

# Cooperatives and social enterprises: Work and employment in selected countries



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## Country codes EU28

<b>AT</b>	Austria	<b>FI</b>	Finland	<b>NL</b>	Netherlands
<b>BE</b>	Belgium	<b>FR</b>	France	<b>PL</b>	Poland
<b>BG</b>	Bulgaria	<b>HR</b>	Croatia	<b>PT</b>	Portugal
<b>CY</b>	Cyprus	<b>HU</b>	Hungary	<b>RO</b>	Romania
<b>CZ</b>	Czechia	<b>IE</b>	Ireland	<b>SE</b>	Sweden
<b>DE</b>	Germany	<b>IT</b>	Italy	<b>SI</b>	Slovenia
<b>DK</b>	Denmark	<b>LT</b>	Lithuania	<b>SK</b>	Slovakia
<b>EE</b>	Estonia	<b>LU</b>	Luxembourg	<b>UK</b>	United Kingdom
<b>EL</b>	Greece	<b>LV</b>	Latvia		
<b>ES</b>	Spain	<b>MT</b>	Malta		

# Executive summary

## Introduction

A cooperative is typically defined as a business organisation that is democratically controlled and owned by its members and which works in the interest of its members. A social enterprise is generally perceived as a business organisation with a social mission, working in the interest of its community or client group. This study investigates the contribution of European cooperatives and social enterprises to job creation and retention. It identifies the drivers of and barriers to job growth, explores employment conditions, details the support measures available in selected EU Member States and puts forward policy pointers to support delivery of these jobs.

## Policy context

Following the 2008 financial crisis and with persistent high unemployment in the EU, cooperatives had survival rates similar to or better than those of mainstream businesses. Cooperatives and social enterprises were also seen as potential sources of innovative solutions to socioeconomic challenges that have been identified as EU priorities: inclusive growth, aiding regional economic development, smart growth, addressing poverty and social exclusion, and creating sustainable growth.

## Key findings

### Evolving forms of cooperatives and social enterprises

This study uses the International Co-operative Alliance (ICA) definition of a cooperative and the European Commission's definition of a social enterprise. However, specific laws and definitions vary across Member States. The sector is dynamic, with new forms of cooperatives and social enterprises emerging all the time.

### Data on sector and performance

The available statistical data identify Italy as having the largest cooperative and social enterprise sector. The number of cooperative and social enterprise organisations and jobs varies considerably among the case study countries, and different data sources provide varying figures.

The available data and the views of national actors suggest that cooperatives and social enterprises have performed relatively well since the financial crisis.

However, the overall performance of cooperatives and social enterprises and specific types of these organisations varies across the selected countries. Social cooperatives, in particular, have flourished.

### Support measures

All countries support the development of cooperatives and social enterprises through various measures. Most of this support is concerned with financial, start-up and general business assistance. The impact of support measures on employment was regarded as being highly positive. While much support is available, managers in the case study organisations tended not to access it. Rather than formal business support measures, cooperatives and social enterprises often choose to tap into informal support through different networks.

### Employment levels

Job numbers increased across the case study organisations in most occupational groups and job status categories. This success in maintaining and creating jobs seems not to be related to the economic cycle and the crisis. Other factors seem to influence employment outcomes, such as the level of organisational innovation, quality of management and public funding.

Job quality was rated highly, both in absolute and relative terms, by workers in the case study organisations. This was because job quality tends to be an overall objective of these organisations.

Little difference emerged in terms of job creation or quality between the two organisational types. Internal factors contributed to positive organisational performance, such as: management; governance and internal decision-making structures and processes; reinvesting surplus value; prioritising jobs over wages and profit; long-term focus; and shared values among members, workers and, in many cases, customers and clients.

### Factors affecting employment

Creating and retaining jobs is dependent upon commercial success, reflecting the organisations' ability to compete in current markets, to move into new markets and to develop and improve the goods and services they deliver. Innovation was the most frequently mentioned driver of employment, followed by retaining existing markets and customers and expanding into new markets or attracting different types of customer. Management skills and competencies were also cited as a key driver.

Cuts to public funding were a barrier, both in terms of reducing the resources that were available and in relation to making tendering more competitive. While the financial crisis led to job losses in some organisations, it also created opportunities which many organisations were able to build on.

## Policy pointers

The findings of this study show that cooperatives and social enterprises can and do deliver positive employment outcomes, as well as good jobs. They appear to do this by incorporating the human resource practices that are being championed by many mainstream businesses. In this, cooperatives and social enterprises contribute significantly to the EU Europe 2020 policy aspirations for sustainable and inclusive growth as well as fair work identified within the European Pillar of Social Rights.

The evidence points to the need to support and promote cooperatives and social enterprises at the EU, national and regional levels as a vehicle for socioeconomic development. This can be done in various ways:

- **Continued general policy support** from the European Commission and Parliament
  - **Better targeting of specific support** – more support measures may not be needed, but the extent of start-up and general business advice is uneven across EU Member States, and the visibility and targeting of existing support could be improved
  - **Raising the profile of the sector** among public (for example, local economic development agencies) and private sector (for example, banks) organisations focused on encouraging and facilitating business development
- **Seeking to understand why cooperatives and social enterprises do not access more support, especially support targeted at the sector**, through further research – it may be that informal support networks can be exploited as a conduit for greater take-up of support
- **Promoting social value clauses in public tendering** rather than lowest cost in order to reduce pressures on delivering job quality
- **Promoting the sector as an alternative to public sector service provision** and encouraging cooperatives and social enterprises to tender for the delivery of public services
- **Mainstreaming the sector in enterprise and business education** in order to enable young people to make informed choices about entering the sector, both as a career option and as a business opportunity
- **Supporting the development of management skills** within cooperatives and social enterprises through tertiary enterprise and business education and within management training provided by business/local economic development organisations
- **Building on work undertaken by the European Commission to clarify the types and forms of cooperatives and social enterprises** – this will allow for better data to be collected in order to monitor the development and impact of the sector
- **Improving statistical data on the sector** in order to facilitate cross-country analysis and comparison and allow robust policy analysis

# Introduction

The EU needs more and better jobs, both as a route out of the lingering effects of the 2008 global economic and financial crisis and as a strategy towards a future of sustainable economic growth (European Commission, 2010). In the aftermath of the crisis, there is also concern about the rise of non-standard employment in the EU: in particular, the rise in the number of part-time and temporary jobs and the creation of too many low-quality jobs (Eurofound, 2016). This trend would seem to run counter to the EU's declared interest in improving working conditions as part of the policy goal of ensuring better EU integration (Eurofound, 2018). In this context, the creation and retention of good-quality jobs would seem to be critical.

Cooperatives and social enterprises can help to address these challenges as they have demonstrated the capacity for job retention and even job growth in the face of economic crises (European Parliament, 2013; Pérotin, 2016). However, there is a long-standing debate about the ability of cooperatives in particular to provide better-quality jobs (Michie et al, 2017). This report examines whether cooperatives and social enterprises do in fact contribute to the creation of high-quality jobs and to the retention of existing jobs and, if so, how EU policy could support this process.

## Background and objectives

A cooperative is typically defined as a business organisation that is democratically controlled and owned by its members and which works in the interest of its members (Pérotin, 2012; Kennelly and Odekon, 2016; Bailly et al, 2017). A social enterprise is a more recent development than the cooperative; while it lacks an agreed definition, it is usually described as a business organisation with a social mission, working for the interest of its community or client group (Borzaga and Defourny, 2001; Nyssens, 2006; Bagnoli and Megali, 2011).

In the 1960s, cooperatives were presented as a source of more meaningful jobs and, in the 1980s, as the solution to high unemployment due to deindustrialisation (Clarke, 1984; Cornforth et al, 1988). More recently, in the context of the growing phenomenon of precarious work and high youth unemployment, their potential as job brokers and as levers for young people to get into the labour market has been explored (Warhurst et al, 2006; COOPilot, undated). Social enterprises also often work with vulnerable or marginalised groups of workers, aiming to get these workers into jobs.

That social enterprises can create job opportunities as a function of their social purpose has also been noted (Defourny and Nyssens, 2010).

Following the financial crisis, and with persistent high unemployment generally in the EU, it was found that cooperatives' survival rates were similar to or better than those of mainstream businesses. Moreover, on average, levels of employment in cooperatives did not decrease during the economic downturn, contrasting sharply with the downsizing that often occurred in mainstream businesses. Indeed, in some regions, cooperatives not only retained jobs but also created new ones (European Parliament, 2013; Carini and Carpita, 2014; Roelants et al, 2014). This resilience is not new – it has been shown to be present across historical periods and geographical locations (Jones, 1984; Estrin, 1985; Pérotin, 2006, 2012, 2016; Howarth et al, 2007; Utting et al, 2014).

Despite their relatively small number (compared to the volume of mainstream businesses), this capacity to create and retain jobs – and potentially provide good-quality jobs – has attracted policy attention. Cooperatives and social enterprises are seen as potential sources of innovative solutions to the socioeconomic challenges identified as EU priorities: inclusive growth, aiding regional economic development, smart growth, addressing poverty and social exclusion, and creating sustainable growth (see, for example, European Commission, 2003, 2011a, 2011b, 2015a).

In 2017, as part of the consultation on the European Pillar of Social Rights, the European Parliament argued that 'cooperatives provide a good example in terms of creating quality employment, supporting social inclusion and promoting a participatory economy' (European Parliament, 2017a, para. F). The EU's Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) also argued that the social economy is a key driver of economic and social development in Europe (Council of the European Union, 2015). Similarly, the resolution adopted by the European Parliament in 2015 stressed the role of social entrepreneurship and social innovation in combating unemployment (European Commission, 2015a).

However, the evidence base for these claims is limited, as most studies tend to focus on particular types of cooperatives and social enterprises or on particular sectors in which they operate. As a consequence, their findings may not apply to the cooperative and social

enterprise field as a whole. It is therefore opportune to carry out a general study in order to gain a better understanding of these business organisations. The present study aims to accomplish the following:

- investigate the contribution of European cooperatives and social enterprises to job creation and retention
- identify the drivers of and barriers to employment and job growth in European cooperatives and social enterprises
- map the incidence of public or social partner support for job creation in cooperatives and social enterprises in selected EU countries
- explore the employment conditions of jobs retained or created, including the type and quality of jobs
- suggest ways to better support cooperatives and social enterprises to ensure continued job growth and retention

## Research methodology

A mixed methodology was adopted for this study. The study focuses on five case study organisations in five EU countries, with one case study in each country being a social enterprise. The employment levels and job quality of each case is examined.

### Country selection

The selection of the five countries was informed by data from the 2017 report of the International Organisation of Industrial and Service Cooperatives (Cicopa) (Terrasi and Eum, 2017). Across and within the five countries, the selection was based on the following criteria:

- a sufficient number of the types of cooperatives and social enterprises could be analysed
- there was a broad range of cooperatives and social enterprises within these types (for example, by age and employment size)
- particular sectors, in which cooperatives were more prevalent, could be investigated: manufacturing; transport and logistics; human health and social work; personal services; business, professional and financial services; and digital and creative industries
- there would be a geographic distribution across the EU, reflective of different political, economic and social structures, as well as institutional arrangements by country
- recent economic trends that might have influenced the performance and development of cooperatives would be taken into account

Italy, Poland, Spain, Sweden and the United Kingdom (UK) were selected because they best encapsulated these selection criteria (see Annex A1 for more details).

Semi-structured interviews were carried out with five national actors in each country, whose organisations represent cooperatives and social enterprises, and, where relevant, national and regional government departments. Annex A4 lists these organisations. The interview topics were: the importance of cooperatives and social enterprises nationally, regionally and by sector; employment and economic performance since the global financial crisis; and the available support measures used by cooperatives and social enterprises. Material from the interviews also supplemented national statistical data where there were gaps and where updates in the data were needed.

### Case study selection within the selected countries

Five categories of producer cooperatives were selected: 1) worker cooperatives; 2) worker buyout cooperatives (because much of the evidence base on employment creation and retention is derived from these types) and emerging forms of cooperatives, such as self-employed and freelancer cooperatives; 3) business and employment cooperatives; 4) social cooperatives; and 5) platform cooperatives, recognising that a platform cooperative can also be any of the four other types<sup>1</sup> (ICA, 2005; Cicopa, 2017; Scholz, 2017). These types are outlined in Annex A3 (see also Chapter 1). The platform cooperative included in this study is a self-employed cooperative active in the platform economy. In identifying social enterprises, this study uses the definition put forward by the European Commission (2011b, p. 2): ‘an operator ... whose main objective is to have a social impact rather than make a profit for their owners or shareholders’ (see Chapter 1).

Within the five selected countries, a sampling frame was adopted based on organisational type and sector. The sectors were the same as those used in the country selection: manufacturing; transport and logistics; human health and social work; personal services; business, professional and financial services; and digital and creative industries. The sample was based on achieving a spread of organisations by sector, size and geographical location. In addition, priority was given to organisations that had been established before the financial crisis.

<sup>1</sup> Platform cooperatives are ‘collectively owned and governed by the workers who depend on, participate in, and, derive livelihoods from them’ (ILO, 2016, p. 4).

The final selection of four cooperatives and one social enterprise per country was based on achieving a range of organisations across the five countries as a whole, based on: type of cooperative and social enterprise, sector and employment size. The case study sectors – manufacturing and services – also align with broader industry trends across the countries. (Annex A2 provides more details of the 20 case study organisations.)

Within each case study, semi-structured interviews were conducted with managers and workers. In the larger organisations, more than one manager was interviewed, taking the total number of interviewees to 25. Manager interviews covered the following topics: recent employment and economic performance; significant changes to the organisation; the impact of the financial crisis; the structure of employment; work practices and working conditions; management, governance and decision-making; external business support measures used; and prospects for the next five years. A total of 48 workers were interviewed; all were worker-members, and almost all were permanent and full time. Within organisations, the number of workers interviewed ranged from one to four. Worker interviews covered the following topics: occupation and job changes; skills development; trade union representation; working conditions; impact of the financial crisis; more recent changes and challenges; the resilience of cooperatives and social enterprises; and the introduction of new technology.

### Measuring employment outcomes

Two particular employment outcomes are examined: employment levels and type and job quality. With regard to the first outcome, the study reports, first, whether the case study cooperatives or social enterprises lost, retained or increased jobs; second, which particular occupations were affected; and, third, what type of employment statuses were affected (for example, permanent or temporary, full time or part time, etc.). With regard to the second outcome, the measures of job quality used were adapted from the seven dimensions in Eurofound (2017a).<sup>2</sup> The adaptation resulted in five broad measures:<sup>3</sup>

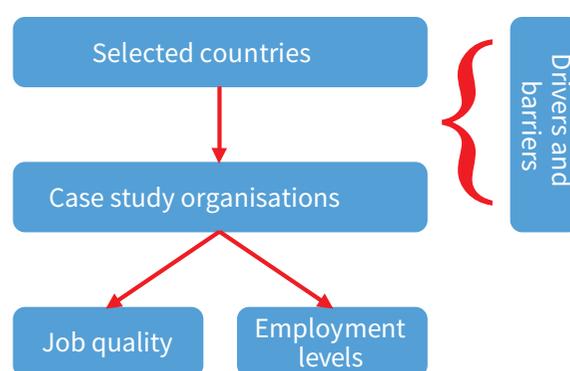
1. Work–life balance as a proxy for working time quality
2. Skills and task discretion
3. Social environment, including support from managers and support from co-workers

4. Prospects, broken down into skills development, career prospects and job security
5. Pay – with no absolute data collected for earnings, respondents tended to compare their pay to that in other organisations; that is, with other firms in that sector or with pay in that country generally

To these five measures developed by Eurofound, a sixth measure was added – voice and participation – in order to capture what approximates to industrial/employment relations in these organisations.

The conceptual framework for the study is outlined in Figure 1.

Figure 1: Conceptual framework



Source: Authors, 2018.

Where possible, comparisons are made between the employment performance of cooperatives and that of social enterprises. However, the study does not compare the employment performance of cooperatives and social enterprises with that of mainstream business organisations.

### Structure of the report

The report has six chapters.

- Chapter 1 provides definitions of cooperatives and social enterprises, and identifies emerging forms.
- Chapter 2 outlines the scale of cooperatives and social enterprises in the EU and in the selected countries.

<sup>2</sup> The seven dimensions are: physical environment, work intensity, working time quality, social environment, skills and discretion, prospects, and earnings (Eurofound, 2017a).

<sup>3</sup> Physical environment and work intensity were omitted from the analysis because of lack of data.



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- Chapter 3 provides a strategic and operational context within the five countries and reports on the support measures available to cooperatives and social enterprises as well as the sector's use of them.
- Chapter 4 describes employment in cooperatives and social enterprises in the selected countries along with measures of job quality within the case study organisations.
- Chapter 5 presents and analyses the main drivers and barriers of employment.
- Chapter 6 provides conclusions and policy pointers based on the findings.



# 1 Definitions of cooperative and social enterprise and emerging forms

This chapter provides the definitions of cooperative and social enterprise used in this study. It also discusses new and emerging forms of cooperatives and social enterprises.

The terms ‘cooperative’ and ‘social enterprise’ are often not legally defined, and there are differences in the understanding of these organisational types across Europe. That said, in general, as with other private sector businesses, cooperatives and social enterprises produce goods and services for the market. However, there are distinct characteristics which differentiate them from other organisational types. Moreover, while cooperatives and social enterprises share some common characteristics, there are also differences between them.

## Cooperatives

The cooperative is a long-established business format and there are records describing cooperatives in pre-industrial Europe. Generally, cooperatives adhere to the principles established in 1844 in the UK by the Rochdale Pioneers: voluntary and open membership and democratic decision-making, with each member having a right to vote; members contribute capital, which is then collectively owned; economic proceeds or profits are distributed equitably to members or reinvested in the organisation (ICA, 1995; Pérotin, 2012).

According to the International Co-operative Alliance (ICA), the umbrella organisation representing cooperatives worldwide, 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’ (ICA, 1995). This definition is also adopted by the European Commission (see European Commission, undated-a). For classification purposes, the ILO (2015) distinguishes between two broad categories of cooperatives:

- Producer cooperatives, also known as worker cooperatives, focus on enhancing their members’ capacity to produce goods and/or services.
- Consumer cooperatives, also known as user cooperatives, enhance their members’ capacity to access goods and services for personal use.

Producer cooperatives are commonly labelled as worker-owned, labour-owned or employee-owned organisations (Burdín and Dean, 2009; Pérotin, 2012; Henrý, 2013; Kennelly and Odekon, 2016; Bailly et al, 2017).

The ICA definition represents the most commonly used approach to defining a cooperative and is generally adopted across the EU. Legal descriptions of cooperatives both within and outside Europe often draw on the Rochdale model (Henrý, 2013). Some countries, such as Bulgaria, Italy, Malta and Spain, reference cooperatives in their national constitutions. Other countries, such as Ireland, do not have specific legal forms for cooperatives. Cooperatives across different countries and sectors differ in how they implement and adhere to the original cooperative model. As they were formed in different contexts, the ‘economic, social and cultural needs and aspirations’ of cooperative members vary (Henrý, 2013, p. 4). These differences are reflected in the laws that regulate and govern cooperatives in a given locality. As a consequence, national cooperative law is not harmonised in the EU. Also, more widely, the ILO (2016) has noted that the regulatory environment for cooperative enterprises is inadequate. Typically, cooperatives in EU Member States take the legal form of private limited liability corporations, corporations limited by shares or by guarantee, partnerships or associations.

In the absence of strict legal requirements, the ICA provides a set of principles or guidelines through which cooperatives are expected to translate their values into practice. These principles include: voluntary and open membership; democratic member control; members’ economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community. The extent to which cooperatives abide by these principles is an open empirical question and has been the subject of debate (for a review, see Draperi, 2006; MacPherson, 2012). In this respect, it is important to note that many worker cooperatives are not composed entirely of worker-members (sometimes called worker-owners). Worker cooperatives often contain a core of worker-members, who hold permanent contracts as well as shares in the business and democratic decision-making rights. However, most cooperatives

also have employees who are not members but are employed on part-time, temporary or fixed-term contracts, working to the economic and organisational goals set by the worker-members (Cicopa, 2017).

## Social enterprises

Social enterprises are a relatively new phenomenon, identified first in Italy in the late 20th century and, as of March 2019, there is no agreed definition (European Commission, 2015b). Broadly, the term refers to a spectrum of non-profit and low-profit (or fair-profit) business organisations driven by social missions, often related to community goals or public interest. Research into the organisational form of social enterprise reveals a great deal of heterogeneity in terms of size, purpose and service (or product) provision. However, all share one feature: they are ‘organizations of people who conduct an activity with the main purpose of meeting the needs of persons rather than remunerating capitalist investors’ (Chaves and Monzón, 2012, p. 10). In this sense, they are organisations that are driven by social missions (Borzaga and Defourny, 2001; Nyssens, 2006; Bagnoli and Megali, 2011). In addition, social enterprises often adopt participatory values and decision-making processes, involving not just employees but clients and the community in which they are embedded or that they serve. In other words, decision-making can involve all the stakeholders affected by an organisation’s business activities. The European Commission (2011b, p. 2) defines a social enterprise as:

*an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders ... [and which] uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.*

Social enterprises differ greatly in the services that they offer, depending on the context in which they operate (ILO, 2015). Contexts can differ along the lines of welfare systems, national and local public provision policies, legislative landscape and social finance markets. (European Commission, 2015b). In spite of differences, it appears that most social enterprises are bottom-up initiatives aimed at either filling a gap in the market or responding to market failure (Defourny and Nyssens, 2010).

In most EU Member States, the predominance of social goals over profits is a distinguishing feature of social enterprises and characterises their different legal entities. However, there is no agreed statement of principles for social enterprises as exists for cooperatives. The European Commission definition cited above would suggest that social enterprises share

many of the cooperative principles. Often the term social economy is used: this is broader than social enterprises, and can include cooperatives, social enterprises, foundations and mutuals. Mutuals, as defined by the European Commission, are voluntary groups of persons (natural or legal) whose purpose is primarily to meet the needs of their members rather than achieve a return on investment (European Commission, undated-b). These kinds of enterprise operate according to the principles of solidarity among members, and their participation in the governance of the business.

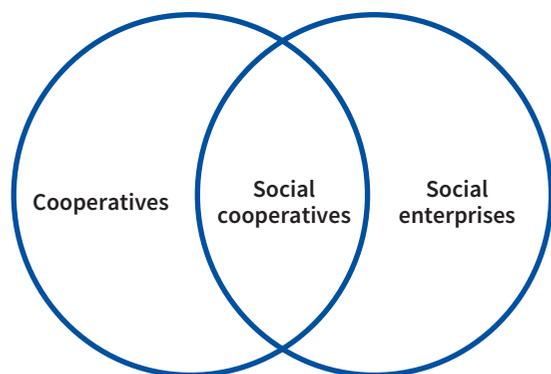
In the EU, countries such as France and Spain have adopted specific national laws on the social economy, and there are initiatives to develop a legal framework for social enterprises, including designing new legal forms, with Italy leading in this respect. However, work is ongoing, meaning that the nature and the features that characterise social organisations (such as the predominance of social aims over profit-making) are not prescribed or anchored in its legal form. As a result, the nature of the organisation may change over time, and it may develop into something that no longer meets the definition of a social enterprise. What is required, the European Parliament (2017b) states, is a specific law to establish a clear identity of social enterprises that preserves their essential features.

In the meantime, some legal forms include private companies limited by shares or guarantee, mutuals and non-profit organisations such as associations, voluntary associations, charities and foundations. Some countries have legal forms specifically tailored to social enterprises, such as the *société coopérative d'intérêt collectif* in France, the legal form of social cooperative in Italy and community interest companies in the UK. Alternatively, some EU Member States have adapted criteria within existing laws (such as cooperative law), for which social enterprises can qualify, in the form of a social purpose company in Belgium, for example. Indeed, many social enterprises operate in the legal form of a cooperative.

The boundary between cooperatives and social enterprise can sometimes be blurred (see Figure 2). Indeed, the list of types of cooperatives now includes ‘social cooperatives’. Some of these cooperatives focus on the community while others concentrate on the work and/or social integration of disadvantaged groups of people: for example, people with disabilities (Cicopa, 2017). In the case studies conducted for this study, some social enterprises resembled cooperatives in their mission (more commercial than social) and in their governance structures. Case study social cooperatives also varied in their adoption of cooperative and social enterprise characteristics and in their similarity to either cooperatives or social enterprises in their employment, governance and mission.

In addition, in some countries, work integration social enterprises (WISEs) exist: these have some of the features of social cooperatives and social enterprises, as well as a clear social purpose, such as support for disadvantaged groups of people (Defourny and Nyssens, 2010; ILO, 2017).

**Figure 2: Blurred boundaries between cooperatives and social enterprises**



Source: Authors, 2018.

## Emerging new forms and business developments

New forms of cooperatives and social enterprises have emerged in response to social challenges and needs, particularly following the 2008 global financial crisis and the emergence of new digital technology.

With state-provided welfare under strain following the financial crisis, the adoption of the cooperative principle of concern for the community and, more generally, of 'social objectives' led also to the creation of hybrid organisations. Their main aims are to create a social impact and benefits for individuals, the community or society (Mintzberg, 2015). National legislation may respond to these developments by creating in turn hybrid legal entities. Examples of these forms include those shown below.

- **Community interest companies** are designed to provide an effective legal form for enterprises that aim to provide benefit to the community or to trade with a social purpose rather than to make a profit. Developed in the UK, community interest companies are not subject to the same level of regulation as charities, and have some of the advantages of limited companies – such as limited liability and the ability to issue shares and pay dividends (Community Companies, undated).

- **B Corps** or benefit corporations (in Italy and the United States) have the same structure as mainstream for-profit corporations. The difference lies in the placing of equal emphasis on social and environmental values as on profits. The purpose is to create general public benefit, which is defined as a material positive impact on society and the environment.
- **L3Cs** (low-profit limited liability companies) are a legal form of business entity comprising for-profit, social enterprises with a socially beneficial purpose whose aim is not to maximise income (Triple Pundit, undated). Similar to B Corps, they are designed to bridge the gap between non-profit and for-profit investing.

Since 2000, social enterprises in particular have gained attention for their increasing expansion into areas from which public sector entities have withdrawn and for their contribution to modifying welfare systems, extending the range of actors and redesigning services (Borzaga and Spear, 2004; ILO, 2015). These services include: work integration, providing training for people with disabilities or unemployed people; personal social services, such as healthcare and childcare; local development of disadvantaged areas; and environmental protection, sports and culture, and preservation activities (European Commission, 2015a).

The provision of previously public sector services by social enterprises can, however, prove problematic. The tension among the different requirements and aims of the organisation, in combination with diverse funding sources, can result in social enterprises' secondary goal (profit-making) overtaking and displacing the primary goal (social good) (McMurtry, 2015). A UK-based study, for example, found that organisations that were funded by donors and government struggled to balance their primary goal against the necessity of monitoring, administering and otherwise implementing accountability measures required by the funders (Buckingham, 2012). The consequence is that social enterprises may imitate mainstream businesses operating in the same sector and adopt their practices, thereby diluting their social purpose.

In terms of the emerging digital technologies, cooperatives have been linked to the social economy. A new, innovative form is the platform cooperative. The technology used by existing platform companies can be used and adapted to the democratic principles and ownership model of cooperatives (Scholz, 2017). Municipalities, existing cooperatives or platform workers could own these alternative platform cooperatives. Recent examples include cooperatively owned labour brokerages (such as San Francisco's alternative to TaskRabbit, called Loconomics) and online ride-hailing systems like Uber (such as Cotabo in Italy and Union Taxi in Denver, US).

## Summary

This study uses the ICA definition of cooperative, which is adopted by the EU. Legal definitions within individual countries also tend to rely on the ICA definition. As a more recent phenomenon, there is less agreement on the definition of social enterprise and this study uses the European Commission's definition (2011b).

Some EU Member States have specific laws relating to social enterprises but they tend to be in the minority. New forms of cooperatives and social enterprises have emerged, some of which are based on the principles of both types of organisation. Other emerging forms include the platform cooperative and, as new forms of social enterprise, the community interest company and the B Corp.

## 2 Scale and scope of cooperatives and social enterprises

This chapter profiles cooperatives and social enterprises globally and across the EU, as well as in the five selected countries. It presents data on the number of enterprises and employment levels.

### Data profile of cooperatives and social enterprises

There are a number of limitations inherent in the data investigation of cooperatives and social enterprises across the EU. Despite the presence of common international principles (see Chapter 1), there is, as of March 2019, no internationally agreed definition of ‘cooperative’. This problem is magnified for ‘social enterprise’, the forms of which vary significantly. In addition, there are issues of data availability, data variability and different data collection methodologies. The data sources used also differ over time. Consequently, there is no comprehensive and consistent data source covering cooperatives and social enterprises. Therefore, the numbers reported here should not be compared with estimates from earlier time periods. In addition, employment estimates must be interpreted with caution.

#### Cooperatives

Given these constraints, the most useful data at the international level come from the cooperative umbrella organisations Cooperatives Europe and Cicopa. The former reports on cooperatives using data supplied by its national members and the data provide sectoral information as well as job numbers (Cooperatives Europe, 2016). Cicopa (2017) takes a more comprehensive, yet pragmatic, approach, prioritising

systematic administrative or survey data sources. Where these sources are not available, it uses estimates provided by relevant national representative organisations. In practice, most sources for the Cicopa data for the countries covered by this study are the same as those used in the Cooperatives Europe report.

Drawing on data from 156 countries, Cicopa estimates the number of cooperatives globally as well as the scale of employment in and within the scope of cooperatives. An advantage of Cicopa’s breakdown is that it distinguishes between worker-members and other employees. Table 1 details the number of cooperatives and employment in and within the scope of cooperatives according to global region. Europe is estimated to have more than 220,000 cooperative enterprises that provide jobs for 4.7 million people. This estimate of the number of employees corresponds closely to Cooperatives Europe’s estimate from 2015 (Cooperatives Europe, 2016).

For the 28 EU Member States, Cooperatives Europe estimates the number of cooperative enterprises to be 131,090, or about 0.5% of all EU enterprises. The total number of employees is approximately 4.4 million, or around 2.5% of all EU employees (Cooperatives Europe, 2016). Notably, cooperatives in France employ 1.2 million people (4% of the population) and those in Italy employ 1.1 million (4.5% of the population).

The term ‘cooperative membership’ incorporates the categories of worker-members, producer-members and those who are members through their use of cooperatives: for example, when individuals have an account with a cooperative bank or when they frequent a cooperative supermarket (Zeuli and Radel, 2005).

**Table 1: Number of cooperatives and employment in cooperatives, by global region, 2015**

Region	Cooperatives	Employees	Worker-members	Producer-members
Europe	221,960	4,710,595	1,554,687	9,157,350
Africa	375,375	1,939,836	37,836	20,410,298
America	181,378	1,896,257	982,285	3,237,493
Asia	2,156,219	7,426,760	8,573,775	219,247,186
Oceania	2,391	75,438	0	147,071
<b>Total</b>	<b>2,937,323</b>	<b>16,048,886</b>	<b>11,148,583</b>	<b>252,199,398</b>

Source: Cicopa (2017, p. 25).

**Table 2: Number of cooperative members, by global region, 2015**

Region	Worker- and producer-members	User-members	Total
Europe	10,712,037	152,064,608	162,776,645
Africa	20,448,134	33,638,298	54,086,432
America	4,219,778	417,580,396	421,800,174
Asia	227,820,961	320,130,233	547,951,194
Oceania	147,071	30,696,144	30,843,215
<b>Total</b>	<b>263,347,981</b>	<b>954,109,679</b>	<b>1,217,457,660</b>

Source: Derived from Cicopa (2017, p. 25).

In all global regions, the total number of user-members far exceeds that of worker- and producer-members, as Table 2 shows. For example, in Europe, there are nearly 1.6 million worker-members and nearly 9.2 million producer-members, compared to more than 152 million user-members. Total cooperative membership globally is estimated at over 1.2 billion.

### Social enterprises

Again, notwithstanding the constraints regarding definitions and data, the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission (2015b) has attempted to aggregate national data for social enterprises in Member States. Table 3 differentiates between the number of social enterprises identified by the Commission's study (based on an EU-wide definition) and those enterprises identified using national-level data sources. The study cautions that the numbers are estimates based on assumptions and are characterised

by 'substantial uncertainty' (European Commission, 2015b, p. 28). While they should be interpreted with due caution, these estimates are the most comprehensive available as of March 2019.

European Commission estimates suggest that the countries where social enterprises are most widespread, in absolute terms, are France, Germany, Italy and the UK, with large figures also for Finland, Hungary, Poland, Portugal, Romania and Spain.

Table 3 demonstrates how different definitions and data collection approaches produce large variations in estimates. For instance, in the UK (the country with the largest estimated number), the Commission's figures suggest that social enterprises number between 9,500 and 71,000, whereas the UK national estimate is 284,000. The precise reasons for the differences between EU and national figures are too complex to go into in this report.

**Table 3: Estimated number of social enterprises, by EU Member State, 2014 (or latest available year)**

Country	Number of social enterprises - based on the EU definition	Number of social enterprises - based on national data sources
Austria	750 (2013)	273 (2013)
Belgium	N/A	737–2,000 (2012–2013)
Bulgaria	200–430 (2012–2014)	46–5,000 (2014)
Croatia	100–200 (Data year not available)	40 (2013)
Czechia	250–300 (2013)	283 (2013)
Denmark	292 (2012)	292 (2012)
Estonia	300 (2012)	400–450 (2012)
Finland	2,500 (2009)	5,000–13,000 (2011)
France	6,000–28,000 (data year not available)	315 ( <i>sociétés coopératives d'intérêt collectifs</i> ) (2013)
Germany	40,000–70,000 (data year not available)	200–105,000 (data year not available)
Greece	225–325 (2014)	27,800 (data year not available)
Hungary	3,000 (2013)	N/A
Ireland	520 (2009)	1,420 (2009)
Italy	40,000 (2013)	774 ( <i>ex lege</i> ) 11,264 (social cooperatives) (2013)
Lithuania	N/A	133 (June 2014)
Luxembourg	200–300 (2014)	200–3,000 (data year not available)

Country	Number of social enterprises - based on the EU definition	Number of social enterprises - based on national data sources
Malta	25–50 (2013)	750 (2012)
Netherlands	N/A	4,000–5,000 (2010)
Poland	5,200 (2012)	N/A
Portugal	5,000 (2014)	55,000 (2013)
Romania	5,600 (2012)	39,347 (2012)
Slovakia	900 (data year not available)	94 (March 2014)
Slovenia	900 (data year not available)	46 (2014)
Spain	8,500 (2012)	44,500 (2013)
Sweden	N/A	271 (data year not available)
United Kingdom	9,500–71,000 (2014)	284,000 (2012)

Note: No data are available for Cyprus and Latvia.

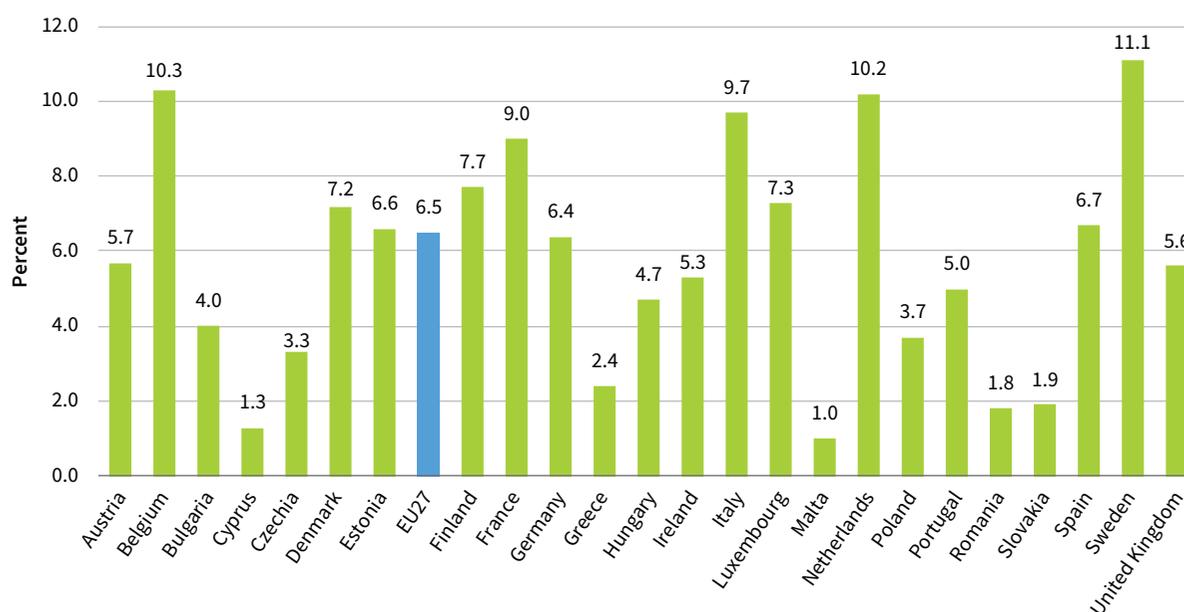
Source: European Commission (2015b, pp. 28–32).

Social enterprises contribute to employment in different ways – both directly, through employing workers, and indirectly, through training or preparing people for employment (Spear and Bidet, 2003).

Monzón and Chaves (2012) provide an overview of employment in the social economy based on data from 2002–2003 and 2009–2010. They note that the growth of employment in the social economy in the EU has been strong since the 2008 global financial crisis, increasing from 11 million jobs in 2002–2003 to 14.5 million jobs in 2009–2010. When the contribution of social economy organisations to total employment is considered, data

for 2009–2010 show that enterprises in the social economy – including cooperatives, mutuals, associations and foundations – employed approximately 6% of the EU workforce. With some exceptions, employment in social economy organisations was more prevalent in the EU15 (15 EU Member States prior to enlargement in 2004), providing paid work for 9–11% of the workforce (in countries such as Belgium, France, Italy, the Netherlands and Sweden). This has been less prevalent in newer Member States, where employment in social economy organisations accounted for less than 5% (in countries such as Hungary, Poland, Romania and Slovenia) (Figure 3).

Figure 3: Employment in social economy organisations as a percentage of total employment in the EU, 2009–2010



Note: For the graph shown here, a threshold of 1% was applied, which resulted in three EU Member States not being included: Slovenia (0.73%), Lithuania (0.67%) and Latvia (0.05%). Croatia (0.59%) was a candidate for EU membership in this period.

Source: Based on Monzón and Chaves (2012, p. 39).

## Scale of cooperatives and social enterprises in the five countries

In terms of the number of cooperatives, Table 4 shows that in 2014–2015, or the latest available year, there were considerably more in Italy and Spain than in the other countries (39,600 and 20,050 respectively). Poland, the UK and Sweden had fewer than 10,000 (9,552, 6,800 and 5,495 respectively). In Italy, Spain and the UK, the largest number of enterprises were in the industry, services and social sector (23,858, 16,950 and 3,418 enterprises respectively), whereas housing was predominant in Sweden and Poland (5,400 and 3,680 enterprises respectively) (Cooperatives Europe, 2016).

Comparing overall membership data, Sweden had the highest per capita cooperative membership, with 45% of the total resident population being members. The UK (23%) had the second-highest per capita membership, followed by Poland (21%), Italy (21%) and Spain (16%).

These percentages are largely influenced by the number of consumer cooperatives present in a country, as they allow purchasers of goods to become members for a low fee, often with limited business risk.

For social enterprises, the European Commission commissioned national-level case studies to map key features including employment size (see European Commission 2014, 2016a, 2016b, 2016c, 2016d). Again, these analyses are not based on standard definition or data collection, and data for different legal entities are available from different years. In addition, some duplication may exist between social enterprises counted by the European Commission and cooperatives as measured by Cooperatives Europe and Cicopa. Bearing in mind that these limitations are present, the European Commission's mapping exercise suggests that the number of social enterprises was highest in the UK (283,800) and Italy (94,030). In Sweden, there were an estimated 83,446 social enterprises, with 20,784 in

**Table 4: Number of cooperative enterprises and membership by sector in the selected countries, 2014–2015 (or latest available year)**

	Italy	Poland	Spain	Sweden	United Kingdom
<b>Agriculture</b>					
Enterprises	6,741	2,991	3,844	30	625
Members	792,092	317,200	1,179,323	160,350*	157,235
<b>Banking</b>					
Enterprises	364	623	67	N/A	634
Members	1,233,000	3,512,700	2,517,056	45,000	N/A
<b>Consumer goods</b>					
Enterprises	1,672	316	282	38	416
Members	8,474,820	73,500	3,312,372	3,400,000	11,885,353
<b>Housing</b>					
Enterprises	5,445	3,680	582	5,400	619
Members	556,997	4,030,500	57,878	750,000	N/A
<b>Industry, services and social</b>					
Enterprises	23,858	1,911	16,950	27	3,418
Members	1,017,663	42,700	230,000	N/A	1,235
<b>Other</b>					
Enterprises	1,519	**	**	**	175
Members	545,600	**	**	**	N/A
<b>Total***</b>					
Enterprises	39,600	9,552	20,050	5,495	6,800
Members	12,620,000	7,976,600	7,296,629	4,355,350	14,919,093

**Notes:** Please note that the Cooperatives Europe (2016) report does not specify the years in which data were collected in each country. The report states that while most of the information comes from 2014 and 2015, some data are from the period between 2010 and 2013. \*Multiple membership is the total number of collective members (one individual member can hold several memberships from different cooperative enterprises); \*\* data are not collected as no 'other' type of cooperative is reported among the organisations affiliated to Cooperatives Europe; \*\*\* totals do not equal the sums for each country because not all the information on national sectors was available. N/A = data not available.  
**Source:** Cooperatives Europe (2016).

**Table 5: Number of social enterprises in the selected countries, 2014 (or latest available year)\***

	Social enterprises (social cooperatives plus others)	Social cooperatives	Other social enterprises	Percentage of all private enterprises
Italy	94,030 (2011; 2013)	11,264 (2011)	82,766 (2011; 2013)	2
Poland	20,784 (2014)	1,269 (2014)	19,515 (2014)	1
Spain	8,363 (2014)	1,164 (2010; 2014)	7,199 (2014)	0
Sweden	83,446 (2010; 2012)	271 (2012)	80,227 (2010)**	13
United Kingdom	283,800 (2012)	N/A	N/A	17

**Notes:** \*Data for different legal entities are available from different years. \*\*This number includes all non-profit organisations, thus inflating the figure for 'other social enterprises' in Sweden. Statistics Sweden's Business Survey (2010) estimates there are 3,219 market-producing non-profit organisations that can be attributed to the civil society (European Commission, 2016d). N/A = data not available.

**Source:** Authors' own calculations, based on European Commission (2014, 2016a, 2016b, 2016c, 2016d) and Eurostat Structural Business Statistics 2011-2014.

Poland and only 8,363 in Spain (Table 5). Turning to the share of social enterprises as a proportion of the number of enterprises in the business economy, social enterprises were most widespread in relative terms in the UK (17%) and Sweden (13%) (Eurostat, undated-a). In Italy, Poland and Spain the proportions were 2%, 1% and >0.1% respectively. However, it should be noted that these figures are based on definitions and measures of social enterprises which are not consistent across countries.

The European Commission's mapping included social cooperatives within its figures for social enterprises. As these businesses are sometimes defined as cooperatives, Table 5 provides the numbers of social cooperatives separately (highlighting the problem of double counting). In Italy, the number of social cooperatives is significant (11,264) when compared to Poland, Spain (both around 1,000) and Sweden (271). With no definition of 'social cooperative' in the UK, it is not possible to produce separate data for this country.

## Employment in cooperatives and social enterprises in the five countries

Based on the authors' own analysis of Cooperative Europe's (2016) data, cooperatives in Europe accounted for around 2% of total EU employment. In Italy, cooperative employment was twice this level (7%) while in the other four countries it was below 3%, with Sweden and the UK having the lowest levels at under 1%.

In Italy, the industry, services and social sector employed around seven times more people than the second-largest sectoral grouping, which was agriculture. In Spain and Sweden, agriculture was the largest employer, while in the UK it was banking. In Poland, the distribution of employment was more balanced across the sectors, with agriculture being the largest employer followed by housing (Table 6).

**Table 6: Number of employees in cooperatives by sector in the selected countries, 2015 (or latest available year)**

	Italy	Poland	Spain	Sweden	United Kingdom
Agriculture	114,370	87,900	98,999	14,535	N/A
Banking	37,000	43,300	19,383	130	32,504
Consumer goods	68,930	42,200	28,990	13,500	N/A
Housing	3,022	65,400	1,352	6,100	N/A
Industry, services and social	826,589	50,900	23,000	130	1,325
Other	100,381	N/A	N/A	N/A	N/A
Total*	1,150,200	300,000**	290,221	34,395	33,829

**Notes:** \*Totals do not equal the sums for each country because not all the information on national sectors was available. \*\* This figure is an estimate. N/A = data not available.

**Source:** Cooperatives Europe (2016).

**Table 7: Number of employees in social enterprises in the selected countries\***

	Social enterprises (social cooperatives plus others)	Social cooperatives	Other social enterprises	Percentage of total employment in private enterprises
Italy	845,648 (2011–2013)	365,006 (2011)	480,642 (2011–2013)	6
Poland	265,801 (2014)	5,500 (2014)	255,500 (2014)	3
Spain	N/A	64,342**	N/A	N/A
Sweden	N/A	N/A	N/A	N/A
United Kingdom	1,145,200 (2012)	N/A	N/A	6

Notes: \*Data for different legal entities are available for different years. \*\*This is a partial figure. N/A = data not available.

Source: Authors' own calculations, based on European Commission (2014, 2016a, 2016b, 2016c, 2016d) and Eurostat's Structural Business Statistics.

Data on employment in social enterprises are patchy. Monzón and Chaves (2012, p. 48) estimate that during 2009–2010 employment in the social economy as a percentage of total employment was 11.1% in Sweden, 9.7% in Italy, 6.7% in Spain, 5.6% in the UK and 3.7% in Poland. Again, there are data and definitional problems: in particular, it should be noted that social enterprises are a subcategory of the social economy. The authors' own calculations, drawing on the European Commission mapping exercise, provide data for only Italy, Poland and the UK. Table 7 shows that in 2015 in the UK and Italy, social enterprises employed 1,145,200 and 845,648 workers respectively. In Poland, the figure was 265,801. Data were not available for Spain or Sweden. Social cooperatives were a large employer in Italy, with 365,006 employees. The figure was lower for Spain (64,342) and Poland (5,500). Data were not available for Sweden or the UK.

National actors were asked to provide additional sources or estimates of employment in cooperatives and social enterprises in their respective countries. Table 8 shows the data based on these sources. In addition, Table 8 shows where the sources provided by national actors agree with (see cells shaded green) or differ from (see cells shaded red) the cross-Europe data sources presented above.

For cooperatives, the national actor-sourced and cross-Europe data are broadly similar for the UK and Spain, as they come from similar sources.

In Sweden, national figures are six times higher for the number of organisations and almost double for employment. The reason is that the Cooperatives Europe study does not cover cooperatively owned joint stock companies (*aktiebolag*), which are considered to be cooperatives in Sweden's national statistics. National actor-sourced data sources for Italy and Poland almost double the number of cooperatives compared to the cross-Europe data. This difference may be due to the inclusion of cooperatives that are not members of national cooperative organisations. In addition, in Poland, the data sources provided by national actors include cooperatives that are not active but have failed to declare closure of the business.

For social cooperatives, most national actor-sourced data are similar to the cross-Europe studies. Although the same sources were used for Sweden, figures based on national actor-sourced data are higher (271 versus 400); this gap is due to the different years taken as a reference (2012 in the cross-Europe data and 2018 in the national actor-sourced data).

Social enterprise data for Italy and the UK vary significantly. In Italy, this variation might be explained by the national actor-sourced data, excluding associations.<sup>4</sup> In the UK, the difference seems to be mainly due to the different years cited (2012 for the cross-Europe studies and 2017 for the national actor-sourced data).

<sup>4</sup> An association is a legal entity; this was included in the European Commission study and accounted for 269,353 out of a total of 288,185 social enterprises.

**Table 8: Number of enterprises and employees in cooperatives, social cooperatives and social enterprises in the selected countries**

Country	Type of enterprise	Number of enterprises	Number of employees	Data source
Italy	Cooperatives	57,508 (2015) (including social cooperatives)	1,150,977 (2015) (including social cooperatives)	Structural Business Statistics (Eurostat, 2015)
	Social cooperatives	14,644 (2015)	383,828 (2015)	Structural Business Statistics (Eurostat, 2015)
	Social enterprises	18,600 (2014) (including social cooperatives)	519,800 (2014) (including social cooperatives)	Business Register and other administrative data sources (Unioncamere, 2016)
Poland	Cooperatives	17,621 (2018)	200,305 (2016)	Central Statistical Office for the number of enterprises; analysis by the National Cooperative Council (KRS) for number of employees
	Social cooperatives	1,400 (900 are active) (2016)	4,200 (2014)	Central Statistical Office (GUS, 2018)
	Social enterprises	N/A	N/A	N/A
Spain	Cooperatives	20,792	320,000	Estimate (Spanish Social Economy Employers' Confederation interview, 2018)
	Social cooperatives	N/A	N/A	N/A
	Social enterprises	22,208 (excluding social cooperatives)	N/A	Estimate (Spanish Social Economy Employers' Confederation interview, 2018)
Sweden	Cooperatives	27,776 (including 17,429 in housing cooperatives) (2017)	53,918 (including 5,665 in housing cooperatives) (2017)	Statistics Sweden (2017)
	Social cooperatives	Statistics Sweden (2017)		Estimate (Ministry of Enterprise, Agency for Economic and Regional Growth interview, 2018)
	Social enterprises	N/A	N/A	N/A
United Kingdom	Cooperatives	6,793 (2018)	235,000 (2018)	Estimates (Co-operatives UK, 2018)
	Social cooperatives	N/A	N/A	N/A
	Social enterprises	Estimates (Co-operatives UK, 2018)	1,440,000 (2017)	Estimates (Department for Digital, Culture, Media and Sport, 2018)

**Legend:**

	<15% gap between data available from international literature and national-level estimates or data
	>15% gap between data available from international literature and national-level estimates or data

Source: Interviews with national actors and authors' own calculations.

## Summary

The cooperative and social enterprise sectors in the five countries vary in terms of size and composition. Italy and Spain have the most cooperatives, and the UK has by far the most social enterprises, with relatively few in Poland and Spain.

Based on the available data, Italy has the highest levels of employment in cooperatives, followed by Poland, Spain, Sweden and the UK. Levels of social enterprise

employment vary significantly depending on which sources and definitions are used. Based on the European Commission's mapping data, employment is highest in the UK, followed by Italy, Poland and Spain, with data not available for Sweden.

There is little consensus between cross-Europe data and national sources on the number of cooperatives and social enterprises or the numbers employed by them, apart from where the same sources were cited.



## 3 Strategic and operational context

This chapter describes the strategic and operational context in which cooperatives and social enterprises within the selected countries operate. It outlines the existing support measures in these countries and reports on how these measures are perceived nationally and how they are used by the case study organisations.

### National context

#### Italy

In Italy, cooperatives are recognised and promoted by the Constitution. In addition, the Civil Code sets out rules for the governance of cooperatives. The relationship between worker-members and the cooperative is also defined in law (Law 142/2001), addressing aspects of their participation in governance and the employment relationship. Social cooperatives were formally recognised in 1991. Law 381/91 distinguishes two categories of social cooperative: those producing goods of social utility, such as culture, welfare and education services (A-type), and those providing economic activities for the integration of disadvantaged people into employment (B-type).

Cooperative representative organisations are key actors in Italy's industrial relations system. The three largest organisations (Confcooperative, Legacoop and General Association of Italian Cooperatives) negotiate with trade unions to sign sectoral agreements covering their affiliates and provide a range of support services for the start-up and development of cooperatives. In 2011, they established a joint umbrella organisation, the Association of Italian Cooperatives, to coordinate their representations to policymakers.

In 2006, the legal category of social enterprise was introduced, but this has not been widely adopted by organisations. As a result, the rules concerning social enterprises were revised in 2017. The 2017 reform strengthened the involvement of workers in governance, while loosening the criteria concerning absence of profit. It also broadened the sectors of activity in which social enterprises could be admitted (welfare, healthcare, education, social inclusion, culture, social tourism, social housing and social agriculture).

Italy has the largest cooperative sector in Europe (Cicopa, 2017), generating an estimated €150 billion in annual revenue. Between 2007 and 2011, employment in cooperatives grew by 8%, with substantial increases in industrial and service sectors (Roelants et al, 2014).

Much of this growth was in social cooperatives, especially work integration social enterprises (WISEs), where employment grew by 17.3%. Between 2012 and 2015, cooperatives maintained their share (7%) of total employment. Social enterprise employment in Italy is estimated to have grown between 2008 and 2014, while employment in mainstream business organisations declined over this period (European Commission, 2016a; Eurostat, undated-b).

Data from Eurostat's Structural Business Statistics for Italy suggest that the sectoral concentration of cooperatives varies by type. Almost three-quarters (72%) of social cooperatives operate in the human health and social work sector; other types of cooperatives are mainly active in the transport and storage (26%), administrative and support service (23%) and manufacturing (9%) sectors.

National actors believe that this recent relative expansion of cooperatives and social enterprises is due to the following factors: the governance model and aims of cooperatives focusing primarily on jobs; an increase in subcontracted public services; and the ability of these organisations to compete in terms of labour costs.

Social enterprises tend to operate in the education and health sectors (Venturi and Zandonai, 2014). A small proportion of social enterprises are in the financial services sector, which includes lending to or funding of activities of social and cultural interest.

Unlike the other four countries, in Italy cooperatives are part of public debate at both national and regional levels. Over the last decade, as a result of globalisation and the 2008 global financial crisis, worker buyout cooperatives in particular have gained public attention. Policymakers view worker cooperatives essentially as helping to address post-crisis economic problems, because they are place-based economic development actors (Monni et al, 2017).

Social cooperatives are also seen as an effective vehicle to support the labour market integration of disadvantaged people, such as ex-offenders and people with disabilities. Some social cooperatives deploy workers in mainstream business organisations to raise awareness of the abilities and contribution of disadvantaged groups. Social cooperatives (and other organisations that provide these services) are given relief from national social security contributions for employing disadvantaged workers. Support of migrant workers is a prime example, and the share of cooperatives established by foreign citizens themselves is reported to have increased from 5.9% in 2014 to 6.6% in 2017 (Fondo Sviluppo and Confcooperative, 2018).

However, the cooperative sector has been deeply affected by the issue of ‘bogus cooperatives’, which has mainly concerned worker and social cooperatives. While these bogus cooperatives are often established to attract funding and wage subsidies, they lack democratic governance and often pay low wages, have poor working conditions and exploit migrant workers (Eurofound, 2017b). Weak monitoring of the governance of worker and social cooperatives hampers efforts to eradicate this problem.

Social enterprises and social cooperatives have increased in numbers in recent years. They are seen positively as providers of services that also play a role in addressing common social needs and challenges (Becchetti, 2017). Secondary data analysis by Confcooperative suggests cooperatives are more likely than other businesses to recruit the following:

- employees rather than self-employed workers
- staff on a temporary rather than permanent basis
- staff on a part-time rather than full-time basis
- migrant workers and women

Yet, it remains hard to say whether these trends are influenced by sectoral and geographical drivers or by the inclusive attitude that exists among cooperatives themselves. Concerns were voiced by national actors over the dependence of cooperatives on public sector funding (see also European Commission, 2016a). Further concerns were raised over the working conditions of staff in social enterprises and social cooperatives delivering public services: contracts to provide these services are driven by cost pressures and awarded through competition, leading to low-priced tenders that do not facilitate good working conditions. The problem is compounded by late payments from public administrations.

One particular area of expansion has been the development of ‘community cooperatives’, which supply services no longer provided by public sector organisations. This expansion has been notable in rural areas and specific localities: for example, cooperatives that are set up for cleaning up woods or managing small tourist sites. Community cooperatives are seen as an innovative way to provide local services, as they involve a bottom-up, participative approach. Some regions have introduced regulations to support their development. Confcooperative says it has helped develop around 100 community cooperatives in total, including 30 in 2018.

In addition, attention has been focused on the role cooperatives can play with regard to emerging technologies, with digital cooperative start-ups or platform cooperatives gaining in prominence. Cooperative representative organisations have provided awareness-raising and counselling activities to support digital start-ups, for example. Despite these efforts, national actors believe that cooperatives find it

difficult to attract young digital entrepreneurs because cooperativism is not a widely known business model.

## Poland

Cooperatives in Poland are regulated by the act of 16 September 1982, and details are defined in the regulation of the Ministry of Labour and Social Policy. Cooperative rules and definitions are in accordance with the principles established by the ICA (see Chapter 1).

A social cooperative is recognised as a special kind of cooperative, having been legally introduced in 2006. Social cooperatives mainly include people at risk of social exclusion from the labour market due to unemployment, disability, mental health problems or other factors. Social cooperatives aim to integrate such groups into the wider labour market, and a number include these target groups in their management structures.

The largest organisation representing cooperatives in Poland is the National Cooperative Council (KRS). KRS activities deal mainly with the provision of legal and technical support to cooperatives and also with the promotion and representation of these organisations.

There is no agreed definition of social enterprise in Poland. Different types of social enterprise have their own definitions and legislation. These types are: social cooperatives, entrepreneurial non-profit organisations, professional activity establishments and non-profit companies (European Commission, 2016b). In 2014, the National Programme for Social Economy Development attempted to bring coherence to the social enterprise sector. It defined social enterprise principles in a similar way to those applied in Italy: providing social utility (expressly for disadvantaged people moving into or towards the labour market); reinvestment of profits; democratic governance; and a salary cap. A draft act on Social Enterprise and Support for Social Economy Entities was proposed in 2016 and is being enacted as of March 2019.

Cooperatives were an economic form permitted under communism. The collapse of communism and the resulting open market economy led to the demise of many cooperatives in the early 1990s. Associated with the old regime, worker cooperatives in particular declined substantially. Nationally, this development led to a shift in the profile of cooperatives with an increase in the number of housing and credit cooperatives and a decline in worker cooperatives.

More recently, following Poland’s EU accession, the first social cooperatives were established. As in other countries, they were given a key role in trying to address the high levels of unemployment among disadvantaged groups and communities as a result of the financial crisis (Brzozowska-Wabik, 2015; Izdebski et al, 2017). In performing this role, social cooperatives were able to

access financial support from EU funds, especially the European Social Fund (ESF). National actors reported that a number of local authorities established social cooperatives as a means of employing disadvantaged workers. Local government also subcontracted services to social cooperatives, such as cleaning services, park maintenance, building maintenance and kindergartens.

Research indicates that cooperatives are most active in housing, banks, credit unions, agricultural production, the consumer goods sector, gardening and apiculture, dairy production and farmers' self-help (Krysiak, 2006). This was confirmed by the national actors, who added that cooperatives are also important in real estate services, hunting, wholesale and retail trade, industrial processing, financial intermediation, construction, transport, health services and communication.

Since 2015, Poland has witnessed an expansion of consumer cooperatives, particularly in the area of food but also in relation to housing and energy more generally. These cooperatives are ideologically driven, aiming to reduce consumption. The consumer stimulus is from people in large cities wanting to pay a fairer price for their food. In addition, there is also a 'fair trade' concern to ensure that farmers get a fair price for their produce (Brzozowska-Wabik, 2015).

Central Statistical Office data suggest that a large share of social cooperatives (26%) rely only on civil law contracts (self-employment contracts) and have no employees. Among those social cooperatives that do have employees, 45% employ 1–5 people while only 12% have more than 10 employees. According to KRS, which carries out statistical analysis of employment in cooperatives jointly with Statistics Poland, cooperatives appear to employ more women and more people aged 50 and over than other businesses (Główny Urząd Statystyczny, undated). According to Statistics Poland, social cooperatives – in keeping with their social inclusion function – are more likely to employ the long-term unemployed, former prisoners, homeless people, alcohol and substance abusers, people with disabilities and older people.

Research suggests that the high levels of job retention and creation in Polish cooperatives is due to their significant industrial experience, knowledge of local markets, advantageous locations and good relationships with loyal clients. Their weaknesses relate to the difficult economic situation many cooperative enterprises find themselves in and low levels of member involvement in governance. Addressing the former requires implementing marketing solutions to increase business with existing customers and expansion into new markets, as well as changing management practices to become more 'market oriented'. Addressing the latter issue will necessitate rebuilding bonds between members and organisations (Krysiak, 2006).

National actors reported that new workers are discouraged from becoming members and participating in cooperatives due to the personal commitment and financial involvement required.

The views of the national actors regarding job quality within cooperatives varied. Some believe that large cooperatives are attractive to workers due to their good working environment. Others reported that many jobs in cooperatives are part time. Job quality depends on a combination of both internal factors (such as the quality of democratic governance and the financial conditions) and external factors (for example, the sector and area of employment).

National actors also questioned the sustainability of social cooperatives in Poland. Many last for a year or more but only because there are start-up support measures subsidising employment for the first 12 months; these measures require payback of the funding in case of closure within a given period (usually three years). Relationships with local governments are also double-edged: while good relationships can lead to support, as one actor reported, changes in political leadership can result in the ending of support.

Despite reporting a growth in numbers over recent years, national actors believe that social cooperatives remain underdeveloped. Some national actors also stressed that the first social cooperatives suffered from a lack of internal managerial skills and robust business plans (as many were managed by disadvantaged people with limited management experience), compounded by low levels of funding.

According to the law, social cooperatives must be supported by regional employment offices, both when starting up (through information and guidance) and once established (through the coordination of activities, including cooperation with NGOs and mainstream business organisations and the initiation of joint projects). However, there was initially a lack of knowledge within local government on how to properly support this new kind of business. However, as of March 2019, this situation has improved.

Some national actors also believe that social cooperatives have become stigmatised because they employ disadvantaged people and that this affects their sustainability and integration into the mainstream economy.

## Spain

In Spain, the cooperative is a recognised legal entity based on a democratic structure and governed in accordance with the internationally accepted cooperative principles. Hybrid cooperatives also exist: the *sociedades laborales*. In these organisations, ownership is not restricted to workers but workers control the company. The law requires that at least two

shareholders are workers and that permanent staff must hold 51% of the shares, any private legal or natural person being permitted to own 33% of the shares at most (public organisations own a 49% share).

Cooperatives are organised at regional and sectoral levels through employer organisations. The largest representative of cooperatives at national level is the Spanish Social Economy Employers' Confederation (CEPES), an umbrella organisation with 26 affiliate members from the cooperative and social economy sector promoting the development of social economy through communication and lobbying activities.

Law 5/2011 on the Social Economy provides the legal framework for social enterprises. More recently, Law 31/2015 amended and updated regulations in matters of self-employment and adopted measures to foster and promote self-employment and the social economy.

The law defines 'social economy' as a set of business and economic activities that are carried out privately by institutions that seek a general economic or social interest (or both) in accordance with the following principles: social objectives, reinvestment of profits, equality and diversity and independence from public authorities. It embraces social enterprises that traditionally belonged to the social economy (such as social cooperatives) and new forms (for example, public service and entrepreneurial initiative cooperatives). While there have been attempts to develop a legal definition of social enterprises (based on the European Commission's Social Business Initiative guidelines), as of March 2019 such a definition does not exist. In addition to national legislation and regulation, 16 regions have also developed legal frameworks and/or definitions for the social economy.

Spain was one of the EU countries hit hardest by the financial crisis, with unemployment levels rising to 26.1% in 2013, more than double the level in 2008 (11.3%), and young people were hit particularly hard (Eurostat, undated-c).

The crisis resulted in greater prominence being given to cooperatives and social enterprises as forms of organisation ideologically different from, and opposed to, the underlying causes of the crisis. As in other countries, cooperatives in Spain were given a key role in addressing social exclusion at individual, community and regional levels.

However, while the financial crisis was a motivator for cooperatives and social enterprises, it has also introduced barriers. Large reductions in public expenditure have limited the funding and financial incentives that can be used to stimulate the sector. The crisis also created a poorer economic environment in which market-oriented cooperatives and budding social entrepreneurs operate.

As a result of the crisis, the structure of the sector post-2008 has also changed. Prior to 2008, a large number of worker cooperatives were associated with the construction sector, which was one of the hardest hit.

According to CEPES, in 2015 social economy entities accounted for 2 million direct and indirect jobs, showing significant growth. Between 2015 and 2016, 3,300 new enterprises (an 8% increase) and 16,403 new jobs were created.

The International Centre of Research and Information on the Public, Social and Cooperative Economy (Ciriec) reports that cooperatives performed better than mainstream business organisations in terms of job retention during the financial crisis. While there was a 9% fall in social economy employment between 2009 and 2013, by 2016 the number of jobs in cooperatives had reached their pre-crisis levels. In the opinion of national actors, this relatively good performance is a result of the governance of the cooperatives and their social values. Research suggests that between 2008 and 2009 in Spain, the total number of worker cooperatives was reduced by 2.5%, whereas the number of mainstream business organisations decreased by almost 15% (Birchall, 2017). Birchall also reports that the survival rate of cooperatives during the crisis appeared to be better than that of mainstream business organisations (77% compared with 65%). Employment in worker cooperatives was reduced by 6.4%, compared with a fall of 11.9% in mainstream business organisations (Sanchez Bajo and Roelants, 2011).

Nevertheless, employment trends in cooperatives were negatively affected by the performance of *sociedades laborales*. The organisation representing them, Confesal, estimated in 2018 there were 9,500 such cooperatives, employing 64,000 people. However, there has been a drop in employment due to closures. In addition, during the financial crisis many *sociedades laborales* changed their legal entity to become private businesses, some following acquisitions. Confesal believed that this development was being offset to some extent by an increase in worker buyouts, as workers see these organisations as a solution to economic difficulties in mainstream business organisations.

Research suggests that cooperatives are more inclusive employers, taking on larger proportions of women and disadvantaged groups – including people with disabilities and those at risk of social exclusion – than mainstream business organisations (Roelants et al, 2012). In addition, national actors reported that cooperatives tend to employ more permanent staff compared to other mainstream businesses.

Recent studies have measured the economic impact of social economy organisations (for example, CEPES, 2013). As in other countries, social cooperatives and social enterprises have expanded because they promote labour market inclusion and employability support. Some national actors argue that social economy organisations deliver social utility, which provides an important contribution to social and spatial cohesion. Their efforts include the promotion of equal opportunities for specific groups of people and the provision of services of special social interest.

Research suggests that the financial crisis affected employment less negatively in social enterprises than in mainstream businesses (Monzón and Chaves, 2012). Between 2008 and 2014, employment in social enterprises decreased, but this was at a slower rate than in mainstream businesses. This decrease was largely due to the loss of public sector contracts and reduced subsidies.

In terms of legal form, social enterprises in Spain were spread almost equally across foundations (25%), associations (20%), cooperatives (19%) and private limited companies (17%) (Seforiš, 2016). Most of their income was from commercial activities – through fees and sales – rather than grants, subsidies and donations (Seforiš, 2016). However, recent expansion of social enterprises has been through the following legal forms: social initiative cooperatives (operating in sectors of collective interest); WISEs, including two organisational models (employment integration enterprises and special employment centres of social initiative); associations and foundations that carry out economic activities; and cooperatives pursuing general interest goals.

National actors believe that cooperatives and social enterprises were able to survive the financial crisis by adopting job retention strategies, although these led to temporary reductions in wages and hours. This trade-off between employment and working conditions is more acceptable in cooperatives than in mainstream businesses due to the governance model of cooperatives.

## Sweden

In Sweden, there is no officially adopted definition of worker cooperatives or any other type of cooperative. However, the concept of worker cooperative is recognised together with other forms of cooperatives by some national agencies, with a classification used by the National Agency for Education.

The definition of a work integration social enterprise (WISE) is agreed by Swedish national agencies, business advisers and businesses. The four criteria include: formal worker involvement, having a primary purpose based on integration, being non-profit and independence from the public sector. The Swedish

government has recently applied this definition in some support measures.

The largest organisation representing cooperatives in Sweden is the Cooperative Movement Bargaining Organisation (KFO). This also represents third sector enterprises and civil society organisations.

Again, there is no legal definition of social enterprise in Sweden. The term was first used in the 1990s, based on the Italian definition of social cooperatives. An ESF EQUAL-funded programme in the period 2004–2007 focused on the development of social enterprises in Sweden. It used criteria based on WISEs: undertaking activities that support disadvantaged people into or towards the labour market, having democratic governance, reinvesting profits and being independent from the public sector (Gaweel, 2015). These criteria were adopted by the Swedish Agency for Economic and Regional Growth as well as by the Ministry of Enterprise.

Cooperatives and social enterprises have little visibility in national debates. However, in 2017, a number of housing and agricultural cooperatives joined together to form Svensk Kooperation. This organisation is intended to promote cooperativism through knowledge, visibility and leadership development. Other recent trends have been an increase in self-employed cooperatives, especially in cultural sectors. However, their numbers remain small.

Social enterprises feature in national debates about sustainability, with politicians citing WISE organisations and cooperatives. In addition, as in other countries, a key driver for the development of social cooperatives and social enterprises has been the social inclusion agenda, and the Swedish government has developed support programmes financed through the European Structural Funds.

Sweden was one of the EU countries least affected by the financial crisis. By 2011 employment was higher than the pre-crisis level. However, unemployment (though it rose by only 2%) is still higher than before the financial crisis (Eurostat, undated-b, undated-c).

National data show that there are few social cooperatives in Sweden, and the data are not sufficient to track their progress over time. National actors suggest that cooperatives have expanded their number in some sectors, such as preschools, schools and support for people with disabilities, but not in others, like manufacturing. The expansion of cooperatives in these sectors has mostly been as worker cooperatives.

There is also limited information on the types of jobs and job quality in Swedish cooperatives. Research suggests that in childcare and elderly care sectors, those employed in cooperatives and social enterprises are more satisfied with their working conditions than those employed in mainstream businesses (Lorentizi and Widmark, 2014).

The total number of social enterprises is unknown. In the mapping study by the European Commission (2016d), the Swedish National Agency for Economic and Regional Growth estimated that there were 271 WISEs in 2012. This figure represents an increase from 210 in 2010 and 150 in 2007. The same agency estimated that in 2016 the number of WISEs was around 300 and growing. Most of these are organised as cooperatives.

National actors believe that Swedish cooperatives and social enterprises are innovative organisations, both in addressing social needs and in delivering commercial innovation. They also stressed that these organisations play an important role in integrating people from disadvantaged groups. However, as the cooperative and social enterprise sector is small, their overall impact is limited.

## United Kingdom

There is no legal definition of 'cooperative' in the UK, and the term is often used interchangeably with 'mutual' (see, for discussion, House of Commons Communities and Local Government Committee, 2012). Both mutuals and cooperatives are owned by members, such as employees, service users, customers or others with an interest in the business. They have a participative governance structure and are often run for the benefit of their members, with profits retained within the business or distributed to members. Cooperatives may be distinguished from mutuals because a cooperative is expected to have subscribed to the statement of identity agreed by the ICA (see Chapter 1). Despite this adherence, the term 'cooperative' has no legal form. Many cooperatives are companies, usually limited by guarantee.

The Co-operative and Community Benefit Societies Act 2014 replaced the main governing act introduced in 1965, the Industrial and Provident Societies Act. This new act has consolidated other secondary pieces of legislation.

The largest organisation representing cooperatives in the UK is Co-operatives UK. The organisation promotes cooperativism, provides representation of its members to policymakers and offers support services, including legal advice, training and networking activities. Social Enterprise UK undertakes a similar role for social enterprises.

The concept of social enterprise is well established in the UK. In the late 1990s, the UK government established the Social Enterprise Unit within the Department for Trade and Industry. A social enterprise is defined by the UK government (undated) as:

*a business or service with primarily social objectives whose surpluses are principally reinvested for that purpose in the community, rather than being driven by the need to maximise profit for shareholders and owners.*

Social enterprises are distinguished by their legal structure: either a community interest company (see Chapter 1) or community benefit society. However, there are social enterprises that exist as a company limited by guarantee, a company limited by shares or as an industrial or provident society.

Cooperatives are distinguished from community benefit societies in the 2010 Co-operatives and Community Benefit Societies and Credit Unions Act. A cooperative is defined as a society that operates for the benefit of its members and which distributes any surplus not reinvested in the business to its members. A community benefit society conducts business for the benefit of its community. Any profits are not distributed among its members but are returned to the community.

According to data from Co-operatives UK, most cooperatives (70%) were established before the financial crisis in 2008. Since then an estimated 2,500 cooperatives have been established. Since 2011, just over 1,750 cooperatives have ceased to function. However, there has still been a net increase of 62. According to the latest data (2018), 51% of UK cooperatives are consumer cooperatives, 19% are community interest cooperatives and 7% are worker cooperatives. In terms of sector, 32% operate in health and social care, 10% are in housing, 9% are in retail and 8% are in finance.

Similarly, almost three-quarters of social enterprises (72%) predate the financial crisis. Around one-third (32%) of social enterprises operate in social care, education, health, arts and entertainment. One-quarter operate in the retail and distribution sectors (including wholesale, transport and storage), and about one in five are in production-oriented sectors (such as agriculture, manufacturing and construction).

It was estimated that in 2015 social enterprises contributed €61.6 billion annually to the UK economy (UK Government, 2015). Research by Social Enterprise UK shows that in 2017, 74% of social enterprises made more than 75% of their income through trading activities rather than grants, subsidies or donations (SEUK, 2017). This figure is higher than in other countries (Seforis, 2016). In addition, given their social missions, social enterprises are more likely to operate in localities with high economic deprivation. One-third of social enterprises are located in the 20% most deprived areas, compared to 13% of mainstream businesses.

Cooperatives and social enterprises are mostly small businesses. Two-thirds (63%) of cooperatives employ fewer than 10 people (Parkin-Kelly, 2017). Co-operatives UK stresses that staff turnover is lower in cooperatives than in the economy as a whole because workers are more committed to the organisations and have a say in running the business, which increases their motivation and loyalty.

A similar proportion (69%) of social enterprises are small businesses. However, 79% do not employ anyone (UK Government, undated-a). According to Social Enterprise UK, many social enterprises prefer to stay small as their mission is to focus on the local community and its needs. Nevertheless, international research suggests that social enterprises in the UK are relatively large compared to other countries, with 40% of social enterprises having revenues over €1 million (Seforís, 2016). No information is available on the types of jobs or job quality in cooperatives and social enterprises.

Significantly, the values of the cooperative and social enterprise sector promote diversity and inclusion. The SEUK (2017) survey of social enterprises found that about 41% were led by women and 51% had a mostly female workforce. However, the same survey found that the gender pay gap was higher in social enterprises than in mainstream businesses.

Since 2010, national government discussion has shifted emphasis from cooperatives to social enterprises. In 2010, the new Conservative-led coalition government established the 'Big Society' agenda. This agenda established Big Society Capital, which has brokered billions of pounds of funding. This initiative added to a burgeoning social investment infrastructure that had seen the development of specialist social investment finance intermediaries – including social banks, impact investors, venture philanthropy funds and community development finance institutions – from the turn of the millennium.

There has been an expansion of social enterprises as a result of the Big Society agenda. Social enterprises were identified as place-based and participative organisations that could make decisions locally, with communities doing more for themselves. At the same time, they could provide those services normally subcontracted as part of public service reform, as well as deliver social innovation.

Social enterprises have been encouraged to deliver public services; for instance, to reopen libraries that were closed due to reductions in public spending. Social enterprises have also filled gaps in the provision of commercial services in areas where profit-only businesses are no longer viable. The result is the development of community-based organisations to run local pubs, shops and cafes.

Social enterprises were given further stimulus by the 2012 Public Services (Social Value) Act. This act requires all public bodies in England (and some in Wales) to consider the economic, social and environmental well-being of the locality when commissioning and procuring services. The aim is to ensure that public sector purchasing power is directed at achieving social and environmental benefits as well as financial efficiency.

For these reasons, organisations that may have been created as cooperatives prior to 2010 are now being set up as social enterprises. This shift is reflected in the transformation of locally based 'cooperative development agencies' into 'cooperative and social enterprise development agencies'. These agencies, providing local-level start-up and business development support, now support mainly social enterprises.

UK national actors believe that cooperatives and social enterprises are able to exploit gaps in the market and deliver innovation because they are able to think 'beyond profit'. They saw a dynamism in the creation of new cooperatives in several sectors, ranging from health and social care to responsible and sustainable agriculture. However, in the absence of proper funding, the national actors also have concerns that social enterprises would not match services provided by public sector agencies. Moreover, they are concerned that reliance on public sector contracts may be an obstacle for social enterprise development, constraining their ability to diversify their activities. They also express concerns about the ability of start-up cooperatives and social enterprises to fund themselves.

## Summary

This overview of the national context in the five case study countries shows that definitions of cooperatives and social enterprises are not uniform and not always officially adopted. Cooperatives are regulated by specific legislation in each of the countries, except for Sweden. Different legal structures can be adopted. Regulations have been extended or adopted to include social enterprise activities. Italy and Spain have seen the greatest increase in the number of cooperatives and social enterprises. An overview of public debate and national actors' views indicates that, unlike the other three countries, the topic of cooperatives is indeed debated in Italy and Spain. National actors in Italy consider that the expansion of cooperatives and social enterprises is due to their governance model, their ability to compete on labour costs and their focus on jobs, as well as the increase in subcontracted public services. According to research, the expansion of social cooperatives and social enterprises in Spain is attributable to their promotion of labour market inclusion and employability support.

Very limited research has been conducted on job quality in cooperatives and social enterprises in the five countries. A few studies report that in Italy there are some concerns with regard to social enterprises and social cooperatives delivering public services. As reported by the Italian national actors, issues around corruption, cost pressures, price competition and delays in public contract payments have implications for job quality. According to Polish national actors, the

size of cooperatives and the type of employment status, along with a combination of other internal and external factors, may affect job quality in cooperatives. The Spanish national actors reported that employment status and, in particular, the tendency of cooperatives to employ more permanent staff and their integration agenda in recruitment contribute to better job quality.

Globalisation and the negative effects of the economic crisis brought to the fore the issue of social inclusion at individual, community and regional levels. The importance of social inclusion and the work integration agenda seems to be common in all five countries despite their different economic and social conditions. In this context, cooperatives and social enterprises are seen as actors that can fill the gaps in social service provision. The political discussion in the UK appears to have shifted emphasis from cooperatives to social enterprises. It is also noted that social cooperatives in Poland have been set up with the aim of integrating disadvantaged groups. In addition, national reports suggest that there are sectoral shifts in Sweden, with some cooperatives becoming more active in social integration. Recently, debates have also revolved around the digital revolution and the potential of the cooperative movement to attract young workers with technological skills.

## Support measures

### Availability of support measures

National actors were asked to provide details of national or regional legislation, policies or programmes specifically focusing on cooperatives and social enterprises. In addition, national actors provided details of the specific support measures they were aware of that either targeted cooperatives and social enterprises or were available to these organisations alongside mainstream business organisations (for example, generic business support).

National actors identified a range of national and regional legislative measures that helped to support cooperatives and social enterprises. In Poland, a number of these measures have been used to support the development of social cooperatives. For example, the Act on Social Cooperatives has boosted the number of social cooperatives. This act relaxed the conditions for forming a social cooperative. While previously only natural persons were allowed to form a social cooperative, the act extended this right to legal persons, such as local authorities and NGOs (European Commission, 2016b).

In Italy, Poland and Spain, regional governments have played a role in creating legislative frameworks to assist the development of cooperatives and social enterprises. For example, in Italy tendering rules have been changed

to encourage cooperatives and social enterprises to bid for public contracts.

Legislative frameworks providing tax incentives have been used to support cooperatives and social enterprises. For example, in Spain a national law entitling subsidies to be paid to social economy organisations came into force in 2015, and in Italy, recent legislation provided tax relief for people who invest in social enterprises.

Turning to support measures that focus specifically on cooperatives and social enterprises or other support that was available to these organisations, national actors in the five countries identified a total of 168 measures. Over 130 separate organisations were delivering these measures. It is public sector organisations – national and regional governments – that are the main instigators of support measures (that is, they are ultimately responsible for the management or the funding of these support measures). Cooperative and social enterprise representative organisations are also important instigators of support measures in each of the five case study countries. Poland, Sweden and the UK have a range of organisations instigating support measures, including organisations in the public and private sectors and NGOs. In Spain, it is mainly the public sector and cooperative representative organisations that offer support measures. In Italy, it is mostly the public sector, although private sector organisations and NGOs may also be involved in the delivery of support measures.

The number of support measures within individual countries varies. Note, however, that a greater or lesser number of measures in a particular country does not necessarily mean that cooperatives and social enterprises receive more or less support in that country. For example, national actors in Italy and Poland reported fewer support measures than those in the UK. However, the support measures in Italy and Poland include large national programmes with high levels of European funding. Additionally, in some countries, most notably Italy, Poland and Spain, cooperatives and social enterprises have a much greater voice within national governments, and there are departments with dedicated responsibility for cooperatives and social enterprises. These departments develop national legislation strategies and programmes promoting the development of cooperatives and social enterprises. For example, in Poland, the Ministry of Family, Labour and Social Policy is heavily involved in the development of cooperatives and social enterprises and leads on developing national strategies, such as the Pact for Social Economy Development, and programmes of support, such as the National Programme for Social Economy Development.

Support measures in a number of countries use European Structural Funds (especially the ESF) to fund the development of cooperatives and social enterprises.

For example, in Poland the Knowledge, Education, Development Operational Programme (2014–2020) has a national budget of €58.5 million to fund the development of social cooperatives and enterprises.

Most support measures have been running for a number of years, with just under one-third having started before the financial crisis. The largest number started in the years following the financial crisis which may reflect recognition of the economic and employment role of cooperatives and social enterprises in response to that crisis.

Overall, similar proportions (about two-fifths) of the support measures were targeted specifically at cooperatives and social enterprises, with less than one-tenth targeting both (the remainder supported all business organisations). This split varied among countries. Most support measures in the UK focused on social enterprises. In Italy, Poland and Spain, most targeted cooperatives. Sweden tends to make support available to both types of organisation.

The main focus for many of these support measures is provision of general advice and support to managers and entrepreneurs to deliver organisational growth for existing cooperatives and social enterprises and to encourage the establishment of new cooperative and social enterprise organisations. This support is usually delivered through one-to-one advice.

In terms of the forms of support that were delivered, **access to finance** was the measure mentioned most often by national actors. Most of these support measures were targeted specifically at cooperatives or social enterprises, although some funds are available to non-profit organisations generally. Access to finance also includes generic financial support available to all companies (for example, support targeting SMEs or particular sectors). The support includes: loans (secured and unsecured), loan guarantees, grants, subsidies, crowdfunding and advice about the financial support available. Most financial support is offered to existing organisations, but there is some targeting of start-ups and public sector organisations looking to transition into mutuals. Much financial support is provided by or through large national cooperative organisations, such as CEPES, Confesal and Faedei in Spain and Co-operatives UK in the UK. Other support comes through national government-financed/facilitated funds such as mutual funds (*fondi mutualistici*) in Italy, and Big Society Capital in the UK. Some of these funds are sizeable: for example, Big Society Capital in the UK arranged investment deals worth €667 million in 2016.

**Start-up support** was the second most frequently mentioned type of support. This covered a range of activities, including training, workshops and promoting the idea of cooperatives and social enterprises, but mostly involved one-to-one advice and support.

This support was delivered through a range of organisations – mainly cooperative support agencies, national/regional/local government and social enterprise support organisations. In Poland, the Development Centres for Social Economy offer a range of services (start-up support, incubation and business guidance), and they have access to ESF funding to support job creation in the social economy. In Spain, the ESF-funded POISES (Programa Operativo de Inclusión Social y de la Economía Social) supports social entrepreneurs in establishing their businesses. In the UK, Co-operatives UK runs the UnFound programme, which supports the development of new platform cooperatives.

**General business advice** to established organisations was the next most frequently mentioned support measure. This type of support is similar to start-up support in that it mostly involves one-to-one advice and support, and is delivered through cooperative support agencies, national/regional/local government and social enterprise support organisations. In Sweden, Coompanion provides free business support in the form of information, advice and training on how to start and run a cooperative or social enterprise and it has 25 offices across all of the Swedish regions. In Spain, CEPES provides general business advice to cooperatives and social enterprises through its territorial and sector associations.

The fourth most mentioned support measure was focused on **legal/institutional frameworks**. This support covers a range of measures, such as legal definitions of cooperatives and social enterprises, national strategies, national policies promoting cooperatives and social enterprises (for example, defining and promoting new forms such as the community interest company).

A minority of support measures focus on employment through **employment subsidies** (including social security contributions) and are aimed at creating jobs for socially excluded groups, such as younger, older and disadvantaged people. Employment subsidies operate in each of the five case study countries apart from the UK.

- In Italy, the Exemptions and social security contributions relief for social cooperatives (Esoneri e sgravi contributivi per le cooperative sociali) provides relief to social cooperatives for social security contributions.
- In Poland, National Fund for Rehabilitation of the Disabled (PFRON) provides subsidies for the establishment of social cooperatives, as they are managed by and employ people from disadvantaged groups.
- In Sweden, Skoopi provides advocacy support to secure subsidies for social enterprises focusing on work integration.

- In Spain, there are several support measures providing subsidies for the development of social cooperatives that employ people from disadvantaged groups as well as subsidies for existing cooperatives to recruit unemployed people.

There are other employment support measures.

- **Training:** This tends to be specifically targeted at cooperatives and social enterprises. It covers a wide range of activities, including vocational training for recruits who were previously unemployed, staff training in cooperative and social enterprise principles and governance, training for public sector tenderers to help them understand social enterprises and support to training providers to understand the needs of cooperatives and social enterprises.
- **Personnel and HR advice:** This involves general advice in this area, usually provided as part of the service for members of national cooperative and social enterprise associations, such as Co-operatives UK.
- **Staff recruitment:** One example of this is providing access to jobs boards.

The types of support measures that are in place are in line with the drivers for employment presented in Chapter 5. They are primarily concerned with supporting organisations to identify, exploit and finance commercial opportunities through meeting the needs of existing customers and markets, working with new customers and moving into new markets and embracing various types of innovation. A minority focus specifically on employment support.

Overall, the support measures are primarily concerned with developing well-managed organisations and providing them with appropriate and efficient access to finance as well as support on particular aspects of their business (for example, training and marketing).

### Impact of support measures

National actors were asked to assess the impact of support measures on employment. Overall, of those able to be assessed (111), 85% of the measures were deemed to have a positive impact on employment, with the remainder seen as having a neutral impact. None were thought to have a negative impact.

National actors also commented on the strengths and weaknesses of support measures.

- In Italy, most discussion focused on scandals related to access to finance. These included labour exploitation in cooperatives and cases of corruption by cooperatives involved in the public procurement framework. The key issue was being able to

distinguish real cooperatives from bogus ones. Too much assessment makes the application process very bureaucratic, while too little makes financial support open to exploitation. Another weakness with some access to finance support, especially larger funds, was its lack of accessibility for smaller and nascent cooperatives.

- In Poland, most support measures focused on general business advice. However, national actors felt unable to assess the impact of support measures on employment. Nevertheless, there was a concern about the provision of employment subsidies for social cooperatives. While this helped to create jobs for disadvantaged people, other support was deemed necessary for job retention, such as provision of assistance for business tax and social insurance contributions. In addition, because of their job creation focus, social cooperatives were perceived as lacking entrepreneurship, and national actors noted that support was needed to improve managers' commercial skills.
- In Spain, all but one of the 56 support measures were assessed as having a positive impact on employment. In interviews, national actors expressed the opinion that the social economy (both cooperatives and social enterprises) needed to be promoted more aggressively, as it lacked visibility to existing and potential entrepreneurs. It was felt that many business development policies have promoted self-employment rather than the social economy.
- Swedish national actors, like those in Poland, felt unable to comment on the employment impact of support measures. The main criticisms of support measures, and support agencies more widely, was their lack of understanding of cooperatives and social enterprises and their lack of promotion of the sector. One national actor commented that:
 

*The most fundamental [barriers] are the norms saying there are only two business sectors, i.e. private and public. This affects cooperatives' access to finance, the chance of getting public advice and support on a national as well as a local level, etc.*
- In the UK, most measures were seen as having a positive impact on employment, while the remainder were perceived as having a neutral impact. Access to finance was seen as having a significant positive impact on employment because it provides cooperatives and social enterprises with resources they are unlikely to be able to obtain elsewhere. Different types of financial support are also available across the business life course, from start-up to maturity. In addition, access to finance also comes with other types of business support,

including business planning tools, business health checks and signposting to cooperative- and social enterprise-friendly business specialists (for instance, accountants). General business advice was seen as having a largely neutral effect on employment because the focus is on developing businesses that are already well managed and so any added value is unclear. Start-up support was seen as having a positive impact on jobs. Indeed, the evaluation of one programme estimated that each social enterprise in the programme had created 2.3 jobs (Investing for Good and CAN Invest, 2016).

It is difficult to provide an objective assessment of the impact of support measures on employment, as some of these measures were being promoted or delivered by the same national actors who were being asked to comment on them. In addition, there have been very few independent evaluations. It would appear from national actor interviews that support measures subsidising employment work less well than those supporting the management of well-run businesses: this is supported by the analysis in Chapter 5. The following section reports that case study organisations are more likely to use mainstream rather than targeted business support. However, national actors raised concerns that mainstream business support organisations may not understand the sector and may not therefore promote their programmes to cooperatives and social enterprises.

### Uptake of support by cooperatives and social enterprises

Managers in the case study organisations were asked to report on the take-up of external support. While most of the case study organisations made use of external business support services, a large minority across all countries and all sizes and types of organisation did not.

Those organisations that did draw on external support tended to access generic business support rather than that targeted at cooperatives and social enterprises. This has primarily been for start-up support, followed by staff training, and it has helped with obtaining or improving premises and accommodation.

Most support was accessed from public sector organisations – national, regional and local government and their agencies (for example, enterprise agencies). Only a minority sourced support from social enterprise organisations. Despite support being available from cooperative organisations, respondents were more likely to use commercial organisations.

Start-up support was used most frequently by the case study organisations. This was the second most frequently available support measure mentioned by national actors (see above). Staff training was mentioned by five case study organisations, and this ranged from developing workers' occupational and technical skills to improving understanding of the scope and purpose of a social economy organisation. Support for premises and accommodation was sought in order to enhance the environment for workers and customers as well as to reduce costs.

Managers were also asked to assess the impacts of the support they accessed. All organisations except for one were positive about the impacts. In general, their goals in using support were met: goals included developing a new marketing strategy, starting or developing the organisation, developing workers' skills, entering new premises or improving existing premises and purchasing new equipment and technology.

Most organisations belonged to cooperative networks, sector-specific organisations or organisations supporting particular business functions (for example, exporting). Only one organisation did not belong to any. It may be the case, therefore, that rather than making use of formal business support measures, cooperatives and social enterprises tend to access informal support through their membership or networks.

Some organisations had multiple memberships. One organisation belonged to as many as 16 regional and national organisations for the sector in which it operated as well as social enterprise associations and organisations representing the groups of disadvantaged people it worked with. However, most cooperatives and social enterprises belonged to just one or two networks.

Managers were asked if there was any support that they would like to receive but, as of March 2019, there was not. The support most needed was financial help to fund capital investment, staff skills training, research and development and innovation. Financial support was also needed to subsidise the employment of people from particular disadvantaged groups (for example, refugees) and to help workers buy shares in the cooperative.

Managers' use of external business support does reflect the support measures that national actors identified. The main disparity concerns access to finance, which, according to national actors, is the main type of support measure available, much of which is specific to cooperatives and social enterprises. It is unlikely that the discrepancy is due to lack of awareness given that case study organisations already access a range of external support measures and participate in various informal networks.

## Summary

Cooperatives and social enterprises have performed relatively well since the financial crisis. Employment has generally been maintained, if not increased. National actors believe this resilience was due to cooperatives and social enterprises prioritising jobs, their success in delivering subcontracted public services and their being able to compete on labour costs. However, there were differing developments and impacts across the five countries. As in some of the other countries, the expansion of social cooperatives in Italy has helped the sector adapt following the financial crisis. In Poland, sectoral decline is less a result of the financial crisis than a legacy of communism. In the UK, there has been a shift towards development of social enterprises.

Most of the support measures considered here have been running for a number of years, with the majority

beginning soon after the financial crisis. These measures tend to focus on access to finance, start-up support and general business advice. A minority of support measures focus on employment, mainly provision of employment subsidies. The impact of support measures was regarded as positive. The need for better understanding and promotion of the sector was the only cross-country theme.

In relation to the impact on employment specifically, most support measures were viewed as having a positive effect. None were seen as having a negative impact. Managers in the case study organisations tended to use informal support networks; when they did access external business support, this was support that was generally available rather than that targeted at cooperatives and social enterprises. There appears to be a disparity between the amount of financial support available and managers' awareness and use of it.

## 4 Employment and job quality in the case study organisations

This chapter reports on overall employment levels as well as occupation and job status within the 20 case study organisations. It also analyses job quality using measures from the European Working Conditions Survey.

### Employment levels

#### Overall employment change

When analysing the employment performance of the 20 case study cooperatives and social enterprises since the 2008 financial crisis, it is important to note that these organisations are those that survived the crisis or, in a small minority of cases, were established in the wake of the crisis. They are not, therefore, representative of the cooperative and social enterprise sector, especially of those organisations that failed due to the crisis.

Of the 20 cooperatives and social enterprises in the study, 16 existed prior to the financial crisis, although not all had been established in their current form. In addition, some interviewees had not been with their organisation since 2007 and were unable to comment on organisational performance over this period. Interviewees from 10 organisations were able to comment on the employment performance of their organisation from just before the financial crisis to 2018: five on the period from 2009 to 2013, just after the immediate impact of the crisis, and up to 2018; and five

on the period from 2014 onwards, when economic recovery had started and employment levels in each of the five selected countries were rising.

For all time periods, more case study organisations experienced employment resilience or growth than decline: employment levels were maintained or increased in 15 organisations, while jobs decreased in only five organisations. For all three time periods, more managers reported that employment levels have stayed the same or have risen than those reporting declines. Of the 10 organisations that could provide comparisons with employment levels prior to the financial crisis, six reported that these had been maintained or increased and four reported that employment had fallen.

Surprisingly, a number of organisations did not associate the financial crisis with a decline in employment levels. For example, of those organisations reporting that the crisis *did* have an impact on the organisation, two experienced decreased employment while four experienced stable or increased employment. Similarly, among those organisations reporting that they had *not* been affected by the financial crisis, three reported job decreases and six reported job increases. The scale of employment, age and sector were also unrelated to changes in job numbers. This suggests that non-structural factors were mostly responsible for changing employment levels within the case study organisations.

**Table 9: Changes in employment and the structure of employment within case study organisations**

Case study	Reporting period	Overall employment change	Occupations increasing	Occupations decreasing	Employment type increasing	Employment type decreasing
1	2012–2018	Decline		Professionals; technicians; clerks; service and sales; plant and machine operators; elementary		Full time; part time; permanent; temporary; self-employed; crowd
2	2014–2018	Increase	Managers; professionals; service and sales		Full time; part time; temporary	
3	2014–2018	Increase	Professionals		Part time; temporary	
4	2017–2018	Increase	Clerks		Full time; temporary	
5	2007–2018	Decline		Professionals		Full time; permanent; self-employed
6	2007–2018	Decline				Full time; permanent; temporary
7	2014–2018	Stable		Clerks		

Case study	Reporting period	Overall employment change	Occupations increasing	Occupations decreasing	Employment type increasing	Employment type decreasing
8	2014–2018	Decline	Managers; professionals; service and sales	Plant and machine operators; elementary		
9	2013–2018	Stable			Full time	Part time; temporary
10	2007–2018	Increase	Technicians; clerks	Plant and machine operators		
11	2007–2018	Increase	Technicians; clerks	Managers; professionals	Permanent	Temporary
12	2018	Stable				
13	2011–2018	Increase	Managers; clerks; craft; elementary		Full time; part time; permanent; temporary	
14	2010–2018	Increase	Professionals; clerks		Full time; part time; permanent; temporary; self-employed	
15	2007–2018	Increase	Managers; professionals; technicians; clerks		Full time; part time; permanent; temporary	
16	2012–2018	Increase	Managers; professionals; technicians; service and sales; plant and machine operators; elementary		Full time; permanent	
17	2007–2018	Stable	Managers; technicians	Service and sales; craft; elementary	Part time	Full time
18	2007–2018	Increase	Professionals; technicians; clerks; service and sales; craft; plant and machine operators; elementary		Full time; permanent	
19	2007–2018	Stable				
20	2007–2018	Decline		Managers; service and sales		Full time; part time; permanent

Source: Authors' own compilation

### Structure of employment change

Across all occupational groups in the case study organisations, managers reported more often that employment increased or stayed the same than reported they had decreased (Table 9). The only exception was for plant and machine operators. Overall, managers were most likely to report increased employment for professionals and technicians along with managers, clerks, craft and elementary workers.

In terms of employment status, managers were more likely to report increases for all forms of employment: this was most marked for permanent and full-time workers. Thus, there does not appear to be a restructuring of employment towards more part-time jobs or temporary jobs that might indicate headcount flexibility.

Very few organisations had self-employed workers (six), volunteers (three) or employed crowd workers (one).

### Job quality

There is little existing research assessing the quality of jobs in cooperatives and social enterprises. Often, job quality is treated as a feature of either the job or the sector of employment rather than being related to the specific organisational form.

Given the EU policy drive to improve the quality of jobs in the EU (for example, European Commission, undated) and claims that cooperatives, at least, provide better jobs (for example, Michie et al, 2017), it is clear that a better understanding of job quality in the cooperative and social enterprises sector is needed.

## Working time and work–life balance

Previous studies (for example, Navarra, 2013) have shown that when cooperatives<sup>5</sup> are faced with downturn, they trade working time for wages. Although reductions in working hours are agreed collectively, there is some indication that such moves sometimes result in lower job satisfaction (Basterretxea and Storey, 2018). In their interviews with US-based entrepreneurs who set up social enterprises all over the world, Dempsey and Sanders found that employment in this sector is associated with the pursuit of a higher calling and, thereby, ‘adopts a moral tinge’ (2010, p. 453). As a result, workers are expected to work long hours and have poorer work–life balance. However, the lack of research and adequate evidence on working hours and work–life balance means that assumptions or expectations with regard to this dimension of job quality cannot be relied on.

A large majority of the workers interviewed for this study believed that their working hours fitted in with

their family or social commitments outside work. When asked to compare the number of hours they worked and the flexibility of their working hours to their experiences in or knowledge of other organisations, workers gave positive assessments.<sup>6</sup> The majority of workers said hours were ‘better’ or ‘much better’ than in other organisations, and very few said they were ‘worse’ or ‘much worse’. Many also thought they had greater flexibility in their working hours, with only a small number stating this was worse than in other organisations. This flexibility provided by organisations ranged from allowing staff to choose the hours they work to taking time off to attend family and other events or deal with crises. A couple of organisations allowed homeworking or remote working, and teleworking was possible in one organisation.

According to most managers, achieving good work–life balance for staff was a goal in their organisation. This aim was explicitly stated in over half of the manager interviews.

### Box 1: Work–life balance in a Polish social enterprise in the business, professional and financial services sector

Established in the mid-1990s, this organisation employs 25 people mainly in full-time roles, some of whom have disabilities. The organisation relies on public sector contracts. In 2018, the organisation was in the process of expanding.

The organisation encourages flexibility both in terms of the hours people work and how they execute work tasks. In addition, good work–life balance is an objective stemming from the organisation’s values. This social enterprise has a flat organisational structure that promotes cooperation, knowledge sharing and a friendly atmosphere. As of March 2019, workers are not involved in management and governance, but the organisation is considering making changes to this soon.

Managers admitted that the organisation cannot pay as well as mainstream business organisations. However, as it is able to provide a good work–life balance, it is in a position to attract and retain workers. As the manager stated:

*It is not a corporation. People employed here know they will not get any additional benefits, a super laptop or additional medical coverage, for example, but there is flexible working time, everyone works on their tasks, my [staff] know what to do, I do not count their time. If they need to come in later or leave earlier – no problem. But there are situations when they have to do overtime. If such is the need, they just tell me and we settle the matter.*

Workers confirmed that the flexibility in hours and task autonomy are significant incentives for working for this organisation. Workers also believed that this flexibility demonstrated trust between workers and managers and added to the positive work atmosphere. One worker commented:

*There are times when one has to stay longer, but usually there is no need to work overtime ... if this is the case, you can come in later the next day. No problem. For example, I commute – sometimes the train is late and there is no problem. I am also free to choose the order of my tasks.*

<sup>5</sup> The definition of cooperatives referred to in literature varies and can incorporate types of cooperatives not included in the case studies (see Chapter 1): for example, consumer cooperatives.

<sup>6</sup> Workers were asked to choose a comparator indicator that was meaningful for them. This comparator may have been a previous employer or their knowledge of work within their local area or with other organisations working in the same sector.

For most organisations, good work–life balance was achieved through allowing staff to work flexibly. Some managers noted that prioritising good work–life balance was also an effective recruitment and retention strategy. This strategy seems to work well given the long tenure of many interviewees and the high levels of satisfaction they have with their hours and job flexibility. In addition, work in some organisations is primarily project based and, therefore, driven by deadlines; workers are given flexibility as long as the deadlines are met.

*The most important thing is to meet deadlines. How you do it or when you do it is up to you ... Flexibility is important and it is beneficial for everybody. People are happier when they get better conditions, and they work better as well.*

(Manager, worker cooperative, Spain)

In a handful of organisations, the introduction of new technology has enhanced flexible working. New technology is usually applied to assist those who work remotely in part-managing their own hours and rotas through web- and app-based appointment systems and time sheets.

In a number of organisations, primarily in the health and social care sectors, there is little flexibility for certain job roles. This inflexibility is ascribed to statutory requirements or the specific demands of tasks, which mean that individuals cannot choose when they work.

Some national actors, particularly in Spain and Italy, mentioned that cooperatives were able to navigate the financial crisis better than other organisations because they were able, with their workers' consent, to be more flexible in terms of reducing hours and wages.

### Skills and task discretion

A key aspect of task discretion is providing workers with the skills that underpin their ability to take greater responsibility within their work. According to the literature, the long-term relationships with their members and the reinvestment of surpluses into organisations enable cooperatives to invest in the long-term skills development of workers. The aim of continuing education and development is also reflected in cooperative values (ICA, 1995). In 2006, an estimated 90% of workers in the Mondragon cooperative in the Basque region of Spain participated in educational activities, either through a training programme or continued education in Mondragon University (Corcoran and Wilson, 2010). An OECD study (2013) into the social economy reported that due to limited resources many social enterprises experience problems providing training for workers.

Managers within most of the case study organisations spoke about skills development as a core value of their organisations. This situation was most notable in Spain, Sweden and the UK. In addition, a large majority of workers across the five countries said that they have lots of opportunities to develop their skills.

As skills development may be influenced by sectoral or occupation factors, workers were also asked to compare their current organisation with others (either organisations they had worked for in the past or those they knew of in their local area or sector). Most workers believed their skills development opportunities were 'better' or 'much better' than those in other organisations. Very few thought they were 'worse' or 'much worse'.

According to managers across the case studies, skills development revolved around four main areas.

- **New technology.** Training was provided to use new equipment or software related to specific job tasks or work organisation or quality assurance. As a worker in a multistakeholder cooperative in Spain noted: 'We need to be up to date as our sector is very competitive and the new technologies have invaded everything ... We have many training activities, technical and non-technical.'
- **Regulation.** Many organisations operate in highly regulated sectors (for example, health and social care), so training aims to meet regulatory standards: for instance, those related to dementia care or lifting patients.
- **Occupational skills.** Training courses are designed to develop workers' professional, technical and job-specific skills and their general management skills.
- **Responding to business pressures.** This tended to involve the development of sales and marketing skills, but one organisation also included foreign-language training with a view to increasing export activities.

Skills development enabled workers to do their jobs more effectively, to carry out different jobs as the need arose and to help develop the business. In addition, four organisations provided formal staff training in cooperative governance. In many organisations, development of staff skills to address external pressures was deemed essential, the alternative being to subcontract tasks or employ temporary staff.

## Box 2: Skills development in a Spanish worker cooperative in the education, health and social care sector

This organisation has been in existence since 1990, providing health services. It employs almost 100 people. Although hit hard by the financial crisis, the organisation experienced job and business growth in 2018. The nature of the work demands flexible working and time management as its services are delivered remotely. To this end, workers have supportive managers.

Digitalisation and the introduction of new equipment across the sector and within the organisation has meant changes to the way workers do their jobs as well as how the organisation manages and supports them. Both managers and workers needed to be trained in the application of this new technology, which allows workers to manage their time, identify tasks and communicate with managers and colleagues.

Most vocational training occurs on the job and is related to technical aspects of the job, occupational updates and new requirements (in some cases defined by regulation). With remote working, training also needs to be flexible given the complex time schedules and locations involved.

Some training occurs off the job if the work requires specific qualifications (for example, university degrees). If this training is necessary for the job, the employer funds it.

There is no formal career development strategy, but the company offers in-house training for vocational skills (10–12 courses per year), as well as transferable skills training (in customer relations and leadership, necessary for working remotely) to all employees. All the workers interviewed have expanded their responsibilities within the business and some have been promoted.

Receiving appropriate training and support enabled workers to take more responsibility for their tasks and to work more independently. This has allowed them to work more flexibly and has also contributed positively to their work–life balance. Overall, workers felt supported by their managers and colleagues, and they said that the business culture in the cooperative fosters personal and professional development.

While most organisations invested in formal and informal training, relatively few had personal development programmes. Those organisations that did tended to be in Spain, Sweden and the UK. A worker in a social enterprise in the UK noted:

*All staff receive annual appraisals. They get the opportunities to develop their skills if they want to or if they are struggling with a particular thing. It is done flexibly and you get support.*

A manager in a small Spanish worker cooperative stated:

*Each one of us has to identify our personal weaknesses or limitations. We share them and we decide, together, what kind of training needs to be paid for by the cooperative or using personal resources.*

While most training was formal, delivered on or off the job, other skills development techniques were used. One UK cooperative used job expansion as a development technique. For example, one technical worker had been given the lead for marketing and had undertaken external training courses to do so.

Another worker highlighted how their governance skills had been developed informally through being given responsibilities within the organisation:

*I have had opportunities to sit on representative bodies which I would not get in other organisations, and this has been a key part of my personal development – for example, chairing meetings, writing agendas, talking to other people. I am now representing other people and do public speaking.*

(Worker, worker cooperative, UK)

In an Italian social enterprise, the manager noted that training was provided through a range of different learning methods. One example involved a residential learning session during which students and teachers shared accommodation for a week, passing on knowledge and discussing experiences; this created a stimulating environment that enhanced the learning process. This approach was part of a continuous process of development that aimed not only to develop the professional and personal skills of workers, but also to contribute positively to the working environment. A worker at this organisation said:

*We are enthusiastic about the training and the stimuli we receive every day at work: they are fundamental for accelerating our learning curve and for our further personal and professional development.*

### Box 3: Greater worker responsibility in a UK worker cooperative in the engineering sector

This organisation was established in the mid-1990s but only became a cooperative 15 years later. It employs around 50 people and experienced job and business growth in 2018.

A key driver of the business is innovation. Innovation provides a competitive edge in relation to products. Product innovation has been driven by customer needs and developed through close relationships with customers in order to understand and deliver what these customers want.

There have also been innovations in internal quality assurance systems to achieve Total Quality Management standards. Part of the approach to improve quality assurance systems involved devolving decision-making throughout the production process to individual work teams. Autonomous work units were created in order to increase worker accountability and responsibility for what they produce. A manager explained:

*We are encouraging people to take responsibility in the workplace. We are instituting greater autonomy in decision-making and restructuring the business into smaller management groups based on tasks. People will have to manage these work units themselves. We have looked at how other businesses have done this, both cooperatives and non-cooperatives.*

The fact that this is a worker cooperative is driving the approach to giving people more responsibility. One worker said, 'With employee ownership, you feel that you are working for yourself rather than a managing director.' It promotes better and more open working relationships. 'I feel really involved and it is a pleasing environment. My contribution has always been recognised. I am given responsibility to manage my own work; there is a lot of trust.' A manager concurred:

*Everyone is working together, everyone buys in to the business and what they are doing. You give and get advice and share information. Everything is team focused... everyone has a mutual interest in the company doing better, and that is reflected in their attitudes to each other.*

Skills development also served to underpin workers' task autonomy. A large majority of workers believed that they were able to choose or change the order of tasks involved in their jobs. However, the level of task autonomy varied across job roles. According to workers and managers in education, health and social care sectors, employees were constrained by legislation and regulation and the particular needs of their clients or patients. In addition, people supervising large plant equipment had to adhere to health and safety regulations, which limited their task flexibility.

Some organisations are developing organisational structures to create greater staff autonomy. For example, a worker cooperative in the UK is reorganising its business, creating smaller self-managed units that focus on specific tasks. This cooperative has been analysing the organisational structures of other cooperatives and non-cooperative businesses within its sector. In another example, an Italian social enterprise has created a 'learning organisation' to enhance worker responsibility and task discretion.

#### Social environment

The majority of the workers who were interviewed expressed the opinion that their line managers are encouraging and supportive. When asked how supportive their line managers and co-workers are

compared to other organisations, the large majority thought they were 'better' or 'much better'. A worker at a Spanish multistakeholder cooperative said that:

*From my point of view and personal experience, the work environment here is excellent. My boss and colleagues are very supportive, and I have had all the opportunities to develop. I feel very privileged in relation to my colleagues and my supervisors. We are a kind of family here.*

As this is a value-driven organisation that promotes the development of workers and their involvement in decision-making as one of its core values, the positive rating of colleagues might be expected.

While some workers mentioned that the level of support depended on the personal characteristics of the line manager, most mentioned peer support and encouraging, friendly and family-like working atmospheres that derived from the overarching business culture of the organisation. A worker at a Polish worker cooperative said that the atmosphere at the workplace is a big advantage. The cooperative is small and employee turnover is low, and this fosters good relationships. The employees feel responsible for the future of the cooperative, and this means that in times of crisis they are willing to sacrifice their own time and resources for the cooperative.

### Box 4: Positive work environment in a UK social enterprise in the education, health and social care sector

This social enterprise was established in the mid-1990s and employs over 60 people. After the financial crisis, the organisation faced significant challenges due to greater competition in tendering for public sector contracts. Job losses (especially at management level) and the ending of bonuses followed, although wage levels for non-managerial workers were maintained.

The organisation is run on democratic principles. Workers contribute to the organisation's day-to-day task-based decisions. All of the workers interviewed appreciated their involvement in the decision-making process. According to one:

*We can talk about the main things and the best solution. We have just had a meeting about the business. You can discuss any problems – the business, the job, the clients.*

The action taken by managers to reduce their own hours and wages first, workers' involvement in decision-making and the knowledge that rewards will be shared all create a positive work environment. In addition, many workers can look forward to career development opportunities as other workers progress to supervisory levels. Workers are supported in their day-to-day tasks and career progression through the availability of a wide range of training, although some of this is in place due to regulatory requirements. Staff receive annual appraisals and have opportunities to develop their skills.

The workers mentioned how happy they were to work for the organisation and appreciated the positive atmosphere and close relationships among workers at all levels. Workers, supervisors and managers discuss current workloads and other work concerns. People are encouraged to make suggestions and raise concerns either formally at the quarterly meetings or informally by talking to colleagues and managers. The workers felt that they had an understanding of work pressures thanks to the team leaders. They rated the organisation highly on aspects such as manager support, skills development and workers' ability to improve work and have an influence.

When asked whether line managers are encouraging and supportive, one worker said, 'Always. Any problems, they are always at the end of the phone. They are approachable – all of them. They know what's wanted because they are carers themselves.'

Although a trade union promoted its activities to staff and the organisation has invited the union to speak to employees, as of March 2019 none of the workers have joined.

### Prospects

Based on the interviews with managers and workers, a large majority of the case study organisations had positively encouraged personal development within (and sometimes outside) the job role.

In worker cooperatives, being a worker-member creates a longer-term perspective for both workers and managers, emphasising personal skills and career development. In some countries, cooperative organisations have developed their own colleges and universities (such as the Cooperative College in the UK). The picture is different for social enterprises, however. Some national actors believe that lower levels of financial resources in social enterprises, together with relatively poor job quality (low pay and shorter-term contracts), discourage investment in skills development in these organisations.

### Recruitment

Before working for their current organisation, 37 workers were in other employment – 31 in full-time employment. Four had been self-employed, and seven had been unemployed or economically inactive. Just under half of the workers were recruited in response to a job advertisement in a newspaper or on a jobs board, the Internet or social media. Around one-quarter were already involved in the business (for example, as a trainee). One in five heard about the vacancy through word of mouth or by directly approaching the organisation. In most cases, workers went through a formal interview process before being appointed.

According to interviews with managers and workers, most organisations had a standard approach to recruiting workers, and this did not vary according to occupation. A minority said that recruitment did vary by occupation. In some cases, this was because of a preference for recruiting from within the organisation.

This was particularly the case with management and supervisory positions, the rationale being that candidates would already have an understanding not only of the roles of the staff they would be overseeing but also the organisation's values. In other cases, recruitment methods varied depending on the level of difficulty involved in recruiting to particular job roles. For example, some posts (such as administrative positions) could be filled by placing job advertisements locally. In other cases, specialist publications were used: for example, in hiring professional health workers.

Many (but not most) of the case study organisations had a preference for recruiting specific groups of people. Although not a binding requirement, seven organisations preferred to recruit young people. There were a number of reasons for this, including high unemployment rates among young people in some countries, the desire to progress people within the organisation and the high average age of existing workers. Four organisations planned to recruit people with disabilities, in part for equal opportunities reasons but mainly because they worked in sectors supporting people with disabilities.

### Career prospects

Most workers believed that their jobs offered good prospects for career advancement. Workers also said that, compared to other organisations, as of March 2019 their career opportunities were 'better' or 'much better'.

Internal promotion, especially for managerial and supervisory roles, was common. In addition, expansion of the roles and responsibilities of staff was a major objective in almost all of the case study organisations. Most managers spoke about career development as a core value of the organisation. This was most notable among interviewees in Spain, Sweden and the UK. In contrast, career progression was more problematic in the Polish organisations as employment levels had declined or remained static.

Managers noted that career development activities are driven in part by the need to retain staff. It was also believed that internal progression creates better supervisors, team leaders and managers, since they already know the business and the various roles within the organisation.

*All of the team leaders have progressed through the business, having worked as carers. Having worked as a carer helps in the role of team leader because they know what the job entails.*

(Manager, social enterprise, UK)

Some organisations recruited young people so they could be promoted through the ranks.

*We want to recruit 'education high, job low', so we like to recruit younger people and progress them quickly in the firm. This provides challenges over functional specialisms; for example, HR, finance and sales [where more experience is required].*

(Manager, worker cooperative, UK)

## Box 5: Career progression in a Swedish worker cooperative in the engineering sector

This organisation has been a worker cooperative since the late 1980s and, as of March 2019, employs more than 30 people. It managed to navigate the financial crisis unscathed thanks to a key customer in the public sector (which had been less affected by the crisis than the private sector). It has increased employment since 2009 through more sales in existing markets and has expanded to take on new markets and customers. It is also an innovative organisation and has developed new products based on emerging environmentally sustainable technologies.

The organisation has little problem in recruiting staff. It also recruits trainees so that they can progress into permanent job roles. Existing staff are also encouraged to progress. One manager commented, 'We want the business culture to motivate each employee to develop.' The same manager said:

*We try to support people who want to grow and learn. They are a resource to the business and we want them to stay. When we are in need of people, we announce this internally as well to give the current employees the opportunity to apply and change position.*

Individual personal development and training needs are identified through annual staff reviews. Skills development is also a priority for the business, partly as a means for driving up product and service quality. Training is made available, and people are encouraged to move to other positions inside the company in line with their aspirations. In fact, each person in the current management team started in a more junior position in the business.

Workers were very positive about their training and career development opportunities. They thought training opportunities were better than in comparable organisations. The workers interviewed had been involved in a range of skills training activities, including training in project management, quality and sustainability management, accounting, new software, working environment and regulation. In their opinion, the training they have received has improved their job prospects.

The age structure of employees combined with low staff turnover presented managers and workers with a challenge in terms of career opportunities. Workers liked working in cooperatives and social enterprises and so retention was strong. The consequence, however, was that progression opportunities can be limited. As one worker in a worker cooperative in the UK put it, 'The main problem is "dead man's shoes" because there is low staff turnover.'

Workers confirmed that organisations valued staff development and progression, and this was much appreciated by them. One worker in a social enterprise in Italy asserted: 'This kind of organisational behaviour increases the enthusiasm of all the collaborators and creates an effective work environment.' In Spain, workers in a worker cooperative and a multistakeholder cooperative all said that their roles and responsibilities had expanded over time. In the latter organisation, the workers had started in sales positions and, through encouragement and promotion, were now in managerial positions.

### Job security

The limited research evidence on job security indicates that cooperative worker-owners consider their positions to be very secure. However, high job security in cooperatives is obtained by adjusting working hours and wages when faced with adverse conditions. A survey of Italian worker cooperatives involving 415 workers across 18 cooperatives in the Emilia-Romagna region included the respondents' own evaluation of the risk of job losses or wage reductions during economic downturns (Navarra, 2013). Over 77% of respondents did not consider it likely that they would lose their jobs and assessed the risk as 'low'. However, 27% of respondents who reported not being exposed to unemployment considered themselves at risk of having to accommodate wage fluctuations.

In social enterprises, there is much less job security, as employment growth and contraction are largely contingent on funding cycles. An OECD (2013) study found that job security tended to be higher in cooperatives (due to workers and managers seeing their membership as long-term investment in the organisation) than social enterprises (due to lack of financial resources).

Workers interviewed for the present study reported high levels of job security. This is consistent with the economic resilience, values and strategic decision-making structures of these organisations, as found elsewhere. In the main, managers across the case study organisations reported that overall job numbers

have increased; employment had fallen in only 5 of the 20 case studies. Moreover, among those able to comment on the period prior to the financial crisis up to the time of interview, more interviewees noted that their organisation experienced employment retention or even growth, as opposed to declining job numbers.

For most workers, the level of job security depended on the commercial success of their organisations, which typically was based on developing existing or new markets or products. As the manager of a Polish social enterprise said:

*During the financial crisis and afterwards ... the social enterprise did not have to reduce the number of employees or change the working conditions. This was made possible by its well-established position in the Polish market, as well as the constant funding of its operations by PFRON [State fund for the rehabilitation of people with disabilities], which the social enterprise received as a result of hiring persons with disabilities.*

Most of the organisations spoke about making trade-offs between wages and jobs in order to survive immediately after the financial crisis. Five organisations stated that after discussion and democratic agreement, workers opted to take pay cuts rather than accept any redundancies. In one organisation, however, workers voted for redundancies rather than wage cuts. Workers in this organisation discussed the options at a meeting of their annual assembly. They debated other options (for example, reduced pay and hours) but voted for voluntary and compulsory redundancies. This resulted in 30 people losing their jobs. Again, however, the final decision was made democratically.

Employment for freelance workers can be especially precarious. A platform cooperative was created in order to bring greater job stability to these workers. It originally began in Belgium and has now expanded to eight other European countries (of the five countries focused on in this report, only Italy is included). The financial crisis had a positive effect on this organisation because the number of freelance workers grew. Although each country has a separate organisation, the cooperatives share revenues, creating a mutual link among the more than 120,000 members across Europe (1,100 in Italy). This sharing of revenues provides freelancers with the flexibility to work across different countries, as their work is supported across the different legal, social security and tax systems of each country. The creation of a single fund also allows the cooperative to ensure timely payment to freelancers and provides a guarantee fund designed to protect workers in case their clients fail to pay.

## Box 6: Job security in a Spanish worker cooperative in the education, health and social care sector

This organisation\* has been providing health services since 1990 and was hit hard by the financial crisis. It employs almost 100 people.

The organisation instituted pay cuts for all employees from 2012. This decision was agreed with workers in order to avoid redundancies. Workers acknowledged that the impact of the financial crisis on the organisation had been significant, but less acute than in mainstream business organisations because of the priority among both the organisation and workers to maintain jobs. Workers commented that there were three rounds of pay cuts during the financial crisis. On each of the three occasions, the company informed workers about its precarious financial situation, and workers voted at an assembly on the option of introducing a pay cut. There were no other changes in their working conditions. One worker commented:

*Managers gave us all the information, everything was very transparent and ... we organised an assembly and we decided, voluntarily, to accept the pay cuts ... because we did not want anybody to be fired ... Managers also decided to adjust the budget and their earnings. It was a two-sided compromise.*

Workers also mentioned how risks and rewards were balanced over time. Prior to the financial crisis, workers had received a substantial pay rise followed by pay cuts and wage freezes when the financial crisis hit. Although at the time of the interviews, the organisation was experiencing job and business growth, as of March 2019 salary levels have not returned to their pre-crisis levels.

\* This organisation is also discussed in Box 2 on p. 35.

## Pay

On pay, which is sometimes used as a proxy for job quality (for example, Osterman and Shulman, 2011), the evidence for worker cooperatives is mixed. Studies in France and Uruguay suggest worker cooperatives pay their (non-manager) workers more than mainstream business organisations, whereas those undertaken in Italy and Spain suggest that they pay relatively less (Pencavel et al, 2006; Burdín and Dean, 2009; Clemente et al, 2012). Research on social enterprises suggests that pay levels are low compared to other organisations due to insecurity of funding (OECD, 2013). What is apparent is that the internal wage hierarchy (that is, the differential between the highest and lowest paid) in worker cooperatives is narrower than in mainstream organisations (Pérotin, 2016; Basterretxea and Storey, 2018). Similar findings emerge in a study by Bartlett et al (1992) involving a comparative investigation of firms in Italy and research by Burdín (2013) in Uruguay.

Most workers in the case study organisations reported they were paid well compared to employees in other organisations, although this perception varied among countries and type of organisation. Only a small minority thought their pay was 'worse' or 'much worse'. Workers in cooperatives were much more likely than those working in social enterprises to report being satisfied with their pay, although the reasons for this difference are not clear.

However, in Italy, most workers believed that they were not paid appropriately and that their wage and remuneration levels were worse than that in comparator organisations. For some, this relatively

lower wage was offset by the advantages of working for a non-profit organisation. As one worker in a social cooperative in Italy said, 'It is a choice of the worker. The positive side is that the job is very interesting and I can propose and manage the ideas that I believe in.'

Most managers also believed that their organisation paid better than others. In some instances, managers were able to benchmark wage levels against sector averages. Other managers believed that their organisations paid better than the non-profit sector generally, but not necessarily the for-profit sector.

There was variation among case study organisations in terms of the existence of pay differentials. In three organisations, everyone received the same pay. However, pay differentials were evident in seven case study organisations. In two of these organisations, the highest pay was around 2.5–3 times more than the lowest. In one of these organisations, the differential was agreed at the annual members' assembly. However, in most of these organisations, pay differentials were not based on ratios between managers and workers, but depended on work role rather than occupation. For others, pay levels were decided through national bargaining and agreements, which tended to operate across particular sectors.

Some organisations had recently experienced recruitment difficulties that had forced them to increase pay levels for particular occupations. This need to raise pay highlighted a tension for managers: the economy has improved since the financial crisis and labour markets generally have tightened. As a result, organisations are having to increase their pay offerings

### Box 7: Pay and remuneration in a Swedish worker cooperative in the education, health and social care sector

This organisation has been operating since the early 1990s. It was established by public sector employees 'contracting out' their services as a mutual using a cooperative structure. It employs over 300 people. Jobs and turnover have expanded since the financial crisis. One manager commented that this was, in part, due to the social problems created by the crisis, which increased demand for services. The organisation has also expanded its scope in terms of services offered and geographical areas covered.

The organisation's policy is to offer wages comparable to those offered by other employers. Wages are individually negotiated in accordance with central employer–union agreements. In addition, there are annual individual manager–worker meetings to discuss and evaluate individual goals, performance and pay. Unit managers are responsible for meeting their goals and spending within their budget, and they are entitled to adjust wages within their respective budgets. Individual wage negotiations include performance monitoring against individual goals.

There is also a profit-sharing scheme. The aim is to pay all workers an extra monthly wage each year. This payout was made in 2017 and 2018. In addition, there is well-being support which includes two days' extra leave per year.

None of the workers interviewed are union members, though other employees are. One of the workers said that, previously, she had always been a member of a trade union and had thought this was necessary but, inside this organisation, she feels she has real power and is more able to exert influence.

to new recruits, but this affects pay differentials for existing workers.

Most organisations paid dividends or bonuses, usually in the form of dividends on members' shares or through profit-sharing. 'In accordance with the terms of remuneration, it cannot be lower than 25% of basic salary. It is usually higher', explained a manager in a Polish worker cooperative. Workers in some organisations mentioned that dividends and bonuses that had been discontinued in the wake of the financial crisis were now beginning to be paid again as the organisations' financial security increased.

Some organisations have more complex performance-related pay that is calculated on a site, departmental or individual basis. In one Spanish multistakeholder cooperative, there are occasional bonuses and incentives for all staff members related to three objectives – business performance, department performance and personal performance. Seven organisations also provided non-financial rewards, such as medical benefits and travel vouchers.

#### Voice and representation

On the whole, workers in the case study organisations tended to feel engaged in decision-making processes. Furthermore, a large majority of workers thought their current organisation was 'better' or 'much better' than other organisations at involving workers in decision-making. Very few thought their organisations were 'worse' or 'much worse' than other organisations in this respect. In addition, there was little difference in views across cooperatives and social enterprises.

In most of the case study organisations, workers (as members or employees) had a number of formal and informal mechanisms through which they can influence their organisations in terms of strategic concerns and operational functioning. These mechanisms ranged from annual meetings of an assembly (usually the highest level of decision-making, to which all members are invited) to monthly 'pizza meetings' (less formal, but still democratic, mechanisms for discussing and agreeing decisions).

The concerns with ensuring voices are heard and members and employees are represented reflect the values and objectives of these organisations. Managers often used the terms 'transparency', 'inclusion', 'accountability' and 'fairness' when speaking about decision-making structures and supporting democratic governance. One manager in a social enterprise in Italy commented:

*[We are] a truly democratic enterprise where each member can express [their] view and bring their own proposals. The board is fully committed to ensuring that business information is fully available for all members so that decisions can be taken in complete transparency.*

Workers agreed that their organisations took a transparent approach to decision-making and governance. As one Spanish cooperative worker said, 'The decision-making process is very transparent and so is the communication.'

The focus of decision-making varied across the case study organisations, from strategic concerns to operational and task-based issues. For some organisations, worker involvement and communication is part of an effective management system that promotes shared understanding of, and agreement with, the strategic direction of the organisation. This transparency results in higher levels of worker buy-in to the organisation, thus making it more resilient. In a Swedish worker cooperative, a manager described the process whereby employees are involved in decisions about ‘ownership’ issues at the annual meeting (which also elects the board) but have few other opportunities to participate in decision-making within the organisation. Some organisations were clear in delineating the roles of managers, worker-members and employees. In a Polish worker cooperative, managers made it clear that it was up to managers and directors to make operational decisions, with workers having a say in annual strategic decisions (via the assembly) and day-to-day task decisions within their work units. With respect to decision-making on tasks, almost all workers noted that they can influence decisions that are important for their work. One worker in a Spanish worker cooperative said:

*We are encouraged to make important decisions within our tasks and position, and we do not feel pressured if we make a mistake. We have regular meetings ... Important decisions are not imposed but agreed.*

A large majority of workers were positive about their level of involvement in the management and governance of their organisations. As one worker in a Polish cooperative said: ‘Here we discuss things together; nobody forces anything. Everyone can say if there’s any problem ... if anything needs to be changed or improved.’ A worker in a UK cooperative noted that, even at pizza meetings, ‘we discuss everything: orders received, the bank balance, fluctuations in investments, changes in the shop floor, roles and responsibilities.’

A key challenge concerns the balancing of effectiveness and democracy. Interviewees in four organisations reported that it was difficult to get worker-members and employees involved in decision-making, in part because it was seen as an ‘additional’ and time-consuming activity – time that workers might spend on other activities such as being with their families. One UK cooperative manager commented:

*The day-to-day challenge of managing an employee-owned business is that people think they have a say, which is great, but the risk is that we spend six months rather than six minutes discussing things.*

Workers’ ability to express their opinions and participate in decision-making was not evident in all case study organisations. According to one worker in an Italian cooperative, staff are ‘demotivated to participate because we have no power to influence decision-making processes’. In one social enterprise in Poland, managers did not encourage workers to participate in decision-making: ‘We are only given information concerning changes’, according to one worker.

### Box 8: Employee voice and representation in an Italian social cooperative in the business, professional and financial services sector

Following a merger, this organisation was established as a cooperative in 2014. It employs over 600 workers and is expanding its workforce as it successfully competes for public sector contracts.

Half of its workers are members. Membership is actively encouraged, and membership shares can be purchased outright or deducted from the gross monthly salary. However, with the merger, there will be a delay as workers from the newly merged organisation become members.

From the workers’ perspective, bringing people together from different organisations has created challenges as far as voice and representation is concerned. As one worker put it, this is because ‘we came from different organisations, each with its own features and culture’. Another revealed that conflicts arising from different business cultures have had a significant impact on everyday activities, challenging the management, governance and decision-making structures.

The assembly represents the highest level of governance in the organisation. At this level, a ‘one member, one vote’ system is in place. The assembly agrees the strategic direction of the organisation, elects the board of directors and approves the annual financial statement. The board of directors meets on a monthly basis and manages overarching operational issues.

Managers have been given responsibility for developing and implementing a coherent corporate culture shared across the whole organisation. Internal communication has improved through extended meetings between managers and workers. These meetings provided a forum in which strategic objectives and financial plans can be proposed, discussed and agreed and where innovation can be developed. Workers were positive about their involvement in these meetings and their contribution to decision-making. One worker commented, 'I can propose and manage the ideas that I believe in.'

## Summary

Overall, job numbers have increased across the case study organisations. In most of the 10 organisations where comparisons could be made with employment levels prior to the financial crisis, employment had increased or remained stable. For a number of organisations, changes in reported employment levels are not exclusively related to the impact of the financial crisis.

Across the case study organisations, managers reported increased employment in all but one occupational group. The same was true for most modes of employment. Therefore, there does not appear to be a restructuring of types of jobs towards more flexible working.

Workers in the case study organisations rated job quality highly, both in absolute terms and in comparison to similar organisations. They also gave high ratings to the social environment, voice and

representation in the workplace, work-life balance and task discretion. Views on career prospects were more mixed. On the one hand, skills development and job security were strong and there was significant intent to provide workers with career opportunities within organisations; on the other hand, those opportunities were limited due to low levels of staff turnover. Managers and workers reported that many of the dimensions of job quality were integral to organisational objectives and, thus, were prioritised in workplace practices (for example, flexible working hours).

It should be noted, however, that the 20 case study cooperatives and social enterprises were not randomly selected and are not representative of cooperatives and social enterprises more generally. Moreover, it has not been possible to compare their employment performance with that of mainstream business organisations.



## 5 Factors affecting employment in cooperatives and social enterprises

This chapter reports on the main drivers and barriers to employment. It starts by drawing evidence from the literature review and then presents findings from the interviews with case study organisations and national actors.

### Drivers and barriers identified in the literature

The fact that cooperatives and social enterprises have created and retained jobs following the 2008 global financial crisis has led to increasing research and analysis, although this is mainly focused on cooperatives. A range of factors that help stimulate or inhibit job retention and growth have been identified: some internal to the enterprise (including structural features) and others external – and hence not controllable by the organisation (such as the wider economy).

The literature identifies the main drivers of employment within cooperatives and social enterprises.

- Wage flexibility.** This refers to the willingness of workers to make sacrifices over pay in order to maintain jobs and help cooperatives survive and respond more quickly to crises (Pérotin, 2012; Euricse, 2015; Boeri and Jimeno, 2016; Bailly et al, 2017; Basterretxea and Storey, 2018). This occurs because cooperative workers, as owners, have an interest in the survival and success of the company and also benefit when the organisation performs well. This contrasts with the experience in mainstream business organisations, where the interests of workers and owners are not so closely aligned. This mechanism has also been found in social enterprises (Monzón and Chaves, 2012).
- Democratic decision-making.** This is identified as both a driver and barrier. It is argued that democratic decision-making is time-intensive and conservative, reducing the speed with which cooperatives can respond to challenges or opportunities (Millstone, 2015; Basterretxea and Storey, 2018). However, this process can also mean that decisions to reduce job levels may not be taken as swiftly as in mainstream business organisations, resulting in job retention in the short term at least (Eurofound, 2016, p. 9). In social enterprises without participatory processes, decision-making may become slow and inefficient, affecting governance as workers become disengaged (Monzón and Chaves, 2012).

- Mutual support.** It is in the nature of cooperatives to support one another, and this is particularly true of parent cooperatives and their subsidiaries. Job retention has been achieved by moving workers along different operations (The Guardian, 2013; Schlachter, 2017; Bretos et al, 2018).
- Asset locks.** Navarra (2013) notes that cooperatives have asset locks that provide them with a financial reserve that cannot be easily extracted by individual members. These collective funds can be used to support jobs and wages in times of hardship.
- Financial support from governments.** Many social enterprises receive significant financial support from governments in the form of tax benefits (OECD, 2013). In the UK, investors in social enterprises benefit from reduced tax on their investment, and the enterprises themselves also benefit from reduced value added tax payments (European Parliament, 2016).

The main barriers to job retention and creation in cooperatives and social enterprises are also identified in the literature.

- Access to finance.** Annual surveys by CECOP-Cicopa Europe found that cooperatives' access to credit has declined since the global financial crisis. In addition, organisations working with the public sector can be subject to late payments (Roelants et al, 2012). For social enterprises, their small size, low surpluses/profit margins and relatively poor outcomes in terms of creditworthiness, as well as institutions' lack of understanding of them, also generate barriers to accessing finance or credit/loans on favourable terms (European Parliament, 2016). On top of this, support previously available from the public sector may have been reduced. The result is that the ability of social enterprises to innovate and, thereby, create jobs is reduced (Seforis, 2016).
- Regulatory environment.** Legal frameworks set the conditions by which cooperatives and social enterprises operate, and these can have both positive and negative effects. In South Korea, the introduction of a government framework in 2012 doubled the number of cooperatives in less than two years because it encouraged the creation of smaller cooperative enterprises (Jang, 2013, 2017).

However, the absence of effective legal parameters can lead to increased bureaucracy and oversight, as well as reduced access to capital (Fici, 2012, 2014; Henrý, 2013). Many EU Member States do not have a legal designation for social enterprises, which hinders their attempts to obtain legitimacy as economic actors and limits their access to capital.

- **Access to skilled labour.** Pay tends to be lower in cooperatives and social enterprises compared to mainstream business organisations, and this limits their ability to attract skilled labour (Burdín, 2013; Latinne, 2014). However, while cooperatives may find it more difficult to attract staff, they are more effective when it comes to staff retention due to the fact that workers invest their own capital in the organisation (Millstone, 2015; Basterretxea and Storey, 2018). In addition, cooperatives are more likely to invest in training for their staff because they are less worried about them being poached (Sutherland et al, 2002). In relation to social enterprises, it has been found that these organisations attract workers for reasons other than pay (OECD, 2013; Chorum, 2017).
- **Management capacity.** Any organisation's success depends largely on the abilities of its management (Sadun et al, 2017). The structure of cooperatives may diminish the ability of managers to make decisions, including those involving making workers redundant and those relating to work practices necessary for innovation. Whether decision-making structures enhance or diminish managers' decision-making abilities depends on the extent to which workers buy in to cooperative ideals; although, importantly, this type of buy-in can be encouraged by managers (McCarthy et al, 2010; Basterretxea and Storey, 2018; Bretos et al, 2018).
- **Macroeconomic factors.** These are seen to impact on social enterprises in particular. In the wake of an economic crisis, members and clients have less purchasing power. Also, governments may reduce spending on the services that social enterprises deliver and cut subsidies and tax incentives. However, it can also be the case that governments expand welfare support and look to social enterprises to deliver this.

## Drivers and barriers identified in the case studies and by national actors

It is important to remember that cooperatives and social enterprises are businesses operating in the market. All the case study organisations have been faced with a number of challenges, the global financial crisis being the most notable. These organisations have survived and, in most cases, thrived under these challenges. They have managed to retain and create jobs – mainly good-quality jobs (or at least jobs that are perceived as being better than those in other sectors) – due to their ability to: compete effectively in current markets and satisfy existing customers, move into new markets and attract new customers, develop and improve the goods and services they deliver and create new products and services.

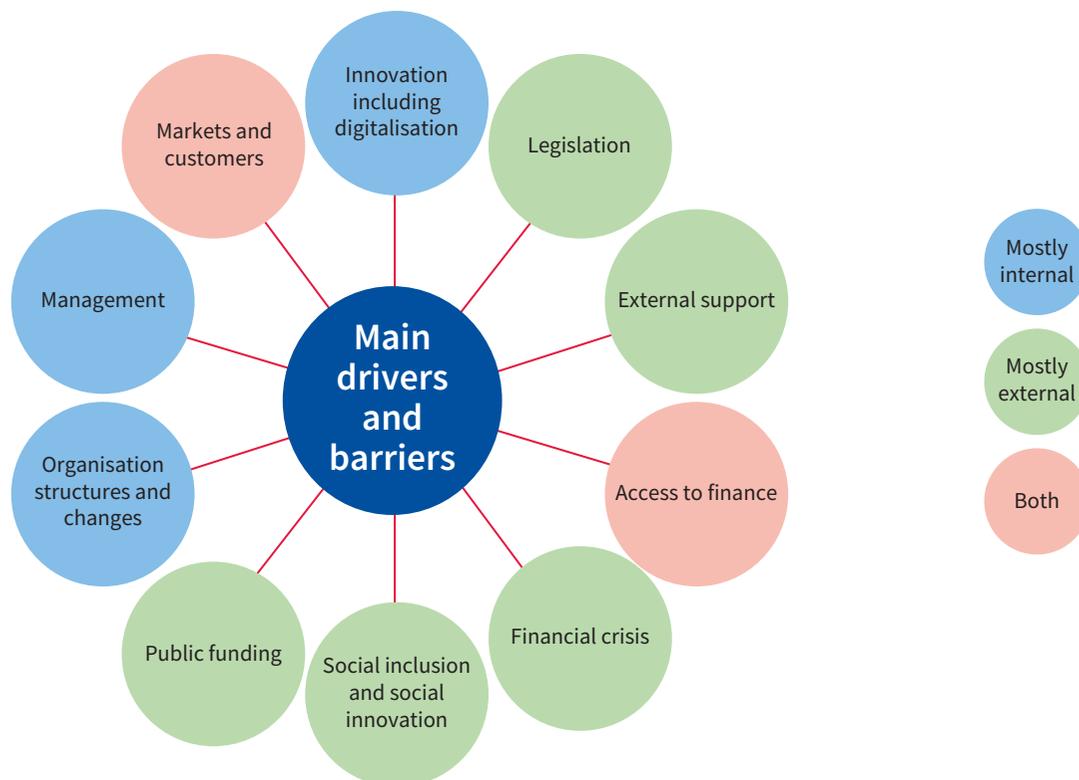
More than 20 factors that can affect employment were identified from interview data. This chapter focuses on the 10 most frequently mentioned factors (see Figure 4). These encompass internal drivers (factors inherent to an organisation) and external drivers (factors over which organisations have no control).

It should be noted that the same factors can have negative and positive impacts on employment. The financial crisis provides a good example: the crisis resulted in employment losses in some case study organisations, was barely felt by others and led to expansion in some others.

### Innovation, including digitalisation

The most frequently mentioned factor affecting employment was innovation. Innovations ranged from new product/service developments and adopting/developing new technologies (including digitalisation) to new marketing strategies and changed internal management systems. For example, one manufacturing worker cooperative in the UK was developing more environmentally friendly products, and an Italian business and professional services social enterprise developed a new programme designed to help disadvantaged young people find employment.

Figure 4: Main employment drivers and barriers



Source: Authors, 2018.

Four of the case study organisations can be considered as innovative businesses per se, with innovation being core to their business strategies rather than implemented in response to external demands. A manager in an Italian social cooperative described their approach as follows:

*We are a multi-professional organisation ... We can keep a broad and open look at the social and economic challenges our customers are facing. This allows us to anticipate changes, to know how to interpret and respond to them and support our clients in seeking to address them.*

In the majority of the organisations, innovation was regarded as having a positive impact on employment, related to increased productivity, product development and growth in customer demand. Fourteen organisations reported that there had been significant changes in the types of goods and services they delivered. Of these 14, only 3 had seen a reduction in employment, 7 had experienced increased employment and 4 had a stable level of employment.

Many organisations were investing in new technologies. All but three had experienced significant changes in the level of digitalisation. The main reason for increased digitalisation was to improve internal processes and,

therefore, productivity. It included the use of apps for organising staff who work remotely: for example, to arrange appointments. For other organisations, this involved installing improved quality assurance and product management processes across the production or service delivery processes, including product design. The next most commonly cited reason was to respond to sector or market trends. This tended to be for organisations working in sectors such as publishing, call centre services and financial services, where technology is central in shaping how goods and services are delivered. Two organisations wished to expand into delivering digital support services, since this is an area where their customers needed support. In every case, new technologies were viewed as necessary for the organisation to compete successfully.

Digitalisation and the introduction of new technology tended to have a positive impact on employment levels. Of those 17 organisations that had introduced new technology, 13 had increased or stable employment levels, with only 4 experiencing job losses. It was also reported that these technologies enhanced job quality, such as enabling flexible working hours. There were no negative comments about the impact of new technology from managers or workers.

## Markets and customers

The next most frequently mentioned factor having an impact on employment was markets and customers – specifically, the ability of case study organisations to respond to changes in existing markets, to address changing customer needs, to expand into new markets or gain new customers in existing markets.

Seventeen case study organisations faced significant changes in relation to their markets and customers. The most significant change involved expanding into new markets (for example, in other geographical areas within their countries or expanding into international markets) or gaining new types of customers (for instance, businesses in different sectors). A digital and creative social enterprise in Spain had, as of March 2019, only worked with other social enterprises but was delivering its services to private companies and local authorities. A Swedish engineering worker cooperative had expanded its customer base due to its growing reputation for high-quality products. A smaller number of case study organisations said there had been changes in relation to existing customers, most notably public sector tendering processes becoming much more competitive.

The ability of organisations to attract customers – whether individual consumers or other commercial buyers of their goods and/or services, or through winning public sector contracts – was the main driver of employment change. Quite simply, customers drive sales, which in turn creates income for organisations to employ people.

## Impact of the 2008 financial crisis

The 2008 global financial crisis had mixed effects. Of the 10 organisations in which interviewees were able to comment on employment change from before 2008, the financial crisis was seen to have had an impact on 5, while the other 5 had experienced no impact.

Among the organisations that had been affected, the impacts were both negative and positive. For those case study organisations affected negatively by the financial crisis, this was primarily due to reductions in public spending (see below). One example of a positive impact involves an Italian platform cooperative that served freelance workers: the number of freelancers had increased since 2008, thus creating a larger pool from which this organisation could recruit members.

In the five case study organisations that had not been affected by the financial crisis, most managers reported that their business metrics had improved since 2000: two had experienced significant increases in employment, and two had been insulated from the financial crisis because they served international customers in countries less affected by the crisis.

## Impact of management

Management skills and competencies are important for all businesses (and, therefore, employment), but those skills and competencies need to be extended in cooperatives and social enterprises to include the successful management of democratic participation structures and practices. Some national actors and workers said that running a cooperative is especially challenging because decision-making is more complex as it involves a larger number and a broader range of people.

Some respondents also believed that management of cooperatives and social enterprises is more effective because risks and rewards were shared. In a young, hi-tech worker cooperative in Spain, this was part of the rationale for choosing to become a cooperative rather than take a different organisational form.

*The possibility of adding people (members) to the project is a good opportunity to share risks and successes. The company was founded as a strategy of self-employment for its members, who believe that a cooperative is a good business model to develop their initiative and to create quality employment.*

(Manager, worker cooperative, Spain)

The management of cooperatives and social enterprises also benefits from a longer-term focus than other types of organisation. The key reason is the lack of short-term pressure from external shareholders, which allows for planning and organising in a context of greater stability, also underpinned by a broader base of support internally from worker-members or employees who share the organisation's values and principles:

*You can still take tough decisions, but the decisions are for the longer term. For businesses to operate on a long-term basis, you need stability and trust. Anyone can get short-term results by making unethical and immoral decisions, but people won't stay. So cooperatives are better because ... there is no short-termism.*

(Manager, worker cooperative, UK)

The evidence regarding the impact of management on employment within cooperatives and social enterprises is mixed. Most case study organisations were successful in terms of employment levels and job quality, but only three organisations identified management as having an impact on employment change: two positively and one negatively. In one Polish worker cooperative, management was criticised by workers for their low levels of participation in governance and poor customer management, which was affecting demand for services. In another Polish worker cooperative, management was credited for having successfully expanded the organisation in the turmoil following the end of communism, involving a range of organisational

process and building changes. This organisation faced significant challenges with EU accession, as industry standards changed and competition from outside Poland increased. It is now facing difficult times due to international competition and reduced domestic demand, so managers are now leading an export drive into new markets.

### Organisational structures and change

Managers and workers said that the organisational structure of the cooperatives and social enterprises was an important factor in the retention and creation of jobs. A number of responses concerned decision-making.

- Decision-making is more transparent in cooperatives and social enterprises, both strategically and on a day-to-day basis. The result is greater trust and respect, and this engenders greater worker commitment: ‘Cooperatives are focused on human capital and on teamwork, and that makes a difference in your daily work and in the way the things are managed’, said one worker in a Spanish cooperative.
- Strategic and operational decision-making is based on more effective communication. Because information about the business is shared, managers and workers are using more comprehensive and up-to-date information in their day-to-day working lives, and this makes them more effective.
- Workers believed that their input in decision-making mattered, both strategically and operationally, and this increased their commitment to the business and motivation to work. In worker cooperatives in Spain and Sweden, workers believed that being heard and encouraged to participate was both good for them personally and good for the business.
- Workers and managers stated that it is easier to make and implement decisions when they are shared. Worker-members and employees take ownership of problems and their solutions. It is easier to make and execute decisions in a ‘flat organisational structure which promotes cooperation, knowledge sharing and a friendly atmosphere in the team’, explained a manager in a Polish social enterprise. This process is particularly important when difficult decisions (such as redundancy) have to be made. A worker in a UK cooperative commented:

*In another company there would be no discussion and it would be a ‘fait accompli’. In a co-op everyone (all levels and all departments) is involved in the discussions and in finding a way out, so the solutions are less painful.*

### Public funding

Public sector reforms and, in particular, reductions in public spending since the financial crisis have significantly affected customers and markets. National actors argued that reductions in public expenditure have had direct and indirect negative consequences for employment in cooperatives and social enterprises.

- Direct impacts due to reductions in public spending.** Where the public sector represented a significant customer, financial cutbacks meant a drop in demand. The outcome was reduced employment levels or squeezes on aspects of job quality, most obviously pay.
- Indirect impacts due to changes to tendering systems.** Reduced levels of public spending meant that tendering became more competitive. Organisations either failed to win tenders or had to trim their prices in order to be successful, both of which had an impact on income and, therefore, employment.

Going further, national actors argued that public tendering is now driven primarily by cost. This means that cooperatives and social enterprises have to adjust their tenders in order to compete, which also results in public benefit being squeezed.

Managers in seven case study organisations reported that public sector reforms had affected them. For four of these, employment levels declined, two (both in the health and social care sectors) having suffered from reduced public expenditure and tendering changes. Surprisingly, of these seven organisations, five had seen employment levels and sales either increase or remain the same. For example, in one of these organisations, public sector reforms had encouraged expansion into other markets, resulting in increased employment and sales.

While there is no doubt that employment levels in some of the case study organisations were affected negatively by reduced public spending in the 10-year period after the 2008 financial crisis, most of these were able to withstand the reductions and retain or increase jobs. According to national actors, this occurred due to the following factors: increased contracting out of public services (in education, health, employment support and social care); the ‘spin out’ of organisations from the public into the private sector and these new businesses choosing mutual organisational forms; and access to additional sources of funding, such as European Structural Funds, to finance employment support for disadvantaged people.

## Social inclusion and social innovation

While the financial crisis led to reduced public expenditure, it also created a range of economic and social problems, especially for disadvantaged groups. In line with this, national actors reported an expansion of cooperatives and social enterprises supporting disadvantaged people (primarily people with disabilities and those who are long-term unemployed) towards and/or into the labour market.

Case study organisation managers and workers reported that because of their organisations' values, they were better placed to win contracts. They were regarded as an acceptable alternative to public sector provision because they were not solely interested in profit-making.

*The cooperative model, due to its non-extractive business model, represents the most viable solution in order to meet social inclusion and economic sustainability ... [They] are conceived and built on the concept of productive community ... and to satisfy societal needs with a multi-stakeholder approach.*

(Manager, social enterprise, Italy)

Managers and workers believed that cooperatives and social enterprises represent effective organisations for delivering public contracts. As with mainstream businesses, they face commercial pressures, but their values are similar to those of public sector organisations. As a manager in one Polish social enterprise remarked: 'What is important is that the organisation is driven to address social problems, supporting statutory activities with generated surpluses'.

One reason why case study organisations – social cooperatives and, in particular, social enterprises – were able to retain and increase jobs, even in the financial crisis, was their ability to provide socially innovative solutions and respond to the need for social inclusion of certain vulnerable groups in society. This social innovation ranges from their democratic and inclusive structures to the people they employ. For example, the structure of social cooperatives (legally defined in some countries, such as Poland) involves members of disadvantaged groups in management and leadership.

National actors also recognised the social innovation demonstrated by cooperatives and social enterprises. They were perceived as bringing on board socially innovative ideas to fill the gaps created by the withdrawal of mainstream businesses to deliver services that are non-profitable – such as non-profit community organisations running shops and community and sports centres.

However, the social inclusion agenda also created a number of barriers to growth. Some national actors reported that while public sector subsidies – for example, in the employment of disadvantaged groups –

can help organisations start up and develop in the short term, this support tends to be fixed-term, and once it is withdrawn, social cooperatives can struggle to continue to deliver their services and to survive.

## Access to and retention of finance

Access to finance is one of the main areas of support available to cooperatives and social enterprises, including financial support that is specifically targeted at them. National actors confirmed that cooperatives and social enterprises are able to access a wider range of financial support than mainstream business organisations. However, managers at an Italian social cooperative reported difficulties in accessing capital from mainstream banks.

In addition, because they are owned and managed by their members, the case study organisations have more financial independence and are, therefore, more resilient. A manager at a worker cooperative in the UK commented:

*What drives the mission of an organisation? You have public companies that have shareholders on their back; you have private companies that rest on personal strengths and drive of the founders/owners; and employee-owned [organisations] which do not have to rely on external or personal stimuli.*

Independence is further enhanced because there is no value extraction from the business by external shareholders: all value created remains within the organisation. This value retention results in greater returns for workers also (in pay, pensions or better working conditions). As a worker in a UK social enterprise explained:

*Cooperatives are better because they do not need to generate a profit. And if a profit does occur, then it can be shared. So the business does not have to work harder to generate a profit.*

## Access to external support

There are a range of external support organisations available to cooperatives and social enterprises that are not available to mainstream businesses. Surprisingly, case study organisations tended not to use this targeted support; instead they were more likely to access the generic business support available to all businesses.

Nonetheless, case study organisations do draw on additional support through their membership of cooperative and social enterprise networks and affiliations as well as sector-specific and area-based networks and affiliations. Managers in both a worker cooperative in Spain and a platform cooperative in the UK noted that their organisations could not have been established without the support of cooperative entrepreneurship initiatives in their respective countries. At present, they were still being supported by these initiatives as well as being introduced by them to

a wider spectrum of support. These networks and affiliations can provide a range of ad hoc and informal support. As a manager of one Polish social enterprise commented, 'Sometimes we get things done pro bono by institutions which know us.' Due to its statutory activities, this social enterprise benefits from free professional consulting services, including in the area of marketing, general management and human resource management, as well as donations.

### Legislation

Cooperatives and social enterprises have also been affected, both positively and negatively, by legislative changes. In a small number of case study organisations, managers said that legislative changes within markets had provided either drivers for or barriers to jobs. As an example of the positive impact of legislation, changes to public health and safety legislation in Spain led to a larger market for one worker cooperative due to increased health and safety requirements at public events. The requirement for enhanced levels of medical services drove up demand and, as a result, employment in the cooperative also rose. Another example involves a social cooperative in Italy that benefited from national legislation granting large cooperatives and cooperative groups greater access to public procurement.

### Summary

The existing literature identifies wage flexibility, democratic decision-making, mutual support, asset locks and financial support from governments as the main drivers of employment in cooperatives and social enterprises. The main barriers to job retention and growth are access to finance, the regulatory

environment, access to skilled labour, management capacity and macroeconomic factors. It is noted that some of these factors serve as both drivers and barriers.

Interviews with managers and national actors indicate that the ability of the case study organisations to create and retain jobs depends ultimately on their commercial success. This reflects their ability to compete effectively in current markets and serve existing customers, move into new markets and attract new customers, develop and improve the goods and services they deliver and create new products and services.

Innovation was the most frequently mentioned factor affecting employment levels. Innovation affects employment through increased productivity, product development and customer demand. The capacity to retain existing markets and customers and to expand into new markets was the next most important driver for sales and, thereby, increased jobs.

Management skills and capacities were also cited as a predominantly internal driver, in particular the sharing of risks and rewards and taking a long-term focus. In addition, organisational structures in cooperatives and social enterprises were perceived as enabling transparent decision-making and enhancing communication, although views were divided on whether this made decision-making easier.

Reduced public spending has affected expenditure on the services delivered in many of the case study organisations. Furthermore, tendering has become more competitive. Nonetheless, in some cases, this has forced organisations to enter new markets and, as a consequence, retain or increase jobs.



## 6 | Conclusions and policy pointers

Research has long recognised the potential for job creation and retention in cooperatives, as well as their ability to provide higher-quality jobs than those offered by mainstream business organisations. Along with social enterprises, cooperatives are also recognised for their resilience to cyclical and structural economic changes and their capacity to contribute to local and regional economic development, including social inclusion. Attention is increasingly focused on these organisations' ability to further the EU policy goals of creating more and better jobs, countering the trend towards non-standard employment and helping to foster EU integration following the 2008 global financial crisis. This study has investigated:

- job creation and retention in European cooperatives and social enterprises
- the drivers and barriers to employment and job growth in these organisations
- public or social partner-based support for this job creation
- the types and quality of jobs created and retained
- the ways in which these organisations might be supported to ensure continued growth and maintenance of (good-quality) jobs

Data were collected from five case study organisations in five EU Member States: four cooperatives and one social enterprise in each country. The first two parts of this chapter summarise the findings at both national and organisational levels. The third part offers policy pointers based on these findings.

Analysis is hindered by the lack of universally agreed definitions for cooperatives and social enterprises. The situation is better for cooperatives than social enterprises, as there is acceptance across the EU at least of guidelines about the basic cooperative model and the principles that characterise cooperatives. For social enterprises, the guidelines tend to be specific to Member States. Moreover, while some of the five countries featuring in this report enshrine cooperatives and social enterprises in national legislation, some do not. In addition, cooperatives and social enterprises share some features, such as participative and even democratic management. The range of cooperatives and social enterprises has also expanded in recent years, with new organisational types and legal forms.

While the guidelines are useful, the lack of consistent definition across the EU affects data collection, resulting in variations among the selected countries and, additionally, changes over time. Demonstrating the potential for job creation and retention among

cooperatives and social enterprises is difficult without a standard definition. To address this issue, the current study complements national-level data with that from organisational case studies within each of the selected countries.

### National developments

Just as mainstream businesses were affected by the financial crisis, so too were cooperatives and social enterprises. However, the sector has managed to evolve with both types of organisation having endured the crisis in 2008. National data from four of the five countries suggest that cooperatives and social enterprises have expanded over the past 10 years in terms of the number of organisations and employment levels. (The exception is Poland, but here there are legacy issues stemming from the communist era that have had a greater impact on the perceived attractiveness and viability of cooperatives.) Such data suggest that cooperatives and social enterprises, for the reasons stated below, appear to have an adaptive capacity to deal with cyclical crises as well as structural transformation and are able to ride out short-term booms and busts as well as longer-term changes in the economy.

One particular form of cooperative that has developed in the selected countries is the social cooperative. Because social cooperatives are a means for addressing social inclusion, especially in relation to the relatively high unemployment rates among disadvantaged groups, legislation has been created or adjusted to facilitate their creation in some countries – notably Italy, Poland and Spain.

Of the five selected countries, Poland was least affected by the financial crisis. However, worker cooperatives were in decline, in part due to their association with the previous communist regime. Even in this country, however, social cooperatives have expanded in the context of a need to address the labour market exclusion of disadvantaged groups of workers. In Italy, cooperatives are part of public debate, at both national and regional levels, to a greater extent than in the other selected countries. Cooperatives and social enterprises have expanded in terms of the numbers of enterprises and jobs. In addition, new forms of enterprise, such as social cooperatives and community cooperatives, have expanded in recent years. Interest and support are also growing to expand the number of digital and platform cooperatives. A number of support measures are available to cooperatives and social enterprises (for example, enabling them to apply lower wages than

those set by collective agreements), but this has also led to a number of scandals relating to ‘bogus’ cooperatives, putting a negative focus on the sector.

Spain was one of the EU countries hit hardest by the financial crisis, especially in its construction and financial services sectors. In addition, the number of *sociedades laborales* has fallen. Nevertheless, cooperatives and social enterprises are believed to have outperformed mainstream business organisations in retaining and creating jobs. Social cooperatives have expanded in Spain, as in other countries, as they support getting disadvantaged people into work. Like Poland, Sweden was also one of the EU countries least affected by the financial crisis. However, its cooperative and social enterprise sector was, and remains, relatively small as of March 2019. Employment levels in the UK recovered relatively quickly after the financial crisis. Although there has been considerable upheaval in the cooperative sector, overall there was a net gain in the number of organisations and jobs. The big development has been the prioritising of policy and support for social enterprises rather than cooperatives. The UK had the most support measures according to the national actors, most having a positive impact on jobs.

A range of generic and dedicated support measures are available to cooperatives and social enterprises in all five countries. Dedicated support is provided partly because of the role of cooperatives and social enterprises in supporting national and local policy aims: for example, providing or leveraging jobs for disadvantaged people. This support can be funded locally, nationally or through the EU. The study identified 168 support measures across the five countries. The top six types of support measures available were access to finance programmes, start-up support, general business advice, legal/institutional framework support, employment subsidies and management and leadership support. These support measures have been on offer for a number of years, most having been established soon after the financial crisis. The main supports used by case study organisations were start-up support, staff training and support for premises and accommodation.

It is likely that support measures are transferable to different countries as similar programmes are available across the five countries, such as employment subsidies for disadvantaged groups being employed in social cooperatives. All of the top six support measures were available in at least four of the five selected countries. Few of these support measures have been subject to independent evaluation, so their efficacy is unknown.

It is noteworthy that despite the well-established range of dedicated support measures for the sector, the case study organisations in all five countries were more likely to access mainstream business support. Cooperatives and social enterprises also use informal support through their membership of sector-specific, and other,

networks and associations. Managers and national actors were positive about the impact of support measures, although, again, there is little independent analysis to support these views.

Managers did express the view that more financial support would be useful. However, according to national actors, financial support for the sector is the most common support measure available. It is not clear why this discrepancy in views exists. It could be due to lack of promotion of the available measures, the right kind of support not being available at the right time or reliance on informal support networks. National actors in a number of countries did suggest that mainstream business support professionals had a poor understanding of cooperatives and social enterprises. In addition, due to their job creation focus, social cooperatives were believed to require support to develop entrepreneurial skills.

The ability of cooperatives and social enterprises to create and retain good-quality jobs depends, ultimately, on their commercial success. There are internal and external factors related to business and organisational development, although these sometimes overlap.

Innovation was the most frequently mentioned factor affecting employment. Innovation affects employment through increased productivity, better product development and growth in customer demand. The next most commonly mentioned driver was the capacity to sustain business with existing markets and customers as well as being able to expand into new markets and reach different types of customer. Acting as internal and external drivers, these drove sales and, thereby, jobs growth.

Another internal factor that was cited is the skills and competencies of management. Good management involved the sharing of risks and rewards among worker-members and employees, as well as a long-term approach to planning, afforded by cooperatives in particular. Cooperative and social enterprise organisational structures also created transparent decision-making and effective communication, although different views were given in terms of whether voice and participation made decision-making easier given that worker-members and employees have ownership of both problems and solutions.

Changes in public funding was an external factor that could both help and hinder job creation and retention. On the one hand, reduced public spending created business opportunities for the case studies as demand for services grew, especially among disadvantaged groups. On the other, reduced public spending resulted in a squeeze of funding for the services delivered by some case study organisations, as tendering processes became more competitive. However, in some cases, this squeeze forced organisations to enter other markets, thus managing to retain or increase jobs.

## Employment outcomes

Two types of employment outcome were examined at the organisational level: first, employment levels and type of employment and, second, job quality.

### Employment creation and retention

Concerning the creation and retention of jobs, whether full or part time, the main findings from this study are positive. The case study cooperatives and social enterprises demonstrated not only resilience but also the ability to flourish since the crisis.

- Most of the case studies have maintained or increased employment levels (although it should be noted that from 2014 onwards, employment levels rose across most EU Member States generally).
- Overall, numbers employed in all but one of the occupational groups (plant and machine operators) examined in the case studies increased or stayed the same. Professionals and technicians, managers, clerks, craft workers and elementary workers were the occupational groups that expanded most.
- Few of the case studies used self-employed or crowd workers. Instead, the number of full-time, part-time, permanent and temporary workers had increased or remained at the same levels in most organisations. Indeed, 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 (Wright, 2015).

This success in maintaining and creating jobs – typically good-quality – seems not to be exclusively related to economic cycles and the crisis. Of those organisations reporting that they were affected by the crisis, two reported losing jobs. Of those organisations reporting no effect, three had lost jobs. As already discussed, other factors seem to influence employment outcomes, such as the extent of organisational innovation, the quality of management and the level of public funding.

The success in employment creation and retention is significant and reveals how the sector has been able to ameliorate some of the more negative employment developments generally since the crisis, particularly in respect to the growth of non-standard employment. In sectors typically characterised by precarity of freelance employment, such as digital and creative industries, alternative cooperative platforms are being created to provide some income stability for freelance workers (Eikhof and Warhurst, 2013). This example underlines the relevance and utility of the cooperative model in the emerging digital age. It shows how cooperatives continue to develop innovative solutions to economic and social challenges and are able to respond to structural transformation. These emerging platform organisations in particular should be monitored and encouraged, as suggested by the platform cooperative

included in this study, since this approach can be scaled up and applied internationally.

Beyond the emergence of platform cooperatives, various other types and legal forms of cooperatives and social enterprises have developed in the selected countries. To some degree, these new types and forms are a response to reductions in public welfare provision and the encouragement of these organisations to fill the gaps created by shrinking public sectors: for example, social enterprises providing job opportunities for disadvantaged people and delivering public services. Likewise, as mainstream businesses withdraw from non-profitable activities, social enterprises are emerging to provide some community services. The case studies show that this development has been mainly positive for the services delivered and for the organisations and the workers involved. However, as noted, there can be difficulties for organisations in delivering public services when funding is reduced. Although the national actors raised concerns about cuts in public funding affecting employment levels and types of jobs, as well as some aspects of job quality in cooperatives and social enterprises, these effects were not apparent in the case studies.

For the case studies, the evidence of generally positive employment outcomes should not be disentangled from other good organisational performance outcomes since the crisis – most obviously, good financial performance with increased sales. Moreover, most of the case studies were also optimistic about future growth and organisational performance.

Furthermore, national actors provided a positive assessment of the impact on employment of support measures available to cooperatives and social enterprises, with few mentioning negative impacts. While a small number of support measures focused specifically on employment, interviewees noted that it was the generic support to develop good business practice and improve performance (both in start-ups and mature businesses) that has had the most impact on jobs. More evaluations are required to independently verify the impact on jobs.

### Job quality

Based on the examination of six measures of job quality, workers in the case study organisations perceived the quality of jobs within cooperatives and social enterprises to be generally good, both in absolute terms and relative to other organisations.

- Providing good work–life balance was seen as a goal for the case study organisations. Workers either felt that they had control over their working patterns or that the flexibility afforded to them enabled them to have good work–life balance. Indeed, respondents in one case study claimed not to need part-time employment because of their capacity to be able to control their working

patterns. One case study was also experimenting with new technology to enhance control over working times.

- As might be expected with cooperatives, given their historical mission, task discretion – which involves workers having autonomy and responsibility (Cornforth et al, 1988; Michie et al, 2017) – was also reported to be good. Generally, workers also reported having sufficient skills to be able to perform tasks. Only in one case study did respondents indicate that training and skill development was constrained.
- In terms of the social environment within cooperatives and social enterprises, workers reported strong support from both managers and co-workers. Indeed, the presence of a good ‘atmosphere’ or ‘culture’ within the organisation was one of the features greatly appreciated by respondents.
- In terms of prospects, providing skills and, through this, personal development was regarded as a core value of the case study organisations. Training opportunities were, therefore, generally good. Moreover, job security was emphasised by the majority of organisations, and internal promotion was common. However, this meant that despite there being an emphasis on career development, opportunities could be limited due to long job tenure and the resulting low turnover of labour.
- Pay, whether compared to other cooperatives and social enterprises or other mainstream businesses in the same sector, was deemed to be good. Only in a minority of cases did workers mention relatively poor pay. Even so, in some of these cases, lower pay was balanced out by other aspects of job quality, such as having a good work–life balance.
- Similarly, given that cooperatives especially are intended to have democratic governance and facilitate good internal governance arrangements, workers’ voice and participation was strong, typically at the strategic and task levels. In this context, although some organisations encouraged unionisation, workers felt little need for it. Union presence was low, evident in only a small number of organisations.

It should also be noted, however, that immediately following the crisis, some cooperatives traded certain aspects of job quality for others. More specifically, pay was traded for employment security. In cases where the financial crisis had affected organisations, members made decisions to reduce or freeze pay as a way to contain costs and prevent job losses. This capacity to make such decisions reflects the strength of workers’ voices within cooperatives, as well as the organisations’ strong sense of social purpose generally and in relation to their localities.

There was little difference in job quality between cooperatives and social enterprises. This finding may be because, in practice, there are similarities in the management structures of both types of organisation, with the emphasis on employee participation and involvement.

There was no particular pattern leading to suggest that some kinds of organisation were more successful than others in creating and retaining jobs or delivering good-quality jobs. However, the case studies provide some indication as to why cooperatives and social enterprises perform well in these respects. This was due to internal factors promoting practices key to positive overall organisational performance. These internal factors include: good management; governance and internal decision-making structures and processes; reinvesting (or at least not extracting) surplus value; prioritising jobs over wages and profit; being able to share risks and rewards; and a long-term focus and shared values among members, workers and, in many cases, customers and clients. National actors supported this position, believing that cooperatives and social enterprises are indeed more resilient due to these internal factors.

Going further, cooperatives and social enterprises appear to imbue human resource practices that are being championed by many mainstream business, such as job security, mutual gains, effective communication structures, generating employee engagement, skills utilisation and greater task discretion, employee involvement in task-related decision-making and investing in workforce skills (for example, see Combs et al, 2006; Jiang et al, 2012; Denning, 2018). These practices lead to the expenditure of discretionary effort from workers – or, put more prosaically, workers being willing to ‘go the extra mile’. In turn, this creates high-performance workplaces (Appelbaum et al, 2000) which, evidence suggests, are associated with increased productivity and higher sales (Warhurst, 2018). Indeed, there appears to be a sort of ‘virtuous circle’ within cooperatives and social enterprises by which internal practices generate positive organisational performance that, in turn, provides positive employment outcomes, thus reinforcing the practices. It is notable that within mainstream business organisations, high-performance workplaces tend to be much more prevalent in large organisations compared to small and medium-sized organisations (Belt and Giles, 2009). However, they are apparent, and indeed appear to be inherent, in cooperatives and social enterprises, which are for the most part small and medium-sized organisations.

## Policy pointers

The findings of this study show that cooperatives and social enterprises can and do deliver positive employment outcomes. They demonstrate a clear capacity for job creation and retention. They also deliver what are perceived to be good-quality jobs. Moreover, cooperatives, now supplemented by social enterprises and other new organisational forms such as social cooperatives, continue to respond to socioeconomic challenges, as illustrated by social and platform cooperatives. As a consequence, they should be promoted at the EU, national and regional levels as vehicles for socioeconomic development. They can receive support to maximise positive employment outcomes in the ways set out below.

### Continue to provide general policy support

In delivering positive employment outcomes, cooperatives and social enterprises make a significant contribution to the EU's Europe 2020 policy aspirations towards sustainable and inclusive growth with more and better jobs (European Commission, 2010). They also contribute to fair work, as promoted more recently within the European Pillar of Social Rights. Fair work includes secure and adaptable employment, fair wages, social dialogue and involvement of workers and good work-life balance (European Commission, undated-c). The sector should, therefore, continue to receive general policy support from the European Commission and European Parliament.

### Target sector-specific support measures

The range of dedicated and mainstream support measures, coupled with the support available to cooperatives and social enterprises from networks and affiliations, suggests that extra support measures may not be needed. Nevertheless, the extent of start-up and general business advice is uneven across EU Member States and could be made more uniformly available. Moreover, the visibility and targeting of that support could be improved. This could be in relation to younger entrepreneurs, to make them aware of the sector as an opportunity for business start-ups: for example, by promoting cooperatives and social enterprises as a viable enterprise option (see below). This could also be in relation to managers of established organisations, to make them aware of the support that exists for business development. This could be achieved through raising awareness of the cooperative and social enterprise sector among business support professionals, so that they will be more likely to target the sector (see next point), or through better tailoring of business support to the sector's needs to improve take-up.

### Raise the profile of the sector among business development organisations

The adaptive capacity of cooperatives and social enterprises in the face of economic crises and structural changes means that they have a resilience that can be channelled for both public and private good. The European Commission and EU Member States should seek to raise the profile of the sector among organisations focused on encouraging and facilitating business development. This should include public sector agencies (for example, local economic development agencies) and private sector organisations (such as banks). In the short term, this profile raising could be through industry associations or as part of public sector continuing professional development programmes for staff and representatives; in the longer term, profile raising could be addressed through mainstreaming exposure to the sector in schools and as part of tertiary education (see point on education below).

### Promote access to more formal business support

The relatively low take-up of business support measures may be due to reliance on informal support networks. If so, these could be used as mechanisms to promote and deliver mainstream business support measures, including access to finance. The informal networks could also be consulted by mainstream business support providers to understand why organisations do not access more of their services.

### Promote social value clauses in public tendering

Cooperatives and social enterprises are successful in terms of delivering good-quality jobs. Indeed, it is a feature of cooperatives that high priority is given to providing better jobs. According to workers interviewed in this study, job quality is prioritised to a greater extent in cooperatives and social enterprises compared to mainstream businesses. However, public tendering can put pressure on job quality. The promotion and inclusion of social value clauses, as opposed to focusing on lowest cost or even best value, within public sector tendering, including that undertaken by the European Commission and its agencies, would help reduce or remove this pressure and ensure that the sector can continue to deliver more and better jobs.

### Promote the sector as an alternative to public sector service provision

Because it is not solely driven by profit-making and provides good-quality jobs for local people, the sector provides an acceptable face when privatisation of public services is required. At the national and local levels, Member States should encourage cooperatives and social enterprises to tender for the delivery of subcontracted public services.

## Mainstream the sector in enterprise and business education

In order to expose young people to the sector, cooperatives and social enterprises should be better promoted in teaching in enterprise and business education. Doing so would enable young people to make informed choices about entering the sector, both as a career option and a business opportunity. The sector does not feature to the same extent as more conventional business within either mainstream school education or tertiary enterprise and business education. A review and evaluation of what, if anything, is taught about cooperatives and social enterprises across management and business schools in the EU would be a useful start to addressing this issue. This review could be undertaken by sector-representative bodies at EU level (such as the Expert Group on Social Economy and Social Enterprises) in partnership with the European Foundation for Management Development and EQUIS (the EFMD Quality Improvement System), which accredits European business schools.

## Support the development of management skills within the sector

All organisations need good management skills. However, given the characteristic management practices in cooperatives and social enterprises, the range of management skills needed in this sector is necessarily wider and more complex than in mainstream business. Both within tertiary enterprise and business education and within the management training provided by business/local economic development organisations and agencies within Member States, support should be provided to create and enhance the specific management skills needed within the sector.

## Clarify the existing and emerging types of cooperative and social enterprise

As of March 2019, it is difficult to identify the volume, nature and performance of cooperatives and social enterprises across EU Member States. Although this study concludes that cooperatives and social

enterprises have positive employment outcomes, a robust and consistent evidence base is lacking. Building on work already undertaken by the European Commission, there is a need to clarify and define the various existing and emerging types and legal forms of cooperative and social enterprise. A high-level cross-EU expert working group should be formed and supported by the European Commission to develop this work. Clarification will enable the collection of better data that can be used to monitor the development of the sector, which, in turn, will help to identify specific types and forms of cooperative and social enterprise that might require more or better support.

## Improve statistical data on cooperatives and social enterprises

There is little reliable and consistent data on cooperatives and social enterprises across the EU. As a minimum, cooperatives and social enterprises should be more regularly monitored using existing surveys funded by the European Commission. Working with Eurostat, the European Commission should also consult Member States to promote the development of standardised data, building on recent International Labour Organization guidelines (ILO, 2018). These data would, first, facilitate cross-country analysis and comparison and, second, allow robust policy analysis on developments, trends and issues in the sector to help future-proof its development and contribution to EU economic and social policy aspirations.

Providing conclusive evidence that cooperatives and social enterprises are more resilient than mainstream businesses, as well as creating more and higher-quality jobs, are issues beyond the scope of this study. However, these should be explored through further empirical analysis. Within the methodological scope of this study, it has confirmed the resilience of cooperatives and social enterprises in terms of employment outcomes (see European Parliament, 2013; European Commission, 2015a) and provided new evidence as to why and how that resilience occurs, demonstrating that cooperatives and social enterprises deserve to be promoted practically and within policy.

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# Annexes

## Annex A1: Country selection

Selection of the countries included in this study began with an examination of data from the Cicopa report on producer- and worker-members for 13 EU Member States (see the table below). Following a more detailed review of these 13 EU countries, only 10 have over 1,000

cooperatives. Croatia was excluded because the average size of cooperatives is very small (just two employees per cooperative). Of the remaining nine countries, Austria and Finland have few worker cooperatives and so were also excluded. From the remainder, five countries – Italy, Poland, Spain, Sweden and the UK – were selected.

### Developing the sample of countries (ranked by number of cooperatives)

Country	No. of cooperatives	Employees	Worker-members	Producer-members	User-members	Data year
<b>Italy</b>	<b>39,599</b>	<b>1,150,292</b>	<b>1,017,663</b>	<b>792,092</b>	<b>10,774,817</b>	<b>2014</b>
<b>Spain</b>	<b>21,725</b>	<b>171,724</b>	<b>230,000</b>	<b>1,179,323</b>	<b>5,887,306</b>	<b>2014</b>
France	17,897	683,043	27,330	1,068,771	25,510,462	2014/2015
<b>Sweden</b>	<b>11,919</b>	<b>52,231</b>	<b>96,552</b>	<b>160,350</b>	<b>4,195,000</b>	<b>2014</b>
<b>Poland</b>	<b>9,521</b>	<b>289,700</b>	<b>42,700</b>	<b>317,200</b>	<b>7,616,700</b>	<b>2014</b>
<b>United Kingdom</b>	<b>6,797</b>	<b>222,785</b>	<b>94,049</b>	<b>134,566</b>	<b>16,267,705</b>	<b>2014</b>
Finland	2,264	87,374	518	139,533	3,976,505	2014
Bulgaria	1,972	40,007	13,000	240,000	136,528	2010/2014
Austria	1,778	42,706	0	306,300	2,900,686	2010/2014
Croatia	1,066	2,375	7,400	7,925	2,510	2014
Denmark	523	70,757	4,803	99,000	1,737,000	2009
Slovakia	273	23,799	1,212	5,654	426,462	2014
Malta	54	768	954	2,323	1,168	2014

**Notes:** Employees are directly employed by the cooperative, worker-members are workers who are members of the cooperative, producer-members are typically businesses who sell or market their products and services through the cooperative and user-members are typically consumers who are members of the cooperative (for example, energy users). The selected countries are shown in bold.

**Source:** Cicopa in Terrasi and Eum (2017).

## Annex A2: Case study organisations

### Profile of the 20 case study organisations

Country	Case study	Type of organisation	Age of organisation (years)	Sector	Employees (number of full-time equivalent employees)	Membership	Percentage of members who are workers
Italy	1	Social cooperative	10+	Human health and social work	50+	Workers	100
	2	Social cooperative	1-4*	Professional, scientific and technical activities	50+	Managers; external representatives	78
	3	Platform cooperative/business and employment cooperative	5-9	Manufacturing	<10	Self-employed members	1
	4	Social enterprise	1-4	Administration and support	<10	Workers	22
Poland	5	Worker cooperative	10+	Human health and social work	50+	Workers	100
	6	Social cooperative	10+	Information and communication	<10	Managers	11
	7	Social enterprise	10+	Administration and support	10-49	Workers	7
	8	Worker cooperative	10+	Manufacturing	10-49	Workers	100
Spain	9	Social enterprise	5-9	Professional, scientific and technical activities	<10	Self-employed members	75
	10	Worker cooperative	10+	Transport and logistics	50+	Workers	80
	11	Multistakeholder cooperative**	10+	Finance and insurance	50+	Consumers; workers	<1
	12	Worker cooperative	1-4	Professional, scientific and technical activities	<10	Workers	100
Sweden	13	Social enterprise	5-9	Administration and support	10-49	Managers; external representatives	43
	14	Social cooperative	10+	Human health and social work	10-49	Residents	1
	15	Worker cooperative	10+	Human health and social work	50+	Workers	100
	16	Worker cooperative	10+	Manufacturing	10-49	Workers	97
United Kingdom	17	Worker cooperative	10+	Information and communication	10-49	Workers	95
	18	Worker cooperative	5-9*	Manufacturing	10-49	Workers	100
	19	Worker cooperative	10+	Manufacturing	50+	Workers	100
	20	Social enterprise	10+	Human health and social work	10-49	Workers	100

**Notes:** \* These organisations have existed longer than the number of years shown in the table, but not in their current form; in one case due to a merger, in another due to transferring from a privately owned business. \*\* A multistakeholder cooperative includes different types of members: for example, users and workers.

## Annex A3: Types of cooperative

### Definitions of the types of cooperative included in this study

- **Worker cooperative.** This is a cooperative that is owned and democratically controlled by its 'worker-owners' (ICA, 2005).
- **Worker buyout cooperative.** This category is a subset of worker cooperatives where ownership of the business is transferred to employees or set up in a framework of externalising business functions (CECOP, 2013).
- **Business and employment cooperative.** This type was originally designed as a form of worker cooperative giving employee protection to people wanting to develop enterprise projects. It has now been extended to include people who have just set up their business (Cicopa, 2017).
- **Social cooperative.** This is a cooperative that focuses on provision of services of general interest or the reintegration, through work, of disadvantaged and marginalised workers (CECOP, undated).
- **Platform cooperative.** This is a cooperative based on a computing platform, which uses a protocol, website or mobile app to facilitate the sale of goods and services (Scholz, 2017). This study only includes a platform cooperative if it is also one of the four types described above.

## Annex A4: National actors interviewed for the study

Country	National actor
<b>Italy</b>	<p>Banca Etica – Ethical Bank</p> <p>Confcooperative – Italian Cooperative Confederation</p> <p>Fon.Coop – Interprofessional Fund for Continuing Education in Cooperative Enterprises</p> <p>Independent expert</p> <p>Legacoop – National League of Cooperatives</p>
<b>Poland</b>	<p>Fundacja Inicjatyw Społeczno-Ekonomicznych – Foundation for Social and Economic Initiatives</p> <p>Krajowa Rada Spółdzielcza (KRS) – National Cooperative Council</p> <p>Mazowieckie Centrum Polityki Społecznej, Wydział ds. Ekonomii Społecznej i Projektów Zewnętrznych – Mazowieckie Centre for Social Policy</p> <p>Ministerstwo Rodziny, Pracy i Polityki Społecznej, Departament Ekonomii Społecznej i Solidarnej/Krajowy Komitet Rozwoju Ekonomii Społecznej – Ministry of Family, Labour and Social Policy Department of Social and Solidarity Economy</p> <p>Związek Lustracyjny Spółdzielni Pracy – Lustration Association of Worker Cooperatives</p>
<b>Spain</b>	<p>Confederación Empresarial Española de la Economía Social (CEPES) – Spanish Social Economy Employers' Confederation</p> <p>Ciriec – International Centre of Research and Information on the Public, Social and Cooperative Economy</p> <p>La Confederación Española de Cooperativas de Trabajo Asociado (Coceta) – Spanish Confederation of Workers' Cooperatives</p> <p>Confederación Empresarial de Sociedades Laborales de España (Confesal) – Business Confederation of Labour Societies</p> <p>Federación de Asociaciones Empresariales de Empresas de Inserción (Faedei) – Federation of Business Associations of Integration Companies</p>
<b>Sweden</b>	<p>Coompanion – economic association</p> <p>Cooperative Movement Bargaining Organisation (KFO) – cooperative employers' organisation</p> <p>Skooopi – association for work integration social enterprises</p> <p>Tillväxtverket – Ministry of Enterprise, Agency for Economic and Regional Growth</p>
<b>United Kingdom</b>	<p>Co-operative and Social Enterprise Development Agency (CASE) – regional support organisation</p> <p>Co-operative &amp; Community Finance – independent finance organisation</p> <p>Cooperative UK – national cooperative association</p> <p>Department for Digital, Culture, Media and Sport (DCMS)</p> <p>Social Enterprise UK – national social enterprise association</p> <p>UnFound – Co-operatives UK's support programme for platform cooperatives</p>