

# MANIFESTO OF COOPERATIVES ACTIVE IN INDUSTRY AND SERVICES FOR THE 2014 EUROPEAN PARLIAMENT ELECTIONS

CECOP is the European Confederation representing approximately 50,000 cooperatives and other employee-owned enterprises active in industry and services in 17 EU countries, employing 1.4 million persons. Their main categories are worker cooperatives, social cooperatives, cooperatives of artisans and individual producers in industry and services and other types of enterprises owned and controlled by their own staff.

Cooperatives are an original and internationally-defined enterprise model based on democratic member control, voluntary and open membership, members' financial participation, autonomy and independence, information, training and education, cooperation among enterprises, and concern for the wider community<sup>1</sup>. This enterprise model is protected by legislation in the vast majority of countries in the world, including in the EU. It has shown particularly strong resilience to crises. As a key source of sustainable entrepreneurship and employment in particular for the youth, long-term enterprise strategy, innovation and regional development, it should be promoted at EU level, both in itself and as an inspirational model for other types of enterprises.

During the 2009-2014 legislature, Europe has been mired by a painful economic crisis. Nevertheless, the results of annual surveys which CECOP has been conducting among its members over that period show that our around 50,000 cooperatives in industry and services have, in their great majority,

## WORKER COOPERATIVES

The members are the employees of the enterprise who jointly decide on all major entrepreneurial decisions and jointly elect and appoint their own leaders.

## SOCIAL COOPERATIVES

Specialised in the provision of services of general interest (social, health, educational or environmental services) or in the reintegration of disadvantaged workers (disabled, long-term unemployed, migrants, (ex) offenders, drug addicts, etc), or both. Social cooperatives affiliated to the CECOP network provide, *inter alia*, employment to 40,000 disadvantaged persons.

1- These key characteristics are explained in detail in ILO Promotion of Cooperatives Recommendation (n° 193) approved in 2002 at the world level and *inter alia* by all present 28 EU Member States

been more resilient in terms of economic sustainability, jobs and capital / debt ratio. In addition, they have in many cases been net job creators, and they have saved a large amount of enterprises that were going to close down, maintaining most of their jobs and keeping alive local economic activities. Many of the enterprises affiliated to the CECOP network have further internationalized, thereby reducing the pressure brought about by the economic crisis.

In spite of this resilience, and of the enormous efforts of those enterprises to maintain it, a handful of them in specific sectors (such as public works in Italy or white goods in Spain) have fallen victim to the crisis and have closed down – or are closing down. If the crisis drags on for much longer, the resilience of the enterprises affiliated to the CECOP network will begin to reach its natural limits. They need EU policies for growth and jobs, with a strong industrialization and re-industrialization drive, public investment and the promotion of services of general interest.

Whereas cooperatives in industry and services are resilient in times of crisis, they also have a record of economic stability and steady expansion during periods of growth, while remaining embedded in their regions without de-localizing (while in several cases multi-localizing). Our enterprises are thus natural allies of Europe, its countries and regions. Better public policies for the promotion of cooperatives will help cooperatives, which in turn can substantially help Europe in its growth and jobs drive.

#### COOPERATIVES OF ARTISANS AND INDIVIDUAL PRODUCERS IN INDUSTRY AND SERVICES

From masons to lawyers, from hairdressers to architects, members mutualize common services and costs (bulk purchases, commercialization, marketing, coordination of clients, accountancy etc).

#### OTHER TYPES OF ENTERPRISES OWNED AND CONTROLLED BY THEIR OWN STAFF

Such as the Spanish “Sociedades Laborales”, like the categories above, they lay strong emphasis on generating sustainable employment and production.

## CECOP'S TOP PRIORITIES FOR THE NEXT LEGISLATURE

### EMPLOYMENT: CREATE NEW JOBS BUT ALSO SAVE THE EXISTING ONES

Cooperatives among employees have the creation and maintaining of sustainable jobs, from the perspective of strong local development and wealth generation, as their key mission. The worker cooperative spirit promotes employees' access to information and training, a prerequisite to develop autonomy, motivation, responsibility and accountability.

- European policies should promote the creation of quality jobs in sustainable enterprises, equally in start-ups and existing enterprises, namely jobs that comply with the International Labour Organization (ILO) standards and are sustainable over time.
- Stronger efforts should also be deployed to maintain existing jobs and save jobs in enterprises that risk closing down. Jobs lost due to enterprises closing very often lead to the extinction of local and regional skills which can have a disastrous impact on the economic development and the competitiveness of the EU at the global level.
- The promotion of employee-owned cooperatives (worker cooperatives, social cooperatives, artisans' cooperatives, cooperatives among small businesses, multi-stakeholder cooperatives etc.) and other forms of business owned and controlled by their staff or individual producers, should be seen first and foremost in the framework of sustainable and accessible employment, even for the most disadvantaged citizens, which make it possible to maintain talent and skills and allow career mobility inside the enterprise, empowerment and self-realization.<sup>2</sup>

### BUSINESS TRANSFERS: PROMOTION OF BUSINESS TRANSFERS TO EMPLOYEES UNDER THE COOPERATIVE FORM

According to the European Commission itself, the EU may lose approximately 150,000 enterprises each year, representing 600,000 jobs<sup>3</sup>, because their owners retire, set up a new business or seek other opportunities, while no buyer or successor can be found. In addition, bankruptcies or business failures also lead to plant closures, when at least part of the activity is profitable. The potential of saving enterprises and jobs through the cooperativization of enterprises, that would otherwise close down, is becoming

2- See the initiative report of the MEP Patrizia Toia “Contribution of cooperatives to overcoming the crisis” (2012/2321(INI))  
3- According to the study “Business Dynamics: Start-Ups, Business Transfers and Bankruptcy” published by the European Commission in 2011

particularly important in the current economic and social context. Hundreds of cooperative enterprises from the CECOP network are in fact the result of businesses that have been transferred to, or bought out by the employees and re-established under the worker cooperative form since the beginning of the crisis. In France, for instance, there have been 224 transfers and buyouts since 2008, with a very high survival rate within the first 5 years, superior to the entire number of French enterprises<sup>4</sup>.

- Business transfers should remain a priority on the EU agenda during the next legislature.
- In order to save jobs, economic activities and local skills from disappearing, and in order to transform them into sustainable activities, the European Institutions and Member States should promote and adopt measures in favour of business transfers to employees under the cooperative form.
- Direct financial mechanisms aimed at helping employees invest in enterprises in crisis or without a successor in order to engineer business transfers to employees, in particular under the cooperative form, should be strongly encouraged.
- Training in cooperative management and governance for the future worker-owners should also be supported.

## FINANCING: ADEQUATE FINANCING FOR INDUSTRIAL AND SERVICE COOPERATIVES

Because of their specificities, cooperatives and other employee-owned enterprises active in industry and services require financing that respects their specific business model by which the share capital must be owned and controlled by members. They have a strong tendency to build financial reserves with their own funds and, wherever they reach a certain density, they tend to establish mutualized financial instruments among themselves. In order to achieve the long-term financing objectives set by the EU, any European or national financial initiative willing to promote cooperatives should acknowledge their needs and contribute through existing intermediaries, when they exist.

- Policies encouraging members and employees of cooperatives to take part in the capital and in the results of their cooperative should be encouraged through concrete fiscal mechanisms, and with the necessary legal protection and corresponding ratio of participation in the governance, oversight, decision-making and responsibility within the enterprise.
- A European mechanism designed to promote the development of cooperatives and, in particular, business transfers to employees under the cooperative form should be established with the participation of the European Investment Bank and the social partners, and with stakeholders from the cooperative movement<sup>5</sup>.

4- According to INSEE (French Institute of Statistics and Economic studies), for more information on that topic see "Business Transfers to Employees under the Form of a Cooperative in Europe", p.12.

5- See the initiative report of the MEP Patrizia Toia "Contribution of cooperatives to overcoming the crisis" (2012/2321(INI)), # 25.

## MUTUALIZED BUSINESS SUPPORT SERVICES

Cooperatives and other employee-owned enterprises in industry and services have a long experience in developing support structures, providing not only financial services, but also advisory, training, innovation, internationalization services etc. These support services are mutualized and largely self-financed by the national cooperative systems. They are owned and controlled by the cooperatives that use them. They have proved to be fundamental for the creation and development of the enterprises of the CECOP network.

- The creation and reinforcement of mutualized business support services among cooperatives and other employee owned enterprises should be promoted.
- Financial support programs at EU level in favour of cooperatives should function in coordination with these business support institutions.

## COOPERATIVE GROUPS - CONSORTIA: FOR SUSTAINABLE REGIONAL DEVELOPMENT

In some highly industrialized European regions, like Italy's Emilia-Romagna region and Spain's Basque Autonomous Region, cooperatives have established strong industrial clusters and horizontal groups, also called "peer groups", owned and controlled by their constituent cooperatives. Today they make up a very high proportion of the regional economy (around 30% of Emilia-Romagna's GDP) even with the present economic slow-down and in spite of the strong difficulties which some specific sectors are suffering.

- Member States should be encouraged to adopt regulatory frameworks for the creation of cooperative horizontal groups as well as measures promoting them.
- Inter-SME collaborative networks under the cooperative form (artisans' cooperatives, cooperatives of SMEs, activity and employment cooperatives etc), especially in strategic sectors, should be supported, in particular at local and regional level, as those networks considerably reinforce the sustainability of the constituent enterprises. Such networks are also virtually the only way in which micro and small enterprises can be a source of innovation.

## YOUTH ENTREPRENEURSHIP: THE COOPERATIVE OPTION

An increasing interest for the cooperative way of doing business has been noticed among young Europeans. One can conclude that cooperative democratic governance and control over the enterprise can be particularly attractive among young people. Creating a cooperative can be, for young people, a

sustainable response to the very critical employment prospect which they are currently facing in the EU, while at the same time it can help young people to have a more active and autonomous place in society and make them take charge and feel more responsible for their own future.

- European and national policies should support the establishment of cooperatives by young people. National legal frameworks should enable young people to establish a cooperative in all sectors of activity, including the most innovative ones. The EU institutions should promote cooperatives for the youth within the framework of employment and entrepreneurship policies.
- Through different levels of education, from primary education, specialist technical schools, to university courses, young people should have access to programs where the cooperative business model is taught. Through cooperative education, young people should get acquainted with values such as self-responsibility, democracy, equality, equity and solidarity.

## SERVICES OF GENERAL INTEREST: FOR A MORE INCLUSIVE SOCIETY

Services of general interest (health, social services, education, environmental protection, the labour integration of disadvantaged groups, energy production etc.) are among the fastest growing types of activities in which cooperatives are getting involved in Europe today, and one of those with the highest potential for development till 2020. By including the various stakeholders involved (e.g. doctors and patients, teachers and parents) in the same governance structure through joint, democratic control in a strictly entrepreneurial fashion, cooperatives are in many ways uniquely placed to provide access to these services and increase service quality while reducing costs, although experience has shown that they need adequate national regulation in order to develop.

- Legislation regulating cooperatives in which the primary and direct purpose is the delivery of services of general interest, which exists in 7 EU member states today, should be encouraged across the EU.
- When implementing the new directive on public procurement, Member States should ensure that the criterion for the "most economically advantageous tender" include the production process in the quality criteria and the social aspects, especially when it comes to the provision of services of general interest.
- The European Commission should provide assistance (eg. publication of a guide) to public authorities to properly understand and implement the new provision from the revised directive on public procurement on reserved contracts (Art. 17) making it possible to restrict tenders to enterprises that pursue the aim of the social and professional integration of disabled and disadvantaged persons.

## CECOP CALLS FOR THE FOLLOWING

- ▶ THE EUROPEAN COMMISSION HAS COMMITTED ITSELF TO PUBLISHING A "COOPERATIVE ROADMAP" IN 2014 AIMING TO SUPPORT COOPERATIVE START-UPS AND GROWTH ALL OVER EU. CECOP CALLS ON MEPS TO FOLLOW CLOSELY AND SUPPORT THE IMPLEMENTATION OF THE ROADMAP. WE ALSO CALL FOR THE PERPETUATION OF THE WORKING GROUP ON COOPERATIVES CREATED BY THE DG ENTERPRISE AND INDUSTRY.
- ▶ THE CONTINUITY OF THE SOCIAL ECONOMY INTERGROUP IN THE EUROPEAN PARLIAMENT DURING THE NEXT LEGISLATURE, IN ORDER TO MAINTAIN COOPERATIVES AND THE SOCIAL ECONOMY HIGH IN THE EUROPEAN AGENDA AND TO CONTINUE THE REGULAR DIALOGUE BETWEEN STAKEHOLDERS AND MEPS.
- ▶ CECOP CALLS ON THE EUROPEAN PARLIAMENT TO CLOSELY FOLLOW UP ITS OWN REPORT ON THE CONTRIBUTION OF COOPERATIVES TO OVERCOMING THE CRISIS (2012/2321(INI)) AND ITS IMPLEMENTATION BY THE EUROPEAN COMMISSION.
- ▶ AS REQUIRED BY THE EUROPEAN PARLIAMENT'S REPORT MENTIONED ABOVE, THE RE-ESTABLISHMENT OF A UNIT INSIDE THE EUROPEAN COMMISSION IN CHARGE OF COOPERATIVES AND OTHER SOCIAL ECONOMY ENTITIES, IN ORDER TO MONITOR AND DEVELOP POLICIES FOR THIS BUSINESS MODEL. THE UNIT SHOULD WORK ON THE IMPLEMENTATION OF THE "COOPERATIVE ROADMAP" AND INTERFACE WITH THE WORKING GROUP ON COOPERATIVES.

## CONTACT

CECOP - CICOPA Europe

105 Avenue Milcamps  
1030 Brussels - Belgium



+ 32 2 543 10 33 - [cecop@cecop.coop](mailto:cecop@cecop.coop)

[www.cecop.coop](http://www.cecop.coop)

