

# ALL FOR ONE

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Response of worker-owned cooperatives  
to non-standard employment



CECOP   
CICOPA Europe

European confederation of industrial and service cooperatives



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# FOREWORD

Over the last decade, the term « non-standard employment », together with all of its synonyms such as atypical work, has been used in employment-related policies so often that it has almost become the « new standard ».

If standard employment, which used to be the norm in Europe, refers to full-time employed persons with a permanent contract, non-standard employment is defined in contrast to it. Notwithstanding the few advantages for workers explicitly striving for more autonomy and flexibility, non-standard employment raises several concerns: the ever-lowering labour rights and conditions, endangered decent income, and access to social rights and collective representation. Moreover, it jeopardises the progress achieved in 150 years of hard fought social struggle for decent working conditions and rights.

Since the industrial revolution, cooperatives, and more precisely worker-owned cooperatives, provide answers to people looking to guarantee and secure their work and employment. Many of today's challenges raised by non-standard employment have motivated workers to use the cooperative solutions to provide answers to needs that are unmet by the current legal frameworks and public policies. This way, they are able to ensure more quality, security and dignity in their work lives. This publication looks at the "cooperative laboratory" and tries to understand new cooperative models across Europe who react to the adverse effects of non-standard employment.

Everyday forefront defenders of fair and quality work conditions for all workers, CECOP Members made this report possible through their precious contribution.

We hope this work will contribute to seeking solutions, together with European Institutions, and other partners, for transforming current challenges in opportunities and building a better present and future of work in Europe.

**Diana Dovgan**  
*Secretary General*  
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# WHAT IS 'NON-STANDARD EMPLOYMENT' AND WHY IS IT PROBLEMATIC?

Non-standard employment (NSE) is a concept which has received increasing political attention, particularly over the past few decades. Globalization and technological developments have changed the world of work in which the idea of full employment with standard jobs is broken and NSE has continuously increased across the world. Whilst NSE allows enterprises to use their labour force in a more flexible way, for workers, although it can provide some benefits, most of the time it means precariousness and insecurity at work. Labour regulations and social security systems which had developed in line with standard employment do not function properly for most workers in NSE.

Cooperatives have been created and developed to provide a response to people's needs and their aspirations. The prime motivation of people creating and joining worker cooperatives is to guarantee and secure their work and employment. Many of the challenges raised by NSE today have encouraged cooperatives to provide answers to workers' needs that are unmet by the current institutional arrangements, while at the same time striving for decent working conditions based on respect of workers' rights, worker-ownership, self-realization, cooperation and solidarity.

To better understand cooperatives' roles in responding to issues related to NSE, we need, first of all, to understand what NSE is, who are the people affected by it and why it is problematic.



## NSE in salaried employment

Generally, NSE refers to jobs that fall outside of the realm of standard work arrangements, considered as being based on full-time, open-ended and direct employment contract.

They are:

- 1 Temporary employment (fixed-term contracts, including project – or task-based contracts; seasonal work; casual work, including daily work);
- 2 Part-time and on-call work (normal working hours fewer than full-time equivalents; marginal part-time employment; on-call work, including zero-hour contracts); and
- 3 Multi-party employment relationship (also known as 'dispatch', 'brokerage' and 'labour hire', temporary agency work; subcontracted labour).

Although there are more contract forms, these three are considered mainly as contract forms which deviate from the salaried employment relationship. There is a consensus on this understanding in the literature and related policy debates.

## NSE and self-employment: bogus self-employed and dependent self-employed

Historically, the concept and definition of self-employment has received little or no attention from the law and only a limited degree of elaboration at a judicial level. Self-employment is almost seen as the residual or default category of the binary divide between employee and self-employed (Countouris and De Stefano, 2019). This attitude is also found in policy discussions. Indeed, whilst focusing on deviated characteristics from standard employment, the International Labour Organisation (ILO) includes only bogus self-employment (or disguised employment) and dependent self-employment in the category of NSE. Whereas bogus self-employed is a situation where an employer wrongfully treats a worker as a self-employed and hides their true status as a wage employee (Spasova et al., 2017), dependent self-employment means a situation where workers perform services for a business under a civil or commercial contract, but depend on one or a few clients for their income or receive direct instructions on how the work is to be carried out (International Labour Office, 2016). Both are considered as "grey zones" leading to unclear legal situations and barriers to access social protection. However, whilst the former is an illegal situation which might be corrected by legal actions,

the latter is increasingly recognized as a problematic situation concerning NSE and a lot of debates are centered around this issue. A number of countries have adopted specific provisions to extend some protections to dependent self-employed workers. Some other countries have created an intermediary status between self-employment and wage employment.

## NSE and self-employment: independent workers (own account workers, freelancers)

Does this mean that, with the exception of bogus self-employed and dependent self-employed, all other self-employed work could be considered as falling outside the issue of NSE? If we take a closer look at the recent changes regarding self-employment, we can identify a specific category of self-employed workers. Some research works on self-employment in Europe (Eurofound, 2017; Fulton, 2018) describe the recent increase in independent (self-employed) workers who work in the service sector, particularly in professional, scientific and technical, as well as cultural and creative activities which do not employ workers<sup>1</sup>. Many of these independent workers have a project-based/fixed-term independent contract with their clients<sup>2</sup>. They often do not have enough working time to earn a sufficient level of income so they combine several different part-time jobs during the same period. In this sense, they are not yet genuine business persons engaging in entrepreneurial activities on their own account (although most of them would probably dream of being able to do so!) but need to be considered as independent “workers”<sup>3</sup>. It is probable that they are more characterized by low incomes and high financial insecurity. For them, an appropriate safety net is even more necessary to cushion the risks associated with self-employment. However, although there are voluntary social security systems for the self-employed, due to their financial insecurity, this category of independent workers tends to pay only a minimum level of social security contributions so that their benefits are smaller than those of employees. Therefore, it is important to consider this category of independent workers as part of the NSE issue. This is also an approach taken by the OECD, which includes ‘own-account workers’ in NSE (OECD, 2018), as well as by the European Commission, which includes ‘independent contract work’ (European Commission, 2015).

<sup>1</sup> In technical terms, the self-employed who do not employ workers are called ‘own account worker’ or ‘own account self-employed’. According to ETUC, own-account self-employed workers make up 10.1% of all those in employment in the EU 28.

<sup>2</sup> In the USA, they are called ‘independent contractors’

<sup>3</sup> In order to extend social security and labour regulation, ETUC proposes to use a broader definition of ‘worker’ used in Art 2(1) of Directive 91/533/EEC: “a natural person who, for a certain period of time, performs services for and under the direction of another person in return for remuneration” (Countouris and De Stefano, 2019). Based on this approach, the present report proposes that independent workers should be considered as “workers” in this sense to distinguish them from the genuine self-employed.

It seems that there is a tension between solutions for dependent self-employed or bogus self-employed, and those for independent workers. Whereas the former solutions aim at reclassifying them into salaried employment first in order to give them access to protection and rights at work designed for standard employment, the latter needs to combine tools to address any deficits which may exist in terms of decent work and to maintain the entrepreneurial dynamics of the individuals concerned. The case of platform workers supported by Smart Belgium (see below) illustrates this tension.

## Decent work deficit approach

Since the economic crisis, NSE, and particularly self-employment, have been stimulated by the promotion of self-employment and entrepreneurship as important employment prospects, as well as by new forms of work and employment which have multiplied mainly through digital platforms. This phenomenon shows that employment (and thus solutions to unemployment) are considered less and less the responsibility of enterprises and employers, but more and more as an individual responsibility for people to find solutions to their employment situation. It also shows that standard employment is no longer considered to be a unique and ultimate solution for all jobs and that focus needs to be put on how decent work deficits could be addressed for both standard and non-standard employment<sup>4</sup>. The ILO proposes seven areas of potential work insecurity which might be found in both forms of employment, although, from a practical point of view, are more likely to be related to NSE: employment, earnings, hours, occupational safety and health, social security coverage, training, representation and other fundamental principles

<sup>4</sup> “Precariousness can be found within both standard and non-standard jobs. ... The use of “standard” as a benchmark is not because the working conditions are always good, but rather that new contractual forms have emerged which deviate from the principal characteristics associated with standard work. But, just as standard jobs can be precarious, it is also the case that non-standard jobs are not necessarily precarious – the two are not synonymous. Non-standard is about a contractual form, whereas precariousness refers to the attributes of the job. Nonetheless, both “reflect changing employment conditions and the loss of conditions held or aspired for”. (International Labour Office, 2016)

## SEVEN AREAS OF POTENTIAL WORK INSECURITY ACCORDING TO THE ILO



### Employment

Employment insecurity centres on concerns over remaining employed, or the risk of losing income-earning work. These risks are higher if there are no, or very limited, impediments to dismissal, if there is a low expectation of continued employment, but also if there are limited prospects in the labour market if the worker does lose their job.



### Earnings

Earnings' insecurity stems from earnings that are so low that they do not provide a "minimum living wage", or from uncertainty with respect to future earnings if, for example, work is uncertain.



### Hours

Too few hours, too many hours, or hours that are constantly changing pose specific problems for workers. Hours that are insufficient or unpredictable can lead to concerns over insufficient earnings. Hours that are excessive create risks for workers' safety and health and can lead to conflicts over work-life balance. Hours that are unpredictable, especially if workers cannot voice concerns over their schedules or influence the setting of their hours, can also lead to work-life conflict, as well as having repercussions on safety and health and leading to insecurity over earnings. In addition, certain scheduling patterns can also be an obstacle for interaction with unions or other workers and thus hinder representation of the workers' concerns.



### Occupational safety and health

Insecurity with respect to occupational safety and health (OSH) arises from workers not having, or not being sufficiently protected by, OSH provisions that shield workers from hazards, work-related diseases and injuries, but also general conditions of work that can affect health and well-being. Insufficient training on occupational safety and health exacerbates this risk.



### Social security coverage

Insecurity with respect to social security coverage stems either from not having social security coverage or having coverage that is inadequate. This can be as a result of exemptions in coverage or contributory requirements that are fixed in such a way that some workers will not have access to benefits.



### Training

Insecurity with respect to training reflects concerns over not having access, or having inadequate access, to training opportunities that can develop skills to help promote professional development and career advancement.



### Representation and other fundamental principles and rights at work

Representation insecurity concerns impediments faced by workers in exercising their rights to be represented by a trade union and protected by collective agreements, including having insufficient protection from reprisals over joining a union. It also concerns the ability to exercise the other three fundamental rights at work: freedom from discrimination in respect of employment and occupation, the elimination of forced or compulsory labour and abolition of child labour.

Source: International Labour Office, 2016

A number of policy discussions have been made for addressing decent work deficits in NSE including self-employment. The European Pillar of Social Rights (EPSR) jointly proclaimed by the European Parliament, the Council and the Commission in November 2017, set out 20 principles and rights to support fair and well-functioning labour markets and welfare systems. Principle 12 of the Pillar in particular states that ‘regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed have the right to adequate social protection’. As part of the implementation of the EPSR, the European Commission has adopted a [proposal for a Council Recommendation](#) on access to social protection for workers and the self-employed. Following the proposal, the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) agreed on a recommendation and the [Council Recommendation](#)<sup>5</sup> was formally adopted in November 2019.

The Recommendation aims to establish minimum standards in the field of social protection of workers and the self-employed. More precisely, the Commission recommends to member states to “allow non-standard workers and the self-employed to adhere to social security schemes (closing formal coverage gaps); take measures allowing them to build up and take up adequate social benefits as members of a scheme (adequate effective coverage) and facilitating the transfer of social security benefits between schemes; increase transparency regarding social security systems and rights”. This initiative indicates that the EU recognizes the precarity and risk related to NSE and reaffirms that access to social security is a basic human right, regardless of the workers’ contract type or labour market status.

It seems obvious that more solutions are urgently required at the institutional level to respond to the challenges. As one of the traditional approaches, the role of trade unions and collective bargaining has also been (re)emphasized. As the CICOPA, the international organisation of industrial and service cooperatives states in the Strategic Paper “The Future of Work – Where do industrial and service cooperative stand?” (CICOPA, 2018) states, cooperatives have also been playing a role as a laboratory, experimenting innovative and sustainable forms of work and employment, which sometimes become institutionalized. But why, and how, can cooperatives provide an answer to the NSE decent work deficits?

<sup>5</sup> Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed (2019/C 387/01)





# WHAT ARE WORKER-OWNED COOPERATIVES?

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise<sup>6</sup>. Those needs and aspirations might be related to the consumption and usage of goods and services (consumer cooperatives, financial service cooperatives, insurance cooperatives, housing cooperatives), production activities (producer cooperatives in agriculture, fishery and retail), as well as work and employment (worker cooperatives). Sometimes, cooperatives have been established to respond to the unmet needs of the local community, by people who want to provide a response to these needs by gathering workers and service beneficiaries, as well as other stakeholders (social cooperatives).

However, in Europe, member states have different institutional arrangements for cooperatives, and it is more complex for the case of worker-owned cooperatives. Whereas some cooperative types have been well recognized in the legal system and/or by the public (consumer, financial service, insurance, retailers' and agricultural cooperatives), worker-owned cooperatives are unevenly recognized and defined/regulated differently in each member state. In this report, we will focus on four different cooperative models in which members' interests are mainly related to their work and employment: worker cooperative, (worker-member-based) social cooperative, shared service cooperative and new cooperative models for independent workers (freelancers).



<sup>6</sup> [The Statement on the Cooperative Identity adopted by the ICA in 1995 \(www.ica.coop\)](http://www.ica.coop)

## WORKER COOPERATIVE:

The worker cooperative model represents cooperatives based on worker ownership, one of three basic labour relationships besides self-employed and salaried employment. [The World Declaration on Worker Cooperative<sup>7</sup>](#) approved by the ICA General Assembly in 2005, provides a standard for the worker cooperative model at the international level. A worker cooperative is characterized by the fact that the majority of workers are members, the majority of members are workers and the prime objective is 'creating and maintaining sustainable jobs and generating wealth for their worker-members'. Historically, in Europe, the status of worker-member has developed as an equivalent to salaried employment (except in Spain), although worker-members are not subordinated to specific employers. It is considered that their work is subordinated to, and supervised by, their cooperative as a legal person.

## SOCIAL COOPERATIVE:

The social cooperative model represents mainly cooperatives whose prime purpose is the production of goods and services of general interest. Most of them are owned totally or at least partly by their workers (and thus also place the emphasis on the generation of sustainable jobs like worker cooperatives), while offering the possibility, or even making it compulsory (according to different national laws), to involve other types of members (service beneficiaries, public authorities, volunteers, etc.). [The World Standards of Social Cooperatives<sup>8</sup>](#) approved at the CICOPA General Assembly in 2011 define four main distinguishing characteristics: explicit general interest mission; non-state character; substantial representation of worker members; and non or limited distribution of surplus.

## SHARED SERVICE COOPERATIVE:

The shared service cooperative model means producer cooperatives in general. However, to avoid any confusion with producer cooperatives in the primary sector, such as agricultural cooperatives and fishery cooperatives, we use the term 'shared service cooperative' here. Basically, the shared service cooperative model may be defined as cooperatives which provide members with shared services for promoting their production or business activities performed on their own account, rather than in cooperatives. The shared service cooperative model in

<sup>7</sup> [www.cicopa.coop](http://www.cicopa.coop)

<sup>8</sup> [www.cicopa.coop](http://www.cicopa.coop)



industrial and service sectors is also called 'artisans' cooperative', 'freelancer cooperative', 'cooperative of independent producers/workers' according to the identity of the producer-members. Despite what their name might suggest, their main objective is not to provide employment solutions to the workers but to mutualize services or equipment. For this reason, this report does not deal with the typical self-employment in order to focus more on NSE and problematic situations in self-employment. However, it should be noted that in Europe, a lot of cooperatives have been organized by the self-employed, such as farmers, retailers, professionals and artisans. Many of them have reached a significant level of scale and represent important parts of market share in their countries, as well as at the European level, particularly in agriculture, retail and pharmaceutical sectors.

### **NEW COOPERATIVE MODELS FOR INDEPENDENT WORKERS AND FREELANCERS:**

Recently, new cooperative models have appeared as responses to the significant increase in new forms of work, particularly for independent workers and freelancers. We will examine these cases in more detail in the next section.

Each of these cooperative models has different characteristics regarding the work and employment of their members and non-members. As we shall see in the next section, they have specific issues concerning NSE, but also provide specific solutions to them. Therefore, rather than approaching the issue of NSE from a general concept of the cooperative, it is important to consider the different approaches and angles adopted by these cooperative models.



# COOPERATIVE RESPONSES

## Promotion of standard employment through worker and social cooperatives

Worker cooperatives have been created by people who want to have a say about their enterprises and thus their own jobs, and/or to protect their jobs which are threatened due to various reasons (delocalization, employers' retirement, closure caused by economic difficulty etc.). In Europe, since the worker cooperative model has been developed under the modern employment relationship system which has provided a more elaborated framework for the protection and rights at work along the lines of the standard employment relationship, the status of worker-member has been closely connected with the idea of standard employment. Therefore, membership is often directly related to having a standard employment contract in worker cooperatives.

- » In Bulgaria, Denmark and Sweden where there is no specific legal regulation on worker cooperatives, worker-members are assimilated to having employee status.
- » In Poland and Romania, whilst worker-members have specific types of contract with their cooperatives, these contracts are considered as being the same as work contracts.
- » In the UK, although there is no legal definition of worker cooperative and worker-member, the standard employment relationship is the norm taken by the cooperative movement, which distinguish worker cooperatives from freelancers' cooperatives in which members are freelancers (self-employed).
- » In France, worker cooperatives are defined and regulated by a specific law on worker cooperatives (law 78-763) which defines a worker-member as an 'employee-member' (*associé employé*) who has an employment contract with the cooperative.

- » In Italy, according to specific legislation on worker cooperatives (law 142/2001), worker cooperatives can choose one of three forms of employment relationship: salaried employment relationship (*forma subordinata*), two self-employment forms (*autonoma or rapporto di collaborazione coordinata non occasionale*). This legislation regulates specific working conditions for worker-members which should be taken into account in each form of employment relationship. Although there is no available data, it is reported that the majority of worker cooperatives, as well as social cooperatives, are based on salaried employment relationship.
- » In Spain, worker-members (*trabajo asociado*) are regarded as a specific type of employment form. The Spanish cooperative law specifically regulates working conditions of worker-members to ensure that worker-members are protected at the appropriate level. Worker cooperatives can choose one of two social security systems, one for employees (general regime), the other for self-employed (special regime)<sup>9</sup> and therefore many worker cooperatives of a certain size opt for the general regime so that worker-members can access the same level of social security coverage as that of employees.

Therefore, in many European countries, the promotion and development of worker cooperatives is basically related to the promotion of standard employment. This is confirmed by a Eurofound report on "Cooperatives and social enterprises: Work and employment in selected countries" which affirms that "there has been a clear overall preference for creating and retaining full-time, permanent jobs, the 'standard employment' model which is often used as an indicator of good quality jobs" and that "workers in the case study organisations rated job quality highly, both in absolute terms and in comparison to similar organisations" (Eurofound, 2019).

## Addressing decent work deficits in worker and social cooperatives

Although worker and social cooperatives provide a better opportunity to have standard employment, worker and social cooperatives can also face different kinds of problematic situations related to NSE.

Whereas membership is related to standard employment, the issue of NSE is usually related

<sup>9</sup> It is reported that this option is exceptionally taken by a worker cooperative when they initiate their activity because it has a lower cost than the general regime. Once it reaches a sufficient size of business, it can move to the general regime.

to non-member workers and outside collaborators who are employed with temporary/fixed-term, part-time or independent contracts. Although there are many cases where non-member employees have a standard employment contract, the same as worker-members, it is also true that some criticism has been levelled at worker cooperatives which use non-standard employment contracts for non-member employees. Especially when a cooperative has a small number of worker-members and large number of non-members workers. In some countries, having a majority of non-members amongst the workers is not a violation of a legal regulation (cooperative legislation or labour law), but it is considered as an element that weakens the authenticity of the cooperative. In some other countries where worker cooperatives are specifically regulated, this might be an element which prevents cooperatives from benefiting from specific legal and tax treatments<sup>10</sup>.

In Italy, the cooperative movement is struggling against the issue of false worker cooperatives which are used for exploiting workers, regardless of whether they are worker-members or non-members. These false worker cooperatives are created and managed by a group of individuals, but do not apply any cooperative principles, such as members' participation and democratic governance. They are usually only engaged in the provision of labour to existing businesses and do not have their own core business. They are structured in such a way to disguise the dependent self-employment relationship in hierarchical supply chains in specific sectors such as, for example, logistics.

It is also possible that some worker-members have non-standard employment contracts due to various reasons, such as an insufficient business capacity of the cooperative, members' personal situations, institutional barriers etc. In some cases, a worker cooperative is created as a project with weak business capacity at the beginning and members can work in the cooperative only as part-time or as independent workers who have to have other jobs in order to earn a living.

In this regard, it is important to introduce the concept of members' 'common aspiration'. Although members have different employment contracts and different degrees of engagement in the business, their common aspiration of having a better workplace allows them to share a vision of their working community. With this common aspiration, some members accept non-standard employment contracts or even volunteer work. In many cases, when the business is able to perform better, priority is given to hiring members under better employment contract conditions. The period of probation, in which a candidate for membership usually has a non-standard employment contract, might be considered as a preparatory period to enter into the working community.

<sup>10</sup> For example, in France and Italy, when a worker cooperative fails to meet certain legal conditions, such as having the majority of workers as worker-members, it cannot benefit from several specific tax treatments. In order to check compliance, these countries have developed some monitoring systems, such as the cooperative audit conducted by the cooperative movement and mandated by the government.

This sense of a working community can be found in many cases of worker-buyouts of enterprises that have been going through crisis situations. When workers take over the business from the previous owner(s) who have left the business due to a difficult economic situation, it is often difficult to give all the workers a status of worker-members with the best employment contract conditions. Some members leave their jobs and some others might accept non-standard employment contracts. However, it has been noticed in many cases where the worker cooperative starts to perform better that priority is given to the employment of former colleagues who still remain as members of the cooperative.

The situation concerning the employment relationship in social cooperatives based mainly on worker-ownership is similar to that in worker cooperatives. In Italy, most social cooperatives have a large quota of worker-members who all play an important role in the cooperative. Although it is not the prime objective for social cooperatives of type A (providing social services to the community), the worker-member's job is an important concern of social cooperatives in the way that it has a clear impact on the quality of the service provided. For social cooperative of type B (whose purpose is the work integration of disadvantaged groups), it is strongly recommended that disadvantaged workers should benefit from the best employment conditions and have a standard form of employment contract.

However, it is also reported that, due to the uncertainty related to the service contracts with public authorities and because of the use of the cheapest criteria in public procurement, non-standard forms of employment contracts, particularly, 'parasubordinati' in Italy, which sit between employee and self-employed status, is broadly used in type A social cooperatives.

These various situations of decent work deficits in worker and social cooperatives have been important concerns of the cooperative movement. Mainly the cooperative movement, but also the public authorities and trade unions, have been trying to provide solutions to these situations:

- » The international cooperative movement represented by the International Cooperative Alliance (ICA) and CICOPA, the international organisation of industrial and service cooperatives, have developed their own principles and standards in order to provide a normative foundation of cooperative businesses.
  - The first cooperative principle of the ICA states that "Cooperatives are voluntary organisations, 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 principle can be applied to the relationship with non-member workers. In principle, non-member workers should be eligible for membership, at any stage of their work contract, as long as the due process is followed.

- The CICOPA World Declaration on Worker Cooperative defines the objective of worker cooperatives as “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”. It also states that “the majority of the workers in a given worker cooperative are members and vice versa” as a basic characteristic of worker cooperatives.
- » In some European countries, such as France, Italy, Spain and Poland, the legislation states that, in collaboration with the public authorities, the cooperative movement should review whether cooperatives comply with the cooperative identity and national legislation. If a cooperative fails to comply with given normative guidelines, after due process, it might lose the right to benefit from specific legal and tax treatments for cooperatives and, in the worse cases, its qualification as a cooperative.
- » In Italy, in order to protect (member and non-member) workers’ rights and working conditions, the law on worker cooperatives states that collective agreements between national cooperative federations and national unions which are the most representative should be applied to worker cooperatives. Given that the phenomenon of false cooperatives is often found among cooperatives which are not affiliated to any cooperative organisations, which means that they are rarely reviewed by the relevant public authority, the Italian cooperative movement has proposed reinforced measures against false cooperatives to the legislator, including the periodic review of cooperatives which are not affiliated to the cooperative movement and, in the case of violation of the norms, cancellation of their cooperative status.

## Increased income and work opportunities for the self-employed through shared service cooperatives

Although not all self-employment is considered as NSE, considering the predominance of multinational shareholder-owned enterprises in our economy, many self-employed and their businesses face difficulties to compete on the market and their degree of insecurity at work is very high.

As a response to these concerns related to instability and insecurity, cooperatives have been an important tool to organize and support self-employed people in general. Agricultural cooperatives, fishery cooperatives, artisans’ cooperatives, retailers’ cooperatives and SME

cooperatives have been organised by, and for, these producers and entrepreneurs. Members may vary in nature, from solo producers or traders in vulnerable situations, to very active and well-structured SMEs. Although their title often reflects their members’ functions, they are also commonly called “shared service cooperatives” according to the functioning of the cooperative itself. Their main activities consist of upstream and/or downstream services in support of members’ economic activities: marketing of members’ products, including joint advertisement and development of common brands; collective purchasing of raw materials, retail goods, equipment or machinery and provision of premises, technical information, R&D, training and consulting. Although these cooperatives cannot provide their members with a standard employment relationship, they contribute to increasing and stabilizing members’ incomes, increasing the performance and competitiveness of members’ businesses and making the members’ voice heard collectively. In this way, these producers and entrepreneurs can enjoy various services which had previously not been available to them due to the small size of their business and lack of applicable formal arrangements. Furthermore, they can adapt quickly to changing economic conditions, rather than succumbing to them. Practising horizontal integration and, in this way, reaching economies of scale and a higher bargaining power, is a key strategy of shared service cooperatives.

Not only producers and entrepreneurs who manage their own business, but also independent workers have developed their own shared service cooperatives. Whilst keeping their self-employed status, they create and join cooperatives to access various services, greater income and more work opportunities, as well as a sense of community with their peers. Whilst the cooperative is unable to solve general issues related to their work relationship, it contributes to the alleviation of specific areas of insecurity at work according to the nature of the provided services. In their report “Not alone – Trade union and cooperative solutions for self-employed workers”, Conaty, Bird and Ross (2016) present interesting cases of solutions for self-employed workers made by trade unions and cooperatives, as well as through their cooperation.



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### ACTORS' COOPERATIVE AGENCIES IN THE UK – AN EXAMPLE OF A SHARED SERVICE COOPERATIVE



*In the UK, 30 actors' cooperative agencies are organized in the Co-operative Personal Management Association (CPMA) which was founded and supported by Equity, a national actors' union. Each actor cooperative is an employment agency and they typically range in size from 20 to 35 members. Cooperatives provide work-finding services by connecting work-seekers to employers. The cooperatives do not employ the work-seekers (actors) and the employment contract is made between the work-seekers and the employers. However, the cooperatives must have a written agreement with the work-seekers which sets out the details of the services provided by the cooperative, including commission rates. The cooperatives are run by the actors themselves and they often work in the office on a voluntary basis. The CPMA works with Equity's negotiating teams to revise Equity's Collective Agreements, which include minimum financial provisions and minimum rates. They have regular input into the development of Equity agreements and are consulted by Equity on industry issues. The CPMA is also represented on major working parties about future plans in different employment areas with Equity.*

*As well as responding to members' concerns, the CPMA works with its members to encourage good business practice and develop training skills and opportunities. They hold member-only seminars with casting directors and several members' forums, exchanging views on issues particular to cooperatives. They have also organised training sessions run by Equity on the development and use of their agreements. The vast majority of cooperative members are members of Equity, but CPMA cannot insist on this because of restrictions under the Trade Union and Labour Relations Act 1992, which made it illegal for employers and employment agencies to discriminate between union and non-union members.*

Source: Conaty et al. 2016

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## New cooperative models for addressing issues related to NSE and self-employment

In recent decades, self-employment has been promoted as a way of boosting innovation and job creation. Policymakers are looking for ways to encourage more people to start their own business and become self-employed. There is an assumption that a growing number of people desire more autonomy and self-direction over their working lives and would welcome the opportunity to have more control over the work they do and where and when they do it. This is true for many self-employed people who manage their business with good working conditions and job quality. This type of self-employment should be fostered in the interests of growing competitive, innovative businesses and creating high-quality jobs (Eurofound, 2017).

However, it should be recognized that an increasing number of self-employed workers (who we identified as independent workers in the first section) work more for less income, suffer from uncertainty and invest more time looking for new contracts than they do performing their activity. Furthermore, social security systems do not cover them properly and rather than being covered correctly, their work costs are considered to be their own 'responsibility'. The newly emerging cooperative models are specifically targeting this group.

New models of cooperatives have been organized mainly by, and for, independent workers (also often called freelancers) who are usually considered as self-employed in the current employment relation systems. However, unlike the traditional worker cooperative model, they do not aim at providing members with standard jobs. Members acquire and carry out their work individually, thereby maintaining autonomy and flexibility. They join the cooperative in order to address certain concerns related to their work, notably access to better social security. However, beyond the provision of a higher level of social security through employee status, these cooperatives support their members with various services and promote a new sense of a working community of the 21<sup>st</sup> century.

### SMART BELGIUM

Established in 1998 as non-profit association and converted into a multi-stakeholder cooperative in 2016, Smart Belgium is a cooperative that enables freelancers, organisations and entrepreneurs to develop their activities by mutualizing various services, offering them the best social protection while being autonomous. It is specialized in providing administrative, financial and accountancy management services, insurance services, legal and consulting services, information and training, co-work spaces and mutual financial tools to freelancers who are mainly active in the creative sector and recently to people working through online platforms. Most of Smart's activity relies on transforming invoices into salaries and expenses.



In Smart, the main category of members are those who use services provided by the cooperative, called “employee-entrepreneur-members”. Formally, whilst still having fixed term employment contracts<sup>11</sup>, they have the same status as employees. In 2018, there were about 24,500 employee-entrepreneur-members and 261 permanent staff members. As a multi-stakeholder cooperative, these two groups are represented separately in the governance structure, together with other stakeholders (partners, providers etc.)<sup>12</sup>. Freelancers are the workers who are the most represented in governing body.

In Belgium, the social security system makes a clear distinction between employees and the self-employed and the system for employees is considered as being more beneficial for workers. Moreover, for those who do not have a sufficient income and work alone, like freelancers, the administrative process around the social security system is complex, onerous and costly to manage individually. Smart Belgium’s main service is to provide freelancers with an employment contract as an employee of Smart. When freelancers find their own clients with whom they negotiate terms and conditions of product or service to be delivered, they fill out an order form online. Once it is signed by the client, Smart sends an invoice to the client. A contractual arrangement (and expenses) are set between the freelancer and Smart. Smart then becomes the freelancers’ employer for the duration of the contract, allowing freelancer to be salaried and opening up rights to social security. Smart manages all administrative processes as an employer.

It should be emphasized that Smart is totally different from a simple billing company. Whilst the contract management service is one of the main activities of the cooperative to meet users’ practical needs, its ultimate purpose is “members’ individual socio-economic development in order to reinforce their capacities for action and work in the world with complete entrepreneurial and solidary autonomy” (§3 Social purpose, Statutes of SmartCoop). Smart has been developing various kinds of services for members, such as insurance, mutual financial tools, trainings, information provision, research and events with a view to promoting the value of freelancers’ work and improving their working conditions. Permanent staff are counselors working closely with individual users on their specific needs. Overcoming the isolation felt by individual workers and strengthening their social relationships makes it possible to create a collective dynamic as a working community. The community is also created through various events and “Smart In Progress”<sup>13</sup>, working groups where cooperators directly participate and make recommendations for the evolution of their shared enterprise. This dynamic has made possible a unique action to protect online platform workers.

<sup>11</sup> It has only recently opened up the possibility for open-ended contracts for those who want to and can afford it with their given activity.

<sup>12</sup> 3/5 of board members should be elected from employee-entrepreneur-members (category A members) and 2/5 from permanent staff members, partners and providers (category B members).

<sup>13</sup> [smartbe.be/fr/smart-progress/](http://smartbe.be/fr/smart-progress/)

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### THE CASE OF PLATFORM WORKERS SUPPORTED BY SMART BELGIUM

*In 2015, Smart Belgium found that some user-members (who are mostly freelancers in cultural and creative sectors) were active on a bike-delivery services online platform in order to supplement their income. With the multiplication of platform work, the number of users working through online platforms reached around 450 in 2016. Due to this increase in a new type of work amongst its users, Smart Belgium studied their working conditions and problems. Based on the negotiation power generated by the large number of users working through online platforms, Smart made an agreement with the main online food delivery platforms in order to protect their users’ (who are declared as employees of Smart) working conditions, including minimum wages and on time payment, minimum working hours (3 consecutive hours) of income guaranteed, covering some working costs and the provision of training and free bike inspections.*

*The bankruptcy of one of the largest Belgian food delivery platform enterprises illustrated the added value of the Smart model and the protection it can provide to online platform workers. When the enterprise suddenly went bankrupt without paying bike-delivery workers, Smart used its mutual aid fund to pay for their final month of work.*

*However, after the introduction of a series of institutional measures in favour of the online platform industry (simplifying administrative processes, VAT and social contribution free for income generated through platform with the limit up to 500 euro per month or 6000 euro per year), a major online platform enterprise refused to renew the agreement with Smart and started employing bike-delivery workers directly, using specific contract forms. This resulted in a reduction of workers’ income (from pay per hour to pay per service) and the workers were unable to organise themselves collectively.*

Source: Jehin, 2018

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The Smart experience with platform workers shows that the cooperative model has the ability to provide concrete responses to topical problems which arise in the changing world of work, but which also may be quickly outdated by the time institutional changes are introduced. Particularly with regard to online platform workers, as more and more policy measures and legal cases open the way toward the formal recognition of employee status and the creation of a new legal status or contract forms, cooperative solutions would need to be adopted to their changing and various needs. This experience of Smart is also an illustration of the contribution which can be made by cooperatives to the organisation of non-standard workers through the provision of practical services, thereby ensuring that their voices are heard in the public sphere.

### COOPERATIVES OF INDEPENDENT WORKERS IN FINLAND

Finland has a particular model of cooperatives called *'uusosuustoiminta'* in Finnish. Although it can be translated into 'new worker cooperatives' in English, we will call them 'cooperatives of independent workers' in order to avoid confusion with the traditional worker cooperative model. However, according to the Finnish legislation the members are employees of the cooperative. Whereas in worker cooperatives, work and management is carried out jointly, the function of cooperatives of independent workers is more to act as an intermediary for individual professionals' work. The first experiences appeared in the early 1990s as a self-help solution to mass unemployment. At the beginning, cooperatives were organized with support from local associations for the unemployed. The idea of cooperatives was to rent out or lease their members' labour to other companies or to households which needed temporary or permanent labour. The main objective of cooperatives was to offer their members employment opportunities and to help them (re)enter the labour market. For this reason, these cooperatives were often presented as "labour cooperatives" (Pättiniemi, 2001). In these cooperatives, unlike the traditional model of worker cooperative, members were not permanently employed by the cooperative. There are times when a member is employed by the cooperative and times when they are not employed and is receiving unemployment benefits from the state.

However, at the end of the 1990s, these post-recession cooperatives started to transform themselves from multi-sectoral actors with the purpose of work integration, into more focused communities of professionals, which nowadays is the dominant nature of these cooperatives. These cooperatives are rapidly emerging in new sectors, particularly in knowledge-intensive sectors and in the fields of arts, culture and media, where permanent employment relationships are scarce (Puusa and Hokkila, 2019). It is reported that in 2016 there were 460 cooperatives of this type, with close to 2,500 worker-members.

By joining these cooperatives, independent workers become employees instead of being self-employed, whilst keeping their autonomy and flexibility as owners of their cooperative. This

is possible due to the Finnish legislation that regards a person owning less than a 15 per cent share in a company as having the status of an employee. Therefore, if there are more than seven members in a cooperative and thus each member's share represents less than 15 per cent of the entire capital, a member can be entitled to unemployment benefit and sick leave, both of which are only available for employees.





## LILITH - A CASE STUDY OF THE FINNISH MODEL

Lilith is a Finnish cooperative of independent workers in different creative fields, such as culture, arts, crafts, design, well-being, development, services and media.

Founded in Helsinki in 1997 by a group of musicians and producers, today, [Osuuskunta Lilith](http://Osuuskunta Lilith)<sup>14</sup> is the biggest cooperative of its kind in Finland, with more than 400 members and an annual turnover of 3 million EUR. Its members include a production house and a publisher, with many of Finland's top artists on board.

Lilith's business model, developed together with its members, is designed to guarantee its worker-members the status of employees and to provide them with a safe and secure work environment and a place to focus on a multitude of professions and skills. To achieve this aim, the cooperative takes care of all of the legal duties (social security fees, taxes, etc.) employers must comply with according to the Finnish legislation. In addition, it provides its members with training courses, workshops, working spaces, tools and equipment, discounts on various products and services, networking opportunities, informal, social and recreational gatherings.

Worker-members take part in a general assembly once a year and elect a board composed of 3 to 7 persons for the following 12 months. The elected board organises the governance of the cooperative: it decides on applications for membership and hires the office personnel, including the managing director, who is responsible for the day-to-day operations. On a daily basis, the cooperative strives to implement transparent and inclusive administration in the form of direct accessibility, enquiries, polls, etc.

This working methodology, which is referred to as "collaborative" by Lilith members, is thought to provide many benefits: it allows people to learn from each other, encourages sharing and trust and builds a sustainable working culture where everyone is an equal member in terms of social protection. Currently, the cooperative is focusing on the communal side of its services; by



<sup>14</sup> [www.lilith.fi/en/](http://www.lilith.fi/en/)

facilitating collaboration, shared projects and joint communications, it tries to assure a greater degree of interaction among its members and also the administration.

A key goal of the cooperative is to enhance its worker members' income, employment and career prospects. Jobs are provided in two ways: most members have established relationships with clients, which they bring with them when they join the cooperative and sometimes the cooperative receives orders from clients and finds suitable worker members to undertake these assignments.

Lilith is a successful example of how the cooperative model can provide sustainability of work, social protection and flexibility for the hybrid and multi-professional jobs of the future in the relatively unstable creative and arts sector in Finland.



## BUSINESS AND EMPLOYMENT COOPERATIVES IN FRANCE

Business and employment cooperatives (BEC) (*coopérative d'activité et d'emploi, CAE*) in France were originally designed as a specific form of worker cooperative with the aim of providing people who plan to develop their own business projects with full-fledged rights and protection

as employees after a test period, as well as access to various back-office services, as long as they wish to belong and maintain their activity as members of the cooperative. The first BEC was created in 1995 in Lyon by a group of people who recognized the inefficiency of the measures encouraging people to set up their own businesses and therefore decided to create a new organisation that aims to support people in their entrepreneurial journey. Today, there are around 150 BEC in France, with 7,000 employee-entrepreneurs (*entrepreneur-salarié*) and 3,000 project holders with a support contract (Boudes, 2019).

Having been granted legal recognition through the 2014 law on the social and solidarity economy, they have now been recognized as a particular form of cooperative, not only for persons who create their own business, but also for those who have completed their test period and have their own business and clients, like most freelancers, by allowing them to have the status assimilated to employees as well as members of cooperatives. For this purpose, a new status of 'employee-entrepreneur' applied only to BECs was introduced in the French labour code (L. 7331-1 – 7332-7). This legal status is characterized by a higher level of rights and protection at work compared to similar legal statuses introduced for flexible work forms, such as *auto-entrepreneurs* and umbrella companies (*portage salarial*).

Concretely, BECs offer their members a three-stage path which combines entrepreneurship, employment and cooperation. First of all, when entering the BEC, project holders sign a mentoring contract, which allows them to build and strengthen their projects through meetings, workshops, trainings and support provided by a personal advisor. While developing their project, they can keep their former status and rights. For example, an entrepreneur who works part-time as an employee or who receives unemployment benefit can combine the different incomes (up to a fixed level for social benefits).

Although the entrepreneurs propose their own expertise and canvass clients for their own products, they do not have to create a legal structure as the cooperative invoices the clients. Thus, when the activity becomes stable enough, entrepreneurs sign an employment contract with the cooperative. The turnover generated is then transformed into a salary by the cooperative's mutualised departments (accounting, management, etc.), staffed by what are known as 'permanent/support/back office staff'. Each entrepreneur has their own accountancy within the BEC and their salary is paid according to their anticipated turnover.

After the second phase, entrepreneurs and the cooperative have to decide whether they will commit long-term. If they decide to do so, the employee-entrepreneurs have to become members of the cooperative within three years and then to participate in the membership share capital, acquire cooperative shares and get involved in cooperative governance. Their application for membership has to be approved by the assembly of all cooperative members.



### COOPANAME – A CASE STUDY OF A BEC

*Coopaname, a Parisian BEC, was established in 2004 and is now one of the biggest BECs in France, with about 850 workers (entrepreneurs with a support contract, employee-entrepreneurs, permanent staff etc.) who carry out economic activities, alone or with others, in various sectors such as training, computing, crafts, communication, management of landscape and green spaces etc., with a turnover of almost 10 million EUR. About 300 of them are members participating in the membership share capital and among them around 50 members also work every year for the cooperative in various bodies: board of directors, social and economic committee, ethics committee or training committee. The mandates of general management and chairmanship of the board are exercised collectively (today, there are 3 general co-directors and 2 co-presidents of the board who always represent a gender balance) and limited in time (2 consecutive terms, that is, 6 years). In all bodies, employee-entrepreneurs are the majority.*

*Coopaname, as a living organism, has always been required to adapt to internal evolutions and pressures of the context in a pragmatic way. This means that it has been a laboratory for a new sense of work and employment, as well as new forms of employment and enterprises. Workers are building a common and democratic enterprise to give themselves more collective forms of protection (rights at work, vocational training, risk pooling, social solidarity) and the potential for cooperation. All these things allow them to practise their profession in good economic, social and ethical conditions. They consider themselves neither employees nor self-employed, but as cooperators they devise a daily framework where the work relationship is based on a social bond, rather than on a relationship of subordination or of a commercial nature. This framework outlines the contours of a new form of organization: "mutuality of work" (*mutualité de travail*).*

*On their website<sup>15</sup>, they claim that Coopaname is 'political' ("Coopaname, c'est politique") and state that they want to "do what we like, at our own pace, with those we appreciate, in a shared and supportive environment" and "rather than decisions being imposed on us, we wish to make our own decisions, by becoming a member of an enterprise which is our shared work tool".*

Source: Nony and De Grenier, 2019; Boudes, 2019; Coopaname website



<sup>15</sup>[www.coopaname.coop/article/coopaname-cest-politique](http://www.coopaname.coop/article/coopaname-cest-politique)



## BUSINESS IMPULSE COOPERATIVES IN ANDALUSIA, SPAIN

A cooperative model very similar to the French BEC was introduced in 2011 in Andalusia, Spain. Called business impulse cooperative (BIC) (*cooperativa de impulse empresarial*), its purpose is to channel the entrepreneurial initiatives of their members and provide them with certain common services, creating an environment in which they are able to carry out their professional activity on a regular basis. These cooperatives are a sub-type of worker cooperative, but they constitute a hybrid between worker cooperatives and service users' cooperatives. The working method is more or less similar to that of BECs. Their objective is to channel the entrepreneurial initiatives of user-members through professional guidance and the provision of business skills and support for the development of the initiatives. This allows user-members to launch their own entrepreneurial activities. Permanent staff and user-members testing their activities are worker-members (*trabajo asociado*). However, as worker cooperatives can access the social security system for employees and the cooperative law specifically regulates the protection and rights at work of worker-members, entrepreneur-members in BICs can enjoy a higher level of social security coverage with administrative support provided by the cooperative, whilst keeping their entrepreneurial dynamic.

### MAIN COMMON CHARACTERISTICS OF NEW MODELS

Although they were initiated for different reasons and developed in different institutional contexts, these four models share some common characteristics.

- 1 Their original ideas come from initiatives aimed at addressing the unemployment or insecurity of certain professional groups, through entrepreneurial activities. But over time, they have become similar models which are used to respond to independent workers' common needs, such as access to better social security and back-office services, as well as helping them to overcome a sense of isolation.
- 2 Given that most members have a fixed term or part-time contract, or even a zero-hour contract in the case of the Finnish model, they still have NSE status. For some of them, the work reported through the cooperative is only part of their activity. Working with full-time and open-ended contracts might not be the prime objective of cooperative members.

- 3 The most important role of these cooperatives is to provide independent workers with better access to social security coverage. In their countries, independent workers are usually classified as being self-employed. However, as they have different characteristics compared to the genuine self-employed who manage their own business, they often find themselves in a type of no-man's land in which it is not possible for them to be adequately covered by the existing social security systems. These cooperative models play a role of filling in this gap in a pragmatic way.
- 4 It should be noted that the cooperatives provide professional services for managing various administrative tasks which independent workers usually find difficult to organise in order to solve their problems individually. They also keep their members informed about legal and institutional changes related to their work and employment. This is a very important contribution in the context of a continuously changing world of work and increasing regulatory complexity. It is often observed that this sense of 'being cared for' by the cooperative makes independent workers feel like they belong to a working community.
- 5 These cooperative models have been able to develop their solutions by using the existing institutional arrangements. Smart and the Finnish cooperatives of independent workers have been able to use some provisions in their complex social security systems, such as intermittent contracts for artists (Smart), access of co-owners of less than 15 per cent of the company shares to social security for employees (Finland). Their solutions have been recognized and accepted as normal practices in their system, although there continues to be some controversy<sup>16</sup>. BEC in France and the BIC in Spain have been able to develop thanks to the existing

<sup>16</sup> Because the Finnish model is not based on a specific framework for this kind of cooperatives, but on practices, it can be easily destabilized by institutional changes. Due to some misunderstanding and a lack of clarity, the public authority in charge of social security has made contradictory interpretations regarding the status of cooperative members. Therefore, the cooperative movement wants to clarify the official interpretation of the employment relationship concerning this model of cooperatives and their members. It proposes an 'employment relationship default' which is originally promoted by the labour movement to tackle problems caused by platforms.

cooperative models, particularly worker cooperatives, in their countries. The recognition of worker-members as employees (France) or worker-members' access to the social security system for employees (Spain) has provided a basic framework in which independent workers are able to access the protection and rights at work reserved for employees.

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These cooperative models show that there are already practical solutions for extending social security to independent workers. However, their contribution cannot be limited to these practical solutions. Although, as the case of platform workers supported by Smart shows, institutional changes might impact solutions to workers' needs and even their needs themselves, it seems clear it would be impossible to replace the key role played by cooperatives in creating a collective dynamic as a new type of working community. This dynamic can be a driving force for addressing other issues related to their work and employment. It will also strengthen the representation of independent workers in the public space so that they are able to take part in improving institutional arrangements.

## Towards a new working community in the platform economy

Recently, new types of business models, mainly performed through on-line platforms, have drawn a lot of attention. The new economy emerging around them has different denominations, such as the sharing economy, on-demand economy, collaborative economy, peer-to-peer economy, access economy or crowd economy. Work and employment in this new economy is also becoming a major concern for society, because the new forms of work and employment created are mainly based on NSE or self-employment status and they are often associated with precariousness.

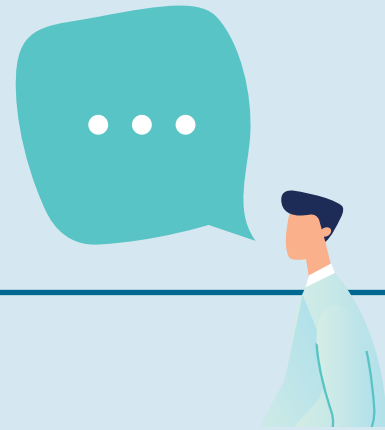
Looking beyond the models examined above, platform cooperativism has emerged as the cooperative response to the platform economy. Platform cooperativism does not just refer to cooperatives using on-line platforms but, more broadly, it is a movement oriented toward collective and democratic ownership of digital services, regardless of the legal form is used. The idea came out of an emerging critique of the exploitative on-demand economy. Two American

researcher-activists, Trebor Scholz and Nathan Schneider, proposed the idea as an alternative to the venture capital backed on-demand economy in trying to introduce the cooperative model and identifying embryonic initiatives. Through conferences and meetings across the world, the idea of platform cooperativism has been rapidly spreading and attracting growing interest.

The basic idea of platform cooperativism is clear: new business models based on the internet and on-line platforms can be combined with the cooperative model by giving ownership and controlling power to the very people who use and work through on-line platforms. By doing so, they can distance themselves from the disruptive behaviour of tech companies which are maximizing profit and apply the power of technological imagination to practise forms of cooperation and collaboration that serve people and pave the way toward a positive impact on society.

Due to different institutional contexts, there are few concrete solutions proposed by the platform cooperative movement related to the issues of work and employment. However, based on experimental experiences, we can envisage several possible scenarios in which cooperatives can answer the issues of work and employment in the platform economy.

» New local platform initiatives in the form of worker cooperative have been organized across Europe; they are unlike multinational platform enterprises and are often established as alternatives to them. Their activities focus more on certain values, such as developing the local circulation of goods and services, supporting the local economy, promoting healthy and clean transport, promoting local culture and tourism, quality food, democratic and participatory workplace, and sometimes criticism of exploitative systems of for-profit platforms etc. In this sense, they are often considered as having a social mission and contributing to social innovation, along the lines of a social cooperative. One of their core values is to protect platform workers and provide them with decent working conditions and ownership. Many of them try to give employment contracts to worker-members.



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### COOPCYCLE - A CASE STUDY OF PLATFORM-BASED WORKER COOPERATIVE

*A European bike-delivery network, CoopCycle, which has developed a software connecting bike-delivery workers, clients and sellers, has stated in their charter that their software can only be used commercially by social and solidarity economy organizations, mainly cooperatives, and that these organisations should provide employment contracts to worker-members instead of simplified form of self-employment, such as auto-entrepreneur in France. Nineteen local cooperatives from France, Belgium, Germany and Spain have joined CoopCycle. They are new and small in terms of size. It seems that they have yet to reach the economic level that would allow them to employ their worker-members as they desire. However, they show that if they are based on the local community, rather than on scale, platforms could be used to create decent jobs in young worker and social cooperatives on the “different” platform economy.*

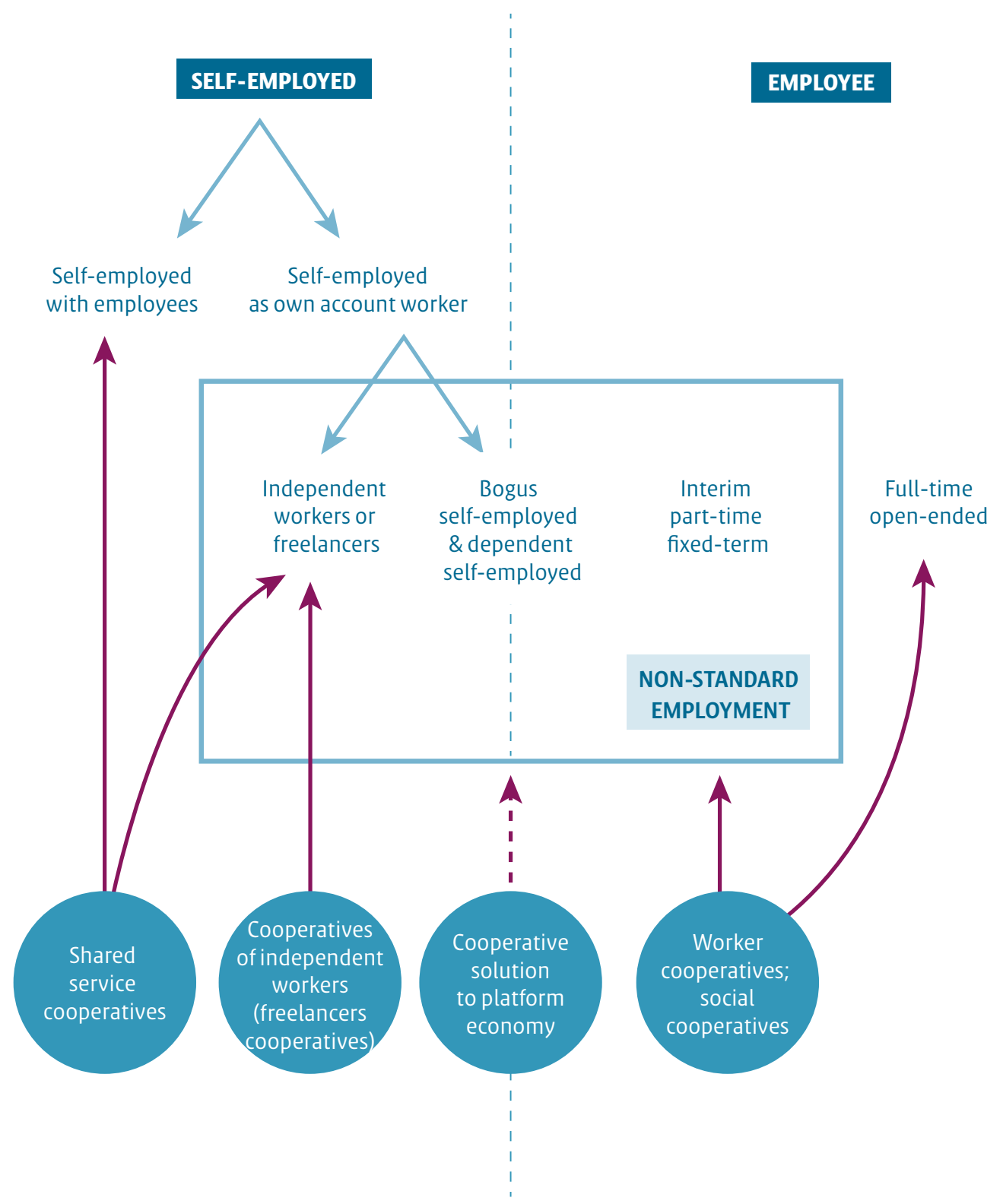
Source: CoopCycle website (coopcycle.org)

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- » A community created around an app is composed of different stakeholders: technicians who develop the app, users who work or provide goods and services through the platform, users who use and consume through the platform, supporters of its social aim, investors and/or financiers etc. Many experiments of platform-based cooperatives do not aim at creating jobs, but often focus on promoting a common project for the different stakeholders. Digital technology makes it easier for different stakeholders to communicate and to work together, with their own ways of contributing to the platform. Therefore, although there are only a few people who earn an income from the cooperative, many members feel that they are working together to achieve their common project, which is often highly value-based and local community oriented. This kind of cooperative model, which is also called the multi-stakeholder cooperative model, is used by many platform-based cooperatives. In particular, the collective interest cooperative (*Société coopérative d'intérêt collectif*, SCIC) in France is a cooperative model specifically designed for structuring multi-stakeholders' governance. Introduced into French cooperative law in 2002, the collective interest cooperative model proposes a multi-stakeholder structure with at least three different groups of stakeholders sharing balanced power among the groups in the governance structure. Among the required minimum of three groups of stakeholders, the worker (or producer) group and beneficiaries group are mandatory. Collective interest cooperatives were designed to provide a response to the collective needs of a community, which could only be met by mobilizing different stakeholders. Many collective interest cooperatives have local authorities as members (although public authorities cannot have more than fifty per cent of capital) and are used for local and citizen projects by using co-construction methods. In France, many platform-based cooperatives working not only at the local level, but also at the regional and national level, use the legal status of a collective interest cooperative.



# CECOP APPROACH TO NON-STANDARD EMPLOYMENT AND COOPERATIVE RESPONSES



# CONCLUSIONS AND RECOMMENDATIONS

In this report, which sets out to show the contributions made by cooperatives to the issues related to NSE, we have adopted an approach based on the concept of decent work deficits in order to identify specific problematic situations to which different cooperative models are providing a response. Although different cooperative models have created different solutions, such as worker and social cooperatives as a tool for promoting standard employment, as well as various measures designed to address decent work deficits in worker and social cooperatives and to support the self-employed through shared service cooperatives, this report focusses particular attention on independent workers (also called freelancers) whose situations are not covered sufficiently by political and institutional debates on NSE. As the examples of Smart (Belgium), cooperatives of independent workers (Finland), business employment cooperatives (France) and business impulse cooperatives (Spain) illustrate, cooperatives have been a laboratory experimenting innovative and sustainable forms of work and employment, providing a response to the needs of workers in NSE situations, as well as their aspirations for creating a working community of the 21st century. The cooperative laboratory for new forms of work and employment suggests several possible scenarios which might allow us to embrace the future of work where flexibility and digitalization would be at the service of workers, instead of destroying their protection and rights. However, cooperative responses to the NSE issues should not relieve national governments of their responsibilities to find institutional solutions such as guaranteeing access to adequate social protection to all workers.

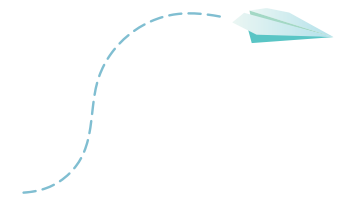
CECOP strongly believes that rather than being mere anecdotes, the lessons we have drawn from the cooperative experience can, and should, serve as important ingredients for constructing a better present and future of work in Europe, in close collaboration with trade unions, public authorities and other actors.

## TO MAXIMIZE THE IMPACT OF THESE LESSONS, WE STRONGLY RECOMMEND THAT THE MEMBER STATES:

- » provide an adequate legal framework for worker-owned cooperatives and worker-member status based on standard employment, by default
- » guarantee non-standard workers access to adequate social protection regardless of the type and duration of their employment relationship
- » reclassify dependent self-employed persons as employees within the appropriate institutional framework
- » provide support for cooperative solutions and experiments for NSE and self-employed, in particular independent workers

## AND THAT THE EUROPEAN COMMISSION AND MEMBER STATES:

- » promote cooperative responses and experiments as vehicles for decent work
- » give special attention to the work and employment of independent workers
- » provide an adequate legal framework in favour of workers in the platform economy



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## About CECOP

CECOP is the European confederation of industrial and service cooperatives. It represents the voices of worker cooperatives, social cooperatives and independent workers' cooperatives. CECOP works to create a supportive environment for cooperatives, so that they can operate to their full strength and fulfil their mission of providing sustainable jobs and high quality services to communities. Our aim is to build a fairer Europe and contribute to sustainable economic growth, to bring democracy and solidarity to the workplace.

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