

Trade unions and worker cooperatives in Europe: A win–win relationship

Maximizing social and economic potential in worker cooperatives

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The authors wish to thank all those researchers, civil servants and representatives of the trade union and cooperative movements who dedicated their time (and their confidence) for the interviews carried out in the course of this research.

The European Union's ten-year growth strategy is calling on social economy enterprises, particularly cooperatives, to contribute actively to the overall aim of achieving "smart, sustainable and inclusive growth" by 2020 (European Commission, 2010a, 2010b). It is because of their unique characteristics that cooperatives are seen as capable of performing on both the economic and the social fronts. This requires finding a balance between the economic and social interests of enterprises, the labour force and the whole community – a difficult exercise for economic and social actors at all levels, especially in a complex globalized context and in times of economic stress.

Worker cooperative associations have often engaged with trade unions in the pursuit of mutual goals relating to employment, innovation, education, social inclusion, equality and environmental sustainability. The two movements have common historical roots and a long-standing commitment on labour-related topics, features which may facilitate joint work to ensure the success of strategies related to the above-mentioned goals, as illustrated by experience in various European Union (EU) countries. This is particularly so in the areas of industrial relations and social dialogue, often involving public authorities in a tripartite process.

All this, however, can take place only if certain methodological and substantive conditions are met, because if the shared goals of trade unions and worker cooperatives provide the potential for a constructive relationship, this is nonetheless often marred by tensions and sometimes conflict.

This article is based on original field research aimed at reaching a better understanding of the main features of the relations between European trade unions and worker cooperatives in the current economic and social context. The objective has been to identify reasons for both closeness and rifts, respective and shared challenges, and good methods of exchanging and achieving common goals. The investigation has focused on the practices of social dialogue and industrial relations at all levels because, faced with the complexity of integrating economic and social goals, social dialogue is a fertile ground where worker and business interests can meet. Quality employment, good working conditions and high economic performance are in the interests of trade unions and the cooperative world alike. The focus of this article, then, is an in-depth analysis of the contexts in which social dialogue can be "the method" for successful compromises between the two movements, with the aim of identifying the necessary conditions for this to occur.

Starting from the relatively sparse literature of recent decades on the subject, the research targeted four European countries – France, Italy, Spain and the United Kingdom – where trade unions and worker cooperatives are both well-rooted and active. A series of interviews with representatives of both movements was carried out; and direct evidence gathered at all levels (national, regional and local, as well as from enterprises) was also used.

The article illustrates how trade unions and traditional cooperative associations share a common set of values which tend to inform their behaviour as collective actors. But it also highlights the tensions that can arise between the two movements. These pertain to the perceived risks that worker cooperatives may provide lower salaries and working conditions than other enterprises; unequal rights, prerogatives and treatment between member and non-member workers; or self-exploitation and lack of effective involvement, awareness and freedom of worker members in decision-making.

In taking stock of such criticisms, we attempt to identify paths which allow both movements to collaborate towards a market economy that also promotes social development. The article describes how the worker cooperative movement is capable of achieving integrated solutions to overcome economic and legislative constraints by turning to its core values, such as concern for people and respect for labour rights, as well as assertive dialogue with workers, trade unions and public authorities. Such innovative solutions, jointly conceived and implemented with trade unions, can bring relevant economic and social benefits simultaneously to enterprises, workers and citizens in general.

A series of case studies provides evidence of such innovative practices. The experiences are presented in two ways: first, positive results achieved collectively through intensive social dialogue and work between the social actors and public authorities; second, the workplace dimension, where social dialogue and worker involvement lead to customized corporate strategies. Here, working conditions, management of change, valuation of human resources and business promotion go hand in hand

Trade unions and worker cooperatives: Shared values and methods

The existing literature and direct evidence show that both movements share similar historical roots, common values and aims, and a methodology based on dialogue and workers' involvement. These

affinities are the source of good relations between trade unions and major cooperative organizations.¹ However, such affinities sometimes appear weaker in the workplace and in representing the interests of the more recently established cooperative organizations.

A common set of values

The direct evidence indicates that a set of shared values is a key factor. The promotion of labour-related issues and the protection of labour rights are the responsibility of trade unions. However, in the words of Paolo Cattabiani, President of Legacoop Emilia Romagna, work is also the “constitutive component of the cooperative pact of yesterday, today and tomorrow” (Cattabiani, 2012), and, especially for *worker* cooperatives, the main reason for mutual exchange.

In some countries, trade unions and cooperative associations used to collaborate closely with major political parties.² Nowadays, the major cooperative associations still regard work as a driver for democracy, freedom and individual dignity, social inclusion and cohesion, legality and security: a factor in both their individual and collective development.

Worker cooperatives in particular claim a primary “concern for people” in their role as workers and also – though not necessarily – cooperative members, as individuals and citizens, being part and parcel of the community. In traditionally established major cooperative associations, such “concern for people” consistently goes hand in hand with attention to *rights*. In particular, the focus is on the fundamental right to work and to *decent* work, as well as on workers’ right to be involved in those strategic and organizational decisions that often determine the concrete realization of these rights. Particular attention is also given to doing business in a coherent way that furthers both social and collective goals.³

It is this set of values which characterizes the genuine cooperative model, reflecting the original inspiration of the cooperative movement, and grounded in the legislative and regulatory provisions

¹ CGScop in France; Legacoop, Confcooperative and AGCI in Italy; Coceta in Spain; and Cooperatives UK in the United Kingdom.

² This is particularly evident in countries such as Italy and Spain, characterized by trade union pluralism, where trade union organizations used to be linked to ideological movements and political parties. In the United Kingdom too, although to a lesser extent, trade unions and cooperative movements have been traditionally close to Labour and other left-wing parties.

³ See the ICA’s World Declaration on Worker Cooperatives, 2005, in particular art. 1.2; European Commission, 2011a; European Parliament, 2012.

governing cooperatives. It is also due to these values that trade unions acknowledge the more “traditional” cooperative associations as active interlocutors, partners wishing to implement a business model aimed at providing generalized well-being, based upon the democratization of the economy, and fairness and equality in governance processes and the distribution of resources.

Cooperative “identity” as characterizing industrial relations

The frequent references to the shared values described above indicate that they have implications for industrial relations. In the many forms of interaction that take place in industrial relations, including confrontation, the direct evidence shows that this shared heritage partly eases conflict and often positively influences the relational framework as well as working conditions. This positive feedback loop results from a whole range of factors. In regions with the highest concentration of worker cooperatives,⁴ the unionization rate, the rate of company-level collective bargaining coverage and the percentage of open-ended employment contracts⁵ are usually very high, while the levels of conflict registered are quite low. Cooperatives can therefore act as concerned employers, open to dialogue and involvement, in line with their traditional founding values.

In this regard, the key role played by cooperative associations should be noted. While respecting the appropriate balance of powers and responsibilities in carrying out their function of democratic representation, these associations provide individual guidance and support to their affiliated companies. Adhesion to major cooperative associations typically translates into counselling and supervision, for example on balance sheets, or on compliance with cooperative laws and statutes, fiscal and employment regulations, and collective agreements. Full compliance with the regulatory system often also represents a necessary pre-condition for the affiliation of a cooperative to the association. Such action emerges as especially relevant against the trade union perception that cooperatives are not “virtuous” companies *per se*: if the intrinsic features of their corporate model predispose them to the implementation of value-oriented objectives, these features alone are not sufficient to ensure a mutual exchange.

Cooperatives: Distinctive pathways of social dialogue and collective bargaining

⁴ Emilia Romagna in Italy; Rhone-Alpes and Île de France in France; Wales in the United Kingdom.

⁵ In Emilia Romagna, for example, the unionization rate in worker cooperatives is almost 90 per cent. Cooperatives affiliated to Legacoop, the major cooperative association in the region, register 85 per cent of open-ended contracts among their employees.

Our investigation in the targeted countries finds that industrial relations in the cooperative world tend to replicate the national models, but with certain peculiarities specific to cooperatives. This mostly occurs where cooperative associations are firmly established and the national system enables them to flourish.

In general, cooperative associations are engaged (although to different extents) in tripartite dialogue with public institutions at various levels, with a view to influencing broad policies and plans to improve social and economic well-being.⁶ In addition, they tend to an autonomous and bilateral exercise of the powers that arise from their recognition as social partners, developing their own paths of collective bargaining. This notably occurs in Italy, where cooperative associations – social partners to all intents and purposes – negotiate and sign sectoral national collective agreements different from those applying to non-cooperative companies. This practice has also emerged in other countries, albeit to a lesser extent and in different ways.⁷ It is also true of key sectors⁸ where cooperative companies stand out as valuable economic entities.

This observation is true not only of the collective bargaining method but of its qualitative outcomes as well. In past years, economic provisions and emoluments have been on average superior to other types of company in the same sector. Even if recent economic and sectoral developments have reduced differentials, nonetheless the measurable working conditions remain globally – albeit at times only slightly – more favourable.⁹ In addition, it is possible to gain further margins in territorial and enterprise-level bargaining.

⁶ In France, Spain and the United Kingdom, cooperative associations do engage in dialogue with the public authorities but in a much less binding way than in Italy, where they enjoy full bargaining power at cross-sectoral level, negotiate and sign framework agreements with the Government, the most representative trade unions and other employer organizations.

⁷ At sectoral level, only in Italy are cooperative associations recognized as full social partners with relative collective bargaining power; the national sectoral agreements they sign are binding for all their associated members. In France, such practices are exceptional. In Spain and the United Kingdom, cooperative associations may set up territorial or multi-employer negotiations, although final bargaining power resides only at the enterprise level.

⁸ National collective agreements applicable to cooperatives exist only in Italy; they concern 13 sectors including metal working, the food industry, wholesale and retail, building, agriculture and fishing. In France, similar conditions apply only to consumer cooperatives in the wholesale and retail sector. In the United Kingdom, where there are no sectoral national collective agreements, it is the large consumer cooperative groups which negotiate and sign collective agreements with the sectoral workers' unions.

⁹ Evidence from the comparison of economic statements reported in sectoral collective agreements, as well as of different company-level agreements in countries with more fragmented bargaining structures. Interviews with cooperative and trade union organizations reveal that beyond the strictly economic data, overall working conditions in cooperatives (determined by work organization, work environment and participatory practices) appear to be better than in other companies.

The participatory method

In all the countries targeted, cooperatives appear to make frequent recourse to participation at both the tripartite and bipartite levels. Provisions for participation,¹⁰ especially when formalized via collective bargaining, tend to provide substance to democratic organization and the decision-making process. This is, for instance, clearly enshrined in the Italian national collective agreements for cooperatives, for example:¹¹

The parties acknowledge that *economic democracy* is a typical and essential value of the cooperative enterprise whose key features are self-governing members and male and female worker involvement. In the framework of a common establishment of *industrial democracy* values, the signatory parties commit themselves to favour forms of workers' participation in company development processes – subject to the specific autonomies and responsibilities as well as the specific aspects of the cooperative enterprises.

This approach is not limited to the Italian experience, although it appears to be the most structured in that country.¹² In all the targeted countries, diverse practices for employee information and compulsory consultation allow the involvement of *all* workers, to the benefit especially of non-members who do not have access to the company decision-making bodies. Formal arrangements for worker involvement are stronger the closer one gets to the enterprise level. As demonstrated by the good practices documented below, attention to work quality and dialogue can lead to a “virtuous cycle” where an increase in productivity and competitiveness is accompanied by the amelioration of working conditions.

Tensions in the relationship

Despite the commonality of methods and objectives, the relationship between trade unions and worker cooperatives may often be problematic. The reasons for this are typically associated with a high degree of fragmentation of both the legislative and the relational frameworks which affect working conditions, and with the mechanisms of democratic and participatory management of cooperatives, as well as the enterprises' capacity not only to remain competitive but to grow.

¹⁰ Workers' involvement in enterprises in the three components of information, consultation and participation is regulated by European law, in particular Directive 2002/14, and national legislation.

¹¹ National collective agreement for the cooperative metal industry 2009–2013, introduction.

¹² Participation arrangements laid out in national collective agreements are possibly integrated and extended by those at regional and enterprise level.

The fall of the “quadrilateral” relations between trade unions – cooperatives – politics – public administration

In the countries analysed the cooperative movement benefited in the past from its closeness to the labour movement and the main political parties (mostly left-wing) as well as to public authorities. Such a “quadrilateral” relationship ensured political support and allowed both cooperatives and trade unions to pursue economic success without compromising their principles. Rather, it opened new paths to competitiveness, thus guaranteeing the protection of social priorities at the same time (Thornley, 1981, p. 167). At the beginning of the 1990s this bond was loosened. While enabling companies to gain greater autonomy, this change also led to a reduction in the joint integrated strategies which had often been developed with public authorities at community level.

Pressures of the global market and the economic crisis

The economic pressures arising from changes in global and sectoral markets and, more recently, from the economic crisis, have not spared industrial relations. Despite being affected by the credit crunch and the reduction in job orders, especially from public administrations, cooperatives have proved more capable than other types of enterprise of launching an anti-cyclical dynamic in the face of economic adversity and have demonstrated strong ability to maintain pre-crisis employment levels (Roelants et al., 2012). However, more competitive market conditions and the progressive reduction of resources have also often provoked cost-cutting, which has not always been compensated for by true strategic alternatives. In highly labour-intensive sectors, or in those based on the awarding of contracts and tenders such as the building and services sectors, the reduction in costs has usually entailed the compression of the cost of labour, and therefore a risk of reduced protection for workers.

The cooperative sector has also been exposed to financial instability. Major cooperative enterprises, which had adopted a strategy of “cooperative capitalism” before the crisis, had diversified their activities, enabling them to accumulate liquid assets. However, deviating from their core business led them away from their own roots and primary objectives. In time, these structural conditions have made dialogue and relations between unions and worker cooperatives more difficult.

The fragmentation of representation and the unravelling of labour standards

A progressive fragmentation in the representation of workers’ interests has also undermined social

dialogue. The overall context is marked by changes in the structure of collective bargaining throughout Europe, which have progressively undermined the bargaining systems and reduced the certainty of application of national collective agreements. In some countries, legislative reforms, frequently imposed by national governments, have pushed towards decentralization, weakening bargaining above the level of the enterprise, jeopardizing the effectiveness of the minimum standards fixed by the governments themselves and increasingly voiding them of all substance.¹³ In other countries, the social partners themselves have allowed more flexibility at different levels, through reforms agreed by negotiation.¹⁴ Consequently, the relational framework has become more problematic both at a bilateral level and even within the two movements themselves.

On the trade union side, internal divergences have emerged, especially in countries with pluralistic trade union traditions.¹⁵ Disagreements among trade unions have primarily concerned structural measures undertaken to cope with the economic crisis. Such rifts have sometimes exacerbated the situation, with significant consequences especially at enterprise level. Here, conflicting or demanding approaches make it difficult to manage resources or to jointly conceive and implement strategic planning, as well as to define workers' rights.

On the other hand, the largest cooperative associations have also increasingly witnessed the rise of employers' organizations that diverge from their value system and methodology. In Italy in particular, the problem arises with regard to the evolution of cooperative associations and "independent" trade unions that stipulate company agreements with lower legal and economic standards than those guaranteed by the sectoral national agreements. Differentials in remuneration between the former and the latter can be as much as 35 per cent.¹⁶ Such practices deprive national collective agreements of their function of establishing a level playing field for companies and employees.¹⁷

¹³ For example in Greece, Hungary, Portugal and in some respects Spain.

¹⁴ For example in Germany and Italy (Article 8 Decree Law N. 138 of 2011 – Further urgent measures for financial stabilization and development. Inter-confederal agreements of 2008 and 2011).

¹⁵ Such as France, Italy and Spain. Recent collective bargaining seasons in Italy have been quite conflict-ridden. On various occasions, framework and sectoral collective agreements have not been jointly signed by the three most representative Italian trade union organizations CGIL, CISL and UIL. The same tends to apply at the enterprise level, with serious problems in the management of contractual relations. In some circumstances, the levels of conflict have led to a need for more accurate rules on the effective representation of the unions.

¹⁶ This refers to the National Union of Italian Cooperatives (UNCI) and the National Confederation of Independent Trade Unions (CONFSAL). Unions and cooperative representatives interviewed on this refer to "pirate" collective agreements, which conflict with those signed by CGIL, CISL and UIL, and the cooperative organizations Legacoop, Confocooperative and AGCI.

¹⁷ Decision of the Ordinary Court of Turin, Labour section n. 3818/2010, enshrining the non-application of the collective

In addition to the increased incidence of such “pirate” collective agreements, trade unions have recently registered with great concern a wave of unilateral cancellations by enterprises of collective agreements signed according to the national standards.

There is also a risk of social dumping in relation to misuse of the status of social or worker cooperative. The issue arises in particular in Italy, as remarked by both trade union and cooperative organizations, as well as by the public authority in charge of monitoring the legislation and statutory provisions in force for cooperatives. This is the case where businesses adopt the cooperative formula with the sole purpose of taking advantage of favourable legislation, while failing to comply with the associative and legislative requirements foreseen for the cooperative model. These “false” cooperatives elude controls on compliance with the bargaining regulations in force, producing distortion effects in the market that are often based on the violation of labour standards and legislation. They often also elude the verifications of labour inspectorates, due to objective difficulties in monitoring establishments and their operations.

Cooperative member workers: Status and contractual conditions

A longstanding concern of trade unions with regard to worker cooperatives is that survival in low-margin economic activities may lead to self-exploitation and disregard of labour rights. The question of the member worker, although historically unresolved, is nowadays particularly relevant to the application of the standard working conditions set in collective agreements,

In most of the European countries investigated, the legislation attempts to prevent situations of under-protection. In general, enterprise or sectoral collective agreements cover all workers in a cooperative, regardless of whether they are members or not. In the United Kingdom, for example, minimum labour standards applicable to workers in a given sector are set by law. In Spain, on the other hand, a worker member is considered to be a self-employed person to whom collectively agreed standards do not apply. A related concern leading to tension with trade unions is the risk attached to legislative provisions that allow cooperative member workers’ wages to be kept lower, in order to capitalize their business.¹⁸ In Italy, legislative provisions setting out collective bargaining standards also allow

agreement signed by UNCI and CNAI, which envisaged compensatory standards in the services sector 35 per cent lower than those provided for by the collective agreement signed by the major cooperative and trade union organizations.

¹⁸ The issue is still unresolved, especially taking into consideration that in a similar setting to worker cooperatives in Spain

exceptions for the treatment of cooperative member workers, though under certain conditions and following specific procedures.¹⁹ In the case of a corporate crisis, for example, the reduction of agreed wages is permitted, by virtue of the autonomy of shareholders/cooperative members to make decisions.

Joint action by cooperatives and trade unions

Despite the demise of the political “quadrilateral relations”, there are recent trends in several European countries of a renewed interest in integrated strategies of public relevance, agreed with public authorities and implemented under their coordination and guidance, and enacted via joint actions of trade unions and cooperative associations. The issues addressed are quite varied: job creation and protection, promotion of qualifying paths and enhancement of resources available – notably *human* resources, and schemes for the efficient and sustainable supply of services of general interest, among others. The common feature is, however, the acknowledgement of worker cooperatives as valuable economic *and* social actors.

Italy: Action for the implementation of collective agreement rights

The protection of labour rights and standards agreed collectively (considered as embodying *decent working conditions*) is the reason for joint actions developed by the most representative cooperative and trade union organizations in Emilia Romagna, Italy. They signed a set of joint protocols, addressing crucial issues affecting highly labour-intensive sectors (such as logistics, services and portage), as well as issues concerning the awarding of contracts and tenders: illegal forms of employment, risk of exploitation, and a high incidence of contracting companies applying collective agreements with worse working conditions than those foreseen in national collective agreements. From such protocols, initially intended as bilateral, the social partners drew up a proposal for a regional draft bill containing provisions on the conditions under which the regional administration should outsource activities, as well as on actions monitoring the enforcement of bargaining rules.

These joint actions and the draft bill itself have been widely promoted by the cooperative associations, which are committed to supporting cooperatives in the region in seeking competitive solutions which offer an alternative to labour cost-cutting.

– Sociedad Laborales – members benefit from a collective agreement by law. The law on Sociedad Laborales, however, envisages that participation in the capital can come also from external investors up to a certain limit, which allows them to raise capital for their business.

¹⁹ Article 6, Law 142 of 2001.

The promotion of legality is also supported by a national-level initiative whereby the major cooperative and trade union organizations hold regular dialogues with local bodies and regional departments of the Labour Ministry. Provincial and regional observatories on cooperatives have been jointly established to detect and compare phenomena such as black labour, false cooperatives and lack of application of collective agreements. The aim is not only to call on labour inspection in sanctioning irregularities, but also to promote a culture of legality and “genuine” cooperation. Proactive initiatives include the drawing up of guidelines for bids in cooperative companies, especially in their start-up stage.

Assets seized from organized crime: The experience of Libera Terra

The potential of worker cooperatives as social stakeholders in the community has led to an interesting experience in Italy. Law 109/96 on the redeployment of assets seized from mafia organizations envisages the allocation of illegally acquired or inherited properties to public or private entities able to exploit them for the welfare of citizens by means of social and labour-promoting services and activities. Most assets – mainly agricultural land – are being granted by local administrations to already existing worker cooperatives, or new ones created by specific public tender selecting expert staff. The agricultural worker cooperatives thus created have organized themselves into an association, Libera Terra, and into a consortium-based company to commercialize biological agricultural products identified by a trademark indicating quality and legality. The consortium has experienced growth and now has a turnover of EUR 5 million.

In Southern Italy, where underdevelopment, unemployment and labour under-protection are often related to the activities of organized crime, the first cooperatives founded as a result of this initiative have been named after unionists killed by mafia criminals because they supported the creation of cooperatives of farmers and day-labourers. This initiative is certainly valuable, and not only with regard to the jobs created; today’s cooperatives embody values of great importance in contexts where a culture of law and labour as key elements for economic sustainability still needs to be affirmed. The role of unionism is remarkable in the provision of expertise, campaigning and awareness raising, political support and the promotion of legislative initiatives to improve the effectiveness of the action itself. Furthermore, the network of union contacts is at the service of both individual cooperatives and the consortium, to attract new investors and bodies committed to contributing through solidarity.

United Kingdom: Supply of general services and job creation

In 2012 the national association for cooperatives, Co-operatives UK, started a formal process of dialogue with the Trades Union Congress (TUC). The aim was to develop a common statement of best practice for worker cooperatives to emerge from the privatization of the public sector and deliver services, as envisaged by the Conservative Party and the Coalition Government. The Worker Co-operative Council, a representative body within Co-operatives UK, while welcoming the spirit of the programme, expressed concerns about the risk, in practice, of poor quality enterprises or businesses operating without genuine worker democracy. These risks would hurt the reputation of the whole cooperative sector and, should they end up as a stepping stone to an investor-led privatization, discredit the model in the public-sector arena. The TUC had similar concerns that worker rights needed to be safeguarded, at a time of cuts and change, in the form of genuine, democratic worker cooperatives with good standards in terms of employment conditions. Co-operatives UK and the TUC therefore developed a common agenda.²⁰

In this context, it is worth mentioning that the Wales Co-operative Centre (WCC) was set up over 30 years ago, in 1982, by the Wales branch of the TUC, during the downturn in heavy industry. The Centre is now an established agency for cooperative development, publicly supported and funded, to promote social, financial and digital inclusion through the creation of new cooperatives or business succession to employees. It supports the creation of cooperative enterprises devoted to *social objectives and also economically sustainable*.

The Wales TUC and the WCC have historically had a strong working relationship at both strategic and operational levels. They share a basic commitment to deliver greater community prosperity through common endeavour. Both aim to influence, inform and respond to Welsh public policy, and both recognize the advantages of partnership work on strategic issues and in areas of common interest. To acknowledge the strong historical background and mutual goals as well as to strengthen their social partnership, they have recently agreed a memorandum of understanding establishing further cooperation and coordination for developing joint actions across a wide range of public policy issues. Both parties have distinct but complementary roles and functions vis-à-vis Welsh public policy on the

²⁰ This was also informed by ground-breaking work in the education sector, where the growth of cooperative schools, now numbering over 500 in the United Kingdom, was accelerated by the signing of formal agreements between the Schools Co-operative Society and unions such as the National Association of Schoolmasters Union of Women Teachers (NASUWT). A best practice guide resulting from this work by Co-operatives UK and the TUC was due to be published in late 2013.

one hand, and workers, citizens and consumers on the other.

The relationship between these two actors has brought significant benefits for both of them in terms of capacity to impact on public policy and boost the wealth of the community. Integrated strategies have been jointly conceived and implemented to reduce unemployment among the middle-aged, to combat school drop-out and raise youth employment, to ensure extensive professional training as a measure for anticipating restructuring and to prevent the negative effects of further downturns in the region.

Innovation at company and technological level has been promoted. It is also worth mentioning that in launching the joint initiative, the TUC was originally inspired by the experience of the Spanish cooperative group Mondragon;²¹ in particular, by the integration of economic activity within the fabric of local communities and especially by the astonishing business performances. This explains why support provided via the WCC tends to be highly tangible and effective in terms of economic efficiency as well as communal needs.

France: Legislative action to protect employment

In France, the national reform plan recently presented by the socialist Government includes a chapter which refers to the social economy. The bill, expected to be approved by the end of 2013, is built around five key areas. One specific area concerns the modernization of the cooperative model, which will be the subject of tailored provisions, in particular on business succession by employees. This is meant to cause a “cooperative shock” and to multiply the number of cooperative and participatory societies (SCOP) in the next five years.

French trade unions, involved in processes of wider dialogue, have welcomed the initiative, taking part in dialogue for the bill’s development and implementation. They have long been fostering and supporting the creation of new cooperatives, in synergy with cooperative associations particularly at the regional level, for the protection and promotion of employment and of resources. Trade unions have played a crucial role in those instances of corporate crisis where the possibility of a business takeover and transmission to employees loomed on the horizon.

The Helio Corbeil cooperative in the Loire region, active in the press, magazine and printing sector,

²¹ Notwithstanding concerns about the absence of trade unions in the Spanish company

and Fontanille, in the textile sector,²² fall into this category. In both cases, trade unions (CGT and CFDT) have supervised worker takeovers of bankrupted enterprises to ensure that they represent real, viable and safe business options. The workers have invested their unemployment benefits and compensation in the capitalization of these new-born cooperatives. This active contribution, provided together with CGScop, has focused on the drawing up by experts in the respective sectors of industrial strategies and business plans designed to be sustainable over the long term. Trade unions have eased their relations with public authorities in the region; however, their most valuable contribution has consisted in the reorganization of company and work organization strategies according to a participatory dynamic. Shifting to the cooperative form, in fact, has entailed a profound reorganization of the processes of governance and participation in the membership base. Training to become a cooperative member has been the object of great attention. In particular, in Helio Corbeil it takes 18 months to be trained and admitted as a member. Moreover, all workers in the newly formed cooperatives are members and are unionized. Working conditions in the previous enterprises have been maintained, whereas productive processes have been organized according to a renewed flexibility and effectiveness which seemed to be lacking under the previous management.

Collaboration at enterprise level

The finding that good overall working conditions are linked to higher competitiveness has led to enterprise strategies that draw on cooperative good practice to enhance human capital, in response to global market pressures and the economic crisis.

The three Italian case studies in this section describe innovative solutions to opening new business opportunities and delivering the best quality of service. More often than not, such solutions also include the improvement of existing schemes, organizational rationalization and a “leaner” work organization, leading to higher productivity and the cutting of unnecessary costs. In such cases, the active and well-informed involvement of workers plays a vital role. The case studies demonstrate a high degree of integrated growth, based on the most versatile participatory methods but also on intense awareness of the competitiveness scenarios required for the economic sustainability of the company.

As previously mentioned, advanced practices in this context are already enshrined in national collective

²² In this enterprise, trade unions have also fostered crowd-funding, whose development and management is yet to be evaluated.

bargaining for cooperatives in Italy. The metal sector agreement, for example, acknowledges the distinctive participatory features of worker cooperatives in pursuing their social and economic objectives:

Cooperation needs to promote the active and responsible involvement of workers in company processes and labour organization in order to pursue social and development purposes. Professional participation at various levels, if combined with the effective and efficient organization of the various company roles, is a condition of market competitiveness for the enterprise, as well as a condition for workers to actively contribute to the rapid change in professional and organizational systems.

Consequently, many cooperatives have identified useful procedures to help foster competitiveness in achieving relevant social goals. When it comes to innovation strategies, the enterprise and/or regional-level collective agreement is closest to the action. It is therefore recognized as the most appropriate means to grasp the enterprise's economic and socially distinctive specificities. As such, it appears to be the right tool to delegate (and not derogate from) innovation and experimentation in areas such as work organization and productivity growth, as well as implementation of remuneration systems designed to acknowledge, enhance and promote credits and skills.

Innovation, enhancement of human resources and sustainable development: Formula Servizi
Formula Servizi is an Italian worker cooperative specializing in the provision of various high-quality services to private citizens, enterprises and public administrations. It is rated amongst the ten best national companies for size and profit, and has reached the 35th position in the Top 500 European Growth Companies for the year 2013.

Its entrepreneurial success is based upon a long-term view of sustainability and innovation: "Formula Servizi has always acted strategically and not tactically, focusing on service quality to reduce marginal costs and remain competitive in bids for tender, without affecting working conditions at all."²³ The company policy is based on rethinking work in terms of human, economic and environmental efficiency; reducing energy consumption; recycling, economizing and using renewable energy sources.

An initial innovative aspect concerns work organization. Ninety per cent of its employees are women; 80 per cent of them benefit from a modular part-time or full-time contract, entailing a personalized

²³ Company trade union representatives from CGIL, CISL and UIL.

schedule to cope with private and family requirements. Work assignments are organized so as to enable each employee to work as close to home as possible, also reducing his/her carbon footprint. This has cut absenteeism and has enhanced motivation.

Technological innovation represents a second pillar. Great attention is paid to ground-breaking technologies, especially with regard to environmental impact. Investments have been made in research and development, in partnership with regional institutes. For example, Formula Servizi's hospital cleaning service does not require the use of water.

Moreover, adaptation to the labour instruments requested by health and safety representatives has become the focus of a separate business, which has allowed the company to diversify its activities. In the highly labour-intensive sector of cleaning services, the idea of enhancing human resources might seem difficult; nonetheless, Formula Servizi has based its success on the care and professional development of employees, who are involved in the company strategy and fully able to master technological innovation. In line with this multifaceted company strategy, all employees benefit from more than 1,500 hours of training per year.

The company's industrial strategy benefits from the presence of skilled managers, often with a past in trade unionism, who have developed professionally within the company and are therefore fully aware of its potential, as well as of the region where it is rooted. The close involvement of workers allows them to benefit from their daily experience, not only as individuals but also in the improvement of working methods and the conception of new business products, thus increasing both satisfaction and productivity and saving on management costs.

The company's success is the result of a culture of solidarity, which relies on its members²⁴ who are trained for this role for at least two years. Employee shareholders are keen to be fully involved in corporate governance. Local assemblies are held in all the locations scattered around the national territory, and general assemblies are highly attended. Members also evaluate the company managers every three years, a procedure that has proved to be one of the most rewarding in terms of internal cohesion. Representatives of non-member workers also attend the assemblies, thus guaranteeing a flow of detailed and thorough information to all colleagues.

²⁴ Out of 1,900 workers, almost 900 are worker members.

Trade union delegates (who are sometimes also cooperative members) hold a constant and direct dialogue with the management, mainly representing the interests of non-member workers and thus strengthening relations throughout the entire workforce. They also deliver the workers' views on, for example, health and safety issues, which have often helped to better manage internal organizational processes, streamline procedures and improve communication. Encouraged by a climate of transparency and mutual trust, company trade unions have never obstructed innovation processes, but have made a significant contribution to the overall collaborative spirit, despite the difficult times and situation of the sector of operations.

Cooperative suppliers and professional development: Consorzio Euro2000

Like other small companies, many worker cooperatives often depend on large private corporations for orders or supplies. Consequently, these corporations can exert pressure on cooperatives, or jeopardize their survival as businesses. However, trade unions can play a balancing role, putting pressure on the contracting companies on which cooperatives depend by virtue of the relationships they enjoy in the region and the weight they can have on public opinion. Moreover, the experience of trade unions in the consolidation of industrial districts can help cooperatives to develop strategies that can make them more robust, such as the creation of consortia. This is the case of Consorzio Euro2000, established in 1998, which unites a group of cooperatives active in meat butchering, with 1,330 worker members mostly based in Lombardy, Italy. Thanks to collaboration with the trade unions, the establishment of the consortium allowed cooperatives to secure a long-term contract for butchering services with the agri-food giant Cremonini Group.

Nowadays, the consortium no longer depends only on this single client. Thanks to a careful policy of management and staff training and development, production processes have reached high standards of excellence. Consorzio Euro2000 is a highly efficient organization relying on strong worker involvement and trade union engagement in health and safety issues. Butchering procedures have been refined over time, making the job safer and less burdensome, with higher efficiency and quality output.

The experiences accrued have been put to good use: specific training and job placement plans have been agreed with regional trade unions to train at least 25 young people annually who are willing to learn a highly specialized job. The scheme has been running for five years, and all the participants have

been recruited by the consortium or by other employers in the area, where there is a strong demand for professionals in an “endangered trade”.

Participation and solidarity in the building sector: The case of CMB

One of the sectors most affected by the economic crisis has been construction. Not only did the credit crunch stall private contracts, but the cuts in public spending had a drastic impact on the economy of the sector. The Cooperativa Muratori e Braccianti (CMB) in Carpi, Italy, is one of the largest construction companies in Europe. It has survived thanks to a combination of corporate and industrial strategies that have proved capable of safeguarding the jobs of its approximately 900 employees, all hired on permanent contracts. The business strategy has been focused on diversification: in addition to the production of work, the cooperative has undertaken “socially responsible” financial and real estate activities, not aimed at mere speculation, that have recently provided significant cash reserves right when they were most needed. Before the crisis, this “social capitalism” allowed for an increase in employment and, among other elements, the hiring of workers transferred from the whole national territory, for whom the cooperative also provides room and board. The *social* aspect of the corporate strategic choices and the strong values of the cooperative guarantee, moreover, that in times of crisis the priority lies in safeguarding employment levels. In the event of the application of social safety nets such as redundancy payments, for example, the company tends to supplement the government contributions to ensure a decent minimum income to employees who have been made redundant.

The membership base is represented by about 250 worker members out of 900 workers, almost all managers and middle managers. A climate of trade union pluralism, promoted by the management in spite of the risks of fragmentation on the consultation front, has fostered trade union membership as well as the presence of trade union representatives (on behalf of all workers, whether members or not) at cooperative members’ meetings, and thus a steady and full flow of information.

The choices of corporate strategy, which thus far have proved to be far-sighted thanks to a management that is experienced and aware of the environment in which the cooperative operates, are the subject of preliminary discussions with company trade unions. Important issues are first debated at meetings with all workers, together with the management, and only then at the members' assemblies. They are then the object of a structured participation in the application phase.

This internal participative structure is aided by the extraordinary²⁵ presence of three bargaining levels applicable to the cooperative: national, provincial – both usual for the construction sector – and corporate, covering all three regional divisions of CMB. There is, however, no overlap: each level agreement deals with different issues. The corporate layer is the most flexible, allowing CMB to reach standards of excellence for example in relation to the treatment of transferred workers, health and safety issues, salary support and training. Company agreements deal with professional bonuses, offered on the basis of compliance with safety obligations and responsibilities, which encourage and reward participation in specific training courses and provide accountability on key issues for construction workers.

Trade union agreements on industrial organization see the trade unions and the general representation of workers carrying considerable weight with respect to the decisions taken in the cooperative assemblies. For example, the recent (2011–12) solidarity agreements,²⁶ involving even the professional category of middle managers and cadres, especially typical of members, and which provided social safety nets for 150 people, was first discussed with the trade unions and then by the members' assembly.

The win-win relationship: Conditions and pathways of maturation for economic sustainability

From the evidence presented in this article, working conditions appear to be best protected and promoted in multi-level collective bargaining systems, which are more likely to achieve a proper settlement of rights and obligations between cooperatives and workers. They work to the benefit of the whole process: the value of the agreement lies in its being the culmination of a negotiation, even though hard-fought, in which parties must strive together for their respective interests, knowing that the point of balance lies in their complementarity.

The signature of the agreement, however, does not put an end to the debate on working conditions, on which cooperatives and trade unions continuously exchange views. There remains the question of the “internal” representation of the interests of members and non-members. In this respect, a common thread among the experience of the enterprises analysed is that where trade unions are present, they act

²⁵ In Italy, the local and the corporate levels are alternatives.

²⁶ The practice of solidarity agreements is quite widespread among cooperatives.

in the interest of the whole workforce. Members' decision-making autonomy on crucial choices (from the appointment of their managers to the application of business and organizational strategies, even extreme and difficult ones), can also be supported by the action of the trade union. The position of member, normally coveted by cooperatives' employees, in general is not automatic the result of a preparatory process whose completion is required by the company and is carried out jointly with trade unions.

This path contributes to the creation of a corporate culture based on shared values such as awareness of labour rights and workers' prerogatives, solidarity and allegiance to the collective reality. The fact that many cooperatives have chosen to maintain their employment levels during the crisis, sharing the pain among workers, demonstrates a distinctive cohesion with strong social connotations. Moreover, it is often members who are the first to make sacrifices, perhaps giving up the return on capital, to safeguard the positions of non-member employees.

In such contexts, there is no condemnation of the choice made by cooperative members to "sacrifice" working conditions, as long as they are aware of and compliant with the substantial constraints for the protection of rights. In this respect, trade unions oversee and support. Such a culture takes into account the communal environment in which cooperatives and their employees coexist, affected by the company choices – as sadly experienced in cases of closure of entire plants. The link with the community supports informed and shared choices, and fosters solidarity. At the same time, the cooperative draws strength and resources from the surrounding region. The management of the cooperatives surveyed always has a strong link with both: it knows the region, and is able to enhance its potential in the interests of economic activity, which in turn produces benefits for the region as a whole and its people.

The cases reviewed here have seen workers' experiences taken into serious consideration, translated into actual improvements in working methods, capitalized as innovative assets for the company, and used for the benefit of its economic sustainability. The pathways towards such win-win solutions therefore seem to rely on *social innovation*.

This is not a new concept, especially for the cooperative world.²⁷ Worker cooperatives are frequently

²⁷ Social and workplace innovation have recently been relaunched by the European Institutions through policy documents

acknowledged as being able to “respond to unmet social needs” at the enterprise and community levels, while performing successfully as economic actors. In the present context, however, innovation is intended not only in terms of industrial strategy, but also, and mainly, in terms of cultural approach.

Evidence from the field highlights that innovation is possible if it is led by awareness and responsibility of all the actors involved. It depends on their capacity to mature and adopt attitudes such as the possibility to “reshape the relationship between development and rights, between globalization and region, as growth is not separated from rights, hence they foster each other” (Cattabiani, 2012).

For cooperatives, awareness and responsibility imply an attempt to reverse the trend towards the pursuit of competitiveness at the expense of workers’ rights and working conditions, especially for the most disadvantaged categories. This would betray the very nature of cooperatives and would also represent a defeat for trade unions and public authorities. Although this is a challenge for all enterprises, it is more pertinent for cooperative enterprises than for conventional ones.

Trade unions are also facing a cultural change affecting their role. They are called upon to develop a more proactive and pragmatic approach while still affirming their general principles and defending labour standards for all. Greater pragmatism implies a greater willingness to put forward proposals, and therefore greater capacity to evaluate individual situations and customize solutions.

Cultural change involves public authorities too, which need to set priorities, enrich existing resources and prevent any risk of marginalization. In this framework, social dialogue and industrial relations appear to be the ground for enhancing industrial and economic democracy through the promotion of participation, mutual responsibility and commitment within companies and in the regions, where both trade unions and cooperatives are traditionally well rooted.

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