

COOPERATIVES AND EMPLOYMENT

second global report

• 2017 •

Contribution of cooperatives to decent
work in the changing world of work

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COOPERATIVES AND EMPLOYMENT SECOND GLOBAL REPORT • 2017 •

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"Cooperatives and Employment: Second Global Report" was carried out with the financial support of the International Cooperative Alliance

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ISBN: 978-2-930816-03-6

Legal deposit: D/2017/13.486/1

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ABBREVIATIONS AND ACRONYMS

- BECTU** • Broadcasting Entertainment Cinematograph and Technicians Union
COPAC • Committee for the Promotion and Advancement of Cooperatives
CNCRES • Conseil National des Chambres Régionales de l'Economie Sociale et Solidaire
CPMA • Co-operative Personal Management Association
DIIESES • Délégation Interministérielle à l'Innovation et l'Expérimentation Sociale et l'Economie Sociale
EESC • European Economic and Social Committee
EURICSE • European Research Institute on Cooperative and Social Enterprises
FAO • Food and Agriculture Organization
ICA • International Cooperative Alliance
ICA AP • International Cooperative Alliance Asia-Pacific
ICFTU • International Confederation of Free Trade Unions
ICLS • International Conference of Labour Statisticians
ICSE • International Classification of Status in Employment
ILC • International Labour Conference
ILO • International Labour Organization / International Labour Office
INSEE • Institut National de la Statistique et des Etudes Economiques
ISIC • International Standard Industrial Classification of All Economic Activities
NACE • Nomenclature statistique des Activités économiques dans la Communauté Européenne
NAICS • North American Industry Classification System
OMIE • Owner-Manager of Incorporated Enterprise
SANASA • Federation of Thrift and Credit Unions Sri Lanka
SDGS • Sustainable Development Goals
SEWA • Self Employed Women's Association
ULCCS • Uralungal Labour Contract Society
UN • United Nations
UNDESA • United Nations Department of Economic and Social Affairs
WHO • World Health Organization
WIEGO • Women in Informal Employment: Globalizing and Organizing

FOREWORD

“Focusing on the future of work was tantamount to asking what the fate of humankind could be”, Robert Skidelsky, *The future of Work we want: A Global dialogue held by the ILO on 6-7 April 2017*

In his keynote speech at the conference *The Future of Work We Want: A Global Dialogue* held by the International Labour Organization (ILO) on 6-7 April 2017, Robert Skidelsky explained that focusing on the future of work was tantamount to asking what the fate of humankind could be, reflecting how important work had become for human civilization. But Skidelsky also shared his feeling that the present state of the world, particularly with regard to work and employment, was like a kind of “*new middle ages*”.

What is certain is that the present world employment situation is a matter for concern. Since our 2014 study, *Cooperatives and employment: a Global report*, the level of unemployment in the world, which was already high, has increased in absolute terms and has remained stationary in relative terms. Youth and long-term unemployment reflect the same trend (ILO, 2017). Inequalities have become more acute. A dramatic increase in the number and ratio of self-employed has been observed in several countries, leading to a gradual atomization of the workforce; for example, in the United Kingdom, self-employment has dramatically increased since 2008, now reaching a figure of 4.6 million, in other words 15% of the entire United Kingdom workforce (Conaty et al., 2016). The informal economy which, according to the wider concept now adopted by the ILO, also includes economic activities and jobs that are “*insufficiently covered... by formal arrangements*”¹ is becoming increasingly globalized, in particular for tens of millions of domestic and care workers, many of whom are migrants.

A series of recent studies has highlighted the impact of employment on health and life itself. According to an article in the well-known British medical review, *The Lancet*, based on World Bank and World Health Organization (WHO) data over 15 years, there were 160,000 more deaths through cancer in the EU between 2008 and 2010 in conjunction with both the rise in unemployment and reduction in public spending, and over 500,000 throughout the world (Maruthappu, 2015). *The Lancet* also stated in 2015 that unemployment was at the origin of around 45,000 suicides every year in 63 countries (Nordt et al., 2015).

This rather bleak picture contrasts with the ambitious targets for significant improvement set by the United Nations Sustainable Development Goals (SDGs), notably regarding employment and decent work. The targets constitute a titanic task to be attained in barely 13 years.

What will the role of cooperatives be in this huge effort? Cooperatives are mentioned in the UN Resolution A/RES/70/1 *Transforming our world: the 2030 Agenda for Sustainable Development* (2015), as one of the actors in the implementation of the SDGs, in which employment is one of the main pillars. They are also mentioned in the ILO *Transition from the Informal to the Formal Economy Recommendation, 2015* (No. 204) as one of the actors having a role in the transition. The commitment of cooperatives to decent work is stated in ILO *Promotion of Cooperatives Recommendation, 2002* (No. 193).

But, beyond these policy statements, do cooperatives really represent a significant share of employment? This report shows that, with 279.4 million people involved in cooperatives according to partial data, they constitute at least 9.46% of the world’s employed population. This is a sufficiently high percentage for them to be considered as a major actor in the 2030 Agenda, as well as in the world-wide debate on the Future of Work launched by the ILO in 2015 and due to culminate with the organization’s centenary in 2019.

1- Transition from informal to formal economy Recommendation, 2015 (No. 204)

At the same time, the contribution of cooperatives to the Future of Work debate is not only quantitative, but is also related to the way in which cooperative work is organized and experienced. Our 2014 study already analysed the three basic forms of cooperative work, namely those experienced by salaried workers, self-employed producers and worker-members, and, based on fieldwork carried out in 10 selected territories across the world, showed how cooperative work was characterized by a series of common features, such as participation, a sense of family, flexibility, value orientation and a sense of a specific identity.

This report presents a more in-depth analysis of the three basic forms of cooperative work and examines specific cases, such as freelancers’ cooperatives where members mutualize an employee status, labour cooperatives that do work intermediation, or multi-stakeholder cooperatives where worker-members co-habit with other types of members in exerting democratic control over the enterprise. It also provides a detailed analysis of informal employment and the cooperatives’ role in dealing with the transition towards formality, and touches upon the issue of platform cooperativism, linked to the issue of the commons, in response to the partial informalization trend brought about by internet platforms.

This analytical effort is not purely academic but is meant to understand the working conditions in cooperatives, including in terms of social protection, and the public policies that are needed in this regard; it is also meant to utilize the cooperative work and employment experience as a laboratory for the above-mentioned Future of Work debate.

In addition, since more reliable quantitative data on cooperative employment are also needed, the intent of this analysis is to improve substantially the methodology and the quality level of cooperative statistics. This is particularly timely, because the next International Congress of Labour Statisticians will take place in 2018, and the public authorities and the cooperative movement itself should pay particular attention to this forthcoming event.

In the wake of this report, key issues should be analysed in further studies, notably:

- The long-term capacity of cooperatives to modernize the production of their goods and services without drastically reducing their workforce; the present picture reflects a certain level of stability, including in modern industrial sectors, but this must be examined systematically, based on diachronic data and probing into present robotization trends.
- The presence of cooperatives in newly emerging sectors, such as engineering, the maintenance of robots, design, R&D, creative industries, tourism, care services etc.
- How cooperatives promote equality in employment; the world’s employment problem is also linked to how wealth is created and redistributed; as was shown in the first report on cooperative employment (2014), cooperatives tend to redistribute wealth more equally and equitably, but this requires further confirmation.
- How cooperatives promote decent work: although indications in this sense were shown in the 2014 report, more evidence must be provided.

We hope that this report will be useful to all persons and institutions interested in knowing more about cooperative employment and how it can contribute to the Future of Work debate.

Bruno Roelants, August 2017

This report presents a more in-depth analysis of the three basic forms of cooperative work and examines specific cases, such as freelancers’ cooperatives where members mutualize an employee status, labour cooperatives that do work intermediation, or multi-stakeholder cooperatives where worker-members co-habit with other types of members in exerting democratic control over the enterprise

ACKNOWLEDGEMENTS

The author would like to express his gratitude to all those who helped and supported the production of this second global report on Cooperatives and Employment. It has been able to draw on the first-hand accounts provided by cooperators thanks to the field research organised with the help of the International Cooperative Alliance Asia-Pacific (ICA-AP), the Uralungal Labour Contract Society (ULCCS) in India, and the Federation of Thrift and Credit Unions Sri Lanka (SANASA) in Sri Lanka. Comments and advice given by colleagues in the international Co-operative Alliance (ICA) and the International Labour Organization (ILO) Cooperative Unit helped elaborate and clarify some important arguments. The author would also like to acknowledge the contribution made by those who provided valuable information and data, including, among others, CoopFR in France and Directorate General for Cooperatives, Turkish Ministry of Customs and Trade, Central Co-operative Society in Myanmar, Department of Cooperatives in the Government of Bangladesh, Centre for Strategical Statistics & Information in Iran and Tanzania Cooperative Development Commission. Most of all, this report owes much to the joint work carried out with colleagues in CICOPA, and in particular with Secretary General Bruno Roelants, who also provided valuable critical support and comments during the entire drafting process.



EXECUTIVE SUMMARY

Based on data from 156 countries, the updated estimate shows that employment *in or within the scope of* cooperatives concerns at least 279.4 million people across the globe, in other words 9.46% of the world's employed population

Employment is one of the most important contributions made by cooperatives throughout the world. Whilst taking into account initiatives and debates at the international level regarding the issues of the future of work and the changing world of work, the present report also aims at updating the 2014 study, *Cooperatives and employment: a Global Report*, by: 1- providing an update on the quantitative information on cooperative employment at the global level; 2- presenting propositions to develop conceptual tools aimed at producing reliable information on work and employment in cooperatives; 3- examining the contribution of cooperatives to work and employment in informal employment and in the new forms of work.

The present report proposes a pragmatic method by using cooperative typology as a proxy, highlighting information on different forms of cooperative employment. The key element of the method consists in reclassifying currently used types of cooperatives according to meta-types which represent different forms of cooperative employment, namely employees, worker-members and producer-members. We propose six meta-types, namely, "user cooperative", "producer cooperative", "worker cooperative", "multi-stakeholder cooperative", "secondary cooperative" and "enterprise cooperative", according to the members' function in relation to their cooperative.

However, apart from some technical problems that could be solved by obtaining more qualitative information on currently used typologies, a number of conceptual issues should be discussed further, such as the distinction between producer cooperatives and worker cooperatives, statistical definitions for worker ownership and boundary issues concerning employment in subsidiaries and enterprise-members in enterprise cooperatives.

By using the proposed method and considering the issues being raised, the report presents updated quantitative information on cooperative employment, as well as on the number of cooperatives and types of members. Based on data from 156 countries, the updated estimate shows that employment *in or within the scope of* cooperatives concerns at least 279.4 million people across the globe, in other words 9.46% of the world's employed population. Out of this figure, 27.2 million work *in* cooperatives, including around 16 million cooperative employees and 11.1 million worker-members. Employment *within the scope of* cooperatives, comprising mainly self-employed producer-members, concerns over 252.2 million people, the vast majority being in agriculture. The number of cooperatives throughout the world is 2.94 million and the number of members in all types of cooperatives is 1,217.5 million.

Turning then to qualitative aspects of cooperative employment, the report examines cooperatives' specific contributions to addressing problems related to work and employment in the informal economy. While underlining the importance of an integrated approach based on the involvement of various stakeholders, this report proposes that cooperatives be part of such integrated solution, in various ways:

- People working in the informal economy who join savings and credit cooperatives, mutual insurance cooperatives, multi-purpose cooperatives and consumer cooperatives have access to certain formal or semi-formal services and are connected to the formal arrangements they need in their life and in their work. In particular, these cooperatives can provide them with easier access to credit, education and training, affordable goods and services to meet their basic needs and a certain level of social protection based on solidarity and mutual help.
- Self-employed producers/entrepreneurs who join shared service cooperatives based on a horizontal integration strategy gain access to various services supporting members' economic activities, which help them to attain economies of scale and a higher bargaining power.
- For the self-employed workers and freelancers who have considerably increased in number over the last decades, cooperatives could be used by trade unions or member-based organisations as a tool to organize them, but could also provide innovative models which could guarantee both flexibility and protection.
- Worker cooperatives, which aim at providing decent jobs to their worker-members, can be a direct solution to the formalization of informal employment. However, to fully display their potential contributions, a favourable environment and an appropriate legal framework are necessary.

In addition, the present report pays special attention to the potential contribution of cooperatives to technological development and accompanying social change. In the changing world of work, cooperatives need to respond to new opportunities and challenges. The concepts of "platform cooperativism" and "commons" could usher in innovative ways of working in, and with, cooperatives in the 21st century. However, while fully recognizing the contribution made by these new concepts, this report proposes their combination with the tools and methods of the cooperative movement, which would strengthen and give concrete expression to the contribution they are able to make to address problems related to work and employment in the changing world of work.

The report examines cooperatives' specific contributions to addressing problems related to work and employment in the informal economy and pays special attention to the potential contribution of cooperatives to technological development and accompanying social change

CHAPTER 1

INTRODUCTION

1.1 CONTEXT

Employment is one of the most important contributions made by cooperatives in the world. The 2014 study *Cooperatives and employment: a Global report* (hereafter, 2014 Global Report) which was commissioned for the 2014 International Summit of Cooperatives held in Quebec City in October 2014, tried to illustrate such contribution in terms of quantity, quality and meaning. Based on empirical evidence, the 2014 Global Report provided a conservative estimate regarding global employment in or within the scope of cooperatives: 250 million people. It also proposed the key categorisation of work and employment forms found in cooperatives, namely employees (working in all types of cooperatives), worker-members (in cooperatives based on worker ownership), and self-employed producer-members (in producer cooperatives). The distinction between these three categories has made it possible to identify different types of impact made by cooperatives on employment.

However, if we want to find responses to an increasing number of issues related to work and employment in the changing world of work, we should now go one step further. Whereas the 2014 Global Report made a first step by clarifying the quantitative importance of cooperatives in work and employment at the global level, we should now focus on developing conceptual tools to understand the various aspects of work and employment in cooperatives. This will also make the quantitative estimate produced in 2014 more reliable and accurate.

Furthermore, it is important to underline three different initiatives launched by the International Labour Organization (ILO) which will affect the issues related to work and employment in cooperatives in the coming years.

First of all, “The Future of Work Centenary Initiative”, a three-stage implementation plan in the framework of the ILO’s centenary in 2019 with four “centenary conversations”, dealing with various issues which the world of work is facing in today’s changing world. Since the cooperative economy generates an important share of global employment and since it is characterized by a diversity of work forms, the cooperative movement should prepare to make its voice heard during these conversations with more reliable data on work and employment issues.

Secondly, as the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) was adopted during the 104th session of the International Labour Conference (ILC), the role of cooperatives in this transition process has been receiving more attention. However, in this recommendation, cooperatives are mentioned both as one of the economic units in the informal economy and as one of the solutions for the transition. This double perception about cooperatives related to the informal economy is an important signal that cooperatives can play a role in the transition but also reveals a certain ambiguity which should be clarified concerning the further contribution of cooperatives to the transition.

Whereas the 2014 Global report made a first step by clarifying the quantitative importance of cooperatives in work and employment at the global level, we should now focus on developing conceptual tools to understand the various aspects of work and employment in cooperatives



Thirdly, initiatives related to statistics on cooperatives driven by international institutions such as the ILO, the Food and Agriculture Organization (FAO) and the International Cooperative Alliance (ICA) under the coordination of the Committee for the Promotion and Advancement of Cooperatives (COPAC) need to be taken seriously into account. It would be important to make sure that statistical categories and definitions reflect not only the quantitative reality of cooperative employment but also the various types of impact which cooperatives, as well as the different work and employment categories which they offer, have on employment.

1.2 OBJECTIVES

Objectives: 1- to provide a quantitative update on cooperative employment at the global level. 2- to present propositions to develop conceptual tools aimed at producing more reliable information on work and employment in cooperatives 3- to better understand the qualitative contribution to employment

In this context, the present report has three broad objectives.

Firstly, as it is based on additional and updated information, it provides a quantitative update on cooperative employment at the global level. We must underline that this update does not indicate any evolutionary trend since the 2014 Global Report, but rather means that the information has been elaborated through a better refined method and a broader coverage. In explaining the problems and difficulties in elaborating the information, this report attempts not only to present updated information but also to develop an appropriate method for collecting data.

Secondly, this report presents propositions to develop conceptual tools aimed at producing more reliable information on work and employment in cooperatives. Although the contribution of cooperatives in creating and maintaining jobs has been recognized as one of cooperatives' most positive contributions, there has also been a certain ambiguity concerning what it means exactly. According to different contexts, some refer to jobs directly created in cooperatives, but others refer to all economic activities undertaken by members in relation with cooperatives. There are also more complex approaches that attempt to estimate both the direct and the indirect impact of cooperatives on employment. This ambiguity has made it difficult to produce quantitative evidence. In the 2014 Global Report, we introduced a meta-typology to reclassify currently used types of cooperatives in order to understand different forms of work and employment. Even though the approach is not scientifically accurate, it is pragmatically constructed and reflects ongoing discussions on cooperative typologies and currently available data. The 2014 Global Report showed that this approach was relevant to illustrate quantified information on cooperative employment, but also to explicit different forms of cooperative employment and their different types of impact. In an attempt to improve this approach, the present report goes further in proposing a meta-typology which could be easily implemented by public authorities and the cooperative movement in order to obtain more accurate and meaningful information on cooperative employment. However, as we will see, it also presents some technical and conceptual problems.

Thirdly, to better understand the qualitative contribution of cooperatives to employment, the present report focuses on work and employment in the informal economy and in new work forms. The problems caused by the informal economy, particularly through the informalisation and precarization of employment across the world, including in developed and emerging economies, have become massive, to the point that they are one of the key problems to be addressed for a better future of work. The actual and potential roles of cooperatives in addressing these issues have been discussed and are already well documented. Moreover, the emerging concept of platform cooperativism has stimulated and inspired discussions on cooperatives as alternative forms of work and employment in the technical

and social changes we are facing. The present report does not aim at adding one more new argument in these debates but attempts to clarify certain points in this field, based on the experience and knowledge existing within the CICOPA network.

1.3 METHODOLOGY

The present report is neither a statistical study nor a report on the informal economy or platform cooperativism. As a cooperative organisation representing cooperatives in industrial and service sectors, CICOPA attempts to clarify what and how the cooperative movement can respond to them. As readers will see, the analysis in this report is not limited to the types of cooperatives which CICOPA represents, but concern all types of cooperatives, which are all concerned by work and employment in one way or another.

In order to deal with generally unfamiliar fields such as statistics, the informal economy and the emerging concept of platform cooperativism, and translate them into the language and viewpoint of the cooperative movement, the present report calls for a more qualitative approach. Like the mapping of an unknown territory through the identification of diverse objects, we have tried to understand what has been discussed, what the issues are and how answers have been produced, including by exposing uncomfortable and negative realities found in some cooperatives. In focusing on this approach, we based our analysis on four different types of sources.

Firstly, we used statistical data produced by various entities across the world, both public and cooperative. These data provide information not only on cooperatives *per se* but also on forms of categorization, data collection methods, types of information etc., which constitute a world in itself to be explored. Chapter 2 and 3 provide a discussion based on these statistical data.

Secondly, in order to understand different arguments and empirical cases linked to the informal economy and the role of cooperatives, we collected different documents and articles. These various arguments are found in Chapter 4.

Thirdly, to deal with emerging phenomena such as "sharing economy", "collaborative economy" and "platform cooperativism", we used information from newspapers which vividly describe them. Among the articles collected in using as key words "sharing economy", "gig economy" and "Uber" on the website of *The New York Times* and *The Financial Times*, the articles specifically related to employment issues were used for a corpus which represents a world of words to be explored as well. This corpus was used for the last part of chapter 4, together with articles from various sources, such as books, blogs, and websites.

Last but not least, we organised field studies including some interviews. They were not aimed at obtaining specific information or at providing case studies but to understand the sense which people gave to issues that we address in the present report, and in particular the role and meaning of cooperatives in people's work and employment. The main field study was organised in India and Sri Lanka, in partnership with ICA Asia-Pacific. During the field study which was combined with a workshop on industrial and service cooperatives in India, held in Kozikhode, Kerala, a series of visits

In order to deal with generally unfamiliar fields, the present report calls for a more qualitative approach

to cooperatives and interviews with cooperative leaders, workers and local experts were organised. A focus was also laid on how cooperatives are related to the informal economy in the context of developing countries. Other individual interviews with French and Belgian cooperatives were also conducted. The information on interviews and visits can be found in Annex 2.

Besides our own research work, the elaboration of conceptual tools for statistical information on employment was fed by discussions which took place in the framework of initiatives aimed to develop statistics on cooperatives. Also, some recent studies were very helpful for the present report, in particular the study *Not Alone* published by Co-operatives UK, *Work, Employment and Digitalization – New Trajectories*, published by the French Digital National Council (*Conseil national du numérique*), *Platform Cooperativism – Challenging the Corporate Sharing Economy* by Trebor Scholz and *Cooperative platforms in a European landscape: An exploratory study* published by Co-operatives Europe.

CHAPTER 2

QUANTITATIVE ESTIMATES OF COOPERATIVE EMPLOYMENT AT THE WORLD LEVEL: AN UPDATE

2.1 INTRODUCTION

In the 2014 Global Report, we reported that employment *in or within the scope* of cooperatives concerned at least 250 million persons in the world². Out of this figure, 26.4 million worked in cooperatives, including 15.6 million cooperative employees and 10.8 million worker-members. Employment *within the scope of cooperatives*, namely self-employed producers or SMEs in agriculture, fisheries, industry, crafts, transport etc., concerned 223.6 million people, the vast majority being in agriculture. In order to better analyse employment in or *within the scope of cooperatives*,³ the 2014 Global Report defined three different work and employment forms

EMPLOYEES

Most cooperatives have their own employees in order to achieve their own goals and economic activities, as mandated by members. In this sense, cooperatives use the same kind of work form as other types of enterprises, based on the employer-employee relationship. We can find this work form in almost every type of cooperative, even in worker cooperatives where worker-members and non-member employees work together. Furthermore, not only grassroots cooperatives, but also secondary cooperatives, consortia and cooperative groups, as well as national and regional federations of cooperatives also rely on this work form.

WORKER-MEMBERS

This category is also called worker ownership. At the beginning of industrialisation in the 19th century, the employer-employee relationship was only one of the possible forms of labour and was not even the dominant one. Since that time, people have tried to establish different types of work relationships in order to avoid subordination in the work place, while promoting their autonomy and economic prosperity, and a key one has been worker ownership, namely the worker-member's relation with the enterprise, which has been developing mainly in worker cooperatives. Today, we find innovative forms of worker ownership, such as social cooperatives, multi-stakeholder cooperatives, community cooperatives or workers' collectives in Japan, or business and employment cooperatives in France, which have developed as a response to new needs and aspirations.

SELF-EMPLOYED PRODUCER-MEMBERS

Many cooperatives work as an interface with people working as self-employed individual producers, such as farmers, fishermen, artisans etc. or with SMEs, who rely partly or totally on cooperatives in order to transform or commercialize their products or services, or to provide them with key production inputs. Although cooperatives do not employ these producers, they provide them with critical production tools to carry out their economic activities so that employment under these work forms can be maintained and strengthened, allowing them to compete on the market place. In official employment statistics, the information on this category is excluded from the count of cooperative employment, and self-employed producer-members of cooperatives are only counted as individual producers, so that no relationship between their occupation and cooperatives can be found. It should be pointed out that, in many cases, cooperatives are not the only entity with which producer-members carry out production-related transactions, but it is in most cases the main one, and in some cases the only one.



BLAKE HOUSE FILMMAKERS COOPERATIVE, UK

Requests for an update have been continuously expressed following the publication of the 2014 Global Report, which successfully drew attention to the contribution of cooperatives to employment. Moreover, newly available data sources and the need to refine the methodology also gave a strong impetus to the idea of updating the data on cooperative employment. Consequently, this chapter presents updated information by using the same method as the one used in the 2014 Global Report, which analysed the distinct types of cooperatives as a proxy from which information on different forms of cooperative employment could be extracted.

2.2 DATA SOURCES AND METHODOLOGICAL CONSIDERATIONS

In order to update the information presented in the 2014 Global Report, we have been able to use additional information sources, among which the raw data of the UN's *Global Census on Cooperatives* (UNDESA, 2014, hereafter, UN's Global Census), *The Power of Cooperation – Cooperatives Europe Key Figures 2015*⁴ (Cooperatives Europe, 2015) and the statistical data produced by WOCCU (World Council of Credit Union, 2015). Thanks to a series of recent initiatives aimed at developing statistics on cooperatives, undertaken by international institutions under the coordination of COPAC, we could also find more sources from national governments and national cooperative organizations. We also tried to update information from the sources we had used in the 2014 Global Report in looking for more recent ones. Additionally, given that the UN's Global Census will not be replicated for the time being, we tried to extract both data on cooperative employment and more general ones. As a result, this report also presents information on the number of cooperatives and on user-members. However, due to technical difficulties, it does not include financial information. The information sources and detailed data are in the Annex 1.

Because there were various and, sometimes, conflicting information sources, we established three priorities to select information in a more accurate manner: 1- broader coverage with as many sectors as possible; 2- more recent data; and 3- availability of information on employment. Based on these priorities, we collected data in the following fashion:

- Whenever the most recent version of official statistics from ministries or national statistical offices were available, the information was preferentially used.
- Whenever more systematic studies such as statistical surveys, censuses or statistics in annual reports of apex-organisations were available, the information was also preferentially used.
- When few but competing pieces of information were available, representativeness was taken into account more seriously. For example, if there were short descriptions on websites of ministries or of apex-organisations, they were selected preferentially rather than cited information in other documents, or information from specific sectors.
- When we could not find any better statistical information, we limited ourselves to using information from specific sectors, or incomplete information. This is the case of an important part of the newly added countries on which information comes from WOCCU's statistical data. In the latter, there is no information about employees so that it does not

provide any information on cooperative employment. However, we integrated these data in order to complete the information on the number of cooperatives and user-members.

- Although we tried to avoid combining different sources, we had to do it when we could only obtain information on specific sectors or from different years separately.

Only with the titles of cooperative types, it was not easy to classify them into the meta-types based on members' function in relation with their cooperatives, such as consumer/user cooperative, worker cooperative, producer cooperative, multi-stakeholder cooperative, enterprise cooperative and secondary cooperative, which allow reflecting three different forms of cooperative employment. Although we tried to clarify and understand the main types of members' function in relation with their cooperatives in a given cooperative type by analysing various documents or websites, when it was not clear we classified them according to their titles, in assuming the risk of misclassification. We note the possibility of misclassification concerning some titles.

- It is not always clear whether industrial cooperatives are worker cooperatives and, if so, which kind of work forms worker-members have. However, when we could not clarify this, we classified these cooperatives under the worker cooperative meta-type.
- Production cooperatives usually refer to the producer cooperative meta-type. However, when we could verify that the title "production cooperative" was used for worker cooperatives, we classified it under the worker cooperative meta-type.
- Although there are transport cooperatives which have worker-members, when we could not verify it, we classified transport cooperatives under the producer cooperative meta-type.
- We found that, in some countries, no distinction is made between the title given to housing cooperatives and construction cooperatives⁵. When we could not verify their activities, for the purpose of simplification, we classified housing cooperatives under the user cooperative meta-type and construction cooperatives under the worker cooperative meta-type.
- In some cases reported in the UN's Global Census, which merged agricultural cooperatives and consumer cooperatives under the same category of "Agriculture, food, grocery", it was not possible to use the information on members in that category to extract data on cooperative employment. When we could not verify the original sources, for a more conservative estimation, we classified this category under the users' cooperative meta-type, and did not use information on members in our employment estimates.
- Given that there are only few cases, at least at the nationally aggregated level, which explicitly provide separate information on the number of employees in enterprise-members of the enterprise cooperative meta-type, in following the method implemented in the 2014 Global Report, the present report classifies the number of employees in enterprise-members of the enterprise cooperative meta-type, particularly in France and Germany, under employment *within the scope of cooperatives*, that is, in the category of producer-members.

2.3 UPDATED INFORMATION ON COOPERATIVE EMPLOYMENT

According to the updated figures, employment *in or within the scope of cooperatives* concerns at least 279.4 million people throughout the world, which is 29.3 million more than in the 2014 Global Report.

Data on 156 countries were collected for the purposes of this report. This is a much higher number than the 74 countries covered in the 2014 Global Report. However, in terms of information on employment, the difference is minimal except for producer-members, because most of the newly added countries have little information about employees and worker-members. There are also several cases of reclassification due to additional information being obtained which allowed us to correct some misclassification in the previous report. Furthermore, we have been able to add more numbers in the case of producer-members, particularly from Asia and Africa. It should be noted that, despite our efforts to limit double counting to a minimum, there is a risk that the numbers regarding producer-members and user-members may have been counted twice: in several countries, producer-members, particularly farmers, can join several producer cooperatives according to their needs⁶.

According to the updated figures, employment *in or within the scope of cooperatives* concerns at least 279.4 million people throughout the world, which is 29.3 million more than in the 2014 Global Report. It should be underlined that this does not necessarily mean that there has been an increase in employment during the 2014-2016 period, but rather it is a reflection of the wider coverage provided by this report compared to its predecessor. Out of this total estimate, 27.2 million work *in* cooperatives, including 16 million cooperative employees and 11.1 million worker-members. Employment *within the scope of cooperatives*, mainly self-employed producer-members, concerns 252.2 million people, the vast majority being in agriculture. This means that cooperative employment concerns 9.46% of total world employment⁷.

Additionally, the estimated number of cooperatives across the world is 2.94 million and the number of members in all types of cooperatives is 1,217.5 million (but there is considerable level of double counting in this figure, particularly in users' cooperatives). These numbers represent 303,000 more cooperatives and 175.7 million more members than those recorded in the UN's Global Census.

TABLE 1. COOPERATIVE, COOPERATIVE EMPLOYMENT AND MEMBERSHIP WORLDWIDE

	No. OF COOP	COOPERATIVE EMPLOYMENT			TOTAL EMPLOYMENT (A+B+C)	USER-MEMBERS (D)	TOTAL MEMBERS (B+C+D)
		EMPLOYEES (A)	WORKER-MEMBERS (B)	PRODUCER-MEMBERS (C)			
EUROPE (37)	221,960	4,710,595	1,554,687	9,157,350	15,422,632	152,064,608	162,776,645
AFRICA (35)	375,375	1,939,836	37,836	20,410,298	22,387,970	33,638,298	54,086,432
ASIA (33)	2,156,219	7,426,760	8,573,775	219,247,186	235,247,721	320,130,233	547,951,194
AMERICA (39)	181,378	1,896,257	982,285	3,237,493	6,116,035	417,580,396	421,800,174
OCEANIA (12)	2,391	75,438	0	147,071	222,509	30,696,144	30,843,215
GRAND TOTAL (156)	2,937,323	16,048,886	11,148,583	252,199,398	279,396,867	954,109,679	1,217,457,660

Source: Own elaboration with collected data

Geographically, the largest part comes from Asian countries. Due mainly to the considerable numbers from China and India, Asia represents a very large part of cooperative employment, regardless of the work forms. Whilst producer-members are the dominant form of cooperative employment (over 90%) in Asia and Africa, in Europe employees also account for a large proportion (30%). In America, worker-members represent an important portion of cooperative employment (16%), whilst the huge amount of user-members (more than 368,000 million out of 421.8 million in all American countries) are to be found primarily in the US and Canada⁸.

CHAPTER 2 ENDNOTES

- Given that there is no internationally agreed statistical definition and methodology as yet, any effort to produce globally consolidated information would be a very risky experiment which may entail a number of incomplete assumptions, arbitrary decisions and unreliable sources. Therefore, the numbers themselves presented here must not be considered as an absolute reality. Nevertheless, we do not deny that they can reflect approximate information on cooperative employment and, in particular, on its different forms. Since we tried to make as prudent and conservative estimates as possible, the numbers can be considered as minimum estimates based on traceable evidence.
- As the 2014 Global Report proposed, this report uses the term "cooperative employment" to indicate different forms of work and employment in cooperatives. Following the ILO definition, the term "employment" "covers any work, be it for wage or salary, profit or family gain", and includes both "paid employment" and "self-employment". The term "cooperative employment" refers to employment performed both *in* and *within the scope of* cooperatives, namely comprising both employees and worker-members working in cooperatives, and self-employed producer-members producing within the scope of cooperatives (in terms of processing, commercialization and/or inputs), as well as the employees of these self-employed producer-members. In addition to these three types of employment, Schwettmann also includes "jobs created because of the very existence of cooperatives" such as governmental cooperative departments, cooperative training institutions and cooperative audit companies, and "spill-over effect", namely jobs created in other business with which cooperatives maintain commercial relations, as the contribution of cooperatives to the creation of employment (Schwettmann, 1997).
- The number of jobs reported in *the Cooperatives Europe Key Figures 2015* is 4.5 million less than that in the 2014 Global Report, which mainly used data from the report published by the European Economic and Social Committee (EESC) in partnership with CIRIEC (EESC, 2012). This is because

the Cooperatives Europe report presents information mainly on their member organisations, unlike the EESC report, which tried to cover nation-wide information. Therefore, where *Cooperatives Europe's Key Figure 2015* do not report the information on specific types of cooperatives, we have used the information from the EESC report.

- 5- The title of housing cooperative could mean more various types of cooperatives, such as: 1) worker cooperatives in the construction sector; 2) cooperatives of individual home owner; 3) cooperatives of collective home ownership; 4) cooperatives of tenants; 5) cooperatives for self-construction of houses; 6) cooperatives of collective housing services; 7) building societies (or credit unions for construction) (Schwettmann, 1997).
- 6- We should point out that we made an arbitrary adjustment concerning this point. Given that the number of producer-members in Chinese agricultural cooperatives is about 160 million, which is already an important portion of the whole producer-member category, we found additional information on a new type of agricultural cooperative, called "specialised farmer cooperatives" which were not included in the 2014 Global Report. We found that there are 74.12 million producer-members in this rapidly growing type of cooperative. Given that this number could lead to a certain level of double counting in the estimate, we did not include the number of producer-members, but only the number of cooperatives.
- 7- This percentage is slightly higher than the one we had calculated in 2014 (8.73%). The world's estimated employed population according to the ILO (www.ilo.org/ilostat/) was 3,170,281 thousands in 2014, which is the reference year of most of the collected data. However, like in the 2014 Global Report, we excluded countries where we could not find information on cooperative employment. The estimated employed population in 156 countries where we have data is 2,952,925 thousand.
- 8- It should be noted once again that people can be user-members in several cooperatives so that the number of user-members must be subject to a large amount of double and even multiple counting.

CHAPTER 3

ANALYSIS OF THE DIFFERENT FORMS OF COOPERATIVE EMPLOYMENT

3.1. INTRODUCTION

We consider the approach based on the analysis of the different forms of cooperative employment, namely, employees, worker-members and self-employed producer-members, to be important because it is the only way we can establish a complete picture of cooperative employment. Furthermore, because these different employment forms also correspond to different work forms which are currently at stake in understanding the changing world of work and the future of work, the approach allows us to integrate cooperatives into the current debates and to identify where deficiencies in rights at work and social protection related to cooperative employment exist (both in the formal and the informal economy, as we will see in the following chapter).

However, the data collection process revealed empirical difficulties in obtaining reliable statistical information on cooperative employment according to the above-mentioned three different forms of cooperative employment. There are several reasons for this.

Firstly, there are many countries where complete statistical data on cooperatives are not available. Some countries do not have any legal framework for cooperatives or a consistent register system. In some countries where a legal framework and/or a register system does exist, the register system is not used for statistical purposes. Although these countries sometimes produce statistical information based on sample surveys, it is often difficult to know the general situation of the cooperative sector.

Secondly, in many countries that produce statistics on cooperatives, some important elements related to employment are not collected or publicised. In some countries, there is no information about the number of members, from which information on the number of producer-members and worker-members could be disaggregated. In other countries, even information on the number of employees in cooperatives is unavailable.

Thirdly, given that there is, at this stage, no agreed methodology that would make it possible to distinguish between different forms of cooperative employment, we used the different types of cooperatives as a proxy from which information on different forms of cooperative employment could be extracted. However, although various types of information on cooperatives are available, the information cannot always be disaggregated by type of cooperative. Furthermore, since in most countries the different types of cooperatives have been established in combining different classification criteria, information by type of cooperative is not sufficient to classify different forms of cooperative employment. For example, transport cooperatives might be cooperatives of independent drivers, namely a type of producer cooperative, but can also be cooperatives employing worker-members as employees, namely worker cooperatives. Therefore, only with the title “transport cooperatives”, it is impossible to distinguish between employees and worker-members.

Whereas ongoing discussions on statistics on cooperatives⁹ could provide more consistent and integrated solutions for the first and second points set out above, the present report is based on the assumption that the problems related to types of cooperative could be dealt with in a pragmatic

The approach based on the analysis of the different forms of cooperative employment, namely, employees, worker-members and self-employed producer-members is important, because it is the only way we can have a complete picture of cooperative employment



fashion and in a relatively short-term perspective. Based on this assumption, this chapter presents a more systemic explanation about our main method using the types of cooperatives and some related methodological issues which need to be discussed further.

3.2. META-TYOLOGY FOR CLASSIFYING DIFFERENT FORMS OF COOPERATIVE EMPLOYMENT

Cooperatives are categorised according to different types representing certain common characteristics. However, these types vary from country to country and are institutionalised in various degrees. Moreover, these types are not defined with a sole classification criterion but, in most cases, they follow mixed criteria resulting from the historical development of cooperatives in each country, as well as a long process of institutionalisation.

Usually, two main classification criteria are used. The first one is that of economic activities. In this classification criterion, the types of cooperatives are defined per the economic activities in which the cooperatives operate. In many cases, the classification of economic activities does not correspond to the internationally standardised classification, namely the UN's International Standard Industrial Classification of All Economic Activities (ISIC) or its regional equivalents (NACE in Europe, NAICS in North America). The second classification criterion is based on members' functions as stakeholders. Worker cooperatives, user/consumer cooperatives, producer cooperatives, artisans' cooperatives, entrepreneurs' cooperatives, SMEs' cooperatives and multi-stakeholder cooperatives are the main types defined according to this classification criterion. In certain cases, the types of cooperative can cover both criteria, like fishery cooperatives or fishermen's cooperatives.

There is a further classification criterion based on the main functional roles of services provided by cooperatives in production and supply chains. Production cooperatives, service cooperatives, commercialization cooperatives, marketing cooperatives and purchasing cooperatives are types defined by this criterion. However, we can find that, in most cases, these types can be categorized as sub-types of producer cooperatives. To underline all the services provided by cooperatives to their self-employed producer-members, these cooperatives are often called "shared service cooperatives". On the other hand, social cooperatives are a unique type of cooperative. Contrary to the classical perception of cooperatives as members' mutual interest-based organisations, the specificity of social cooperatives is to have an explicit and primary social mission of pursuing the general interest or collective interest of the broader community¹⁰. However, except in the cases where social cooperatives are legally defined as a type of cooperative in its own right, social cooperatives are often classified as a sub-type of worker cooperative or user cooperative, providing specific services such as social services or work integration services (e.g., Spain and Argentina). Therefore, the classification criteria regarding the functional roles of services or social mission are limited to certain, rather than all, cooperatives.

In this sense, the first two classification criteria can be more generalized so that they can provide a more general framework for statistics on cooperatives at the international level. Logically, all cooperatives can be classified according to both classification criteria. For example, a cooperative owned and managed by taxi drivers who have an employment contract with the cooperative could be

defined as a "transport cooperative" in terms of its economic activity, and as a "worker cooperative" in terms of members' function as a stakeholder in the cooperative. Based on these two criteria, we propose to develop the following meta-classification criteria which could be applied to all cooperatives, regardless of their current type:

CLASSIFICATION ACCORDING TO ECONOMIC ACTIVITIES

Given that all registered cooperatives have to be registered by declaring their main economic activity, industrial classification could be a general criterion which makes it possible to classify cooperatives and to compare them with other economic organisations. This approach is already used in most statistical studies on cooperatives. ISIC and its national or regional equivalents help apply this approach to cooperatives without any major change being made. However, this classification criterion does not correspond to the current types of cooperatives based on economic activities. For example, an agricultural cooperative active in the food processing industry can be classified in the manufacturing sector (C. Manufacturing 10. Manufacture of food products) rather than in the agriculture, forestry and fishing sector. Nevertheless, it should be noted that, by being integrated in a business register system, individual cooperatives are likely to be increasingly classified according to the standardised industrial classification during their registration process. Therefore, standardised information on economic activities is likely to be increasingly available regardless of current types of cooperative. Complete statistical information by economic activities as defined by ISIC is already available in some countries where statistics on cooperatives are relatively well integrated into official statistics systems, e.g. as part of business statistics, for example, in Iran, Mongolia, Canada and Italy.

CLASSIFICATION ACCORDING TO MEMBERS' FUNCTION IN RELATION TO THEIR COOPERATIVES

This classification has been frequently used to regroup cooperatives in a more general fashion¹¹. It was also used in the 2014 Global Report in order to distinguish different forms of cooperative employment. In regrouping different types of cooperatives according to members' function in relation to their cooperatives, the 2014 Global Report proposed four meta-types, namely, users' cooperative, producer cooperative, worker cooperative and multi-stakeholder cooperative. 1) Users' cooperatives are cooperatives that provide user-members with services not directly related to their jobs or production activities. In terms of employment, it seems irrelevant to count the number of members to obtain information on cooperative employment. Consumer cooperatives, financial cooperatives¹², utility cooperatives and housing cooperatives are included in this meta-type. 2) Producer cooperatives are cooperatives that provide various types of producer-members with services directly related to their jobs or production activities. In much of the literature, this meta-type is also called shared service cooperative and is used to designate different types of producer cooperatives. Members in cooperatives of this meta-type are self-employed producers (or own-account workers in statistical terms) or employers of a small number of workers, such as farmers, fishermen, artisans and individual entrepreneurs. In terms of employment statistics, although they are not accounted for as employment directly created by cooperatives in the official statistics, it is certain that cooperatives contribute, partly or totally, to members' jobs or production activities. However, given that, in many countries, self-employed producers can join more than one producer cooperative, we should assume that the number of members may include some level of double counting. In the 2014 Global Report, we tried to limit double counting as much as possible. 3) Worker cooperatives are cooperatives that provide employment to worker-members. The number of members in cooperatives of this meta-type can be counted as employment created by cooperatives, like the number of non-member employees in all types of cooperatives. 4) Multi-stakeholder cooperatives are cooperatives that have different types of members with different functions, and thus possibly also different work forms. Unlike other meta-types, information on

members in the multi-stakeholder cooperative meta-type does not represent a single work form, which means that we need to be cautious when using the information on members when counting employment numbers.

In addition to these four meta-types, secondary cooperatives and enterprise cooperatives could be used as meta-type representing further characteristics of cooperative employment. In several countries, statistics on cooperatives provide separate information on secondary cooperatives, such as unions, consortia and groups. Although many secondary cooperatives play a crucial role in supporting the business of primary cooperatives and, through them, individual members' jobs and production activities, statistically speaking only the information on employees is useful in this case for counting cooperative employment. Enterprise cooperatives are cooperatives whose members are not physical persons but legal persons, such as SMEs and retail shops. However, there is some overlapping between the producer cooperative meta-type and the enterprise cooperative meta-type, because some producer-members can be employers of their own production units. Moreover, the way to evaluate the contribution of this cooperative meta-type to employment is controversial. We will examine this issue later in this chapter.

Table 2 summarizes the logical presence of different work forms in meta-types of cooperatives.

TABLE 2. LOGICAL PRESENCE OF DIFFERENT WORK FORMS IN META-TYPES OF COOPERATIVES

	EMPLOYEE	MEMBERS		EMPLOYEE IN MEMBER ENTERPRISES
		WORKER-MEMBER	PRODUCER-MEMBER	
USER / CONSUMER COOP	○	×	×	×
WORKER COOP	○	○	×	×
PRODUCER COOP	○	×	○	○
MULTI-STAKEHOLDER COOP	○	○	○	○
ENTERPRISE COOP	○	×	×	○
SECONDARY COOP	○	×	×	×

○ - Logically, the work form can be present in the cooperative meta-type
 × - Logically, the work form cannot be present in the cooperative meta-type

It would appear to be difficult to use the current cooperative typologies directly for statistical purposes at the international level, due to their diversity and mixed classification criteria. Therefore, in order to improve statistics on cooperatives and make them standardisable and comparable internationally, it would be desirable to strengthen the currently available classification criteria of economic activities in accordance with ISIC, while simultaneously developing the classification according to members' function in relation to their cooperatives, which could become a meta-typology and would make a decisive contribution towards establishing a better understanding of employment issues in cooperatives.

3.3. THE DISTINCTION BETWEEN PRODUCER COOPERATIVES AND WORKER COOPERATIVES

3.3.1 TECHNICAL ISSUES

How can the meta-typology based on members' function in relation to their cooperatives be implemented? Above all, if we use current typologies as an information proxy on cooperative employment, at least for the time being until more correct methods are developed statistically¹³, we should be able to reclassify the current typologies according to the meta-typology.

Some types of cooperatives might be easily reclassified into one of the meta-types. For example, since users' cooperatives are not directly involved in members' jobs and production activities, it is rather easy to reclassify the current typologies related to the users' cooperative meta-type, the secondary cooperative meta-type and the enterprise cooperative meta-type. Although it seems difficult to obtain information on different forms of work and employment in the multi-stakeholder cooperative meta-type, identifying multi-stakeholder cooperatives itself is not difficult.

However, drawing a distinction between the producer cooperative meta-type and the worker cooperative meta-type is far more difficult. Logically, we can imagine several situations:

- Cooperative types consisting exclusively of cooperatives which provide various services related to the production activities of self-employed producer-members, namely own-account workers in statistical terms. All cooperatives in these types might be considered as belonging to the producer cooperative meta-type.
- Cooperative types consisting exclusively of cooperatives which provide employment to worker-members or, in statistical terms, employees regardless of concrete employment contract forms¹⁴. Usually, cooperatives which have the "worker cooperative" denomination can be automatically assimilated to the worker cooperative meta-type.
- Cooperative types consisting of different types of members' functions, namely cooperatives based on self-employed producer-members, those based on worker-members or those based on enterprise-members.

Whereas, for the first and second scenarios above, it is possible to reclassify the current types of cooperatives according to the meta-typology, it is difficult to clarify what the appropriate meta-type for a given current type could be in the third scenario. In the medium-term, ministries in charge of cooperatives or cooperative organizations could regroup cooperatives through various methods such as censuses, surveys or regular auditing processes, by supplementing the current typologies with sub-types reflecting the meta-typology. For example, they could divide "transport cooperatives" into "transport cooperatives based on the producer cooperative meta-type" and "transport cooperatives based on the worker cooperative meta-type", at least for statistical purposes. However, for a short-term solution, based on general information on prevailing forms of work and employment in given types, cooperative types might be classified into one of the meta-types, even though this entails a certain level of arbitrariness. This is the method that we use in this report to update the statistical data on cooperative employment.

3.3.2. NORMATIVE ISSUES

Beyond an approach that respects the current typologies as they are, let us go one step further in order to elaborate more normative criteria to distinguish between the producer cooperative meta-type and the worker cooperative meta-type. Indeed, beyond the above-mentioned issue of classification, it is not always easy to draw a clear demarcation between the two cooperative models as we will see below. In particular, issues regarding the extent to which cooperatives should be responsible for their members' employment have become more important, not only for cooperatives but also in the much wider debates on the flexibilization and informalisation of employment in general. In the majority of producer cooperatives, particularly agricultural cooperatives and fishery cooperatives, members are real self-employed producers who use shared services provided by cooperatives for their own production activities¹⁵. In turn, in producer cooperatives in industrial and service sectors, it is not always clear whether producer-members are real self-employed producers or not: we can find cases where producer-members are highly dependent on their cooperative for their occupations and production activities, and where the cooperative retains all necessary control over members' work rather than simply providing shared services, thereby playing, to a large extent, a *de facto* employer role¹⁶. There have been many warnings on the misuse or abuse of this kind of practices by unscrupulous employers to by-pass labour regulations and shift all costs of employment onto individual workers. It should be noted that, in many cases, national labour legal frameworks, market practices in certain economic sectors such as transportation services and personal services, or specific forms of work organisation like "piece-rate worker" among home-based workers¹⁷ (Roever et al., 2011), might force this kind of practice not only onto cooperatives but also other forms of enterprises. In effect, in considering this kind of labour practice as part of the phenomenon called the informalisation of employment, various initiatives have been carried out by governments, trade unions and NGOs, as well as cooperatives, in order to reduce their negative effects and, in addition, to reclassify them into classical employment relationships which could provide appropriate rights and protection to workers. It is true that, in many cases, producer cooperatives are created by self-employed producers who are in vulnerable positions, as part of an approach designed to help them survive. However, it should also be acknowledged that some of them continue to work as a tool to provide shared services to members' own jobs and production activities, but others can become a real employer of producer-members when cooperatives reach a certain level of development. In the latter situation, producer-members face the dilemma of the dual nature inherent to cooperative members (owners and stakeholders): as owners, they have collective and democratic authority over the management of the cooperative and enjoy the outcome of the economic activities; however, as stakeholders, they are considered as producers but their jobs or production activities depend to a significant extent on the cooperative itself, while their work is subordinated to the control and direction of the cooperative as an employer. In fact, this situation is the same as that of worker-members in worker cooperatives.

Therefore, from a more normative perspective, producer cooperatives that have a substantial role as employers beyond being simple providers of shared services should perhaps be reclassified as worker cooperatives and, thus, should provide strengthened rights and protection to their producer-members. This reorientation is more necessary than ever since, as the role of cooperatives in industrial and service sectors is growing in developing countries as well as in new emerging economies, the cooperative business model should be modernised beyond simple cooperation for survival, in order to compete with other enterprises. In the same line of reasoning, some worker cooperative models which consider worker-members as self-employed and do not grant any rights or protection to workers should improve worker-members' rights and protection. This normative approach is summarised in Figure 1.



FIGURE 1. NORMATIVE APPROACH ON DISTINCTION BETWEEN PRODUCER COOPERATIVES AND WORKER COOPERATIVES

3.3.3. WORKER OWNERSHIP AS A NORMATIVE AND TECHNICAL SOLUTION

However, does this normative approach mean that producer-members should give up their freedom and rights as owners of cooperatives to gain rights and protection as employees? How can cooperatives manage a situation in which producer-members claim their rights as employees by referring to labour laws without assuming their responsibility as owners? This is the issue which the concept of “worker ownership” proposed by CICOPA attempts to address. Since its origin, the worker cooperative model has applied atypical forms of employment which aim at reconciling self-determination as owners with protection for workers, through the collective and democratic governance of cooperatives. In many countries, this core characteristic has been institutionalised through legal frameworks or substantially recognised through case law or public policies. The concept of worker ownership is not a fixed one but reflects a dynamic and pragmatic approach which is completely in accordance with the universal cooperative definition, operational principles and underlying values enshrined in the ICA Statement on the Cooperative Identity (Manchester, 1995), incorporated in ILO Recommendation No. 193; through the latter, it is also in accordance with the fundamental labour standards and rights at work enshrined in ILO conventions. Given that, as we will see in chapter 3, the changing world of work calls for more pragmatic approaches which allow new forms of work and employment which are able to combine flexibility and independence on the one hand, with rights and protection on the other, the concept of worker ownership is a pragmatic model which enables workers to fully enjoy both self-determination and protection through cooperative methods. Furthermore, the discussion around new forms of work and employment is bringing new opportunities for the concept of worker ownership to be officially recognised as an employment status in its own right. Although the internationally agreed statistical definitions and concepts reflect the current world situation, their normative role in disseminating standardised models is also important. In this sense, linking work forms based on the concept of worker ownership to the internationally standardised statistical definitions would be an important step forward in disseminating the concept and model of worker cooperative. Among different debates on new forms of work and employment, the one around the revision of the International Classification of Status in Employment (ICSE-93) requires specific attention.

BOX 1. DEBATES ABOUT THE REVISION OF ICSE-93

ICSE-93, the current international standard for statistics on employment relationships, was adopted through a Resolution of the 15th ICLS in 1993. It is composed of five substantial categories, namely: Employees; Employers; Own-account workers; Contributing family workers; and Members of producer cooperatives. Among these five categories, only that of employees is considered as employment based on the employer-employee relationship, while the others, including that of members of producer cooperatives, are considered as self-employment.

At the 19th ICLS in 2013, there was a strong consensus that ICSE-93 needed to be reviewed to account for developments in the labour market and to also reflect the adoption of the 19th ICLS Resolution concerning statistics on work, employment and labour underutilisation. It was stated that the actual five main categories “no longer provide sufficient information to adequately monitor changes in employment arrangements that are taking place in many countries and are not sufficiently detailed to monitor various types of precarious or non-standard forms of employment” (Hunter, 2015).

Among the issues that need to be addressed in revising ICSE-93, the cooperative movement should pay attention to two points. One is whether members of producer cooperatives remain as a separate category; the other is how worker-members in worker cooperatives might be classified.

The category of “members of producer cooperatives” was included in ICSE in 1957. According to ICSE-93, “members of producer cooperatives are workers who hold a “self-employment” job in a cooperative producing goods and services, in which each member takes part on an equal footing with other members in determining the organization of production, sales and/or other work of the establishment, the investments and the distribution of the proceeds of the establishment amongst their members. (It should be noted that “employees” of producer cooperatives are not to be classified into this group)”¹⁸. However, today, it seems that this definition is outdated. Since most independent producer-members are counted as employers or own-account workers who have their own account outside cooperatives, there are few cases of producer-members who would be declared as working in cooperatives. Indeed, this definition seems more appropriate to describe farmers in collective farms which are no longer statistically relevant, except in agricultural production cooperative in some CIS countries. As a result, in national employment statistics by status in employment, the number of “members of producer cooperatives” is very low. Since the figure is so low, very few countries report statistics on them. Out of 147 countries that reported data on employment by status in employment to the ILO from 2001 to 2010, only 33 reported data on members of producer cooperatives, and their share in total employment is often less than 1% of all employment (ILO, 2013b). Even in the reported statistics, it is difficult to understand what this statistical data represents¹⁹. Due to these reasons, the current discussion in the Working Group for the Revision of the ICSE-93 concluded that “members of producer-members would be no longer identified as a category” in the revised ICSE (Draft for “Discussion paper – Conceptual Framework for Statistics on the Work Relationship”, Working Group for the Revision of the ICSE-93, 2017).

Additionally, the emphasis on “self-employment job” in the definition of members of producer cooperatives does not reflect the specificity of worker-members in worker cooperatives and in many social cooperatives. As a work form based on a relationship of association among peer workers, which is managed in a collective and democratic fashion, worker-members are not totally independent as self-employed but voluntarily accept a certain amount of self-imposed restrictions in order to obtain more security. In this sense, worker-members have a higher level of authority over their economic unit than employees. But they are also exposed to a lower level of economic risk than the self-employed, due to their collective way of working. However, in the revision of ICSE-93, this problem might be dealt with differently. One of essential changes being considered in the revision is to use two different classification hierarchies: type of authority with a distinction between “independent workers” and “dependent workers” and type of economic risk with a distinction between “workers employed for profit” and “workers employed for pay”. Whereas the current ICSE-93 uses only two broad categories, namely “employees”, meaning dependent workers employed for pay, and “self-employed”, meaning independent workers employed for profit, the revised version of ICSE would allow different ways of combining classification hierarchies, such as dependent workers employed for profit and independent workers employed for pay. “Dependent contractors” is a new category introduced to cover increasing forms of precarious work, namely, workers who officially have a self-employed status but substantially depend on the payer. Vice versa, “owner-managers of corporations” who have been included in ICSE-93 as a specific group²⁰ would become a main category to represent independent workers employed for pay. According to the draft, they are defined as “workers who hold a job in a corporation (e.g. limited liability corporation, limited partnership, incorporated cooperative), in which they a) hold controlling ownership of the enterprise alone, or together with other members of their families and/or one or a few partners, or other members of the cooperative; and b) have the authority to act on behalf of the enterprise or cooperative concerning contracts with other organizations and the hiring and dismissal of employees of the corporation, subject to national legislation regulating such matters, and where applicable, the rules established by the elected or appointed board of the corporation”. Depending on having one or more employees, this category is divided into two sub-categories: “owner-managers of corporations with employees” which are considered as employers and “operators of corporations without employees” which are considered as own-account workers. As cooperatives are explicitly mentioned, this definition corresponds largely to the reality of worker-members. To identify workplaces not only of worker-members but also of other types of work and employment in cooperatives, more discussions will be organised in collaboration between the Working Group for the Revision of ICSE-93 and the COPAC Technical Working Group on Cooperative Statistics before the 20th ICLS in 2018.

3.4. BOUNDARY ISSUES

SUBSIDIARIES CONTROLLED BY COOPERATIVES AND EMPLOYEES IN ENTERPRISE-MEMBERS OF THE ENTERPRISE COOPERATIVE META-TYPE

Whereas the issues around typologies are important to understand different forms of work and employment in cooperatives, there are also other issues concerning the boundary of the cooperative model in a statistical sense. Basically, statistics on cooperatives cover primary cooperatives. In a number of countries, secondary cooperatives, such as cooperative unions, associations and consortia are reported as separate categories. It seems natural to have primary and secondary cooperatives as the basic statistical cooperative population, because most of them have the legal status of a cooperative. In the cases where cooperatives are required to use a non-cooperative legal status for want of an appropriate legal framework, these cooperatives could be included in the scope of statistics on cooperatives with little contention, as long as it is possible for their characteristics as cooperatives to be verified, for example by joining the cooperative movement or through statistical classifying tests to check the cooperative identity. The same criterion might be applied to informal pre-cooperatives without legal status, provided that data collection is technically possible, and that there is the possibility to differentiate them statistically.

However, in some cases of non-cooperative legal entities related to cooperatives, it is not always clear whether they should be included in the boundary of statistics on cooperatives. In some statistics, cooperative institutions, such as apex organisations or cooperative education and training institutions like cooperative colleges, are included in statistics on cooperatives. In a few cases, government organisations in charge of cooperatives are also included²¹. More complicated cases are subsidiaries owned by cooperatives or cooperative groups and enterprise-members in enterprise cooperatives, such as SMEs' cooperatives and retailers' cooperatives. Whereas we can use statistical information on cooperative institutions or government organisations according to specific analytical needs or interests and keep them separate from the information on cooperatives, information on subsidiaries or enterprise-members are often reported as part of the information on cooperatives without any distinction being made. This is particularly true when statistical data is collected by the cooperative movement.

How do current statistics on cooperatives address these issues, particularly subsidiaries and enterprise cooperatives? *The World Co-operative Monitor*, an initiative of the ICA with the scientific support of EURICSE and a scientific committee composed of international researchers and experts, defines the boundaries of the population as "cooperative", "mutual", "cooperative of cooperatives/mutual", "cooperative group", "cooperative network" and "non-cooperative enterprise". Among these types, cooperative groups, cooperative networks and non-cooperative enterprises include non-cooperative legal entities²². As the cooperative sector is generally characterized by a high prevalence of alliances and horizontal collaborations, *the World Co-operative Monitor* includes non-cooperative legal entities in these hybrid forms and those owned by cooperatives. However, it does not explicitly mention information on enterprise-members in enterprise cooperatives.

These boundary issues have been more seriously discussed in France where two different sets of statistics on cooperatives are produced with different criteria, particularly related to subsidiaries and enterprise cooperatives.

In France, DIISES (the governmental authority in charge of the social and solidarity economy), INSEE (the National Institute of Statistics and Economic Studies) and CNCRES (the National Council of Regional Chambers of Social and Solidarity Economy) have, since 2008, agreed upon the "social and solidarity economy parameters" (SSE parameters) which define a methodology for identifying data on social and solidarity economy organisations, including cooperatives, in the official statistical system. According to this methodology, social and solidarity economy organisations are first of all identified through their legal forms, including 54 different legal forms of cooperatives, and then by removing certain industrial classification codes, such as public administrations, employers' organisations, trade unions and political and religious organisations. The list of organisations established in this way serves as a reference for data collection from different databases. This methodology is used by INSEE to produce official statistics on the social and solidarity economy, called *Social Economy kit*, and also by CNCRES to produce its various statistical studies, such as *the Panorama of Social and Solidarity Economy* and *the Atlas of the Social and Solidarity Economy*.

On the other hand, since 1996 the French cooperative movement has produced statistical information on cooperatives in collaboration with the government. In 2007, for the first time, the figures regarding the cooperative movement were consolidated and, since 2010, the cooperative movement has annually produced *the Sectoral Panorama of Cooperative Enterprises (Panorama Sectoriel des Entreprises Coopératives)*, which presents the Top 100 ranking and quantitative and qualitative information broken down by type of cooperative. Unlike the data produced by INSEE and CNCRES, the methodology used by the cooperative movement is based on the data reported by sectoral federations and banking cooperative groups. In complementing the social and solidarity economy (SSE) parameters, the cooperative movement set up the "social parameters of cooperatives (social parameters)" which include "enterprises with a cooperative status", "cooperative groups consisting of a cluster of cooperatives" and "enterprises controlled by one or several cooperatives, including corporations controlled by one or several cooperatives holding more than 50% of the capital and the votes".

These two methodologies result in two different statistics which reflect a significant difference as far as information on employment is concerned. Whereas the total number of employees in cooperatives is about 309,000 according to the "SSE parameters", the number produced by the "social parameters" is over 1.2 million. This difference of 900,000 jobs can be explained mainly by retailers' cooperatives which provide information on the consolidated numbers of employees in their enterprise-members (over 540,000 employees according to the social parameters, versus 70,000 employees according to the SSE parameters) and also by subsidiaries of cooperatives and cooperative groups mainly in the banking and agricultural sectors (almost 500,000 employees according to the social parameters, versus 175,000 employees according to the SSE parameters). These two methodologies are still at odds with one another, which is positive because it is stimulating debates on cooperative statistics. In particular, it helps us rethink the boundaries of the cooperative movement which lie beyond the cooperative as such and take into account the economic and social impact of cooperatives in the surrounding communities (CoopFR, 2016).

Not only in France, but also in many industrialised countries, the role and number of subsidiaries owned by cooperatives have become one of the key strategies for scaling up and diversifying in order to become more competitive in the globalised economy (Chomel and Vienney, 1995; Giraud-Dumaire, 2015). The relationship between the cooperative and its subsidiaries vary. The cooperative values constitute an enterprise culture, which may be transferred to subsidiaries. The subsidiaries, in turn, return part of their financial results to cooperative members, directly or through the cooperative. From a financial and legal perspective and in terms of employment, the responsibility relationship between cooperatives and their subsidiaries is strong (CoopFR, 2016). However, it is also true that criticism has been made of the subsidiarisation of cooperative businesses, which might weaken the cooperative

identity and members' democratic control over management. Concerning enterprise cooperatives, the French cooperative movement argues that "*the centres of profit are enterprise-members and the cooperative is a tool at the service of the members. Therefore, cooperatives, enterprise-members and subsidiaries form a coherent whole, grouping complementary structures*" (CoopFR, 2016). However, although the arguments of the cooperative movement seem normatively good, it should also be recognised that normatively correct communication messages without empirical evidence could be harmful in the long term. It is necessary to produce empirical evidence showing how joining enterprise cooperatives can instil cooperative values and principles into enterprise-members beyond economic efficiency.

Given that the internationally agreed statistics on cooperatives should be discussed in the coming years, the cooperative movement needs to prepare its own arguments and methodologies to convince experts, statisticians and decision makers who might not know cooperatives well. In developing its own arguments, whilst at the same time participating in the discussion more proactively, the cooperative movement needs to produce all necessary statistical data which reflect the performances and impact of cooperatives, but in distinguishable forms as much as possible. For example, information on employment in enterprise cooperatives should be produced separately, such as employees directly employed by cooperatives and those on enterprise-members, so that they can be accounted for separately. Of course, beyond the production of communication tools, this will require more investment in statistics and data collection, not only from the cooperative movement, but also from the public authorities in charge of cooperatives.

CHAPTER 3 ENDNOTES

- 9- In responding to the ILO Promotion of Cooperatives Recommendation, 2002 (No. 193) ("seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies") and to the Resolution of the International Conference of Labour Statistics (ICLS) in 2013 ("carry out further developmental work on the measurement of cooperatives"), the ILO and FAO produced a series of research works, such as the Mapping Exercise on Statistics on Cooperatives (ILO Department of Statistics) and country case studies for more in-depth information gathering at the national level (ILO Cooperative Unit and FAO). Together with the UN's Global census on cooperatives conducted by UNDESA, and *the World Co-operative Monitor*, annually produced by the ICA and EURICSE, these initiatives have stimulated interest in cooperative statistics and strengthened various stakeholders' efforts to develop an internationally agreed statistical definition, classification and method. Recently, these efforts have been coordinated under the leadership of COPAC.
- 10- Whereas, in some legal frameworks, the contents of the social mission are defined (Italy, Poland and South Korea), in other legal frameworks, the ways of addressing the collective interest, particularly through the multi-stakeholder model, are defined (France, Canada (Quebec)). Therefore, the latter cases can also be classified as multi-stakeholder cooperatives in terms of members' functions. The multi-stakeholder character of a cooperative can also be seen as a way to transcend the apparent contradiction between members' interest and the general (or community) interest.
- 11- However, meta-types according to this classification are not always the same. In taking into account the main stakeholders in a business, Birchall and Simmons propose three meta-types which are similar to ours: consumer cooperative, producer cooperative and worker cooperative (Birchall and Simmons, 2009). One other approach proposes two meta-types in focusing on the characteristics of services provided by cooperatives: cooperatives that supply their members with goods or services for personal use, such as consumer cooperatives, and cooperatives that service the production of members, such as worker cooperatives and producer cooperatives (Co-operative College, 2014). Another approach focuses on members' relationship with the economic activities of the cooperative: client-owned cooperatives that provide services to members, such as users' cooperatives and

producers' cooperatives, as well as worker-owned cooperatives in which members directly undertake the economic activities of the cooperative (ILO, 1992; Schwettmann, 1997; Wanyama, 2014).

- 12- Financial cooperatives have individual consumer-members but also members who are producers. Financial cooperatives contribute to producer-members' jobs and production activities in providing various financial services which are indispensable for their economic activities (Birchall and Simmons, 2009; Co-operative College, 2014). Many financial cooperatives are specifically established to help certain groups of producers, such as farmers, fishermen and small business entrepreneurs. However, given that statistics hardly provide membership information that distinguishes individual consumer-members and members who are producers, financial cooperatives are considered in our approach as users' cooperatives.
- 13- As a mid-term solution, it would be desirable to introduce a question on members' functions in relation to their cooperative in the registration form, so that individual cooperatives might be classified according to the meta-types, regardless of their types defined by the national cooperative legal framework. For example, in South Korea, one of the registration form contains a question about the number of founding members and asks what kind of member(s) they are, with a multiple choice between producer-members, consumer/user-members, worker-members, volunteer-members and support-members. This type of information would be useful to classify cooperatives according to members' functions in relation to cooperatives.
- 14- The legal status of worker-members varies according to the legal frameworks applied to worker cooperatives. Worker-members might have the legal status of an employee which, like other employees, is based on an employment relationship. They might also have specific work forms defined by cooperative law, e.g., worker ownership (*trabajo asociado*) status in Spain and Colombia. As we will see in chapter 4, whereas the legal status of employee provides full-fledged rights and protection to worker-members, rights and protection provided by specific work forms are considerably different according to the legal frameworks related to worker cooperatives, from specific work forms with strong rights and protection (Spain) to those without rights or protection (Colombia). This fact is also related to the role of worker cooperatives regarding employment: contribution to promoting decent work, and misuse or abuse for the sake of informalizing employment. We will examine this point in chapter 4. In some countries, worker-members can be considered only as self-employed. In this case, although worker-members can be distinguished from producer-members in a statistical sense, it seems that there is little difference between them in terms of labour status.
- 15- In the Commonwealth of Independent States (CIS) countries, such as Russia, Kyrgyzstan and Tajikistan, there is the legal concept of "production cooperative" in which producer-members engage in joint agricultural production in a way similar to the collective farms during the soviet regime (ILO, 2009; Lerman, 2013; Lerman and Sedik, 2014). In these countries, the agricultural production cooperatives are distinguished from agricultural service (or consumer) cooperatives which are composed of self-employed producers using services provided by the cooperatives.
- 16- Although the debate on the criteria that define the nature of labour contracts - juridical subordination or economic dependence - was settled in favour of juridical subordination in the early 20th century, the recent increase in new work forms that are legally independent but economically dependent, and thus characterized by substantial subordination imposed by economic dependency, has reactivated the debate (Conseil national du numérique, 2016). For example, in the United States' context, during the debates about the legal status of workers working through on-line platforms, which are actually considered by on-line platform companies to be independent contractors, one important classifying criterion on which the decision of the judges and regulators will depend is whether the workers themselves are in overall control of their own work or are generally subject to the enterprise's instructions about when, where and how to work (The New York Times, Aug. 8, 2015, "Twisting Words to Make 'Sharing' Apps Seem Selfless"). Another point is that, according to the regulatory guidance of the United States Department of Labour, whether a worker is economically dependent on the employer or is in business for him or herself (The New York Times, July 18, 2015, "Defining 'Employee' in the Gig Economy"). Other more concrete criteria can be used according to different national legal frameworks, such as whether there are instructions, provision of tools, training, regular remuneration, financial risk, work control, integration of the worker in the enterprise, entitlements, work done mainly for another, work done within specific hours, a specific time or at a specific location, work carried out personally etc. (ILO, 2012, Brief 4.a.3). These questions could be considered in order to reclassify certain producers' cooperatives into worker cooperatives.
- 17- According to Roever et al. (2011), within the group of home-based workers, a further distinction can be made between "piece-rate workers" and "own account workers". Piece-rate workers can be contracted by a firm, an individual entrepreneur, traders, subcontractors or other intermediaries, are usually given the raw materials and are paid a stated amount per piece produced. These workers do not have any direct contact with the markets for the goods they produce. Own-account workers are those who are generally in direct contact with the market and buy their own raw material (Roever et al., 2011). Among producers' cooperatives, producer-members in some handicraft cooperatives or handloom weavers' cooperatives are piece rate workers.
- 18- <http://laborsta.ilo.org/applv8/data/icsee.html>
- 19- For example, the numbers reported from France and Italy are 3,800 and 39,900 respectively (as of 2010, based on Labour force surveys). But if we compare the available statistics on cooperatives in the two countries, it is difficult to know what these numbers mean.
- 20- <http://laborsta.ilo.org/applv8/data/icsee.html>

21- Federations are included as a separate category in official statistics in Chile, Canada, the Philippines, the Dominican Republic and Kenya. In Iran, the satellite accounts on cooperatives include unions and cooperative chambers, as well as public agencies including the Ministry of cooperatives and the Cooperative Development Bank. In a report on cooperatives in 10 African countries, Pollet reported the employment numbers in cooperative movement institutions as well as government departments in charge of cooperatives, as direct employment created by cooperatives (Pollet, 2009).

22- These categories are defined as follows:

- COOPERATIVE GROUP - A cooperative group: 1) is composed of organisations that operate as a single economic entity; 2) regularly publishes a consolidated financial statement; 3) includes mainly cooperatives; 4) acts according to cooperative principles and values; 5) is controlled by cooperatives.
- COOPERATIVE NETWORK - A cooperative network: 1) is composed of organisations that operate as a single economic entity; 2) does not publish a consolidated financial statement; 3) includes mainly cooperatives; 4) acts according to cooperative principles and values; 5) is controlled by cooperatives.
- NON-COOPERATIVE ENTERPRISE - Non-cooperative enterprise in which cooperatives have a controlling interest.

CHAPTER 4

WORK AND EMPLOYMENT IN THE INFORMAL ECONOMY AND NEW WORK FORMS-CONTRIBUTION OF COOPERATIVES

4.1. INTRODUCTION

For a long-time, cooperatives have been considered an important tool to address social problems such as poverty, unemployment and the informal economy. Recently, they have been officially recognized as a part of the diverse private sector actors in the UN Sustainable Development Goals (SDGs)²³ and in ILO Recommendation No. 204 (2015) on the Transition from the Informal to the Formal economy²⁴. While cooperatives are explicitly recognised as a form of entrepreneurship which can contribute to the SDGs, as well as to the transition from the informal to the formal economy, the way in which cooperatives can contribute is not sufficiently clarified. In addition, in the case of ILO Recommendation No. 204, the partial mention of cooperatives as a form of economic unit in the informal economy brings about some confusion²⁵: are cooperatives just one among private sector actors like other private enterprises, or do they have specific features that are more relevant in dealing with problems related to work and employment, particularly those problems caused by the informal economy?

Are cooperatives just one among private sector actors like other private enterprises, or do they have specific features that are more relevant in dealing with problems related to work and employment, particularly caused by the informal economy?

Whereas the concept of informal economy has often been used to describe pre-modern or survivalist economic activities outside the formal arrangements in developing countries, it should be noted that, in industrialised countries, we observe the growth of self-employed workers, often called independent contractors or freelancers, of atypical work forms in enterprises, as well as new work forms which are difficult to define and regulate with existing employment arrangements. Although they are stimulated by technological, social and economic changes and are supposed to allow people to work with greater flexibility and independence, such work forms raise important concerns regarding the deterioration of conditions of work and quality of life, as well as the emergence of new forms of informal economy. Here again, cooperatives are referred to as a solution to address the negative effects of these new phenomena, while preserving their technical, economic and social potentials. Rapid development of the phenomenon, confusing concepts used in public debates and the absence of empirical data make it difficult for people to understand exactly what is happening and how the cooperative model can contribute to offering solutions.

This chapter aims mainly at understanding and clarifying the specific contributions of cooperatives in addressing the problems related to work and employment in the informal economy, which have been getting significantly worse as a result of informalisation over the last decades, not only in developing countries but also, more recently, in industrialised countries (Birchall, 2001; ILO, 2012, 2013; Lund, 2009; Vanek et al., 2014).

After examining some conceptual definitions related to work and employment in the informal economy (second section), we propose a pragmatic approach focusing on concrete problems and possible solutions, rather than considering the informal economy itself as being good or bad (third section). Once we have described different problematic situations faced by people working in the informal economy, we then examine various ways through which different types of cooperatives contribute to solving the problem (fourth section). In the fifth and last section, special attention is drawn to the potential contribution of the cooperative model in inspiring the concepts of platform cooperativism and commons in the changing world of work.



4.2. CLARIFICATION OF SOME CONCEPTUAL DEFINITIONS

4.2.1. INFORMAL EMPLOYMENT

The concept of “informal sector” was introduced in public discourse at the international level in the early 1970s. In recognizing that informality was persisting and even increasing, contrary to the expectation that it would disappear as the modern or formal sector expanded to absorb more labour, a renewed interest in informality led to a fundamental rethinking of the informal sector and a deepened understanding of its dimensions and dynamics. It was at the ILC in 1991 that the informal sector was first featured as a major agenda item in an international conference. Since then, in partnership with global civil society actors, the ILO has played a leading role in developing a conceptual framework, as well as carrying out its political implementation (Birchall, 2001; ILO, 2013a).

The development of a conceptual framework has been carried out on two tracks: statistics and political work. First of all, the statistical definition has been one of the key objectives of the conceptual framework. A statistical definition of the “informal sector” was adopted at the 15th ICLS in 1993²⁶ and, subsequently, was included as a subset of household unincorporated enterprises in the revised international System of National Accounts (1993 SNA). However, because the concept of informal sector was defined in terms of the characteristics of production units (enterprises), persons employed in enterprises outside the production units of the informal sector were automatically excluded from it, no matter how precarious their employment situation was. Taking this limitation into account, as well as broadened conceptual debates which shifted the attention from a “sector” to an economy as a wider phenomenon, a broader conceptual framework of “informal employment”, which is presently used as the internationally agreed statistical definition, was endorsed through *Guidelines concerning a statistical definition of informal employment* at the 17th ICLS in 2003 (the 17th ICLS guidelines). The idea, recommended by the Delhi Group, an expert group on statistics on the informal economy, was to complement the enterprise-based concept of employment in the informal sector with a broader, job-based concept of informal employment. Accordingly, the conceptual framework defines informal employment as all employment arrangements that do not provide individuals with legal or social protection through their work, thereby leaving them more exposed to economic scarcity than the others, both inside and outside the informal sector (Husmanns, 2004a, 2004b). Although there are still significant differences in concrete implementation among countries, more coherent and consistent statistical data on informal employment have been produced within this framework (ILO, 2002, 2013a; Vanek et al. 2014).

BOX 2. STATISTICAL DEFINITION OF INFORMAL EMPLOYMENT

According to the conceptual framework of informal employment adopted at the 17th ICLS, the specific groups of workers employed in the informal sector and in informal employment outside the informal sector are as follows:

Persons employed in the informal sector:

- Own-account (self-employed) workers employed in their own informal sector enterprises.
- Employers in informal sector enterprises.
- Employees in informal sector enterprises.
- Contributing family workers in informal sector enterprises.
- Members of informal producer cooperatives.

Persons in informal employment outside the informal sector, specifically:

- Employees in formal enterprises not covered by social protection through their work²⁷.
- Paid domestic workers employed by households not covered by social protection through their work; and
- Contributing family workers working in formal enterprises.

Sources: *The 17th ICLS guidelines; reformulated from ILO, 2013c*

4.2.2. INFORMAL ECONOMY

On the other hand, the concept of “informal economy” has developed in a more political and normative sense. The informal economy designates a broader phenomenon rather than an analytically distinguishable reality. Throughout discussion on informality in the economy, we can find that the driving force behind the debates is the concern for reducing problems caused by the absence or weakness of formal arrangements related to people’s economic activities. In the 90th ILC Resolution 2002 concerning decent work and the informal economy, the concept of informal economy was introduced in referring to “*all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.*” (paragraph 3 of the 90th ILC Resolution, 2002). As mentioned above, this broader concept of informal economy has had an influence in broadening the statistical definition from the informal sector to informal employment²⁸.

To understand the role of cooperatives in addressing problems related to work and employment in informal arrangements, this report follows a more political and normative approach on the concept of informal economy, whilst not focusing on statistical and analytical issues that are beyond its scope. In other terms, the issues discussed in this chapter do not necessarily correspond to the conceptual framework elaborated for statistical purposes, but rather to the reality perceived by the public as problems related to work and employment in the informal economy or to the informalisation of the economy and employment.

BOX 3. WHAT DOES THE EXPRESSION “INFORMAL COOPERATIVE” MEAN?

The expression “informal cooperatives” is used in the statistical definition of informal employment and some ILO documents. What do the users mean by this term? According to the ILO (2013a), “*producers’ cooperatives, which are formally established as legal entities, are incorporated enterprises and hence part of the formal sector. Members of formally established producers’ cooperatives are considered as having formal jobs. Producers’ cooperatives, when not formally established as legal entities, are treated as private unincorporated enterprises owned by members of several households. They are part of the informal sector if they also meet the other criteria of the definition.*” Logically, “when producers’ cooperatives are not formally established as legal entities” can refer to three different situations.

Firstly, due to a lack of appropriate legal frameworks, members may not be able to formally register their cooperative-type initiatives. Where legal frameworks do exist at least partly, complicated and expensive administrative processes or an arbitrary bureaucracy might discourage them from establishing cooperatives formally. Secondly, it can refer to the situation of pre-cooperatives, in which people prepare cooperatives whilst trying to meet the conditions for formal incorporation. Thirdly, it can also designate more informal initiatives based on cooperation among people, such as community-level mutual help activities, farmers’ groups, neighbourhood groups or alternative grassroots movements or associations.

However, it is difficult to understand exactly what the expression “informal cooperatives” is supposed to mean and to what extent it corresponds to cooperatives’ reality. Why does this kind of confusion occur? We can hypothesise two reasons.

One derives from the outdated concept of “members of producers’ cooperatives” which is a category used in the ICSE-93. As we examined in the previous chapter, this category is now considered to be outdated and irrelevant. However, when the concept of informal employment was designed, five categories of ICSE-93 (own-account workers, employers, employees, contributing family workers and members of producers’ cooperatives) were inserted in the graph dividing formal and informal. These nine sub-categories (four categories divided into formal and informal and contributing family workers which are, by definition, informal) were again cross-tabulated with three different production unit types (formal sector enterprises, informal sector enterprises and households) into 27 resulting conceptual sub-categories. Among them, the 17th ICLS guidelines identified 10 conceptual sub-categories that can be considered as informal employment. Here, a conceptual sub-category can be constructed by cross-tabulating three dimensions, namely, “informal situation” in “members of producers’ cooperatives” which are “informal sector enterprises”. Therefore, we can suppose that “informal cooperative” is an analytical concept, regardless of whether such cooperatives actually exist.

The other reason stems from a confusion in the public perception of cooperative, which has often been normatively oriented. Schwettmann (1997) and Birchall (2001, 2003) describe certain tendencies expressed by key development actors, including international institutions, donors and NGOs, that avoided explicitly mentioning the term “cooperative” after having experienced the instrumentalisation of parastatal cooperatives in developing and ex-communist countries, often resulting in failure in the 1950s-70s period. They found that many development actors preferred to use terms like member-based organisations, farmers’ groups, people’s organisations, producers’ associations, neighbourhood clubs, self-help organisations and sometimes alternative associations in industrialised countries, in order to emphasise the importance of people’s real participation and commitment. Some arguments even considered the formality as a sign that the state and the market, as systems, were normatively in contrast with citizens’ grassroots initiatives. This tendency was also reinforced by diverse experiments with cooperative-type organisations, often driven by NGOs and social movements which were not necessarily connected to the cooperative movement or to formal cooperative regulation schemes. However, this kind of dichotomist perception has been attenuated, after a repositioning of the cooperative movement which has reemphasised more independence and autonomy, members’ substantial participation and control, and concern for community. The renewed cooperative identity was officially acknowledged at the inter-governmental level through ILO Recommendation No. 193 and, more recently, through the UN’s International Year of Cooperatives in 2012. In these processes deployed over the last decades, we can identify different approaches to the relationship between the cooperative concept and newly emerging initiatives. Some try to include these new dynamics which do not necessarily have a formal cooperative status into the cooperative concept so as to strengthen the normative function of cooperatives. Others try to differentiate these new initiatives, which might also be formally established cooperatives, from traditional, still state-controlled

or market-logic-dominated cooperatives. They often use the terms of social and solidarity economy or third sector, which do not exclude the cooperative concept nor always include all cooperatives in institutional terms. Another approach attempts to reconcile these two approaches in accepting both institutional and normative criteria and recognising the importance of cooperative-like initiatives, whilst also respecting the institutional parameters. We can hypothesise that the conceptual space created in statistical work might have been underpinned by the reality of these cooperative-like grassroots initiatives which are still interpreted differently by different approaches.

The wording of ILO Recommendation No. 193 suggests that the ILO recognizes cooperatives as being part of the formal economy. A number of provisions in Recommendation No. 193 regarding cooperatives’ registration, auditing, legal obligations and the obtaining of licenses (paragraph 6), as well as regulatory framework etc., explicitly reflect the fact that cooperatives are part of the formal economy to all intents and purposes. The mention of the “*important role of cooperatives*” in the transition of informal economy activities “*into legally protected work, fully integrated into mainstream economic life*”, also clearly indicates that cooperatives are part of the formal, rather than the informal, economy. In January 2016, a few months after ILO Recommendation No. 204 had been approved, the ILO clarified its position regarding the concept of “informal cooperative” spelt out in ILO Recommendation No. 204 on the transition from the informal to the formal economy: a legal interpretation of the term “cooperative” as it had been used in the specific case of paragraph 3 of the Recommendation (and differently from the rest of the text), was issued by the ILO’s International Labour Standards Department, explaining that “*the term “cooperative” in Paragraph 3(c) should be understood as referring to not formally established or not registered economic units which are organized according to the cooperative principles and which operate in the informal economy*”²⁹. As we can see, the term “cooperatives” has been used in these two paragraphs with a very specific meaning which, indeed, required an interpretation, as it differentiates itself from the concept of cooperatives as formal economy enterprises spelt out in ILO Recommendation No. 193. The very definition of cooperatives in paragraph 2 of Recommendation No. 193 contains the term “enterprise”, whereas this latter term is reserved in Recommendation No. 204 to refer to the formal economy, the term “economic units” being used for the informal economy.

4.3.

ISSUES RELATED TO WORK AND EMPLOYMENT IN THE INFORMAL ECONOMY

4.3.1. DIFFERENT APPROACHES TO THE RELATIONSHIP BETWEEN THE INFORMAL AND THE FORMAL ECONOMY

The characteristics of the informal economy have been discussed from different normative perspectives, each of which reflects specific and partial pieces of the reality which we intend to analyse in this section.

The conventional approach hinges on a dualistic model of the economy. In this model, which many governments and economists explicitly or implicitly followed for many years since its theorisation by W. Arthur Lewis in the mid-1950s, the informal economy has been regarded as inefficient, unproductive and outdated so that, with a right mix of economic policies and resources, it could allegedly be replaced by the modern and formal economy (Becker, 2004; Gunatilaka, 2008; ILO, 2013a). This approach is also related to the Marxist view that the informal economy is a marginal part of the industrialised economy which would disappear by being absorbed into the formal and modern industrialised economy. According to the Marxist view, the role of the informal economy is even parasitic because its workers are a “reserve army of labour”, which competes with workers in the formal economy and pulls down wages in general (Birchall, 2001). However, contrary to expectations, it has been proven that the informal economy continues to be substantial in developing countries and has even been steadily growing in recent decades in both developing and industrialised countries (Becker, 2004; ILO, 2013c)⁹⁰.

Whilst the conventional approach seems to be based on an evolutionist perspective, by focusing on the growth of the formal economy as the ultimate solution, recent policy orientations recognize the constant and substantial existence of the informal economy and consider the latter as the target of formalisation, with enhanced special efforts. Adopted by some key international actors in this field, such as the ILO and WIEGO, this approach focuses prevalently on the problematic situations in the informal economy in which the overwhelming majority of people participate not out of their own free choice but by constraint or necessity. This is especially true for women, who usually bear the main responsibility for child care and who frequently have lower skills and educational levels than men (Lund, 2009).

Other than the approaches focusing on problems suffered by poor and vulnerable people, there are perspectives that consider informal economy actors as competing unfairly with the formal economy by avoiding taxes and regulations. This view also considers that informality should be reduced and suppressed.

The legalist approach lays more emphasis on regulation that pushes economic actors into the informal economy by raising the barriers and costs of formalisation. In this approach, which has been favoured by neoclassical economists as an argument for promoting deregulation and liberalisation of the economy (Gunatilaka, 2008), economic actors in the informal economy are considered as an “untapped reserve of entrepreneurial energy” and “productive ventures” which would like to become formal but are held

back by corruption and government regulations (Becker, 2004; La Porta and Shleifer, 2014). Although this approach does not ignore the problems of the informal economy, it considers the latter as the real economy which produces entrepreneurial dynamics and people's jobs and income and, therefore, whose energy should be unleashed by reducing entry regulations or improving property rights in order to fuel growth and development.

Other approaches focus on the positive side of informality. Some observe that most economic actors in the informal economy continue to remain micro size and informal in nature due to the nature of their activities, and that they do it for the sake of survival or necessity. These economic activities are important income sources as well as sources of affordable goods and services for the poor population. Due to the inability of the formal economy to create sufficient employment for the relatively fast-growing labour force in many developing countries, the informal economy is often the main provider of employment and contributes to poverty reduction. On the other hand, according to these approaches, the informal and the formal economies are linked to each other rather than being mutually exclusive. The informal economy produces for, trades with, distributes for and provides services to the formal economy. This perspective does not view the informal economy as a structural problem and therefore tries to create an enabling environment that allows informal economy actors to do their work better in improved conditions (Department of economic development and tourism, 2011). Even from a “new right view”, as Birchall (2001) called it, informality is considered attractive because it can be a source of new entrepreneurship. In this view, collective initiatives such as trade unions or cooperatives are seen as counter-productive, because they allegedly discourage entrepreneurship which is motivated by individual incentives. This argument is used to justify the informal economy's role in promoting a flexible labour market and absorbing retrenched labour from the formal economy.

Clearly different from these romantic views which intentionally ignore the problems around the informal economy, other approaches consider that informality helps relieve problems occurring in the formal economy, such as unemployment, particularly given the crisis of the welfare state model in industrialised countries. Since the 1970s, as many industrialised countries have suffered economic crises, unemployment increases and demographical changes, various forms of informal activities rooted in civil society have been revalued as important ways of addressing these problems. Mutual aid among neighbourhoods, associative initiatives and volunteering activities at the local level have gained increased attention. According to this approach, the informal economy is not clearly distinguished from the formal economy, but rather it is linked to it in contributing to the overall economy in innovative ways. In revaluing the informal part of social and economic life, which has been ignored or forgotten for a long-time in the modern concept of economy, some are trying to redefine the very concept of economy as composed of different economic logics and their functional institutions, such as the market, the state and neighbourhoods, according to Karl Polanyi's theory (Polanyi, 1944; Evers and Laville, 2004). These more progressive approaches do not ignore the need for formalisation, but emphasise institutionalisation as a way in which the positive contributions of non-formalised economic activities can be maintained and even promoted. We observe that these positive and dynamic parts of the informal economy are increasingly linked to the concept of “social and solidarity economy”. Sometimes, they are considered as a kind of new social movement which struggles to elaborate alternative models of work and life against problems caused by, or not sufficiently covered by, existing systems, namely the market and the state.

In summary, whereas informal economy actors certainly suffer from insufficient social protection compared to other workers and consumers and from a lack of efficiency as economic entities, it is also true that the reality in the informal economy is not always negative. As a reality that is here to stay in many developing and industrialised countries, the fact that the informal economy generates jobs and income, very often for the poorer population who cannot find them elsewhere, should be taken

Instead of considering the formality and informality themselves as “good” or “bad”, we focus below on the problems faced by people working in the informal economy and try to identify the actual and potential contributions of cooperatives

seriously into account³¹. Therefore, instead of considering formality and informality themselves as “good” or “bad”, we focus below on the problems faced by people working in the informal economy and try to identify the actual and potential contributions of cooperatives, not only through the formalisation of informal arrangements, but also by empowering people to improve their own problematic situations in the informal economy. This is also the spirit of ILO Recommendation No. 204.

4.3.2. DECENT WORK DEFICITS IN THE INFORMAL ECONOMY

Although the evidence that a high level of economic development reduces the informal economy has been reported based on the experiences of a few countries such as Singapore and South Korea (Weerasekara, 2013), this does not mean that problems related to the informal economy are solved as a direct consequence³². To address the problems and to find appropriate solutions, we need a more problem-solution oriented approach. In this regard, the concept of “decent work” and its four pillars (employment generation, social protection, rights at work, and social dialogue) proposed by the ILO³³, provides us with a fundamental orientation. As the former ILO Director-General Juan Somavia said, “*decent work is a powerful tool in selecting the path to the attainment of the interrelated goals and human development*”. In the Resolution on Decent Work and the Informal Economy at the 2002 session of the ILC and related discussions, the ILO recognised that decent work deficits were more common in the informal economy and its concern for decent work was applied to those working in it. Within the framework of the Decent Work programme, decent work deficits are defined as 1) the absence of sufficient employment opportunities for quality employment, 2) inadequate social protection, 3) the denial of workers’ rights and benefits and 4) the exclusion from social dialogue. Reducing decent work deficits means reducing the employment gap, improving rights at work, providing social protection and increasing the voice of the workers (Becker, 2004). The 2002 ILC Resolution emphasised the critical need for an integrated and comprehensive approach. The ultimate objective is to support the transition to formality by bringing the informal economy gradually into formal channels of protection and support, while seeking to preserve existing dynamic potentials³⁴. This orientation was reaffirmed in ILO Recommendation No. 204.

What are the concrete forms of decent work deficits in the informal economy? Various kinds of problems identified in much of the literature on the informal economy can be grouped together according to the four Decent Work Pillars, as follows:

EMPLOYMENT

People need to expand opportunities to find productive work and earn a decent livelihood. Problems caused by the informal economy include not only a lack of access to quality jobs with decent incomes, but also a lack of access to inputs that would improve informal economy actors’ capacity to find productive opportunities. They are described as follows: low income or lack of a regular income; lack of access to formal finance and modern banking institutions; lack of opportunities for bulk purchase of inputs; lack of access to bigger markets; lack of access to technology and information; lack of skills and training schemes; lack of access to workshops/premises; lack of job security.

SOCIAL PROTECTION

By definition, informal economy actors are either not or inappropriately covered by formal social security systems. They are exposed to risks of sudden impoverishment when they cannot work

because of unemployment, loss of livelihood, maternity, sickness or old age. They are also vulnerable to the risk of violating laws and norms, such as undeclared labour and tax evasion, as well as illegal and criminal activities.

RIGHTS AT WORK

All those able to work need to have rights at work, whether they work or not. However, most informal economy actors are not sufficiently protected by labour legislation and administration. Even their basic human rights are sometimes infringed upon. This situation is described as: lack of legal protection; lack of rights to land and property; harassment or arbitrary interference from government officials; lack of access to facilities, such as water, electricity, toilet and waste removal systems; unsafe working conditions.

SOCIAL DIALOGUE

Exclusion from social dialogue processes occur either when informal economy actors are unable to organise themselves or when organisations formed among informal economy actors are not recognised or even suppressed.

Women, children, young people, the elderly and immigrants are usually more vulnerable to these problems. These are more or less interlinked and generate a vicious circle of poverty and high risk. They create an overall context that constitutes a barrier to entry into the formal economy (Becker, 2004). However, although decent work deficits prevail in the informal economy, they can also be found in some parts of the formal economy. Furthermore, over the last decades, we observe that these problems have been reshaped and disseminated, not only in developing countries, but also in industrialised countries.

4.3.3. INFORMALISATION OF THE ECONOMY AND EMPLOYMENT

Today, with the retreat of existing social rights and protection for workers, a strong tendency towards informalisation is bringing more people into precarious work arrangements and related vulnerabilities. Over the last decades, the informal economy in developing countries has become a permanent fixture, while atypical work forms that are not appropriately covered by existing social security systems, but stem from within the formal economy, have been increasing, particularly in industrialised countries³⁵. Empirical research shows that since the 1980s, the informal economy has been continuously on the rise. Even though a short period of moderate decline could be observed between 2000 and 2007, the impact on reducing informality was surprisingly modest considering the strong economic growth of the time (ILO, 2012, Brief 3.1). Since the global financial crisis, although the precise impact on the size of the informal economy in different countries is not yet clear, new forms of informal economy, often related to new technological developments, have drawn attention, particularly in the most industrialised countries, as well as in emerging economies such as India, China, Brazil and Indonesia.

Informalisation causes a number of problems which require urgent interventions, but also raises questions about the classical social protection model based on the hypothesis of dominance of wage labour. From the early 1980s onwards, the neo-liberal economic model started being adopted in industrialised countries and then spread to most developing countries through the international

Informalisation causes a number of problems which require urgent interventions, but also raises questions about the classical social protection model based on the hypothesis of dominance of wage labour

development programmes of the International Monetary Fund (IMF) and the World Bank, in a global policy known as the “Washington consensus”. It emphasised tight monetary policy to keep inflation low, free trade, financial liberalisation, market deregulation, privatisation, more flexible labour markets accompanying increasing production outsourcing and the growth of temporary and casualised work forms. The model resulted in economic growth coupled with a low level of employment growth³⁶ and the deterioration of working conditions, including the informalisation of employment. The increase of unemployment through massive lay-offs and structural adjustment programmes forced people to choose atypical jobs with poorer working conditions or to look for economic activities in the informal economy. The globalisation of the economy, the development of technology and demographical changes of labour markets, such as the increase in the number of women, young people, the elderly and migrants in these markets also contributed to the informalisation of employment. Finally, the successive economic crises (Asian countries in the late 1990s, Argentina in the early 2000s, the global financial crisis in the late 2000s) created renewed pressure on formal employment and often resulted in the expansion of the informal economy. The so-called “sharing economy” is partly the result of the financial crisis which has pushed people to trade their own houses, cars, time and work through newly created on-line platforms in order to get additional or, increasingly, substantial income, and, for consumers, to save money. The most recent development of informalisation is symbolically expressed as the emergence of the “gig economy” (see box 7 below).

Of course, informalisation has triggered resistance all around the world. New public policies have been adopted to reduce the negative effects of informalisation and extend social protection to newly emerging forms of work and employment. At the international level, as we examined above, efforts to conceptualize the informalisation phenomenon, with the aim of addressing related problems, have been continuously made by international institutions as well as global civil society actors. Not only by enlarging the coverage of workers’ rights and social protection, but also by developing new frameworks for emerging work forms, various kinds of measures have been carried out by diverse stakeholders. When immediate interventions to formalize the informal economy have been difficult, public authorities, trade unions and civil society actors, including the cooperative movement, have tried to improve working conditions and the quality of life of people in the informal economy. Cooperatives have been recognised as an important tool to address the problems caused by the informal economy as well as the process of informalisation, particularly by ILO Recommendation No. 193, which, as mentioned above, states that “governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the «informal economy») into legally protected work, fully integrated into mainstream economic life” (paragraph 9).

4.4. CONTRIBUTION OF COOPERATIVES TO ADDRESSING PROBLEMS RELATED TO WORK AND EMPLOYMENT IN THE INFORMAL ECONOMY

First of all, it should be emphasised that cooperatives on their own cannot be an all-powerful solution (see box 4 below). As a complex social phenomenon, the informal economy and its problems need to be addressed by an integrated approach in which various stakeholders participate and play their roles. In this regard, the ILO concept of “Decent Work” and its follow-up programmes have developed a coherent framework for identifying which aspects of informality need to be looked at and which types of policy and institutional instruments can reduce the negative aspects of the informal economy and integrate the latter into the formal economy. The ILO approach to the informal economy recognises that the process of moving out of informality should be comprehensive and gradual, rather than a simplistic one-off approach, preserving its significant job creation and income-generation potential³⁷. It is also important to consider different possible paths which are not mutually exclusive. For example, the extension of existing systems based on the classical employment relationship to other work forms, the creation of new categories of work forms with full-fledged rights and protection and the creation of a set of universal rights and protection applicable no matter what kind of work people do, could be pursued simultaneously according to concrete problems and their contexts. In cases where an immediate legal reform is not available or where the capacity of the private sector and the state is limited, solutions at different levels with different stakeholders could be elaborated. In particular, a significant part of the development literature emphasises the role of local governments and the multi-stakeholders’ joint approach (Lund, 2009).

Cooperatives can be part of the solution in such an integrated approach. In some cases, cooperatives are just one among several instruments used by trade unions or local governments for their own efforts. In other cases, the cooperative movement itself is the outcome of self-help efforts made by people in the informal economy. Through appropriate legal frameworks, cooperatives themselves can be an alternative which allows informal economy actors to formalise their economic activities and obtain rights and protection. These different contributions could be better understood according to the different situations faced by cooperatives. As a report published by the Co-operative College UK noted, although part of the development literature on the informal economy focuses excessively on worker cooperatives for their role in formalising workers in the informal economy, a number of additional ways in which cooperatives provide support and services to workers need to be appropriately acknowledged (Co-operative College, 2014). On the other hand, confusing statements which do not properly distinguish between different cooperative types, particularly worker cooperatives and producer cooperatives, need to be carefully examined. In this section, we will examine the role of cooperatives in addressing problems related to work and employment in the informal economy, according to different work forms and their specific problems. Of course, each of these contributions cannot be attributed exclusively to specific cooperative types or specific work forms. Nonetheless, we will try to classify them in this way in order to clarify the distinctive contributions of different cooperative types to different problems, and thereby avoid falling in a self-celebratory, but confusing, image of cooperatives in the informal economy debate.

Cooperatives have been recognised as an important tool to address the problems caused by the informal economy as well as the process of informalisation, particularly by ILO Recommendation No. 193

BOX 4. COOPERATIVE STRENGTHS AND WEAKNESSES

The cooperative model is often mentioned as a good instrument to address various social problems, such as the informal economy, poverty, unemployment, local development etc. However, it should be clear from the outset that most cooperatives are not directly designed to address these social problems, but to meet members' needs and aspirations. On the other hand, many cooperatives in developing countries were designed by the state to develop and modernize certain economic sectors. We also observe that cooperatives which explicitly combine members' mutual interests with the collective interest of local communities are proliferating across the world, under denominations like social cooperatives or community cooperatives. Nevertheless, as cooperatives are not a magic wand which can be waved to solve social problems, we need to be more prudent and analytical in trying to understand how they can contribute to solutions. It is for this reason that this report attempts to differentiate between various contributions, according to distinctive cooperative types, to various problems generated by the informal economy.

Before going into more detailed explanations, it would be meaningful to examine the strengths and weaknesses of the cooperative model. When the question of how cooperatives contribute to addressing social problems is raised, several intrinsic characteristics of cooperatives, which are well expressed through cooperatives' values and principles, can be illustrated as specific strengths of the cooperative model. Basically, as cooperatives are member-based organisations, the inherent process of collective decision-making and of pooling resources allows members to be empowered internally and, externally, to have increased bargaining power and economies of scale. Therefore, when a cooperative is aligned, as it should be, in its purpose with that of its members, the results are generally loyalty, commitment, shared knowledge and member participation, which can result in strong competitive advantages. In addition, education and training, joint innovation through the sharing of ideas among members, self-help mechanisms among members, concern for community and, although not a universal norm, the role of indivisible reserve, are featured as strengths inherent to the cooperative model (Birchall, 2003; Birchall and Simmons, 2009; Co-operative College, 2014; ILO, 1992, 2001; ILO, 2012, Brief 5.4; Lund, 2009; Schwettmann, 1997; UN Inter-Agency TFSSE, 2014). It is recognised that these characteristics allow cooperatives to have the potential to contribute to the achievement of decent work and even to have decent work as one of their core concerns (ILO, 2001).

However, cooperatives can face various obstacles in implementing these strengths. Although it has been emphasised that, as genuine member-owned businesses, cooperatives are formed by their members and should be driven by the needs and priorities of members who have joined voluntarily and made a real commitment, experience has shown that a number of cooperatives do not simply emerge spontaneously, but have been initiated by some leaders, by the state or by development projects, particularly in developing countries. Among others, the relationship with government is ambivalent. It is often stated that government can undermine the self-responsibility of cooperative members through paternalism, democracy and accountability through political interference, and weaken members' commitment by damaging their sense of ownership of their cooperative. For many years, in many developing countries, governments and development agencies promoted cooperatives that were neither owned nor controlled by members and that were subject to direct state interference. Cooperatives became a funnel for government services, financial credits and political favours (Birchall, 2003; Birchall and Simmons, 2009; Co-operative College, 2014; Schwettmann, 1997). However, it should not be ignored that support from government still plays an important role in promoting cooperatives in many countries. The issue is how governments can support cooperatives without affecting their independence, as was already called for in ILO Cooperatives (Developing Countries) Recommendation, 1966 (No. 127).

On the other hand, being economic organisations like other enterprises, cooperatives have to compete with other types of economic organisations, not only private enterprises but also, in some cases, NGOs or charities. Contrary to the cases of support from government, it is often reported that cooperatives are discriminated against, particularly with regard to access to external financing through conventional banks. In some countries where cooperative legal frameworks allow cooperatives to be sold, or cooperative members to share the common reserves among themselves, demutualisation has also been recognised as a significant threat to cooperatives.

4.4.1. FOR PEOPLE WORKING IN THE INFORMAL ECONOMY IN GENERAL

By definition, most people working in informal arrangements lack a formal or fully formal status to carry out their economic activities. In statistical terms, they might be own-account workers (self-employed), employers or employees of small informal enterprises and contributing family workers. Whether they conduct their economic activities by choice or by necessity, they are excluded from rights and protection provided through formal arrangements. By joining various types of cooperatives, they can benefit from certain formal or semi-formal services and be connected to formal arrangements for at least part of their economic activities. In particular, cooperatives have provided workers in the informal economy, who are normally very poor, with easier access to credit, education and training, affordable goods and services to meet their basic needs and a certain level of social protection based on solidarity and mutual help (Birchall, 2001, 2003; Co-operative College, 2014).

A SAVINGS AND CREDIT

Informal economy actors and marginalised groups who have difficulties in accessing financial services of the commercial banking system can use savings and credit cooperatives and other types of financial cooperatives. Credit and access to finance are important needs for people in the informal economy, who can often open savings accounts in cooperatives or get loans from cooperatives more easily to maintain or improve their business. In this way, they can be protected from the debt trap and the high interest rates practiced by private users and, on this basis, develop opportunities to strengthen their business and gradually move towards formality.

It has been argued that savings and credit cooperatives are popular and relatively easy to organise and that they have an immediate impact on people's livelihood (Birchall, 2001). It is also repeatedly reported that savings and credit cooperatives have been very successful as a tool for organizing and supporting workers in the informal economy. This is true in developing countries (for details of the savings and credit cooperative managed by Kampala Shoe Shiners and Repairers Association, Uganda, see Smith, 2006) as well as in industrialised countries (for details of the London Taxi Drivers Credit Union, United Kingdom, see Conaty et al., 2016). In rural areas, the role of savings and credit cooperatives is particularly crucial for farmers who are considered as belonging to the informal economy in many developing countries.

B MUTUAL INSURANCE

Mutual insurance for life and health, as well as for risk reduction in economic activities, is also a successful type of cooperative activity for people in the informal economy who are often not covered by the official social security system or by private insurance products. Insurance policies are often provided through diverse types of cooperatives, such as savings and credit cooperatives, producer cooperatives (agricultural, fishery and artisans), consumer cooperatives and multipurpose cooperatives, as well as insurance cooperatives (Birchall, 2001; Smith, 2006). As the cases of the Freelancers Union in the United States and that of Self Employed Women's Association (SEWA) in India show, mutual insurance products in cooperative form can be used by other member-based organisations to provide insurance services as well as various welfare services to their members (Bologna, 2016; Lund, 2009). Cooperatives and member-based organisations are particularly effective in offering contributory insurance schemes in the informal economy, where they are usually the only organisations that can be trusted and have the organisational capacity to collect contributions and pay benefits.

Forms of mutual insurance can be various. Some cooperatives use traditional forms of informal mutual help activities. Other cooperatives have developed more modern forms of insurance products for life, health, crops and livestock.

BOX 5. SAVINGS AND CREDIT COOPERATIVES IN SRI LANKA

In Sri Lanka, where savings and credit cooperatives have been present since the early 20th century, they have been reorganised as a “movement” with the creation of a nation-wide apex organisation, SANASA Federation. SANASA, which means savings and credit in Sinhala, is now the official brand of the movement. SANASA Federation represents more than 8,000 primary savings and credit cooperatives and 20% of the Sri Lankan population as members. At the federation level, SANASA runs SANASA bank, insurance schemes, education programmes and support programmes for members’ economic activities. Although the main business of primary cooperatives is financial services to members, an important part of their activities focuses on local development and the empowerment of local people. Given that in Sri Lanka, “*about 86 percent of agriculture sector employment comprises with informal sector employments and about 51 percent of non-agricultural sector activities is informal sector employment*” (Department of Census and Statistics, 2013), it can be said that the financial and social activities of the SANASA movement provide multi-faceted services which can meet the needs of members as well as non-member local residents, part of whom work in the informal economy³⁸.

The Women’s Development Services Cooperative of Sri Lanka represents a typical model of how savings and credit cooperatives can support people working in the informal economy. The cooperative has more than 85,000 women members throughout the country who are members of the cooperative through close to 8,000 primary groups composed of 5-50 members. Group members meet once a week to put money into their saving accounts and talk about various issues linked to their economic activities and family life. By doing so, members who are mainly individual self-employed women achieve mutual understanding, increase their self-confidence and become empowered. The cooperative basically provides financial services, such as savings, loans and insurance policies, but also training programmes on household bookkeeping and members’ business, as well as welfare services, including eight health centres³⁹.

In developing countries, savings and credit cooperatives and mutual insurance schemes are not only financial businesses, but also a tool to organize people who are often without sufficient safety nets in the informal economy, so that they can improve their economic and social life.

C MULTI-PURPOSE COOPERATIVES AND CONSUMER COOPERATIVES

Unlike industrialised countries where the economy is strongly integrated into the market system, cooperatives in developing countries often play an intermediary role between people’s informal economic activities and the formal economy. In rural areas, many cooperatives have multi-purposes and multi-functions in serving local people who work in the agricultural and fishery sector with few formal arrangements. These cooperatives provide not only shared services for supporting members’ production activities (which we will examine in the next section), but also financial services and retail services for the daily life of members, as well as local people. Given that consumer cooperatives need a membership base of significant size, retail services in multi-purpose cooperatives often have to be financed by profits generated by the cooperative’s other activities. However, it is also stated that consumer cooperatives can be successful with people working in the informal economy when they are organised by trade unions which provide a stable customer base, capital for expansion and a strong institutional base for their control and supervision (Birchall, 2001).

4.4.2. FOR SELF-EMPLOYED PRODUCERS/ ENTREPRENEURS

A large proportion of people working in the informal economy can be classified as self-employed producers or entrepreneurs. In industrialised countries, since the early days of industrialisation, artisans, small landowners, liberal professionals and traders have formed the essence of the self-employed. Although they were originally not covered by social security systems based on an employment relationship, they gradually developed their own social security system, often through social economy entities (cooperatives or mutuals), which were later integrated into public social security schemes. Their own social security charges were compensated by their freedom from dependence on, and subordination to, any employer and their rights to receive all of the outcome of their economic activities. Related legal frameworks have developed as well. Therefore, it seems difficult to say that self-employed producers or entrepreneurs in industrialised countries are in the informal economy. However, the emergence and increase of self-employed workers who Sergio Bologna (2016) calls the “second generation of the self-employed” or, more commonly, “freelancers”, raise several issues concerning their legal status and the social security systems applicable to them. We will examine this problem in the next section.

In developing countries, self-employed producers and entrepreneurs might be found in economically and socially vulnerable situations, as they do not have access to employee-based benefits and have often limited access to social protection and social security systems. Of course, self-employed producers and entrepreneurs are not a homogeneous group. Within self-employment, a proportion of own-account workers face similar conditions as workers in the informal economy, such as relatively lower incomes, poorer working conditions and weaker attachment to formal structures. In some countries, self-employed producers and entrepreneurs can benefit from universal social security systems. However, in many developing countries, their level of benefit from the universal social security system is much lower than that derived from the social security systems based on employment relationships, to which employers are required to contribute. A significant number of self-employed producers and entrepreneurs in developing countries engage in an economic activity out of necessity rather than by choice, because they cannot find a job in the formal economy. Employees in informal enterprises owned by self-employed producers or entrepreneurs face more vulnerable situations than formal employees.

It should be noted that in both industrialised and developing countries, a certain ratio of self-employed producers and entrepreneurs value their self-employed status. Therefore, they do not necessarily want to be “saved” or “rescued” from self-employment in order to be included in an employment relationship, but instead seek recognition, support, and assurance that the risks and rewards of their status are fairly balanced. Some surveys show that, for most people, greater autonomy seems to be the most important factor in the trade-off between higher risk and lower rewards and that self-employment is valued as a way into work or a means for earning an additional income. However, we should be careful in interpreting these statements, because those who prefer self-employment are often people who have limited availability or are obliged to be flexible because of their situations, such as women with young children, older workers seeking to top up a low pension, students and migrant workers (Conaty et al., 2016).

In all developing countries, self-employment represents a greater share of employment in the informal economy. Self-employment represents 70% of informal employment in Sub-Saharan Africa, 62% in North Africa, 60% in Latin America and 59% in Asia (Department of economic development and tourism, 2011). In industrialised countries, self-employment has been increasing over recent decades.

For example, in the United Kingdom, self-employment has reached 4.6 million, which represents 15% of the workforce (Deane, 2016) and this is twice the level of 1979 when it was 7.5%. Since 2008, two-thirds of new jobs in the United Kingdom have been generated by self-employed people. It is reported that 83% of sole traders earn less than the average income and 77% live in poverty (Conaty et al., 2016). In France, it is reported that there are one million “*auto-entrepreneurs*”, a simplified form of employment arrangements for piecemeal work, and that the self-employed have continued to increase and now represent 11% of the workforce (*Médiapart*, January 4, 2016, “De l'économie du partage à l'ubérisation du travail, témoignez”). Although self-employment in industrialised countries is not necessarily part of the informal economy, the present trend towards more self-employment shows that the classical sense of formal employment has been weakened. In addition, as we will see below, part of this new self-employment should, indeed, be considered as part of the informal economy.

A SHARED SERVICE COOPERATIVES

Since the beginning, cooperatives have been recognised as an important tool to organize and support self-employed producers and entrepreneurs whose economic activities were at a disadvantage compared to private enterprises which tried to prevail on the market by mobilizing the power of capital. Agricultural cooperatives, fishery cooperatives, artisans' cooperatives, retailers' cooperatives and SME cooperatives have been organised by, and for, self-employed producers and entrepreneurs. Members may vary in nature, from solo producers or traders in vulnerable situations to very active and well-structured SMEs. Although their title often reflects their members' functions, they are also commonly called “shared service cooperatives” according to the functioning of the cooperative itself. Whilst finance and insurance are often part of the services they provide, their main activities consist of upstream and/or downstream services in support of members' economic activities: marketing of members' products, including joint advertisement and development of common brands; collective purchasing of raw materials, retail goods, equipment or machinery and provision of premises, technical information, R&D, training and consulting. Although these cooperatives cannot provide their members with a stable legal status or an official social protection scheme, they contribute to increasing and stabilising members' incomes, increasing the performance and competitiveness of members' business and making the members' voice heard collectively. In this way, self-employed producers and entrepreneurs in the informal economy can enjoy various services which were previously not available to them due to the small size of their business and lack of applicable formal arrangements. Furthermore, they can adapt quickly to changing economic conditions, rather than succumbing to them. Practising horizontal integration and, thereby, reaching economies of scale and a higher bargaining power is a key strategy of shared service cooperatives.

BOX 6. HORIZONTAL INTEGRATION

One of the distinct features of cooperatives compared to other types of enterprises is their propensity to create horizontal structures among themselves. Cooperatives at the primary level often lack sufficient bargaining power in the market. To overcome this situation, the same strategy as that of shared service cooperative can be replicated at upper levels of production and supply chains. In particular, secondary level cooperatives, called cooperative unions, cooperative groups or consortia, as well as regional or national apex organisations, can play the role of a higher level of shared service cooperative by providing marketing, purchasing, transport, warehouse and financial services. The purpose of the secondary structure is to retain as much added value as possible within the cooperative economy. This kind of horizontal integration might be driven, in a top-down approach, by governments or development agencies but also, in a bottom-up approach, by primary cooperatives themselves. In some countries, previous government-driven systems have been reformed to strengthen the entrepreneurial characteristics of horizontal integration.

For example, the Indian government had, in the past, structured the integration system composed of primary cooperatives, secondary cooperatives and federal level apex organisations in various economic sectors. However, due to the sudden liberalisation of the economy, this government-driven system was very much weakened. Thousands of village-level handloom weavers' cooperatives ceased to function in the early 1990s when the government reduced or halted its assistance in terms of subsidised raw material and purchase monopoly. In some cases, it was possible to rebuild the system by grouping the non-functioning cooperatives into sector-based cooperative groups, and by reviving them gradually through joint purchases of raw material and joint product marketing (Roelants, 2001). This integrated three-tier cooperative structure has been used in other sectors and is still effective in supporting cooperatives. On the other hand, the consortium model, which has been recognised as a crucial element in the success of Italian social cooperatives, reflects a more dynamic model of horizontal integration. By keeping the independence and community-based character of primary cooperatives, Italian social cooperative consortia have gained more and more importance in creating the economies of scale required to respond to tenders of a larger size from local government and to create innovative dynamics. The creation of secondary structures has proved decisive in the job sustainability of worker cooperatives. Together with financial institutions specifically created to target the start-up and development needs of worker cooperatives, the strategy of horizontal integration is considered as crucial for the development of worker cooperatives and job creation within them (Roelants, 2001).

It is reported that agricultural cooperatives have perhaps the strongest impact on people working in the informal economy in developing countries, not in the sense of creating formal employment *per se*, although they do create formal jobs through employees employed by cooperatives. Their greatest impact lies in the financial and social benefits which they provide to their members and their wider communities (Co-operative College, 2014).

In Germany, shared service cooperatives in non-agricultural sectors are organised according to economic activities conducted by small, self-employed producers and entrepreneurs, such as food retailers, food producers (butchers and bakers), non-food retailers (drugstores, household goods, hardware stores, office suppliers, shoes, sport equipment, toys, watches, jewellery and textile shops), craftsmen and traders (painters, roofers, joiners, carpenters, shoemakers, cobblers, interior decorators, glaziers, building crafts, hairdressers and barbers, plumbers and locksmiths) and liberal professions (doctors, pharmacists, tax consultants) (Schwettmann, 2001b). Their logic of functioning as shared service cooperatives is basically the same as those in developing countries. Their evolution started in the 19th century, when the self-employed farmers and craftsmen who joined them were in a situation which today would be considered to be part of the informal economy. This case shows how

self-employed producers and entrepreneurs in vulnerable situations can constitute a strong economic sector through shared service cooperatives.

In the debates on the informal economy and its problematic situations related to work and employment, several categories of workers who are in vulnerable situations have drawn special attention: waste pickers, domestic workers, migrant workers, street and market vendors and home-based workers. Many studies and reports show that shared service cooperatives can play an important role in organizing, supporting and representing these workers, by providing them a formal framework through which their economic activities can be recognised as real businesses and members can negotiate with public authorities in order to introduce appropriate social security and protection schemes (Birchall and Simmons, 2009; Co-operative College, 2014; ILO, 2012; Schwettmann, 1997, 2001; Smith, 2006; Wanyama, 2014).

4.4.3. FOR SELF-EMPLOYED WORKERS AND FREELANCERS

Although some of these self-employed workers may earn a higher income, most of them work on short terms contracts, get irregular incomes and suffer from a lack of appropriate social security and protection

Over the last decades, one of the remarkable trends of informalisation in industrialised countries is the increase of self-employed workers⁴⁰ whose employment arrangements are somewhere between wage employment and self-employment and are too novel to have prompted a categorical definition. Although some of these self-employed workers may earn a higher income, most of them work on short terms contracts, get irregular incomes and suffer from a lack of appropriate social security and protection. This phenomenon is considered to be a serious social problem which needs to be addressed.

What are the reasons for such an increase? First, it seems to be the result of an erroneous classification of employees into the self-employed category. Recent changes in labour market structures have made it harder to draw a clear distinction between employees and self-employed. It is often difficult to verify whether a worker is economically independent or dependent. This situation allows employers to declare their employees as independent contractors, thereby enabling them to avoid various obligations as employers.

Secondly, it has become increasingly difficult to find a regular job in a classical sense. When people choose an atypical or self-employment form of employment, it is often because they cannot find regular employment. People in vulnerable situations are more inclined to accept these activities out of necessity, rather than by choice. Most job offers proposed by public employment agencies, which are often linked to entitlement to unemployed benefit or minimum social security, correspond to these kinds of work forms. Therefore, it is often observed that labour market reform aimed at reducing unemployment also contributes to this increase.

Thirdly this phenomenon is interpreted as contributing to the development of new work forms. As mentioned above, Sergio Bologna, an expert on freelancers, distinguishes freelancers from traditional forms of self-employment. He calls it “the second generation of the self-employed” and explains that this new type of self-employment has been created and developed through significant changes in the organisation of work (increase of flexibility through downsizing and externalisation), in technology (digitalisation, development of personal computers, smartphones and the internet) and in life style (preference for flexibility, freedom and independence) since the last decades of the 20th century (Bologna, 2016).

To address problems caused by the increase in self-employed workers, two main options have been proposed. Firstly, in the short term, the erroneous classification of workers’ legal status and abuse

of self-employed workers should be corrected. This option is increasingly carried out by workers themselves with the support of the trade unions and is confirmed through court cases and public policies. The other option is to offer long-term support and security to these self-employed workers, including the creation of new legal forms. It is often argued that the increase in self-employed workers demonstrates that the traditional classification of employment arrangements and the social security systems based on it no longer suits 21st century workers. Therefore, long-term changes are needed to support self-employed workers to work in the way they prefer, rather than forcing them into traditional forms of direct employment.

BOX 7. GIG ECONOMY

The expression “gig economy” refers to the informalisation of work and employment in industrialised countries. The expression was “coined at the height of the financial crisis in early 2009, when the unemployed made a living by *gigging*, or working several part-time jobs, wherever they could” (*The Financial Times*, December 29, 2015, “Year in a word: Gig economy”). It has become a symbolic expression used to define piecemeal jobs mediated by on-line platforms that have proliferated across the world.

It is difficult to know how many people are in the gig economy in statistical terms, but there are various statistics on self-employment in general, freelancers and zero-hour contract workers, which demonstrate the growing trend towards the gig economy. However, the statistics vary widely according to their collection methodologies and main target groups. Moreover, it is difficult to know how many people work in this work form by necessity or by choice, due to the lack of information about it. As a journalist lamented, “*we need more information to know when we should worry about the new world of work and when we should celebrate and facilitate it. The debate will otherwise remain static and superficial*” (*The Financial Times*, February 9, 2016, “We’re still in the dark about the new world of work”).

Major debates have taken place on the issue of how new work forms which cause people to have less income, more work, no social protection and permanent psychological anxiety, should be regulated and how outcomes and responsibilities should be fairly distributed among stakeholders. The problems have become more serious as piecemeal and secondary jobs have become full-time jobs for many people who cannot find regular and stable jobs in the formal labour market. It is reported that more people are forced to combine several piecemeal jobs to survive. “Gig” no longer means an extra activity for some pocket money, but its uncertainty and precariousness is likely to become the norm for workers.

The classification of workers as independent contractors has been at the heart of debates, particularly in relation to employment created through on-line platforms. In fact, this issue is not new and is not limited to on-line platforms. A growing number of unscrupulous employers label their workers as self-employed contractors to avoid granting them employment rights and social security contributions and to shift the risk and costs of employment to workers. With technological development, but also with more complicated global supply chains and the tendency towards hyper-externalisation, it becomes more difficult to identify those who are true independent contractors and those who have a bogus status hiding behind subordinated labour relationships. In any case, the criteria to be used to distinguish one from the other is still the subject of ongoing debates. On the other hand, in the countries where more flexible employment forms are introduced, such as zero-hour contracts in the United Kingdom, *auto-entrepreneurs* in France and mini job in Germany, the abuse of these employment forms has drawn much attention. This debate is related to controversy surrounding the impact of the institutionalisation of flexible work forms. Although new work forms with much greater flexibility allow workers to have a minimum level of rights and protection which are higher than those of the self-employed, it has been argued that their existence itself encourages employers to increasingly resort to these work forms and cut the number of decent jobs.

It seems difficult that cooperatives alone can be a full-fledged response to these problems in the gig economy. However, as we will see below, cooperatives could be part of the answer, especially if combined with relevant legal frameworks, public policies and efforts driven by other stakeholders.

A UNIONISATION AND COOPERATIVES AS A TOOL

It seems important to examine what these newly emerging work forms are, or more correctly, who those who use them are. The process of institutionalisation of a new social status and category for specific social groups has never been automatic or simple. It has always been a process of social conflicts regarding how places and resources in a society should be distributed in fairer ways. As history shows, organising the people concerned was often the very first step taken to formalise the social status of certain categories of persons. Without visibility, without their own voice, no social group can get proper recognition in society.

Organising is also an important method to be used to respond to the immediate needs of people by pooling their resources or by increasing their bargaining power to obtain external resources. Representation and the provision of services are the basic and core roles of all kinds of member-based entities such as trade unions, cooperatives, mutual societies and associations. We can observe that, to address the problems faced by self-employed workers, various kinds of unions or associations have been organised and that cooperatives themselves have sometimes been used as a form of union or as a tool to foster organizing activities.

In fact, this phenomenon is not a new one. In the 19th century, when social categories and their rights were not clearly established in the emerging industrialised society, trade unions, cooperatives and mutual societies were not clearly distinguished from one another, but were used to address multi-faceted problems which people faced. It is also the same strategy that was elaborated and applied in the SYNDICOOP project which was jointly run by the ILO, the ICA and the former International Confederation of Free Trade Unions (ICFTU) to deal with problems in the informal economy in developing countries⁴¹.

However, there are also some barriers to developing a unionisation strategy. In several countries, self-employed workers do not have the right to make collective agreements with those who contract them because these agreements are considered as operating a cartel against competition law (Conaty et al. 2016). Some trade unionists still believe that the self-employed fall outside the trade union ambit and this is often supported by labour laws that include only workers in an employment relationship. This is sometimes the same for the self-employed workers who do not perceive themselves as workers. Many self-employed workers work in scattered, individualised workplaces and often have multiple jobs and multiple workplaces, making it difficult to organise them. It is also always crucial, but difficult, to have good leaders and sufficient resources for organisation activities (Bonner and Spooner, 2011).

A well-known unionisation case is the Freelancers Union in the United States. The Freelancers Union, based in Brooklyn and created in 2003, claims to have around 300,000 members across the United States. Rather than bargaining with employers, it focuses on providing services to members and lobbying activities. Their main service is the provision of different kinds of affordable insurance policies (health, dental, term life, liability, retirement, disability and travel) for freelancers which are managed by its subsidiary, the Freelancers Insurance Company. Although there is some criticism that the Freelancers Union does not provide “leverage to get employers to give a fair share of their profits to freelancers” through the traditional role of unions, such as collective bargaining (*The New York Times*, March 23, 2013, “Tackling Concerns of Independent Workers”), it should be noted that it has succeeded in creating a more solid common identity for freelancers, which begins finding a place in society and in the economy and which policy-makers can no longer ignore (Bologna, 2016).

Unlike the case of the Freelancers Union, United Kingdom’s unions working mainly in the entertainment and communication industries, such as the Broadcasting Entertainment

Cinematograph and Technicians Union (BECTU) and Equity, negotiate collective bargaining agreements with the BBC, the Society of London Theatre, UK Theatre and other employer bodies. What is interesting about both BECTU and Equity is that they maintain a “worker” status for employment law purposes while defending the position that members’ rights should be classified as self-employed for tax and national insurance purposes. Some unions, such as the Musicians’ Union and Equity, also work to support the creation of worker cooperatives and cooperative employment agencies (Conaty et al., 2016).

Unionisation combined with the cooperative model can be an important solution, not only for the emerging forms of self-employed workers, but also in the traditional sense of self-employed producers and entrepreneurs in developing countries. The Self-Employed Women’s Association (SEWA) based in Ahmedabad, India, shows how trade union-type organisations which engage in both campaigning and income generation through cooperatives can make an impact on workers, particularly women, in the informal economy. SEWA is registered as a trade union but has, within its network, a number of cooperatives, rural producer groups, social security organisations and savings and credit groups. It has over 2 million members across India and is the largest national organisation of informal workers in the world (Chen et al. 2015). SEWA has become famous for its combination of union-type strategies (campaigning for government protection and negotiating with suppliers and customers) with cooperative type strategies (making small loans available and increasing incomes through joint supply and marketing) (Levin, 2002; Chen et al. 2015). In a similar way, at the international level, networks have been established among organisations supporting or representing informal workers in specific sectors, such as WIEGO (women), HomeNet Eastern Europe, South Asia, and South-East Asia (home-based workers), StreetNet International (street vendors), Latin American and Caribbean Recyclers Network (recyclers and waste pickers) and International Domestic Workers’ Federation (domestic workers).

B THE COOPERATIVE AS AN ALTERNATIVE WORKPLACE MODEL

Many recent studies suggest that cooperatives can be an alternative workplace model for self-employed workers and freelancers. In these studies, various cases across the world are presented as examples. In particular, recent discussions about platform cooperativism have stimulated the idea that cooperatives could provide alternative employment models which could address problems caused by the “uberisation” of work and employment.

However, in preserving the dynamics, enthusiasm and diversity that have emerged in this field, it seems necessary to clarify the idea that cooperatives could be an alternative workplace model for self-employed workers and freelancers. At a glance, cooperative models identifiable in the recent discussions might be regrouped into four different types.

Firstly, some examples where members have a legal status as self-employed reflect an almost similar model to the shared service cooperatives which we examined above. Although these cooperatives can provide members with various services, more income and more work opportunities, as well as a sense of community, it is clear that they cannot provide a definitive solution to their members’ informal employment arrangements. For example, due to the lack of an appropriate legal framework, specificities of business models or members’ specific situations, some worker cooperatives have chosen the shared service cooperative model rather than the traditional worker cooperative model which provides direct employment to worker-members. This is often found in worker cooperatives providing care services or domestic work. In administrative or statistical terms, the worker-members in these cooperatives might be classified as self-employed. However, when they have a solid orientation as worker cooperatives, it seems that the

meaning of work and the practical relationship between cooperatives and their members is clearly different from that existing in shared service cooperatives in which self-employed producers and entrepreneurs are content with using the services provided, but hardly share a collective identity or the sense of working together. Additionally, by arranging their work through cooperatives, members can attain a level of formality which they cannot attain when they work individually.

Secondly, cooperatives can work as an “employment agency”. While not providing a direct employment contract to members, some cooperatives can mainly provide work-finding services. Therefore, it is reasonable to classify them as shared service cooperatives rather than worker cooperatives, despite the existence of borderline cases. When work is arranged through the cooperative, employment contracts are signed individually between the job-seeker who is a member of the cooperative and an employer who is an external job provider. In the sense that these cooperatives can help self-employed workers to not be abused by private interim enterprises or middlemen who capture more than their part by exploiting workers, this model has its advantages and contributes to addressing certain problems related to the informal economy. An example is the above-mentioned Co-operative Personal Management Association (CPMA) in the United Kingdom. Working closely with Equity, the trade union for actors, stage managers and models, each actors’ cooperative is a kind of employment agency, ranging typically in size from 20 to 35 members. Not only providing job-finding services, CPMA provides regular inputs in negotiating Equity’s collective agreements and consultations on industrial issues (Conaty et al. 2016). As we will see in the next section, this has many similarities with the platform cooperative model.

Thirdly, there are cases where the cooperative provides an employment contract to members while having a contract with a large factory or workplace, to supply a certain number of their members per day or carry out certain tasks. This work form, called “contract labour”, is one of the atypical forms which are used increasingly by enterprises to avoid employers’ obligations. However, it has also been argued that if workers could form a cooperative and bid for the contract directly, they could ensure transparency and exclude possible exploitation of private contractors (Smith, 2006). This kind of cooperative is called “labour cooperative” in English and has developed mainly in South Asia and, under the “worker cooperative” (*cooperativa de trabajo/cooperativa de trabalho*) denomination, in Latin America as well. The expected effect of labour cooperatives on employment is the creation of jobs and a distribution of available labour demand that is as regular as possible, so that workers’ employment opportunities are as steady as possible through the year. In some countries, such as India, labour cooperatives have been promoted as a tool to generate jobs for the unemployed and the poor and are given priority access to contracts for public works⁴², e.g., in construction, civil engineering, cleaning, landscaping services, forestry works, dock works etc. This model has also been used in industrialised countries as a way of helping unemployed people to be trained and to find a job in other enterprises (e.g. in Finland, see Birchall, 2003; Seacare cooperative for displaced seamen in Singapore, see Kui, 2001).

However, this model has been the subject of many debates. Where legal frameworks do not provide members with workers’ rights and protection by considering them as self-employed, labour cooperatives can be used as a tool for a distorted form of outsourcing that hides the real subordinated relationship between workers and the true employers, and allow employers to shift all risk and costs of employment to workers through cooperatives. In fact, in Colombia and Brazil during the 1980s and 1990s, a number of such cooperatives were set up partly as result of neo-liberal policies. They were created to carry out work outsourced from factories and administrations where workers had worked previously, but this time under much worse conditions for the workers who no longer enjoyed their former employment rights and became treated as self-employed. Many labour cooperatives were also completely dependent on one entity for their contracts (Co-

operative College, 2014; Smith, 2006). Recently, a series of new laws (Brazil) or public policies (Colombia) have been introduced to reduce these bogus labour cooperatives and to limit their practices. CICOPA has been very active in fighting against them. This issue was one of the main motivations for elaborating the *World Declaration on Worker Cooperatives*, which was approved by the General Assembly of the ICA in 2005 and clearly excludes labour cooperatives and labour intermediation from the definition of worker cooperative⁴³.

Fourthly, whereas labour cooperatives aim at creating jobs for members, sometimes at all costs, other cooperatives focus on retaining or accessing rights and protection at the highest possible level, often granting members the status of employees⁴⁴. Whereas, for some, uncertainty can mean risk and vulnerability, for others it can be perceived as an inevitable cost paid for freedom and autonomy. We cannot ignore evidence showing that more and more people, particularly among millennials, prefer to accept uncertainty and fluctuation as a new norm in order to retain the self-determination and self-management of their work and life. For them, reducing uncertainty in keeping their flexibility and independence is a prime need to be met. Cooperatives aiming at addressing this specific need have been organised over the last two decades and have used existing institutional frameworks in an innovative way, or even created new ones by introducing new legislation and public policies.

A prime example of this phenomenon is the “business and employment cooperative” (*coopérative d’activité et d’emploi*) in France. Business and employment cooperatives were originally designed as a specific form of worker cooperative with the aim of providing people who plan to develop their own business projects with full-fledged rights and protection as employees for a test period (6-18 months), as well as various back-office services. Having been granted legal recognition through the 2014 law on social and solidarity economy, they have now been recognised as a particular form of cooperative, not only for persons who create their business, but also for those who have completed their test period and have their own business and clients, like most freelancers, by allowing them to have full-fledged rights and protection as employees and also as members of cooperatives. For this purpose, a new status of “employee-entrepreneur” (*entrepreneur-salarié*) which reflects the specificities of independent workers and applies only to business and employment cooperatives, has been introduced in the French labour code. This legal status is characterized by a higher level of rights and protection compared to similar legal statuses introduced for flexible work forms, such as *auto-entrepreneurs* and umbrella companies (*portage salarial*).

Another example is SMart Belgium, which was converted into a cooperative in 2016. Established in 1998 as non-profit association specialised in offering contract management services, insurance services, legal and consulting services, information and training, co-work spaces and mutual financial tools mainly to artists, more recently it has opened itself to freelancers and people working in the so-called sharing economy. SMart Belgium has organised a process for converting itself into a multi-stakeholder cooperative (workers, clients, partners, service providers etc.). This is possible due to the capacity of SMart Belgium to combine a variety of institutional tools, such as the well-designed employment and social security system in Belgium and special legal treatment for artists and certain professions. Unlike the French business and employment cooperatives, which now have a specific legal status for employee-entrepreneurs, without there being a distinction between employee-entrepreneur-members and permanent staff members, in SMart Belgium all workers, namely both independent workers using the services provided (85,000 users since 1998, 20,000 users in 2016 of which over 11,000 are members of SMart Belgium, as of July, 2017) and the permanent staff (165 persons), have the same legal status as employees, but correspond to distinct member categories in order to balance votes in the governance structure, which results *de facto* in a multi-stakeholder cooperative form.

Whereas labour cooperatives aim at creating jobs for members, sometimes at all costs, other cooperatives focus on retaining or accessing rights and protection at the highest possible level, often grant members the status of employees

BOX 8. IS A NEW LEGAL STATUS FOR SELF-EMPLOYED WORKERS NEEDED?

As we have seen thus far, the confluence of several tendencies has driven the idea that the social protection models which had been constructed on the hypothesis of the dominance of wage-earner is becoming increasingly unsuitable. The classical institutional tools of social protection which have been designed to respond to a relatively unique model of employment are not able to absorb various shocks that have erupted in the changing world of work, particularly the process of informalisation which we observe across the world. This situation poses the question of how new practices and work forms should be institutionally framed by public authorities. Indeed, in the report *Work, Employment and Digitalization— New Trajectories*, the French National Digital Council (*Conseil national du numérique*) recommends that independent work should be considered as a work modality in its own right and that this debate should take place as part of a more global debate on the status of independent workers and its articulation with other statuses (Conseil national du numérique, 2016). In the United States, Alan Krueger and Seth Harris, as well as Senator Mark Warner of Virginia, among others, have suggested a third category of worker that is neither a self-employed contractor nor an employee: the independent worker. This category of worker would receive a large part of the protection provided to employees (Harris and Krueger, 2015; Scholz, 2016). In the USA, an alliance has been established between some leading on-demand start-ups and labour groups to explore ways to better support self-employed workers in developing easier and more expansive access to the sorts of benefits that are traditionally enjoyed by full-time employees (*The Financial Times*, November 9, 2015, “Coalition of Start-Ups and Labor Call for Rethinking of Worker Policies”). However, there is a concern that a new category of worker would risk depriving workers, who would otherwise be classified as employees, from the benefits they might enjoy. In fact, this has been the experience with intermediate categories in other countries, such as the zero-hour contract in the United Kingdom.

Alongside these debates, the cases of business and employment cooperatives and SMart Belgium show that cooperatives can explore new employment arrangements by introducing new legal frameworks and also develop innovative ways of using existing institutional instruments.

An interesting point is that these cooperatives can become laboratories to elaborate a new sense of work and can work together beyond the traditional division between subordinate work (employees) with rights and social protection and independent work (self-employed) with less or, sometimes, no rights or protection⁴⁵.

Interestingly, we can find that all these cooperatives have been organised to respond to specific needs of people working, whether by choice or by necessity, as self-employed workers or in sectors where this type of work form prevails

Interestingly, we can find that all these cooperatives have been organised to respond to specific needs of people working, whether by choice or by necessity, as self-employed workers or in sectors where this type of work form prevails. Their common needs are mainly to have more and better work and income, to avoid possible exploitation by intermediaries and to have formal employment arrangements to enjoy rights and protection, whilst at the same time streamlining the administrative burden. Therefore, cooperatives commonly provide a wide range of services, such as marketing, advertising, provision of information and training, administrative services including bookkeeping and invoicing, sometimes more sector-specific services and, in some cases, collective bargaining or political representation. Indeed, these functions are very similar to those carried out by back-office services. However, unlike employment agencies or personal service companies whose main purpose is to maximise profits for shareholders to the detriment of workers' interests, in cooperatives these services are controlled and managed by, and for, the workers themselves. In a sense, these cooperatives look like shared service cooperatives or users' cooperatives in which members use the services provided by the cooperative. But in another sense, since members are workers and since the main purpose of the cooperative is to create and maintain members' jobs, they also offer similarities with worker cooperatives. The specificity of these cooperatives compared to worker cooperatives is that we can find two different kinds of

professional activities: one which the member, as an individual independent worker, undertakes in using the services provided by the cooperative; the other is the delivery of these services which are carried out by the staff, whether or not they are member⁴⁶. With recent technological development and its accompanying social changes which, on the one hand, encourage people to control their own work and, on the other hand, encourage them to collaborate, we can see the emergence of new forms of work communities which need specific institutional frameworks allowing for both flexibility and security, and the co-existence of different kinds of work forms. This is the opportunity and challenge for cooperatives that the concept of “platform cooperativism” proposes, as we will see in the next section.

4.4.4. WORKER COOPERATIVES AS A DIRECT SOLUTION FOR FORMALIZING INFORMAL EMPLOYMENT, BUT ONLY WHEN CONDITIONS ARE MET

The primary aim of worker cooperatives is to provide formal and decent employment to their members. This is well illustrated by the fact that they tend to maintain better workers' employment even during economic recessions than other types of enterprises and even other types of cooperatives. This comes from the basic DNA of worker cooperatives whose owners are the workers themselves. Worker cooperatives are enterprises trading on the market with other economic actors, because their economic activities cannot be dependent on internal commercial transactions among members, as is instead the case for consumer cooperatives, for example. Even when they are micro-size enterprises with limited capacity for formal arrangements, they must have the basic level of formality which all enterprises must have, such as written rules, formal governance structures and bookkeeping. If an economic entity claiming to be a worker cooperative does not have these formal tools, it cannot be considered to be a worker cooperative. As a formal enterprise, worker cooperatives must establish formal employment contracts or their equivalents with workers, regardless of whether they are members or not. Therefore, worker cooperatives should be recognised as a direct solution to provide formal employment to people (Co-operative College, 2014; ILO, 1992, 2012; Levin, 2002).

How can worker cooperatives help workers in the informal economy? Above all, by creating worker cooperatives, workers who need to work but cannot find their jobs in the formal economy can have an opportunity to work through formal arrangements. This is the main hypothesis used by several government public policies and development projects that aim at promoting worker cooperatives. Secondly, by taking over companies in difficulty or in crisis, or without successor, in which they work, workers facing unemployment or being forced to find a job in worse conditions, can maintain their jobs and avoid falling in the informal economy. This preventive role of worker cooperatives has been noted in the development literature, in citing anecdotal episodes, such as the case of “recovered factories” (*fábricas recuperadas*) in Argentina in the early 2000s (ILO, 2012, Brief 5.4) and the cooperativisation of former public enterprises during the enterprise reform period of the late 1990s in China (Roelants, 2001).

Nevertheless, are worker cooperatives a feasible solution for people working in the informal economy who are often vulnerable in terms of social and economic conditions? First of all, except for some countries where there is no available legal framework, establishing worker cooperatives does not differ much from establishing other types of cooperatives. It is even easier than creating consumer

How can worker cooperatives help workers in the informal economy? Above all, by creating worker cooperatives, workers who need to work but cannot find their jobs in the formal economy can have an opportunity to work through formal arrangements. This is the main hypothesis used by several government public policies and development projects that aim at promoting worker cooperatives

or banking cooperatives, which generally require a significant number of members or large amounts of capital from the outset. The real challenge lies in how they can survive and succeed in the market. Moreover, when members are mainly people in vulnerable conditions, it is even more difficult for them to be competitive in the market. Although the cooperative strengths examined above can be found in many worker cooperatives, they are necessary, but not sufficient, conditions for success. Therefore, whilst worker cooperatives do have a great potential to address problems related to work and employment in the informal economy, it should also be pointed out that their development is very difficult and challenging. Since worker cooperatives, unlike other types of cooperatives, do not establish commercial transactions among members but provide members with a workplace and an income, the risk is in the end higher and, therefore, far more attention should be paid to the creation of favourable conditions for their development.

In recognizing that there are a number of successful cases with enlightened leadership, specific political and social situations, historical and religious traditions, heroic commitment by worker-members and solidarity from local communities, CICOPA has tried to identify the factors which are conducive to the success of worker cooperatives which could be generalized, such as indivisible reserves, financial tools managed by the cooperative movement, horizontal integration (groups, consortia, federations) and favourable institutional frameworks which allow and promote these factors.

It should be noted that, even when it enjoys a conducive policy environment for its success, the worker cooperative model can also be abused to worsen problems rather than solve them, in particular if there is no appropriate legal framework regarding worker-members. In many industrialised countries where, based on the employment relationship, workers' rights and protection have been well institutionalised, the legal status of worker-members and, above all, their employment contract with the cooperative are primarily assimilated to those of employees. This situation can bring worker cooperatives into legal conflicts due to a lack of awareness regarding cooperative characteristics such as the free association of people, the prevention of employees' presence on the board because of alleged conflicts of interests, or the dismissal of worker-members caused by expulsion from membership. By contrast, in countries where the cooperative legal framework emphasises the legal status of worker-members as owners resulting from civil contracts among members as the basis of the work relationship, worker-members are often regarded as self-employed workers who are not covered by any rights or protection granted to employees. This approach can produce significant damage to the worker cooperative movement. As the above-mentioned cases of cooperatives involved in labour intermediation in Colombia and Brazil have shown, bogus worker cooperatives that, on the surface, are formal enterprises, can restrict and suppress workers' rights and protection by self-exploitation forced by market pressure or by dominant buyers who are hidden employers profiting from outsourcing work. This risk has been pointed out in the development literature (ILO, 1992; Lindenthal, 1994; Schwetmann, 1997).

Experience shows that an appropriate and tailored legal framework for worker cooperatives, guided by the cooperative principles as well as the value of decent work, can solve these problems in a pragmatic fashion, and even strengthen the role of worker cooperatives as a solution to the informal economy.

In the countries where the relationship between worker-members and the worker cooperative is based on an employment contract, clear distinctions in the legal framework for worker cooperative within the cooperative law can be used by case law to properly combine worker-members' double relationship with the cooperative, namely an employment relationship and a member-owner relationship. For example, French worker cooperatives are recognised as a specific type of cooperative, while the worker-members' legal status as employees with full-fledged rights and protection is maintained (Espagne, 2007).

Another approach is to fully apply the universal norms of decent work enshrined in the fundamental conventions of the ILO to worker cooperatives through cooperative laws, by explicitly dealing with the legal status of worker-members and worker cooperatives. In Spain, worker-members' labour relationship is not covered by labour law as an employment relationship, but constitutes a specific type of labour relationship regulated by cooperative law. The latter explicitly regulates a minimum level of rights and protection for worker-members so that worker cooperatives as enterprises do not violate the basic rights and protection against their worker-members, even though the enterprise is constituted by the worker-members themselves. When there are conflicts between the cooperative and worker-members regarding labour issues, rather than other issues, these are settled by company law. Indeed, the cooperative legislation regulates the relationship between the worker member and the cooperative as an entrepreneurial relationship. Furthermore, Spanish worker cooperatives can choose between two social security regimes, one called "general regime", which is the same as the scheme for salaried workers in other types of enterprises, and the scheme for self-employed workers without, however, providing the same level of coverage. The new legislation on worker cooperatives in Brazil states that worker-members in worker cooperatives should be treated as workers in terms of social protection and labour rights, which include a minimum wage, annual leave, paid weekly rest, working time limits, and worker insurance (Co-operative College, 2014). It is expected that this new law could improve the role of worker cooperatives in delivering formal employment and decent work to workers by removing bogus cooperatives which provide only formal employment, without decent work. Although there are some concerns that strengthening rights and protection for workers could bring additional costs to worker cooperatives and that cooperatives could lose their competitiveness, the position of this report is that cooperative solutions should be pragmatic, but also normative, as proposed by the ICA's *Statement on the Cooperative Identity*, ILO Recommendation No. 193 and the CICOPA *World Declaration on Worker Cooperatives*.

As such, some legal frameworks for worker-members in worker cooperatives have opened a third work form, as advocated by the *World Declaration on Worker Cooperatives*, beyond the traditional dichotomy dating from the 19th century between employees and self-employed. This pragmatic approach, guided by decent work as a universal human right, could be useful in inspiring the development of a new legal status for emerging work forms, in the perspective of an extension of rights and protection. When certain conditions, such as appropriate legal frameworks and conducive environments can be met, worker cooperatives can better realise their potential as a direct and feasible solution to the problems related to work and employment in the informal economy. In addition to flexibility and security, which are pursued through debates on new work forms, worker cooperatives could bring solidarity and a sense of working together to people who should be left neither behind nor alone.

4.5. ROLE OF COOPERATIVES IN THE CHANGING WORLD OF WORK

4.5.1. THE CHANGING WORLD OF WORK

Recently, new types of business model, mainly performed through on-line platforms, have drawn attention. The new economy emerging around them has different denominations, such as the sharing economy, on-demand economy, collaborative economy, peer to peer economy, access economy or crowd economy. With regard to this phenomenon in general, we can find both optimistic and pessimistic views on its technical development and accompanying social changes, both enthusiasm and concerns regarding the new types of work and life style, criticism concerning unscrupulous tech start-ups and their labour practices, and continuous efforts to address problems and seek solutions. Although it seems to be difficult to define what is happening globally, we can identify three different lines of argument regarding the phenomenon. Above all, these three lines of argument converge in recognizing that recent technological development over the last two decades has brought considerable changes to every aspect of society.

One line of argument praises the positive effects brought about by these changes. Thanks to technological development, people looking for more flexibility, independence and self-determination become able to collaborate, share and trade among themselves, peer to peer, without the mediation of existing systems, such as the corporate world and government. People in this new world are neither isolated nor alienated, but can participate more actively in local or virtual communities. Technology makes it possible to share unused or underused resources so that it enables eco-friendlier development compared to the industrialisation era. Certain institutional frameworks established since industrialisation and modern capitalism have therefore become outdated and obsolete.

The second line of argument focuses predominantly on the negative effects of these changes. They express concern about people who are negatively affected by them, such as workers and entrepreneurs in certain industries that are threatened by the disruptive and aggressive behaviour of on-line platform tech start-ups, such as Uber, or clients who are not sufficiently protected against unpredictable risks, or people working through on-line platform apps who are less, or not at all, protected by existing labour regulations. However, a significant part of the generated profits is appropriated by a small number of shareholders, financial investors, and CEOs. According to Trebor Scholz, a proponent of the idea of platform cooperativism, the phenomenon which should be called digital feudalism or platform capitalism can be summarised as “socialized risks and privatized profits” and “financialization of the everyday 3.0” which extends the deregulated free market to previously private areas of our lives (Scholz, 2016). In the conjuncture of the economic crisis, it has become more harmful for a significant number of workers who have lost their jobs or whose incomes have been considerably reduced because, for them, the new jobs created through on-line platforms are not just sharing activities with some additional pocket money, but have become real jobs and main income sources.

Thirdly, recognizing both the positive contributions and negative effects, another line of argument tries to propose third way solutions in a pragmatic fashion. In combining both optimistic and pessimistic views, this line of argument focuses on developing feasible solutions in identifying embryonic initiatives.

These three lines of argument are not mutually exclusive and various actors often combine more than one. The three lines often converge with regards to work and employment issues.

When this new phenomenon emerged, the major employment issue was that of workers in the industries most affected by the new competitors, notably taxi drivers threatened by ride-hailing app companies. However, as the business model of on-line platforms has become well-known, serious consideration has been given to the situation of workers in this model. The most contentious debates focus on the legal status of workers providing services to clients through on-line platforms. Many tech start-ups classify these workers as independent contractors, because workers can allegedly start and stop working whenever they want and can use different on-line platforms in picking up orders that they prefer. On the other hand, over time, it has become clear that the tech companies maintain a considerable level of control over the drivers' workplace conditions and behaviour by unilaterally changing pay rates for drivers, imposing working rules and “de-activating” (meaning, in practice, firing) them at any time through reputation rating systems. Such control systems are typically the hallmark of the employment relationship, which should bring with it benefits, more stable pay and greater job security. By classifying workers as independent contractors, namely self-employed workers, tech start-ups shift all costs related to employment to individuals and exploit this huge labour-related cost advantage. There is strong evidence that when all expenses are taken into account, most workers earn less than the minimum wage, besides suffering from a lack of rights and protection provided through an employment contract. In the United States, where the self-employed enjoy no right to collective bargaining, these workers cannot even make their voice heard collectively. This situation is becoming more critical as an increasing number of workers choose to do this kind of work as their main source of income. This is a striking example of the gig economy, as well as of the informalisation of work and employment in the changing world of work.

Another issue which has not drawn so much attention for the time being, but will be crucial for the future of work, is the fact that even this kind of worse jobs will become less important in the future due to robotization and the development of artificial intelligence. In the place of workers, drones, self-driving vehicles, and the Internet of Things will rule the economy. Many people will lose their jobs or will have to work in less skilled and less well-paid position, like assistants in self-driving vehicles.

We do not deny the positive contribution of technical development to these newly emerging work forms that are often hidden by the shadow of disguised self-employment. As we have examined above, there is also evidence that many self-employed people, particularly freelancers whose increase in number is stimulated by technical development, prefer to work as self-employed workers with more flexibility and independence. Convenience, efficiency and ubiquitous connectivity through technology is an undeniable advantage which has considerably reduced transaction costs. It should also be noted that in a situation in which growth with less, or without, employment is becoming a serious problem, the capacity to create jobs and income through on-line platform businesses is not negligible. Indeed, this is one of the lines of justification frequently used by Uber.

Looking beyond the criticism, various concrete efforts have been made to address the negative effects caused by the on-demand economy. The disguised self-employment problem raises the important issue of how the legal status of a growing number of self-employed workers should be recognised. Is the regime for the self-employed sufficient? Should a large proportion of them be reclassified as employees? Do we need to establish a new legal status adapted to new work forms? A series of rulings⁴⁷ made by the courts and public authorities tend to support the position that people working through on-line platforms, particularly on ride-hailing apps, should be classified as employees and have the right to unionize⁴⁸. Although a class-action case concerning Uber drivers was settled to the tune of US\$ 100 million, some modifications of the terms of contracts and the creation of drivers'

In Belgium, workers in the on-demand economy are beginning to be given employment contracts through SMart and to benefiting from rights and protection as employees

guild⁴⁹, the issue is more topical than ever. Some tech start-ups are also voluntarily changing their workers' legal status into employees. In recognizing the need for better training and supervision to improve their service level, Instacart, Shyp, Hello Alfred and some others have chosen to enter into employment contracts with workers who work through their platforms. In Belgium, workers in the on-demand economy are beginning to be given employment contracts through SMart and to benefiting from rights and protection as employees. Furthermore, this issue has accelerated the debates about the need for a new legal status. What is interesting is that, regarding some ideas, such as portable social security schemes and universal basic incomes, some tech start-ups (e.g., Uber), freelancers' organisations (e.g., Freelancers Union) and proponents of platform cooperativism (Scholz, 2016), hold common views.

4.5.2. COOPERATIVES IN THE CHANGING WORLD OF WORK

As the on-demand economy is a recent phenomenon, the cooperative movement has yet to take a specific position on it, but related debates and studies are beginning to appear. One of the very few research papers dedicated to the relationship between the "collaborative economy" and the cooperative movement, published by Cooperatives Europe, shows different attitudes in the cooperative movement towards this phenomenon (Como et al., 2016). According to the paper, the overlapping practices between cooperatives and the collaborative economy are still few, but the similarity in language and image brings opportunities and challenges to the cooperative movement. Some interviewees in the paper consider the collaborative economy as an enlarged family of the cooperative movement and even as inevitable elements for cooperatives to capture in "exploring new paths of innovation". But others are concerned about the controversial behaviour of on-line platform companies, as well as the excess of ideological and value oriented grass-root initiatives, which are often accompanied by a weak economic dimension. However, the report mapped diverse experiences among cooperatives, inspired by the concept of collaborative economy, which respond to technical development and its accompanying social changes and to new ways of working through digitalised environments. Although it is not easy for established cooperatives to develop and adopt this type of innovation, the report points to the need to promote innovation in the cooperative movement and, thereby, to make the cooperative model "more appealing to the young people, who will otherwise found their collaborative economy ventures under a different legal form".

Interesting approaches have been proposed from outside the established cooperative movement. The concepts of platform cooperativism and of commons have been proposed to provide a conceptual and normative framework for understanding and promoting new initiatives stimulated by the recent technological and social changes.

A PLATFORM COOPERATIVISM

Platform cooperativism does not mean only cooperatives using on-line platforms but, more broadly, a movement oriented toward collective and democratic ownership of digital services, no matter what legal form is used. The idea came out of an emerging critique of the extractive on-demand economy. Two American researcher-activists, Trebor Scholz and Nathan Schneider, proposed the idea as an alternative to the venture capital backed on-demand economy in trying to introduce the cooperative model and identifying embryonic initiatives. Through conferences and meetings across the world, the idea of platform cooperativism has been rapidly spreading and attracting growing interest. Recently, the British Labour Party adopted this concept in its *Digital Democracy manifesto*

in stating that "we will foster the cooperative ownership of digital platforms for distributing labour and selling services"⁵⁰. The French National Digital Council also paid attention to this concept in its report, recommending that efforts should be made "to support platform cooperativism in order to ensure a fair compensation and representation of workers in the collaborative economy" (Conseil national du numérique, 2016).

The basic idea of platform cooperativism is clear: new business models based on the internet and on-line platforms can be combined with the cooperative model by giving ownership and control power to the very people who use and work through on-line platforms. By doing so, they can distance themselves from the disruptive behaviour of tech companies in maximizing profit and apply the power of technological imagination to practise forms of cooperation and collaboration that serve people and pave the way towards a better world. However, given that there are still few examples at hand, there is some conceptual confusion and ambiguity about how platform cooperativism can contribute to addressing the very problems that motivated the concept in the first place. For example, whilst the expression "worker-owned" is often used, many examples presented are of a kind of shared service cooperative model for self-employed producers who join forces and work through platforms. It is not always clear if IT technicians who manage the platforms are members or not and, if they are, which kind of relationship exists between self-employed producer-members and IT technician worker-members. Many examples presented look like multi-stakeholder cooperatives where service providers, service users, IT technician employees, founders and investors can be members. However, information regarding methods of distributing rights, responsibilities, voting power and economic outcomes, which are more important than simply the membership structure in verifying the cooperative identity, is not always clearly presented. Broader debates about cooperatives and the collaborative economy increasingly include not only economic initiatives operating through the on-line platform business model, but also various types of initiatives such as cooperatives working in the IT industry, cooperatives adopting the platform model as part of their business portfolio, digitalisation of internal governance structure and inter-cooperative business to business spaces, non-cooperative enterprises helping cooperatives establish platform-based operations or improve their internal governance, crowdfunding projects to support or create cooperatives and on-line initiatives claiming cooperative principles with few concrete business model or governance structures, etc. Therefore, although the concept of platform cooperativism resonates to a considerable degree both inside and outside the cooperative movement and is inspiring existing cooperatives and new start-ups, many aspects remain to be clarified.

The approach which we used above to understand the role of cooperatives in addressing the problems related to work and employment in the informal economy can also contribute to clarifying the potential of platform cooperativism, at least as far as work and employment issues in the changing world of work are concerned. Below, we will briefly analyse initiatives presented as examples of platform cooperativism from the employment point of view⁵¹.

Above all, it is certain that the new opportunities and challenges brought about by technical development and accompanying social change do not have an even impact on all types of work and jobs in cooperatives. They have a greater impact on cooperatives in some specific economic activities, such as care services, transportation, logistics, creative and cultural activities, professional services and, of course, the IT industry itself. In specific sectors, specific work forms are necessarily used, regardless of the legal status of the enterprise.

It is somehow surprising that many of these enterprises are not worker cooperatives, but rather shared service cooperatives for self-employed workers working through on-line platforms. In

appearance, at least, the legal status of these workers is not different from the status of workers in disruptive tech companies. In terms of membership, these cooperatives can be classified mainly as producer cooperatives and multi-stakeholder cooperatives. Here are a few examples of each form:

- **Producer cooperatives** · Resonate (music), Member's Media (film) and Stocksy (stock photography) are often presented as cases of producer-owned platforms (Scholz, 2016). By helping the self-employed producers find clients, platforms owned by producers themselves in a cooperative form provide the same types of services as those of shared service cooperatives to self-employed producers. Their main contribution is not to provide employment contracts with full-fledged rights and protection, but to increase producer-members' sales and incomes.
- **Multi-stakeholder cooperatives** · In fact, more cases reflect the multi-stakeholder cooperative model. To make the platform work, different stakeholders are involved, such as founders and IT technician employees, people using the platform as service providers or as users, and investors who might be more mission-oriented investors or supporters. A good example is Fairmondo, a cooperative online marketplace for trading ethically-sourced products from small fair trade companies, owned and run by its buyers, sellers, workers, and investors⁵².
- **Worker cooperatives** · Loomio, a New Zealand-based worker cooperative in the IT industry, is one of the cases with a traditional worker cooperative form. It is famous for its software for facilitating the democratic and participatory decision-making process. It seems that it is included in the platform cooperativism discourses because of the symbolic importance of its software in promoting cooperatively performing on-line platform systems, as well as the relationship with its mother-network, Enspiral. However, in terms of employment, it is difficult to say that this cooperative also contributes to addressing problems related to work and employment in platforms.
- **Users' cooperatives** · Another type of cooperative presented in the platform cooperativism discourses is the users' cooperative model. Established in 1997, Modo, a Vancouver-based car sharing cooperative, is the first car sharing cooperative in North America. Its members are 16,000 users who share 500 vehicles. As we will see below, the idea of "open cooperative" proposed by the Commons movement seems to be close to the user cooperative model.

B COMMONS MOVEMENT AND OPEN COOPERATISM

In sharing many common aspects with platform cooperativism, but maintaining certain differences, the commons movement has been developed, amongst others, by Michel Bauwens, founder of P2P foundation and Yochai Benkler, professor at Harvard Law School. Inspired by Elinor Ostrom's work on managing common resources, it partly overlaps with other concepts such as the social and solidarity economy, peer-to-peer production and de-growth. "Commoners" warn that growing global social inequality and exclusion, along with climate change caused by massive privatisation and commodification of many shared commons, are threatening our very future. In their view, the commons can be understood as a bridging paradigm that stresses cooperation in the management of resources, knowledge, tools and spaces as diverse as water, forests, natural resources, Wikipedia, Linux and other free and open-source software, citizens' journalism, a crowdfund, or a community garden. Although platform cooperativism can often be considered, broadly speaking, to be part of the commons movement, the commoners lay greater emphasis on the concept of common goods and peer production, which should be run through network-based peer cooperation and localised

bottom-up initiatives, beyond dominant markets and traditional state programmes (European Commons Assembly, 2016). In this sense, Yochai Benkler distinguishes platform cooperatives, which need clear membership and user boundaries, as well as intellectual property for charging customers and users a price, from commons and peer production, which thrives on pooling voluntary contributions of participants without material benefits (Benkler, 2016). Therefore, the commons movement seems to be more radical in its approach.

One of the ideas proposed by the commons movement is "open cooperativism" (a controversial denomination because it can be confused with the first cooperative principle of "voluntary and open membership", which all cooperatives in the world are required to abide by). Michel Bauwens believes that, among the many new ethical post-corporate forms aligned with the contributory commons, "open cooperatives" could be one of the potential forms that commons-friendly market entities could take. "Open cooperatives" are cooperatives with the following characteristics: mission-oriented, multi-stakeholder, committed to co-creating commons with the productive communities and globalized in organisational scope in order to create a counter-power to extractive multinational corporations (Bauwens, 2016). Although not clearly expressed, the idea of "open cooperative" is close to the users' cooperative model or the user-based multi-stakeholder cooperative model for commonly managing various forms of common goods. Pursuing a more radical transformation of capitalism and its employment system, the commons movement puts the issues of work and employment in a very long-term perspective, through peer production outside the market system among people benefiting from universal basic incomes, but does not say much about short-term solutions.

4.5.3. SOME PROPOSITIONS

While fully recognizing the contribution made by the concepts of platform cooperativism and the commons, it seems that their combination with the concrete tools and methods of the cooperative movement could strengthen and concretise such contributions in solving problems related to work and employment in the changing world of work.

Firstly, as Benkler correctly noted, cooperatives as business organisations operating in the market need to be based on clearly defined systems that allow ordinary people to understand and participate in their activities and governance. It therefore seems important to have well-tuned, multi-stakeholder cooperative models that contain carefully elaborated principles for the equal and fair distribution of rights, responsibilities and power among different categories of members. For this purpose, the French collective interest cooperative and the solidarity cooperative in Quebec, Canada, which are already used as good governance tools for projects based on various stakeholders, could be good points of reference. These more institutionalised multi-stakeholder cooperative models might give more voting power to employees or self-employed producers, so that their rights and protection could be better guaranteed.

Secondly, if we want to address more directly the problems of disguised self-employment, the cooperative model focusing on strengthening the rights and protection of self-employed workers through employment contracts, as it is practised by SMart in Belgium⁵³ and by business and employment cooperatives in France, might be examined as a direct solution to the problems⁵⁴. However, as we have already emphasised, to fully apply these models, legal frameworks regarding cooperatives, work forms and social security systems should be carefully examined and articulated with one another.

Thirdly, as the advocates of platform cooperativism propose, it seems important to mobilise various initiatives that are both aimed at promoting the cooperative model and adapted to technical and social change. To do this, it is not sufficient to create new cooperatives, but it is also crucial to innovate the business models of existing cooperatives and to establish economies of scale by clustering in cooperative groups. Otherwise, existing cooperatives in more affected sectors could suffer difficulties. A good example of this is the collaboration between Coopify, which has now converted itself into a cooperative, and home-care cooperatives in New York. The promotion of this kind of digitalisation project for cooperative businesses, especially small and local-based worker cooperatives by networking them through platforms, is urgently needed. This would also be a way to update horizontal integration for the 21st century as one of cooperatives' main advantages⁵⁵. It would also provide a new market for IT enterprises, including worker cooperatives, and could attract social or public investments focusing on social mission and innovation.

Fourthly, particular attention needs to be paid to the crucial role undertaken by IT technicians and to the capital-intensive business culture in the IT industry. IT technicians can digitalise certain core management and decision-making processes into forms of programming codes which ordinary people cannot access or change. Therefore, their role is not just that of employees but also that of dominant actors who set up the rules of the platforms. No matter whether their staff is composed of worker-members or employees, democratic control over platform cooperatives should include the control over the technical aspects in order to establish a fair power balance between the different member categories. On the other hand, the place for financial investors in cooperatives should always be carefully attributed. Given the need for considerable amounts of initial investment in the IT industry, we often find the category of financial investor-member in the cases presented as examples of platform cooperatives. It seems important to define the cooperative model in which financial investor members' power is fairly limited in recognizing their specific importance in the IT industry. If the power of IT technicians, including founders and financial investors, is not reasonably controlled, there is a risk of instrumentalising the cooperative model to mobilise more clients or small investors, without giving them substantial rights.

Finally, in parallel with promotional approaches, it is necessary to analyse more carefully and empirically the contributions of newly emerging cooperative models to social problems, including those related to work and employment. It seems that recent promotional discourses mixing different contributions of different cooperative types in a simplified and promotional description might, in the long-term, be harmful to the platform cooperativism movement, as well as to cooperative movement in general. In addition, clustering and grouping among platform cooperatives can help establish common financial instruments that reduce the need for investor-members in individual cooperatives.

4.6. SUMMARY

In this chapter, we have tried to establish a clear understanding of the meaning of work and employment in the informal economy and to analyse various contributions by different types of cooperatives to different problems. According to the four Decent Work Pillars described by the ILO, these contributions might be regrouped as follows:

EMPLOYMENT GENERATION

Shared service cooperatives and worker cooperatives are the main models contributing to employment generation. However, the way each of these two types generates employment is different. Whereas shared service cooperatives enable self-employed people (self-employed producers, self-employed entrepreneurs and self-employed workers) to develop their business or activities and to access more services, worker cooperatives provide worker-members with direct employment and, unless legal frameworks make it difficult, with full-fledged rights and protection. It should be noted that decent job creation under the employee form for all types of cooperatives is also important. The indirect role of user cooperative types, such as savings and credit cooperatives, mutual insurance cooperatives, consumer cooperatives and multi-purpose cooperatives in supporting the economic activities of economic actors in the informal economy should also be emphasised.

SOCIAL PROTECTION

Worker cooperatives can be a direct solution in providing worker-members with full-fledged rights and protection enjoyed by people in formal employment. However, without an appropriate legal framework and a conducive environment, they cannot fully display their potential contribution. In the gig economy where more and more workers are pushed outside formal employment arrangements, particular attention must be paid to new cooperatives aiming at strengthening rights and protection at work through the formal employment status of freelancers and self-employed workers. Shared service cooperatives can provide members with a certain level of protection in combination with supportive public policies and mutual help programmes. Mutual insurance can be used by other member-based organisations representing people working in the informal economy, such as trade unions or self-help groups.

RIGHTS AT WORK

Besides worker cooperatives which are owned by worker-members, other types of cooperatives can strengthen the rights of people working in the informal economy, mainly in cooperation with trade-unions. Cooperatives can be used as important tools for organising people and responding to their urgent needs.

SOCIAL DIALOGUE

Social and political representation of working people is one of the core missions of worker cooperatives and shared service cooperatives for the self-employed. Other users' cooperatives can also contribute to strengthening the voice of workers in the informal economy, mainly in cooperation with trade-unions and other member-based organisations.

Throughout our analysis, we found that the contribution of cooperatives to the transition to the formal economy is not limited to the informal economy of developing countries, but also applies increasingly to industrialised countries in which more and more people have been suffering the negative effect of the informalisation of work and employment over the last decades. In particular, in the changing world of work accelerated by technological development and its accompanying social change, cooperatives can be, and should be, part of the solutions for decent work.

CHAPTER 4 ENDNOTES

- 23- "44. We acknowledge the role of the diverse private sector, ranging from micro-enterprises to cooperatives to multinationals, and that of civil society organisations and philanthropic organisations in the implementation of the New Agenda." (UN Resolution 70/1, Transforming our world: the 2030 Agenda for Sustainable Development)
- 24- "11. This integrated policy framework should address: (...) (g) the promotion of entrepreneurship, micro, small and medium-sized enterprises, and other forms of business models and economic units, such as cooperatives and other social and solidarity economy units" (ILO Recommendation No. 204).
- 25- "3. For the purpose of this Recommendation, 'economic units' in the informal economy include: (...) (3) cooperatives and social and solidarity economy units" (ILO Recommendation No. 204).
- 26- "5. (1) The informal sector may be broadly characterised as consisting of units engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations – where they exist – are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees" (Resolution concerning statistics on employment in the informal sector, adopted by the 15th ICLS in 1993).
- 27- "3. (5) Employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.) for reasons such as: the jobs or the employees are not declared to the relevant authorities; the jobs are casual or of a limited duration (e.g., through on-call arrangements); the hours of work or wages are below a specified threshold (e.g., below that qualifying for social security contributions); the workers are employed by unincorporated enterprises or by persons in households; the employee's place of work is outside the premises of the employer's enterprise (e.g., outworkers without an employment contract); or regulations are not applied, not enforced or not complied with for any reason" (The 17th ICLS guidelines).
- 28- It should be noted that the 17th ICLS was opposed to the use of the term "employment in the informal economy", because, for statistical purposes, it was allegedly better to present statistics on the informal sector and on informal employment (employment in the informal sector and informal employment in the formal sector) separately (ILO, 2013a).
- 29- Letter dated 12 January 2016 addressed by Corinne Vargha, Director of the International Standards Department of the ILO to Bruno Roelants, Secretary General of CICOPA.
- 30- We should keep in mind the definition of informal economy in Recommendation No. 204, which also refers to an economy which is insufficiently covered by formal arrangements.
- 31- Becker explains that this dilemma has been acknowledged since the early debate on the informal sector. "In 1991, the 78th session of the International Labour Conference discussed the dilemma of the informal sector. The dilemma of the informal sector was formulated as whether the ILO and its constituents should promote the informal sector as a provider of employment and incomes or seek to extend regulation and social protection to it and thereby possibly reduce its capacity to provide jobs and incomes for an ever-expanding labour force." (Becker, 2004, p. 31).
- 32- It is not the case for many other countries, such as India, which have seen significant economic growth without necessarily eliminating the informal economy.
- 33- The concept of "decent work" was launched at the World Summit for Social Development (the Copenhagen Summit) of 1995, at which heads of state made a unanimous declaration concerning the right to decent work, which led to the 1998 ILO Declaration on Fundamental Principles and Rights

at Work and its follow-up. In 1999, the Report of the Director-General to the 87th session of the ILC proposed that securing "decent work" should become the primary goal of the ILO for the new century (Birchall, 2003).

- 34- Article 13 of the 2002 ILC Resolution states that "To promote decent work, it is necessary to eliminate the negative aspects of informality while at the same time ensuring that opportunities for livelihood and entrepreneurship are not destroyed, and promoting the protection and incorporation of workers and economic units in the informal economy into the mainstream economy. Continued progress towards recognised, protected decent work will only be possible by identifying and addressing the underlying causes of informality and the barriers to entry into the economic and social mainstream."
- 35- In citing Paul Benjamin, Conaty et al. (2016) introduce three processes of labour market de-regulation that operate to make conditions of work less secure in developed economies: casualisation as displacement of standard employment by temporary and part-time employment; externalisation as work restructuring, whereby employment becomes regulated by a commercial contract rather than an employment contract; and informalisation as the process by which employment becomes increasingly unregulated and workers are not protected by labour law. In this report, we are using informalisation to designate these three processes which are interrelated and the challenges to the existing social security systems and regulation.
- 36- Between 1990 and 2000, GDPs of South Asian countries grew at 5.16% annually, while the annual employment growth rate was only 2.3%. GDP growth in Sri Lanka in the 1980s, 1990s and 2000 was 4.2%, 5.2% and 4% respectively, while employment growth was much lower, during the same periods, at 2.6%, 2.4% and 1.8% respectively. Although India's economic growth is attributed to the remarkable success of the manufacturing sector, the number of jobs in the organised sector has hardly increased since 1991. Rather, employment in the organised manufacturing sector declined between 1996 and 2002 (Ahn, 2008).
- 37- The approach contains seven broad policy areas which indicate the multiple avenues towards formalisation, namely: 1) growth strategies; 2) the regulatory framework; 3) social dialogue, organisation and representation; 4) promoting equality and addressing discrimination; 5) measures to support entrepreneurship; 6) the extension of social protection; 6) local development strategies (ILO, 2012, Brief 3.1).
- 38- For more information, see www.sanasa.coop
- 39- For more information, see <https://geosrilanka.wordpress.com/2015/05/31/the-colombo-womens-co-operative-bank-development-in-action/>
- 40- Unlike self-employed producers or entrepreneurs, self-employed workers offer their labour to work suppliers individually or in succession and only have short term or fixed term contracts. However, while they work for a temporary employer, they are subject to the latter's control. Conaty et al. suggest in their report *Not Alone*, that "worker is a broader category in law than employee". In their view, "a worker is any individual who works for an employer, whether under a contract of employment, or any other contract" (Conaty et al., 2016). Following this argument, workers should be entitled to core rights and protection related to their work, regardless of their contract form. The concept of "self-employed worker" taken from *Not Alone* represents this line of argument.
- 41- The SYNDICOOP programme was a joint initiative of the ILO, ICA and ICFTU, which aimed to strengthen the capacity of national trade unions and cooperatives to work together to organise workers out of the informal economy and improve their working conditions. The programme was carried out between 2002 and 2005 in Rwanda, Tanzania, Uganda, Kenya and South Africa. The handbook *Let's organize!* summarizing the outcome of the programme said that "the SYNDICOOP approach is that for workers in the informal economy, the most important step is to organise. The precise legal form which that organisation may take will depend on what services the organisation can provide. It may be a trade union, or cooperative, or self-help group. It may have elements of all of these. What cooperatives and trade unions have in common is that they are member based organisations for working men and women. They are established and run by members themselves. They share a common belief that the world should be ordered in the interests of workers not for shareholders of remote banks and multinational companies. It is this common philosophy that is more important than the label 'cooperative' or 'trade union'. It is the basis of the SYNDICOOP programme" (Smith, 2006).
- 42- It should be noted that the concept of "contract labour" itself is very ambiguous. For example, when the concept is used for public works, labour cooperatives supposedly undertake these activities as "contractors". At least as far as public works are concerned, we can consider that the role of labour cooperatives is not to provide workforce to other enterprises, but to undertake project contracts. This should be further clarified in the case of labour contract cooperatives in India, which work mainly for public work contracts. For a more detailed description of Indian labour contract cooperatives, see Prasad, 2001 and Isaac and Williams, 2016.
- 43- "In their internal operations, worker cooperatives must take into account the following rules. They shall ... Combat their being instruments aimed at making the labour conditions of wage-earning workers more flexible or precarious, and from acting as conventional intermediaries for jobs" (www.cicopa.coop/World-Declaration-on-Worker-1947.html).
- 44- This is well explained by SMart Belgium. "Our mission is to invent exactly the opposite of uberisation which aims to transform subordinate work (to algorithm and platforms) into so-called self-employment. Smartisation is the reverse: we allow self-employed workers to retain or access social protection corresponding to that of wage-earners" (SMart Belgium, 2016).

- 45- A quote from an article on Coopaname, one of largest business and employment cooperatives located in Paris, expresses the sense of work elaborated in this cooperative. "The employment contract becomes a means for a social contract. ... The conclusion of an employment contract at Coopaname is underpinned by adhering to a social project and by the choice of adopting a collective rather than an individual working environment. ... The cooperative gathers professionals who voluntarily choose to partly sacrifice their independence and the tax advantages linked to the *auto-entrepreneur* status, in order to place themselves under a social protection scheme for employees and to build, with other members, a collective enterprise for what it can bring based on social solidarity" (Delvolvé and Stéphane, 2011).
- 46- The staff might be members with the same legal status as worker-members who use services, but with different member status (SMart Belgium), members with a different legal status but with the same member status (business and employment cooperatives), employees of cooperatives who cannot be members due to legal prohibition (worker cooperatives in some states of India), and social workers or NGO staff who are neither members nor direct employees of cooperatives (worker cooperatives for disadvantaged people which are supported by NGOs or public authorities).
- 47- Ruling of the California Labor Commissioner's Office, June 2015, regarding employee status of an ex-Uber driver concerning expenses, ruling of the California Employment Development Department's Inglewood office, August 2015, regarding employee status of an ex-Uber driver concerning unemployment benefit, decision of the Seattle City Council, December 2015, regarding permission to form unions of drivers for ride-hailing apps, and ruling of the London Employment Tribunal, October 2016, regarding the right of Uber drivers to be classed as employees.
- 48- It is interesting to know that, in the ruling of the California Labor Commissioner's Office, which classed Uber drivers as employees, a lawsuit case of 1991 concerning a taxi cooperative was cited as an example of disguised self-employment. Indeed, there are a number of cases in which worker cooperatives in some sectors, such as care services or taxis, choose the legal form of shared service cooperative for the self-employed rather than the traditional model of a worker cooperative, often due to the specificity of their profession and the hard competition they are facing. As we examined above, if we do not understand the legal frameworks regarding cooperatives, employment and social security, as well as the specificities of different economic sectors, the expression "worker cooperative" itself can be misunderstood.
- 49- This "Guild", which has only been established in New York City for the time being, is not a union. It cannot bargain a contract with the company, but plans to establish a forum for regular dialogue and to afford drivers some limited benefits and protection, such as discounted legal services, discounted life and disability insurance and discounted roadside assistance.
- 50- http://www.jeremyforlabour.com/digital_democracy_manifesto
- 51- These examples are presented on the websites of "Shareable" (www.shareable.net) and "P2P foundation" (www.p2pfoundation.net) and publications by Scholz and Schneider.
- 52- There is the case of Juno, a ride-hailing app company based in New York, which shows its more favourable attitude toward drivers by reserving 50% of shares to drivers, by giving drivers the option to be contractors or employees, and by applying a lower commission rate and not using a reputation system. At a glance, it looks like a multi-stakeholder cooperative composed of shareholders and worker-owners. However, it seems not to be a cooperative and we could not verify if its governance structure includes sufficient voting power for driver members. Similarly, many cases are presented in platform cooperativism discourses, because of their more ethical and cooperative-like practices, but not because of their ownership or governance structures.
- 53- SMart Belgium reflects an alternative way of transforming self-employed workers into workers with full-fledged rights and protection. Recently, SMart began accepting people working with on-demand app companies as their members. It signed employment contracts with workers and service contracts with two on-line platform delivery service companies. It also signed an agreement with these enterprises, through which the latter commit themselves to respecting decent work conditions and, in particular, to guaranteeing the minimum wage and the protection and security of workers. In the summer of 2016, when one of these companies could not pay their bike couriers, SMart paid € 340 to 400 of these bike couriers who had employment contracts through SMart for unpaid wages and became a creditor of the on-line meal delivery service platform enterprise.
- 54- In considering the experiences of SMart and business and employment cooperatives, one of the biggest South Korean on-line messenger companies, which had started providing designated driver service to drunk drivers through its on-line platform, is examining a worker cooperative model similar to SMart, in partnership with the Korean Federation of Worker Cooperatives, in order to be able to provide more protection to drivers by granting them an employee status and also to improve their service level.
- 55- This is not a model adapted exclusively to cooperatives in industrialised countries: it can be also a good solution for cooperatives in developing and emerging countries. GoCoop, an Indian enterprise set up to market products made by handloom weavers' cooperatives, is an interesting example of how on-line platforms can serve primary cooperatives in developing and emerging countries by providing more entrepreneurial type horizontal integration. For more information, see www.gocoop.com and <https://yourstory.com/2014/11/gocoop-supporting-rural-artisans-eliminating-brokers-helping-sell-online/>

CHAPTER 5

CONCLUSIONS AND PROPOSALS



COOPERNATUZ, BRAZIL

While recognizing the difficulties in producing reliable information regarding cooperative employment, this report proposes a pragmatic method using cooperative typology as a proxy highlighting information on different forms of cooperative employment, even though it may not, strictly speaking, be statistically and scientifically correct. The key element of the method consists in reclassifying currently used types of cooperatives according to meta-types which represent different forms of cooperative employment, namely employees, worker-members and producer-members. Based on the members' function in relation to their cooperatives, we have proposed six meta-types, namely, "user cooperative", "producer cooperative", "worker cooperative", "multi-stakeholder cooperative", "secondary-level cooperative" and "enterprise cooperative". However, besides some technical problems which could be solved by obtaining more qualitative information on currently used typologies, there are some conceptual issues to be discussed further, such as the distinction between producer cooperatives and worker cooperatives, statistical definitions for worker ownership and boundary issues concerning employment in subsidiaries and enterprise-members in enterprise cooperatives. In using the proposed method and in considering the issues raised, the report presents the updated information on cooperative employment as well as more general figures on the number of cooperatives and types of members. Based on data from 156 countries, the updated estimate shows that employment *in or within the scope of* cooperatives concerns at least 279.4 million persons throughout the world, in other words 9.46% of the world's employed population. Out of this figure, 27.2 million work *in* cooperatives, including 16 million cooperative employees and 11.1 million worker-members. Employment *within the scope of* cooperatives, mainly self-employed producer-members, concerns 252.2 million people, the vast majority being in agriculture. The number of cooperatives throughout the world is 2.94 million and the number of members in all types of cooperatives is 1,217.5 million people (this latter figure, however, probably includes a substantial level of double counting).

To move forward on the overall quantitative figures, the cooperative movement, public authorities and researchers should focus on the following:

- Discuss and develop methods to construct reliable information on cooperatives, including the method based on meta-typology proposed in this report.
- Include the cooperative model and cooperative employment in ongoing discussions on a new legal and statistical status of employment, especially those on the revision of ICSE-93.
- Open discussions and research on the conceptual and statistical boundaries of the cooperative movement; this should be done taking into account the impact and meaning that cooperatives produce and should also respond to scientific and technical criteria.
- Strengthen efforts to produce more reliable and general statistical data on cooperatives at the national and international levels.

Chapter 4 aimed at examining further qualitative aspects of cooperative employment regarding their specific contributions to addressing problems related to work and employment in the informal economy. Instead of considering the informal economy itself as "good" or "bad", we focused on the decent work deficit faced by people working in the informal economy and tried to identify the current and potential contribution of cooperatives, not only through the formalisation of informal arrangements, but also by empowering people to improve their own problematic situation in the informal economy.

The present report focuses particular attention on the potential contribution of cooperatives to technological development and accompanying social change. In the changing world of work, cooperatives need to respond to new opportunities and challenges

In recognizing the importance of the integrated approach based on multi-stakeholders' involvement, we proposed that cooperatives be part of an integrated solution in various ways: as an instrument used by trade unions or local governments within the framework of their own efforts, as self-help efforts of people in the informal economy for improving their economic and social situations and as an alternative model allowing informal economy actors to formalise their economic activities and to obtain rights and protection at work. These different contributions could be better understood according to different situations that different types of cooperatives serve:

- People working in the informal economy who join savings and credit cooperatives, mutual insurance cooperatives, multi-purpose cooperatives and consumer cooperatives can access certain formal or semi-formal services and be connected to the formal arrangements needed for their life and work. In particular, these cooperatives can provide people working in the informal economy with easier access to credit, education and training, affordable goods and services to meet their basic needs and a certain level of social protection based on solidarity and mutual help.
- Self-employed producers/entrepreneurs who join a shared service cooperative based on a horizontal integration strategy enjoy various services supporting members' economic activities designed to help them achieve economies of scale and better bargaining power.
- For the self-employed workers and freelancers who have increased considerably in number over the last few decades, cooperatives could be used by trade unions or member-based organisations as a tool to organize members/workers and could also provide innovative models that guarantee both flexibility and protection.
- Worker cooperatives themselves, which aim at providing decent jobs for their worker-members, might be a direct solution to formalize informal employment. However, to fully display their potential contribution, a favourable environment and appropriate legal framework is necessary.

The present report focuses particular attention on the potential contribution of cooperatives to technological development and accompanying social change. In the changing world of work, cooperatives need to respond to new opportunities and challenges. The concepts of platform cooperativism and commons propose innovative ways of working in, and with, cooperatives in the 21st century. While fully recognizing the contribution made by the concepts of platform cooperativism and commons however, we think that their combination with concrete tools and methods of the cooperative movement will strengthen and concretise their contribution to the problems related to work and employment in the changing world of work.

To address the problems related to work and employment in the informal economy through cooperatives, it is necessary:

- To promote the cooperative model as a tool to organise people working in the informal economy and to provide formal and semi-formal services to them. For this purpose, the cooperative model should be better explained to trade unions, member-based organisations, NGOs and local governments.
- To promote an enabling environment for cooperatives to develop horizontal integration strategies. The legal framework allowing for the creation of horizontal structures and public policies supporting these structures should be taken into account.
- To analyse the innovative contributions of the cooperative model in addressing the mounting problems caused by the informalisation of employment. In the debates aimed at creating a

new legal employment status, a variety of experiments using the cooperative model should be encouraged.

- To promote worker cooperatives by fostering a favourable environment which would strengthen their business and develop appropriate legal frameworks which would recognise worker-members' rights and protection at work as workers, but also flexibility and independence as owners, through cooperative methods.
- To develop discussions about the potential role of the cooperative model in the changing world of work, notably technological development and accompanying social change, inside the cooperative movement and among different stakeholders. These discussions need to be more analytical and promotional in nature than has been the case so far.

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ANNEX 1

NATIONAL DATA ON COOPERATIVES,
COOPERATIVE EMPLOYMENT AND MEMBERSHIP

AFRICA

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
ALGERIA	481	20,000	N/A	N/A	286,000	2001	CEPES, 2012 (ESMED Network, 2001)
ANGOLA	2,115	N/A	N/A	275,206	N/A	2013	Website of OCPLP
BENIN	36	N/A	N/A	N/A	1,272,020	2014	WOCCU
BOTSWANA	170	N/A	N/A	N/A	86,300	2012	Lekorwe, 2012, <i>The role of cooperatives in Social and Economic Development in Botswana</i>
BURKINA FASO	30,000	N/A	N/A	955,000	N/A	2002	Develtere & Pollet, 2008, <i>Cooperating out of poverty</i> (Ministry of Agriculture, coop section - only agricultural coops)
CAMEROON	218	899	N/A	N/A	391,658	2012	Global census (WOCCU)
CAPE VERDE	85	N/A	N/A	N/A	6,194	2005	Dias, 2007, "O cooperativismo em Cabo Verde (1) - Porquê fracassou?", in <i>Asemana</i>
EGYPT	12,728	866,000	N/A	6,095,000	6,500,000	2010	CEPES, 2012 (General Union of Cooperatives of the Arab Republic of Egypt, 2010)
ETHIOPIA	43,534	82,074	N/A	4,570,000	2,000,000	2008; 2012	Emana, 2009, <i>Cooperatives: a path to economic and social empowerment in Ethiopia</i> ; FAO, 2016, <i>Cooperatives statistics, governance structure and legislative framework</i> (Ethiopia Federal Cooperative Agency, 2012)
GABON	600	N/A	N/A	N/A	N/A	2009	Gaboneco, 2012, "Le Gabon disposerait d'environ 600 coopératives agricoles recensées en 2009"
GAMBIA	69	50	N/A	N/A	44,847	2011	Global census (WOCCU)
GHANA	2,471	904	N/A	N/A	2,400,000	2004; 2005; 2012	Oppong-Manu, 2004, <i>Cooperatives and Cooperative Education in Ghana: Perspectives from a Cooperative Educator</i> ; Develtere & Pollet, 2008, <i>Cooperating out of poverty</i> (All registered coops, GCC apex & Dep, Of Coop, 2005); Global census (WOCCU)
GUINEA-BISSAU	6	N/A	N/A	N/A	9,726	2014	WOCCU
IVORY COAST	1,720	N/A	N/A	N/A	673,307	2012; 2014	Global census (Ministry of Agriculture); WOCCU

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
KENYA	17,326	783,202	0	7,257,588	3,855,000	2014; 2015	Nyatichi, 2015, <i>Co-operatives and Employment creation: The Kenyan case</i>
LESOTHO	90	N/A	N/A	N/A	76,000	2014	WOCCU
LIBERIA	125	425	N/A	N/A	16,716	2011	Global census (WOCCU)
MADAGASCAR	620	N/A	N/A	N/A	6,800	2005	Develtere & Pollet, 2008, <i>Cooperating out of poverty</i> (Ministry of Commerce, estimates, 2005)
MALAWI	230	252	N/A	N/A	110,540	2011; 2012	Global census (WOCCU); Vicari and Borda-Rodriguez, 2014, <i>Building resilience in the Malawian co-operative movement</i>
MALI	70	N/A	N/A	N/A	911,794	2014	WOCCU
MAURITIUS	1,072	N/A	N/A	10,000	75,000	2015	Website of Ministry of Business, Enterprise and Cooperatives
MOROCCO	17,229	34,630	1,075	408,735	2,561,498	2011; 2015	CEPES, 2012 (Office de Développement de la Coopération, 2011); ODCO, 2015, <i>REMACOOP</i>
NIGER	13,000	N/A	N/A	N/A	500,000	2003	Develtere & Pollet, 2008, <i>Cooperating out of poverty</i> (different departments, 2003)
NIGERIA	181,279	100,000	N/A	N/A	4,300,000	2004; 2007; 2014	Develtere & Pollet, 2008, <i>Cooperating out of poverty</i> (Dep. of Coop, 2004); National Bureau of Statistics and Federal Department of Cooperative, 2008, <i>Cooperative Baseline Survey 2007</i> ; Communication from Dr. D. A. Okolo. Federal Director Cooperatives, Government of Nigeria
RWANDA	5,514	2,912	N/A	279,253	2,140,645	2013	Global census (Rwanda Cooperative Agency & National Bank of Rwanda)
SENEGAL	214	N/A	N/A	N/A	1,767,506	2008; 2014	Gagné, 2008, <i>Le mouvement coopératif au Sénégal</i> ; WOCCU
SEYCHELLES	1	23	N/A	N/A	11,696	2011	Global census (WOCCU)
SOUTH AFRICA	2,644	N/A	N/A	N/A	N/A	2009	The DTI, 2012, <i>Integrated Strategy on the Development and Promotion of Co-operatives</i> (Data from the DTI Baseline Study, 2009)
SWAZILAND	108	N/A	N/A	3,884	38,802	2007	Hlatshwako, 2010, <i>Economic empowerment of Swazi society through cooperative development</i>
TANZANIA	10,596	31,126	36,761	555,632	786,980	2016	Information provided by Tanzania Cooperative Development Commission
TOGO	82	N/A	N/A	N/A	1,196,652	2014	WOCCU

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
TUNISIA	208	N/A	N/A	N/A	37,923	2007	CEPES, 2012 (Rapport sur l'économie sociale en Tunisie (Réseau Tunisien de l'Economie Sociale), 2007)
UGANDA	10,641	10,339	N/A	N/A	1,200,000	2008	Pollet, 2009, <i>Cooperatives in Africa</i>
ZIMBABWE	3,960	N/A	N/A	N/A	175,000	2008	Develtere & Pollet, 2008, <i>Cooperating out of poverty</i> (Registrar's Office)
ZAMBIA	16,133	6,000	N/A	N/A	199,694	2008	Pollet, 2009, <i>Cooperatives in Africa</i>
TOTAL AFRICA	375,375	1,939,836	37,836	20,410,298	33,638,298		

ASIA

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
AFGHANISTAN	1,494	N/A	N/A	139,542	119,405	2014	WOCCU; Website of Ministry of Agriculture, Irrigation and livestock
ARMENIA	308	60	N/A	N/A	3,600	2013; 2014	Ashot, 2015, <i>Peculiarities and problems of introducing agricultural cooperatives in the Republic of Armenia</i> ; Cooperatives Europe, 2016
AZERBAIJAN	83	163	N/A	N/A	27,906	2012	Global census (WOCCU)
BANGLADESH	126,215	512,904	268,556	1,675,105	2,860,060	2017	Department of Cooperatives
BHUTAN	46	N/A	0	1,834	0	2015	Website of Cooperative Movement in Bhutan
BRUNEI	69	N/A	N/A	N/A	17,695	2016	Norjidi, 2016, "Efforts on to assist inactive cooperatives: Minister", in October 20, 2016, <i>Borneo Bulletin</i>
CAMBODIA	20	N/A	N/A	N/A	48,684	2014	WOCCU
CHINA	1,008,266	2,431,417	650,000	160,000,000	N/A	2010; 2012; 2015; 2016	Website of ACFSMC; Website of Ministry of Agriculture; CICOPA data collection 2014; China Banking Regulatory Commission, 2016, <i>China Banking Regulatory Commission 2015 Annual Report</i>
GEORGIA	3,303	N/A	N/A	8,306	N/A	2014	Cooperatives Europe, 2016; National Statistics Office of Georgia, 2016, <i>Statistical Yearbook of Georgia, 2016</i>
HONG-KONG	41	N/A	N/A	N/A	86,558	2014	WOCCU
INDIA	610,020	1,215,636	6,845,701	31,359,677	211,161,733	2009- 2010	National Cooperative Union of India, 2012, <i>Indian Cooperative Movement – A Statistical Profile 2012</i>

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
INDONESIA	150,223	574,451	N/A	N/A	N/A	2015	Website of Ministry of Cooperatives and SMEs
IRAN	74,938	980,229	162,287	2,315,513	7,812,543	2014	Ministry of Cooperative, Labor & Social Welfare, 2015, Selected tables on cooperatives statistics in Iran
ISRAEL	1	1,200	N/A	N/A	12,000	2012	Global census (CCW)
JAPAN	4,100	554,244	25,373	4,795,235	42,917,004	2011-2016	JCCU, 2016, <i>Co-op Facts & Figures 2015</i> ; Labour bank, 2011, <i>A Guide to Labour Banks</i> ; Website of Community bank Shinkyo Kumiai; Shinkin Central Bank, 2016, <i>Annual Report</i> ; Website of Ministry of Agriculture, Forestry and Fisheries; Website of JWCU
JORDAN	1,450	4,000	N/A	N/A	130,000	2011	CEPES, 2012 (Jordan Cooperative Corporation, 2011)
KAZAKHSTAN	2,292	N/A	N/A	16,700	N/A	2013	OECD, 2015, <i>Strengthening agricultural co-operatives in Kazakhstan</i>
KOREA	11,017	136,784	1,165	2,500,283	25,348,276	2013; 2014; 2015	Internal source of National association of consumer cooperatives; National Federation of Community Credit Cooperatives, 2015, <i>The statistics of community credit cooperative 2015</i> ; Korea Federation of SMEs, 2015, <i>Annual Business Report 2014</i> ; Korea Forest Service, 2016, <i>Statistical yearbook of forestry 2015</i> ; KIHASA and Ministry of Strategy and Finance, 2015, <i>Cooperative baseline study 2015</i> ; Website of National Agriculture Cooperative Federation; National Federation of Fisheries Cooperatives, 2015, <i>Fishery coop statistics 2015</i> ; Website of Korea Tobacco Growers Organization
KYRGYZSTAN	508	N/A	N/A	N/A	20,047	2014	WOCCU; National Statistical Committee of the Kyrgyz Republic, 2016, <i>Statistical Yearbook of the Kyrgyz Republic 2010-2014</i>
LAOS	24	N/A	N/A	N/A	5,545	2014	WOCCU
MALAYSIA	10,914	6,096	524,713	691,437	6,393,054	2013	Website of Malaysia co-operative societies commission
MONGOLIA	2,821	N/A	6,016	12,536	34,967	2011	National Statistical Office of Mongolia, 2013, <i>Mongolian statistical yearbook 2012</i>
MYANMAR	40,529	N/A	N/A	N/A	N/A	2016	Information provided by Central Co-operative Society Limited

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
NEPAL	29,830	60,000	N/A	700,000	N/A	2013	Department of cooperative, 2013, Presentation in the 1st Asia Pacific Cooperative Registrars' Conference
PHILIPPINES	9,431	599,071	23,396	225,625	7,374,914	2015	Cooperative Development Authority
PALESTINE	938	N/A	N/A	N/A	N/A	2010	CEPES, 2012 (Union of Cooperative Associations for Saving and Credit & Al-Sahel for Institutional Development and Communications, 2010)
SINGAPORE	82	N/A	0	0	1,461,460	2016	Ministry of Culture, Community and Youth, 2016, <i>Annual report on the co-operative societies in Singapore</i>
SRI LANKA	9,073	45,975	11,946	387,695	7,812,311	2013	Department of Co-operative Development, 2013, <i>Statistics Report</i>
TAIWAN	340	8,850	N/A	N/A	217,909	2014; 2016	WOCCU; Taiwan cooperative financial holding co., LTD, 2016, <i>Annual report 2015</i>
THAILAND	7,133	N/A	0	6,019,000	2,758,000	2013	Cooperative Promotion Department, 2013, <i>Annual report 2013</i>
TIMOR LESTE	126	N/A	N/A	N/A	N/A	2015	Iyer, 2015, "Cooperatives in Timor Leste - Together service to community; together solution to poor", posted on <i>Spreading the cooperative message</i> , October 22, 2015
TURKEY	31,902	N/A	3,556	3,007,237	3,506,562	2017	Information provided by the Ministry of Customs and Trade
VIETNAM	18,682	295,680	51,066	5,391,461	N/A	2014	FAO, 2016, Stocktaking report – Cooperative statistics, Governance structure and Legislative framework: The case of Vietnam and Ethiopia
TOTAL ASIA	2,156,219	7,426,760	8,573,775	219,247,186	320,130,233		

OCEANIA

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
AUSTRALIA	1,765	26,038	N/A	N/A	29,000,000	2010; 2016	Co-operatives Australia, 2011, <i>Australia's Top 100 Co-operatives</i> ; Mazzarol et al., 2016, <i>Australia's leading co-operatives and mutual enterprises in 2016</i>
FIJI	16	N/A	N/A	N/A	12,477	2014	WOCCU
KIRIBATI	163	N/A	N/A	N/A	184	2013; 2014	Global census (Ministry of commerce, industry and cooperatives); WOCCU

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
MICRONESIA	1	N/A	N/A	N/A	2,180	2014	WOCCU
NEW ZEALAND	63	48,455	N/A	147,071	1,260,436	2015	Co-operative Business NZ, 2017, The New Zealand Co-operative Economy
PALAU	1	N/A	N/A	N/A	224	2014	WOCCU
PAPUA NEW GUINEA	20	321	0	0	413,192	2011	Global census (WOCCU)
SAMOA	3	N/A	N/A	N/A	1,345	2014	WOCCU
SOLOMON ISLANDS	9	N/A	N/A	N/A	4,378	2014	WOCCU
TONGA	8	220	N/A	N/A	1,523	2010; 2014	Ministry of commerce, consumer, trade, innovation and labor, 2010, <i>Annual report 2010</i> ; WOCCU
TUVALU	2	N/A	N/A	N/A	205	2014	WOCCU
VANUATU	340	404	N/A	N/A	N/A	2015	Office of the Registrar of Cooperatives & Business Development, 2015, <i>ORCBDS Annual Report 2015</i>
TOTAL OCEANIA	2,391	75,438	0	147,071	30,696,144		

AMERICA

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
ANTIGUA & BARBUDA	6	N/A	N/A	N/A	33,367	2014	WOCCU
ARGENTINA	13,047	87,486	177,568	112,081	5,792,377	2008	INAES, 2008, <i>Las cooperativas y las mutuales en la Republica Argentina</i>
BAHAMAS	10	139	N/A	N/A	39,486	2012	Global census (WOCCU)
BARBADOS	43	390	N/A	815	149,238	2012	Global census (Barbados Co-operative & Credit Union League Ltd.)
BELIZE	201	103	N/A	N/A	132,240	2008; 2012	Ministry of Agriculture & Fisheries, 2008, <i>Annual report 2008</i> ; Global census (WOCCU)
BERMUDA	1	N/A	N/A	N/A	3,333	2014	WOCCU
BOLIVIA	6,220	N/A	N/A	N/A	3,000,000	2009	CONCOBOL, <i>Plan nacional de fomento cooperativo 2015-2025</i>
BRAZIL	6,582	362,838	291,046	1,127,450	11,287,668	2014	Website of Verbocooperar
CANADA	5,769	152,931	4,000	141,200	17,990,941	2012; 2014	Global census (WOCCU); Innovation, Science and Economic Development Canada, 2016, <i>2012 Co-operatives in Canada</i> ; CICOPA data collection

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
CAYMAN ISLANDS	1	39	N/A	N/A	13,981	2012	Global census (WOCCU)
CHILE	770	8,740	2,320	9,215	1,730,738	2014	Ministerio de economia, formento y turismo, 2014, <i>El cooperativismo en Chile</i>
COLOMBIA	4,089	130,009	117,622	190,732	5,514,993	2014	Confecoop, 2015, <i>Desempeño del Sector Cooperativo Colombiano 2014</i>
COSTA RICA	376	21,632	18,201	15,113	831,678	2012	Estado de la Nacion and INFOCOOP, 2012, <i>Sintesis IV censo nacional cooperativo 2012</i>
CUBA	5,569	N/A	4,037	525,039	N/A	2014	Harnecker, 2015, <i>The role of cooperatives in Cuba's New Economy</i> (presentation)
CURACAO	10	150	N/A	N/A	21,532	2012	Global census (WOCCU)
DOMINICA	20	187	N/A	N/A	63,559	2012; 2016	Global census (WOCCU); Website of Dominica cooperative societies league
DOMINICAN REPUBLIC	501	50,189	3,572	21,801	883,452	2009	Idecoop, 2010, <i>Estadísticas 2008-2010</i>
ECUADOR	896	N/A	N/A	N/A	4,678,269	2012	Global census (WOCCU)
EL SALVADOR	1,126	N/A	684	14,866	430,328	2016	Website of INSAFOCOOP
GRENADA	10	N/A	N/A	N/A	58,020	2014	WOCCU
GUATEMALA	893	N/A	0	68,357	1,725,018	2016	INACOOOP, 2016, <i>Boletín estadístico</i>
GUYANA	28	N/A	N/A	N/A	34,212	2014	WOCCU
HAITI	65	529	N/A	N/A	430,516	2012	Global census (WOCCU)
HONDURAS	2,360	1,927	N/A	N/A	750,328	2006; 2012	Global census (WOCCU); Presentation of IHDECOOP at the ICA America meeting
JAMAICA	123	1,109	N/A	N/A	951,079	2012; 2015	Global census (WOCCU); Department of co-operatives and friendly societies, 2016, <i>Annual report 2014/2015</i>
MEXICO	142	N/A	N/A	N/A	5,140,944	2014	WOCCU
MONTSERRAT	1	N/A	N/A	N/A	5,587	2014	WOCCU
NICARAGUA	6,100	N/A	661	119,205	24,566	2006	ACI America, 2007, <i>Diagnostico del sector de la economia social en Nicaragua</i> (DIGECOOP 2006)
PANAMA	495	N/A	241	4,520	203,452	2016	Website of IPACOOOP
PARAGUAY	450	13,952	3,206	18,939	2,764,423	2012	CONPACOOOP, <i>Estado del Cooperativismo en Paraguay Censo Nacional Cooperativo</i>
PERU	577	8,764	5,025	30,183	964,923	2014	Ministerio de la Produccion, 2014, <i>Actualizacion del Directorio Nacional de Cooperativas 2014</i>
ST KITTS & NEVIS	4	52	N/A	N/A	19,336	2012	Global census (WOCCU)

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
ST LUCIA	15	N/A	N/A	N/A	87,074	2014	WOCCU
ST VINCENT GRENADINES	9	98	N/A	N/A	60,720	2012	Global census (WOCCU)
SURINAME	3	N/A	N/A	N/A	9,513	2014	WOCCU
TRINIDAD & TOBAGO	276	1,584	N/A	1,149	563,215	2013	Global census (Ministry of Labour and Small and Micro Enterprise Development)
URUGUAY	1,164	27,449	9,345	13,649	884,704	2009	INE, <i>Censo nacional de cooperativas y sociedades de fomento rural 2008-2009</i>
US	29,285	725,960	55,140	714,650	350,102,000	2009	UWCC, 2009, <i>Research on the economic impact of cooperatives</i>
VENEZUELA	94,141	300,000	289,617	108,529	203,586	2005	Ministerio para la economia popular/ SUNACOOOP
TOTAL AMERICA	181,378	1,896,257	982,285	3,237,493	417,580,396		

EUROPE - EU

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
AUSTRIA	1,778	42,706	0	306,300	2,900,686	2010; 2014	EESC, 2012; Cooperatives Europe, 2016
BELGIUM	338	6,846	N/A	N/A	400,000	2014	Cooperatives Europe, 2016
BULGARIA	1,972	40,007	13,000	240,000	136,528	2010; 2014	EESC, 2012; Cooperatives Europe, 2016
CROATIA	1,066	2,375	7,400	7,925	2,510	2014	Cooperatives Europe, 2016
CYPRUS	62	3,085	N/A	N/A	509,388	2014	Cooperatives Europe, 2016
CZECH REPUBLIC	1,402	50,488	4,006	N/A	206,581	2014	CACR, 2015, <i>Czech Co-operative Movement and Selected Statistical Data in 2014</i>
DENMARK	523	70,757	4,803	99,000	1,737,000	2009	EESC, 2012
ESTONIA	1,601	9,850	N/A	N/A	412,000	2009; 2014	EESC, 2012; WOCCU
FINLAND	2,264	87,374	518	139,533	3,976,505	2014	Cooperatives Europe, 2016
FRANCE	17,897	683,043	27,330	1,068,771	25,510,462	2014; 2015	Cooperatives Europe, 2016; Website of CG Scop
GERMANY	7,615	898,334	N/A	1,680,000	21,370,000	2014	Cooperatives Europe, 2016
GREECE	7,188	14,983	N/A	713,714	120,242	2010	EESC, 2012
HUNGARY	3,385	85,682	N/A	31,544	798,000	2009; 2014	EESC, 2012; Cooperatives Europe, 2016

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
IRELAND	575	41,235	N/A	166,747	3,238,908	2012; 2014	Global census (WOCCU); Cooperatives Europe, 2016; ICOS, 2016, <i>121st Annual report & accounts 2015</i>
ITALY	39,599	1,150,292	1,017,663	792,092	10,774,817	2014	Cooperatives Europe, 2016
LATVIA	90	80	0	9,293	35,900	2009; 2012; 2014	EESC, 2012; Global census (WOCCU); Website of LLKA
LITHUANIA	439	4,401	0	12,900	145,666	2014	Cooperatives Europe, 2016
LUXEMBOURG	56	1,933	0	N/A	5,203	2010	EESC, 2012
MALTA	54	768	954	2,323	1,168	2014	Cooperatives Europe, 2016
NETHERLANDS	677	184,053	0	806,000	2,443,225	2009	EESC, 2012
POLAND	9,521	289,700	42,700	317,200	7,616,700	2014	Cooperatives Europe, 2016
PORTUGAL	2,390	51,391	N/A	409,594	858,228	2009	EESC, 2012
ROMANIA	1,688	14,735	14,500	N/A	660,000	2014	Cooperatives Europe, 2016
SLOVAKIA	273	23,799	1,212	5,654	426,462	2014	Cooperatives Europe, 2016
SLOVENIA	332	3,087	N/A	N/A	N/A	2014	Website of AJPES
SPAIN	21,725	171,724	230,000	1,179,323	5,887,306	2014	Cooperatives Europe, 2016
SWEDEN	11,919	52,231	96,552	160,350	4,195,000	2014	EESC, 2012; Cooperatives Europe, 2016
UK	6,797	222,785	94,049	134,566	16,267,705	2016	Website of Co-operatives UK
EU TOTAL	143,226	4,207,744	1,554,687	8,282,829	110,636,190		

EUROPE - NON EU

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
ALBANIA	117	N/A	N/A	N/A	48,410	2014	WOCCU
BELARUS	96	80,000	N/A	N/A	700,500	2014	Cooperative Europe, 2016; WOCCU
MOLDOVA	109	5,000	N/A	N/A	200,000	2012; 2014	Global census (WOCCU); Cooperatives Europe, 2016
NORWAY	5,592	37,500	N/A	40,000	2,371,038	2014	Cooperatives Europe, 2016
RUSSIA	67,209	175,000	N/A	813,000	30,084,997	2005; 2008; 2009; 2014	Cooperatives Europe, 2016; ILO, 2009, <i>Cooperative sector in Russia and the implementation of the ILO Recommendation No. 193 in the development of different Russian cooperative trends - Analytical report</i> ; Golovina et al. 2011, <i>The development of agricultural production co-operatives in the Russian Federation</i> ; WOCCU

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
SWITZERLAND	3	160,764	0	N/A	6,889,382	2012; 2014	Global census (MIGROS Federation & COOP); Cooperatives Europe, 2016
UKRAINE	3,483	36,000	N/A	21,521	1,004,600	2012; 2014	WOCCU; Cooperatives Europe, 2016; Sedik and Lerman, 2015, <i>Agricultural cooperative development in Kazakhstan and Ukraine</i>
SERBIA	2,124	8,563	N/A	N/A	122,192	2009	European Commission, 2010, Satellite accounts for coops and mutuals
FYROM	1	24	N/A	N/A	7,299	2012	Global census (WOCCU)
TOTAL EUROPE	221,960	4,710,595	1,554,687	9,157,350	152,064,608		

TOTAL

	COOPS	EMPLOYEES	WORKER-MEMBERS	PRODUCER-MEMBERS	USER-MEMBERS	REF. YEAR	SOURCES (ORIGINAL SOURCES IN BRACKETS)
GRAND TOTAL	2,937,323	16,048,886	11,148,583	252,199,398	954,109,679		

It is not so relevant to calculate the portion of cooperative employment by continent, because the numbers reflect the availability of data, rather than the real presence of the cooperative employment. However, to give an idea of the approximate tendencies, the calculated percentages are presented in the table below.

CONTINENT (NUMBER OF COUNTRIES INCLUDED IN DATA COLLECTION)	EMPLOYED POPULATION (+15)* (T)	TOTAL COOPERATIVE EMPLOYMENT						
		EMPLOYEES (A)	WORKER-MEMBERS (B)	DIRECT EMPLOYMENT		PRODUCER-MEMBERS (C)	(A+B+C)	(A+B+C/T) (%)
				(A+B)	(A+B/T) (%)			
EUROPE (37)	331,067,000	4,710,595	1,554,687	6,265,282	1.89	9,157,350	15,422,632	4.66
AFRICA (35)	326,388,000	1,939,836	37,836	1,977,672	0.61	20,410,298	22,387,970	6.86
ASIA (33)	1,827,220,000	7,426,760	8,573,775	16,000,535	0.88	219,247,186	235,247,721	12.87
AMERICA (39)	450,443,000	1,896,257	982,285	2,878,542	0.64	3,237,493	6,116,035	1.36
OCEANIA (12)	17,807,000	75,438	0	75,438	0.42	147,071	222,509	1.25
GRAND TOTAL (156)	2,952,925,000	16,048,886	11,148,583	27,197,469	0.92	252,199,398	279,396,867	9.46

* Source: ILO STAT (as of 2014), only 156 countries included.

ANNEX 2

INTERVIEWS, MEETINGS AND VISITS

INTERVIEWS

- Abeyrathne, K.G., Chairman, Sri Lanka Co-operative Industries Federation (25 August, 2016, Colombo, Sri Lanka)
- Chaillou, Sébastien, President, Solidarité étudiante (8 July, 2016, Paris, France)
- de Taxis du Poët, Adelph, Officer for social innovation, CG Scop (20 October, 2016, Strasbourg, France)
- Farzan, Abdul Razzak, Programme Assistant, the ILO office for Sri Lanka (24 August, 2016, Colombo, Sri Lanka)
- Friedrich, Cathrine, Director in charge of studies, CG Scop (4 October 2016, phone call meeting)
- Halangode, Harshini, Programme Manager & Premaratne, Dharshani, programme manager, Delegation of the European Union to Sri Lanka and the Maldives (24, August, 2016, Colombo, Sri Lanka)
- Huet, Jean, researcher, CG Scop (8 July, 2016, Paris, France)
- Kiriwadeniya, P.A., founder of SANASA movement (25 August, 2016, Colombo, Sri Lanka)
- Liyanaarachchi, Navindra, CEO, SANASA Federation (22 August, 2016, Colombo, Sri Lanka)
- Naett, Caroline, Secretary General, CoopFR (20 October, 2016, Strasbourg, France)
- Pathirana, D.S.K., General Manager, CoopFed (22 August, 2016, Colombo, Sri Lanka)
- Scalbert, Nicolas, delegation of business and employment cooperatives, CG Scop (5 February, 2016, Paris, France)
- Silva, Sunil, Secretary General, National Cooperative Council of Sri Lanka (25 August, 2016, Colombo, Sri Lanka)
- T.K. Kishor Kumar, Senior Manager, ULCyber Park (15 August, 2016, Kozhikode, India)
- Wallet, Nicola, Financial Director, Smart Belgium (22 July, 2016, Brussels, Belgium)

PARTICIPATION IN MEETINGS AND EVENTS

- Agora of SCIC (4 February, 2016, Paris, France)
- Public meeting with Trebor Scholz, Professor, The New School, New York, US, promoter of platform cooperativism (6 June, 2016, Brussels, Belgium)
- “Let’s Coop” event and inaugural general assembly for constituting cooperative Smart Belgium (28 June, 2016, Brussels, Belgium)
- The stakeholder meeting on industrial, artisanal and service cooperatives, organised jointly by ICA Asia-Pacific, CICOPA, NCUI, NLCF and ULCCS (18-19 August, 2016, Kozhikode, India)
- Congress of CG Scop (French federation of worker cooperatives) (20-21 October, 2016, Strasbourg, France)
- Workshop on Industrial and Service cooperatives, organised jointly by ICA Asia-Pacific and CICOPA (16 November, 2016, New Delhi, India)

VISITS

- Coopetic (business and employment cooperative in the communication sector, 8 July 2016, Paris, France)
- ULCCS (worker cooperative in construction and infrastructure, 15-16 August 2016, Kozhikode, India)
- Calicut City Service Cooperative (banking cooperative, 17 August 2016, Kozhikode, India)
- District Cooperative Hospital (health cooperative, 17 August 2016, Kozhikode, India)
- Kommeri weavers' industrial cooperative society (handloom weavers' cooperative, 20 August, 2016, Kozhikode, India)
- Iringallur coir vyavasaya cooperative society (worker cooperative in coir production sector, 20 August 2016, Kozhikode, India)
- SANASA Federation (credit union, 22 August 2016, Colombo, Sri Lanka)
- Health department worker coop (credit union, 22 August, 2016, Colombo, Sri Lanka)
- Sri Lanka cooperative textile industries union (artisans' cooperative, 22 August, 2016, Colombo, Sri Lanka)
- Women's cooperative (credit union and empowerment of self- employed women, 22 August 2016, Colombo, Sri Lanka)
- North Thoduwan St. Anthony Fisheries Cooperative society (fishery cooperative, 23 August 2016, Chilaw, Sri Lanka)
- Chilaw SANASA (credit union and local development, 23 August 2016, Chilaw, Sri Lanka)
- AMG Dairy Producer cooperative society (dairy cooperative, 24 August 2016, Attanagalla, Sri Lanka)

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• 2017 •

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WHAT IS CICOPA?

CICOPA is the sectoral organisation of the International Cooperative Alliance (ICA) for industrial and service cooperatives across the world. Many of those cooperatives are worker cooperatives, namely cooperatives where the members are the staff of the enterprise and which are characterized by a distinctive type of labour relations, called "worker ownership", which differ from the relations experienced by conventional employees or by the self-employed. A new and growing typology of cooperatives represented by CICOPA are social cooperatives, in other words cooperatives whose mission is the provision of goods or services of general interest. CICOPA also represents cooperatives of self-employed producers active in industry and services.



**International Organisation of
Industrial and Service Cooperatives**
A Sector of the International
Co-operative Alliance

ISBN 978-2-930816-03-6



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