1379444254.html](http://www.elmundo.es/elmundosalud/2013/09/17/noticias/1379444254.html)
10. See the article *Cooperatives can build socio-economic resilience during crises - UN officials*: [www.un.org/apps/news/story.asp?NewsID=45353#.U6q\\_t7HLMoA](http://www.un.org/apps/news/story.asp?NewsID=45353#.U6q_t7HLMoA)
11. See Message from Guy Ryder, ILO Director-General, on International Cooperative Day 2013, available on [www.ilo.org/beirut/media-centre/statements/WCMS\\_216859/lang--en/index.htm](http://www.ilo.org/beirut/media-centre/statements/WCMS_216859/lang--en/index.htm)
12. See ILO Statement *Cooperative enterprises remain strong in times of crisis* released on 9 July 2013, at the occasion of the International Day of Cooperatives: [www.ilo.org/newyork/speeches-and-statements/WCMS\\_217368/lang--en/index.htm](http://www.ilo.org/newyork/speeches-and-statements/WCMS_217368/lang--en/index.htm)
13. See the EP Report at [www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2013-0301&language=EN&ring=A7-2013-0222](http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2013-0301&language=EN&ring=A7-2013-0222)
14. ICA "Statement on the Cooperative Identity" <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>, enshrined in ILO Promotion of Cooperatives Recommendation, 2002 (n° 193) [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R193](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R193)
15. *Ibid.*
16. <http://laborsta.ilo.org/applv8/data/iloce.pdf>
17. <http://laborsta.ilo.org/applv8/data/c2e.html>
18. The ILO-Comparable framework offers "Consistency with the programme of Standardised Unemployment Rates of the Organisation for Economic Cooperation and Development and other international comparative programmes using the ILO guidelines". <http://laborsta.ilo.org/applv8/data/iloce.pdf>
19. As defined by CICOPA's *World Declaration on Worker Cooperatives, approved by the CICOPA general assembly in 2003* and by the ICA general assembly in 2005, available at [www.cicopa.coop/IMG/pdf/declaration\\_approved\\_by\\_ica\\_-\\_en-2.pdf](http://www.cicopa.coop/IMG/pdf/declaration_approved_by_ica_-_en-2.pdf).
20. As defined by CICOPA's *World Standards of Social Cooperatives*, available at [www.cicopa.coop/IMG/pdf/world\\_standards\\_of\\_social\\_cooperatives\\_en.pdf](http://www.cicopa.coop/IMG/pdf/world_standards_of_social_cooperatives_en.pdf)
21. ICA "Statement on the Cooperative Identity" <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>, enshrined in ILO Promotion of Cooperatives Recommendation, 2002 (n° 193) [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R193](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R193)
22. See Lall S., 1979, *The indirect employment effects of multinational companies in developing countries*; Geneva: ILO
23. Eum Hyungsik conducted the fieldwork in South Africa, Korea, Japan, Canada and the USA; Elisa Terrasi in Italy, Spain and India; and Bruno Roelants in Brazil and Argentina.



# CHAPTER 2

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## QUANTITATIVE ESTIMATES OF COOPERATIVE EMPLOYMENT AT THE WORLD LEVEL

## 2.1. DEFINITION OF THE KEY CATEGORIES

It has been repeatedly stated over the last few years that cooperatives generate employment for 100 million people worldwide<sup>24</sup>. In this chapter, we try to verify this estimate on the basis of available empirical statistical data and see whether we can analyse the situation in more depth, taking into consideration that statistics on cooperatives are not systematically developed at world level, with a substantial number of countries having no statistical data on cooperatives whatsoever. In addition, information on employment related to cooperatives is more difficult to find than general employment data, because the importance of cooperative employment in itself has generally not yet been fully recognized everywhere by statistical authorities as an added value of cooperatives.

We collected data from public authorities, cooperative organizations and some already existing regional surveys, with a view to establishing an estimate both globally and at the level of the G20. In collecting the data, we made a distinction between three different categories, namely employees working in all types of cooperatives, worker-members who are found mainly in worker and social cooperatives and producer-members who work within the scope of producers' cooperatives:

- As far as the first category is concerned, most cooperatives have their own **employees** in order to achieve their own goals and economic activities, as mandated by members. In this sense, cooperatives use the same kind of work form as other types of enterprises, based on the employer-employee relationship. We can find this work form in almost every type of cooperative, even in worker cooperatives where worker-members and non-member employees work together. Furthermore, not only grassroots cooperatives, but also secondary cooperatives, consortia and cooperative groups, as well as national and regional federations of cooperatives also rely on this work form<sup>25</sup>. Whenever information was available, we took into account the employees in the subsidiaries that are owned and controlled by cooperatives.
- The second category, made up of **worker-members** and called *worker ownership*<sup>26</sup>, constitutes, as we will see, a comparatively small proportion of employment in cooperatives at world level, which does not mean that it is insignificant, particularly in regard to the extreme variety of sectors in which it is present, as well as sizes, environments (rural/urban) and countries, making it a real laboratory in terms of entrepreneurship and labour. In this respect we should consider that, at the beginning of industrialization in the 19<sup>th</sup> century, the employer-employee relationship was only one of the possible forms of labour and was not even the dominant form. Since that time, people have tried to create different kinds of work relationships in order to avoid subordination in the work place, while promoting their autonomy and economic prosperity. Although they are not necessarily new, these innovative work forms have been developing mainly in worker cooperatives. Today, we find not only traditional

models of innovative employment such as *worker ownership* in worker cooperatives, but also new waves of innovative work forms such as social cooperatives, multi-stakeholder cooperatives, community cooperatives, workers' collectives in Japan, or activity and employment cooperatives in France, which have developed as a response to new needs and aspirations. Many of these work forms are not formally recognized as such. However, we can observe that they are increasingly obtaining their own national laws as a cooperative model, which helps them maintain their employment specificities while also benefitting from labour regulations developed under other forms of labour in order to create and maintain decent work conditions.

- As far as the third category, namely **self-employed producer-members**, is concerned, many cooperatives work as an interface with people working as self-employed individual producers, such as farmers, fishermen, artisans etc., or with SMEs, who rely partly or totally on cooperatives in order to transform or commercialize their products or services, or to provide them with key production inputs. In some rare cases, it was possible to obtain data on persons working as employees of the individual producers or SMEs that are members of cooperatives. Although cooperatives do not employ these producers, they provide them with critical production tools to carry out their economic activities so that employment under these work forms can be maintained and strengthened, allowing them to compete on the market place. In official employment statistics, the information on this category is excluded from the count of cooperative employment and self-employed producer-members of cooperatives are only counted as individual producers, so that no relationship between their occupation and cooperatives can be found. It should be pointed out that, in many cases, cooperatives are not the only entity with which producer-members carry on production-related transactions, but it is in most cases the main one, and in some cases the only one.

### How can we measure the contribution of cooperatives to employment in the third category?

It should be borne in mind that the degree of contribution of the cooperative to a producer's employment can vary a great deal and that it often corresponds to less than a full time equivalent (FTE) per producer-member in terms of how much of the latter's income comes from his/her transaction with his/her cooperative: for example, an average estimate of 50% of the producer's total transactions has been made in the case of Argentina's agricultural cooperatives<sup>27</sup>, whereas we have often come across estimated ratios of 60% or 70%, for example in taxi and transport cooperatives in Brazil. In the case of China, the average estimate for farmer-members is reportedly 58%<sup>28</sup>. In some regions, like the Basque Country in Spain or Emilia-Romagna in Italy, the ratio can reach 100%. However, it should also be taken into account that, especially in agriculture, producers seldom work alone and that there are often two or three persons or more working on a farm (family members or employees).

At any rate, the ratios found in most cases (50 to 70%, in some cases up to 100%) show the close and quantitatively significant productive relationship that exists between the self-employed producer and his/her cooperative. This relationship confirms our premise in this study that this kind of self-employment is directly, and not indirectly, part of cooperative employment.

In calculating the number of producer-members, we made substantial efforts to avoid double counting, for example, by counting only agricultural cooperatives involved in processing and commercialization wherever the same farmer could also be a member of another producers' cooperative in order to obtain agricultural inputs or technical advice.

Even though estimating the aggregate number of persons involved in cooperative employment will, of course, already enable us to understand the role and weight of cooperatives in the economy in general, it is also important to distinguish these three work forms linked to cooperatives because each of them exemplifies different contributions of cooperatives to labour and employment.

Although we tried to make a distinction between the three different categories mentioned above, it was often difficult to obtain available data distinguishing them. Therefore, we need to explicitly state the limits of these estimates:

- Firstly, in the cases in which it was possible to obtain data according to different types of cooperatives, we tried to analyse what each cooperative sector represents in terms of the three work categories mentioned above. For users' cooperatives, for example, we collected data only on employees. In the case of producers' cooperatives and worker cooperatives, we collected data on employees and members. However, when we used existing data on employment related to cooperatives, we could not always verify the character of the information which, supposedly, includes data on employees and worker-members<sup>29</sup>. In these cases, we put the information in the boxes for 'employees' only.
- Next, in industrial and service sectors in several developing countries, when we could not obtain clear data on worker-members as a distinct category from producer-members, we considered them as worker-members. This approach prompted us to count many Indian cooperative producer-members as worker-members. This choice was reinforced by our observation of the Indian situation, where many cooperative workers in industrial and artisanal activities, such as handloom weaving and spinning, have a producer-member status but are more to be considered as worker-members considering the type of work organization<sup>30</sup>.
- Finally, in many countries we were not able to obtain sufficient information on self-employed producer-members. Therefore, although we obtained considerable numbers in this work category from China and India, the information on self-employed producer-members is still largely incomplete and leaves many countries uncovered.

## 2.2. PRESENT ESTIMATES AT GLOBAL LEVEL AND IN THE G20

### 2.2.1. ESTIMATES AT GLOBAL LEVEL

As shown in Table 2 below, our present estimate, based on incomplete data from 74 countries on all continents and grouping around 79% of the world's population, is that employment *in or within the scope of* cooperatives concerns at least **250 million persons in the world**<sup>31</sup>, making up **8.73% of the world's employed population**<sup>32</sup>. This number is already substantially higher than the above-mentioned number of 100 million jobs which was estimated in the early 1990s and has been circulated inside and outside the cooperative movement ever since. Out of this figure, **26.4 million work in cooperatives**, including 15.6 million cooperative employees and 10.8 million worker-members. **Employment within the scope of cooperatives**, namely individual producers or SMEs in agriculture, fisheries, industry, crafts, transport etc., **concerns 223.6 million people**, the vast majority being in agriculture.

Geographically, the largest part comes from Asian countries. Due mainly to the considerable numbers from China and India, Asia represents a very large part of cooperative employment, regardless of the work forms. Due to the higher availability of data, European countries also appear to be characterized by a high level of cooperative employment in our work, whereas American countries show the relatively important position of the worker-member form.

**TABLE 2**

Cooperative employment numbers worldwide by continent and category

CONTINENT	CATEGORY 1	CATEGORY 2	CATEGORY 3	TOTAL
	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS (INCLUDING THEIR EMPLOYEES WHEN DATA WAS AVAILABLE)	
EUROPE (31)	4,627,853	1,231,102	10,132,252	15,991,207
AFRICA (13)	1,467,914	237	5,715,212	7,183,363
ASIA (14)	7,734,113	8,200,505	204,749,940	220,684,558
AMERICAS (15)	1,762,797	1,409,608	3,048,249	6,220,654
OCEANIA (1)	26,038	No available data	34,592	60,630
<b>TOTAL</b>	<b>15,618,715</b>	<b>10,841,452</b>	<b>223,680,245</b>	<b>250,140,412</b>

Figures per country can be found in Annex 2.

## 2.2.2. ESTIMATES FOR THE G20

The G20 represent a large part of the world's economy (85% of global GDP) and population (64% of the total world's population). Estimating the level of cooperative employment in the G20 in general and in each of its countries is therefore highly relevant.

**The total estimate for cooperative employment in the G20 is almost 234 million**, or in other words the vast majority of the above estimate for the whole world. **Employment in cooperatives is almost 20 million**, including 10.7 million employees and 9.2 million worker-members. **Employment within the scope of cooperatives involves close to 214 million persons.**

Turning now to the ratio of cooperative employment, both *in* cooperatives (employees and worker-members) and *within the scope of* cooperatives (producer-members), out of the total employed population, we observe that this ratio is particularly high in China (21.22%), South Korea (11.21%), Italy (10.90%), India (10.51) and Turkey (10.32%). **The ratio of cooperative employment out of the total employed population in the G20 is 11.65%.**

**TABLE 3**

Cooperative employment numbers in the G20, by country and by category

COUNTRY	CATEGORY 1	CATEGORY 2	CATEGORY 3
	EMPLOYEES (A)	WORKER-MEMBERS (B)	PRODUCER-MEMBERS (AND THEIR EMPLOYEES WHEN AVAILABLE) (C)
ARGENTINA	87,486	177,568	112,086
AUSTRALIA	26,038*	No available data	34,592*
BRAZIL	296,286	259,035	1,114,467
CANADA	155,427	5,490	520,000
CHINA	2,090,000	650,000	160,000,000
FRANCE	564,012	21,679	928,000
GERMANY	890,133	Counted with employees	1,700,000
INDIA	1,215,627	6,845,701	31,291,714
INDONESIA	473,604	No available data	No available data
ITALY	1,042,490	703,879	749,441
JAPAN	571,117	19,986	4,827,104
MEXICO	41,184*	No available data	No available data
RUSSIA	235,000	No available data	1,100,000
SAUDI ARABIA	No available data	No available data	No available data
SOUTH AFRICA	No available data	No available data	No available data
SOUTH KOREA	123,482	1,141	2,642,826
TURKEY	98,968	No available data	2,463,026
UK	236,000	5,234	158,438
US	967,080	55,140	854,700
EU	1,582,846	500,310	5,496,373
<b>TOTAL</b>	<b>10,696,780</b>	<b>9,245,163</b>	<b>213,992,767</b>

\* Only partial information

**TABLE 3**

Cooperative employment numbers in the G20, by country and by category

COUNTRY	TOTAL NUMBER OF ALL COOPERATIVE EMPLOYMENT (A+B+C)	RATE OF EMPLOYMENT IN COOPERATIVES	RATE OF ALL COOPERATIVE EMPLOYMENT	REFERENCE YEAR
		(A, B) OUT OF 2012 TOTAL EMPLOYED POPULATION (%)	(A, B, C) OUT OF 2012 TOTAL EMPLOYED POPULATION (%)	
ARGENTINA	377,140	1.69	2.40	2008
AUSTRALIA	60,630	0.23	0.53	2011
BRAZIL	1,669,788	0.59	1.76	2011
CANADA	680,917	0.92	3.89	2009
CHINA	162,740,000	0.36	21.22	2013
FRANCE	1,513,691	2.22	5.87	2010
GERMANY	2,590,133	2.29	6.47	2012
INDIA	39,353,042	2.15	10.51	2009-2010
INDONESIA	473,604	0.43	0.43	2012
ITALY	2,495,810	7.63	10.90	2011
JAPAN	5,418,207	0.94	8.64	2009-2014
MEXICO	41,184	0.08	0.08	2007
RUSSIA	1,335,000	0.33	1.87	2013
SAUDI ARABIA				
SOUTH AFRICA				
SOUTH KOREA	2,767,449	0.50	11.21	2011-2014
TURKEY	2,561,994	0.40	10.32	2012
UK	399,672	0.82	1.36	2010
US	1,876,920	0.72	1.32	2007+2011
EU	7,579,529	2.10	7.63	2009-2010
<b>TOTAL</b>	<b>233,934,710</b>	<b>0.99</b>	<b>11.65</b>	

\* Only partial information

## 2.3. EVOLUTION OF COOPERATIVE EMPLOYMENT OVER TIME

Although they are of key interest, the above estimates provide no clue as to whether cooperative employment is increasing or decreasing. Our data on diachronic evolution is even more scarce, but we will try to analyse what we managed to collect. We will first focus on the cooperatives' resilience, in terms of employment levels, to the global crisis which flared up in 2008, and will then try to establish an idea of the evolution of cooperative employment since 2000 in a few countries where we were able obtain such information.

### 2.3.1. RESILIENCE OF COOPERATIVES TO THE CRISIS

A prime example of this resilience is to be found in Italy where, according to EURICSE, in 2008 cooperatives already accounted for 10% of GDP and 11% of employment (EURICSE, 2014)<sup>33</sup>.

The second EURICSE report, published in 2013 and entitled *Cooperation in Italy during the crisis years*, analyses the development of cooperatives since 2008 and tries to identify, where possible, how cooperatives' response to the crisis differs from that of other types of enterprise. The analysis points out that during the course of the crisis, especially in the first years, the growth patterns of cooperatives differed greatly from that of other forms of enterprise, and this trend applies to all types of cooperatives. Therefore, for the 2008-2011 period, we can speak of an anti-cyclical function of Italian cooperatives, which seems to be due almost entirely to the difference in ownership structure: "the anti-cyclical function of cooperatives is attributable above all to their being enterprises with objectives and ownership structures geared towards meeting members' needs rather than remunerating shareholder investments"<sup>34</sup>.

This anti-cyclical trend has also been recorded in the *Annual Report on Cooperation in Italy* produced by the Italian research institute CENSIS. According to CENSIS, employment in cooperatives in Italy increased by 8% between 2007 and 2011, compared with a decrease of 2.3% in all types of enterprises. In 2012, employment in Italian cooperatives grew by a further 2.8% creating 36,000 new jobs compared to 2011, reaching a total of 1,341,000 jobs (these are jobs created *in* cooperatives, and do not include the self-employed producer-members). Social cooperatives, involved in community services and in work integration of disabled and disadvantaged people, registered a real boom in terms of employment in the period between 2007 and 2011, with an increase of 17.3%, a trend which continued in 2012 with a further 4.3% (CENSIS, 2012)<sup>35</sup>.

In France, worker cooperatives and multi-stakeholder cooperatives (called collective interest cooperative societies) saw a net employment increase of 4% in 2013 compared to the previous year and a 12.5% increase compared to 2009. Among these jobs,

40% have been created in existing cooperatives and 20% in cooperatives established from scratch<sup>36</sup>. According to recent data, the survival rate of these cooperatives after 3 years was 82.5% as opposed to 66% for all French companies, and 66.1% after 5 years as opposed to 50% for all French companies<sup>37</sup>.

How can we explain cooperatives' resilience to the crisis? The surveys undertaken by CICOPA and CECOP-CICOPA Europe on worker and social cooperatives across the world, and in more detail in Europe, suggest that the resilience of cooperatives relies on their strong tendency to produce innovative strategies, from organisational, social, managerial and technical viewpoints, at three levels: at the *micro* level, worker-members can take rapid decisions when faced with the crisis, which are also legitimate because they are taken democratically; at the *meso* level, the creation and development of horizontal groups and mutualised entities such as business support institutions, consortia and federations is fundamental, as many cooperative enterprises could not have found similar services or financial support outside the cooperative system and would most probably have been much more affected by the current crisis; at the *macro* level, an effective national legal system for cooperatives with specific provisions that are particularly conducive to the development of such enterprises is also an important factor of resilience<sup>38</sup>.

A recent ILO study entitled *Resilience in a Downturn: The power of Financial Cooperatives* (Birchall, 2013)

examines the contribution of financial cooperatives in the aftermath of the 2007-2008 crisis and during the current period of austerity: whilst investor-owned banks tend to be more unstable because of the need to maximize shareholders' profit, cooperative banks make better use of smaller assets and keep credit flowing, especially to SMEs, with important benefits in terms of creation and maintenance of local wealth and employment.

In the article *David and Goliath - Cooperatives and the Global Crisis*<sup>39</sup>, Claudia Sanchez Bajo suggests some explanations for cooperatives in general and draws a distinction between a short term and a long term approach. In the short term, cooperatives 1) are member-based, thus more prone to identify new activities in order to cope with losses and difficulties; 2) ensure a wide circulation of information through democratic and consultative bodies independent from executive powers; 3) have participatory decision-making mechanisms enabling them to make hard decisions while maintaining legitimacy; 4) combine flexibility with job maintenance (in terms of time, type of position, management, deployment of other units, compensation, etc.); 5) build common reserves that ensure their longevity and transmission to future generations. On the other hand, from a long term perspective, cooperatives 1) answer more efficiently to community needs; 2) apply restructuring activities as part of their standard practice; 3) are territorially embedded and therefore more inclined to seek efficiency on the spot, rather than to opt for delocalization.

### 2.3.2. EVOLUTION OF EMPLOYMENT SINCE 2000 IN SELECTED COUNTRIES

Let us now focus on a handful of selected countries where data has been available since the beginning of the 2000s sectorally or intersectorally, and observe the trends since then. These countries are Canada, France and Japan.

#### CANADA

According to Table 4, we can observe a relatively stable positive rate of growth in employment *in* cooperatives.

**TABLE 4**

Evolution of total employees in Canadian cooperatives between 2000 and 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL EMPLOYEES	143,555	145,276	144,330	143,085	146,502	151,025	151,569	152,880	155,253	155,427

Source: Industry Canada, 2013

At the same time, it should be taken into account that the Canadian employed population has seen a substantial increase over this period (from 14 764.2 million in 2000 to 17 125.8 million in 2008).

With this, the ratio of employment *in* cooperatives out of the total employed population of Canada saw a slight relative decline, as we can see in Table 5 below.

**TABLE 5**

Changes in the ratio of employment in Canadian cooperatives out of the total employed population between 2000 and 2008

(%)	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>TOTAL EMPLOYEES IN COOPERATIVE / EMPLOYED POPULATION</b>	0.97	0.97	0.94	0.91	0.92	0.93	0.92	0.91	0.91

Source: Elaboration based on data from Industry Canada, 2013 and [www.laborsta.ilo.org](http://www.laborsta.ilo.org)

In Table 6, we observe a slight absolute decline in the number of producer-members, which, in Canada's case, also include worker-members. However, there are only approximately 7,350 worker-members in Canada<sup>40</sup>; their number therefore does not impact significantly on the figures below. It should be noted that a large part of these producer-members are in agriculture and that employment in the agricultural sector in general in Canada has also been decreasing in similar proportions<sup>41</sup>.

**TABLE 6**

Evolution of producer-members in Canadian producers' cooperatives between 2000 and 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>TOTAL PRODUCER- MEMBERS</b>	581,000	590,000	501,000	504,000	467,000	535,000	609,000	611,000	602,000	538,000

Source: Industry Canada, 2013

FRANCE

The development of employment in French worker cooperatives has experienced a stable and significant increase between 2000 and 2013, as shown in Table 7.

**TABLE 7**

Evolution of employment in French worker cooperatives and multi-stakeholder cooperatives<sup>42</sup> between 2000 and 2013

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EMPLOYMENT	32,297	33,493	34,773	34,773	35,272	36,485	36,625	39,772	41,448	40,064	40,138	40,494	42,150	43,676

Source: CG Scop

Turning now to employment related to all types of cooperatives in France, for which data is available only since 2008, in Table 8 we observe a rather modest increase, which should be interpreted as a positive trend against the background of the deep employment crisis faced by France.

**TABLE 8**

Changes in the ratio of employees in French cooperatives from the total of employees between 2008-2012

	2008	2010	2012
TOTAL EMPLOYEES IN COOPS / TOTAL EMPLOYEES	4.2%	4.4%	4.5%

Source: CoopFR, 2014

## JAPAN

In Table 9, we can observe a general decline of both producer-members and employees of agricultural and fisheries cooperatives in Japan. As is the case in Canada, this is probably due to a large extent to the employment decrease in the primary sector.

**TABLE 9**

Evolution of numbers of producer-members and employees in Japanese agricultural cooperatives and fisheries cooperatives between 2001 and 2011

	PRODUCER-MEMBERS (AGRICULTURE)	PRODUCER-MEMBERS (FISHERY)	EMPLOYEES (AGRICULTURE)	EMPLOYEES (FISHERY)
2001	5,202,171	267,381	263,342	15,642
2002	5,149,940	260,286	257,645	15,251
2003	5,098,862	252,330	248,015	14,950
2004	5,045,472	244,335	240,435	14,230
2005	4,988,029	232,414	232,981	13,756
2006	4,931,853	225,363	227,729	13,836
2007	4,877,364	217,516	226,008	13,647
2008	4,816,570	205,843	224,063	13,177
2009	4,762,961	189,590	223,329	13,140
2010	4,707,348	178,465	220,781	13,052
2011	4,655,215	171,889	215,807	12,478

Source: [www.e-stat.go.jp](http://www.e-stat.go.jp)

We can conclude from the above data that:

- It is difficult to state that cooperative employment in general has been increasing or decreasing over the last decade in the above-mentioned countries. However, we can say that the figures on cooperative employment which we presented in section 2.2. Above are not a snapshot of a major fluctuation, but are the continuation of a stable trend.
- Nevertheless, we can suggest some tentative hypotheses about long-term employment trends based on the data above, as follows:
  - Overall, the ratio of cooperative employment out of the total employed population appears to have more or less maintained itself over the last 12-13 years.
  - There is a slow decrease of producer-members and employees in the primary sector in industrialized countries.
  - We observe a substantial employment increase in worker and social cooperatives, which is particularly important in some countries with a high presence of cooperatives, like Italy and France: this may well be becoming a larger trend.

## NOTES

24. According to a recent email communication from Hüseyin Polat, retired ILO civil servant at the ILO Unit, Yves Regis, late president of CICOPA was the first person to put forward this estimate at an ILO seminar in Geneva in the early 1990s; through this estimate, Yves Regis reportedly referred to cooperative employment in the wider sense of the term and as defined in Chapter 1 (namely with the inclusion of the self-employed producer-members).
25. A primary cooperative is one in which the members are mainly physical persons, except SME cooperatives. A secondary cooperative is a cooperative formed of primary cooperatives. A consortium is a specific form of secondary cooperative, found essentially in Italy; it can also include a secondary and a tertiary level. A cooperative group is a group of cooperatives (which can include primary, secondary and tertiary level cooperatives) where the governance between the primary cooperatives is horizontal. Cooperative groups can be more or less integrated, with more or less power being democratically delegated by the primary cooperatives to the higher levels of the group.
26. CICOPA (2005) *World Declaration on Worker Cooperatives*, available on [www.cicopa.coop](http://www.cicopa.coop)
27. Communication by Eduardo Fontenla, a specialist on Argentinean agricultural cooperatives.
28. Communication by Ge Shuyan, All China Federation of Supply and Marketing Cooperatives.
29. This is particularly true for European cases for which we mainly used data from the CIRIEC Report
30. Our observations were made during the CICOPA India project between 1992 and 1999, and during the fieldwork for this study in March 2014. Given the type of production process shared between the handloom weaver and the cooperative, handloom weavers often find themselves in an intermediary situation between being worker-members and producer-members
31. As mentioned above, it should be remembered that this number does not represent full-time equivalents (FTE). We know that, even for the case of directly generated jobs, they are not always full-time workers
32. Data on cooperative employment in 74 countries surveyed / employed population of 161 countries (source: ILO Laborstat). Among 178 target countries whose populations are over 300,000, 17 are excluded from the Laborstat data system of the ILO
33. This ratio includes both employment in cooperatives and within the scope of cooperatives
34. See [www.euricse.eu/en/node/2494](http://www.euricse.eu/en/node/2494). The full document (in Italian) is available on [http://issuu.com/euricse/docs/rapporto\\_coop\\_euricse?e=4821371/6437802#search](http://issuu.com/euricse/docs/rapporto_coop_euricse?e=4821371/6437802#search)
35. The report adds that each cooperative employs 17.2 persons on average, namely 5 times more than the average for other types of enterprise. The most significant contribution of cooperatives in terms of employment is found in services (23.6% of all Italian employment in this sector), in particular in health and social care (49.7%), transport and logistics (24%) and support services for business (15.7%)
36. See CG Scop's press release 2013: *dynamisme et pérennité économique pour les Sociétés coopératives et participatives* available in French at this page : [www.les-scop.coop/sites/fr/espace-presse/Bilan\\_chiffre-2013](http://www.les-scop.coop/sites/fr/espace-presse/Bilan_chiffre-2013)
37. CECOP CICOPA-Europe, 2013, *Business Transfers to Employees under the Form of a Cooperative in Europe - Opportunities and Challenges*; see [www.cecop.coop/Business-Transfers-to-Employees](http://www.cecop.coop/Business-Transfers-to-Employees)
38. CICOPA (2012) *A Qualitative Analysis on the Economic Situation of CICOPA Members, 2012*" at [www.cicopa.coop/A-qualitative-analysis-on-the-1196](http://www.cicopa.coop/A-qualitative-analysis-on-the-1196); CECOP CICOPA-Europe (2012) *"The Resilience of the Cooperative Model"* at [www.cecop.coop/The-study-The-resilience-of-the.html](http://www.cecop.coop/The-study-The-resilience-of-the.html)
39. See: [www.unrisd.org/80256B3C005BE6B5/search/8248A910D859F210C1257BAB002F52E2?OpenDocument](http://www.unrisd.org/80256B3C005BE6B5/search/8248A910D859F210C1257BAB002F52E2?OpenDocument)
40. namely 6,858 worker-members in Quebec in 2010 as per data from the Ministère du Développement économique, de l'innovation et de l'Exportation ) + 475 worker members in English-speaking Canada in 2013, as per data from the Canadian Worker Cooperative Federation CWCF)
41. In the case of Quebec, the decline in the farm population has been 6.2% since 2001 [www.statcan.gc.ca/ca-ra2006/agpop/qc-eng.htm](http://www.statcan.gc.ca/ca-ra2006/agpop/qc-eng.htm)
42. In the case of multi-stakeholder cooperatives, the data concern only multi-stakeholder cooperatives affiliated to CG Scop

# CHAPTER 3

## COOPERATIVE EMPLOYMENT: ANALYSIS FROM THE 10 REGIONS SURVEYED

### 3.1. QUANTITATIVE ANALYSIS

In this chapter, we focus on the 10 regions where we carried out the fieldwork. These can be seen on the map on p. 10. More data are available on each of them in Annex 2.

#### 3.1.1. OVERALL DATA

We collected statistical data on different aspects of cooperative employment in 8 of the 10 regions surveyed, namely all except Gauteng in South Africa where no sufficiently reliable data could be collected during the timeframe of this study, and Ahmedabad district in India, where our main focus was on the SEWA group of women's cooperatives. These data come from official statistics, regional chambers of commerce and industry, cooperative organisations, surveys and individual cooperatives. Since this is only partially available data, it is reasonable to consider this part of the study as an effort geared towards formulating some hypothetical assumptions, rather than as thoroughly representative information. To supplement these data, we have also used some available data on cooperative employment from France's Nord Pas-de-Calais region (Van Gheluwe, 2008).

Emilia-Romagna shows an impressive ratio of employment generated *in* cooperatives out of the total employed population (economically active population minus the registered unemployed) with a figure of 8.84%, followed by the Basque Country with 6.24%, Santa Fe and Quebec with 2.29% and 2.24% respectively, Gangwon and Wisconsin are around 1%, while Kanagawa and Paraiba are around 0.5%.

However, if we include the people whose employment is performed *within the scope of* cooperatives, namely self-employed producer-members and their employees, the above ratios change dramatically, with a jump from 0.94% to 22.88% for Gangwon. Wisconsin's ratio increases from 0.81% to 3.08%, while Emilia-Romagna's ratio increases from 8.84% to 14.93%. In the Basque Country, where the cooperatives' presence is particularly strong in industry, finance and distribution under the worker-cooperative form, rather than producers' cooperatives, the change is not so significant, from 6.24% to 7.35%. The increase is also lower in Quebec<sup>43</sup>.

**TABLE 10****General information on cooperative employment in 8 regions**

	EMPLOYEES (A)	WORKER-MEMBERS (B)	PRODUCERS (C)	TOTAL EMPLOYMENT IN COOPS (A+B)	TOTAL COOPERATIVE EMPLOYMENT (A+B+C)	TOTAL EMPLOYED POPULATION IN REGION (D)	RATIO OF EMPLOYMENT IN COOPS OUT OF TOTAL EMPLOYED POPULATION IN REGION	RATIO OF TOTAL COOP EMPLOYMENT OUT OF TOTAL EMPLOYED POPULATION IN REGION
<b>BASQUE COUNTRY</b> <sup>1)</sup>	18,304 (27.54%)	38,126 (57.36%)	10,040 (15.10%)	56,430	66,470	904,400 (2012)	6.24%	7.35%
<b>EMILIA-ROMAGNA</b> <sup>2)</sup>	70,592 (24.40%)	100,749 (34.82%)	118,000 (40.78%)	171,341	289,341	1,937,630 (2012)	8.84%	14.93%
<b>KANAGAWA</b> <sup>3)</sup>	18,059 (15.95%)	5,113 (4.52%)	90,067 (79.54%)	23,172	113,239	4,682,800 (2012)	0.49%	0.72%
<b>PARAIBA</b> <sup>4)</sup>	2,746 (26.10%)	4,206 (39.97%)	3,570 (33.93%)	6,952	10,522	1,656,000 (2011)	0.42%	0.64%
<b>QUEBEC</b> <sup>5)</sup>	85,092 (64.66%)	5,044 (3.83%)	41,455 (31.50%)	90,136	131,591	4,032,200 (2013)	2.24%	3.26%
<b>SANTA FE</b> <sup>6)</sup>	13,222 (17.24%)	7,560 (9.86%)	55,900* (72.90%)	20,782	76,682	906,618 (2001)	2.29%	8.46%
<b>WISCONSIN</b> <sup>7)</sup>	23,434 (26.29%)	500 (0.56%)	65,200 (73.15%)	23,934	89,134	2,878,300 (2013)	0.81%	3.08%
<b>GANGWON</b> <sup>8)</sup>	7,156 (4.64%)	-	147,078 (95.36%)	7,156	154,234	674,000 (2014)	1.06%	22.88%

\* In the case of agriculture and dairy cooperatives in Santa Fe, we include an estimate of the number of farm workers given that the form of agriculture is very intensive and in large farms, so that most farms in the surveyed cooperatives employ farm workers.

1) KONFEKOOP, 2013; [www.eustat.es](http://www.eustat.es); 2) Unioncamere Emilia-Romagna, 2013; [www.legacoopemiliaromagna.coop](http://www.legacoopemiliaromagna.coop); Confcooperative Emilia-Romagna, 2013; [www.istat.it](http://www.istat.it); 3) [www.e-stat.go.jp](http://www.e-stat.go.jp); Data provided by Japanese Worker Cooperative Union (JWCU); Kanagawa Workers Collective Federation, 2013; Japanese Consumers' Cooperative Union (JCCU), 2013; Kanagawa Cooperative Network, 2012; 4) OCB-Paraiba 2013 report (based on data from one-third of OCB PB member cooperatives); [www.ibge.gov.br](http://www.ibge.gov.br); 5) [www.economie.gouv.qc.ca](http://www.economie.gouv.qc.ca); Data provided by Desjardins Group; [www.bdso.gouv.qc.ca](http://www.bdso.gouv.qc.ca); 6) Data elaborated by CICOPA during field research; [www.santafe.gov.ar](http://www.santafe.gov.ar); 7) USDA, 2003; USDA, 2012; Data elaborated by CICOPA from field research; [www.bls.gov](http://www.bls.gov); 8) [stat.kosis.kr](http://stat.kosis.kr); Korean Federation of Community Credit Cooperatives, 2013; Data elaborated by CICOPA from field research.

It should also be emphasised that, in the Basque Country and Emilia-Romagna, employment in worker cooperatives and social cooperatives (with a predominance of worker-members) is clearly higher than the number of employees in other types of cooperatives. In the case of the Basque Country, around 70% of employment in cooperatives is made up of worker-members, which are also present in most types of cooperatives, not only in worker cooperatives<sup>44</sup>.

If we examine the number of cooperatives and cooperative employment by sector, we find that cooperatives in these regions represent almost all sectors, although some sectors play a leading role<sup>45</sup>.

**TABLE 11**

**Number of cooperatives and employment in cooperatives in the Basque Country and in Emilia-Romagna, by sector**

		AGRICULTURE	INDUSTRY	CONSTRUCTION	SERVICES
BASQUE COUNTRY	NUMBER OF COOPERATIVES	26	340	143	727
	NUMBER OF JOBS	154	20,897	1,242	25,903
EMILIA-ROMAGNA	NUMBER OF COOPERATIVES	653	727	676	4,187
	NUMBER OF JOBS	10,867	26,944	8,429	125,101

Sources: Mondragon Unibertsitatea, 2013; Unioncamere Emilia-Romagna, 2013

In other regions which have major rural areas, we find that the role of producers' cooperatives and cooperative banks in creating employment is more significant<sup>46</sup>. Credit unions in particular have a strong presence in Quebec, Wisconsin and Gangwon, having been created as a movement to promote cooperation among people against poverty and isolation caused by their remote location and other factors, at a time when these regions were poor and not industrialized.

In the case of Kanagawa, which is a predominantly urban area, consumer cooperatives account for the largest part of cooperative employment. Workers' collectives, which are a kind of worker cooperative developed by consumer cooperatives as a way to enhance members' participation in cooperative activities, provide more than 4,000 jobs, particularly for women who were previously housewives. Together with worker cooperatives and older person's cooperatives, workers' collectives are playing an increasing role in the provision of care services to elderly people and thus also in revitalizing the local community.

**TABLE 12**

Employment in cooperatives, Kanagawa, by type of cooperative

TYPE OF COOPERATIVE	REFERENCE YEAR	NUMBER OF JOBS
CONSUMER COOPERATIVES <sup>1)</sup>	2012	10,315
AGRICULTURE COOPERATIVES <sup>2)</sup>	2011	6,548
FISHERY COOPERATIVES <sup>2)</sup>	2011	192
FORESTRY OWNER COOPERATIVES <sup>2)</sup>	2011	160
FINANCIAL COOPERATIVES <sup>3)</sup>		734
WORKER COLLECTIVES <sup>4)</sup>	2012	4,467
OLDER PERSONS' COOP <sup>5)</sup>	2013	195
WORKER COOP <sup>5)</sup>	2013	561

1) JCCU, 2013, 2) www.e-stat.go.jp; 3) Kanagawa Cooperative Network, 2012; 4) Kanagawa Workers Collective Federation, 2013; 5) Data provided by JWCU.

**TABLE 13**

Number of worker cooperatives, older persons' cooperatives and worker collectives in Kanagawa by sector

	RETAIL	FOOD SERVICE	EDUCATION	CARE SERVICE	CULTURE AND ENTERTAINMENT	OTHER SERVICE
WORKER COOPERATIVES		1	3	13		6
OLDER PERSONS' COOPERATIVES				11		
WORKER COLLECTIVES	10	11	18	108	14	

Sources: Kanagawa Workers Collective Federation, 2013; data provided by JWCU

### 3.1.2. EVOLUTION OF COOPERATIVE EMPLOYMENT OVER TIME

Among the 10 surveyed regions, we found relevant data over a time span of several years only in the Basque Country and Emilia-Romagna.

#### BASQUE COUNTRY



Cooperative employment in the Basque Country experienced a drastic increase in 2000-2002, followed by a slight increase in 2002-2008 and a substantial decrease after the economic crisis between 2008 and 2010.

If we compare the changes in cooperative employment with that of the employed population in general, we observe that cooperative employment has not been less affected by the economic crisis than the employed population in general. However, the ratio of cooperative employment remains relatively stable in spite of the worsening of the general economic situation.

**TABLE 14**

Changes in cooperative employment and in the employed population in general in the Basque Country between 2006 and 2010

	2006	2008	2010
<b>COOPERATIVE EMPLOYMENT (A)</b>	49,760	50,359	48,196
<b>EMPLOYED POPULATION (B)</b>	961,000	987,100	948,900
<b>A/B</b>	5.18%	5.10%	5.08%

Source: Mondragon Unibertsitatea, 2013; [www.eustat.es](http://www.eustat.es)

It should be stressed that a large part of cooperative employment in the Basque Country is to be found within the Mondragon group<sup>47</sup> and that reduction in employment in the group took place to a large extent through redeployment and early retirement schemes, without job losses (Sanchez Bajo & Roelants, 2013, p.p. 203-204).

## EMILIA-ROMAGNA



Employment *in* cooperatives (therefore excluding self-employed producer-members of cooperatives) increased in a stable fashion until 2012, before experiencing a slight decrease in 2012-2013.

Relative to the total employed population, the ratio of employment in cooperatives decreased in 2011, which does not mean that the absolute numbers of employment in cooperatives decreased, but that the increase of the employed population was faster than employment in cooperatives.

On the other hand, despite the decrease in employment in cooperatives in 2012-2013, the ratio of employment in cooperatives out of the total employed population increased. This means that, in 2012-2013, although the absolute number of people employed in cooperatives declined, this decline was less pronounced than that of the total employed population of the region.

**TABLE 15**

Changes in employment in cooperatives and in the employed population in general in Emilia-Romagna between 2008 and 2013

	2008	2009	2010	2011	2012	2013	2008 2013	2012 2013
<b>EMPLOYMENT IN COOPERATIVES (A)</b>	166,244	165,506	165,696	167,888	172,217	171,341	3.1%	-0.5%
<b>EMPLOYED POPULATION (B)</b>	1,979,560	1,955,630	1,942,490	1,974,540	1,968,860	1,937,630	-2.12%	-1.59%
<b>A/B</b>	8.40%	8.46%	8.53%	8.50%	8.75%	8.84%		

Source: Unioncamere Emilia-Romagna, 2013; [www.istat.it](http://www.istat.it)

If we only examine social cooperatives, the above-mentioned tendency is clearer. Between 2008 and 2013, i.e. during the economic crisis, there was a constant increase in the absolute number of people employed in social cooperatives. The ratio of employment in social cooperatives out of the whole employed population also increased steadily.

**TABLE 16**

**Changes in employment in social cooperatives and the employed population in general in Emilia-Romagna between 2008 and 2013**

	2008	2009	2010	2011	2012	2013	2008 2013	2012 2013
<b>EMPLOYMENT IN SOCIAL COOPERATIVES (A)</b>	34,170	35,884	36,599	37,333	38,156	38,372	12.3%	0.6%
<b>EMPLOYED POPULATION (B)</b>	1,979,560	1,955,630	1,942,490	1,974,540	1,968,860	1,937,630	-2.12%	-1.59%
<b>A/B</b>	1.73%	1.83%	1.88%	1.89%	1.94%	1.98%		

Source: Unioncamere Emilia-Romagna, 2013; [www.istat.it](http://www.istat.it)

If we subtract the employment numbers in social cooperatives from the overall employment numbers in cooperatives, we get a different picture. In the following table, we observe that in 2009, 2010 and 2013, there was a relatively significant fall in employment in cooperatives excluding social cooperatives, even though the employment level in these cooperatives saw a net overall increase (lower than in social cooperatives) over the 2009-2013 period. This decrease was offset by the increase in employment in social cooperatives. A part of this decrease is due to job losses and even a few enterprise closures in worker cooperatives in the construction sector that were characterized a lower level of internationalization than other cooperatives in this sector.

**TABLE 17**

**Changes in employment in cooperatives, excluding social cooperatives, in Emilia-Romagna between 2008 and 2013**

	2009	2010	2011	2012	2013
<b>CHANGE IN EMPLOYMENT IN COOPERATIVES, EXCLUDING SOCIAL COOPERATIVES</b>	-2,452	-525	1,458	3,506	-1,092

Source: calculated from Unioncamere Emilia-Romagna, 2013

From the above data, we can deduce the following:

- Cooperatives in Emilia-Romagna as a whole have shown more employment resilience to the economic crisis than employment in general.
- There was a decrease in employment in cooperatives, except for social cooperatives, in 2009, 2010 and 2013. However, in 2012, when the total employed population of the region decreased, employment in cooperatives, except social cooperatives, increased.
- An important part of the employment resilience of cooperatives in the region has been the outcome of a steady increase of employment in social cooperatives.

These data on the diachronic evolution in Emilia Romagna and the Basque Country confirm our observations in Chapter 2, section 2.3, about the trends at a more macro level, where we saw that much of the stability and increase in cooperative employment in some key countries was due to a substantial increase in employment in worker and social cooperatives.



### 3.1.3. LABOUR CONTRACTS AND LABOUR PRACTICES

We find huge diversity in the ratio between regular and permanent labour contracts on the one hand, and temporary labour contracts on the other, according to different types of cooperatives. This ratio does not appear to be directly influenced by cooperative characteristics, but rather by the economic activities in which cooperatives are engaged. As we can observe in Table 18 below, the cooperatives with more regular labour contracts are found mainly in financial cooperatives and utility cooperatives<sup>48</sup>. Consumer cooperatives, in turn, show a high ratio of temporary workers. This is also related to labour practices in the retail and wholesale sector as a whole, where enterprises require a high number of sales workers in shops or delivery workers.

**TABLE 18**

Ratio of regular and temporary labour contracts in cooperatives, by type of cooperatives

REGION	TYPE OF COOPERATIVE	REGULAR (%)	TEMPORARY (%)
WISCONSIN <sup>1)</sup>	Agriculture marketing	90.86	9.14
QUEBEC <sup>2)</sup>	Financial	89.65	10.35
NORD PAS-DE-CALAIS <sup>3)</sup>	All types	86.17	13.83
WISCONSIN <sup>1)</sup>	Utilities	85.68	14.32
WISCONSIN <sup>1)</sup>	Credit union & Farm credit	74.66	25.34
WISCONSIN <sup>1)</sup>	Others	66.06	33.94
WISCONSIN <sup>1)</sup>	Farm supply & services	63.21	36.79
BASQUE COUNTRY <sup>4)</sup>	All types	58.16	41.84
KANAGAWA <sup>5)</sup>	Forestry	52.63	47.37
WISCONSIN <sup>1)</sup>	Food	39.37	60.63
KANAGAWA <sup>6)</sup>	Consumer	21.73	78.27
KANAGAWA <sup>5)</sup>	Agriculture	4.42	95.58

1) USDA, 2003; 2) Data provided by Desjardins Group; 3) Van Gheluwe, J.-L. 2008; 4) Mondragon Unibertsitatea, 2013; 5) [www.e-stat.go.jp](http://www.e-stat.go.jp); 6) JCCU, 2013.

We also found that the treatment and work conditions of the temporary workers depended to a large extent on national conditions. For example, temporary workers on the farms of producer-members of agricultural cooperatives seem to enjoy better contractual conditions and social protection in the Italian region of Emilia-Romagna than in the Argentinean region of Santa Fe.

Generally speaking, labour practices in cooperatives are not so different from other enterprises in the same activities. However, many people in the interviews emphasized the cooperative identity as a distinctive feature in terms of labour practice. Therefore, labour practices in cooperatives are probably constructed through the tension between labour practices in enterprises in general on the one hand, and cooperative identity on the other, as we will see in the qualitative analysis section later in this chapter.

While cooperatives in the sectors which have well-regulated or standardised labour practices can easily refer to other enterprises in the same sector, worker cooperatives and multi-stakeholder cooperatives, characterized by fundamentally different labour relations as compared to conventional employer-employee relationships, generally have to construct their own labour practices. It is important for these cooperative forms to have their own legal status regulating the self-management aspirations of their worker-members, allowing them to decide upon their own working conditions with institutional constraints aimed at protecting working conditions.

### 3.1.4. GENDER

The partial data gathered during the fieldwork indicate that the gender balance in cooperative employment seems to be influenced more by occupational activity than by the cooperative character of the enterprise as such.

A first observation from Table 19 is that three different types of Japanese cooperatives that are characterized by the presence of worker-members have an absolute majority of working women. Besides the origin of workers' collectives from housewives' initiatives in consumer cooperatives, this can be explained mainly by the fact that an important part of their activities take place in care services, which have been gradually recognized as a new source of job creation, especially in industrialized countries. On the other hand, with relatively low salaries and flexible working hours, it seems that work in these cooperatives is not that relevant for breadwinners<sup>49</sup>. Furthermore, the fact that most of the workers are over 50 years old (worker cooperatives - 74.5%, workers' collective - 78.4%) is another specificity of these types of cooperatives in Japan. Secondly, we find that financial cooperatives

have a high ratio of female workers. This is confirmed in the cases of Quebec, Nord Pas-de-Calais and some producers' cooperatives in Kanagawa and Gangwon which have financial services as their core business. Thirdly, it seems that producers' cooperatives have relatively fewer female workers than other types of cooperatives. Finally, it is interesting to note that Japanese consumer cooperatives have a significant ratio of male workers. This can be explained by Japanese specificities rather than by their cooperative character. Since many Japanese consumer cooperatives have developed a door-to-door delivery service, we can hypothesise that many of these male employees are delivery workers. This is in contrast with the case of the Italian consumer cooperative Coop Adriatica, where 75% of employees are women.

TABLE 19

Ratio of gender in cooperative employment by type of cooperative

REGION	WORK FORM	TYPE OF COOPERATIVE	MEN (%)	WOMEN (%)
KANAGAWA <sup>1)</sup>	Worker-member	Older persons' cooperative	7.69	92.31
KANAGAWA <sup>2)</sup>	Worker-member	Worker collective	9.63	90.37
QUEBEC <sup>3)</sup>	Employee	Financial	27.07	72.93
KANAGAWA <sup>A1)</sup>	Employee + Worker-member	Worker cooperatives	30.30	69.70
NORD PAS-DE-CALAIS <sup>4)*</sup>	Employee	Financial	50.70	49.30
NORD PAS-DE-CALAIS <sup>4)*</sup>	Employee	Other types (consumer, artisans, retailers, etc.)	52.90	47.10
BASQUE COUNTRY <sup>5)</sup>	Employee + Worker-member	Mainly worker cooperatives and multi-stakeholder cooperatives	53.70	46.30
KANAGAWA <sup>6)</sup>	Employee	Agriculture (Financial)	59.53	40.47
GANGWON <sup>7)</sup>	Employee	Agriculture (Financial)	62.46	37.54
NORD PAS-DE-CALAIS <sup>4)*</sup>	Employee + Worker-member	Worker cooperatives	68.70	31.30
KANAGAWA <sup>8)</sup>	Employee	Consumer	80.37	19.63
NORD PAS-DE-CALAIS <sup>4)*</sup>	Employee	Agriculture	82.00	18.00
GANGWON <sup>7)</sup>	Employee	Fishery (Financial)	83.65	16.35
KANAGAWA <sup>6)</sup>	Employee	Forestry	94.38	5.63

\* Gender ratio of Nord Pas-de-Calais case is based only on permanent workers.

1) Data provided by JWCU 2) Kanagawa Workers Collective Federation, 2013 3) Data provided by Desjardins Group 4) Van Gheluwe, J.-L. 2008 5) Mondragon Unibertsitatea, 2013 6) www.e-stat.go.jp 7) stat.kosis.kr 8) JCCU, 2013

The characteristics of the occupational activity are also sociologically bound. The ILO reports in this respect that, although African agriculture is predominantly managed by women<sup>50</sup>, membership of agricultural cooperatives on that continent tend to be more predominantly male<sup>51</sup>.

## SEWA, Women's cooperatives

The predominance of women is, by definition, absolute when cooperatives are the outcome of a women's movement such as SEWA (Self Employed Women's Association) in Gujarat, India. Since its establishment in 1972, SEWA has been supporting women's labour rights and economic activities through legal protection and access to basic services. It has an integrated approach by being simultaneously a labour union and a cooperative movement, with 105 women's cooperatives, which in turn associate more than 100,000 members in Gujarat. They are divided into the following main categories: land-based; dairy; vendors; credit; service; and artisans.



### 3.1.5. AGE

We have only found partial age-related data in Gauteng (Gauteng provincial government, 2013), Kanagawa (data provided by JWCU, Kanagawa Workers' Collective Federation, 2013), Quebec (data provided by the Desjardins group) and the Basque Country (Mondragon Unibertsitatea, 2013) from which we can conclude the following:

- Information about the Desjardins group in Quebec and about cooperatives in general in the Basque Country do not show any specificity compared to other enterprises as far as age is concerned.
- Worker cooperatives, older persons' cooperatives and workers' collectives in Japan respond to a social issue of an aging society. These cooperatives provide alternative forms of work places to older persons.
- Information on cooperatives in Gauteng shows a significant proportion of older persons in cooperative employment. It seems that many cooperatives in South Africa respond to the employment needs of older persons who formerly worked in the informal sector.

Therefore, cooperatives do not generally seem to be characterized by profound age-related differences as compared to other enterprises, except in the cases in which they specifically try to respond to age-related needs.

#### 3.1.6. LOCATION OF EMPLOYMENT

In the Basque Country and Emilia-Romagna, employment in worker cooperatives, a predominant typology in both regions, is well distributed from big urban centres to small towns and townships, although they are mainly active in industry and services.

The development of the credit union movement in Quebec and Wisconsin has contributed not only to structuring strong financial sectors in their regions, as seen above, but also to developing the regional economy and therefore employment. Moreover, these credit union systems have also been providing high direct employment as well and have done so in a decentralized fashion: today, the headquarters of the World Council of Credit Unions, Credit Union National Association (CUNA) and CUNA Mutual are located in Madison, Wisconsin; CUNA Mutual alone employs 1,700 persons. The Desjardins credit union group in Quebec employs more than 40,000 people (2013) in the province alone, many of whom work in credit unions (*caisses*) located in smaller towns, and the distribution of employment is remarkably homogeneous across Quebec's regions<sup>52</sup>. The rural Santa Fe province in Argentina hosts the headquarters of the insurance cooperative Sancor Seguros (itself a spin-off from the Sancor dairy cooperative) with 1,887 directly employed in a very small town and with strong interaction with agriculture, showing that rural areas and agriculture are no handicap to the development of cooperative employment in other sectors as well. In Wisconsin and Santa Fe, utility cooperatives, which provide electricity, water and telecommunication to remote areas, are also important job creators, particularly in small towns and rural areas. SEWA cooperatives in Gujarat are located in both urban and rural areas. The decentralized pattern of cooperative employment is highly significant in terms of local development and a major factor in the prevention of both economic desertification and depopulation of remote areas.



TABLE 20

Cooperative employment numbers in regions with important rural areas

	PRODUCER COOPS	FINANCIAL COOPS	UTILITY COOPS	OTHERS	TOTAL
QUEBEC <sup>1)</sup>	22,132 (26.01%)	40,248 (47.30%)		22,712 (26.70%)	85,092
WISCONSIN <sup>2)</sup>	13,355 (56.99%)	6,125 (26.14%)	1,683 (7.18%)	2,271 (9.69%)	23,434
SANTA FE <sup>3)</sup>	8,335 (63.04%)	2,487 (18.81%)	2,000 (15.13%)	400 (3.03%)	13,222
GANGWON <sup>4)</sup>	5,659 (79.08%)	1,178 (16.46%)		319 (4.46%)	7,156

1) [www.economie.gouv.qc.ca](http://www.economie.gouv.qc.ca); Data provided by Desjardins Group 2) USDA, 2003 3) Data elaborated by CICOPA during field research 4) [stat.kosis.kr](http://stat.kosis.kr); Korean Federation of Community Credit Cooperatives, 2013; Data elaborated by CICOPA from field research

### 3.1.7. SIZE OF EMPLOYMENT PER COOPERATIVE

Two main characteristics can be deduced from Table 21.

- The size of cooperatives matters in job creation: cooperatives of a larger size make a more important contribution to employment. In Quebec, whilst 60.78% of cooperatives have no employees<sup>53</sup>, 15 large cooperatives or cooperative groups provide 74.11% of all cooperative employment, most of it provided by the Desjardins credit union group and by two big agricultural cooperatives<sup>54</sup>.
- It seems that cooperative types have an impact on the size of employment per cooperative. As far as employment in small and middle sized cooperatives is concerned, worker cooperatives and social cooperatives appear to make the largest contribution as shown in the Basque Country and Emilia-Romagna, where worker cooperatives and social cooperatives are predominant. However, even among worker and social cooperatives, the cooperatives creating most jobs are also the largest ones<sup>55</sup>.

TABLE 21

Number of cooperatives and employment *in* cooperatives in Quebec, Basque Country and Emilia-Romagna by size of cooperatives

QUEBEC <sup>1)</sup>	SIZE OF COOPERATIVES	0~4	5~49	50~299	300+
	NUMBER OF COOPERATIVES	1,735 73.80%	460 19.57%	141 6.00%	15 0.64%
	NUMBER OF JOBS	697 0.77%	7,930 8.81%	14,707 16.33%	66,729 74.11%
BASQUE COUNTRY <sup>2)</sup>	SIZE OF COOPERATIVES	0~5	6~50	51~200	200+
	NUMBER OF COOPERATIVES	607 48.72%	499 40.05%	102 8.19%	38 3.05%
	NUMBER OF JOBS	1,795 3.72%	8,787 18.23%	9,949 20.64%	27,665 57.40%
EMILIA-ROMAGNA <sup>3)</sup>	SIZE OF COOPERATIVES	0-5	6-49	50-249	250+
	NUMBER OF COOPERATIVES	3,328 59.65%	1,718 30.79%	414 7.42%	119 2.13%
	NUMBER OF JOBS	3,118 1.82%	30,180 17.61%	42,191 24.62%	95,852 55.94%

1) Data provided by Direction du développement des coopératives, Ministère du Développement économique, de l'innovation et de l'Exportation; Data provided by Desjardins Group; 2) Mondragon Unibertsitatea, 2013; 3) Unioncamere Emilia-Romagna, 2013.

### 3.2. QUALITATIVE ANALYSIS

In this section, which is based on interviews with people working *in* or *within the scope of* cooperatives, we try to identify the specificities of cooperative employment in the 10 regions surveyed. In the first part, we examine working conditions and HR management, recruitment, salaries etc. In the second part, we try to understand what people working *in* or *within the scope of* cooperatives think about the specificities of cooperative employment. From the interviews, we have tried to identify emerging characteristics of cooperative employment, based on statements concerning the interviewees' perception, understanding, evaluation and comparison with employment in other types of enterprises.

### 3.2.1. COOPERATIVE EMPLOYMENT FROM VARIOUS ANGLES OF ANALYSIS

#### WORKING CONDITIONS AND HR MANAGEMENT

According to our own observations during the fieldwork in the 10 selected regions, working conditions in cooperatives seem to generally abide by the labour standards mentioned in ILO *Promotion of Cooperatives Recommendation, 2002* (n° 193)<sup>56</sup>.

Most of the statements obtained from the interviews indicate that working conditions and HR management in cooperatives are influenced to a significant extent by those of the same economic sector and size of enterprises, but also, to a lesser degree, by cooperative specificities. Although ordinary HR management seems to be similar to other types of enterprises, it should be noted that its implementation pattern in cooperatives is different<sup>57</sup>. We found that, across different types of cooperatives, the centrality of people is commonly emphasized as a specificity of cooperative HR management by interviewees belonging to different positions in the enterprise. Sometimes, it is perceived as a more convivial form of personal relationships at the workplace. Sometimes, it means mutual respect and concern for others. More directly, cooperatives are often defined by interviewees as economic organizations which value people. It seems that, in cooperatives, valuing people is placed as a priority or, at least, is considered to be as important as the economic value<sup>58</sup>.

Yet, in facing fierce competition in continually changing markets and in adapting their labour practices to those of other enterprises in the same sectors, the ways of carrying out cooperative HR management become diverse, including in terms of how workers in cooperatives can be connected to other stakeholders. We found that HR management in cooperatives

was not unilaterally imposed by management but rather constructed through interactions between management on behalf of cooperative members on the one hand, and workers who have particular relations with members on the other. For example, we found important differences between HR management for employees in users' cooperatives and that for workers in worker and social cooperatives. Some users' cooperatives depend mainly on members' transactions with their cooperative as a main resource so that the cooperatives' performance is strongly related to maintaining and strengthening the relationship with members. Although this could be seen as marketing in other types of enterprises, it appears that the dual nature of members' status as stakeholder (in this case, user) and owner engenders a specific type of relationship between owners and employees. In this sense, some available margin for providing better working conditions to employees is generally based on this human relationship between member-users and employees. This margin is also strengthened by the fact that member-users and employees are very close in their daily lives as friends, families and neighbours in their community. In turn, worker cooperatives have to withstand fierce competition in the market without loyal clients like users' cooperatives have with their user-members and therefore without much more margin available for better working conditions than those granted by their competitors<sup>59</sup>. Some worker cooperatives, particularly in emerging sectors such as personal services, endure the same kind of difficulties imposed by the market on all types of enterprises. However, we also found that several strategies adopted by cooperatives to overcome these difficulties allow not only for successful businesses but also better working conditions and better HR management.

## RECRUITMENT

In recruiting, cooperatives seem to focus on employees' professional skills and competence as well as suitability to cooperative culture. With the exception of worker cooperatives, where workers undergo a dual form of recruitment as workers and as members (either at the same moment or later), most cooperatives use the same kind of recruitment techniques as those found in other types of enterprises.

Formal contracts are sometimes the outcome of previous contacts for a lengthy period of time between employees and cooperatives. In some agricultural cooperatives, it was stressed that the employees have a background linked to agriculture in their family or in their neighbourhood so that they could better understand the concept of hard work in agriculture<sup>60</sup>. In these cases, professional competence as well as a personality that can get on well with the cooperative culture is often appreciated as a motivation for recruiting a person. On the other hand, it is true that the most important part of the integration of employees into the cooperative culture is done after recruitment, alongside their working experience. They find out and learn about cooperatives through their work and various meetings and training sessions.

A more sensitive issue is the recruitment of experienced staff and professionals in high positions. When cooperatives seek highly experienced or professionally qualified staff, the expected wage gap on the one hand, and ignorance of cooperative culture on the other, become an issue that can represent a challenge for the cooperative identity. However, we were able to establish how important it is for cooperatives, especially larger ones, to hire persons who are capable of bringing the necessary expertise and change to thrive in a continually changing market environment.



## REDEPLOYMENT

An interesting feature found in some groups of cooperatives is a system of transfer of workers from one cooperative to another. The Center Jigyodan cooperative group in the Japanese worker cooperative movement and the Mondragon group in Spain undertake this type of redeployment among cooperatives that are part of the group. We also found cases of experienced cooperative directors

moving among the same types of cooperatives through cooperative networks. When the employees in small-size cooperatives are confronted with limits to progress in their career, cooperative networks can provide them with new opportunities. *"We have a large network of 80 cooperatives, the federation has many employees at different management levels. We are able to have internal progression in our network"*<sup>61</sup>.

## WAGES AND OTHER TYPES OF COMPENSATION

In most cases, employees are relatively well paid, with compensation that is similar or slightly higher compared to other types of enterprises in the same economic activities of a similar size. However, when salaries are higher than those in other types of enterprises, the interviewees tend not to explain it by the fact that they work in a cooperative, but by the successful business performance of the enterprise.

A more specific characteristic of the wage system in cooperatives is solidarity among employees and, sometimes, with members. A general observation from all interviews shows evidence that cooperatives overall have a narrower gap between higher and lower wages than the average amongst other enterprises. In some cases, we can find the same salary system across different units within the same group of cooperatives. However, solidarity should not be idealized. We also found cases where the mechanical implementation of higher levels of solidarity brought about a kind of profiteering effect among employees in the field of personal services, since some employees will actively seek less complicated clients because wages are fixed regardless of the difficulty of the work. Therefore, implementation of solidarity in the wage system should be elaborated in taking into account various internal and external conditions.

On the other hand, solidarity in the wage scale can make it difficult to hire high profile staff who can obtain much higher levels of remuneration in conventional enterprises. *"In cooperatives there is a narrower wage gap between the directors and ordinary staff members. The lower rate is higher than in the region, the higher rate is lower than in the region.... So in cooperatives we have big problems to retain people with a high responsibility profile because the salary given in the region is higher"*<sup>62</sup>.

Exceptions are sometimes made to allow for relatively higher wage levels for higher executives, but this tends to

cause controversy within the cooperative or cooperative group. Since managerial aspects are becoming increasingly important in enterprises, we often observe that the wage difference is increasing, particularly in larger cooperatives which have to compete on the global market, in order to attract and maintain high-profile managers. Even so, the wage gaps are clearly smaller in cooperatives than in the average of the enterprise world. *"I would be paid much better, if I was a manager of a bank, a CEO. ... Here, I have to work for 3 and half years to earn what those guys earn for one month"*<sup>63</sup>.

In users' and especially in producers' cooperatives, this issue would appear to be more sensitive among members than among employees. In some producers' cooperatives where producer-members and employees in cooperatives have to work together to produce and sell their products, the income gap between these two groups can become a problem. Particularly for small producers who are experiencing increasing difficulties on the globalized market, the fact that cooperative employees earn more than them can be perceived as unfair redistribution of the economic results of the cooperative. On the other hand, from the employees' view point, producer-members' dissatisfaction about income differentials may be seen as a threat to employees' working conditions and a restriction to managerial capacity.

In the cases in which cooperative employees' wages are lower than those in other types of enterprises in the same sectors and similar sizes, the employees stated having other types of both material or non-material compensation. Benefits other than wages can include, for example, packages for all workers that offer favourable conditions to access micro-credit schemes provided by cooperative banks: *"There are small services provided by the consortium to employees and members, in accordance with the BCC [cooperative credit bank]... we have funded a micro-credit project for members of the cooperatives"*<sup>64</sup>.

Non-material compensation can include flexible working time, allowing for a good balance between work and family life, less overtime work, a horizontal and convivial workplace culture, democratic and participatory governance, coherence between personal values and working values, etc. On the other hand, some employees with a strong motivation and commitment to the core mission of their cooperative seemed to voluntarily accept lower wages, even though both material and non-material compensations were perceived as being insufficient. A worker-member of a Japanese workers' collective commented: *"The wages are a little bit low, but it is compensated by the feeling of contributing to society"*<sup>65</sup>.

Therefore, we can state that a balance between wages and other types of compensation is a key element for worker's satisfaction in cooperatives. In addition, workers' motivation is also central in this respect.

We found out that non-material compensation and a strong motivation are particularly important in worker cooperatives at the start-up stage, in which material remuneration is not always certain. In some cases, worker-members in worker cooperatives earn almost nothing for a certain period of time at the beginning, until they manage to make their business reach a certain level of stability. The capital formed by sacrificing wages during these periods is called "sweat capital". The transparency in the wage system makes this voluntary contribution by worker-members easier to accept and to implement than other enterprise forms. It is true that we find a similar phenomenon in many small private start-ups where founders spend one year or more without taking a cent in salary, but in worker cooperatives this effort is shared.

In some cases, particularly where cooperatives are promoted as a policy instrument against poverty and unemployment, or where cooperatives are active in emerging sectors such as personal services, a lower level of remuneration in cooperatives than in other enterprises in the same sectors can become a chronic problem. It seems that the cooperative model itself is no solution for these situations, but rather leads to improvements in terms of labour regulations in such sectors<sup>66</sup>.

Sometimes, the pride of working in a specific cooperative compensates for relatively poorer working conditions. An historical tradition or cooperative presence in certain regions or certain sectors of general interest can make people consider cooperatives as a kind of guardian of the common good. This point of view explains another type of motivation for working in cooperatives. In these regions, we can hypothesise that it is easier to find people who are more inclined to work in them.



## SOCIAL PROTECTION AND OCCUPATIONAL SAFETY

Generally-speaking, we found that the level of social protection of cooperative employees was similar or higher than the one enjoyed by employees in the same sector and in the same country. The same applies to self-employed producer-members.

The level of occupational safety of the employees was generally found to be up to the standards compared to other enterprises in the same sector and country.

In turn, special consideration should be given here to the status of worker-members and its impact on social protection. The fact that in many countries, in particular in Latin America, worker-members are classified as self-employed creates a major problem in terms of social protection. When workers transform an enterprise in crisis into a cooperative, they lose their previously acquired social protection. In Spain, registration under any of the two existing regimes (employees or self-employed) today provides the same level of social protection, but this was not the case in the 1960s when the Mondragon group established its own internal social welfare system, Lagun Aro, which today is complementary to the national system.

In the case of SEWA, where worker-members are also considered to be self-employed, they created their own social security system. *"All members of SEWA get an insurance scheme (also for family members, for accidents, illness...). It is provided by SEWA.*

*They provide more and more facilities to members. Pension schemes are provided by the central government and SEWA acts as an intermediary"*<sup>67</sup>.



In some countries where the general level of social protection for employees is relatively well developed, such as the UK or Germany, without specific mention, worker-members are often considered as employees so that social protection for employees is applied to all workers regardless of them being members or not. In France, the legal status of worker-members in worker cooperatives is considered as a kind of employee with several exceptions that allow for some specificities of worker ownership, while providing the worker-owners with the same social protection as employees.

## RELATIONS WITH TRADE UNIONS

The considerations set out above make it easy to understand that trade unions, when dealing with cooperative employment, are confronted with a specific type of employment that concerns both the definition of the employee and the employer in both its objective and perceived nature. This specific situation is different to what they are predominantly faced with in most of their activities. This is not without impact on the trade unions' understanding of cooperative employment and how they tend to deal with it and how cooperative workers react, and thus, ultimately on the relationship between the cooperative movement and the trade union movement.

Among the three different categories of work forms which we have been analysing in this study (employee, worker-member and self-employed producer-member), trade union action generally relates to the first one, and, to some extent, also to worker-members in worker cooperatives. Producer-members are also sometimes unionized.

We found two main different attitudes toward trade unions during the interviews. In some cooperatives, most of the employees are union members and consider that their interests are well protected by trade unions. In others, employees explain that they feel no need for a trade union. As we will see later, employees tend to consider their cooperatives as a larger family and to resist introducing something which might break this family-like culture. However, we also found that the need for a trade union was perceived differently according to the different work positions in the same cooperative. For example, in larger cooperatives, the employees who are considered as having an assistant role such as cleaners, cooks, guards, drivers etc. may feel a different sense of belonging in the cooperative, so

that they may want to join a trade union in order to overcome their disadvantaged position both vis-à-vis the employers and the higher-level employees.

In some cases, we found that trade unions of cooperative employees acted not only for the latter's interest, but also for the more general interest of their respective economic sectors. The Japanese trade union of consumer cooperative employees organizes a campaign to raise the minimum wage for all service workers. Through this campaign, they try to improve the working conditions of their members by improving that of all service workers in the country.

Independently from their various perceptions regarding trade unions and their protecting role, cooperative employees, worker-members or producers often find it difficult to understand the concrete function that a trade union could have in negotiations and conflict resolutions in their cooperative.

As far as cooperative employees are concerned, the employee of an agricultural cooperative in Emilia-Romagna says: *"I have always been in a trade union but since I am now in the cooperative it is meaningless, because my contacts are the members and if I have problems I solve them directly with the president of the cooperative. If members have a problem, the problem is not the individual member's problem but the cooperative's problem. If there are problems concerning the organization or wages, I discuss them with the president, who brings the issue to the board, and the board decides. As for me, since I am not a member, if I have labour issues to raise, I speak directly with the president, who tells me yes or no".* And he further explains: *"Here we*

*don't even have the trade union structures, there is no conflict with a single employer. There is nobody with whom to bargain. It is the board that decides whether to increase wages by one hundred euro*"<sup>68</sup>.

Here is an example of a producer-member of an agricultural cooperative in the Basque Country: *"90% of the members of the cooperative are also members of the farmers' trade union but there is no coherence between the representation of one and the other. Because we work together, we are the same, and our interests are the same! I do not understand, people explain it to me, but I do not understand. Maybe the trade union leaders are not cooperative members. There are conflicts between cooperatives and the trade union.*"<sup>69</sup>.

As far as worker-members are concerned, a worker-member of a Mondragon industrial cooperative explains, for example, that in each Mondragon cooperative *"we have internal representation bodies: the social council. There is no union because there is no confrontation between owners and ordinary staff. The logic is different"*<sup>70</sup>.

It is rare that the trade union is called to help solve a conflict situation in a worker cooperative, even though worker-members can benefit from all rights as union members, including the right to strike. From the fieldwork, we found one case where all worker-members in a Quebec worker cooperative in the construction sector participated in a general strike for improving working conditions in their economic sector, but was not against the management of their own worker cooperative. On the other hand,

the fact that the worker-members do not want to join trade unions is not tantamount to an anti-trade union stance: quite to the contrary, we found many testimonies of pro-trade union positions in the interviews.

It should also be noted that many worker cooperatives have been created by trade unionists and that trade unions are showing an increasing interest in the worker cooperative model as an answer to the delocalization of factories or workplace closure. Among countries where we did the fieldwork, this increasing alliance between trade unions and worker cooperatives is particularly strong in Brazil, Argentina and Canada.

The cases of SEWA in India, which is both a trade union and a cooperative organization, or Unisol, a cooperative organization in Brazil which was established under the impulse of the ABC metallurgical trade union, are very specific, but they show that solutions do exist for cooperative organizations and the trade unions to cooperate more closely than is often the rule.

Finally, the fact that cooperative employees, worker-members or producer-members affiliate to trade unions is also influenced by the existence, or not, of national collective agreements regulating their working conditions, which are the result of negotiations between the cooperative movement and the trade union. Among the 10 regions surveyed, Emilia-Romagna stands out in this respect because the Italian national cooperative confederations are considered as employers' organizations to all effects and purposes. This situation necessarily conditions to a very large extent the relations between the cooperative movement and the trade unions.

## A PRUDENT AND GRADUAL APPROACH TO JOB CREATION

A meaningful characteristic which we observed in several cooperatives during the fieldwork is the extremely prudent and gradual way in which they create employment. For example, in Paraíba in Northeastern Brazil, the successful dairy cooperative Coapecal based in the rural Eastern Cariri micro-region now employs 250 full time employees plus 100 part time self-employed persons working in logistics and transport, and provides a full time economic activity for 3 persons for each of the 260 producer-members, totalling around 4% of the employed population of the micro-region. Yet, the cooperative was established in 1997 in the shed of one of its members, which was successively extended, with no employees. All production, commercial and administrative work was first carried out by the core founding producer-members. It is only in 2003 that the director of Coapecal, himself the son of a producer who co-founded the cooperative, began being employed by the cooperative after years of non-remunerated service. This patient ground work created the conditions for a big leap in employment creation in the mid 2000s, with 170 full time jobs created in 2005. The second employment-creation phase, between 2005 and 2013, saw a further increase from 170 to 250 full time employees, the increase being mainly in salespersons.

Still in Brazil's Paraíba State, the transport cooperative Coopextremo in the coastal city of João Pessoa was about to appoint its first employee during our field visit in January 2014, some 7 years after the foundation of the cooperative. All the office work, including the coordination of the transport jobs, was being carried out by the president and the secretary of the cooperative, both of them self-employed transporters with a van. They both spent several hours per day on this task and received a professional compensation from the cooperative. According to the president of the cooperative, the main reason why they decided to appoint their first employee was that they were gradually extending their activities to being a tourism agency, and they could no longer cope with the office work. Likewise, they were only gradually approving the inclusion of new members.

This very prudent approach to employment creation in the initial phase is, paradoxically, a guarantee of a substantial and sometimes rapid job creation process afterwards. At the same time, the jobs or economic activities which they gradually create are generally stable and long-term ones.

### 3.2.2. THE CHARACTERISTICS OF COOPERATIVE EMPLOYMENT AS EXPERIENCED BY THE PEOPLE THEMSELVES

As we saw above, cooperative employment is diverse. Each workplace is designed according to institutional and structural aspects, such as legal regulations, sectors, organizational structures of individual cooperatives and position in those structures. Cooperative employment is carried out by workers or producers who are, themselves, the outcome of a personal and social environment and of personal and social experiences and who, additionally, make commitments to their cooperatives in considering their own normative judgment about, and understanding of, their cooperative and their occupation. In this sense, we can say that the specificities of cooperative employment are constructed through people's actions in given institutional and structural conditions.

Understanding the core aspects of cooperative employment according to existing institutionalized categories might reproduce the existing framework rather than reveal what these specificities are. We therefore endeavoured, through the interviews, to understand the core aspects of cooperative employment in the way in which they are perceived by the actors themselves. Although people working *in* or *within the scope of* cooperatives are not always aware of working in connection with a cooperative, we presume that they may have normative ideas or evaluative judgments on working in relation with cooperatives.

We found out that the way they saw these ideas had been influenced by their own rationality, namely in what sense these ideas are perceived as good (or bad). We followed Boltanski and Thevenot's (1991) classification of different *logics of justification* constructed and mobilized in modern western societies. The concept of *logic of justification* proposed by Boltanski and Thevenot is not a permanent set of values, but a historically constructed way of assessing which values are more important than others in a given situation. When people make certain normative or value statements, they implicitly or explicitly refer to specific *logics of justification* in which these statements gain legitimacy. This means that they consider their situation as one in which a certain way of justifying is more relevant than others.

In our study, we hypothesised that the interviewees' perception of their situation was related to the question of what a cooperative, and employment related to a cooperative, should be. We classified their ideas about cooperative employment around 8 *logics of justification*<sup>71</sup>. This allowed us to understand not only what the interviewees' ideas about cooperative employment were, but also around what types of normative backgrounds they mobilized in order to justify in which sense their job or economic activity was specific to cooperatives.

It should be noted that people think along different lines according to their own logic and the aspects which they want to emphasize, because any situation can be interpreted in different ways. On the other hand, people's views are always, to a certain degree, constrained by the conditions in which they are situated. This is why we analysed how these different ideas were related to specific circumstances such as type and size of cooperatives, position of interviewees in cooperatives, economic sectors and countries.

## PARTICIPATION

In the *participation* logic of justification, democratic control, which is an essential characteristic of cooperatives as an “association of persons” (see international definition spelt out in Chapter 1, section 1.3. Key definitions), is extended to labour issues.

Participation is often described as a procedure for deciding and working together. Expressing one’s opinion can be regarded as a precondition for participation, such as we “*discuss together about where we will go, what we will do*”<sup>72</sup>, “*Everything is decided by ourselves*”<sup>73</sup>, “*Tools that allow you, in an almost “obligatory” way, to engage people so that everyone can make a contribution*”<sup>74</sup>. In smaller cooperatives, “*we can actually do what we want to do. ... We can make things happen. ... It’s a great opportunity for us to grow up, to develop ourselves*”<sup>75</sup>. Some interviewees contrast this situation with that of conventional private enterprises where “*all they can do is just ask*”<sup>76</sup>. If their superiors “*say no, they can’t do anything about it*”<sup>77</sup>. Workers “*are only asked to execute*”<sup>78</sup>.

As a precondition of participation, workers “*can give their opinion freely*”<sup>79</sup> and “*opinions of people at the lower status manage to be heard by the superiors*”<sup>80</sup>. Transparency and flows of information are also mentioned as both a precondition and an outcome of participation. “*All the business numbers are open to every member*”<sup>81</sup>. “*There is less opportunity for corruption in the structure itself*”<sup>82</sup>. On the other hand, participation requires responsibility. “*Just insisting is not cooperative style. Insist, discuss and do ourselves is cooperative style*”<sup>83</sup>. Sometimes, this demanding practice makes work busier and workers tend to overwork. Their job “*is not over when they just finish seeing their client. There is much more ... additional work*”<sup>84</sup> to be done in participating in several committees, formal and informal meetings. For that reason, we can find ordinary employees, particularly in worker cooperatives who “*don’t really have any interest in belonging to the cooperative or rights as an owner*”<sup>85</sup>. “*Some people get burnt out from that, some let it slide*”<sup>86</sup>. As a solution for this situation, a leader of a worker cooperative stresses that “*explaining things is so important, that people understand they are part of the cooperative*”<sup>87</sup>.



Participation, on the other hand, does not mean freedom to do what one wants to do, as it is limited by the objective constraints faced by the enterprise. For wiser and more effective participation, market conditions and internal capacity should be sufficiently understood by both members and workers. Otherwise, *"because of this freedom, people could do whatever they want to do. If that is not working, business goes down"*<sup>88</sup>. Sometimes relatively strict rules inside cooperatives and cooperative groups seem to be contradictory to freedom and participation. But it is important to understand that these rules are also made by members in order to develop their business.



Workers' participation can lead to exchanges and collective decision-making on wage levels. A worker-member of an engineering worker cooperative in Wisconsin explains: *"we have our own criteria for deciding wages according to experience, qualification, function... there is like a formula we use to determine that, it's partly based on what one has done before, it's based on the person's performance, how much he has contributed to the company. There is a lot of discussion going into that kind of things."* - Q: Do you have a HR department which deals with such things? - A: Yes, we do. We have our HR manager. And... she doesn't do that herself, because there is actually a committee for that, which works for her. I think there are about 6 people on that committee ... The committee doesn't decide anything. What they do is to make recommendations, they make suggestions, and they take them to the board. The board decides. - Q: So, logically, everybody knows the amount of salary of others? A: Yes. It's very transparent. - Q: Is it normal? - A: No. Especially in a private owner company, you don't know anything. You have no idea about the guy working next door. Here, everybody, all the members know... there is no secret"<sup>89</sup>.

A woman worker-member from a Basque consumer cooperative points out that *"the main difference in working in a cooperative is that I participate, you feel that you can contribute with ideas. The thing is that in a non-cooperative enterprise things have to be more clear-cut, you don't have this participation thing, you cannot change or improve certain things"*<sup>90</sup>.

## FAMILY

The *family* logic of justification means that people working in or within the scope of cooperatives perceive of their workplace as if it were shared with family or friends, because they work in a community where they know many people. Thus, *"they try to always*

*do their best for people"*<sup>91</sup>, and this is true not only among employees, but also between employees and user-members, or between employees and producer-members. *"A lot of employees have some best friends work here or are customers of theirs"*<sup>92</sup>.

A Korean credit union makes new employees do outreach services in visiting their members as an apprentice program in order to get to know members. This kind of program strengthens the integration of employees into cooperative life where members and employees seem to be family or friends instead of entertaining commercial relationships between clients and providers.

To know each other is seen as a starting point for helping each other, which, in turn, can mean that if some activities of the cooperative or cooperative group are temporarily not going well, this can be compensated by other activities. *"If a particular activity is going red, some other activities cover them"*<sup>93</sup>. This kind of culture is expressed with *"spirit of mutual help"*<sup>94</sup>, *"a sort of companionship ... solidarity"*<sup>95</sup>, and *"cooperation"*<sup>96</sup>.

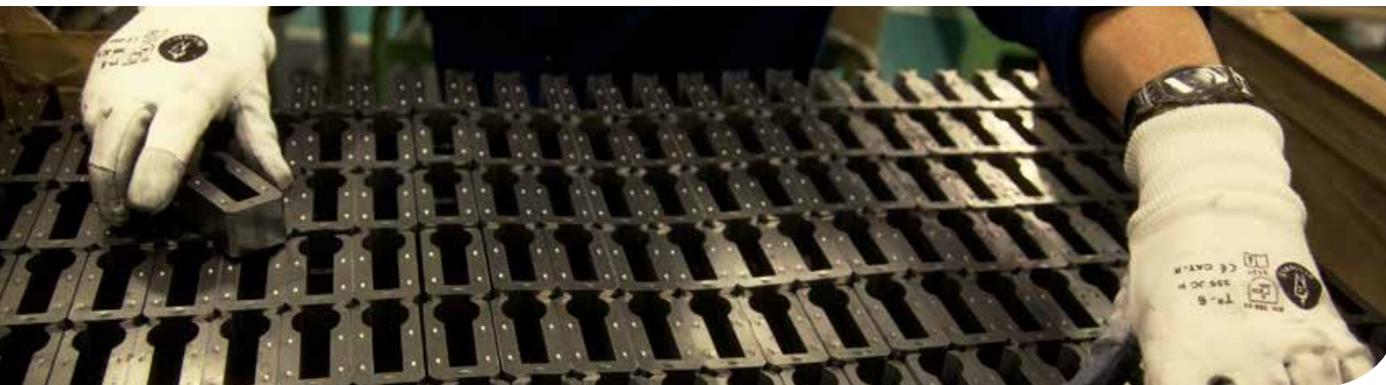
People working in or within the scope of cooperatives often feel that they are part of something bigger. This also becomes a reality, as the sense of belonging actually brings about closer relationships between the workers and their cooperative. *"They are more part of business"*<sup>97</sup> and *"are really part of something bigger"*<sup>98</sup>. When *"they are invited to become a member, they feel that they are in a cooperative"*<sup>99</sup>, with *"a general level of agreement about what the mission is that they are trying to achieve, workers and members feel that they all are one people"*<sup>100</sup>.

This is not merely a matter of feeling, but is also part of the reality. Indeed, the feeling of belonging favours closer relationships between workers and cooperatives. *"For members in a cooperative, if it works well, it works much better. But if it goes bad, it goes much worse. It is different from "non-cooperative enterprises where it goes bad, it goes bad only for the employer"*<sup>101</sup>.



This family feeling finds its reflection in how one perceives who one's ultimate employer is. For the employees of producers' cooperatives, the ultimate employers are perceived to be the community of self-employed producers.

For the employees of users' cooperative, in which membership is usually higher, the ultimate employer is seen as the surrounding community as a whole. Furthermore, in many cases, the employees feel that they have the mission of expanding the size of the collective employer by endeavouring to recruit new members and to make existing members more active. A delivery employee at a Japanese consumer cooperative says: *"generally speaking, we think that our job is to initiate members to make them real members so that they can make a commitment to the cooperative movement"*<sup>102</sup>. The manager, who represents the collective employer, can gratify them for their personal investment in the cooperative and appreciate their professional value, because he represents a community-based long term employer (which goes beyond the existing members of the community, it is the community in general, past present and future). A female employee in a consumer cooperative in Emilia-Romagna had a problem after



maternity leave: *"I came back at a time when no one could take care of my baby. So I turned to the directors explaining the situation and that I would be ready to give up everything, even to get back to doing ordinary employee work..., I can go anywhere you want but I have obligations and at 5 pm I must be free to go and get my son from the kindergarten. They told me: 'Are you kidding? Why should you give up the efforts of all these years only for this?'"<sup>103</sup>.*

For ordinary employees of worker cooperatives, the employers are the co-workers who are also worker-members. An ordinary employee of a worker

cooperative in Emilia-Romagna says *"Personally ... when I know that the person who pays me works all day in the garbage for me, this is a further incentive for me. The one making the sacrifice to work there pays me and I have to respect him. Just to think that my salary is paid by a person who is in the midst of garbage all day prompts me to do more"*<sup>104</sup>. For worker-members, the employer is "us" worker-members but even then, there is a sense that worker-members are intrinsically part and parcel of the surrounding community. A worker-member of a Mondragon cooperative responded to the question *"What's special in cooperative work? A: That you're part of a project that creates employment and wealth in your environment"*<sup>105</sup>.

The common denominator is that the employer is never a faceless or remote person or entity, but almost always local and collective, and generally made up of ordinary people. This necessarily affects the perception of work and behaviour at the workplace and the forms of mediation are also necessarily different from other types of workplaces.

The other side of the coin of this family environment is that employees sometimes complain that they find it hard to "unplug" from work when going home or when appearing in the community. An employee of a credit cooperative in Emilia-Romagna was asked: *"Q: 'Do you have a lot of work to do? Do you feel under pressure from this point of view? A: Yes, this is the advantage and the disadvantage of working with people. There are people with whom, over the years, I have built a relationship of mutual respect and confidence of which I am very proud. However, it is challenging to work in a community where you know everyone. You always try to do the best for the people. Sometimes you find it hard to unplug when you leave the office. You become a point of reference, people on the street know you. If you are on vacation you can't go to the village market'"*<sup>106</sup>.

## ECONOMY

One of logics of justification which people mention for identifying the specificities of cooperative employment is the economic component. We found two types of statements under this logic.

For some people, working in a cooperative seems to be an economic disadvantage. Someone feels sorry for not having *“a whole range of benefits that a cooperative cannot have, because they are “ancillary costs” that the cooperative cannot afford”*<sup>107</sup>. A young employee jokingly commented that his job paid *“cheap wages...”*<sup>108</sup>.

Others in turn state that their jobs *“are considered safer and more stable”*<sup>109</sup>. In rural areas, the salary of employees in cooperatives is considered to be among the best. For producer-members working within the scope of a cooperative, the latter is often seen as an opportunity to have many more customers

or to commercialize one's production better. For independent taxi drivers, the cooperative is an opportunity which *“gives us many more customers”*<sup>110</sup>.

Due to the large diversity of cooperative employment, it is difficult to state that employment *in or within the scope of* cooperatives is good or bad economically speaking. It is more important to underline the fact that the economic component of cooperative employment is just one of various aspects that workers and producers take into account and that it can become less important if other compensations are considered. *“Because I love the job I do, because it is for real, it's not just to make money”*<sup>111</sup>. A worker-member of an industrial cooperative in the Basque Country says in this respect: *“you can receive a variable remuneration but it is not the same to have a variable remuneration in a company where the owners of the company are the ones who will be most directly benefit”*<sup>112</sup>.

## EFFICIENCY

Cooperatives are perceived by some interviewees as being more efficient economic organisations than other enterprises because there are less layers of bureaucracy and decision-making can thus be faster and more efficient. A member of a worker cooperative composed of mental therapy professionals in Wisconsin explains the advantage of their democratic structure with this rationality of efficiency. He thinks that *“the worker cooperative model and practice are more lean and nimbler, flexible and resilient because we don't have excessive layers of bureaucracy*

*that is extremely expensive and inefficient”*<sup>113</sup>. In sharp contrast to the prejudice about the slowness or inefficiency of a democratic decision-making process, he stresses that decision making of worker-members with multiple points of views as service provider, manager and owner can be nimbler and more efficient than *“someone who comes from miles away”*<sup>114</sup>. In this sense, it is interesting to observe the efflorescence of cooperative forms of ownership in the liberal professions and in knowledge-based business (Westerdahl and Westlund, 1998).

## FLEXIBILITY

When emphasizing employment stability, flexibility can be negatively perceived. This is true in many cooperatives as well as in many conventional enterprises. However, in some cooperatives, a flexible way of working is a more important value for workers, since it enables them to strike a better balance between professional life and family life. A female worker-member of a worker cooperative providing services to the elderly said: *"I'm quite satisfied. For example, when I have to go to the kids' school, like parent's day to be with the kids, I just see if I don't have to go to the clients' place. I don't get paid for that hour. So this is a kind of flexibility, I'm satisfied"*<sup>115</sup>.

On the other hand, flexibility at the level of the enterprise has sometimes made workers' positions more fragile in dividing workers into a group of core permanent workers and another one made up of workers who join in intermittent or unstable fashion. As Boltanski and Chiapello (1999) suggest, *flexibility*

is an emerging logic of justification as an individual's autonomy and freedom become more and more important, and as new technologies and the globalized economy foster it. However, business practices that are more concerned by this logic of justification are not always sufficiently institutionalized in terms of sector and of scope of activities beyond national boundaries, so that workers in this situation sometimes suffer from a shortage of social security and institutional protection<sup>116</sup>.

Among our interviews, we found that some statements related to this rationality of flexibility indicated that it is often found in economic sectors such as construction, information technology and personal services, as well as in new businesses in a globalised context.

A common denominator is that flexibility found in cooperatives is one which tends to be shared among workers and members.

## VALUE ORIENTATION

As previously noted, many people do not choose to work in cooperatives solely for economic reasons. We found many statements on enthusiasm and commitment to certain values. Sometimes, young people start a cooperative *"with a lot of enthusiasm but with little money."* For them, *"working in a cooperative at a favourable time means sharing a passion"*<sup>117</sup>. Working with dynamic consumer members enables employees to *"feel that they work in the middle of power"*<sup>118</sup>.

Values mentioned by interviewees vary. Some interviewees emphasise self-realization: for them, the cooperative is a relevant workplace where they can grow up and develop themselves in a holistic way. Others underline the *"ethical"*, *"honest"* and *"correct"* character of work in a cooperative. For instance, credit unions consider that they provide not only financial services but *"educate their customers to have better financial practices"*<sup>119</sup>. Since the *raison d'être* of cooperatives is

to serve members, they generate turnover by providing services to members without generating profit as their first motivation. Technical and managerial innovations are introduced in order to provide better service to members, not to get more money *per se*. The employee of a Wisconsin agricultural cooperative says: *"it's more like serving the members and then worrying about what we will make in effect makes sense. I feel like, you know, working as employees here, our main concern is making sure members' needs are met"*<sup>120</sup>.

In a medical cooperative in Korea, a doctor of oriental medicine uses non-reusable instruments for hygienic reasons, even though the more he uses them, the more deficit the cooperative incurs. *"However, we don't have the choice, because clients are our members!"*<sup>121</sup> This is a particularly strong feeling among employees of users' and producers' cooperatives, but we also found it in worker cooperatives, even though the clients are not

the members. Some interviewees see cooperatives as instruments to create a more reliable and just economic system, an endeavour in which they want to participate.

Sometimes, the cooperative status itself can be a reason to charge a higher price, for instance, in a taxi cooperative, *"because we are a cooperative, and we have health insurance, excellent maintenance of vehicles, and provide a higher level of service"*<sup>122</sup>. With a good communication strategy, people trust cooperatives and voluntarily pay for their services. From this point of view, cooperatives can be seen as instruments for people to create a more reliable and just economic system through their own participation. Besides more direct social issues tackled by cooperatives, it is interesting that being connected to a cooperative can in itself be considered as an important value. This value becomes a source of pride of working in a cooperative.

However this value-based system can be more demanding. It seems that *"cooperatives need to show more only because they are cooperative"*<sup>123</sup>. One of these demands, or rather intrinsic characteristics, is that *"a cooperative doesn't have to only focus on interest"*<sup>124</sup>. Cooperatives *"are not obsessed by profit"*<sup>125</sup>.

Work integration of people with difficulties by fellow cooperative workers usually permeates value-based motivations. A worker-member of a worker cooperative in Kanagawa, which provides work integration of people with social difficulties, says: *"some people have such difficulty just working, getting out of the place, getting out of their own house. You know, it's easy to exclude them from the group, but our organization doesn't do that, we try to include them, work with them, to take steps with them so that they can be integrated in the world of work and into society. We can see that they are moving forward, they are improving through education and by encouragement, like 'Ok. You can do it. Ok, let's go together'. And that kind of thing. And then, you can make a difference in their life. And we can see them improve themselves. And that is what motivates me. ...when I was working [in another company] as administrative staff, it was more like routine work"*<sup>126</sup>.

Even part of the people who are unhappy in their cooperative and are looking for another job try to work in another cooperative. An employee working for a credit cooperative in Emilia-Romagna, Italy, who is dissatisfied and is looking for another job says *"I would like to work in a social cooperative or a consortium [of social cooperatives]"*<sup>127</sup>.



## REPUTATION

In some cases, working in a cooperative is a significant source of pride. Cooperatives are sometimes considered by local people as one of the best workplaces in their region, where well educated persons work together with a stable and decent salary. In certain regions where cooperatives have enjoyed strong recognition for a long time, such as Emilia-Romagna, the Basque Country, Quebec and Wisconsin, the understanding of cooperatives and their culture does not remain only inside cooperatives, but becomes part of the local culture, even of the local heritage.

On the other hand, in the countries where cooperatives are actively promoted by government policy, such as South Africa and South Korea, the word “cooperative”

itself becomes a sign of opportunity. The role of communication and education is definitely central in these situations.

Sometimes, cooperatives are put on too high a pedestal and people around them find it hard to understand that cooperatives also have to endure the consequences of an economic crisis, despite their resilience. *“The Mondragon Corporation has always been well known, exportable outside here. Working here was having a good job, it was like an everlasting job, a secure one. This means that many people who are now experiencing problems with other companies think that it is more difficult for our company to collapse.”*<sup>128</sup>



## IDENTITY

Identity in cooperatives can be developed at two levels: inside the cooperative itself and within the wider community. It involves the identity of the person as such, his/her identification with the cooperative and the cooperative identity per se.

Interviewees clearly indicated that their cooperative had been a fundamental element in terms of social inclusion and social rehabilitation, or in terms of self-esteem and self-confidence. A waste picker who is a worker-member of a SEWA cooperative in India says: *"People see you just as a waste-picker [strong social stigma]. Before I was a waste picker, today I am a woman of SEWA"*<sup>129</sup>. A worker of a SEWA child care cooperative says: *"Before I joined SEWA I was in a very critical situation because of my husband's mental disease. I had to fight a lot... I had a lot of limitations in my family and a lot of control, but now I build my identity, I make my own choices"*<sup>130</sup>. A woman employee of a consumer cooperative in Emilia-Romagna says: *"My expectations with the company are to continue to be respected for what I do. I feel appreciated. I like that what I do is recognized. My director's high regard repays me"*, adding that *"I would only change my job to be a mother at home"*<sup>131</sup>.

The strong sense of identification between the person and his/her work can also be seen in the experience of a female worker-member of a construction cooperative in Emilia-Romagna: *"My own experience and that of my husband, who also works in a cooperative here in Ravenna, is very positive... This participation stuff, we bring it home a bit. I talk so much about work at home, the social aspects, the activities, participation...It becomes so much part of you that you do not even realize it"*<sup>132</sup>.

There is, of course, a danger here because such strong identification has to be properly managed through adapted work organization. A member of an education cooperative in the Basque Country considers: *"I think the motivation and involvement in the educational project remains the same. Before I was also part of a community. Now I feel comfortable with the cooperative model. There is no doubt that I work much more now than before, but it is also because I have more responsibility. I think I'm giving up part of my family life, apart from my free time and my social life, so this is an aspect that I should improve, my work has to be more effective"*<sup>133</sup>.

On the other hand, a stronger recognition inside the cooperative can result from a stronger involvement in terms of friendly and human relationships (as always repeated in interviews) and a strong dynamic of participation. This dynamic builds a major sense of identification between the individual person and his/her cooperative. It can be transferred from generation to generation in providing the next generation with more natural integration into the cooperative identity. *"My father was a member of the cooperative. So I learned, as a youth, to live in a cooperative environment. And I've always been into it. My son is doing the same thing, but it often takes... for example, my boy is living in this cooperative philosophy, so he is learning in this way"*<sup>134</sup>.

The component of identity which connects to the wider community is linked to the "family" and "reputation" logics mentioned above and feeds into a cooperative culture which, when mature, can lead to important community

celebrations which reinforce this culture and the sense of identity between the community and the cooperative. This, in turn, tends to further reinforce the sense of identification between the cooperative employees, worker-members and producer-members and their cooperative. A producer-member of an agricultural cooperative in Emilia-Romagna says: *"Here... May 1st is the Feast of cooperatives... It represents the fact that you are part of something, the institutions participate, not only the local ones but also the provincial ones... The whole local community participates. The involvement of the community is very strong. It is a very strong social moment. In the days just before and after different initiatives are organized, with a significant impact on the community, with thousands of people taking part. It is a big added value that is used to ensure the relationship with the local people, as a reference point for the local community"* <sup>135</sup>.



### HOW SPECIFIC CONDITIONS IMPACT ON THE DIFFERENT LOGICS OF JUSTIFICATION

We presume that the characteristics of cooperative employment are not set in stone, but rather are a combination of different aspects of work experience in or within the scope of cooperatives in various moments and implicitly influence the way in which various logics of justification are combined.

Concerning the *participation* logic of justification, most of the statements came from worker-members in worker cooperatives. We can hypothesise that participation among members is not sufficiently extended to different types of stakeholders as yet. However, we can observe that certain legal frameworks already allow for the membership of different stakeholders in the same cooperative, called "multi-stakeholder cooperative", generating new governance dynamics that are conducive to the full participation in the cooperative of the different stakeholders, including the staff of the cooperative <sup>136</sup>.

The *family* logic of justification is more widespread in the various forms of cooperatives. Whereas the “feeling of being part” is more common in worker cooperatives, “knowing each other” and “helping each other” are more frequently stated by employees in users’ cooperatives. From this observation, we can deduce that, in users’ cooperatives, a close relationship between user-members and employees from the same community is an important element of both HR management and marketing.

The *economy* logic is more explicitly present in members of producers’ cooperatives. In these cooperatives, the objective of the cooperative and the motivation of members are prevalently economic in nature. Particularly, since members work in their own place and contact cooperatives for economic transactions, their evaluation of their work within the scope of cooperatives might focus on the economic aspect rather other aspects that could be dealt with in their own workplace.

The *value oriented* logic is found across all types of cooperatives. More interestingly, many statements on this logic are found, on the one hand, in cooperatives closely related to social movement initiatives and, on the other hand, in cooperatives located in regions where the cooperative movement has strongly developed in collaboration with civil society and social movements. The analysis of the motivations of working in cooperatives explains that these two points are related to personal experiences and cultural heritage. Some workers who mobilize a *value oriented* logic have had experiences of social movements before turning to cooperatives. Some other workers have had various experiences and acquaintances in cooperatives in their regions so that they already knew about cooperatives beforehand. However, for these workers, it seemed that sometimes there were gaps between their expectations of cooperatives, which should be “value oriented”, and the reality they faced.

The *reputation* logic is linked more to regions rather than to types of cooperatives. The statements related to “the best workplace in our area” are often found in relatively larger cooperatives in rural areas. In the case of users’ cooperatives, we also found that, under the pressure of the external community, especially in small towns and rural areas where employees are often part of the community, cooperatives feel obliged to retain their employees, as a kind of responsibility. Reputation is more present in the regions where the cooperative movement has played an important role in the economic and social development of their territory. It is sometimes promoted by governments and is found in the regions where there are strong public policies for promoting cooperatives.

*Identity* also appears to be region-bound. It is stronger where there is a regional cooperative culture, and in cooperatives with a long history. It appears to be stronger and longer lasting than other types of enterprises in the same community.

As far as *flexibility* is concerned, there seems to be two different aspects to it. On the one hand, new waves of worker cooperatives since the 1970s have been influenced by the inspiration generated by the autonomy and emancipation expressed by various forms of social movements. Worker cooperatives and their recent innovative forms, such as multi-stakeholder cooperatives, community cooperatives and the French activity and employment cooperatives have been responding to this inspiration in providing flexible and innovative organizational forms: in this case, flexibility is rather concerned with a type of cooperative. On the other hand, with the change of industrial forms and the development of the global market, the *flexibility* logic is sometimes more related to the character of the prevalent business activities of the cooperative. With the increase of the internationalization of economic activities of certain cooperatives and cooperative groups, cooperatives encounter problems of fair relations with their business partners, which can impact on the flexibility logic.

## NOTES

43. The number of producer-members (41,455) must have been undercounted in the official statistics (data from the Quebec Ministry of Economic Development, Innovation and Export, reference year 2010). Members of cooperatives belonging to La Coop fédérée are already 63,000 in 2013 (La Coop fédérée, Rapport annuel 2013)
44. In Spain, worker-members are found not only in worker cooperatives, but also in other types of cooperatives such as consumer cooperatives. Eroski, the biggest consumer cooperative in Basque Country has 38,420 workers, and 12,620 of them are worker-members. See: [www.eroski.es/conoce-eroski/memoria-2012/principales-datos-relevantes-de-2012](http://www.eroski.es/conoce-eroski/memoria-2012/principales-datos-relevantes-de-2012)
45. In 2008, the Mondragon cooperative group alone accounted for 3.6% of the Basque Country's GDP and 6.6% of industrial GDP (OECD 2011, p. 55)
46. Among our interview cases, an organic agricultural cooperative located in a very small town, in Wisconsin has attracted many employees from outside and indirectly generates many jobs in that rural area
47. In 2012, Mondragon's employees represented 3.7% total employment in the Basque Country, namely over half of the total cooperative employment
48. In Table 18, the figures on agricultural cooperatives reflect an extremely contrasting character in Kanagawa and in Wisconsin. We can hypothesise that this difference comes from differences in the management of agricultural cooperatives in Japan and in the United States. Another observation is that although data from Nord Pas-de-Calais represent all types of cooperatives, given that 53.3% of jobs are in financial service sector, we can say that data from Nord Pas-de-Calais considerably reflects employment in financial cooperatives.
49. This statement should not be unilaterally judged. While these jobs can be evaluated as being of poor quality from a conventional point of view based on employer-employee relations, we can find different justifications for them. We will examine them in the next chapter.
50. "With regard to agriculture, women are estimated to produce up to 80% of the food in Africa. Yet, when it comes to agricultural inputs and services, the share going to women is meagre: they receive only 7% of agricultural extension services, less than 10% of the credit offered to small-scale farmers, and own only 1% of the land", from ILO (2012) *Empower rural Women - end poverty and hunger: the potential of African cooperatives*, CoopAfrica project leaflet; ILO: Geneva, p. 1
51. 30% in Kenya, 40% in Tanzania and 42% in Uganda, according to ILO 2012, *How women fare in East African cooperatives : the case of Kenya, Tanzania and Uganda*; ILO: Geneva, p.7

52. Data provided by the Desjardins Group
53. This may be due either to the fact that they are non-active, or that producer-members or user-members provide the basic administrative services on a voluntary basis.
54. Data provided by Direction du développement des coopératives, Ministère du Développement économique, de l'innovation et de l'Exportation
55. This has been calculated at the national level by CG Scop for France, where 59% of employment in worker cooperatives and "collective interest cooperative societies" (the approximate French equivalent of social cooperative) is found in enterprises of over 50 workers; see [www.les-scop.coop/sites/fr/les-chiffres-cles](http://www.les-scop.coop/sites/fr/les-chiffres-cles)
56. These include: the ILO Declaration on Fundamental Principles and Rights at Work, 1998; the Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Equal Remuneration Convention, 1951; the Social Security (Minimum Standards) Convention, 1952; the Abolition of Forced Labour Convention, 1957; the Discrimination (Employment and Occupation) Convention, 1958; the Employment Policy Convention, 1964; the Minimum Age Convention, 1973; the Rural Workers' Organisations Convention and Recommendation, 1975; the Human Resources Development Convention and Recommendation, 1975; the Employment Policy (Supplementary Provisions) Recommendation, 1984; the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998; the Worst Forms of Child Labour Convention, 1999; see [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R193](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R193)
57. This is in keeping with Richez-Battesti et al. 2013, p. 87
58. In spite of superficial similarity, this approach appears to be fundamentally different from the concept of a more humane workplace culture promoted by many enterprises, because it originates from the very identity of cooperatives as associations of persons, rather than from a workplace culture strategy or personal leadership, which, in general, are ultimately subordinated to the financial interest of shareholders
59. See also Lindenthal (1994), p. 50
60. Employee 2, agriculture service cooperative, Wisconsin, USA
61. Producer-member, agricultural cooperative, Quebec, Canada
62. Worker-member, worker cooperative (manufacturing), Basque Country, Spain
63. Employee (director), financial cooperative, Gauteng, South Africa
64. Worker-member, social cooperative consortium, Emilia-Romagna, Italy
65. Worker-member, workers' collective (mutual insurance service), Kanagawa, Japan
66. For example, the construction sector in Quebec is strongly regulated by a provincial tripartite commission composed of employers, trade unions and government. Training and qualification, wage levels, working conditions and social security are regulated by this commission. This allows cooperatives to position themselves with a similar level of labour cost, compared to their competitors, so that real competitiveness comes from more technical and managerial aspects, rather than from lower labour costs. On the other hand, cooperatives active in services of general interest, whose main clients are public authorities, are often under strong regulation by the public sector. These cooperatives try to negotiate with public authorities, in collaboration with trade unions or on their own (Cardinale, Migliorin and Zarri, 2014).
67. Worker-member, worker cooperative (child care), Ahmedabad, India
68. Employee, agricultural cooperative, Emilia-Romagna, Italy
69. Producer-member, agricultural cooperative, Basque Country, Spain
70. Worker-member, worker cooperative (manufacturing), Basque Country, Spain
71. However, we didn't did not strictly follow the original categories proposed by Boltanski and Thevenot. Based on our analysis of the interviews, we can add a justification logic about identity.
72. Worker-member, worker cooperative (construction), Emilia-Romagna, Italy
73. Worker-member, workers' collective (mutual insurance service), Kanagawa, Japan
74. Former worker-member, worker cooperative (information techniques), Emilia-Romagna, Italy
75. Worker-member, worker cooperative (care service), Kanagawa, Japan
76. Worker-member, worker cooperative (engineering), Wisconsin, USA
77. *Ibid.*
78. Employee, consumer cooperative, Emilia-Romagna, Italy

79. Worker-member, worker cooperative (paper products), Paraiba, Brazil
80. Worker-member, older persons' cooperative (care service), Kanagawa, Japan
81. Worker-member, worker cooperative (cleaning, regional federation), Kanagawa, Japan
82. Employee, affiliate enterprise (mutual insurance), Wisconsin, USA
83. Worker-member, workers' collective (mutual insurance service), Kanagawa, Japan
84. Worker-member, worker cooperative (mental health service), Wisconsin, USA
85. Worker-member 1, worker cooperative (taxi), Wisconsin, USA
86. Worker-member 2, worker cooperative (taxi), Wisconsin, USA
87. Worker-member 1, worker cooperative (taxi), Wisconsin, USA
88. Worker-member, worker cooperative (cleaning, regional federation), Kanagawa, Japan
89. Worker-member, worker cooperative (Engineering), Wisconsin, USA
90. Worker-member, consumer cooperative, Basque Country, Spain
91. Employee, credit cooperative, Emilia-Romagna, Italy
92. Employee 1, agriculture service cooperative, Wisconsin, USA
93. Worker-member, older persons' cooperative (care service), Kanagawa, Japan
94. *Ibid.*
95. Employee, insurance cooperative, Santa Fe, Argentina
96. Employee, social cooperative (lunch box, catering, restaurant), Gangwon, South Korea
97. Worker-member, worker cooperative (Engineering), Wisconsin, USA
98. Employee, agriculture service cooperative, Wisconsin, USA
99. Worker-member, older persons' cooperative (care service), Kanagawa, Japan
100. Employee, organic agricultural cooperative, Wisconsin, USA
101. Employee, worker cooperative (multi-services), Emilia-Romagna, Italy
102. Employee 1, consumer cooperative, Kanagawa, Japan
103. Employee, consumer cooperative, Emilia-Romagna, Italy
104. Employee, worker cooperative (multi-services), Emilia-Romagna, Italy
105. Worker-member, worker cooperative (manufacturing), Basque Country, Spain
106. Employee, credit cooperative, Emilia-Romagna, Italy
107. Employee, worker cooperative (multi-services), Emilia-Romagna, Italy
108. Employee 2, consumer cooperative, Kanagawa, Japan
109. Employee, dairy cooperative, Santa Fe, Argentina
110. Producer-member, transport cooperative (taxi), Paraiba, Brazil
111. Employee, consumer cooperative, Quebec, Canada
112. Worker-member, industrial cooperative, Basque Country, Spain
113. Worker-member 1, worker cooperative (mental health service), Wisconsin, USA
114. *Ibid.*
115. Worker-member, older persons' cooperative (care service), Kanagawa, Japan
116. In the case of cooperatives in construction, this problem concerns local workers temporarily employed in their construction sites. However, we know that in many countries, there are specific regulations for protecting construction workers who suffer from this kind of flexibility imposed by the very nature of certain business activities
117. Former worker-member, worker cooperative (information techniques), Emilia-Romagna, Italy
118. Employee 3, consumer cooperative, Kanagawa, Japan
119. Employee, affiliate enterprise (mutual insurance), Wisconsin, USA
120. Employee 1, agriculture service cooperative, Wisconsin, USA
121. Employee, consumer cooperative, Gangwon, South Korea
122. Worker-member 2, worker cooperative (taxi), Wisconsin, USA

123. Worker-member, social cooperative (child care), Emilia-Romagna, Italy
124. Employee 1, consumer cooperative, Kanagawa, Japan
125. Worker-member, older persons' cooperative (care service), Kanagawa, Japan
126. Worker-member, worker cooperative (care service), Kanagawa, Japan
127. Employee, credit cooperative, Emilia-Romagna, Italy
128. Worker-member, consumer cooperative, Basque Country, Spain
129. Worker-member, worker cooperative (waste picker), Ahmedabad, India
130. Worker-member, worker cooperative (child care), Ahmedabad, India
131. Employee, consumer cooperative, Emilia-Romagna, Italy
132. Worker-member, worker cooperative (construction), Emilia-Romagna, Italy
133. Worker-member, education cooperative, Basque Country, Spain
134. Producer-member, agricultural cooperative, Quebec, Canada
135. Producer-member, agricultural cooperative, Emilia-Romagna, Italy
136. In Spain, worker-members in cooperatives are not found only in worker cooperatives. In some other types of cooperatives, employees can be members as worker-members as well. In some other countries, such as France, Canada, Italy and South Korea, there are specific legal forms for multi-stakeholder cooperatives. This type of cooperatives have developed an innovative governance model which allows different actors in local community to work together for the general or collective interest of their territory

# CHAPTER 4

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## COOPERATIVE EMPLOYMENT AND COOPERATIVE ENTREPRENEURSHIP

In the second part of the previous chapter, we examined the specifics of employment taking place *in* or *within the scope of* cooperatives, based on the analysis of the individual visits and interviews carried out during the fieldwork in the 10 selected regions. We observed a series of very characteristic features of cooperative employment, in spite of the predominant utilization of either the conventional employee status or the self-employed status.

In this chapter, we examine how, and to what extent, the specific characteristics of cooperative employment examined in Chapter 3 are conducive to the entrepreneurial development and sustainability of cooperatives, as well as the challenges facing cooperative employment in today's globalized economy and crisis-prone world environment. We base ourselves here both on the fieldwork material and on previous studies (Roelants, et al. 2011 ; Zevi et al., 2011 ; Roelants et al., 2012), as well as on the knowledge gathered by CICOPA's own cooperative enterprise network.

From the viewpoint of what a cooperative is in essence, cooperative employment, with all of its characteristics which we have seen in the previous chapter, is hardly dissociable from cooperative entrepreneurship. The two aspects of a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social and environmental needs and aspirations" and "a jointly owned and democratically controlled enterprise"<sup>137</sup>, are the two sides of the same coin. Only by improving their economic sustainability can cooperatives and cooperative groups ensure the long term stability of employment for employees and worker-members and of the economic activities of the self-employed producers who are members of the cooperative. *Vice versa*, given the specific stakeholder-based nature and dynamic of cooperatives, the economic sustainability of cooperatives should be directly dependent upon how employees, worker-members and self-employed producers provide specific contributions to their enterprise, based on their own behaviour towards the latter. We now have to verify this theoretical assumption with what we observed during the fieldwork and in our earlier studies.



## 4.1. HOW THE SPECIFIC CHARACTERISTICS OF COOPERATIVE EMPLOYMENT IMPACT UPON THE ECONOMIC SUSTAINABILITY OF COOPERATIVES AND VICE VERSA

### 4.1.1. THE LONG-TERM DURATION OF EMPLOYMENT

In most cases, cooperatives set out to have a long lifespan: the satisfaction of people's needs and aspiration, which is their core mission, is more often than not a sustained and long-term aspiration (employment, production, consumption, housing, usage of basic services etc.). In addition, the stakeholders to whom the cooperative addresses itself are not only isolated individuals, but are also categories of stakeholders who renew themselves continuously in the cooperative. This slow but continuous turnover of members from the same stakeholder category tends to generate long-term enterprise strategies which, in turn, can favour long-term employment, together with other factors. The long-term duration of employment is a trend which we were able to verify in each of the 10 regions where we conducted the fieldwork, although we could not find corresponding quantitative data. Of course, such employment security is not absolute and requires enterprise sustainability. Nevertheless, the fact that workers and producers feel that their job or economic activity is stable provides an important basis for any specific attitude which they may have towards their cooperative (see 4.1.2. below). An employee of an insurance cooperative in Santa Fe, Argentina, mentions that *"people use to work here for their entire career, you find people who have been working for 30 years or more, until they reach retirement age"*<sup>138</sup>.

But this logic is also to be found among producer-members, in an inter-generational perspective. A member of an agricultural cooperative in Emilia-Romagna explains how he took over from his uncle as a member of the cooperative and continues to see his membership from a family perspective: *"at the decision-making level, to be a member continues to reflect the position and the wishes of the family. I am officially the member but management is always done at the family level, which I think is the most beautiful thing to maintain the rural status"*<sup>139</sup>.

### 4.1.2. THE ATTITUDE OF STAFF AND MEMBERS

The *participation* and *family* logics of justification which we found in Chapter 3 generate an attitude which may provide elements of entrepreneurial sustainability.

First of all, the participatory attitude generates a sense of responsibility and ownership, which is both individual and collective. A young woman who is a worker-member of a handicraft cooperative in a Johannesburg suburb says: *"you own the company, you need to make something of it, it will be growing*

*in order to reach another stage ... But in another company... I don't have responsibility, I'm just going to work every day, just working"*<sup>140</sup>. This sentiment is further accentuated by the perception that the cooperative's profitability is directly linked to one's work. A worker-member of a Mondragon industrial cooperative considers that *"all models are good but the cooperative is the one that most attracts me because you feel that your performance is directly proportional to the results you get... The members of this enterprise are the ones who will be most directly benefited"*<sup>141</sup>.



For example, in cooperatives where there is a daily relationship with the clients, this attitude can generate concrete results in terms of relations with them and therefore also in terms of economic sustainability, because clients are particularly well looked after. A woman worker-member at a consumer cooperative in the Basque Country considers that, compared to another hypermarket, *"for me it's different because I feel that I am part of the enterprise... I think it's important when you work in it and try harder and better serve the public"* <sup>142</sup>.

We also see that in difficult economic times, worker-members can decide to temporarily reduce their salary, to forgo their share of the distribution of surpluses, or even to contribute to the repayment of part of the debt incurred by the cooperative by giving up their right to some part of their share capital. The woman mentioned above explains that the worker-members of her cooperative have given up their right to part of their share capital in order to contribute to repaying enterprise's debt. This was democratically decided through consultation, debate and vote: *"In the general assembly, we had a consultation, they presented the accounts to us, and we understood the need to pay that money, and we voted to do it"* <sup>143</sup>. The democratic decision provides legitimacy and thus security in the implementation of the measure.

Although such an attitude is particularly strong in worker-members, we also find it among ordinary employees, such as the employee of a medical social cooperative in Wongju in South Korea, who, when asked whether working in the cooperative or in another workplace was different, said: *"It is different. The skills do not differ significantly. But there is another mind-set here"* <sup>144</sup>. An employee of an agricultural cooperative in Wisconsin in the United States even maintains that *"we can get a way of having less employees than some other retailers... to do the same job, if not better"*, adding that *"we're paying the higher end of the pay scale"* <sup>145</sup>, which is certainly an important motivational element, but is made possible by the very attitude of the employees towards their professional role.

Such a mind-set makes it possible to foster personal initiative to attain objectives that have been rigidly set by entrepreneurial necessity, similar to what a female employee of a consumer cooperative in Emilia-Romagna is experiencing with a specific objective in mind, *"which I have to reach, based on business rules that are fixed, contractual... Then I have complete freedom as to how I reach that objective. The responsibility is mine. The goal is to get the best out of each person. I think in many private companies, it happens more often that people are*

only asked to perform a task"<sup>146</sup>. Such a sense of personal initiative is a strong factor of enterprise productivity and innovative spirit.

We have also seen that the participatory attitude of cooperative staff can have positive consequences on the cooperative's capacity to reach new markets (e.g. by finding new members in consumer cooperatives), or to reconstruct existing ones (e.g. in cooperatives that are the outcome of a transformation of an enterprise without successor or in crisis). For example, employees of consumer cooperatives in Kanagawa, Japan, take advantage of home delivery to gain new members and make the old ones more active. The staff and members of a dairy cooperative in Paraiba, Brazil, most of whom belong to remote rural villages, mobilized themselves in a very proactive sales strategy with sales agents throughout Northeast Brazil. This trait is particularly important in worker cooperatives that are the outcome of restructuring in an enterprise in crisis, such as a worker cooperative in the metallurgical industry in Santa Fe, Argentina, where the worker-members, who were initially exclusively doing subcontracting work for the main local steel company, are gradually managing to diversify their clients, thus making it possible to develop employment from 80 at its creation in 1996 to 263 today.



Another observation is that this attitude displayed by the staff and producer-members tends to generate trust, which in turn is deemed by some interviewees to be a fundamental condition for the economic sustainability of their cooperative. For example, a producer-member of an agricultural cooperative in Emilia-Romagna considers that *"the member must believe in the cooperative; if he has no trust in the cooperative, the cooperative will not go ahead. - And how do you make sure that members trust the cooperative? - Through practical example... Transparency, seriousness, market competitiveness. Clear, transparent and well-decoded rules. The conditions of service to the member must be clear"*<sup>147</sup>.

In some cases, this attitude can anticipate changes that are about to take place in terms of citizens' needs, such as in new social services or in the environmental field. This is fundamental given the fact that satisfying people's needs is cooperatives' very mission, and therefore their economic sustainability cannot take place without constantly taking this component into account. For example, Italian social cooperatives were the first provider of social services for patients with AIDS in the early 1990s, when the government did not cover such services. Sometimes, concerned but still isolated employees can be harbingers of change to come. An employee of a consumer cooperative in Kanagawa, Japan, applied for her job for environmental concerns: *"When I was a university student ... I engaged in the environmental movement. Then, through the job hunting process, I came to know consumer cooperatives. Consumer cooperatives never produce wasteable products, but only necessary ones"* or, at least, *"it's an important image of the future I want to achieve... It's important to imagine the future and to connect it to our daily jobs. Now, I'm in charge of increasing the number of members"*<sup>148</sup>. Her environmental concern may well become a strong and innovative business element when members gradually show more environmental concern.

### 4.1.3. EDUCATION AND TRAINING

Education and training are now universally considered as being a key component of enterprise sustainability and are part of the cooperative principles<sup>149</sup>. They seem to be fundamental in bringing together the two key components which are generally sought in cooperative staff as seen in Chapter 3, namely professional competence and knowledge of the cooperative mode of functioning. Whereas, as we also saw in Chapter 3, recruitment predominantly takes these two dimensions into account, adequate education and training can ensure the full blending of them. Strong investment in education and training has proved to be a fundamental factor in the economic sustainability of large cooperative groups like Mondragon. A worker-member from Mondragon explains how she, like other staff members, delivers training to others. *"Here the one who teaches is not the boss, here everyone contributes with what he has learned"*<sup>150</sup>.

Education has proved fundamental, for example, in South Korean credit unions to overcome the 1997 crisis and to become sustainable ever since. Whereas many credit unions in South Korea went into crisis or disappeared at that time, a credit union which placed a greater emphasis on education programs for members managed to weather the storm, firstly thanks to their members' loyalty for several years during which they could not afford to redistribute financial returns to members. The fundamental importance of education programs of this type is explained by one of their employees: *"Whereas there are a lot of members with high levels of loyalty, in fact most members join us just for reasons of convenience, or of personal relationship. So, that is why we're trying to educate them continuously. If not, this trust would fade out... Cooperative finance has a slow decision-making process if it is to work correctly. So it is difficult for credit unions to catch up with private banking logic. In my opinion, we cannot catch up with them in the development of products and in investing huge amounts of money... So, I believe that education is the most important element"*<sup>151</sup>.

Not only formal education and training, but also every decision-making process can be an important opportunity for training members and employees. The *"cooperative filter"*, a tool developed by a Quebec funeral service cooperative, allows board members and employees to reflect upon their decisions bearing in mind their values and principles, which are noted on a card (the so-called *"cooperative filter"*). This simple tool changes the decision-making process into daily cooperative training.

#### 4.1.4. CONSTITUTION OF FINANCIAL RESERVES

The constitution of financial reserves, which is also part of the cooperative principles<sup>152</sup>, has shown its usefulness in times of crisis, helping cooperatives to bridge the gap for several months and keep their workforce until the most acute phase of the crisis has passed. Together with members' own share capital, they have proven to be fundamental in generating employment, given the fact that cooperatives finance themselves outside of financial markets (except in rare cases and in a very marginal fashion). We also need to point out that the mission of cooperatives is not to remunerate capital, but rather is to satisfy members' needs and aspirations; thus members are more prone to use capital and reserves as a tool in favour of enterprise sustainability, rather than as a goal in itself, which positively affects employment for the employees, worker-members and producers. We also discovered in the interviews that the interaction

between staff and members, based on a dedicated and proactive attitude from the staff, can be a strong element in the process of reinforcing financial reserves. An employee of the Desjardins Federation explains that *"we are recognized as one of the strongest financial institutions in the world, because we have a high level of capitalization; in fact, what we say to members is 'We could give you more returns. But your financial institution would be weaker.' So in fact, we explain the benefits of capitalization"*. Members are open to the message because the Desjardins credit unions (*caisses*) *"are closer to the needs of members, people feel more concerned"*<sup>153</sup>. Desjardins' entrepreneurial sustainability is in no small part due to the dedicated attitude of its personnel and, in turn, provides employment sustainability to its over 40,000 workers in Quebec alone, making it the leading employer in the province.



#### 4.1.5. CONTRIBUTION TO THE FORMALIZATION OF EMPLOYMENT AND OF THE ECONOMY

No entrepreneurial project can be deemed sustainable economically in the long term without a drive towards formalization. Only by evolving in the formal economy can a cooperative enterprise build long-term partnerships and business relations. In addition, cooperatives require a particularly high level of institutionalization in order to make their democratic governance system function properly and with all the necessary guarantees, which in turn is part of their basic entrepreneurial functioning: this institutionalized dynamic cannot remain in the informal economy for a long time.



Since their origin two centuries ago, cooperatives have generally provided their workers and producer-members with the highest level of formality which the latter could possibly attain considering their national environment. We can see, for example, in SEWA's women's cooperatives in India, that the gradual formalization of the women-members' jobs and economic activities has clearly improved the latter's economic sustainability.

In SEWA, the worker-members are formally registered in their cooperatives, who in turn are encouraged to register in order to allow their worker-members to benefit from full recognition, as well as benefitting from a regular job and income. However, the worker or self-employed producer status of the cooperative member is usually not formally recognized. But since 90% of workers in Gujarat and virtually all workers in the activities in which SEWA cooperatives are involved (waste picking, crafts, construction etc.) are not formally recognized workers, the problem is no longer SEWA's but instead is a wider issue involving all levels of government. In the meantime, SEWA has provided the highest possible level of formality within its power and in the power of its cooperatives to deliver: formal registration within a formally recognized enterprise whenever this was possible, as well as regular work and income, the level and conditions of which are negotiated internally in the SEWA trade union.

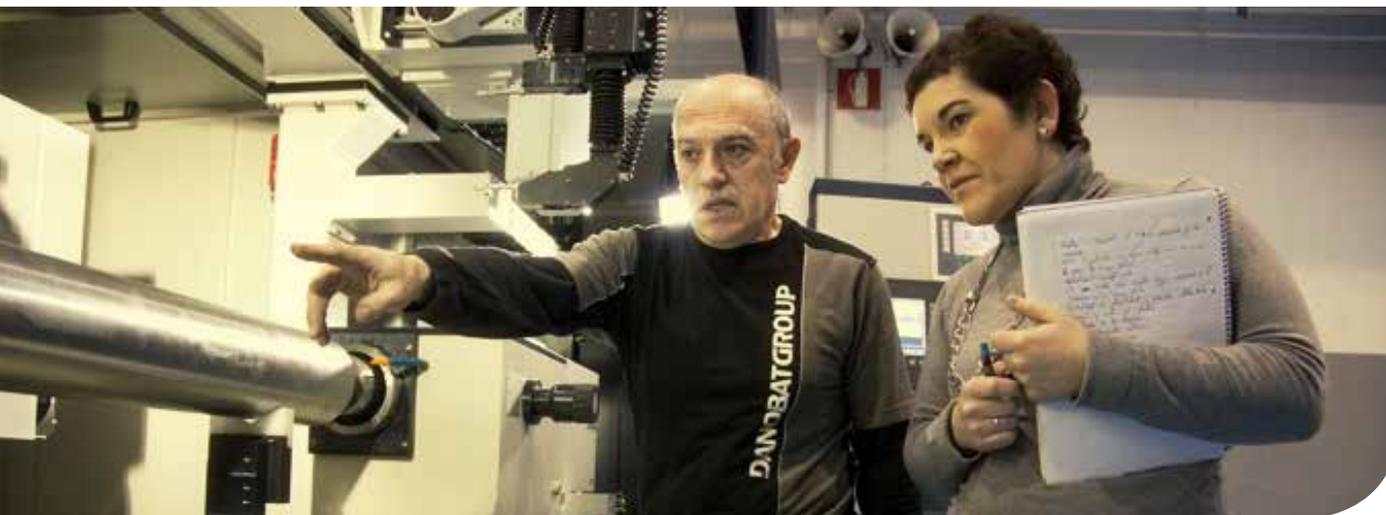
But the trend towards formalization is not the monopoly of developing and emerging nations. In many sectors, such as social care and construction, the transition towards the formalization of the economy and employment is an uphill struggle even in developed countries and cooperatives seem to be overwhelmingly striving to achieve formalization, not least of all because this is seen as a strong element of transparency.

Cooperatives are also gradually responding to newly emerging employment needs which are difficult to satisfy under the present employment system, while encouraging people to work in the formal economy. French activity and employment cooperatives help people test and develop their individual entrepreneurial projects while benefitting from an employee status and full social security as an employee, thereby reducing their administrative burden during a certain period. When they succeed in developing their project into a real business, they can either leave the cooperative or remain in it. There is a mechanism enabling unemployed people to gradually transit from unemployment towards their new economic activity. This model of cooperative enables individual entrepreneurs to work for their own individual project in a collective system and within the formal economy, and is an important element of innovation in terms of enterprise governance.

### 4.1.6. COOPERATION BETWEEN WORKERS, USERS, PRODUCERS AND OTHER STAKEHOLDERS

The ongoing trend towards multi-stakeholder cooperatives which is discussed in Chapter 3 as a way to combine the interests of different types of stakeholders into one single cooperative, with weighted ratios of voting powers in general assemblies and boards reflecting the various interests involved, is another key element of organizational innovation and can also be a strong element of enterprise sustainability. This structure allows cooperatives to respond even more effectively to community needs by including all key actors of a community project, whilst at the same time benefitting from all of the related advantages in terms of competitiveness

and sustainability. This has been at least one of the tenets of the Mondragon group since the early 1960s. Several key cooperatives within the group (bank, university, industrial research centres, educational cooperatives, consumer cooperative, agricultural cooperatives) are multi-stakeholder cooperatives and include consumers, students, agricultural producers and other cooperatives as members. By default, they always include the workers. Multi-stakeholder cooperatives of this type are not just cooperatives in which different types of stakeholders can be members: they have very precise governance structures, with specific ratios of voting powers in general assemblies



and boards. In particular, the inclusion of the workers in the membership of all Mondragon cooperatives (not only worker cooperatives) has proved to be a strong motivational element of participation, with significant consequences on the cooperatives' sustainability, which is something that we were able to verify once more during this fieldwork.

Cooperation between staff and members can also take other forms, such as recruiting staff among

persons with board experience in the cooperative or cooperative group, like in the Desjardins group in Quebec. An employee of the Desjardins Federation, which is the entity coordinating the group, explained that she had previously been a board member of a local Desjardins credit union (*caisse*) before being recruited as an employee. Recruitment among members, and in particular among board members, ensures that the candidates already know the organization and the work and will tend to have a good understanding of the members whom they will have to serve.

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### 4.1.7. ECONOMIES OF SCALE

Cooperatives can be seen as agents of economies of scale, as this is one of the main entrepreneurial characteristics through which they satisfy people's needs and aspirations, by doing collectively what people could not, or could hardly, do on their own or in isolation from one another.

The economies of scale of cooperatives are characterized by democratic control and horizontal governance and are positively impacted by the above-mentioned attitude of participation by members and staff, as we will see below. In turn, the continuous strengthening and widening of cooperatives' economies of scale is one of the main reasons for their sustainability. Such economies of scale can take place within cooperatives, between cooperatives, or between cooperatives and other actors. They are fundamental in also consolidating cooperative employment (of people working *in* or *within the scope of* cooperatives) and, *vice versa*, cooperative employment tends to reinforce such economies of scale.

### ECONOMIES OF SCALE WITHIN THE COOPERATIVE

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The simplest way of cooperating between producer-members of the same cooperative is to share production tools. This is what fisheries cooperatives do in Emilia-Romagna by sharing boats or what specialized agricultural cooperatives called CUMA, such as in the Basque Country in Spain do, as well as what happens across the border in France, where the sharing of agricultural machinery is a commonplace.

All of these practices help to substantially cut the costs for the producers.

Within producers' cooperatives, employees have to provide members with technological support and information that is both of high quality and can be easily implemented. A producer-member of an

agricultural cooperative in Emilia-Romagna explains *"I need all the information about climate trends and information on the farming techniques that are on the market. This is something the cooperative is able to do. It's like a teacher for the farmer... I call the cooperative technician who suggests the use of a product at the best possible price and quality, but not because he has to sell me the product (...), so that I can reach harvest time without having had any problems and I even save money"*<sup>154</sup>. A virtuous circle thereby takes place between the cooperative members' democratic control over the cooperative, the dedicated attitude of the employees, the members' capacity to generate a production level that ensures the economic sustainability of their farm, the economic sustainability of the cooperative itself and, ultimately, the sustainability of employment for both the employees and for the producers and their families.

In turn, before the above-mentioned cooperative was established in the 1950s, *"each farmer had to negotiate the price with the private sector. This bargaining in the commercial relationship was not always easy, and so it was easy for the farmer to*

*be manipulated... Whereas the farmer was alone, the private buyer had contact with everyone and this gave him more bargaining power... This does not happen in a cooperative and why? Because the rules are decided beforehand: the producer in a cooperative knows from the start what his costs and profits will be"*<sup>155</sup>. In this way, each farmer is able to do financial planning, avoid indebtedness and further maintain the economic sustainability of his farm.

Even when competing technicians are able to provide specialized services at a lower cost, hiring those of the cooperative can, in the end, be a winning strategy for the producers, because the cooperative provides a multi-faceted set of services adapted to their needs, *"It's like a bundle... You get a better deal that way, and that's what we can offer... we have more things to offer than retailers specialized in just one sector"*<sup>156</sup>. Cooperatives can increase their scales when the economic environment makes it possible, like in Argentina where a major agricultural revival has taken place over the last few years. In Santa Fe, an Argentinean province possessing 21% of the country's arable land and characterized by a



predominance of small and middle-sized farms, the AFA agricultural cooperative has 10,000 members in the province alone and provides them with a wide range of services across a wide area of land throughout the whole year, with a storage capacity of 3,200,000 tons, an extensive transport logistics system with 220 trucks, 57 centres and sub-centres

manned by 1,600 permanent staff<sup>157</sup>. Such expansion would probably not have been possible without a long tradition of cooperatives in the province, partly inherited from Italian immigrants. AFA itself was established in 1932 by farmers with modest means and has developed a strong cooperative culture with active members and dedicated employees.

## ECONOMIES OF SCALE BETWEEN COOPERATIVES

In Kanagawa, Japan, a partnership has been established between Seikatsu Club Consumer Cooperative and “workers’ collectives” (a special type of worker cooperative which, as we saw in Chapter 3, is characterized by the presence of a majority of women who are not family breadwinners but who seek complementary income for the family, often on a part-time basis). Given that the consumer cooperative is one of the main clients of the workers’ collectives, one can consider that this partnership is a sub-contracting arrangement. However, the relationship between the two sides is continuous and should therefore be seen as a stable partnership, rather than as a conventional form of sub-contracting. The workers’ collectives ensure management of the shops of the consumer cooperative. Their worker-members, because of their very status, have the necessary motivation to provide good quality services to members-clients of the consumer cooperatives, which is conducive to the sustainability of both partners in the business.

The most significant type of interaction between cooperatives as far as economies of scale are concerned is embodied by cooperative groups, namely business groups between cooperatives

characterized by both horizontal, peer-type, governance and by substantial democratic delegation of entrepreneurial powers by the cooperatives to the group. Among the 10 regions selected in the study, three have considerable experience in such business combinations: the Basque Country with the Mondragon group, Quebec with the Desjardins group and Emilia-Romagna with a series of cooperative consortia. In all three cases, the business sustainability of the cooperative group and of its constituent cooperatives could, once again, be widely ascertained during our fieldwork, in spite of the ongoing hard times in the world economy and of some isolated difficulties in specific cooperatives and sectors of activities, as we will see in the next section in the case of Mondragon.

When the above-mentioned dedicated attitude of workers and members can be exercised within the framework of an enterprise *ensemble* grouping over a hundred cooperatives (in Mondragon), or a few hundred (in Desjardins), the effects of such a dedicated attitude and positive interaction are multiplied. The data of these business groups, in terms of turnover, profitability, capitalization, market shares and employment creation and longevity, which



we were again able to verify during the fieldwork, are sufficiently eloquent to suggest that this is indeed the case<sup>158</sup>.

As we were once again able to establish during the fieldwork, cooperative groups of this kind must strike a very difficult balance between the delegation of power, which is democratically granted by the cooperatives to the group on the one hand, and the autonomy of the constituent cooperatives on the other. A worker-member of a social cooperative consortium in Emilia-Romagna, grouping several primary cooperatives involved in community services or in work integration of disabled and socially disadvantaged people, considers that *"we are a very particular structure... because of the delegation of power from the cooperatives to the consortium. I believe that this system is a great guarantee of sustainability for the cooperatives"*<sup>159</sup>. On the other hand, a worker-member of Laboral Kutxa (ex Caja Laboral), a bank within the Mondragon group, explains that *"Mondragon is not a vertical structure, it is a network. So the president does not give orders to Mondragon cooperatives, he has no mandate to tell cooperatives what they have to do"*<sup>160</sup>. This equilibrium is the essence of the success of such large business groups. Without the democratic delegation of power, these larger

entrepreneurial *ensembles* could not function as business groups. On the other hand, without autonomy, the dynamics of each cooperative, embedded in its specific locality and specialized in a given activity, would be lost and its specific way of ensuring entrepreneurial sustainability together with it. The combination of the two elements requires a substantial investment in democratic governance at the group level. Mondragon, for example, organizes regular congresses where each cooperative is represented and has a share of voting power proportional to the number of their worker-members. *"The congress is the meeting point of the group of cooperatives and cooperativists of the Mondragon project. It is organized in such a way that what goes to the congress has a completely concatenated process to guarantee that the items debated and dealt with in the congress have all the components that any worker-member of the [cooperatives belonging to the] corporation may want to bring to this project"*<sup>161</sup>.

Cooperative groups can also establish solidarity mechanisms between the constituent cooperatives. A social cooperative consortium in Emilia-Romagna has been undertaking the transfer of funds from one cooperative to the other to solve transitory cash flow problems, as mentioned in Chapter 3. As we also

saw in that chapter, Mondragon has a system under which workers from a cooperative in difficulty can temporarily or permanently be relocated to another cooperative within the group, thereby maintaining their motivation and the organizational know-how of the cooperatives, apart from greatly enhancing employment security. These solidarity mechanisms ultimately reinforce the business sustainability of the whole cooperative group and of its constituent cooperatives.

Another function of cooperative groups is to help organize mergers between their constituent cooperatives, trying, here again, to strike a balance between business efficiency and the cooperatives'

roots in the community. The above-mentioned social cooperative consortium in Emilia-Romagna has experienced a reduction in the number of its constituent cooperatives from 15 to 9 over the last few years as a result of mergers. The Desjardins group had around 1400 credit unions (*caisses*) in the early 1980s, a figure that has fallen to 380 today. The group made sure that this reduction, which was essential for its survival (in particular under the new Basle 3 standards) would not be done to the detriment of the credit unions' strong ties to the area, which is an essential component of the latter's very *raison d'être*. Part of the solution has been to maintain 1,400 service points across Quebec, with staff deployed to the remotest parts of the province.

## ECONOMIES OF SCALE CARRIED OUT THROUGH PARTNERSHIPS WITH EXTERNAL ENTITIES

Maintaining basic services up to remote villages is, however, very difficult and Desjardins is deploying a strong effort in this sense, as an employee of the Desjardins Federation, which coordinates the group, explains. "When closing a service point, when a cash point is removed, it is a tragedy, because it's like killing a village". At the same time, "we have counters where we have five transactions per week... Five transactions per week, not only it is not profitable, but we lose 40,000 dollars per counter. We cannot continue". So they find alternative solutions: "for example, we partner with municipalities, opening a service point... with the municipality, often in a village, they haven't got a lot of resources either. If it is a small village, they have a worker who works part time, we employ the same employee together with them, we employ him full-time, then, there are municipal services and financial services full time. So it is on

*the same spot, we share their premises, the cost is reduced, and then we provide services together. We also do this with the post office.... In fact, we try to be a little bit imaginative, it takes a lot of creativity. These kinds of villages can be found everywhere in Quebec*<sup>162</sup>. This innovative practice, facilitated by the creativity generated by the employees' and members' attitude, makes it possible to maintain Desjardins' core mission of providing financial services to the population of Quebec, even in the most remote villages, while maintaining the competitive edge of the group as one of the main banking groups in Canada. In addition, by maintaining employment in very remote places, it contributes to keeping villages alive, thereby helping to further maintain employment and to fight against the economic desertification of Quebec's remote regions.

## 4.2. ENTREPRENEURIAL CHALLENGES THAT COOPERATIVE EMPLOYMENT IS FACING

The specificities of cooperative employment, which we identified around 8 *logics of justification* in Chapter 3, are facing important challenges which could threaten the employment capacity of cooperatives. On the other hand, these specificities create new opportunities for cooperatives in responding to emerging employment problems.

The main challenges we found cooperative employment to have in the face of today's globalisation and are directly linked to the management of work and employment are the following.

### 4.2.1. FACING THE INTENSIFYING GLOBAL COMPETITION

In the globalized economy, cooperatives are facing increasingly fierce competition. To survive, many cooperatives have developed upscaling strategies in order to keep pace with global competitors. However, these strategies have brought about a restructuring process, including in the employment field. Many cooperatives have been under intense pressure to restructure, under the "economy" logic of justification mentioned in Chapter 3, at the expense of the other logics of justification which we identified in the same chapter. Bowing to such pressure might harm cooperatives' competitiveness in the long run, even though it could bring short-term financial improvements.

Mondragon group's experience shows two interesting points in this respect. First of all, since the launch of their internationalization strategy in the early 1990s, Mondragon has actively developed business activities in other countries with production units that are close to the assembly points of large production chains and is adamant that this internationalization strategy has been conducive to the creation and consolidation of jobs in the Basque Country itself<sup>163</sup>. However, this has given rise to a debate about the relationship with workers in foreign countries who are not members. The group is gradually trying to find solutions to integrate foreign workers into the Mondragon cooperative system.

On the other hand, the case of the Fagor Electrodomesticos cooperative, which entered a liquidation process in 2013, shows that business failure in the globalized market does not spare cooperative enterprises, despite the stronger cooperative resilience. However, even in such an extreme case, the Mondragon group is succeeding in organizing the redeployment of most worker-members from that cooperative into other cooperatives in the group and in providing sufficient income compensation through their own social security system. At the end of July 2014, 8 months after the beginning of this cooperative's bankruptcy process, the group had already found solutions for 76% of its worker-members: out of 1,895 worker-members of Fagor Electrodomesticos, 1,050 have

been redeployed to other cooperatives in the group and another 400 individual solutions have been found, such as early retirement schemes<sup>164</sup>. It is expected that a solution will be found for the remaining 24% of the cooperative's worker-members shortly, before it is liquidated. Mondragon group's experience illustrates the seriousness of the challenges stemming from global competition and the fact that different logics structured in specific cooperative strategies could remedy the damage done to the *economy* logic, to the advantage of long-term entrepreneurial sustainability.

#### 4.2.2. TACKLING WEAKNESSES IN MANAGEMENT SKILLS

On the other hand, by overemphasizing the *family*, *value-oriented* and *reputation* logics, cooperatives can suffer from economic problems. Over the last several decades, cooperatives have developed with a strong impetus from social movements and with the support of public authorities, due to the social contributions made by them. This phenomenon has brought about a major cooperative boom in many countries and has stimulated related concepts such as the social economy and the solidarity economy, as well as social enterprises and social entrepreneurship. However, we can observe that enthusiasm is not always supported by sufficient managerial competences. Too much family culture among employees with over-generous remuneration cannot be balanced with members' interests due to an excessive increase of costs, harming long-term entrepreneurial sustainability. A culture that is too value-oriented can prompt excessively idealistic decisions, which members and workers' economic capacity cannot support. A reputation logic promoted by public policies can attract people

who are not sufficiently well prepared into creating cooperatives.

There is therefore a pressing need to strengthen management skills and organizational training, striking a balance between economic imperatives imposed by the market on the one hand and the diverse logics of justification which are characteristic of cooperative employment on the other<sup>165</sup>.

A former worker-member of an IT worker cooperative in Emilia-Romagna says in this respect that "*the fact that everyone expresses their own opinions does not necessarily mean that they will be backed by corresponding skills. This is particularly the case in small businesses, where there is basically no one who is competent, who has the governance capacity which is necessary in small business (...) because in small cooperatives there is not always a manager*"<sup>166</sup>. This has to be corrected through organizational training.

### 4.2.3. RESPONDING TO DEMOGRAPHIC CHALLENGES AND GENERATIONAL ISSUES

Another challenge is the capacity of cooperatives, especially in industrialized countries, to re-adapt themselves to post-industrialized economic landscapes, characterized by very highly-skilled production patterns and a growing service sector. This is the subject of an in-depth debate within Mondragon, where the most traditional part of industrial production is being moved to other countries.

On the other hand, it would appear to be difficult to find young leaders who share a similar kind of collective spirit and value-oriented engagement. How can cooperatives attract and generate young and dynamic leaders who can innovate in the cooperative tradition in adapting it to lead their generation and the future? *"The generational issue is indisputable. The average age of members is 60-70. It is a serious problem. I am the youngest person on the Board. It is a problem that we have been discussing. The Board is faced with a political strategy and, looking at the members' list, the problem emerges"*, explains a producer-member of an agricultural cooperative in Emilia-Romagna, who adds: *"We do find some young people in agriculture, but it is difficult to involve them in the cooperative. We find it hard to attract young people and communicate our principles to them"*<sup>167</sup>.

However, we can also anticipate that the characteristics of cooperatives can be a response to generational issues which all enterprises are facing. We found that many characteristics underlined by people working in cooperatives, particularly worker cooperatives, are very similar to those found in many innovative enterprises in emerging sectors. It is fundamental for the cooperative movement to provide a response based on an appropriate entrepreneurial model to these new and innovative aspirations.

It should also be noted that cooperatives can, *per se*, already be an answer to problems caused by generational issues in some industrialized countries, as mentioned in Chapter 3. Cooperatives provide employment to older persons who still want to work, not only for economic reasons, but also in order to participate in society, such as worker cooperatives, older persons' cooperatives and workers' collectives in Japan. In some countries and regions, transition towards the cooperative form is considered as an alternative option for enterprises whose owners are due to retire and do not have anyone to succeed them. Finally, we should mention employment created by cooperatives in countries where young people have been particularly hit by the crisis, such as Spain<sup>168</sup>.



#### 4.2.4. DEALING WITH THE “BLIND SPOT” OF LABOUR PROTECTION

The intermediary role played by some types of cooperatives between workers or producers and the market can create major problems as far as labour protection and social security are concerned. Many cooperatives are accused of being instruments to be used to lay off workers, to out-source and to exploit workers and small producers. The “cooperativisation” of both public and private sector activities in some countries has been accompanied by a deterioration of working conditions. This is due both to the perversion of the cooperative form and to weak labour regulations applied to these kinds of work forms.

This problem has been particularly acute in Brazil, where thousands of false (but, at that time, legal) worker cooperatives providing labour sub-contracting

services to third parties without any other service, were established between the mid-1990s and 2012, when a new law on worker cooperatives prohibiting the use of the cooperative form to provide sub-contracted labour was approved.

The problem is, however, not only specific to Brazil. It has plagued several other Latin American countries such as Colombia and it is now emerging even in countries where cooperative regulation is particularly developed, but where there is a marked tendency towards precarious employment, such as Italy or Spain. Apart from the perversion of the cooperative model in employment terms, it is the very entrepreneurial character of cooperatives that is being denied through this phenomenon.

## NOTES

- 137.** *ICA Statement on the Cooperative Identity* <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>, enshrined in *ILO Promotion of Cooperatives Recommendation*, 2002 (n° 193) [www.ilo.org/dyn/normlex/en/f?p=NOR\\_MLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R193](http://www.ilo.org/dyn/normlex/en/f?p=NOR_MLEXPUB:12100:0::NO::P12100_ILO_CODE:R193)
- 138.** Employee, insurance cooperative, Santa Fe, Argentina
- 139.** Producer-member, agricultural cooperative, Emilia-Romagna, Italy
- 140.** Worker-member, worker cooperative (handicraft), Gauteng, South Africa
- 141.** Worker-member, worker cooperative, (manufacturing), Basque Country, Spain
- 142.** Eroski consumer cooperative, Mondragon group, Basque Country, Spain
- 143.** *Ibid.*
- 144.** Employee, medical social cooperative, Gangwon, South Korea
- 145.** Employee 1, agriculture service cooperative, Wisconsin, USA
- 146.** Employee, consumer cooperative, Emilia-Romagna, Italy.
- 147.** Producer-member, agricultural cooperative, Emilia-Romagna, Italy
- 148.** Employee 3, consumer cooperative, Kanagawa, Japan
- 149.** “Cooperatives provide education and training for their members, elected representatives, managers, and employees

so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation”, *ILO Promotion of Cooperatives Recommendation, 2002* (N° 193); Annex, [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R193](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R193)

150. Worker-member, consumer cooperative, Basque Country, Spain
151. Employee, credit union, Gangwon, Korea
152. The fourth cooperative principle stipulates that “Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible”; *ILO Promotion of Cooperatives Recommendation, 2002* (N° 193), Annex
153. Employee, federation of credit union, Quebec, Canada
154. Producer member, agricultural cooperative, Emilia-Romagna, Italy
155. *Ibid.*
156. Employee 1, agricultural service cooperative, Wisconsin, USA
157. Data collected during the field visit to AFA in San Genaro, Santa Fe, Argentina, December 2013
158. see [www.desjardins.com](http://www.desjardins.com) and [www.mondragon-corporation.com](http://www.mondragon-corporation.com)
159. Worker-member, social cooperative consortium, Emilia-Romagna, Italy
160. Worker-member, financial cooperative, Basque Country, Spain
161. Interview with José Maria Aldecoa, former President of the Mondragon Corporation, carried out in March 2012, for the documentary produced by CECOP CICOPA-Europe *Together - How Cooperatives show Resilience to the Crisis, 33'18" to 33'41"*, available at [www.together-thedocumentary.coop/](http://www.together-thedocumentary.coop/)
162. Employee, Desjardins Federation, Quebec, Canada
163. See the documentary *Together - How cooperatives show resilience to the crisis, 2012*, by CECOP CICOPA-Europe, sequence on Mondragon, see [www.together-thedocumentary.coop](http://www.together-thedocumentary.coop)
164. Personal email communication from Javier Marcos, Communication Officer of the Mondragon Corporation, 30 July 2014
165. It should be noted that harmonizing is not always giving equal places for all different interests and logics. From interviews, we found several cases where arithmetical harmonization of different interests blocks necessary actions and triggers off mutual distrust. Harmonization should be considered as a result of combining strategic action and a participatory process. This should be a core competence for cooperative leaders.
166. Former worker-member, worker cooperative (information technology), Emilia-Romagna, Italy
167. Producer-member, agricultural cooperative, Emilia-Romagna, Italy
168. See for example [www.thenews.coop/39549/news/co-operatives/co-operatives-create-8000-new-jobswhile-unemployment-hits-record-spain/#.U71C\\_7HLMoA](http://www.thenews.coop/39549/news/co-operatives/co-operatives-create-8000-new-jobswhile-unemployment-hits-record-spain/#.U71C_7HLMoA)



# CHAPTER 5

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## CONCLUSIONS AND RECOMMENDATIONS

## 5.1. CONCLUSIONS

As we saw in Chapter 2, the cooperative movement generates **partial or full-time employment involving at least 250 million individuals around the world**, either in or within the scope of cooperatives, representing 8.73% of the world's employed population. From these figures, **223.6 million are self-employed producers** (mainly in agriculture, but also in other primary, secondary or tertiary activities), who perform their economic activity within the scope of a cooperative, and **26.4 million are employees or worker-members** working in cooperatives. The G20 countries account for a very large part of these figures, with **cooperative employment representing almost 12% of the employed population** of this group of countries. Although these estimates are certainly lower than the reality (considering that data from a number of key countries are incomplete), they are sufficiently representative of cooperative employment to be taken as a very significant global employment phenomenon, and they need to be the object of further study.

Focusing now on our fieldwork in 10 sub-national regions across the world, one of the first results to underline from Chapter 3 is the very high ratio of cooperative employment found in Emilia-Romagna, namely **close to 15% of total employment** in that region, distributed in virtually all economic sectors. Emilia-Romagna is one of the oldest cooperative clusters in the world and one of the most important industrial districts in Europe, which has managed to maintain its overall competitiveness in spite of the ongoing economic crisis in Italy. The particularly high level of cooperative employment in that region bodes well for the **employment potential of the cooperative model elsewhere in the world**.

Indeed, there is nothing in Emilia-Romagna that is so specific as to prevent such a high ratio of cooperative employment from taking hold elsewhere. Gangwon in South Korea has already reached the ratio of 23% (mainly in agriculture) and does not have much in common with Emilia-Romagna in terms of economic structure and specific strengths of cooperatives. Other regions studied during the fieldwork, such as the Basque Country in Spain with almost 7%, and the Santa Fe Province in Argentina with almost 9%, also show a particularly high presence of cooperative employment.

Another key finding of this study is that cooperative employment is characterized by relatively **well-balanced distribution between urban and rural areas** (including in sectors other than agriculture) as well as between large cities and small towns. Rural migration, migration from middle-sized towns towards large metropolises, and economic desertification of peripheral regions, would probably have been more acute as a world phenomenon, had cooperatives not been active in encouraging local production and employment and had they not provided economies of scale to ordinary people without means. Much of the cooperative employment we found during the

fieldwork was in rural areas and small towns, and not exclusively in agriculture. This trend, of course, also has a strong impact on the sustainability of indirect employment (providers, local services etc.), as well as on regional development in general.

We found that cooperative employment was often characterized by **high security of tenure**. This phenomenon also impacts on the stability of indirect employment and prompts the persons involved to spend more and to spend wisely, therefore contributing to generating a vibrant local economy, and, increasingly, making environmentally friendly choices during the ongoing development of this trend.

A specific aspect of the duration of employment in cooperatives is their **resilience**, including in terms of employment, which we have observed during the global crisis that flared up in 2008. We found out that such resilience has been reinforced by factors stemming from the enterprise, the cooperative system (networks, groups and mutualized business support institutions etc.), as well as targeted legislation and public policies.

In analysing the evolution of cooperative employment back to the early 2000s, in a handful of countries and regions where we could obtain relevant data, we found out that cooperative employment had **generally more or less maintained its ratio of the total employed population** since that time, which is quite significant given the fact that many people have joined the labour market in the meantime. The fall in the number of self-employed producers in producers' cooperatives in the primary sector in industrialized countries seems to have followed the general decrease of employment in this sector to similar proportions.

At the same time, it should be underlined that a major reason for the sustained ratio of cooperative employment out of the total employed population since the early 2000s in some key countries in terms of cooperative presence like France, Italy and

Spain, has been the **strong employment growth in worker cooperatives and social cooperatives** (or their equivalent) as well as **multi-stakeholder cooperatives** over the same period, significantly raising the cooperative employment averages. This strong employment growth is to a large extent the result of **close cooperation strategies between cooperatives** at the *meso* level. In a number of other countries and regions, although worker and social cooperatives still have modest employment numbers, they are developing rapidly. In addition, the much higher diversity of economic sectors in which worker and social cooperatives are involved compared to other types of cooperatives makes them **important testing grounds** for cooperative entrepreneurship and cooperative employment in general. Other significant features are the **work integration of disabled or socially disadvantaged people**, namely jobs that are particularly difficult to create and consolidate, as well as the intensification of processes of **restructuring of enterprises in crisis or without a successor**, thereby maintaining and consolidating thousands of jobs. When professionally managed and with an adequate environment in terms of business support services, these restructuring processes provide rates of survival after 3 or 5 years that are higher than those for enterprises in general, a remarkable feature given the high risks involved. Not only are many jobs saved, but new ones are created with the renewed growth of businesses transformed into cooperatives. Attention should thus be accorded to the high potential of worker and social cooperatives as a solution to employment creation and strengthening, *per se*, and because part of such employment concerns very difficult cases.

The ratios between permanent and temporary contracts, the gender balance and the age structure

seem to follow sectoral and national trends, except when cooperatives have the mission of responding to specific gender or age needs, such as the SEWA movement in India which develops cooperatives in order to provide economic emancipation to women, or such as older persons' cooperatives in Japan, whose mission is to cater for an ageing society.

HR management in cooperatives, which at first sight seems to follow conventional standards, is in fact a combination of conventional standards and of cooperative practices. In particular, the fieldwork revealed a **people-centred vision in cooperative HR management**, and an emphasis on managing relations between workers and other stakeholders. This also explains why, in recruiting, conventional parameters and the requirement that candidates understand or rapidly learn the cooperative mode of functioning go hand in hand. In some cooperative groups, we found that temporary or permanent redeployment of workers from cooperatives where there are redundancies to cooperatives where there are staff shortages has raised employment security considerably. Such processes require a very high level of coordination and HR management.

Remuneration of employees and worker-members were found to be more or less similar with other enterprises in the same sector and the same country, often with **additional material or non-material compensation** that interviewees perceived as very important. **The wage gap is generally more reduced** in cooperatives compared to other types of enterprises, sometimes posing a challenge in terms of hiring highly-qualified managers.

Social protection and safety at work were found to be up to the national and sectoral standards for ordinary employees. In turn, social protection for worker-members depends on the labour status of the worker according to each country's regulation. In Latin America, worker-members are usually

granted a self-employed status, with a much lower level of social protection. In other countries, worker-members are considered employees and enjoy the latter's level of social protection. In countries where worker cooperatives and social cooperatives are an important reality, such as Italy, Spain and France, worker-members have some form of special status whilst enjoying the same level of social protection as ordinary employees. The social protection of self-employed producers who are members of cooperatives largely follows national conditions for the self-employed.

We defined a set of 8 key *logics of justification* specific to employment *in and within the scope of* cooperatives, concerning the workplace or economic activity related to the conceptualization of "employer" and "employee", as well as relations among the staff and those between the staff and the surrounding community. These *logics of justification* concern: 1) high **participation** in the work place; 2) a **family-type** work environment; 3) the **economic rationale** of the enterprise; 4) the quest for **efficiency**; 5) a **shared** type of **flexibility**; 6) pride and **reputation**; 7) orientation towards **values** practiced at the work place; and 8) self-**identity** through identification with the cooperative. Although some of these *logics of justification* are more prominent in some types of cooperatives or in some specific regions, they tend to combine with each other, building a **unique set which makes the experience of work different** from the one which employees or self-employed live outside the cooperative enterprise.

As explained in Chapter 4, this combined set of *logics of justification* concerning cooperative employment is not argued on the basis of sociological findings or simply as a factor of employment quality, but is also closely connected to the **distinctive type of entrepreneurship** found in cooperatives. The 8 *logics of justification* tend to generate attitudes on

the part of employees, worker-members and/or self-employed producers that put a special focus on clients' needs, economic accountability, a dynamic of trust, autonomy and capacity of initiative, and a pioneering and innovative spirit; all behavioural indicators that have a positive impact on the economic health of the enterprise. Providing a good background for the application of the 5<sup>th</sup> cooperative principle on education and training, such attitudes strengthen the cooperative competitive advantage. Besides, they provide an explanation as to why cooperatives favour **sound financial reserves**, and the highest possible level of **formalization of employment**, which have both proven to be fundamental in cooperatives' strong

resilience to crises and the success of their **long-term enterprise strategies**.

These characteristics of cooperative employment seem to foster **positive interaction between cooperative staff, producer-members and user-members**. In some cases, this dynamic triggers the establishment of multi-stakeholder cooperatives regrouping various stakeholders into a single governance structure. Examples of the latter can be found in Spain, in the Quebec part of Canada, in France and, to some extent, in Italy's social cooperatives.

On the other hand, the study has identified four key entrepreneurial challenges for the near future. Firstly, how to maintain the cooperative advantage, including the characteristics of cooperative employment mentioned above in the framework of **intense global competition**. Secondly, how to build strong **management skills**, including cooperative HR management. Thirdly, how to respond to the **rising demographic and generational challenges**, including the adaptation to post-industrial landscapes, an ageing population, and a generational shift within cooperatives. Fourthly, at a time when flexible employment and precariousness are mounting, the **danger of abusing the cooperative model to evade labour costs** in enterprises at large and to implement sub-contracting arrangements without any entrepreneurial autonomy, must be avoided to safeguard the cooperative model, including its entrepreneurial component.

**Economies of scale are commonly sought** in cooperatives, whether sharing joint services, or structuring cooperative groups. The consequent

dynamics tend to reinforce the above-mentioned *logics of justification* of cooperative employment, generating a virtuous circle.

**The findings of this study reinforce the five pillars** (participation, identity, sustainability, capital and legal framework) **of the ICA Blueprint for a Cooperative Decade**<sup>169</sup>. Participation and identity were singled out as 2 out of the 8 *logics of justification* through which we characterized cooperative employment qualitatively. Sustainability and capital were mentioned in Chapter 4 when we discussed how cooperative employment and cooperative entrepreneurship reinforced themselves mutually. The need for appropriate legal frameworks and public policies has been mentioned in several parts of this study, and is part of the main focus of the next and last section on recommendations.

At any rate, the phenomenon of cooperative employment is sufficiently significant both quantitatively and qualitatively for international organizations, governments, trade unions, employers' organizations, NGOs, universities, and the cooperative movement itself, to take stock of this long-lasting employment experience and resilience to global crises in terms of maintaining and strengthening employment. The cooperative movement has managed to become a **key employer across the world**, and its **employment**

**growth potential** has definitely not been met, as of yet. The following recommendations are intended to increase such potential, in order to respond to the four above-mentioned entrepreneurial challenges, and therefore allow cooperatives to effectively respond to employment needs in the 21<sup>st</sup> Century.

## 5.2. RECOMMENDATIONS

Given the continuing challenges in recovering from the most recent financial crisis including joblessness, precariousness of employment, and worsening income inequality, encouraging cooperatives which help create and maintain decent and sustainable employment is vital. The recommendations below are the result of this study, which CICOPA conducted for 15 months all over the world and in various cooperative sectors. The countries and regions which follow the approaches recommended tend to have flourishing cooperative sectors which create and maintain employment in an effective manner.

Nowadays, interaction among various actors, namely international organizations, governments at different levels, trade unions, employers' organizations, civil society organizations, universities, and the organizations of the cooperative movement is fundamental in order to bring about change. The following recommendations therefore require all actors to cooperate while bringing in their particular contribution.

### 5.2.1. EMPLOYMENT POLICY AND STATISTICS

The following recommendations are in keeping with ILO *Promotion of Cooperatives Recommendation 2002 (N°193)*, hereafter ILO R193, which was approved virtually unanimously among governments, employers' organisations and trade unions from the whole world, and states that "*Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to ... create and develop income-generating activities and sustainable decent employment*" (art 4.(a))<sup>170</sup>.

#### ACTIVE LABOUR MARKET POLICIES

Public authorities should include cooperative employment within their active labour market policies, in close cooperation with cooperative organizations, among which the following:

- Providing information and training programmes about the cooperative model to potential entrepreneurs and job-seekers, as well as to accountants and chambers of

commerce, and all actors likely to advise potential entrepreneurs and job-seekers.

- Providing benefits to potential entrepreneurs and job-seekers who establish or join cooperatives, such as the payment of unemployment benefit in a two-year lump-sum (like the *pago unico* law in Spain), or gradual scaling down of unemployment benefits during the period of establishment of the economic activity (such as in France with the activity and employment cooperatives), or matching equity to members' investment, originating from the state to members' investment (like the Italian Marcora Law). Provided that the business support environment within the national cooperative system is sufficiently strong, these benefits have shown to be an investment rather than a cost, considering, among other things, the taxes which the new cooperative will be paying.

### REGULATORY FRAMEWORK

States should provide the appropriate regulatory framework and promote business support for the establishment of cooperatives of all types and in all sectors, in keeping with ILO R193 which states that "Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles" (Art. 6). Although all cooperative sectors are important job creators and should be actively promoted, special emphasis should be laid on the following types of cooperatives, which are characterized by a particularly high rate of employment generation and consolidation:

- producers' cooperatives, in the primary sector but also in other sectors, from waste collection and home services to carpentry and commerce, and including cooperatives among professionals such as doctors, nurses, etc.;
- worker cooperatives, in particular business transfers to the employees (see 5.2.2. below); and social cooperatives, both for their capacity to carry out work integration of disadvantaged people, and to deliver community services (health, education, environment, social services, housing, local development etc.), in particular multi-stakeholder ones.

### DATA COLLECTION AND MANAGEMENT

As in any other employment policy, statistics are indispensable to analyse national and international trends of cooperative employment, and to design appropriate public policies. The cooperative employment

estimates provided in this study are more than sufficient to call for such an action. An enterprise model generating more than 8% of world employment, and almost 12% of employment in the G20, should rapidly become the subject of statistical studies both nationally and internationally.

Governments should gradually build consolidated statistics on employees and worker-members working *in* cooperatives as well as on self-employed producers of goods or services working *within the scope of* cooperatives, in keeping with ILO R193, which states that “National policies should notably ...seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies” (Art. 8.1) (l). These statistics should include, among others: age, gender, types of work contracts, and the ratio between permanent and temporary workers. The relevant public authorities should survey the duration of tenure within cooperative employment in regional case studies. Such an initiative should involve cooperative organizations, universities and research institutes. Sectoral classification should follow the ISIC (International Standard Industrial Classification of All Economic Activities) system of the United Nations<sup>171</sup>.

At the international level, the ILO should build consolidated statistics based on national ones.

### 5.2.2. ENTREPRENEURSHIP

This second set of recommendations is aimed at developing the aspects of entrepreneurship that are most conducive to employment creation and stability *in* and *within the scope of* cooperatives. They follow ILO R193’s statement that cooperatives and their membership should be assisted to “create and develop income-generating activities and sustainable decent employment”, “develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training”, “develop their business potential, including entrepreneurial and managerial capacities”, “strengthen their competitiveness as well as gain access to markets and to institutional finance” and “increase savings and investment” (Art 4, (a)-(f)).

#### PROMOTION OF EMPLOYEES’, WORKER-MEMBERS’ AND SELF-EMPLOYED PRODUCERS’ PARTICIPATION IN COOPERATIVES

Cooperatives and their organisations should invest heavily in the training and education of cooperative employees and, in particular, on how cooperative employees can better interact with cooperative members, considering that this is not a cost but an investment in the cooperative’s entrepreneurial drive. In addition, cooperatives and their organizations should foster staff involvement and participation, which have shown

to enhance entrepreneurial sustainability thanks to heightened productivity and innovation capacity.

Cooperative organizations should favour the development of multi-stakeholder cooperatives, which promote cooperative membership among the staff, producers, users and other stakeholders. Governments should approve legislation regulating these types of cooperatives, based on legal frameworks which already exist in several countries, where they have shown proven advantages in terms of organizational innovation.

Beyond the focus on cooperative employees, worker-members and self-employed producer-members, careful attention should be paid to the training and inclusion of user-members in users' and multi-stakeholders' cooperatives. This is fundamental to ensure the long-term success of these cooperatives, as user-members will reinforce the business character and the employment generation capacity of their cooperative. Users' cooperatives and their federations should therefore focus on this key objective.

### **PROMOTION OF NATIONAL AND REGIONAL COOPERATIVE ORGANIZATIONS AND OF THEIR BUSINESS SUPPORT INSTITUTIONS**

Public authorities should promote the creation and strengthening of cooperative organizations covering all sectors of the economy. The latter should negotiate appropriate public policies and regulation, while developing a strong business support role, by providing training and advisory services to grassroots cooperatives on legal issues, market information, business planning, cooperative employment issues, start-ups, innovation, internationalization etc. Where appropriate, they should also promote regional cooperative organizations and business support institutions.

### **PROMOTION OF BUSINESS TRANSFERS TO EMPLOYEES**

Provided relevant public policy and regulatory frameworks exist, such as the recent French Social and Solidarity Economy law, the cooperative movement is in a position to carry out restructuring processes of enterprises without a successor or enterprises in crisis into cooperatives efficiently and on a substantial scale. The potential of such business transfer processes depends on the existence of know-how from cooperative organizations and from specialized professionals and entities. Access to such know-how should thus also be included through both policy and partnerships.

Training and information should also be provided to lawyers, accountants, judges, and trade unionists

involved in business transfer processes.

### PROMOTION OF COOPERATIVE GROUPS

Cooperative organizations should pay due attention to the importance of building cooperative groups, namely horizontal groups among cooperative enterprises, including the training and education of both members and workers to this end. As cooperative groups build economies of scale reinforcing cooperatives' entrepreneurial capabilities, they generate and strengthen cooperative employment. Therefore, legal frameworks should allow for the creation of such groups.

Cooperative groups should be encouraged to coordinate temporary or permanent redeployment of staff from one cooperative to another within the group in cases of need, as practiced by the Mondragon group.

### CONSTITUTION OF RESERVES AND OF NON-BANKING FINANCIAL INSTRUMENTS

Regulation, policy and private systems promoting the constitution of financial reserves in cooperatives, as well as mutualized financial instruments among them (equity, loans and guarantee mechanisms) for the development of new and existing cooperatives, should be encouraged. A good example is Italian law 59/1992, by which 3% of all cooperatives' surplus must be channeled to specialized funds which are dedicated to the development of cooperatives.

### PROMOTION OF COOPERATIVE ENTREPRENEURSHIP AMONG THE YOUTH

Targeted policies, support measures and programs in collaboration with cooperative organizations should encourage youth cooperative employment and start-ups. This will not only help provide youth employment but also ensure the generational renewal in cooperatives in existing and emerging sectors. In addition, youth entrepreneurship can support cooperative innovation and adaptation to change.

Cooperative organizations should strengthen their collaboration and partnerships with universities and business schools to overcome any knowledge gap among the youth about cooperatives.

## PROMOTION OF COOPERATIVE ENTREPRENEURSHIP AMONG WOMEN

Targeted policies, support measures and programs in collaboration with cooperative organizations should encourage cooperative employment and entrepreneurship among women, in keeping with ILO R 193 which states that “Special consideration should be given to increasing women’s participation in the cooperative movement at all levels, particularly at management and leadership levels” (Art. 7. (3)).

In addition, measures and policies related to part-time employment, work-life balance practices and non-discrimination should be applied with a special focus on gender equality and the active focus on women in every cooperative.

## 5.2.3. LABOUR STANDARDS, TRANSITION TOWARDS THE FORMAL ECONOMY, SOCIAL PROTECTION AND THE FIGHT AGAINST PSEUDO COOPERATIVES

### LABOUR STANDARDS

Employment in cooperatives should abide by labour standards mentioned in ILO R 193, through appropriate national policies: “National policies should notably... promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever” (Art. 8 (1) (a)).

### WORKING CONDITIONS AND SOCIAL PROTECTION

Cooperative organizations should dialogue with trade unions and public authorities on the issue of working conditions. Ongoing challenges such as precarious employment conditions, intermittent work patterns and low wages in certain economic sectors, cannot be dealt with by cooperatives alone and require systemic collaboration between all concerned actors at the national level.

It is of key importance that cooperative organizations be fully and officially integrated into the processes of

collective bargaining, as in Italy. This would allow for the establishment of collective bargaining tailored to the needs of Cooperatives

People with a self-employed status working *in or within the scope of* cooperatives should always enjoy a satisfactory level of social protection, be they worker-members or producer-members. Where needed, cooperative enterprises should work closely with public authorities in order to build an appropriate legal framework for adequate social protection.

Cooperative organizations should foster complementary social protection systems such as in SEWA in India and Mondragon in Spain.

### FORMALIZATION OF THE ECONOMY

There should be a clear recognition, both at national and international level, of cooperative growth and potential to contribute to transitions towards the formal economy and formal employment, as mentioned by ILO R193: "Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the "informal economy") into legally protected work, fully integrated into mainstream economic life" (Art. 9).

Public authorities should facilitate access to, and simplify administrative procedures related to cooperatives, including for low-skilled persons, in particular in countries where the informal economy and informal employment are substantial or predominant.

### FIGHT AGAINST PSEUDO COOPERATIVES

Providing labour intermediation to third parties, namely supplying a flexible workforce without any autonomous business strategies, while justifying this practice in the name of a cooperative should be deemed illegal, following ILO R193 which stipulates that: "National policies should notably ...ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises" (art 8 (1) (b)).

## 5.2.4.

### EDUCATION, TRAINING AND RESEARCH IN COOPERATIVE EMPLOYMENT

National educational systems should promote education and training on cooperative employment, in compliance with ILO R193 which states that: "National policies should notably ... promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society" (Art. 8. (1) (f)). Cooperative education and training should focus particularly on business and HR studies, and should be accompanied by corresponding research. Cooperatives should develop leading practices in cooperative HR management.

## 5.2.5.

### DEVELOPMENT POLICY

Public authorities should consider the cooperative model central to their policies in regional development. Fieldwork carried out in the context of this study has shown to what extent a coordinated and sufficiently dense cooperative presence has been the key to a successful socio-economic transformation in regions such as Quebec, Emilia-Romagna and the Basque Country. Efforts done in this regard have never been a cost, but, rather, are a successful investment. A particular effort should be made against the economic desertification of the most remote regions.

The promotion and development of cooperatives should be included in the Post-2015 Development Agenda, to be applied by all UN Member Countries as an engine of inclusive, stable and sustainable employment.

## NOTES

169. ICA, 2012, *Blueprint for a Co-operative Decade*, see [http://ica.coop/sites/default/files/media\\_items/ICA%20](http://ica.coop/sites/default/files/media_items/ICA%20)



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# ANNEX 1

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## NATIONAL DATA

## LIST OF NATIONAL DATA WITH SOURCES

COUNTRY	WORLD REGION / GROUP OF COUNTRIES	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	YEAR	SOURCES	REMARKS
ALGERIA	AF	20000		N.A		CEPES, 2012	
ARGENTINA	G20/AM	87486	177568	112086	2008	INAES, 2008	
AUSTRALIA	G20/OC	26038	N.A	34592	2010	Australian Bureau of Statistics, 2012	Only Top 100
AUSTRIA	EU	61999	N.A	185000	2010	European Economic and Social Committee, 2012	
BELGIUM	EU	13547	N.A	N.A	2009	European Economic and Social Committee, 2012	
BOTSWANA	AF	998	N.A	N.A		Coop Africa, 2009	
BRAZIL	G20/AM	296286	259035	1114467	2011	Diretriz Nacional de Monitoramento e Desenvolvimento de Cooperativas, SESCOOP, 2012	
BULGARIA	EU	41300	20000	240000	2010	European Economic and Social Committee, 2012	
CANADA	G20/AM	155427	5490	520000	2009	Industry Canada, 2013	
CHILE	AM	N.A	5098	61771	2004	Departamento de Cooperativas del Ministerio de Economia de Chile, 2004	
CHINA	G20/AS	2090000	650000	160000000	2013	Communication by Ge Shuyan, All China Federation of Supply and Marketing Cooperatives; Communication by Zhang Xiaowu, All China Federation of Handicraft Industry Cooperatives	
COLOMBIA	AM	126696	386138	111358	2012	Confecoop, 2013	
COSTA RICA	AM	17595	18201	15113	2012	Infocoop, 2012	
CROATIA	EU	3565	N.A	N.A	2009	European Economic and Social Committee, 2012	
CYPRUS	EU	5067	N.A	N.A	2009	European Economic and Social Committee, 2012	
CZECH REPUBLIC	EU	58178	5022	1143000	2010	European Economic and Social Committee, 2012 ; Agricultural association of the Czech Republic (website)	
DENMARK	EU	70757	4803	99000	2009	European Economic and Social Committee, 2012	
DOMINICAN REPUBLIC	AM	50189	3572	21801	2009	IDECOOP, 2011	
EGYPT	AF	866000	N.A	3617730	2008	CEPES, 2012; Ministry of Agriculture; Central Agricultural Cooperative Union; Ministry of Agriculture and Land Reclamation, Land Reclamation Division	
ESTONIA	EU	9850	N.A	N.A	2009	European Economic and Social Committee, 2012	

COUNTRY	WORLD REGION / GROUP OF COUNTRIES	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	YEAR	SOURCES	REMARKS
ETHIOPIA	AF	81651	N.A	115079		Coop Africa, 2009	
FINLAND	EU	92600	1500	167100	2010	European Economic and Social Committee, 2012	
FRANCE	G20/EU	547365	38326	928000	2010	CoopFR, 2012	
GERMANY	G20/EU	890133	Counted with employees	1700000	2012	Communication by Dirk Lehnhoff, DGRV	
GREECE	EU	14983	N.A	713714	2010	European Economic and Social Committee, 2012	
GUATEMALA	AM	N.A	6781	83541	2008	INACOP, 2011	
HUNGARY	EU	85682	N.A	N.A	2009	European Economic and Social Committee, 2012	
INDIA	G20/AS	1215627	6845701	31291714	2009-2010	National Cooperative Union of India, 2012	
INDONESIA	G20/AS	473604	N.A	N.A	2012	Ministry of cooperative (website)	
IRAN	AS	2201228	483673	1732137	2013	Iran Central Chamber of Co-operatives	
IRELAND	EU	43328	N.A	187727	2003-2005	European Economic and Social Committee, 2012	
ITALY	G20/EU	1042490	703879	749441	2011	EURICSE, 2014 ; CICOPA 2013a	
JAPAN	G20/AS	571117	19986	4827104	2009-2014	Japanese Consumers' Cooperative Union, 2013 ; CICOPA, 2013b ; Portal Site of Official Statistics of Japan ; Zenrosai (website) ; Rokin bank (website) ; Credit union (website) ; Shinkin bank (website)	
JORDAN	AS	4000	N.A	N.A	2011	CEPES, 2012	
KENYA	AF	303455	N.A	1500000		Coop Africa, 2009	
LATVIA	EU	440	N.A	7430	2009	European Economic and Social Committee, 2012	
LITHUANIA	EU	8971	N.A	10670	2009	European Economic and Social Committee, 2012	
LUXEMBURG	EU	1933	N.A	N.A		European Economic and Social Committee, 2012	
MALAYSIA	AS	N.A	141004	595500	2012	Official portal Malaysia Co-operative Societies Commission	
MALTA	EU	250	Counted with employees	N.A	2009	European Economic and Social Committee, 2012	
MEXICO	G20/AM	41184	N.A	N.A	2010	Comunication Juan Gerardo Dominguez Carrasco	Partial information
MONGOLIA	AS	N.A	6716	11836	2012	National Statistical Office of Mongolia, 2013	
MOROCCO	AF	34630	N.A	353494	2008-2013	CEPES, 2012 ; Office du Développement de la Coopération (website)	
NEPAL	AS	60000	N.A	700000	2013	Department of cooperative, 2013	
NETHERLANDS	EU	184053	N.A	806000	2009	European Economic and Social Committee, 2012	

COUNTRY	WORLD REGION / GROUP OF COUNTRIES	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	YEAR	SOURCES	REMARKS
NIGERIA	AF	100000	N.A	N.A		Communication from Dr. D. A. Okolo, Federal Director Cooperatives, Government of Nigeria	
NORWAY	Non-EU ER	22500	N.A	N.A		Eurocoop (website)	Only consumer coops
PANAMA	AM	N.A	1833	3544	2010	IPACOOOP, 2013	
PARAGUAY	AM	13952	567	21339	2012	Conpacoop, 2012 ; CICOPA Data collection 2014	
PERU	AM	6902	1218	***	2008	Ministerio de la Produccion, INEI, 2010	Partial information
PHILIPPINES	AS	259527	1218	145098	2013	Cooperative Development Authority (website)	
POLAND	EU	400000	5207		2009	European Economic and Social Committee, 2012	
PORTUGAL	EU	51391	85285	409594	2009	European Economic and Social Committee, 2012	
ROMANIA	EU	34373	58497	N.A	2009	European Economic and Social Committee, 2012	
RUSSIA	G20/Non EU ER	235000	N.A	1100000	2013	Communication by Evgeny Suzdaltsev, Centrosojuz	
RWANDA	AF	8657	N.A	N.A		Coop Africa, 2009	
SAUDI ARABIA	G20/AS	N.A	N.A	N.A			
SINGAPORE	AS	14000	N.A	N.A	2013	Communication by Dolly Goh, SNCF	
SLOVAKIA	EU	26090	1600	78068	2009-2010	European Economic and Social Committee, 2012	
SLOVENIA	EU	3428	N.A	N.A	2009	European Economic and Social Committee, 2012	
SOUTH AFRICA	G20/AF	N.A	N.A	N.A			
SOUTH KOREA	G20/AS	123482	1141	2642826	2011-2014	Korean Federation of Community Credit Cooperatives, 2013 ; Korean Statistical Information Service ; Portal site of cooperative in Korea	Except consumer coops
SPAIN	EU	290797	221844	1174070	2008-2012	European Economic and Social Committee, 2012 ; CEPES (website)	
SWAZILAND	AF	395				Coop Africa, 2009	
SWEDEN	EU	80264	96552	275000	2010	European Economic and Social Committee, 2012	
TANZANIA	AF	34949	N.A	N.A		Coop Africa, 2009	
TURKEY	G20/AS	98968	N.A	2463026	2012	Communication by Huseyin Polat, National Cooperative Union of Turkey	
UGANDA	AF	10524	N.A	68909		Coop Africa, 2009	
UK	G20/EU	236000	5234	158438	2010	Co-operatives UK, 2011	

COUNTRY	WORLD REGION / GROUP OF COUNTRIES	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	YEAR	SOURCES	REMARKS
UKRAINE	Non-EU ER	54872	N.A	N.A		Eurocoop (website)	Only consumer coops
URUGUAY	AM	N.A	12000	20000	2004	CUDECOOP, 2004	
US	G20/AM	967080	55140	854700	2007-2011	UWCC, 2009 ; USDA, 2012	
VENEZUELA	AM	***	476967	108529	2004	SUNACOOP, 2006	
VIET NAM	AS	622560	51066	340699		Communication by Tran Thu Hang, the Vietnam Cooperative Alliance	
ZAMBIA	AF	6252		60000		Coop Africa, 2009	
ZIMBABWE	AF	403	237		2013	Communication by Albert Vingwe, Zimbabwe National Co-operative Federation	Only mining coops

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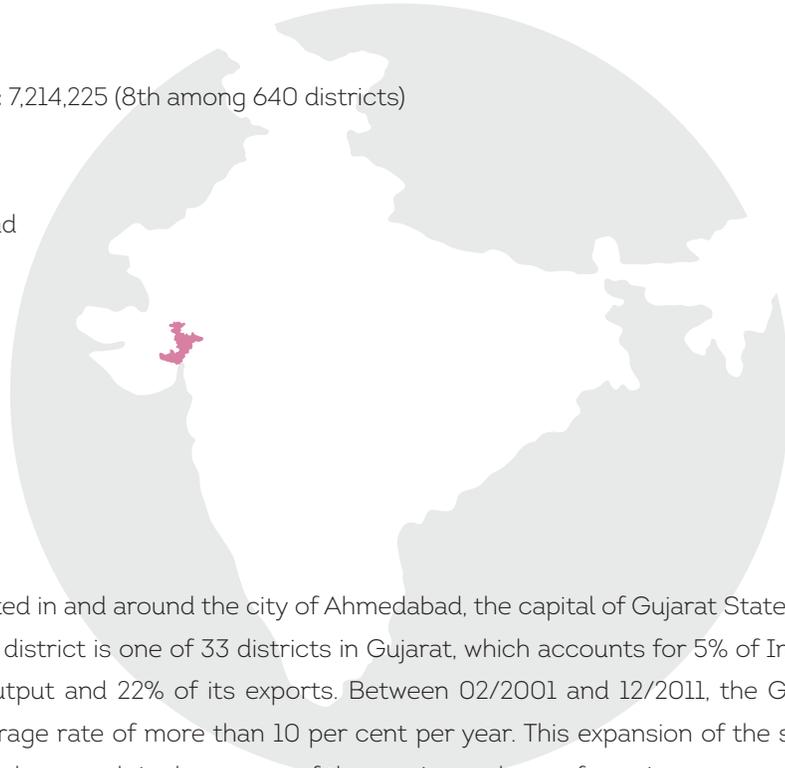
# ANNEX 2

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## BASIC INFORMATION ON THE 10 REGIONS SURVEYED DURING THE FIELDWORK

## AHMEDABAD (GUJARAT), INDIA

POPULATION (2011):	7,214,225 (8th among 640 districts)
AREA:	8,707 km <sup>2</sup>
CAPITAL:	Ahmedabad



Ahmedabad district is located in and around the city of Ahmedabad, the capital of Gujarat State, on the western coast of India. Ahmedabad district is one of 33 districts in Gujarat, which accounts for 5% of India's population but 16% of its industrial output and 22% of its exports. Between 02/2001 and 12/2011, the GDP of the state increased at an annual average rate of more than 10 per cent per year. This expansion of the state's economy has largely been a result of the growth in the output of the service and manufacturing sectors of the economy. The output of the state's primary sector accounts for around 11 per cent of the output of India's primary sector.

Cooperatives, in all spheres, today cover approximately 99% of Indian villages and 71% of total rural households in the country. In Gujarat, there are 16,044 cooperative societies in various sectors such as agriculture, dairy, fishery, credit, consumer, housing, industry, transport, irrigation, electricity etc. In agriculture and dairy industry, cooperatives play an important role. The self-employed Women's Association (SEWA) which organized various economic activities for self-employed women with cooperative forms, started in Gujarat in 1972, and it still has 30% of members in this state.

Together with federal legislation on cooperatives, cooperatives are also regulated by the Gujarat Co-operative Societies Act 1961. The implementation of the act is made by the Co-operation Department of the State. There are 25 district headquarters in the State; each of them has an office for the district registrar of cooperative societies.

## BASQUE COUNTRY, SPAIN



The Basque Country is an autonomous community (*comunidad autónoma*) located in Northern Spain. The region has been highly industrialized particularly with metallurgical industries since the late Middle Ages due to extensive resources of iron and timber. These activities dwindled during the economic crisis of the 1970s and 1980s, giving ground for the development of the services sector and new technologies. Service industries are highly developed as well, such as tourism and finance. During the last decade, the Basque Country has maintained strong growth rates and levels of GDP per capita. The region has also performed better than others in Spain facing the recent financial and economic crisis.

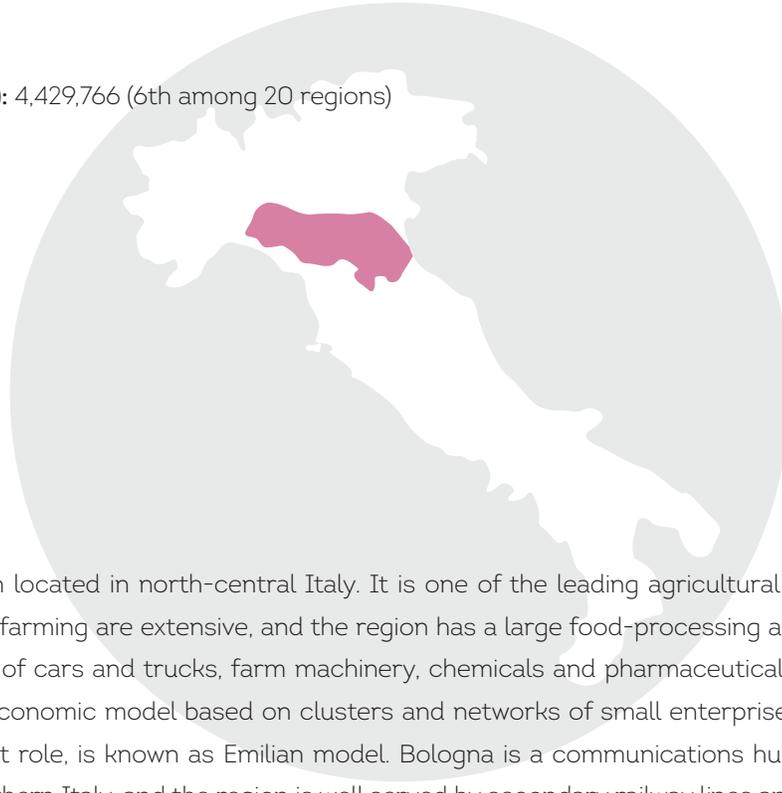
The first cooperatives appeared in the Basque Country under the form of consumer cooperatives in the late 19th century. Among other types of cooperatives, worker cooperatives have highly developed, mainly since the 1950s with the Mondragon group, now one of the largest business groups in Spain. In 2012, the Mondragon group alone accounted for 3.7% of total employment in the Basque Country

Konfekoop (The Basque Cooperative Confederation) is an organisation comprising the Basque sectoral cooperative federations (consumer, agricultural, haulier, worker, education, banking cooperatives). Konfekoop represents 868 cooperatives in the region. As a channel for collaboration between the cooperative movement and the regional government, the CSCE-EKGK (Basque Cooperatives Supreme Council) was instituted by the Basque cooperative law of 1982. It has been decisive in the setting up of cooperative federations.

A specific feature of Spain's cooperative legislation is the importance of the legislative powers of the autonomous communities. Cooperatives in the Basque Country are regulated by the Law 4/1993 (amended by Law 1/2000) on cooperatives in the Basque Autonomous Community. Although there are no substantial differences among different laws governing cooperatives in Spain's autonomous communities, the legislative panorama is different from the point of view concerning tax.

## EMILIA-ROMAGNA, ITALY

<b>POPULATION (2010):</b> 4,429,766 (6th among 20 regions)
<b>AREA:</b> 22,446 km <sup>2</sup>
<b>CAPITAL:</b> Bologna



Emilia-Romagna is a region located in north-central Italy. It is one of the leading agricultural regions of Italy. Livestock raising and dairy farming are extensive, and the region has a large food-processing and food-packing industry. The manufacture of cars and trucks, farm machinery, chemicals and pharmaceuticals, ceramics, and clothing is important. Its economic model based on clusters and networks of small enterprises, in which cooperatives play an important role, is known as Emilian model. Bologna is a communications hub for commerce between northern and southern Italy, and the region is well served by secondary railway lines and highways.

Although the history of cooperatives in the region dates back to the 19th century, their development accelerated after World War II through a close collaboration between the regional government and civil society, including the cooperative movement and the trade unions. All types of cooperatives (agriculture, consumer, fishery, credit, housing, worker, social etc.) are active in the region. The sectors in which cooperatives are strongest include retail, construction, agricultural production, housing, manufacturing and social services. In some sectors such as agriculture, construction and retail, cooperatives predominate.

The cooperative movement is led by federal organizations, such as Legacoop, Confcooperative and AGCI, which were organized alongside political lines for a long time, but are recently increasing cooperation among each other under the name of *Alleanza delle Cooperative Italiane* (Alliance of Italian Cooperatives).

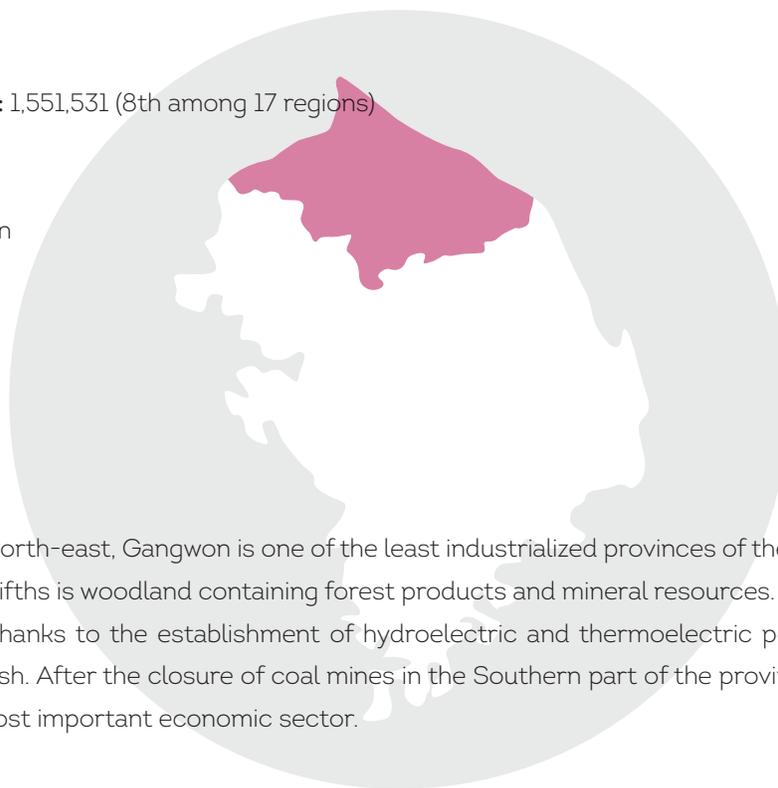
While cooperatives are regulated by national law, the regional government has developed public policies in favour of cooperatives. The economic policy of the regional government in favour of cooperatives and SMEs has developed a solid support system to promote cooperation among small enterprises in various economic sectors, in which the cooperative model serves as an important tool for inter-enterprise cooperation.

## GANGWON, KOREA

**POPULATION (2012):** 1,551,531 (8th among 17 regions)

**AREA:** 20,569 km<sup>2</sup>

**CAPITAL:** Chuncheon



Located on South Korea's north-east, Gangwon is one of the least industrialized provinces of the country. Of the province's total area, four-fifths is woodland containing forest products and mineral resources. Other economic activities have developed thanks to the establishment of hydroelectric and thermoelectric power plants. The waters are abundant with fish. After the closure of coal mines in the Southern part of the province in the 1990s, tourism has become the most important economic sector.

Due to the province's geographical situation, all types of cooperatives in the primary sector, such as agricultural, fishery and forestry cooperatives have developed there. Cooperatives, especially credit unions, were strongly supported by the Catholic Church during dictatorship in the 1970s as a pedagogical instrument for democratization. The first consumer cooperatives in South Korea were organized in the Southern rural part of the province by democracy activists during the 1970s and 1980s. Wonju, a city located in the southern part of the province is considered as the centre of the Korean cooperative movement.

The province has no apex cooperative organization. The cooperative sectors that have been established first (agricultural, fishery and forestry cooperatives, credit unions, community credit cooperatives) have their own regional federations or a regional office of their national federation. Newly emerging cooperative types such as consumer cooperatives, worker cooperatives and social cooperatives, the latter two having obtained legal recognition through the new 2012 cooperative law, have no regional networks yet. However, these cooperatives actively participate in the province's social economy movement, which is jointly coordinated by civil society and public authorities.

There is no specific regional legislation on cooperatives. Recently, the provincial government created the "Gangwon social economy support center" which provide various supporting programs to cooperatives as well as other types of social economy organizations such as social enterprises, village enterprises.

## GAUTENG, SOUTH AFRICA

<b>POPULATION (2011):</b> 12,272,263 (1st among 9 provinces)
<b>AREA:</b> 18,178 km <sup>2</sup>
<b>CAPITAL:</b> Johannesburg



Gauteng is a province located to the northeast of South Africa. Although it is the smallest of South Africa's provinces, it has the largest population and the strongest economic position, in great part thanks to the presence of Johannesburg. Pretoria, the administrative capital of South Africa, is also located in Gauteng province. Although the province is highly urbanized, there is still some farming, market gardening, and dairy farming. Mining, as well as industrial, commercial, and financial activities arising from the vast mineral wealth, have made Gauteng the economic hub of South Africa.

The cooperative sector has been a well-established economic vehicle in South Africa which dates back to the early 20th century. The cooperative sector started with the establishment of predominantly white agricultural cooperatives. Black-owned agricultural cooperatives were promoted by the government in the 1970s and 1980s as part of the apartheid economic plans for the 'homelands'. Besides white-owned and controlled cooperatives, non-racial trade unions attempted to develop cooperatives in the 1980s. After the end of apartheid, the central and provincial governments have increasingly promoted the cooperative sector with various measures. The new Cooperative Act, No. 14 of 2005 has facilitated a boom in the registration of new cooperatives which, in their majority, are black and female-owned, and have taken the worker cooperative form. In terms of the number of cooperatives in 2009, Gauteng represents 20% of all cooperatives in South Africa following KwaZulu-Natal (26%).

After a failure of the national apex organization of cooperatives, the cooperative movement is promoted by NGOs such as the Co-operative and Policy Alternative Centre (COPAC) which conducts its activities nationwide but is located in Gauteng, and by sectoral organizations, such as in the field of credit unions.

The Gauteng provincial government provides various support programs for cooperatives through Gauteng Enterprise Propellor (GEP), in close collaboration with programs coordinated on the national level by the Department of Trade and Industry in the framework of 'Integrated Strategy on the Development and Promotion of Co-operatives'.

## KANAGAWA, JAPAN

**POPULATION (2010):** 9,029,996 (2nd among 47 prefectures)

**AREA:** 2,415.84 km<sup>2</sup>

**CAPITAL:** Yokohama



Kanagawa is located to the south of Tokyo and is bordered by Tokyo Bay to the east and the Pacific Ocean to the south. The eastern half of the prefecture constitutes the south-western portion of the Tokyo-Yokohama Metropolitan area, and its Eastern coast is an important part of the Keihin Industrial Zone. Inland Kanagawa is an agricultural area producing flowers and dairy products for the market in Tokyo. The port of Misaki in Miura city is a major centre of bonito and tuna fishing. During the late 1970s the prefecture's population increased dramatically because of industrial expansion and urbanization.

In Kanagawa prefecture, like in Japan in general, different types of cooperatives have evenly developed by sectors. In the primary sector, agriculture, fishery and forestry cooperatives have played an important role in close collaboration with the concerned ministries. Consumer cooperatives have strongly developed and workers' collectives, which stemmed from the consumer cooperative movement, are particularly strong in the prefecture. Worker cooperatives and old persons' cooperatives are also present. There are two different types of credit unions and some other cooperative financial organizations as well.

The cooperative movement in Kanagawa has developed a distinctive feature since the mid-1980s compared to the Japanese cooperative movement in general, with the establishment of the Kanagawa Cooperative Cooperation Association, which was initiated through cooperation among agricultural cooperatives, fisheries cooperatives and consumer cooperatives. This initiative developed until the creation of Kanagawa Regional Planning Committee for the International Year of Cooperative 2012, which, in turn, is now being transformed into the Kanagawa Cooperative Network.

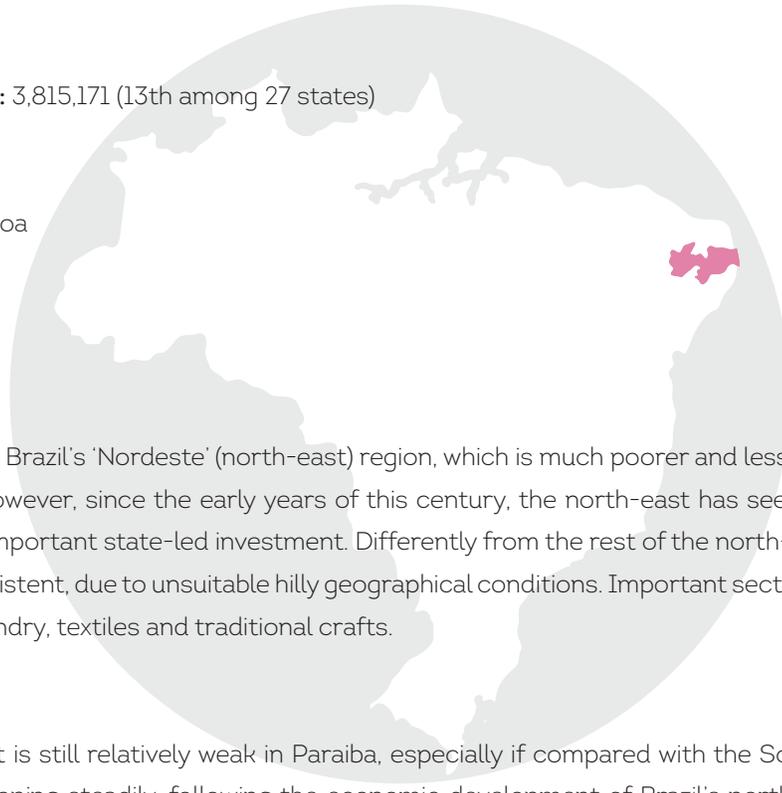
Almost all types of cooperative in Japan are regulated by national legislation at the sectoral level. In turn, worker cooperatives and workers' collectives have no proper legal status yet. There are few direct public support programs for cooperatives, but cooperatives are taken into account as important actors in public policies for certain economic sectors such as the primary sector and finance.

## PARAIBA, BRAZIL

**POPULATION (2012):** 3,815,171 (13th among 27 states)

**AREA:** 56,584.6 km<sup>2</sup>

**CAPITAL:** João Pessoa



Paraíba is a state located in Brazil's 'Nordeste' (north-east) region, which is much poorer and less developed than the industrialized south. However, since the early years of this century, the north-east has seen a high level of development, due also to important state-led investment. Differently from the rest of the north-east, sugarcane cultivation is almost non-existent, due to unsuitable hilly geographical conditions. Important sectors of the state's economy are animal husbandry, textiles and traditional crafts.

The cooperative movement is still relatively weak in Paraíba, especially if compared with the Southern Brazilian states. However, it is developing steadily, following the economic development of Brazil's north-east. The main cooperative sectors are health, industry, services, crafts (in particular traditional crafts), agriculture and dairy products, and transport followed by credit, utilities and education.

The main cooperative organization in Paraíba is OCB-Paraíba, which is the regional organization of OCB, the main cooperative organization in Brazil. UNISOL, another important cooperative organization in Brazil, operates in Paraíba as well. Unimed do Brasil, a health cooperative group, also has an important section in Paraíba.

Within the OCB system, but in partial autonomy from it, SESCOOP focuses on training and is financed through a small percentage of the wages of the workers working in cooperatives. SESCOOP is a cooperative version of SEBRAE, which practices the same system for Brazilian SMEs at large.

Brazil has an inter-sectoral cooperative law which was approved during the military regime, before the democratic constitution was established in the 1980s. In 2012, a separate worker cooperative law was approved, after 8 years of discussions. Although it would have been more logical to first reform the general cooperative law, as many argued, it was deemed both easier and more urgent to approve the worker cooperative law in order to limit the proliferation of false worker cooperatives (in fact agencies of labour flexibilization) which have become rife in Brazil.

## QUEBEC, CANADA

**POPULATION (2011):** 7, 903,001 (2nd among 13 provinces and territories)

**AREA:** 1,542,056 km<sup>2</sup> Capital : Quebec city



Quebec is a province located in the east of central Canada. It is the only Canadian province that has a predominantly French-speaking population and French as its provincial official language. The knowledge sector and several cutting-edge industries including aerospace, information technologies and software and multimedia represent an important part of Quebec's economy. Natural resources such as mines and forests also account for a significant part of the economy. With agriculture and fisheries, agri-food industry has an important place as well.

The cooperative movement has played a fundamental role in Quebec's economic, social and political history. Since the beginning of 20th century, credit unions, organized by the Desjardins movement and agricultural cooperatives have developed in structuring their own sectors in Quebec society and in leading the development of cooperatives in general. Between 1930 and 1945, cooperative networks were created in other sectors, such as fisheries, forestry, food consumption, the purchasing of school supplies, and funeral services. The development of worker cooperatives and consumer cooperatives intensified in the 1980s, in some cases in close collaboration with the trade unions. Since the late 1980s, new types of cooperatives, such as shareholder cooperatives and solidarity cooperatives, have been established.

The *Conseil supérieur de la coopération* was founded in 1940 by the leaders of various unions and cooperative groups. It became the *Conseil québécois de la coopération et de la mutualité* (CQCM) which is actually composed of 17 sector-based federations as full members.

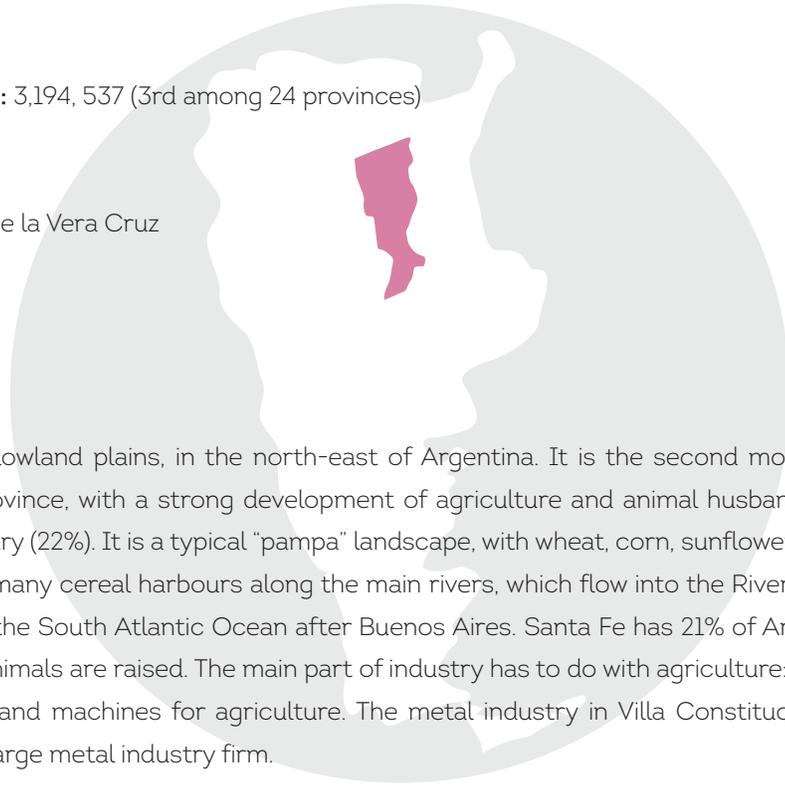
The long-term partnership between the cooperative movement and the government of Quebec is one key factor in the success of the province's cooperative movement. Within the government, the *Direction du développement des coopératives* in the *Ministère du Développement économique, de l'Innovation et de l'Exportation* is in charge of supporting cooperatives and ensuring that the law which regulates Quebec's cooperatives is abided by. The government of Quebec provides several financial programs and technical support to cooperatives in partnership with the cooperative movement. Regional development cooperatives, which are mainly financed by government, play a crucial role in such technical support.

## SANTA FE, ARGENTINA

**POPULATION (2010):** 3,194, 537 (3rd among 24 provinces)

**AREA:** 133,007 km<sup>2</sup>

**CAPITAL:** Santa Fe de la Vera Cruz



Santa Fe is a province of lowland plains, in the north-east of Argentina. It is the second most economically developed Argentinean province, with a strong development of agriculture and animal husbandry (10% of the province's GDP), and industry (22%). It is a typical "pampa" landscape, with wheat, corn, sunflower and soya being the main cash crops, with many cereal harbours along the main rivers, which flow into the River Plate (Rio de la Plata) and from there into the South Atlantic Ocean after Buenos Aires. Santa Fe has 21% of Argentina's arable land, on which 6.5 million animals are raised. The main part of industry has to do with agriculture: agro-industries (flour, oil, dairy products); and machines for agriculture. The metal industry in Villa Constitucion is also very important, with Acindar, a large metal industry firm.

Santa Fe is the Argentinean province with the highest concentration of cooperatives. The first cooperatives were established in the early years of the 20th century, often by Italian immigrants who brought with them the cooperative concept. The main type is agricultural cooperatives, in particular grain, soya, milk and dairy products. A second important sector is insurance, with SANCOR Seguros and La Segunda which are among the biggest insurers in Argentina and are both based in Santa Fe, having most of their members in the province. An important characteristic in Argentina in general and Santa Fe in particular is the importance of utility cooperatives, which distribute water, electricity and telephone services. This is where these cooperatives first organized in Argentina, and they now count among the strongest cooperative sectors at the national level. Finally, worker cooperatives have been mushrooming since 2002, with more than 700 enterprises registered to this day.

Argentina has 3 cooperative confederations: Coninagro for agricultural cooperatives, Cooperar at the inter-sectoral level, and CNCT for worker cooperatives, all three are based in Buenos Aires. Although separate, the three confederations work increasingly in cooperation with each other.

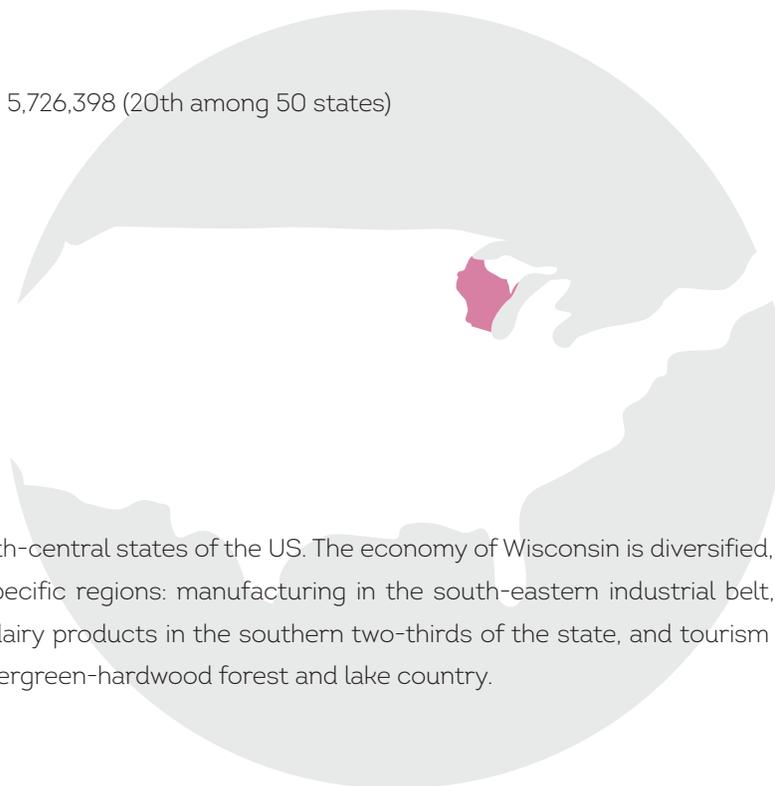
Cooperatives in Argentina are regulated by a single inter-sectoral cooperative law, and are registered at, and promoted by the state social economy agency INAES at the central government level. The Santa Fe province also has a government office for cooperatives. However, most of the promotion policies are done at the central level.

## WISCONSIN, UNITED STATES

**POPULATION (2012):** 5,726,398 (20th among 50 states)

**AREA:** 169,639 km<sup>2</sup>

**CAPITAL:** Madison



Wisconsin is one of the north-central states of the US. The economy of Wisconsin is diversified, with three major sectors concentrated in specific regions: manufacturing in the south-eastern industrial belt, agriculture with an important presence of dairy products in the southern two-thirds of the state, and tourism and recreational activities in the northern evergreen-hardwood forest and lake country.

Cooperatives have long played an important role in the economy of rural Wisconsin. The first town mutual insurance society was formed in the mid 1800's. By the early 20th century, an important portion of creameries and cheese factories were owned by farmers who were producer-members. In the 1930's, telephone and electric cooperatives brought those basic services to rural Wisconsin. The headquarters of the Credit Union National Association (CUNA), CUNA Mutual group and the World Council of Credit Union are located in Madison, capital of the state. Worker cooperatives, consumer cooperatives and housing cooperatives are very active and closely related to grass-roots movements. According to a study by the University of Wisconsin Center for Cooperatives, Wisconsin is home to the second largest number of cooperatives in the United States, with 2.7 million cooperative members.

The Cooperative Network is an inter-sectoral organization representing over 600 cooperatives in Wisconsin and Minnesota. We also find sectoral networks and sub-regional networks of cooperatives, such as the Dane Cooperative Alliance.

In the United States, there is no common legal status for cooperatives at the federal level. Persons who want to establish a cooperative in Wisconsin can incorporate as a cooperative corporation under Chapter 185 or establish as an unincorporated cooperative association under Chapter 193 according to Wisconsin State Codes.

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Information provided by Mondragon Corporation, *Incidencia de Mondragón en el Euskadi y Navarra*

# ANNEX 3

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## LIST OF INTERVIEWS

# ANNEX 3 - LIST OF INTERVIEWS

COUNTRY	REGION	NAME OF COOPERATIVE OR COOPERATIVE ORGANIZATION	TYPE OF COOPERATIVE	MAIN ACTIVITY	STATUS OF INTERVIEWEE	GENDER	AGE	REMARKS
SOUTH AFRICA	Gauteng	Tswelanelane Bakery	Worker cooperative	Bakery	Worker-member	W	senior	
		Twanano Paper Manufacturing	Worker cooperative	Handicraft, agriculture	Worker-member	W	junior	
		Hlanganani agricultural worker cooperative	Worker cooperative	Agriculture	Worker-member	M	middle	
		Pretorium trust	Users' cooperative	Credit service	Employee	M	senior	
SOUTH KOREA	Gangwon	Nonghyup	Producer cooperative federation	Agriculture, banking	Producer-member	M	middle	
		Nonghyup	Producers' cooperative federation	Agriculture, banking	Employee	M	middle	
		Wonju food cooperative	Social cooperative	Lunch box, catering, restaurant	Employee	W	junior	
		Wonju medical cooperative	Users' cooperative	Medical service	Employee	M	middle	
		Balkeum Credit Union	Users' cooperative	Banking	Employee	M	middle	
JAPAN	Kanagawa		Users' cooperative	Organic food distribution	Employee	M	junior	Collective interview
		Seikastu-Club consumer cooperative	User' cooperative	Organic food distribution	Employee	M	junior	
			Users' cooperative	Organic food distribution	Employee	W	junior	
		Center Jigyodan Kanagawa Region Office	worker cooperatives regional federation	Regional federation	Worker-member	M	junior	

COUNTRY	REGION	NAME OF COOPERATIVE OR COOPERATIVE ORGANIZATION	TYPE OF COOPERATIVE	MAIN ACTIVITY	STATUS OF INTERVIEWEE	GENDER	AGE	REMARKS
JAPAN	Kanagawa	Kokoji	Worker cooperative	Care service	Worker-member	W	middle	
		Kanagawa senior cooperative	Social cooperative	Care service	Worker-member	W	middle	
		Workers' Collective Mutual Insurance co., ltd	Worker cooperative	Mutual insurance service	Worker-member	W	senior	Collective interview
			Worker cooperative	Mutual insurance service	Worker-member	W	middle	
ARGENTINA	Santa Fe	SANCOR Lacteos	Producers' cooperative	Dairy	Employee	M	senior	
		SANCOR Seguros	Users' cooperative	Insurance	Employee	M	junior	
		Cooperativa de Provisión de Agua Potable Sunchales	Users' cooperative	Supplying of drinking water	Employee	W	junior	
		Fecotel	Users' cooperative federation	Telephone service	Employee	M	middle	
		Agricultores Federados Argentinos	Producers' cooperative	Agriculture	Producer-member	M	middle	
		FESCOE (Santa Fe Federation of Electricity Cooperatives)	Users' cooperative federation	Supplying of electricity	Employee	M	junior	
		7 de mayo worker cooperative	Worker cooperative	Metallurgy	Worker-member	M	junior	Collective interview
Worker cooperative	Metallurgy		Worker-member	M	senior			
BRAZIL	Paraiba	Coapecal	Producers' cooperative	Dairy	Employee	M	middle	
		Taxi cooperative João Pessoa	Producers' cooperative	Taxi	Producer-member	M	junior	
		Coop Extremo	Producers' cooperative	Transport and tourism	Producer-member	M	junior	

COUNTRY	REGION	NAME OF COOPERATIVE OR COOPERATIVE ORGANIZATION	TYPE OF COOPERATIVE	MAIN ACTIVITY	STATUS OF INTERVIEWEE	GENDER	AGE	REMARKS
BRAZIL	Paraiba	Coopapel	Worker cooperative	Paper products	Worker-member	M	senior	
		Women's handicraft cooperative As Cabritas	Producers' cooperative	Handicraft	Producer-member	W	senior	
		Handicraft cooperative	Producers' cooperative	Handicraft	Producer-member	W	middle	
ITALY	Emilia-Romagna	CMC Ravenna	Worker cooperative	Construction	Worker-member	W	middle	
		EVOLUZIONI WEB	Worker cooperative	IT	Former worker-member	M	middle	
		COMACER Bagnacavallo	Producers' cooperative	Agriculture	Producer-member	M	middle	
		RAFAR Multiservice	Worker cooperative	Multi-service	Employee	M	senior	
		CREDITO COOPERATIVO	Users' cooperative	Banking	Employee	M	junior	
		Lavoratori del Mare	Producers' cooperative	Fishery	Producer-member	M	senior	
		Coop Adriatica	Users' cooperative	Distribution	Employee	M	middle	
		Consorzio Solco Imola	Consortium of social cooperatives	Social service	Worker-member	M	middle	
ZEROCENTO	Social cooperative	Social service	Worker-member	W	junior			
SPAIN	Basque Country	Behi-alde Koop.E.	Worker cooperative	Dairy	Worker-member	M	senior	
		Mondragon Assembly S.Coop	Worker cooperative	Manufacturing	Worker-member	M	middle	
		Eroski	Users' + worker cooperative	Distribution	Worker-member	W	middle	
		Urkide Koop.E.	Worker cooperative	Education	Worker-member	M	middle	

COUNTRY	REGION	NAME OF COOPERATIVE OR COOPERATIVE ORGANIZATION	TYPE OF COOPERATIVE	MAIN ACTIVITY	STATUS OF INTERVIEWEE	GENDER	AGE	REMARKS
SPAIN	Basque Country	Laboral Kutxa Koop.E.	Users' + worker cooperative	Banking	Worker-member	M	middle	
		Fagor Arrasate Koop.E.	Worker cooperative	Manufacturing	Worker-member	M	junior	
		Garlan S.Coop.	Producers' cooperative	Agriculture	Producer-member	M	middle	
		Arizmendi Koop.E.	Worker cooperative	Education	Worker-member	M	senior	
CANADA	Québec	Desjardins Federation	Group of users' cooperative	Banking	Employee	W	middle	
		Constructions ensemble	Worker cooperative	Construction	Worker-member	M	senior	
		Coopérative funéraire des Deux Rives	Users' cooperative	Funeral service	Employee	M	senior	
		La coop Fédérée	Producers' cooperative	Agriculture	Producer-member	M	senior	
		Novaide	Social cooperative	Care service	Employee	M	senior	
UNITED STATES	Wisconsin	Isthumus	Worker cooperative	Engineering	Worker-member	M	middle	
			Worker cooperative	Engineering	Employee	W	middle	
		Landmark	Producers' cooperative	Agriculture service	Employee	M	middle	
			Producers' cooperative	Agriculture service	Employee	W	junior	
		Union cab	Worker cooperative	Taxi	Worker-member	M	senior	
			Worker cooperative	Taxi	Worker-member	M	middle	
		Organic Valley	Producers' cooperative	Dairy, crop	Employee	M	middle	Collective interview

COUNTRY	REGION	NAME OF COOPERATIVE OR COOPERATIVE ORGANIZATION	TYPE OF COOPERATIVE	MAIN ACTIVITY	STATUS OF INTERVIEWEE	GENDER	AGE	REMARKS
UNITED STATES	Wisconsin	Organic Valley	Producers' cooperative	Dairy, crop	Employee	W	senior	Collective interview
		Center Point Counseling	Worker cooperative	Mental health	Worker-member	M	middle	Collective interview
			Worker cooperative	Mental health	Worker-member	M	middle	
			Worker cooperative	Mental health	Employee	W	middle	
		CUNA Mutual Group	Subsidiary of users' cooperative federation	Insurance	Employee	W	junior	
INDIA	Ahmedabad	Gitanjali	Worker cooperative	Manufacturing	Worker-member	W	junior	
			Worker cooperative	Manufacturing	Worker-member	W	middle	
			Worker cooperative	Manufacturing	Worker-member	W	middle	
		Rachayata coop	Worker cooperative	Construction	Worker-member	W	middle	
			Worker cooperative	Construction	Worker-member	W	middle	
		Shaishav Balsewa Child care	Worker cooperative	Child care	Worker-member	W	senior	

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## ABOUT CICOPA

CICOPA, a sectoral organisation of the International Cooperative Alliance (ICA) represents industrial and service cooperatives across the world. Many of those cooperatives are worker cooperatives, namely cooperatives where the members are the staff of the enterprise and which are characterized by a distinctive type of labour relations, called "worker ownership", different from the one experienced by conventional employees or by self-employed. A new and growing typology of cooperatives represented by CICOPA are social cooperatives, namely cooperatives whose mission is the delivery of goods or services of general interest. CICOPA also represents cooperatives of self-employed producers active in industry and services.

## ABOUT DESJARDINS GROUP

With 45,000 employees, Desjardins Group is the leading cooperative financial group in Canada and the fourth largest cooperative financial group in the world with assets of \$222 billion. It has been rated one of Canada's top 100 employers by Mediacorp Canada. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. The group has one of the highest capital ratios and credit ratings in the industry. It is considered as the fourth safest and strongest bank in North America according to Global Finance magazine and the first according to Bloomberg News. Desjardins Group and the International Cooperative Alliance will co-host the 2014 International Summit of Cooperatives (October 6 to 9) to be held in Quebec City.



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