

# Cooperatives and social enterprises: Work and employment in selected countries

## Introduction

A cooperative is typically defined as a business organisation that is democratically controlled and owned by its members and which works in the interest of its members. A social enterprise is generally perceived as a business organisation with a social mission, working in the interest of its community or client group. This study investigates the contribution of European cooperatives and social enterprises to job creation and retention. It identifies the drivers of and barriers to job growth, explores employment conditions, details the support measures available in selected EU Member States and puts forward policy pointers to support delivery of these jobs.

## Policy context

Following the 2008 financial crisis and with persistent high unemployment in the EU, cooperatives had survival rates similar to or better than those of mainstream businesses. Cooperatives and social enterprises were also seen as potential sources of innovative solutions to socioeconomic challenges that have been identified as EU priorities: inclusive growth, aiding regional economic development, smart growth, addressing poverty and social exclusion, and creating sustainable growth.

## Key findings

### Evolving forms of cooperatives and social enterprises

This study uses the International Co-operative Alliance (ICA) definition of a cooperative and the European Commission's definition of a social enterprise. However, specific laws and definitions vary across Member States. The sector is dynamic, with new forms of cooperatives and social enterprises emerging all the time.

### Data on sector and performance

The available statistical data identify Italy as having the largest cooperative and social enterprise sector. The number of cooperative and social enterprise organisations and jobs varies considerably among the case study countries, and different data sources provide varying figures.

The available data and the views of national actors suggest that cooperatives and social enterprises have performed relatively well since the financial crisis. However, the overall performance of cooperatives and social enterprises and specific types of these organisations varies across the selected countries. Social cooperatives, in particular, have flourished.

### Support measures

All countries support the development of cooperatives and social enterprises through various measures. Most of this support is concerned with financial, start-up and general business assistance. The impact of support measures on employment was regarded as being highly positive. While much support is available, managers in the case study organisations tended not to access it. Rather than formal business support measures, cooperatives and social enterprises often choose to tap into informal support through different networks.

### Employment levels

Job numbers increased across the case study organisations in most occupational groups and job status categories. This success in maintaining and creating jobs seems not to be related to the economic cycle and the crisis. Other factors seem to influence employment outcomes, such as the level of organisational innovation, quality of management and public funding.

Job quality was rated highly, both in absolute and relative terms, by workers in the case study organisations. This was because job quality tends to be an overall objective of these organisations.

Little difference emerged in terms of job creation or quality between the two organisational types. Internal factors contributed to positive organisational performance, such as: management; governance and internal decision-making structures and processes; reinvesting surplus value; prioritising jobs over wages and profit; long-term focus; and shared values among members, workers and, in many cases, customers and clients.

## Factors affecting employment

Creating and retaining jobs is dependent upon commercial success, reflecting the organisations' ability to compete in current markets, to move into new markets and to develop and improve the goods and services they deliver.

Innovation was the most frequently mentioned driver of employment, followed by retaining existing markets and customers and expanding into new markets or attracting different types of customer. Management skills and competencies were also cited as a key driver.

Cuts to public funding were a barrier, both in terms of reducing the resources that were available and in relation to making tendering more competitive. While the financial crisis led to job losses in some organisations, it also created opportunities which many organisations were able to build on.

## Policy pointers

The findings of this study show that cooperatives and social enterprises can and do deliver positive employment outcomes, as well as good jobs. They appear to do this by incorporating the human resource practices that are being championed by many mainstream businesses. In this, cooperatives and social enterprises contribute significantly to the EU Europe 2020 policy aspirations for sustainable and inclusive growth as well as fair work identified within the European Pillar of Social Rights.

The evidence points to the need to support and promote cooperatives and social enterprises at the EU, national and regional levels as a vehicle for socioeconomic development. This can be done in various ways:

- **Continued general policy support** from the European Commission and Parliament

- **Better targeting of specific support** – more support measures may not be needed, but the extent of start-up and general business advice is uneven across EU Member States, and the visibility and targeting of existing support could be improved
- **Raising the profile of the sector** among public (for example, local economic development agencies) and private sector (for example, banks) organisations focused on encouraging and facilitating business development
- **Seeking to understand why cooperatives and social enterprises do not access more support**, especially support targeted at the sector, through further research – it may be that informal support networks can be exploited as a conduit for greater take-up of support
- **Promoting social value clauses in public tendering** rather than lowest cost in order to reduce pressures on delivering job quality
- **Promoting the sector as an alternative to public sector service provision** and encouraging cooperatives and social enterprises to tender for the delivery of public services
- **Mainstreaming the sector in enterprise and business education** in order to enable young people to make informed choices about entering the sector, both as a career option and as a business opportunity
- **Supporting the development of management skills** within cooperatives and social enterprises through tertiary enterprise and business education and within management training provided by business/local economic development organisations
- **Building on work undertaken by the European Commission to clarify the types and forms of cooperatives and social enterprises** – this will allow for better data to be collected in order to monitor the development and impact of the sector
- **Improving statistical data on the sector** in order to facilitate cross-country analysis and comparison and allow robust policy analysis

### Further information

The report *Cooperatives and social enterprises: Work and employment in selected countries* is available at <https://eurofound.link/ef18043>

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