



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

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**The involvement of workers in worker
cooperatives, social cooperatives and other
worker-owned enterprises in Europe**

*Study carried out within the framework of the Involve project
(Fostering the Involvement of Workers on SCEs and National
Cooperatives and Worker-owned Enterprises) co-financed by the
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FOREWORD

by Reiner Hoffmann

European Trade Union Confederation

There is another economy which is developing alongside the new capitalism, as an alternative to it. It is a way of doing business with values of sustainability, sociality and economic democracy that are on a par with the quest of economic efficiency.

This model of organising production has a space of its own, which the language of marketing would define as a *niche*, although it involves, in the European Union alone, two million workers and tens of thousands of enterprises.

Although the “workers’ enterprises” are indeed present transversally on the market of goods and services, they have a predominant role in the services to persons and other socially relevant services, to the benefit of workers and citizens, in particular disadvantaged categories.

It should however not be forgotten that cooperative worker ownership is also, and to a similar extent, a type of entrepreneurship involving people who are expelled from the “traditional” (i.e., dependent upon the enterprise) part of the world of work. By becoming entrepreneurs, those workers in fact shoulder the entrepreneurial risks on “externalised” parts of the productive cycle and, as a result, save their jobs but under more difficult conditions, both economically as materially.

The positive aspects, therefore, go alongside a series of concerns which the social partners need to examine in their action of valorisation of the cooperative business model, and including at the European level because the Community

policies can tilt the balance toward the promotion of the cooperative movement in its most genuine aspects.

Those are among the reasons that have pushed CECOP and ETUC to engage in a common path of study. Their first objective is to build as a territory of common knowledge both among social partners and in the European common language. This relationship is the first wedge of a construction that can then define itself over time through further joint initiatives.

The INVOLVE project has been looking at the issue of workers' involvement in the management of workers' cooperatives and the perspectives of internationalisation that derive from the Community set-up: first of all, the framework directive 2002/14 and its application to this typology of enterprises and secondly, the Statute of the European Cooperative Society.

None of the two directives address the specificity of cooperative worker ownership. More specifically, Europe has so far not been willing to shoulder the *problematique* deriving from the co-existence of the condition of member and worker. In order to ensure that such deficiency does not translate into prejudice in the correct application of the rights of information and consultation, ETUC and CECOP have been able to capitalize the debate by coming up with common conclusions. The latter have the merit to offer a canvass for the involvement of the workers in function of the specificities of the world of worker cooperatives and, more generally, of workers' enterprises.

The teaching that we have drawn from it is that, considering the inseparable character of the link between the status of "member" and the one of "worker", the involvement of all the workers can only valorise the cooperative enterprise, strengthen its competitiveness and confirm its genuineness.

As it often occurs at the Community level, the variegated world of the European Union can attribute different values to the cooperative world. Nevertheless, even on this point, the internal market will have to help bring closer not only the “rules of the game” but also the attitudes of the institutions and society towards the cooperative world. Hopefully this project, this report and the common conclusions can contribute to develop a base of common knowledge to the benefit of a common policy that foster the genuine and effective development of cooperative worker ownership in Europe.

A final thank goes to all the member organisations of CECOP and ETUC for their active contribution in all the phases of the project, and to DIESIS and SDA for their precious technical and scientific support.

1. INTRODUCTION BY BRUNO ROELANTS, CECOP

1. Presentation of 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 on this topic among the member federations of CECOP and among selected enterprises affiliated to them. 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 sectorial-based 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 inseparable 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 cooperatives: e.g. 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 relation 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 make 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 overnight become a worker-member and shoulder all the business responsibilities that go with it. 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 each member will not be given more than one vote even if he invests 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, members tend to be particularly aware of the stakes and thus tend 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 (e.g. 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 shop floor that is elected to the Board) requires a substantial input in training. In addition, the specific type of workers' involvement in a worker or social cooperative itself requires specific training in order to be implemented correctly.

⁹ World Declaration on Worker Cooperatives, II 2.

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

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 the non-member workers working in the enterprise and 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 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*

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

(...) contribute to the improvement of the living conditions of the family nucleus and the sustainable development of the community¹³"

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 development¹⁴".*

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. SYNTHESIS OF THE SURVEY ON WORKERS' INVOLVEMENT CARRIED OUT AMONG CECOP MEMBER FEDERATIONS BY CECOP

This synthesis is based on responses from 14 EU countries out of 19 where CECOP has members.

1. Regulatory framework

1.1. Directive 2002/14

1.1.1 - Introduction

Directive 2002/14/CE of 11 March 2002 establishes a general framework on workers information and consultation in the European Community.

It is important to underline that, among the three components of 'workers' involvement' (information, consultation and participation) mentioned in the 1989 Community Charter of Fundamental Social Rights of Workers (which is not legally binding), the Directive only mentions the first two.

The Charter of Fundamental Rights (not to be confused with the above-mentioned one on Social rights of Workers), which should become legally binding with the new Lisbon Treaty, also mentions information and consultation, not participation.

1.1.2 – Transposition of the directive

Article 11 of the directive foresees the transposition of this directive had to be done at the latest for 23 March 2005. In most cases, this transposition has been made.

In some cases, it has been done by or after an agreement with the trade unions (Denmark, Italy). In Sweden, the directive has been transposed practically without any legislative changes because it matched almost entirely the existing Swedish legislation.

1.1.3 – The thresholds

According to the directive, one should distinguish between “undertaking” and “establishment” [art.2 a) and b)].

Indeed, it applies, according to the choice made by the member states, in the enterprises employing at least 50 workers or to the establishment employing at least 20 workers in [art.3.1].

As transitional provisions [art.10] a Member State where there is no general, permanent and statutory system of information, consultation and representation of workers may limit the application of the national provisions implementing this Directive to:

(a) Undertakings employing at least 150 employees or establishments employing at least 100 employees until 23 March 2007, and

(b) Undertakings employing at least 100 employees or establishments employing at least 50 employees during the year following the date in point (a).

The distinction between undertaking and establishment seems to have little importance in national legislations. Concerning the minimum threshold of application in terms of number of workers, in Sweden it would be applied to all enterprises, in Spain to the establishments of 20 workers and to the undertakings of 50 workers, in Romania the unique threshold is 20 workers.

The Bulgarian legislation is more precise and more complete: 3 to 9 workers' representatives for the undertakings and 1 to 3 representatives for the establishments. For what is "missing" in the application of the directive, the labour Code will be applied: 1 to 3 representatives in the cooperatives employing up to 20 workers and 3 to 9 representatives in the cooperatives employing up to 50 people.

In Malta, there is a legal void: the text does not mention the establishments, but only the undertakings.

1.1.4 - To whom it applies among the enterprises of the CECOP network

The directive applies to the member workers as well as to the non member workers in all the surveyed countries, except in Spain (where the member workers usually have a statute of self-employed, and where it then only applies to the non member workers), in all enterprises that are above the thresholds mentioned above.

1.1.5 - Article 12: re-examination

The re-examination of the directive was foreseen for 23 March 2007.

1.2. The SCE directive

Whereas directive 2002/14 only foresees information and consultation of workers, the SCE Directive (as the one concerning the European Company) also foresees the participation of workers.

The SCE Directive has been transposed in most member states and where it has not been done yet, the process is on its way.

The transposition has been negotiated with the trade unions in France, Italy, Denmark, and until a certain point in the Czech Republic. In Romania, the Meridian trade union played a role in the transposition thanks to its good relations with UCECOM, and in Bulgaria the trade unions put the issue on the agenda of their next convention. In Sweden, on the other hand, the transposition has not been negotiated between trade unions and cooperatives, but it is necessary to recognize that the Swedish legislation in this field is generally more protective for the workers rights from what the Directives require.

It seems that this transposition was the opportunity to initiate or to renew social dialogue in all the surveyed countries.

2. Situation in the enterprises of the CECOP network

2.1. Analysis of the %s of member and non-member workers, and among the various categories of non-member workers

a) With regard to the % between worker-members and non-member workers in general:

The % of non member workers is quite low (20% or less) in several countries, such as Germany, the Czech Republic, Malta, Sweden, Bulgaria, Poland and Romania.

In other countries the % is higher (over 20%): France, Finland, Italy, the UK, Spain, although in Italy and Spain we have more mixed results: lower for the SAL (labour companies) than for worker cooperatives in Spain, and in Italy lower in one industrial/service federation (AGCI PS) and in a federation of social coops (Legacoopsociali) that in the other 5 Italian federations that responded.

In the UK, the figures of non-member workers given by the federation were excessively low, but, according to the sample of 46 cooperatives that responded to the national on line questionnaire organised by Cooperatives UK, the % is higher, if we include « freelance » workers' category that have been added to column 1.2.4 (do not want to become members).

Generally speaking, except for Slovakia which has a particularly high percentage (51%), the maximum average percentage of number of non-member workers that we find under a federation is 30%. For the whole CECOP network, the average is only 21%. We can thus observe that the workers-members clearly represent the great majority of workers in the federated part of worker cooperatives, social cooperatives and other worker-owned enterprises in Europe.

b) With regard to the various categories of non-member workers:

- A part of the enterprises has a high % of temporary workers : Spain, Finland, Italy;
- Another part has a high % of workers under probationary period: ANCPL (Italy) in particular;
- Some have a substantial % of workers that do not want to be members, in particular in Italy. While the two former categories, generally speaking, are necessary in worker cooperatives, this latter requires more investigation.

The difficulty is that in none of the countries a statistical system exists according to these surveyed categories. In Italy with the cooperative audit, one can know the % of temporary and specific contracts, but it does not seem possible to distinguish

the workers in probationary period from those that are destined to never become members. Thus, the % given in the table below are only rough estimates.

Country	Organisation	workers total	members	members %	non members	non memb %	temporary	no contract	incompatibility	do not want to be members	probationary period
Czech Republic	SCMVD	19.430	18.600	96%	830	4%	100%		-	-	
Denmark	Kooperationen	5.473	5.473	100%	-		-	-	-	-	-
Germany	VDP	35.000	35.000	100%	-						
Spain	COCETA	96.000	69.200	72%	26.800	28%	18%	< 1%	< 1%	n.a	n.a
Spain	CONFESAL	34.266	30.838	90%	3.428	10%	20%	5%	-	10%	5%
Finland	COOPFINLAND	500	350	70%	150	30%	75%	n.a	n.a	n.a	n.a
France	CGSCOP	38.000	28.500	75%	9.500	25%	n.a	n.a	n.a	n.a	n.a
Italy	AGCI PS	80.000	70.000	88%	10.000	12%	5%	1%	2%	25%	1%
Italy	AGCI Solidarieta	118.481	112.481	70%	6.000	30%	8%	6%	4%	70%	15%
Italy	ANCST	176.000	124.000	70%	52.000	30%	<1%	n.a	n.a	n.a	n.a
Italy	ANCPL	35.200	24.000	68%	11.200	32%	4%	1%	-	30%	63%
Italy	Legacoopsociali	55.000	50.000	90%	5.000	10%	12%	-	-	5%	10-15%
Italy	Federlavoro	180.000	130.000	73%	50.000	27%	19%	-	-	-	-
Italy	Federsolidarieta	155.000	110.000	71%	45.000	29%	-	-	-	-	-
Malta	Apex Malta	5.664	5.394	95%	270	5%	-	4,70%	0	-	-
Poland	NAUWC	21.000	16.800	80%	4.200	20%	2%	< 1%	< 1%		1%
Sweden	FKU	3.000	2.500	83%	500	17%	10-20%	5%			
Slovak Republic	CPS	6.927	3.400	49%	3.527	51%	-	-	-	-	-
United Kingdom*	Coops UK	505	382	75%	123	25%	11%	5%	8%	29%	20%
Bulgaria	NUWPC	9.000	8.100	90%	900	10%	7%	-	-	-	3%
Romania	UCECOM	27.367	24.245	89%	3.122	11%	< 1%				3%
TOTAL		1.101.813	869.263	79%	232.550	21%					

* estimates on a sample of 25 coops

2.2. Relationship between members and non-members in practice in terms of workers' involvement

If we divide the «involvement» of workers among the 3 concepts of information, consultation and participation, the first two concepts (information and consultation) seem relatively well covered for both worker-members and non-member workers.

The members in probationary period seem everywhere well covered in training, and the times can be long (for example in Italy up to 5 years).

What most characterizes the non-member workers from the worker-members is:

- The participation in the processes of managerial decision-making;
- Financial responsibility (generally limited to the contribution of each member to the share capital);
- The cooperative dividends (but in some cases the non members or some categories of them can also enjoy returns e.g. France, Spain).

In young cooperative movements, where the cooperatives are still of quite reduced size (like in Finland, UK), the difference between members and non members is rather small: in practice, it is almost the same.

2.3. The impact of affiliation to trade unions

In western Europe, the % of individual workers' affiliation to trade unions seems to follow the national average (sometimes

a little higher, sometimes a little lower) except perhaps in Spain (to be confirmed), rather than the negotiating role which the cooperative federation may have or not in social dialogue (like in Italy and Sweden).

In central-eastern Europe, on the other hand (Poland, Czech Republic, Slovakia, Romania and Bulgaria) the affiliation of workers of worker cooperatives to trade unions is low, sometimes almost non-existent, and is substantially lower than the national average. In turn, in those countries except Poland, this tendency does not seem proportional to the role of the cooperative federation in social dialogue which seems in turn substantial (it is formal in Czech Republic and Slovakia within the framework of the national business association and tripartite dialogue, and in Romania and Bulgaria the relationships with the trade unions seem to be good and frequent)

3 THE INVOLVEMENT OF WORKERS IN SOCIAL AND WORKERS COOPERATIVES – RESULTS OF THE RESEARCH BASED ON A SAMPLE OF ENTERPRISES – DECEMBER 2007 REPORT BY DIESIS

Methodology

The main issues analysed in this phase of the INVOLVE project were:

- The internal rules and regulations and the participation bodies, both institutional and non-institutional, to establish whether a system of “participative governance” exists;
- The internal tools of communication and control, to verify to what extent the members control the work of the executive body and are informed about it ;
- The economic participation of members and its benefits;
- The organization of training practices that may help in the comprehension of rights and duties and of the expertise and governance of the enterprise –(training in participation), as well as the adoption of general practices of corporate social responsibility;
- The relationship with the surrounding territory and society in general.

A variety of sources and tools were used to carry out the research. In particular, we worked through:

- a. Questionnaires and interviews addressed directly to the enterprises, with the help of Associations/Federations.
- b. The analysis of existing documents, where available (for example, "Towards SCE", promoted by Legacoop), or of the statutes, the internal rules, the most recently available balance sheet and, where available, the latest social balance sheet.
- c. The collection of data and information through interviews with the representatives of the National Federations or Associations.

This questionnaire was based on previous questionnaires carried out within Legacoop and Ancst-Legacoop projects, and focused on member participation. It was inspired by principles 1, 2, 3, 4, and 7 of the Statement on Cooperative Identity, that was adopted by the ICA (International Cooperative Alliance) at its 31st congress in Manchester on 20-22 September 1995, and that was included in the ILO recommendation 193/2002, "Recommendation concerning the Promotion of Cooperatives." Another source of inspiration was the Involve project questionnaire that was sent to workers and social co-operatives and to participative enterprises.

It is important to remember that this questionnaire is not only focused on worker members, but also on the relationship between worker members and non-member workers, so as to establish the extent to which they are involved in the activities (information, consultation and participation).

This report presents a summary of the results, accompanied by a set of observations on the most significant systems that have been adopted in this area, the evolution of social participation overtime, the degree of effectiveness and foreseeable future developments. Data sheets for each cooperative are also included.

The following report is based on data and information collected from co-operatives belonging to the following National Associations.

- *Ancpl Legacoop (Italy)*
- *Ancst Legacoop (Italy)*
- *Legacoop Sociali (Italy)*
- *CGscop (France)*
- *Coceta (Spain)*
- *SCMVD (Czech Republic)*
- *Co-operatives UK (United Kingdom)*

1st principle: voluntary and open membership

The situation regarding members and non-members: different kinds of non-members and their integration within the membership.

(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).

This first part of the questionnaire was focused on the internal rules and regulations of the cooperatives, in order to compare not only the different articles contained within the statutes on obtaining membership status, but also the voluntary adoption of internal rules and regulations aimed at governing all the aspects of social and industrial relations.

ITALY

In Italy, all cooperatives have updated their statutes to meet with the requirements of the recent reform of co-operative law (d.lgs. n. 6/2003). They have integrated the new elements regarding admission procedures as well as the open nature of the societies (specifying the admission requirements to become a member, the requirement for the board to produce a written explanation of why it has rejected a membership request and the possibility of creating a category for members who are admitted for a "trial period").

In the statutes, a high level of attention is paid to the membership admission criteria. For example, obtaining a full contract of employment is almost always considered to be a requirement before a worker can request membership.

Many different production categories are to be found amongst the worker and social co-operatives. Whilst in social cooperatives the acquisition of membership follows almost automatically once a person has been employed within the cooperative, in building and construction cooperatives the membership procedure is usually longer and more complex.

For example, the membership procedure adopted by CMC, a construction cooperative, starts from the building site level or from a particular phase of work related to the employment of the worker. This "local" employment of the workforce, in Italy as well as abroad, is linked to the specificities of the work carried out on a building site. In the next stage, and only where it is possible for the enterprise and for the worker, there is a selection process amongst the employees, followed by their employment on a permanent contract. Once a period of two years has passed from the signing of the permanent contract, it will then be possible for the employee to forward a membership admission request. These procedures are not so strict in other fields of activity or sectors, such as consumer cooperatives, where the acquisition of membership and the possibility of participating in mutual exchanges follow less selective procedures.

Furthermore, the category of the so called "special" or "trial period" members has been added to all statutes. In this way, the member in this category whose name is included on a special list can join as a full member after a training period. The length of this training period is set by the statutes and once it has been completed, the on-trial member becomes a member with the same rights as all the other members. The fact that this possibility is mentioned in the statutes does not actually mean that there are concrete cases of members who hold this status. As a matter of fact, only three cooperatives have adopted specific rules to govern what happens in these cases.

For example, CIR, which works in the catering sector, needed to go through a long and complex process of modification of its statutes in order to adapt themselves to the new mutual requirements. CIR is a “predominantly mutualistic” worker cooperative that has both worker-members and sponsoring members. Before the changes, it was the only “mixed cooperative” in Italy, made up of worker and consumer members. There were also sponsoring members, who had bought shares in the cooperative and whose funds went to help worker members. In 2004, CIR had 1,000 worker members out of a total of 5,000 employees. With the reform, the consumer members (a great number of whom had taken out a social loan) were given the possibility of changing their shares into sponsoring members’ shares. Non-member workers, in turn, were given the possibility to join the “special member” category and to then be given appropriate training. The internal rules state that the trial period must be limited in time, and lasts until the end of the financial year following the one in which the membership request was submitted. At that time the member becomes a normal worker member. With the modification of the statutes, employment has now become the first condition for taking part in mutual exchanges: in CIR, employment or withdrawal from a contract automatically leads to a person being granted membership or having his/her membership cancelled. Those employees who have a fixed term contract have a “special member” status. An exception may be made to these principles if the enterprise is taken over by another group. The rules on changes to public procurement contracts set the obligation of re-employing all the workers previously engaged on that contract. In this case, workers can –but do not have to– become members. Today, CIR is a group with almost 7,000 employees, of which 3,200 are worker members; it has about 80 service structures in 15 Italian regions.

Furthermore, all the Italian cooperatives included in the sample have adopted rules to regulate the different aspects of social and industrial relations reflecting a trend towards internal self-ruling. Cooperatives often describe, in one single set of internal

rule and regulations, all the different aspects of internal relations, dividing the text into different sections. For example, Manutencoop has adopted some rules to regulate the issue of granting loans to individual members. Furthermore, in most cases rules are set out for the mutual exchanges between the member and the cooperative.

The survey also examined which instruments are used by the cooperatives to recruit new members. Common to almost all enterprises is the strategy of "direct promotion", in other words awareness campaigns carried out by the members themselves, mainly within committees or social sections, or by the people responsible for recruiting new members for the cooperative. This activity is aimed at potential candidates so as to make the organization and the advantages of membership better known. In worker cooperatives, this is done by word of mouth amongst the employees (whereas consumer cooperatives also advertise, for example, through the radio or on TV).

The cooperativa Lavoranti in Legno is an interesting example. Every new employee receives a copy of the statutes, of the standing orders and of the additional internal documents, including a copy of the social history of the cooperative ("Storia degli uomini che camminavano nei trucioli", "Story of the men who walked in wood shavings"). Twice a year the President meets small groups of members and of employees – about 40 of them- to discuss the issues faced by the cooperative and the people working there. In this way, the non-members are able to get to know the rights and duties involved in the process of mutual exchanges.

Furthermore, some cooperatives have started policies aimed at giving employment to special groups such as women, non EU-immigrants, and people with disabilities. For example, over the last few years Orion has committed itself to employing and integrating young people and women.

New members are often offered the possibility of dividing the payment of the cooperative share into instalments: in 9 out of 15 cases, it is possible to make the payment in instalments, usually though the deduction of a fixed sum from the monthly pay packet, so that it becomes easier to pay the cooperative share, especially in cases in which it represents a substantial sum of money.

FRANCE

A single interview is representative of all of the other cases, as far as the involvement of new employees is concerned: "We organize welcome days called "Journée Bienvenue.coop" to raise cooperative awareness; we then offer the companies that sign up to this initiative 5-day information and training sessions that provide people with the opportunity to discover their cooperative".

During these sessions, each new employee can interview the other members of the cooperative on the issues that interest them the most, such as the commercial policy of the enterprise, how it has built up its own capital etc.

SPAIN

87.5% of the sample of Spanish cooperatives answered that they do have policies aimed at the integration of new members.

90% of the respondents who say that they do have a specific policy in this area stated that they have welcome literature and information brochures, whereas 10% said that they have instruments to help the remuneration of the share capital starting from the third year of life of the cooperative.

75% of the cooperatives said that they do have internal rules besides their cooperative statutes for their Cooperatives.

UNITED KINGDOM

Apart from having its own statutes, the SUMA cooperative also has its own set of internal rules and regulations, such as its “skills assessment” provision. There is a training contract to provide employees with the possibility to learn about the general tasks expected of the members, as well as all the different technical skills required.

As for the recruitment of new members, the new employee must commit him/herself to becoming a member.

CZECH REPUBLIC

A minimum age of 15 and a work permit that has been granted at least one year beforehand are the requirements for becoming a member in the Czech Republic.

There are no policies for the integration of special categories.

2nd principle: democratic control of the members

Relations between worker members and non-member workers regarding worker' involvement (information, consultation and participation) and workers trade unions in the enterprises.

(Second Cooperative Principle: Democratic Control by the Members: 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).

The second ICA principle that inspired the research is the one describing the instruments of participation within cooperatives. Consequently, the second part of the questionnaire concerns the instruments and mechanisms allowing members' participation in the cooperative's policies, according to democratic principles.

FRANCE

In France, 10% of workers employed in enterprises with less than 50 employees are affiliated to a trade union. In turn, the creation of a trade union committee is compulsory for enterprises with more than 50 employees.

The management boards meet 3-6 times a year. There is no regular basis for the meetings, and the decisions taken are communicated to the members through periodic information meetings, informal General Assemblies and departmental information meetings.

Members can exercise some form of control over the executive body through the cooperative Audit Procedure which is presented, together with the Board's observations, during the General Assembly. This procedure is designed to

foster the good cooperative and economic functioning of the enterprise, and is guaranteed by an external auditor.

To boost the active and passive participation of the membership, a special training course on assuming managerial responsibility has been developed as part of the project aimed at the "professionalization of cooperatives."

UNITED KINGDOM

It is during the above-mentioned trial period that workers in the UK are involved in the activities of the enterprise. These trial periods have a maximum length of 9 months and are aimed at providing the workers with the skills required to become a member.

The coordination of worker members and permanent non-members is achieved through open access to meetings and their minutes, as well as to meetings of the Board.

62% of workers are members of a trade union, and there is a trade union representative body within the enterprise.

The board meets on a weekly basis (there were 50 meetings in 2006), and the decisions taken are made known to the members through publications, notice boards and an IT network (all workers have access to the internet and have an email address).

What stands out in comparison to other countries, are the instruments to stimulate and to encourage membership. As far as the active electorate is concerned, as well as the notice boards, "peer pressure" is used by people in the same group to persuade others to adopt a certain form of conduct. For the passive electorate, on the other hand, there is the tool known as the skills evaluation, which is often compulsory and which

may be enforced through a series of sanctions where necessary.

SPAIN

In Spain there are also some interesting examples of worker participation, one of the founding cooperative principles. This is the case of the cooperative called La Veloz, which has developed a special work unit involving both members and non-members. This unit is in charge of the coordination of information policies and initiatives (through different kinds of information bulletins) and of the animation of cooperative life, encouraging participation in assemblies and meetings, etc.

In Spain, as in the Czech Republic, affiliation to trade unions is not a widespread practice. This is due to the fact that many workers within the cooperatives are self-employed.

Nevertheless, the presence of a Work's Council or of a trade union committee to defend workers' rights is welcome in cooperatives.

The management boards meet on a monthly basis and their decisions are communicated through the internet, direct contact, information meetings etc.

The most common way to organize the election procedures for the social bodies is to allow people to put forward candidates and only 10% of respondents said that they have specific rules to govern the electoral procedure.

CZECH REPUBLIC

The management board meets on a monthly basis, but the decisions taken are not communicated to the members. In any case, members have special instruments (such as adopting a

dualistic model for the management board) to exercise some form of control over the executive body.

There are instruments to govern the election of the cooperative bodies, such as electoral rules, free candidacies and electoral commissions. On the other hand, there are no tools to boost the active and passive electorate. No worker is a member of a trade union and there is no trade union within the enterprises.

ITALY

As far as participation is concerned, the Assemblies are the highest level at which cooperative democracy and sharing takes place. The research shows that, on average, there are two General Assemblies a year, one for approving the budget, and the other for approving the final balance sheet. Before the General Assemblies, there are often pre-assemblies or separate assemblies and there may be a legal requirement to hold these meetings in some cases¹⁵. Therefore, the total number of annual meetings is higher than only two a year.

For the cooperatives included in our sample, there is a high average level of participation, even though there has been a trend towards a decrease in the institutional participation channels since the number of members has begun to increase. For this reason, some cooperatives have introduced non-institutional instruments for members' participation. An example of this are the departmental and the official meetings, where the technicians and the managers explain the balance sheet from a managerial point of view, describe the income and/or rebate division criteria which have been put forward by the management board, and discuss the problems concerning the running of the cooperative. These instruments help raise awareness and foster a sense of

¹⁵ See the art. 2540 c.c.

responsibility amongst the members and, hence, create an exchange and sharing environment, whilst trying not to give the general Assembly an image that is too formal. This procedure has been adopted, for example, by CTA and Cadiai. In the case of Cadiai, this was adopted because it was faced with low rates of participation.

The research also found out that, on average, the Management Board has 14 meetings a year, in other words it meets more than once a month. In 8 cases, cooperatives have adopted rules to regulate elections that set out the methods for the establishment of the lists and for the voting procedures. Usually, anyone's name can be put forward as a candidate and there is an electoral commission composed of members and an external inspector who is appointed by the association. The electoral commission is in charge of collecting the candidacies according to the criteria set out in the civil code (professionalism, status, experience). In all cases, for propriety and equality reasons, the members of the commission cannot put themselves forward as candidates to become board members. Commission members usually have a three year mandate and are appointed only in years when the Management Board is not to be elected. This is a general rule of good governance.

One issue often faced is that of how to establish electoral lists in cooperatives with a large membership base. CIR, a cooperative with 3,200 workers divided into 7 members' sections (Reggio Emilia, Modena, Ferrara, Mantua, Milan, Liguria, and Rome) has electoral rules to organize the candidates' lists according to the different sections. Each section is given the opportunity to elect a certain number of board members, according to the number of its members and several economic criteria, such as the percentage of its turnover, the capital paid, members' loans and the contribution margin. The section committees collect the list of candidates to be approved by the section assemblies. In each section assembly, a number of candidates are elected and

they then constitute a single list that is submitted to the delegates to the assembly. If other candidacies are submitted to the assembly then they must be in a number sufficient to constitute an alternative list.

This territorial representation criterion is also important for cooperatives with a smaller membership base. CTA, for example, has about 100 members in the haulage sector, with three head offices in Anzola dell'Emilia (Bo), Cesena and San Vito al Tagliamento. In 2003, it adopted a new electoral method which, through the nomination of the commission, the open candidacy system and primary elections for each area/department, brought about an improvement in the transparency of the decision making process and led to an increase in the participation of the members. The general Assembly can in all cases modify the indications obtained through the primary consultations and forward alternative lists¹⁶.

The research also looked at the policies developed to stimulate the participation of the active and passive electorate. Regarding the active electorate, the most common practice is the possibility to vote by proxy and in many cases a secret ballot is held. Furthermore, some cooperatives (such as Coop Adriatica, Manutencoop and CMC) hold major information campaigns through their internal bodies.

As for the passive electorate, it is a common practice to be able to put oneself forward as a candidate, either with (CMC), or without (Lavoranti in Legno) the support of a number of

¹⁶ The Council is composed of 15 members, of which 5 are elected among the sponsoring members and 10 among the worker members. This is one of the few Italian electoral systems where candidacies are organized on a territorial basis, with a system attributing the number of candidates for each member section according to objective criteria (for the worker members: half of the cooperative members number, half of the social fund paid at 40%, 40% of the social loan, 10% of the income, 10% of the contribution sum; for the sponsoring members: 40% of the members number, 60% of the social fund paid).

signatures provided by other members. We can therefore see that the resulting mechanism is quite open, and should be successful in stimulating the participation of the members, particularly in systems in which it is not common practice to directly co-opt members.

This data shows that in the cooperative field there has been a change that has placed the will of the individual members at the basis of the whole election system. At the same time, it has become possible to overcome the influence of external political and party influence. However, it is often difficult for cooperatives to form the electoral lists, despite the open and transparent system, since there is a lack of support and difficulties are encountered in finding people wishing to stand as candidates. Therefore, we should ask ourselves how many and which institutional instruments can be used to counter this phenomenon, which has been caused, in part, by the slow disappearance of the cooperative and participative spirit that in the past had led to a mainly political and ideological membership of cooperatives.

Another important point in understanding the members' democratic control practices in cooperatives is to establish if and how the decisions of the management board are communicated to the members.

All cooperatives have information tools and the most common one is perhaps the in-house newsletter. Four cooperatives communicate directly with their workers on an almost personal basis through their pay packet, whereas Lavoranti in Legno places the minutes of the meetings of the management board on the notice boards so that members can read them. CIR does not transmit information directly to the sections' committees to prevent sensitive information about the company being circulated inappropriately. In any case, these committees are allowed to convene their own meetings and may call upon members of the board and management to discuss relevant issues with them. Finally, news about the

enterprise is communicated through the in-house magazine called "Carte in tavola" ("Cards on the table").

The questionnaire asked if there were also other instruments, as well as those required by law, to help the members monitor the work carried out by the executive body. None of the Italian cooperatives have adopted a dualistic management board – made up of a managerial and a supervisory board- even though this solution has been made possible by the latest reform of company law. In some cases (such as Coop Adriatica, Coop Consumatori Nordest, CMC, Coseva and Orion) a supervisory body has been set up in accordance with D.Lgs. 231/01.

The research also considered the possibility that cooperatives may have adopted other tools aimed at helping participative governance.

In all cooperatives, there are now participation bodies such as social committees and delegations. The results show that a large social and employment base often leads to the creation of decentralized participation organs, which are the best instrument to organize the participation of the members and of the non-member workers. Each social section is usually made up of three different bodies: the section assembly that elects a section committee, which in turn appoints a president. In the cooperatives that follow this social organization, there are usually also separate assemblies, and special rules to govern the activities of the members' sections and the methods according to which their bodies are elected.

3rd principle: economic participation

(Third Cooperative Principle: Member Economic Participation. Members contribute equitably to, and democratically control, the capital of their cooperative. At least a 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).

In a cooperative, economic participation is as important as democratic participation. In this section of the questionnaire the different parts of economic participation that characterise the mutual exchanges were analyzed: the share capital, the cooperative dividend, loans to members and other socio-economic advantages linked to the member status.

FRANCE

In the sample of cooperatives, we find the following answers:

Have member dividends been distributed in the last three years?	Yes
What was the percentage of the dividends distributed in 2005 compared to the surplus?	45 %
In 2006 was there any remuneration of share capital?	Yes
What was the percentage of remuneration of capital to the capital deposited?	10 %

75% of cooperatives said that they had distributed their dividends. As for those who did not distribute dividends, they stated that this was due to the investments they had made in that period.

CZECH REPUBLIC

All the interviewed cooperatives have, in the last three years, distributed the members' dividends and on average this has been the equivalent of 16.7% of the surplus.

All cooperatives have provided remuneration of the share capital, with a percentage to the deposited capital amounting to 68%.

All cooperatives provide members with further advantages, such as cultural initiatives, trips, courses, etc., together with a supplementary pension fund.

UNITED KINGDOM

In the last three years SUMA has not paid out dividends to its members, since this is usually paid through bonds on the salary for fiscal reasons.

Among the additional advantages members have, there are cultural initiatives, supplementary pension fund, purchases at cost price, and sick, maternity and paternity leave provisions that are all paid at a higher rate than the minimum stated by the law.

ITALY

Even though the results look encouraging, in particular those concerning member dividends, it is impossible to generalise. It is still to be established whether the initial member-enterprise exchange conditions can already be compared to market conditions or if, in turn, the member's dividend is to be seen as a way of adjusting this disparity. In any case, the practice of distributing cooperative dividends –which has recently been re-introduced once more by Italian cooperatives-, is one of the most useful instruments to create clear and transparent relations with members according to certain criteria regarding the way in which these cooperatives are managed.

According to Italian cooperative law, the member dividend refund is the share of the surplus earned by the cooperative, assigned to members, according to qualitative and quantitative parameters, in proportion to their part in the mutual exchanges with the cooperative. This practice must respect the limits imposed by the law in order to grant the economic rights of sponsoring members where such members exist.

According to the research, companies distribute dividends to members every year. Among the cases where the dividends were not distributed, some cooperatives (such as Cadiai, Mucafer and CIR) were not able to do so because their income was insufficient.

According to Italian law, the sum to be paid out as dividends must not be higher than the maximum amount obtained in surplus by the activities carried out together with the members. It usually corresponds to the percentage of prevailing mutuality on the total surplus.

All cooperatives from the Italian sample are cooperatives with “prevailing mutuality”¹⁷, and they carry out their main and defining activities to the benefit of, or through, the members.

As far as the share capital is concerned, some cooperatives do not provide compensation on it. This happens for reasons related to the running of the cooperative and the fact that it is not so important if compared to the amount in cooperative shares. As for the collection of loans from members, which is one source of cooperative self-financing, it is a practice common to all the surveyed cooperatives. On the one hand, this is a sign of the trust and bond that members have with their cooperative and, on the other hand, it underlines the importance of financing the enterprise. However, there are rules in place to protect the members, such as those on the payment of borrowed sums, and those on the relation between loan to members and net income.

Italian cooperatives have developed special bodies or rules governing compensation policies. The only case of real interest for this research is that of Mucafer, which is a construction cooperative that some years ago found itself facing a crisis. As a consequence, it developed some mechanisms to help the financing of the enterprise and to control the expense policies. Thus, a special staff commission in charge of submitting proposals on the staff and payment policies was formed. This commission is composed of 12 members from the workers and employees categories and is chaired by the Management Board President. It is a consultation body that meets twice a year and has the task of writing a document for the attention of the Management Board, which then decides whether or not to apply the proposals.

As well as the usual benefits and advantages provided by cooperatives, the research then focused on other benefits that may be provided to the members, such as additional services

¹⁷ Namely cooperatives where the majority of workers are members.

aimed to raise the feeling of belonging to a cooperative, e.g. cultural initiatives. The table below shows the results:

Common social practices	N. cooperatives
Member and worker's loan	10
Cultural initiatives, trips, courses,	23
Private pension funds	17
Private health insurance/ assistance	10
Private work related insurance	7
Other (specify)	5

The CTA grants loans to its members to help them pay the costs of replacing their trucks or in the event of a particular financial need. The repayment schedules are set by the Management Board and cannot exceed a period of more than 36 months.

Through an agreement with Mutua Nuova Sanità, which in turn has further agreements with over 130 medical centres and with the national network of medical centres, CIR pays the supplementary costs of medical insurance for worker members. As for Lavoranti in Legno, there are specific rules that state that health insurance is provided both to the members and to their families. CMC has designed a system of additional guarantees through membership to Cooperlavoro (membership that is compulsory for the management board and, on a voluntary basis, for employees and workers), paid in part by the cooperative and in part by the worker. Furthermore, there are the additional health assistance services (that are charged to the cooperative), as well as the insurance policies to cover injuries sustained both whilst at work and not at work, for members and employees, expatriates and their families living in war zones.

Members of Coseva also have the possibility of subscribing to the association of social economy for mutuality, history and culture. The fee is charged to the cooperative and membership gives discounts in museums, cinemas etc.

5th principle: education, training and information

(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. They inform the general public –particularly young people and opinion leaders –about the nature and benefits of cooperation).

Other important elements of cooperative participation are training and information, tools that play a vital role in encouraging people to adhere to the values of cooperatives and help to develop managerial skills. Furthermore, education –especially cooperative education- is a way of communicating the principles and advantages of mutuality to the community.

The final part of the research concerns these subjects, focusing on the best practices of the different cooperatives of the sample.

Training

ITALY

Firstly, the research analyzed the presence of training or of instruments used to raise awareness and knowledge of cooperation and, in particular, of the cooperative itself. The data in the table refer to the instruments used to help in the understanding of rights and duties, skills and governance practices:

Instruments	N. cooperatives
Training on practices and techniques in company management	20
Cooperative training (history, principles, traditions)	13
Regular meetings on management actions	19
Welcome book	8
Other (<i>specify</i>).....	4

Usually, cooperative training is aimed at new members and newly appointed board members. Cadiai aims its cooperative training courses at new employees who have a permanent contract. There are 2 courses a year, each consisting of five 3-hour meetings. During the meetings, explanations are given regarding the cooperative, the specific nature of its work, the institutional aspects of rights and responsibilities and the government bodies. This is the basic training course that is valid for the training curriculum certified by the cooperative. As for the Welcome book, an interesting example is given by Manutencoop, which is currently updating its text so as to include translation into three languages to help the integration of non-EU workers.

Some cooperatives in the sample have also written literature on the history of the cooperative from its foundation to the present day. This is a good way of ensuring that the past is not forgotten and passing it on to future generations of members.

SPAIN:

Training on enterprise management practices and techniques and cooperative training are the tools employed to help members understand their rights, skills, governance practices etc. Among the other tools used to improve skills and career development, there is the provision known as “Copago”, consisting in the payment of a fixed share in order to have access to a particular service.

The 75% of the cooperatives said that they have introduced Corporate Social Responsibility (CSR) practices, in particular in the fields of social accounting, the AA1000 Standard and the SA8000 certification.

CZECH REPUBLIC

Training of members regarding the practices and techniques of enterprise management is a characteristic common to all cooperatives. The most common tools used to develop skills and to promote career development are in-house training courses and seminars.

There are no provisions for CSR practices.

FRANCE

One tool for improving skills and promoting career development is the follow-up of the elaboration of a project on enterprise improvement, carried out within the Cooperative Professional Paths project.

UNITED KINGDOM

For the interviewed cooperative, one of the most important training tools is once again the training that candidate members must undergo. The training is divided into a 3 month trial period and a 6 month training period, during which the candidate is required to achieve the necessary qualifications.

The tools used to improve skills and to promote development within the company include on the job training, forums, seminars, and financial support for vocational training.

A great amount of information is passed on every week both to members and non-members. Each worker has a personal email address that allows them to be part of a widespread cooperative communication network.

Involvement and participation in a number of fair trade initiatives is one of the most important CSR practices.

7th principle: concern for community.

(Seventh Cooperative Principle: Concern for Community. Cooperatives work for the sustainable development of their communities through policies approved by their members)

An analysis of the enterprises' action towards the external community with a focus on awareness-raising concludes the research on participation. All of the cooperatives included in the sample carry out actions aimed at various categories of stakeholders, as well as at the local community in general.

ITALY

On its 60th anniversary, the cooperative Lavoranti in Legno distributed 500 copies of a book that had been published to mark this occasion and also organized theatre shows for school groups.

Mucafer, together with some local entrepreneurs, is working on the establishment of a Foundation with the aim of promoting initiatives in the social field for children, the elderly and the disabled, as well as the development of humanitarian projects for under-developed areas, such as some African countries.

The following table contains the most important social responsibility tools and practices used by the 15 cooperatives covered by the questionnaire. Mucafer was the only cooperative not to adopt a social audit scheme, even though the introduction of a social balance sheet is one of the aims of its three year plan.

Most common activities	N. cooperatives
Social reports (social balance sheet etc.)	12
Adoption of Ethical Code/ Value Card	12
Standard AA1000	3
Certification SA8000	2
Membership in associations/entities/networks set up to promote CSR	6
Other (<i>specify</i>)...	3

UNITED KINGDOM

Schools and local authorities, etc. are amongst the stakeholders in SUMA. There is a good level of awareness in the local community and well paid employment is made available to the local communities. The cooperative takes part in activities undertaken at a national level to develop cooperative activities.

FRANCE

Most of the French cooperatives are members of solidarity organizations (such as those that pay to send children on holiday, to fund educational activities, etc). There is also a "Mutuelle de Santé" for workers cooperatives.

In some regions, cooperatives regularly organize meetings for their members that take the form of debates, parties, etc. An increasing number of cooperatives take part in social economy meetings.

One of the most important features of the French workers cooperatives is the statute adopted in 2004 for the elected and political representatives of the movement. This statute states that training and a subsidy of up to 3/5ths of the minimum salary are to be given to elected and political representatives, in order to allow them to take part in political

life. This is an ambitious tool that is now being used in different ways, without really being taken up by all of its potential beneficiaries.

SPAIN

Almost 90% of the cooperatives gave a positive answer to this question since they have engaged schools and trade unions, as well as civil society, in their activities regarding cooperation, solidarity, etc.

CZECH REPUBLIC

The cooperatives in the Czech Republic are actively engaged with local stakeholders such as schools, local administrations, etc.

4. 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 constitute 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? >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 becoming 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 of 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 increased 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 complex: 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 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.

5 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 set up 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 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 in order 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 other social and non-governmental sectors. 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 programs, 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 programs;

(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 programs 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 Cooperatives¹⁸, 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

¹⁸ 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 solidarity¹⁹.

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

¹⁹ *"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).

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 cooperatives²⁰. 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.

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 ownership²¹, overcoming the typical conflicts of wage-based

²⁰ "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).

²¹ 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).

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 worldwide²². 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.

²² 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)).