



European Trade Union Confederation [ETUC]
Confédération européenne des syndicats [CES]



WORKERS' INVOLVEMENT IN WORKER-OWNED ENTERPRISES

Information, consultation and participation
in worker cooperatives, social cooperatives and other
worker-owned enterprises in Europe

SYNTHESIS

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Contents

1. INTRODUCTION BY BRUNO ROELANTS, CECOP.....	5
2. CONCLUSIONS OF THE SURVEY BY CECOP AND DIESIS.....	16
3.COMMON ETUC-CECOP CONCLUSIONS CONCERNING THE VOLUNTARY STANDARDS OF WORKERS' INVOLVEMENT IN SCE COMPOSED OF WORKER COOPERATIVES, SOCIAL COOPERATIVES OR WORKER OWNED ENTERPRISES, AND/OR OF WORKER-MEMBERS.....	22
ANNEX 1. R193 PROMOTION OF COOPERATIVES RECOMMENDATION, 2002.....	27
ANNEX 2. WORLD DECLARATION ON WORKER COOPERATIVES.....	41

1. INTRODUCTION BY BRUNO ROELANTS, CECOP

1. Presentation to the document

One of the main goals of the *Involve* project (*Fostering the involvement of workers in SCEs and national cooperatives and worker-owned enterprises*), held in 2007 with the co-financing of the European Commission's DG Employment, is to pursue the dialogue between the trade union movement and the cooperative movement in Europe concerning workers' involvement in worker cooperatives, social cooperatives and other types of employee-owned enterprises.

On the one hand, workers' involvement in enterprises (under its three components of information, consultation and participation) is regulated by European law, in particular Directive 2002/14 *establishing a general framework for informing and consulting employees in the European Community* (at least above certain thresholds of numbers of workers) and the directives on worker involvement relative to the European company (SE) and European Cooperative Society (SCE).

On the other hand, worker cooperatives, social cooperatives (a sub-category of worker cooperatives characterised by the provision of social services or the labour integration of disadvantaged people) and other types of employee-owned enterprises are based on the paradigm that workers, in their majority, jointly own, manage and control their enterprise. This makes them very specific enterprises when it comes to workers' involvement, under its three above-mentioned components. Their specific processes of workers' involvement are not only a right, but also an objective condition without which the enterprise could simply not function, as we will better understand below. Therefore, their worker involvement practices cannot simply be analysed through the 'eyeglasses'

of conventional enterprises, not even from those of other types of cooperatives, which are characterised by conventional wage-based labour (unless they allow their workers to become worker-members and thus become a mixed type of cooperatives).

Thus, in order to come to any meaningful common conclusions on this topic as they have done (see “common conclusions” later in this document), ETUC and CECOP have agreed that it was necessary to better analyse the specific characters of worker involvement in those enterprises. For this purpose, an initial, pilot survey was conducted among the member federations of CECOP and among selected enterprises affiliated to them on this topic. The survey was based on the founding standards on which worker and social cooperatives (and, to a large extent, other types of employee-owned enterprises such as the Spanish ‘labour enterprises’ as well) are based.

In order to fully understand the conclusions of the survey (to be found later in this document), it is necessary to first focus on those standards, which define how workers’ involvement is practiced in those enterprises.

The universal character of the cooperative standards, under their latest formulation approved at the centenary of the International Cooperative Alliance (1995), have also been confirmed by the governments, trade unions and employers’ organisations from around the world through *ILO Recommendation 193/2002 on the Promotion of Cooperatives* (annexed to this document).

A specific application of those standards was later worked out within CICOPA (the sectoral organisation of the International Cooperative Alliance (ICA) of which CECOP is the regional organisation for Europe) between 2002 and 2004, and approved at the 2005 ICA General Assembly under the form of

a *World Declaration on Worker Cooperative* (annexed to this document).

2. Analysis of the worker and social cooperative standards

According to the universal definition enshrined in ILO Recommendation 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*"¹. It is thus both an association of persons and a full-fledged enterprise involved in economic activities, fully blending those two apparently contradictory aspects in an indissociable whole. Like in any enterprise, ownership, management and control must exist and must emanate from somewhere. But as an association of persons, such ownership, management and control is exerted jointly by the members.

Those persons that make up the cooperative, namely the members, join together '*to meet their common economic, social and cultural needs and aspirations*'. Thus they have a dual characteristic: on the one hand they are owners; on the other hand they are members with a specific socio-economic role corresponding to the type of economic, social or cultural needs and aspirations which unites them and which in turn define the various typologies of cooperative: eg consumers, farmers, fishermen. In a worker cooperative, the members are the workers. In the same way as there is a total blending between the enterprise and the association aspects at the cooperative level, there is also a total blending of the two aspects that characterise the cooperative members. In a worker cooperative, thus, it is impossible to dissociate the 'worker' aspect from the 'member' aspect that both characterise a worker-member: indeed, any dissociation

¹ ILO R 193/2002 on the Promotion of Cooperatives, art 1.2

between those two aspects would be in contradiction with the very essence of a cooperative.

Even more central to the labour aspect of the question is that the distinctive figure of the worker-member necessarily entails a different type of labour relations than in both conventional wage-based labour (in which the workers are not those who own, manage and control the enterprise) and self-employment (where the workers do own, manage and control their micro-enterprises, but in an individual fashion). This makes "worker ownership" (as the situation of worker-member is called internationally) the third main type of labour relation in the world. In spite of its still rather small numbers as compared to the other two labour relation modalities, worker ownership possesses specific characteristics in terms of employment sustainability, economic democracy, knowledge development, social inclusion, and local and regional development that makes it worthwhile studying very carefully, including from the point of view of workers' involvement.

Cooperatives around the world also universally agree on a set of 10 values ('*self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others*'²) and 7 derived operational principles according to which the enterprise is led and managed.

Two of those principles have a particular importance in terms of the insertion of cooperatives within the wider world: "*autonomy and independence*" (from governments, political parties etc), and "*cooperation among cooperatives*" (through federations, consortia and groups, and common business support instruments)³.

The five remaining principles are particularly relevant from the point of view of worker involvement, as we will now examine.

² Ibid, art 3 (a)

³ Ibid, art 3 (b)

First principle: Voluntary and open membership. *“Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination⁴”*

This principle means that no application for membership can, in principle, be turned down. Admission, though, depends on the type of cooperative and cooperative member. In a consumer cooperative, members can normally not be turned down provided they are consumers. In an agricultural cooperative, the would-be members should be farmers. In a worker cooperative, the aspirant workers should first be workers. This is why the World Declaration on Worker Cooperatives specifies that, in this particular type of cooperative, *“The free and voluntary membership of their members, in order to contribute with their personal work and economic resources, is conditioned by the existence of workplaces⁵”*. There can be no admission to worker-member status if there is no job in the first place.

But the other side of the first principle is that nobody should be obliged to become a member. There are two different ways to deal with this problem:

- Either by asking the newly-appointed workers to commit themselves in principle to becoming members once the probationary period is over.
- Or by accepting that some workers do not become members because they do not want to.

Furthermore, some workers cannot qualify to become members:

⁴ ILO Recommendation 193/2002 on the Promotion of Cooperatives, annex

⁵ World Declaration on Worker Cooperatives, I 1.

- Either because they are temporary workers (in specific sectors, in particular season-based, it is very difficult to avoid a limited percentage of temporary workers).
- Or because they do not have the civil rights that are necessary for cooperative membership. This is the case of prisoners or mentally disabled, such as those employed in some social cooperatives.

It is thus virtually impossible to ensure that 100% of the workers will want to become members, even if the cooperative does everything it can for this to happen. However, it is important to ensure that a substantial percentage of the workers are members, in order not to lose the worker cooperative character. This is why it was internationally agreed that the majority of workers should be members (*"As a general rule, work shall be carried out by the members. This implies that the majority of the workers in a given worker cooperative enterprise are members and vice versa"*⁶).

Another important aspect of this first cooperative principle is that membership to a cooperative is a process. One cannot become a worker-member and shoulder all the business responsibilities that go with it overnight. The business responsibilities that the new worker-member will face as co-owner and co-manager requires an initiation period, which can be shorter or longer according to the complexity of the enterprise (which can vary according to the sector, size of the enterprise, levels of internationalisation etc).

As we can see, the first cooperative principle entails a dynamic situation as far as workers' involvement is concerned: indeed, the boundaries between the non-member workers and the worker-members evolve all the time, towards more integration of the former into the latter.

⁶ World Declaration on Worker Cooperatives, I 3

Second cooperative principle: democratic member control.

“Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner”⁷.

One of the main features deriving from this principle is that members will not be given more than one vote even if they invest more share capital than others.

In the case of worker-members, democratic management has a particular significance when it comes to workers' involvement (participation, and obviously also information and consultation), making it necessarily higher than in any other type of enterprise: the worker-members democratically elect the board members, who will lead the enterprise.

It could be argued that, like in any democratic process, people can use it more or less actively. In a worker cooperative, though, since those that are involved in the democratic process are also those that carry out the production process of the enterprise, they tend to be particularly aware of the stakes and thus tend to practice democracy rather actively.

Third cooperative principle: member economic participation.

“Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing

⁷ ILO Recommendation 193/2002 on the Promotion of Cooperatives, annex

their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership⁸".

The participation of each worker-member to the share capital can be symbolic (eg 1 €) or substantial (e.g. the equivalent of one year's wages), but it always confers to him/her a participation in the ownership of the enterprise, which is, of course, particularly meaningful in terms of worker involvement in the case of worker and social cooperatives. The 'limited compensation' on the share capital is generally similar to a bank interest, and is meant to maintain the nominal value of the share plus the cost of inflation.

Nevertheless, the cooperative ownership structure is not the mere sum of the individual ownerships of each member. Cooperative ownership blends individual ownership (of the members) with collective ownership (of the cooperative as a whole).

This explains why the part of the enterprise surplus that goes to reserves cannot be divided during the life time of the cooperative, and, in a number of countries, even after liquidation. The philosophy behind this provision is that the cooperative belongs not only to its present members, but also to its past and future ones. Membership of a cooperative has to be seen in a time perspective, across the generations. This intergenerational concept is particularly meaningful in the case of a worker and social cooperative, because workers' involvement too has to be seen in an intergenerational perspective: worker-members, through their workers' involvement process (information, consultation and participation) pursue the work of previous worker-members and prepare the work of future worker-members.

⁸ Ibid

This is one of the reasons why the World Declaration on Worker Cooperatives emphasises the worker cooperatives must "*Contribute to the capital increase and the appropriate growth of indivisible reserves and funds*"⁹.

Apart from reserves, a limited part of the annual surplus is attributed to the members under the form of dividends. This particular financial instrument is often the object of misunderstandings: it is not a rent nor a return on investment, but a compensation. In a worker cooperative, an increase in year-end surplus means that the remuneration of the work of the worker-members has been too low, and thus requires an adjustment. In general, non-member workers are excluded from the distribution of dividends; it could be argued that they, too, took part in the effort and that their work, too, has not been sufficiently remunerated. In fact, this is one of the reasons why, in some worker cooperatives, even the non-member workers do receive dividends according to their work. On the other hand, though, worker-members' working time resulting from their entrepreneurial responsibilities should be taken into account in their specific remuneration.

Fifth cooperative principle: education, training and information

*"Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives"*¹⁰.

The promotion of education and training is a logical consequence of the second and third principles: participation to the management of an enterprise (and especially for those coming from the shopfloor that are elected to the Board) requires a substantial input in training. In addition; the specific type of workers' involvement in a worker or social cooperative

⁹ World Declaration on Worker Cooperatives, II 2.

¹⁰ ILO Recommendation 193/2002 on the Promotion of Cooperatives, annex

itself requires specific training in order to be implemented correctly.

At the same time, education and training are not only instrumental to the implementation of the second and third cooperative principles: they are at the very core of the cooperative philosophy. Jose Maria Arizmendiarieta, one of the main cooperative thinkers of the XX Century and founder of the Mondragon cooperative experience in Spain's Basque region, rightly said in this respect: "*It has been said that cooperation is an economic movement using educational action, but the definition could as well be reversed by saying that it is an educational movement using economic action*"¹¹. Indeed, cooperatives can be seen as an educational movement, and worker cooperatives are also schools of socially-oriented entrepreneurship. In terms of workers' involvement, this is important because a proper investment in human capital is absolutely fundamental in carrying out the workers' involvement process.

Seventh cooperative principle: concern for the community.

*"Cooperatives work for the sustainable development of their communities through policies approved by their members"*¹²

This principle has a specific bearing in terms of workers' involvement. Indeed, the most immediate component of the surrounding community is made up of the non-member workers working in the enterprise and of their families.

This principle also gives another dimension to workers' involvement: one which is not only to be shared with fellow workers, but with other components of the community. In a

¹¹ ARIZMENDIARRIETA Jose Maria (1984): *La empresa para el hombre* [The enterprise for the human being], Bilbao, Alkar, p 68.

¹² ILO Recommendation 193/2002 on the Promotion of Cooperatives, annex

worker cooperative, workers' involvement not only has an inter-generational extension, but also a spatial one.

The World Declaration on Worker Cooperative thus stipulates that "*In their internal operations, worker cooperatives (...) shall (...) contribute to the improvement of the living conditions of the family nucleus and the sustainable development of the community*¹³"

An even more fundamental motivation is that worker cooperatives "*have the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers' democratic self-management and promote community and local development*¹⁴".

In the specific case of social cooperatives, the commitment to the community can be even more tangible. In some cases, this materialises through multi-type membership, with other community stakeholders being members, such as users, volunteers, and even the public authorities. In such cases, workers' involvement by worker-members finds a concrete extension through an involvement with those other types of members.

¹³ World Declaration on Worker Cooperatives, II, 7

¹⁴ Ibid, I. 1

2. CONCLUSIONS OF THE SURVEY BY CECOP AND DIESIS

The survey was performed in CECOP member federations in 14 EU countries, and a sample of 33 enterprises in 5 EU countries.

Introduction: which components of 'workers' involvement' have been considered?

As a first consideration, it is important to underline that the EU legal regulation on worker involvement only deals with information and consultation, except for the European company (SE) and the European Cooperative Society (SCE), which also include the 3d component of workers' involvement, namely participation, but which are a very specific type of enterprise option.

Thus, the reality of workers' involvement in worker and social cooperatives and other types of employee-owned enterprises in Europe, based on the standards which we examined in the introduction, should be first and foremost confronted with the general European standards of worker involvement in enterprises, which in fact refer to information and consultation only.

The survey, though, focuses on all three aspects of workers' involvement (information, consultation, but also participation) included in the non-binding 1989 Community Charter of Social Rights of Workers, and attempts to define if and to what extent the enterprises of the CECOP constituency are indeed characterised by a high level of all three, and whether there may be problems in their implementation.

1. Are members the majority of workers? And how to become a member?

Supposing that the worker-members enjoy, among themselves, a much higher level of workers' involvement than non-member workers, it was necessary to first look at their respective percentages and how the workers can join as members, in keeping with the first cooperative principle of voluntary and open membership.

We found out that, except for one out of the 14 countries under examination, worker-members are 70% or more of all the workers under examination (above 1.1 million persons). In Italy and Spain, the two countries which, by far, have the higher number of worker-members in the EU, the average is 78% and 79% respectively. In 8 countries, it is 80% or higher, including 5 countries where it is 90% or higher. The European average is 79%. As we can see, there is no question that worker-members represent the overwhelming majority of the workers in the CECOP constituency, and that, as a consequence, workers' involvement among them also represent the overwhelming majority of workers' involvement processes in the enterprises under consideration.

Let us now look at the process of becoming a member. A still indefinite part of the 21% of the non-member workers in Europe is constituted by workers undergoing a probationary period. In a UK cooperative, newly-appointed workers must commit themselves to become worker-members after their probationary period is over. In other cases, the new workers are given all the information concerning membership when they sign their contract. In Italy's legislation, the refusal to admit a new member must be justified by the enterprise Board and can be challenged in court.

In several countries (in particular Italy and Spain), a substantial part of non-member workers is made up by temporary workers

(in particular in some sectors) and workers who do not want to become members.

Some restructuring initiatives can substantially increase the number of members: for example, the Italian cooperative CIR saw its number of worker-members increase from 1000 to 3200 persons in a few years through a statutory change.

2. The democratic life of the enterprise

a) Among the members

General assemblies of members can take place once or twice a year, but there can also be many more informal meetings, as reported in Italy. Board meetings can vary from 3 - 6 a year in France, every month in the Czech Republic and Italy, up to 50 in the UK.

In more complex enterprise structures, with different production lines or even production sites, the democratic process among members can be more difficult: in such cases, we can witness a development of meetings within individual enterprise units, at the shop floor level. This practice favours a better participation process at the subsequent general assembly. Sometimes, the different units nominate candidates to the board. Some larger enterprises, such as Italian industrial cooperatives, have a system of inside information on the candidates to the Board and on the Board decisions.

b) Between members and non members

The Board decisions mentioned above can be confidential and restricted to members only. But, in other cases, such information may be accessible also to non-members, e.g. through the enterprise newsletter or postings on wall boards. A Spanish cooperative surveyed has a special unit comprising both members and non members. The above mentioned

meetings of enterprise units probably also involve non members as well, at least indirectly, given their grassroots and technical nature.

c) Degree of unionisation and relations with the trade unions

Except for Spain, the level of unionisation among worker and social cooperatives in Western Europe is roughly similar to the one existing for other companies, or sometimes even slightly higher, and this even in enterprises that are below the threshold for the implementation of Directive 14/2002.

3. Economic participation

In many instances, in Italy, France and Spain, when the minimum amount in cooperative shares is high, the new worker-members are offered payment facilities, so as not to discourage membership for economic reasons.

When there is a surplus, some cooperatives, e.g. in France, redistribute the dividend to all workers, even to non members. The amount redistributed in dividends can be 45% of annual surplus in France or 55% in the Czech Republic, most of the rest generally going to reserves. In any case, the beneficiaries themselves are those who decide whether to proceed to surplus redistribution or not in any given year.

Beyond dividends as such, several cooperatives in the sample provide additional health, welfare, leisure or cultural benefit, or even loans to members.

4. Education and training

In the surveyed cooperatives, the educational and training effort is mainly targeted at the would-be worker-members in probationary period and to new members, and focuses on

cooperative training, including participative governance practices among members, which is particularly meaningful from the point of view of workers' involvement.

An Italian cooperative surveyed even mentions an introductory textbook with a translation in various languages, in order to foster the integration as worker-members of migrant workers coming from outside the EU.

In some cases, the training and education effort also includes the drafting of a history of the enterprise, so as to keep awareness among members in terms of memory. Several cooperatives, especially in the Czech Republic and France, also offer structured continuing education system throughout the worker-members' career.

5. Concern for community

The relations within the community among the surveyed cooperatives mainly have to do with the local authorities (in particular social cooperatives) and schools. The relationship with the schools is particularly meaningful in view of the intergenerational character of cooperatives, especially those that have been in the community for several generations already.

Final considerations

The survey carried out within the framework of the Involve project is an initial and pilot work. It provides some insight into the practices of workers' involvement in the enterprises of the CECOP network, the relation between non-member workers and worker-members, the process by which a worker can become a member, etc.

Nevertheless, a series of questions still remain largely unanswered and will require further research, such as the relation between the enterprise Board and the works council or the trade union committee, the specific modalities of workers' involvement for disadvantaged workers, a precise statistical differentiation between workers under probationary period to become members and other types of non-member workers, etc. Hopefully, those questions will be answered through future research initiatives.

But this survey already shows the interest and relevance of studying the workers' involvement experience in the enterprises of the CECOP network.

On the basis of this initial survey, and of the world cooperative standards on which it is based, ETUC and CECOP have been able to work on the following text in this document, which provides voluntary standards of workers' involvement (information, consultation and participation) in future European cooperative societies (SCE) in the cooperative sector represented CECOP (industry and services), in addition to what is already regulated by the SCE directive. No doubt that this text, technically limited to SCE, can also be used as a standard for the wider CECOP constituency of enterprises.

3. COMMON ETUC-CECOP CONCLUSIONS CONCERNING THE VOLUNTARY STANDARDS OF WORKERS' INVOLVEMENT IN SCE COMPOSED OF WORKER COOPERATIVES, SOCIAL COOPERATIVES OR WORKER OWNED ENTERPRISES, AND/OR OF WORKER-MEMBERS

1. General considerations

1.1. Scope

The present common conclusions establish standards of workers' involvement (information, consultation and participation) in European cooperative societies (SCE) composed either:

- of worker cooperatives, social cooperatives or worker owned enterprises,
- of worker-members;
- of both.

1.2. Basic documents

The present common conclusions are fully based on:

- Council Directive 2003/72/CE of 22 July 2003 completing the statute of the European cooperative society
- Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE)
- Council Directive 2002/14/CE 2002/14/EC of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community
- The World Declaration on Worker Cooperatives, approved by the 2005 General Assembly of the International Cooperative Alliance, which applies to the situation of worker-members (called 'worker ownership') the ICA Statement on the Cooperative Identity, incorporated into

ILO Recommendation 193/2002 on the Promotion of Cooperatives.

1.3. Basic international principles of cooperative worker ownership

The present common conclusions uphold the following basic international principles of cooperative worker ownership as stipulated in the afore-mentioned Declaration. In particular, worker cooperatives:

- *"have the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers' democratic self-management and promote community and local development"* (1.1).
- *"The free and voluntary membership of their members, in order to contribute with their personal work and economic resources, is conditioned by the existence of workplaces"* (1.2)
- *"As a general rule, work should be carried on by the members. This implies that the majority of the workers in a given worker cooperative enterprise are members and vice versa"* (1.3).
- *"Their internal regulation is formally defined by regimes that are democratically agreed upon and accepted by the worker-members"* (1.5)
- *"They shall be autonomous and independent, before the State and third parties, in their labour relations and management, and in the usage and management of the means of production"* (1.6)
- They shall *"provide the workplaces with physical and technical facilities aimed at achieving an appropriate functioning and a good organisational climate"* (2.3)
- They shall *"practice democracy in the decisive instances of the organisation and in all the stages of the management process"* (2.5)
- They shall *'ensure permanent education and training for capacity building of members and information to the*

latter, in order to guarantee professional knowledge and the development of the worker cooperative model, and to stimulate innovation and good management' (2.6)

- They shall "*combat their being instruments aimed at making the labour conditions of wage-earning workers more flexible or precarious, and from acting as conventional intermediaries for jobs' (2.8)*

Social cooperatives and worker-owned enterprises normally abide by the above principles as well.

Thus, by the very character of their enterprises, worker-members have built-in rights of information, consultation and participation, which are substantially wider than those foreseen in the Directive 14/2002/CE.

1.4. Definition of workers, inclusion of all workers, voluntary and open membership

The definition of workers, in these common conclusions is the same as the one included in Directive 14/2002/CE.

ETUC and CECOP will maintain bilateral consultations on cases in which the inbuilt rights of information, consultation and participation of worker-members appear not to be properly exerted by the worker-members because of shortcomings concerning cooperative governance, taking particular measures against false cooperatives, within which those powers are being illegally denied. Furthermore, ETUC and CECOP will deepen existing good practices in worker cooperatives, social cooperatives and worker-owned enterprises, and will disseminate them.

According to the first cooperative principle ("*Voluntary and open membership – Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination*") ILO

Recommendation 193), all the workers have the right to become members.

2. Workers-members, and constitution of the special group of negotiation foreseen in the SCE directive

2.1 SCE established by merger or transformation

A SCE can be established by merger or transformation of worker cooperatives, social cooperatives and/or employee-owned enterprises.

In both cases, the special group of negotiation shall be established in accordance with art 3.2. of Directive 2003/72 CE: the delegates of the workers shall be elected in proportion to the number of workers in the national-level legal entities which are at the origin of the SCE. The workers will be enabled to negotiate their own mechanisms of workers' involvement.

2.2. SCE established ex novo

SCE established ex novo by legal-person members characterised by worker ownership (worker cooperatives, social cooperatives and/or worker-owned enterprises), or by physical worker-members or both shall establish a special group of negotiation as soon as the SCE itself employs at least 5 workers.

3. Specific standards of workers' involvement (information, consultation and participation)

All the provisions foreseen in the Directive shall apply. Furthermore, the present common conclusions establish the following higher standards of information, consultation and participation, as follows:

3.1 Information and consultation

- ETUC notes that, in compliance with the cooperative definition, values and principles recognised world wide and in their totality in ILO Recommendation 193 on the Promotion of Cooperatives, all worker-members, as co-owners and co-managers of the enterprise, shall enjoy the information and consultation levels enabling them to properly exercise such role;
- As much as possible, all workers in probationary period shall enjoy the same level of information and consultation as the worker-members;
- All other workers shall enjoy the information and consultation levels stipulated in the Directive and in the corresponding provisions in national legislation, even if the enterprise workforce is below the threshold foreseen by the latter.

3.2 Participation

- ETUC notes that, in compliance with the cooperative definition, values and principles recognised world wide and in their totality in ILO Recommendation 193 on the Promotion of Cooperatives, all worker-members have full participation rights in decision-making and in being elected in general assemblies and boards.
- Provisions in pertaining national legislations shall be abided by. Moreover, subject to agreement by the board of directors of the cooperative, and preserving the principles included in Directive 2003/72 CE and the protection of already acquired rights, representatives of non member workers can have access to the general assemblies.

ANNEX 1. R193 PROMOTION OF COOPERATIVES RECOMMENDATION, 2002

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 90th Session on 3 June 2002, and

Recognizing the importance of cooperatives in job creation, mobilizing resources, generating investment and their contribution to the economy, and

Recognizing that cooperatives in their various forms promote the fullest participation in the economic and social development of all people, and

Recognizing that globalization has created new and different pressures, problems, challenges and opportunities for cooperatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalization, and Noting the ILO Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference at its 86th Session (1998), and Noting the rights and principles embodied in international labour Conventions and Recommendations, in particular the Forced Labour Convention, 1930; 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; and the Worst Forms of Child Labour Convention, 1999, and

Recalling the principle embodied in the Declaration of Philadelphia that "labour is not a commodity", and

Recalling that the realization of decent work for workers everywhere is a primary objective of the International Labour Organization, and

Having decided upon the adoption of certain proposals with regard to the promotion of cooperatives, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this twentieth day of June of the year two thousand and two the following Recommendation, which may be cited as the Promotion of Cooperatives Recommendation, 2002.

I. SCOPE, DEFINITION AND OBJECTIVES

1. It is recognized that cooperatives operate in all sectors of the economy. This Recommendation applies to all types and forms of cooperatives.

2. For the purposes of this Recommendation, the term "cooperative" means 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.

3. The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:

(a) 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; and

(b) Cooperative principles as developed by the international cooperative movement and as referred to in the Annex hereto. These principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

4. 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:

(a) Create and develop income-generating activities and sustainable decent employment;

(b) Develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training;

(c) Develop their business potential, including entrepreneurial and managerial capacities;

(d) Strengthen their competitiveness as well as gain access to markets and to institutional finance;

(e) Increase savings and investment;

(f) Improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;

(g) Contribute to sustainable human development; and

(h) Establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community.

5. The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.

II. POLICY FRAMEWORK AND ROLE OF GOVERNMENTS

6. A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context 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 set out in Paragraph 3, which would:

(a) establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple, affordable and efficient a manner as possible;

(b) promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives;

(c) provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy, and are in accordance with national law and practice, and which are no less favourable than those applicable to other forms of enterprise and social organization;

(d) facilitate the membership of cooperatives in cooperative structures responding to the needs of cooperative members; and

(e) encourage the development of cooperatives as autonomous and self-managed enterprises, particularly in areas where cooperatives have an important role to play or provide services that are not otherwise provided.

7. (1) The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.

(2) Cooperatives should be treated in accordance with national law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organization. Governments should introduce support measures, where appropriate, for the activities of cooperatives

that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.

(3) Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.

8. (1) National policies should notably:

(a) 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;

(b) 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;

(c) promote gender equality in cooperatives and in their work;

(d) promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;

(e) develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;

(f) 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;

(g) promote the adoption of measures that provide for safety and health in the workplace;

(h) provide for training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce;

(i) facilitate access of cooperatives to credit;

(j) facilitate access of cooperatives to markets;

(k) promote the dissemination of information on cooperatives; and

(l) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

(2) Such policies should:

(a) decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;

(b) define legal obligations of cooperatives in areas such as registration, financial and social audits, and the obtaining of licences; and

(c) promote best practice on corporate governance in cooperatives.

9. 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.

III. IMPLEMENTATION OF PUBLIC POLICIES FOR THE PROMOTION OF COOPERATIVES

10. (1) Member States should adopt specific legislation and regulations on cooperatives, which are guided by the cooperative values and principles set out in Paragraph 3, and revise such legislation and regulations when appropriate.

(2) Governments should consult cooperative organizations, as well as the employers' and workers' organizations concerned, in the formulation and revision of legislation, policies and regulations applicable to cooperatives.

11. (1) Governments should facilitate access of cooperatives to support services in order to strengthen them, their business viability and their capacity to create employment and income.

(2) These services should include, wherever possible:

(a) human resource development programmes;

(b) research and management consultancy services;

(c) access to finance and investment;

(d) accountancy and audit services;

(e) management information services;

(f) information and public relations services;

(g) consultancy services on technology and innovation;

(h) legal and taxation services;

(i) support services for marketing; and

(j) other support services where appropriate.

(3) Governments should facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, to finance them.

(4) Governments should recognize the role of cooperatives and their organizations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels.

12. Governments should, where appropriate, adopt measures to facilitate the access of cooperatives to investment finance and credit. Such measures should notably:

(a) allow loans and other financial facilities to be offered;

(b) simplify administrative procedures, remedy any inadequate level of cooperative assets, and reduce the cost of loan transactions;

(c) facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and

(d) include special provisions for disadvantaged groups.

13. For the promotion of the cooperative movement, governments should encourage conditions favouring the

development of technical, commercial and financial linkages among all forms of cooperatives so as to facilitate an exchange of experience and the sharing of risks and benefits.

IV. ROLE OF EMPLOYERS' AND WORKERS' ORGANIZATIONS AND COOPERATIVE ORGANIZATIONS, AND RELATIONSHIPS BETWEEN THEM

14. Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.

15. Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.

16. Workers' organizations should be encouraged to:

(a) advise and assist workers in cooperatives to join workers' organizations;

(b) assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services;

(c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;

(d) assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;

(e) assist and participate in programmes for cooperatives aimed at improving their productivity;

(f) promote equality of opportunity in cooperatives;

(g) promote the exercise of the rights of worker-members of cooperatives; and

(h) undertake any other activities for the promotion of cooperatives, including education and training.

17. Cooperatives and organizations representing them should be encouraged to:

(a) establish an active relationship with employers' and workers' organizations and concerned governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;

(b) manage their own support services and contribute to their financing;

(c) provide commercial and financial services to affiliated cooperatives;

(d) invest in, and further, human resource development of their members, workers and managers;

(e) further the development of and affiliation with national and international cooperative organizations;

(f) represent the national cooperative movement at the international level; and

(g) undertake any other activities for the promotion of cooperatives.

V. INTERNATIONAL COOPERATION

18. International cooperation should be facilitated through:

(a) exchanging information on policies and programmes that have proved to be effective in employment creation and income generation for members of cooperatives;

(b) encouraging and promoting relationships between national and international bodies and institutions involved in the development of cooperatives in order to permit:

(i) the exchange of personnel and ideas, of educational and training materials, methodologies and reference materials;

(ii) the compilation and utilization of research material and other data on cooperatives and their development;

(iii) the establishment of alliances and international partnerships between cooperatives;

(iv) the promotion and protection of cooperative values and principles; and

(v) the establishment of commercial relations between cooperatives;

(c) access of cooperatives to national and international data, such as market information, legislation, training methods and techniques, technology and product standards; and

(d) developing, where it is warranted and possible, and in consultation with cooperatives, employers' and workers' organizations concerned, common regional and international guidelines and legislation to support cooperatives.

VI. PROVISION

19. The present Recommendation revises and replaces the Co-operatives (Developing Countries) Recommendation, 1966.

ANNEX

EXTRACT FROM THE STATEMENT ON THE COOPERATIVE IDENTITY,
ADOPTED BY THE GENERAL ASSEMBLY OF THE INTERNATIONAL
CO-OPERATIVE ALLIANCE IN 1995

The cooperative principles are guidelines by which cooperatives put their values into practice.

Voluntary and open membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. 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; benefiting members

in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education, training and information

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.

Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

ANNEX 2. WORLD DECLARATION ON WORKER COOPERATIVES

Approved by the ICA General Assembly in Cartagena, Colombia, on 23 September 2005

This Declaration shall be adapted to the different languages of the world, taking into account the various cultures, linguistic traditions and cooperative expressions in use, on the basis of the original English or Spanish version or both.

GENERAL CONSIDERATIONS

1. Humankind permanently seeks a qualitative improvement of the forms of organising work, and endeavours to achieve ever better, fairer and more dignifying labour relations.
2. At present, human beings carry out their occupational activities under three basic modalities: a) independently as self-employed, being then defined by one's own capacities and self-regulation; b) as wage earners, under the continuous subordination to an employer who provides a compensation resulting exclusively from individual or collective negotiations; or c) under a third form, called worker ownership, in which work and management are carried out jointly, without the typical limitations of individual work, nor exclusively under the rules of conventional wage-based labour.
3. Among the modalities of worker ownership, the one being organised through worker

cooperatives has attained the highest level of development and importance at present in the world, and is structured on the basis of the universal cooperative principles, values and operational methods enshrined in the Statement on the Cooperative Identity (Manchester, 1995), agreed upon within the framework of the International Cooperative Alliance (ICA), and incorporated in the ILO Recommendation 193/2002 on the Promotion of Cooperatives.

4. Worker cooperatives are committed to being governed by the above-mentioned Statement on the Cooperative Identity. Moreover, it has become necessary to define at world level some basic characters and internal operational rules that are exclusive to this type of cooperatives, which have specific goals and purposes that differ from cooperatives belonging to other categories. This definition will enhance the coherence and universal identity of cooperative worker ownership, stimulate its development, and produce recognition at world level of its social and economic function in creating decent and sustainable jobs, while also preventing deviations or abuses.
5. A world declaration is also needed in order to focus on the importance of cooperative worker ownership, the promotion of worker cooperatives, and their relations with cooperatives belonging to other categories, as well as with the State, international organisations, the entrepreneurial world and the trade unions. This is necessary to guarantee the development and promotion of worker cooperatives, as well as the full recognition of their role as actors in the solution of the

problems of unemployment and social exclusion, and as proponents of one of the most advanced, fair and dignifying modalities of labour relations, generation and distribution of wealth, and democratisation of ownership and of the economy.

6. Although CICOPA also affiliates cooperatives of individual artisans and other forms of cooperative management that are based on the central concepts of work and production, the present declaration is aimed specifically at worker cooperatives. This does not preclude that it could be, in so far as possible, used by and applied to users' cooperatives that also grant membership and ownership to their workers as a differentiated part from the other members in such a way that their interests are represented adequately, as well as to all the forms of management that grant special recognition to human work and to those who carry it out, such as workers' limited societies (sociedades anónimas laborales – SALs) that apply benefits of cooperative nature to their workers, and in general all those enterprises of community character that provide special labour relations to their members besides offering them welfare services.

On the basis of the above-mentioned considerations, CICOPA unanimously approves the following World Declaration on Worker Cooperatives.

I. BASIC CHARACTERS

On the basis of the definition, values and principles enshrined in the Statement on the Cooperative Identity (Manchester, 1995), and incorporated in ILO Recommendation 193 / 2002 on the Promotion of Cooperatives¹⁵, worker cooperatives contain the following basic characters:

1. They have the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers' democratic self-management and promote community and local development.
2. The free and voluntary membership of their members, in order to contribute with their personal work and economic resources, is conditioned by the existence of workplaces.
3. As a general rule, work shall be carried out by the members. This implies that the majority of

¹⁵ 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*" (ILO R193, art. 2). The cooperative principles are: "*voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community*" (ILO R193, art. 3 (b)). The cooperative values are: "*self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others*" (ILO R 193, art 3 (a)).

the workers in a given worker cooperative enterprise are members and *vice versa*.

4. The worker-members' relation with their cooperative shall be considered as different to that of conventional wage-based labour and to that of autonomous individual work.
5. Their internal regulation is formally defined by regimes that are democratically agreed upon and accepted by the worker-members.
6. They shall be autonomous and independent, before the State and third parties, in their labour relations and management, and in the usage and management of the means of production.

II. INTERNAL FUNCTIONING RULES

In their internal operations, worker cooperatives must take into account the following rules. They shall:

1. Compensate the work of their members equitably, taking in consideration the function, the responsibility, the complexity and the specificity requested by their positions, their productivity and the economic capacity of the enterprise, trying to reduce the difference between the highest and the lowest compensations.

2. Contribute to the capital increase and the appropriate growth of indivisible reserves and funds.
3. Provide the workplaces with physical and technical facilities aimed at achieving an appropriate functioning and a good organisational climate.
4. Protect the worker-members with appropriate systems of welfare, social security and occupational health, and abide by the standards of protection in force in the areas of maternity, childcare and minors of age at work.
5. Practice democracy in the decisive instances of the organisation and in all the stages of the management process. co
6. Ensure permanent education and training for capacity building of members and information to the latter, in order to guarantee professional knowledge and the development of the worker cooperative model, and to stimulate innovation and good management.
7. Contribute to the improvement of the living conditions of the family nucleus and the sustainable development of the community.
8. Combat their being instruments aimed at making the labour conditions of wage-earning workers more flexible or precarious, and from acting as conventional intermediaries for jobs.

III. RELATIONS WITHIN THE COOPERATIVE MOVEMENT

A strong invitation is made to the cooperative movement in general:

1. To make the promotion of worker cooperatives one of the main priorities within the world cooperative movement, and to effectively contribute to the creation of new enterprises of this type.
2. To establish strategic alliances that foster the development of worker cooperatives and to make their entrepreneurial projects possible, including the access to appropriate financing, and the promotion of the services that they offer and of the products that they produce.
3. To establish capital formation mechanisms in worker cooperatives, including the contribution to the latter of risk capital from cooperatives of other categories, with an economic compensation covering the opportunity cost and an appropriate participation in management, without endangering their autonomy and independence.
4. To promote the representative organisations of worker cooperatives at local, national, regional and international level, and the cooperation among them, and to support the creation of second-degree entities, entrepreneurial groups and consortia and common socio-economic agreements among cooperatives, in order to provide efficient entrepreneurial services, reinforce the cooperative movement, and strive

for a model of society characterized by social inclusion and solidarity¹⁶.

5. To promote initiatives that ensure that the State, in its different branches, create and improve the instruments for the development of this type of cooperatives, including relevant and appropriate legislation. This also implies furthering petitions to parliamentarians, in order to make such legislation possible.
6. To promote, in so far as possible, the integration of the wage-earning workers of the cooperatives as worker-members.

IV. RELATIONS WITH THE STATE AND WITH REGIONAL AND INTERGOVERNMENTAL INSTITUTIONS

1. Governments should understand the importance of the promotion and development of worker cooperatives as effective actors of job creation and inclusion to working life of unemployed social groups. For this reason, governments should not discriminate against worker cooperatives, and should include the promotion and development of this type of enterprises in their policies and programs, in order to fight some of the major problems which the world suffers from, generated as a

¹⁶ "The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion" (ILO Recommendation 193/2002, art. 5).

consequence of exclusionary globalisation and development, such as unemployment and inequality.

2. In order to make cooperative worker ownership a real option, the States should establish national and regional regulatory schemes that recognize the specific legal nature of this type of cooperatives, allow them to generate goods or services under optimal conditions and to develop all their entrepreneurial creativity and potential in the interest of their worker-members and the community as a whole.
3. In particular, the States should:
 - Recognize in their legislation that cooperative worker ownership is conditioned by labour and industrial relations that are distinct from wage-based labour and self-employment or independent work, and accept that worker cooperatives apply corresponding norms and regulations.
 - Ensure the application of the general labour legislation to non-member workers of worker cooperatives, with whom conventional wage-based relations are established.
 - Apply to worker cooperatives the ILO concept of Decent Work and clear, precise and coherent provisions regulating social protection in the fields of health, pensions, unemployment insurance, occupational health and labour safety, taking into consideration their specific labour relations.
 - Define specific legal provisions regulating the fiscal regime and the self-managed organisation of worker cooperatives that can enable and promote their development.

In order to receive an appropriate treatment from the State, cooperatives should be registered and/or audited.

4. Governments should ensure access to appropriate financing conditions for entrepreneurial projects launched by worker cooperatives by creating specific public funds, or loan guarantees or covenants for the access to financial resources and promoting economic alliances with the cooperative movement.
5. The States and the regional and inter-governmental organisations should promote projects based on exchanges of successful experiences, on information about, and development of structures of entrepreneurial and institutional support for worker cooperatives, within the framework of international and regional cooperation, for job creation, sustainable entrepreneurial initiatives, gender equality, and the fight against poverty and marginalisation.
6. Cooperative worker ownership should be promoted as an option and an entrepreneurial model as much in processes of entrepreneurial change and restructuring, start-ups, privatisations, conversion of enterprises in crisis, and transmission of enterprises without heirs, as in the concession of public services and public procurement, in which the State should define conditioning clauses that stimulate local development through worker cooperative enterprises.
7. In the context of the relations with the State, it is important to highlight the guideline of ILO

Recommendation 193 concerning the necessity to endeavour towards the consolidation of a distinctive area of the economy, which includes the cooperatives¹⁷. It is an area in which profit is not the first motivation, and which is characterized by solidarity, participation and economic democracy.

V. RELATIONS WITH EMPLOYERS' ORGANISATIONS

Employers' organisations can promote the development of cooperative worker ownership as an entrepreneurial form whose first objective is the creation of sustainable and decent jobs with an entrepreneurial added value, and as an appropriate exit strategy for the recovery of companies in crisis or in the process of liquidation, while respecting their autonomy, allowing their free entrepreneurial development and without abusing of this associative labour modality to violate the workers' labour rights.

¹⁷ *"A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector."* (ILO R.193, art.6); *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 (...) establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community"* (ILO R.193, art.4).

VI. RELATIONS WITH WORKERS' ORGANIZATIONS

The cooperative movement should maintain a permanent dialogue with the trade unions, as the representatives of the workers, in order to make sure that they understand the nature and essence of cooperative worker ownership as a distinctive modality of labour relations and ownership¹⁸, overcoming the typical conflicts of wage-based labour, and that they support it in view of its importance and the prospects that it offers to human society.

This declaration is in correspondence with ILO Recommendation 193 approved by governments, employers' and workers' organisations worldwide¹⁹. Therefore, we hope that the latter consider it seriously, in order to contribute to the solution of the grave world problem of unemployment that affects humanity and endangers world peace and human rights.

¹⁸ In this regard, the ILO Recommendation 193/2002 states that "*Workers' organizations should be encouraged to (...) promote the exercise of the rights of worker-members of cooperatives*" (art. 16 g).

¹⁹ The Recommendation states that "*The promotion of cooperatives (...) should be considered as one of the pillars of national and international economic and social development*" (art 7 (1)).