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COOPERATIVES AND THE WORLD OF WORK No.6

Cooperation in a changing world of work: Exploring the role of cooperatives in the future of work

INTRODUCTION

The world of work is undergoing major processes of change. There are several forces transforming it, from the onward march of technology and the impact of climate change to the changing character of production and employment, to name a few. In order to understand and to respond effectively to these challenges the International Labour Organization (ILO) has launched a “Future of Work initiative” to further advance its mandate for social justice.¹ Some of the key trends in the changing world of work include:

- **Economic changes:** While the peak of the financial crisis of 2008 is behind us, the world continues to face a number of economic challenges. Economic growth remains significantly below the pre-crisis levels, and states struggle with sustaining social protection systems and ensuring decent employment and security for all citizens.
- **Demographic changes:** Ageing populations in some countries, and entrance of young generations to the labour markets in others require responses that cater care services to the former and new jobs for the latter - an estimated 600 million of them.²
- **Technological changes:** These processes will include both job creation and destruction, as many jobs will be automatize, while new opportunities arise in areas through technological innovation and spill-over effect from those.³
- **Environmental changes:** Climate change is affecting the world of work in various ways, with some new jobs created and transformed (in for instance renewable energy), while some jobs will be lost or replaced.

Cooperation, through cooperative enterprises or through other forms of social and solidarity economy enterprises⁴, can offer

viable and sustainable responses to these changes. ILO, through its Cooperatives Unit, promotes cooperative enterprises through a) integrating decent work as a priority in cooperatives and other social economy enterprises; and b) ensuring they are recognized and adopted among key means for delivery on the ILO’s decent work agenda toward a sustainable future of work.

COOPERATIVE RESPONSES TO THE CHANGING WORLD OF WORK

A cooperative is defined by both the International Co-operative Alliance and the International Labour Organization as “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”.

Source: International Co-operative Alliance. Available online at <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

The cooperative enterprise model is seeing a renaissance around the world where cooperative employment involves at least 250 million people⁵, and the largest 300 cooperatives across 25 countries had a turnover of 2.5 billion USD in 2015.⁶ Cooperatives exist in all sectors of the economy around the world, and while they are commercial organizations, they operate within a broader set of values and principles, not only aiming to generate profit. They have historically emerged out of the need to provide goods and services not accessible from the public sector and conventional businesses. As such needs expand and become increasingly complex, cooperatives find more space to meet these needs, providing services while advancing livelihoods and creating jobs in the process.

1 See ILO’s Future of Work Portal.

2 ILO.2016. The future of labour supply: Demographics, migration, unpaid work. The Future of Work Centenary Initiative Issue Note Series 2.

3 ILO. 2016. Technological changes and work in the future: Making technology work for all. The Future of Work Centenary Initiative Issue Note Series 1.

4 These include mutuals, associations, social enterprises, foundations etc.

5 CICOPA. 2014. Cooperatives and employment: A global report.

6 ICA and EURICSE. 2016. World Cooperative Monitor 2016.

Considering some of the pervasive drivers of change which are shaping the future world of work, the cooperative model seems well suited. It's clear, for example, that the **cooperative principles** are in tune with the spirit of peer-to-peer networking which is a core feature of the knowledge economy.

The International Co-operative Alliance has established the following seven internationally agreed Cooperative Principles:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation among cooperatives
7. Concern for community

Source: International Co-operative Alliance. Available online at <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

Cooperative response to economic changes

Long periods of economic and financial crises are expected to be a common theme for the future of work. During the recent and persisting economic crisis, the cooperative model has proved its value as a resilient business model. **Financial cooperatives** have generally fared better than the investor-owned banks due to their unique combination of member ownership, control and benefit that provides a series of advantages over their competitors. Savings and credit cooperatives, cooperative banks and credit unions have grown, kept credit flowing especially to small and medium sized enterprises, and remained stable across regions while creating direct and indirect employment.⁷

New forms of **social and solidarity financial mechanisms** are emerging in response to the need for increased access to finance and financial services. These mechanisms aim to (i) democratize access to finance; (ii) reinsert values and practices of solidarity and reciprocity into the financial sphere; and (iii) foster local economic development and iv) boost community-building.⁸ Examples of these mechanisms, which are based on collective self-organization and cooperative principles, include ethical banking, financial cooperatives, community development banks, solidarity microfinance, complementary currencies, community-based savings schemes, participatory budgeting, crowdfunding, crypto-currencies, social impact bonds and impact investing, among others.

During financial crises, many enterprises fail with implications for job losses. Although most of them cannot be salvaged, workers in those that have economic potential have been taking the initiative to make a buyout bid and transform the firm into a **worker cooperative**. Worker cooperatives have proven to be sustainable enterprises with survival rates that are at least as high as other types of enterprises. They also have a good record in terms of productivity and job preservation.⁹ *Empresas recuperadas* (reconverted enterprises) in Argentina are just one

7 ILO. 2013. Resilience in a downturn: The power of financial cooperatives. (Geneva, ILO).

8 UNRISD. 2015. Social and solidarity finance: Tensions, opportunities and transformative potential. Concept note.

9 Perotin, V. 2014. What do we really know about worker co-operatives?. Co-operatives UK.

example of firms where workers were able to save their jobs by taking ownership of the companies they worked for. A number of other countries have also recently passed legislation that put financial and legal support systems in place that facilitate such enterprise restructuring including Italy, Spain, Portugal, France, Brazil, Greece and Canada.¹⁰

Cooperative response to demographic changes

Demographic changes within the labour market can be grouped around three dimensions: youth, the elderly, and women. Driven by these changes, jobs in the **provision of care** services are projected to form some of the fastest growing segments of the labour market. Provision of quality care to the world's elderly population is one of the pressing challenges on the global development agenda. As care needs continue to expand and diversify, the care economy will have a growing potential for employment generation in the coming years. Majority of care workers are informally employed women, and many of them are migrant workers, who are particularly vulnerable to exploitation.

Cooperatives are emerging as care providers that foster interdependency in care by privileging equitable inclusion and democratic decision-making across the care chain. As such, care workers, care beneficiaries and their families and other stakeholders can have a voice in the service provided.¹¹ Care cooperatives in Japan, Italy, Spain, Argentina, Turkey and Jordan provide a wide range of services, from day-care for children to home-care for the elderly.

One example of a cooperative supporting **inclusion of youth** using an innovative networking approach is the Youth Deal Cooperative in Izmir, Turkey.¹² Collaborating with partners such as local governments, civil society and other cooperatives, Youth Deal Cooperative aims at improving social coherence and well-being amongst local communities. They also support labour market entry and integration of young people who might otherwise be left struggling at the margins of the job markets.

Young Leaders' Programme of the International Cooperative and Mutual Insurance Federation (ICMIF) supports ICMIF member companies to develop and reward their young talent, who are also the future leaders of the mutual movement. Through a cooperative learning programme, the young leaders have the opportunity to exchange best practices among their peers, and get exposed to the current leaders of the industry gaining the opportunity to learn and network, while the industry benefits by having more capable and knowledgeable future leaders.¹³

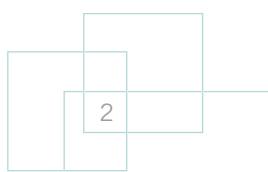
Employment in the **informal economy** continues to persist in many parts of the world, particularly in developing countries. As much as half of the global labour force is estimated to be working and producing in the informal economy. Cooperatives are being used by workers and enterprises in the informal economy as means

10 ILO. 2014. Job preservation through worker cooperatives: An overview of international experiences and strategies. (Geneva, ILO).

11 ILO. 2016. Global mapping of the provision of care through cooperatives: Survey and interview findings. (Geneva, ILO).

12 ILO. 2016. Spotlight on Cooperatives - Youth Deal Cooperative, 2 Sep.

13 ICMIF. 2016. Developing the next generation of ICMIF leaders, 23 Nov.



for formalization by creating economies of scale and negotiation power with public and private sector actors.

For instance, domestic workers who comprise a significant part of the women in the global workforce in informal employment are among the most vulnerable groups of workers. They work for private households, often without clear terms of employment, unregistered, and excluded from the scope of labour legislation. Reports of cooperative enterprises of domestic workers are emerging from countries as diverse as the Republic of Korea, Trinidad and Tobago, the US, India and the Philippines. They offer a range of services from finance and education to job placement, including through online platforms.¹⁴

The world is facing a humanitarian crisis as the number of refugees and migrants are rapidly growing with implications for employment and livelihoods of the refugees themselves as well as the host and origin communities.¹⁵ There are a number of **cooperatives being used as part of refugee response** strategies for their ability to generate employment, provide basic and social services, create economies of scale, ownership and control among members, and cohesion across communities at the global and local levels in Italy, Canada, Finland, Jordan, Turkey, Morocco and Spain, among others. For **migrant workers**, cooperatives offer a low-barrier entry to the formal labour markets and entrepreneurship, supporting them in accessing social protection and other services as well.

Cooperative response to technological changes

Technological advances have significantly impacted the nature of jobs leading to non-standard forms of employment, characterized at times by income insecurity and loss of employment. Amongst the reasons why the cooperative model is appealing to **young people** are peer support, sharing of risks, knowledge and responsibilities.¹⁶ Self-employed workers as well as workers in the gig economy have been establishing freelancer coops in countries across the Americas, Europe and beyond to share costs and services, for instance workplaces. This has enabled them to enjoy rights and benefits that are normally applicable to employees in a traditional business, while giving them an equal say over how the business is run.¹⁷

Within the platform economy, **platform cooperatives**¹⁸ are being formed by gig economy workers in response to the challenges they are facing, including low pay, the quality of work, and lack of voice and representation. Platform cooperatives are about

the social organization of emerging technologies through online platforms that support production and sociality, digital labour brokering, collectively-owned and democratically-controlled web-based marketplaces, and all those initiatives that directly support this economic model. Examples from internet-based, cooperatively-owned applications of e-workers and independent professionals; collaborative and fair production and consumption; and establishment of worker cooperatives exist from Argentina, Greece, New Zealand, the US, the UK and Germany.¹⁹

Loomio is a web based, open sourced worker cooperative from New Zealand providing a communication and decision making infrastructure for individuals and organizations. It enables collaborative decision-making and offers a space for people to interact and cooperate regardless of their location.²⁰

Fairmondo, from Germany, is a cooperative online market place that is owned and managed by its buyers, sellers, workers and investors. It sells ethically-sourced products from producers and small fair trade companies including cooperatives. As such it is an example of cooperative to cooperative trade and a fair trade alternative, providing users transparent product sourcing.²¹

Cooperative response to environmental changes

Cooperatives are involved both in adaptation to (mutual insurance for crops; agricultural cooperatives supporting diversification of crops or improved watershed management, etc.) as well as mitigation of **climate change** (e.g. renewable energy coops, forest cooperatives, agroforestry). In urban areas, cooperatives exist in waste management systems, particularly in the form of waste picker cooperatives in countries such as India, Brazil, Colombia and South Africa. These cooperatives do not only provide much needed services for improved waste management and recycling, but also support their members to formalize, and improve their access to occupational safety and health, training, and financial services, among others.²²

Cooperatives have made some of their greatest strides in the green economy. In the **renewable energy** industry, for example, an ILO report found that they have a number of competitive advantages, including democratic local control over energy production and use, the capacity to create local employment, and reasonable pricing. Cooperatives could play a major role in achieving the goal of 'energy for all' – the drive to bring clean, modern energy to the 1.3 billion people in developing countries without access to electricity.²³

14 ILO. 2014. Cooperating out of isolation: Domestic workers' cooperatives. Issue Brief No. 2, Cooperatives and the World of Work Series. See also an example from Trinidad and Tobago.

15 ILO. 2015. Labour migration and cooperatives. Labour Migration Highlights No. 2.

16 ILO. 2015. Rediscovering cooperatives: young people finding work the cooperative way. Issue Brief No. 4, Cooperatives and the World of Work Series.

17 ILO. 2016. A challenging future for the employment relationship: Time for affirmation or alternatives? The Future of Work Centenary Initiative Issue Note Series 3.

18 As a relatively new phenomena, not all of the "platform cooperatives" are cooperatives in a strict legal sense, but they are examples of community-based solutions to common problems, some in the way of becoming cooperatives, some operating based on cooperative principles, some sharing to their members.

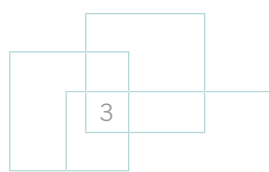
19 Esim, S.; Katajamaki, W. 2016. "Social innovation and the social and solidarity economy", Co-operative News, 7 Sep, 2016[14 Dec.2016]

20 See Loomio's website

21 See Fairmondo's website

22 On cooperatives in the e-waste management, see ILO. 2014. Tackling informality in e-waste management: The potential of cooperative enterprises. (Geneva, ILO).

23 ILO. 2013. Providing clean energy and energy access through cooperatives. (Geneva, ILO).



KEY ISSUES FOR FUTURE DEBATES

Cooperatives have a unique opportunity to make an impact, given the growing global quest for new forms of business and growth models. Along with other social and solidarity economy enterprises, cooperatives are emerging as economic alternatives in a number of sectors in responding to the challenges within the changing world of work. While all enterprises are essential units of work and production²⁴, cooperative enterprises are positioned to provide for a mutualistic and solidarity-based ownership and management structure. Other social, environmental and economic movements working toward restoring rights and securing sustainable futures recognize cooperatives as sharing similar values and principles concerning democracy, equity, self-governance, participation, preservation, and choice.

Yet, despite their demonstrated resilience, viability, and potential, cooperatives often remain marginal economic players. A number of challenges constrain cooperatives, both internal, such as lack of governance know-how, and external, such as legal impediments. Cooperative model may not provide a comprehensive response strategy to the changes in the world of work, but it has been identified by the United Nations as one of the diverse set of economic actors that can help achieve more sustainable futures.²⁵

In recent years the international cooperative movement has started to recognise the need for increased advocacy and representation in global policy discussions, including those on the future of work.²⁶ Some of the challenges cooperative enterprises and their movements face include:

- The regulatory environment for cooperative enterprises is inadequate in many countries, either due to restrictive laws stemming from a legacy of state control, or from the absence of an up-to-date cooperative legal framework that reflects the changing realities in the world of work. Demand is also growing for regulatory frameworks for the social and solidarity economy.
- Unreliability of funding sources may prevent good cooperative practices from being scaled up and replicated. Traditional fi-

ancing sources may not have the know-how to recognize new cooperative and other social and solidarity economy initiatives.

- Limited institutional infrastructure on cooperative education and training in most countries makes it difficult to create an understanding around cooperative enterprises.
- Lack of comparable statistics, across countries and regions, on cooperatives and their impact on employment and the economy at large, prevent them from being used as a unit of analysis in research that can inform policy and practice.
- Local focus of cooperatives on their members' and users' needs impedes them from greater engagement on policy discussions at the national and international levels.

In the light of these challenges, the future of cooperatives in the changing world of work will depend on how ILO constituents and partners can work together, particularly in the following areas:

- **Developing regulatory frameworks:** New regulation that provides the legal support for start-up and growth of new types of cooperatives needs to be developed and adopted with an eye for the rights and protection of workers, members and users of cooperatives.
- **Reaching scale:** The financial tools and intermediaries that are best suited to support the expansion and replication of good cooperative practices need to be developed. A better understanding on cooperatives requires their inclusion in education and training curricula. Representation of the cooperative movement needs to be strengthened for effective engagement in the future of work debates and the 2030 Agenda for Sustainable Development.
- **Generating evidence-based data and knowledge:** International guidelines on cooperative statistics need to be activated in order to assess the impact of cooperatives and to conduct comparative analyses on the advantages and disadvantages of different enterprise governance models.

²⁴ ILO. 2015c. Report of the Director-General, ILC, 104th Session, 2015: The Future of Work Centenary Initiative (Geneva).

²⁵ United Nations. 2015. Transforming our World: The 2030 Agenda for Sustainable Development. (New York).

²⁶ As an example of this, the International Cooperative Summit in Quebec in October 2016 identified future of work as one of its key areas of discussion. <https://www.sommetinter.coop/en/programs/2016>

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