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COOPERATIVES AND THE WORLD OF WORK No.9

Cooperatives and the Fundamental Principles and Rights at Work: Cooperatives and Freedom of Association and Right to Collective Bargaining¹

Formed by producers, consumers, workers and businesses worldwide, cooperatives can and do create and consolidate employment opportunities, empower people, provide protection and alleviate poverty. Like any other businesses, cooperative enterprises have an obligation to comply with responsible labour practices. However, for cooperatives, which are based on a set of values and principles², this obligation is inherently built into their business model.

The ILO's Promotion of Cooperatives Recommendation, 2002 (No. 193) recognizes the importance of the FPRW for the development of cooperatives, making a specific call for national policies to "ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises".³

Freedom of association is an enabling right to the enjoyment of all other FPRW, as it opens the door to participatory actions against forced labour, the protection of children from abuses, and responsive measures based on non-discrimination and equality.⁴ The right of workers and employers to form and join organizations of their own choosing is an integral part of a free and open society. In many cases, workers' and employers' organizations have played a significant role in the development of their countries' democratic processes and institutions. Nevertheless, challenges in applying these principles persist: in some countries certain categories of workers are denied the right of association, workers' and employers' organizations are illegally suspended or interfered with, or threatened with violence, for example.⁵

As employers, cooperatives need to engage in effective labour relations and social dialogue with unions representing their workforce. As with any other enterprise, issues around freedom of association and right to collective bargaining apply to cooperatives. While the majority of cooperatives are small and medium-

sized enterprises, many of them grow into larger businesses. These exist particularly in sectors such as agriculture, retail, finance and housing, and while most of them have good labour relations, there are those that have faced labour disputes with regard to freedom of association and right to collective bargaining among their workers. In addition, there are examples of workers establishing their own cooperative enterprises and becoming owners as well as workers, transition of insolvent enterprises to worker cooperatives, and trade unions forming cooperatives to provide services for their members.

The relationship between trade unions and cooperatives goes back a long way, and they have many similarities. Both are membership based organizations, whose main objective is to protect and promote their members' economic and social interests. They share similar principles such as voluntary adherence and resignation, democratic management and control and a commitment to membership education and training.

1. This note is an excerpt of Esim, S., Katajamaki, W., Tchami, G. (forthcoming): "Cooperatives and fundamental principles and rights at work: Natural disposition or commitment to action?", in Eum, Novkovic, Esim, Katajamaki & Roelants (eds.): *Cooperatives and the World of Work*.

2. The cooperative values and principles are defined in the Statement of the Cooperative Identity (1995), by International Co-operative Alliance. See <http://ica.coop/en/what-co-operative> for more information on these.

3. ILO (2002) *Promotion of Cooperatives Recommendation*, 2002 (No. 193). (Geneva).

4. ILO (2012) *General Survey on the Fundamental Conventions concerning Right at Work in Light of the ILO Declaration on Social Justice for a Fair Globalization, 2008*. Report III (Part 1B), International Labour Conference, 101st Session, Geneva, 2012 (Geneva).

5. ILO International Labour Standards on Freedom of Association, <http://ilo.org/global/standards/subjects-covered-by-international-labour-standards/freedom-of-association/lang-en/index.htm>. Date accessed 2 March 2017.

Despite their common origins, joint history and common goals of fostering economic security and industrial democracy, genuine collaboration between trade unions and cooperatives has been rather limited in the past few decades.⁶ Recently, however, a number of trade unions have started rediscovering cooperative enterprises for their members, or extending their support for cooperatives of informal economy workers with the idea that economic activity based on more ethical and democratic principles can be possible.

Examples of solidarity between trade unions and cooperatives on a range of issues such as curtailing the deterioration of worker rights, flexibilization of labour, loss of jobs and privatization, are expected to continue to grow as a response strategy to the changes that are taking place in the world of work. One of them is the Union Taxi in Denver, USA, a worker cooperative established by its 800 taxi driver worker-owners, which has a collective bargaining agreement through the support of a trade union.⁷

Cooperatives can also promote a worker-owner governance model through e.g. worker buyouts of failing enterprises in which workers buy firms with economic potential and transform them into worker ownership. A worker cooperative model does not always stem from enterprise failure, but may be attributable to the retirement of ageing owners as well, particularly where there is no clear plan for the future of the enterprise.⁸

Recent examples of worker buyouts includes Brazil, where the metalworkers' union Sindicato dos Metalúrgicos do ABC (SMABC) successfully brought back Latin America's largest industrial forge Conforja from bankruptcy more than ten years ago as a worker-owned business. It has built on this experience to help establish the new cooperative federation, Central de Cooperativas e Empreendimentos Solidários. In Paraguay, an important ceramics business making roof tiles has been rescued by its workers and relaunched as the cooperative Cerro Guy.⁹ There are similar examples in other countries like Uruguay and Argentina.

In Europe, unions have also been actively engaged in such ventures. French trade unions have played a key role in several cases of business failure where the enterprise has been re-established under the SCOP (Sociétés coopératives et participatives) legal framework. For the printing company Hélio-Corbeil, for example, the creation of a SCOP has successfully saved around 80 jobs. French textile firm Fontanille tells a

similar story. After being run for 150 years as a family business, it was successfully saved from failure through its transformation to a cooperative. The workers helped recapitalize the business by investing their redundancy payments.¹⁰

The growth of these enterprises continues, and while their productivity remains lower than their potential, the wages in these enterprises are above average in their respective sectors. The survival rate of the converted enterprises is relatively high – a trend that can be seen in other types of worker cooperatives as well.¹¹ In addition, an increasing number of other countries have recently passed legislation that facilitates such enterprise restructuring, including Italy, Spain, Portugal, France, Brazil, Greece and Canada.¹²

Trade unions also have an important role in ensuring that democratic governance structures are established in the newly created cooperatives. Cooperatively-run conversions of previously failed companies must operate successfully both as businesses and as democratic bodies. If either of these is missing, failure may result. They should not however, try to run the cooperatives themselves. After they help their members establish cooperatives, they should allow them to be managed independently.

Ways cooperatives engage in advancing fundamental principles and rights at work

- Ensure that their own business operations and supply chains are free of labour rights abuses in the four areas of FPRW;
- Engage in community mobilization and awareness-raising campaigns among their members and within the communities where they operate on the four areas of FPRW;
- Provide guidance and community leadership, and contribute to the planning and delivery of health, educational and other basic social services in their communities on FPRW;
- Promote livelihoods opportunities and the use of appropriate technologies as means of increasing income of their members within the guidelines of FPRW;
- Provide collective voice and negotiation power for their members with the public authorities in securing a range of economic and social rights including FPRW; and
- Stimulate decent work opportunities through training and education programmes in all the four areas of FPRW.

6. ILO (2014) "Rebuilding Links: Trade Unions and Cooperatives Get Together Again" http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_243813/lang-en/index.htm. Date accessed 2 March 2017.

7. Peck, M. (2016). 'Building the people's ownership economy through union co-ops', in Scholz & Schneider (eds.) *Ours to hack and to own: The rise of platform cooperativism, a new vision for the future of work and a fairer internet*. (New York, OR Books), pp. 208-212.

8. Alperovitz, G. (2016). '6 ways we're already leading an economic revolution' *Yes! Magazine*, 7 September 2016, <http://www.yesmagazine.org/new-economy/6-ways-were-already-leading-an-economic-revolution-20160907>. Date accessed 6 February 2017.

9. Orbaiceta, J. (2013) "Trade Unions and Cooperatives: The Experience of CICOPA-Mercosur", *International Journal of Labour Research* 5:2, pp. 179-194.

10. Monaco, M & Pastorelli, L. (2013) "Trade Unions and Worker Cooperatives in Europe: A Win-Win Relationship", *International Journal of Labour Research* 5:2, pp. 227-249.

11. Perotin, V. (2014). *What do we really know about worker co-operatives?* (Co-operatives UK).

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

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