



mesmer

Mapping European Social Market Economy:
Review on Social Dialogue,
Labour Market and Employment

MESMER – Mapping European Social Market Economy: Review on Social Dialogue, Labour Market and Employment

Final Report



This project has received funding from the European Commission, DG Employment, Social Affairs and Inclusion



CONTENTS

Introduction	3
Part One: Country Reports	7
Belgium	8
Bulgaria	21
France	33
Italy	48
Poland	71
Spain	82
Sweden	109
United Kingdom	120
Part Two: Focus on social dialogue and relationship between trade unions and worker cooperatives	146
Part Three: Conclusions and steps forward	160

INTRODUCTION

The context

In order to promote a 'highly competitive social market economy' and to boost social change and innovation¹, the European Commission has placed social enterprises and the social economy at the heart of its policy initiatives to find new solutions to economic and societal concerns: they are identified as key players with respect to sustainable growth, innovation, more and better employment, social inclusion and territorial cohesion. As underlined in many policy and working documents of the European Institutions², social enterprises are drivers of the Europe 2020 strategy, which aims to create a smart, sustainable and inclusive economy – and in particular to tackle unemployment, poverty, social exclusion and new societal challenges.

Social enterprises and the social economy (even given the lack of clarity in the use of the related terminology³) are recognised as a world of economic actors whose prior objective is to have a social impact rather than just to maximise profits for their owners or shareholders. Research and experience have highlighted how such companies operate by providing goods and services to society, while pursuing their primary social objectives. However, even if profits are not their main concern, the economic performance of social enterprises is often outstanding: profits are reinvested in the entrepreneurial activity, developed on the market and for the market in an innovative fashion. Social economy enterprises have shown themselves capable of high performance in the market and in economic terms. Not-for-profit organisations have proven to be able to pursue their social objectives in efficient ways, ensuring the provision of much-needed social services, especially to vulnerable people. Other kinds of businesses, such as co-operatives, have been highly resilient to the financial and economic downturn, and have produced services, wealth and employment even during the recent crisis⁴. The social economy alone provides work for over 14.5 million paid employees, equivalent to about 6.5% of the working population of the EU-27⁵. Social economy enterprises and organisations are economic and social actors meeting citizens' needs in all sectors of society.

Social enterprises are managed in an open and participatory manner, and have their own governance models, in which the involvement of employees, consumers and other stakeholders affected by their commercial activities is considered as a crucial value. This not only seems to have positive impact on their economic performance, but also represents a driver of economic democracy. The example of co-operatives all over Europe and worker-owned companies (*sociedades laborales*) in Spain witnesses that such a participatory

¹ Proposal from the Commission of 6 October 2010 on a European Union Programme for Social Change and Innovation (COM(2011) 0609)

² Such as the working document of the EESC's Section for the Single Market, Production and Consumption on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions *Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation*, INT/606 of 22 February 2012;

³ EESC INT/606 2012; EP Becker report 2012/2004(INI)

⁴ http://www.cecop.coop/IMG/pdf/report_cecop_2012_en_web.pdf

⁵ CIRIEC, *The Social Economy in the European Union*, N°. CESE/contract CES 18.106 – 2012

model pays off in terms of productivity, employee loyalty, retention of skilled personnel and economic performance.

The social economy and social enterprises can not only contribute to smart growth by responding with social innovation to collective needs that have not yet been met; they can also enhance sustainable growth, by taking account of their environmental impact and adopting a long-term vision; they are at the heart of inclusive strategies due to their emphasis on people, collective objectives and social cohesion.

As the European Commission states in presenting its Social Business Initiative, and as recently underlined by the European Economic and Social Committee, the specific nature of this type of business has three key dimensions: a social objective, entrepreneurial activity, and participatory governance. These combined factors mean that social enterprises are a crossroads where economic and societal features meet, and are therefore key players for matching business and societal priorities.

In order to support the development of social enterprises and the social economy, however, the shared opinion is that many initiatives still have to be undertaken.

Over 2,000 social entrepreneurs, supporters of social enterprise and representatives of institutions at European, national and local levels met and worked together in Strasbourg on 16-17 January 2014 to reaffirm the view that social enterprises must play a bigger role in the future of Europe. They identified new ideas and actions to unlock their potential for smart, sustainable and inclusive growth.

The Strasbourg Declaration calls on all the actors concerned to take action to realise the potential of social enterprise. Namely, *the EU must follow through on all the actions in the Social Business Initiative. It should develop a second phase of the SBI that broadens its scope, deepens its partnership with Member States, regional and local authorities, civil society organisations and key players in the ecosystem.*⁶

The project

The MESMER project has investigated social economy and social enterprises from an angle that is not yet well known, the dimension of social dialogue, as *the* method for combining the different demands and priorities of all stakeholders involved in the different dimensions of this special economic environment. Social dialogue is the most suitable tool for promoting better living and working conditions and greater social justice. It is the instrument through which participatory and democratic governance can be enhanced in many fields. In this sense, the social enterprise and social economy environment is fertile ground for such proactive interactions among all relevant stakeholders at European, national, local and company levels.

In particular, social enterprises and the social economy are relevant fields for enhanced dialogue between the social partners, given their potential to foster

⁶http://ec.europa.eu/internal_market/conferences/2014/0116-social-entrepreneurs/docs/strasbourg-declaration_en.pdf

employment and inclusion in the labour market.

This report is the result of research that investigated social economy and social enterprises along three main thematic lines:

1. The development of a map of social enterprises in a set of eight target countries (Belgium, Bulgaria, France, Italy, Poland, Spain, Sweden, United Kingdom) identifying characteristics, business models, economic weight, sectors of activity, growth potential, applicable rules and criteria, legal statuses and specific tax regimes.
2. The impact of social enterprises and the social economy on the labour market, in particular as drivers of employment creation, new entrepreneurship and inclusion, paying particular attention to the collection of information on working conditions, collective bargaining coverage, employment rights and negotiated measures for realising more and better jobs.
3. Aspects connected to the democratisation of the economy from the point of view of governance, the values of the specific organisational, ownership and corporate governance models of certain social enterprises, and optional and negotiated models reflecting the participative and democratic vocation.

The report

Part One of the report comprises eight country reports (Belgium, Bulgaria, France, Italy, Poland, Spain, Sweden, United Kingdom).

After a short introduction on the concept of social economy and its main components in each country, the country reports describe the main players of the social economy and their role in social dialogue and industrial relations. There follows an analysis of working conditions in social economy enterprises, the involvement of workers, and democratic governance (namely participation, consultation and information rights and models of business governance and worker involvement). Each country report is completed by descriptions of one or more concrete examples of good practices of social economy enterprises in the field of social dialogue.

Part Two of the report provides a crosscutting overview of the main findings of the research focused on the workers' cooperative sector since, from the country reports, it emerged that it is the sector with more interesting practices and where the cooperation with trade unions is more developed. This overview focuses on four countries, namely France, Italy, Spain and the UK, and examines in depth positive behaviours and practices that can be replicated or serve as experience for other countries.

Part Three consists in a series of conclusions aiming at supporting and addressing the European and national policy level, to contribute to the ongoing debate on the best way to shape initiatives to enhance social enterprises and the social economy and their role in social dialogue.

Acknowledgments

This publication has been put together by a team of international experts coordinated by DIESIS and ETUC.

Dorotea Daniele (DIESIS), Marina Monaco (ETUC) and Gianluca Pastorelli (DIESIS) coordinated the research and edited parts 2 and 3.

Toby Johnson edited the summary.

The country reports were prepared by:

Belgium: Pol Cadic and Dennis Stokkink (Pour la Solidarité)

Bulgaria: Veselina Starcheva and Vesselin Mitov (Podkrepa)

France: Marina Monaco (ETUC) and Gianluca Pastorelli (DIESIS)

Italy: Simonetta Sorio (Elabora) and Salvo Leonardi (Associazione Bruno Trentin)

Poland: Łukasz Komuda (FISE)

Spain: Francesc Abad (CONFESAL) and Paloma Arroyo (COCETA)

Sweden: Eva Ternegren (Coompanion)

UK: Toby Johnson (European social economy expert)

Special thanks to all researchers, public officials and representatives of trade unions, cooperative movements and social economy enterprises, who have dedicated their time (and their confidence) to the interviews carried out in the framework of the present research.

PART ONE

COUNTRY REPORTS

BELGIUM

1. The concept of social economy – main components and some aspects of social economy and social enterprises

1.1 Social economy and trade unions in Belgium: a longstanding and developing relationship⁷

Social economy and trade unions were born in the same historical context. The industrial revolution and the beginning of capitalism had severe social consequences and workers decided to set up solidarity organisations (mutual societies, associations and cooperatives) to meet their needs. On the other hand, trade unions had to defend the interests of workers against their employers; they wanted to improve the living conditions of the working class. This is how workers' movements and trade unions launched the first experimental structures in the social economy at the end of the 19th and the beginning of the 20th century: mutual societies, cooperative shops, banks and insurance companies.

Unfortunately, these two worlds have now lost the relationship which once bound them together: trade unions position themselves in conflicts that oppose workers and employers, whereas social economy organisations advocate principles of democratic and participative management. On one hand, trade unions are dubious and suspicious of the philosophy behind the social economy. On the other hand, many social entrepreneurs fear the establishment of trade unions in their organisations. This is because the democratic and participative management of social economy organisations requires a long building process which could be weakened by the arrival of trade unions representatives. Through participative and democratic rules and organisational modes, employees are involved in the strategy of the social enterprise. They are motivated and interact with each other to prevent social conflicts. This organisational mode makes it easy for them to bring matters such as working conditions to the negotiating table. However, the main obstacle to the improvement of working conditions or social advantages is financial resources, which can be tiny in many small social enterprises.

Although these conflicts exist, social economy organisations are part of the social dialogue, for instance through their participation in the intersectoral confederation UNISOC, which represents both private and public employers of social profit enterprises. UNISOC is not only the representative of social economy enterprises (see section 2 below).

The social economy sector should be aware that social dialogue bodies and participative and/or democratic organisations are complementary, for the well-being of the workers and the organisation.

⁷ Marie-Caroline Collard, Frédérique Konstantatos, *Concertation sociale dans les entreprises sociales*, http://www.saw-b.be/spip/IMG/pdf/a1215es_concertation_sociale.pdf, SAW-B, Analysis 2012, p.1, updates on 05/12/2013.

1.2 Presentation of the Belgian social economy

The social economy has a strong position in Belgium: it represents 10.30% of total paid employment, with 463,000 workers in 2010. 95% of workers of the social economy sector work in non-profit associations. This sector is also booming: between 2003 and 2010, paid employment in the social economy increased by 65.42%.⁸

The concept of social economy is well recognised in the country by the public authorities, companies which are active in the sector and by the academic world. Other terms are also used to designate this sector, such as "social enterprises" and "non-profit sector".⁹ In 1990, in a report for the Region of Wallonia (*Rapport à l'exécutif régional wallon sur le secteur de l'économie sociale*, Liège)¹⁰ the Walloon Social Economy Council (*Conseil wallon de l'économie sociale*) defined the social economy according to four criteria. These four criteria are the same as those used in the Walloon Decree on Social Economy (see the following chart). The three regions of Belgium (Brussels, Flanders and Wallonia) have passed legislation on the social economy.¹¹ In the text of the Brussels Capital Region, the criteria that define the social economy are the same as those contained in the Walloon decree.

Legislative text	Definition and criteria of the social economy	Representative organisation	Entities concerned
Walloon Decree on Social Economy (2008)	<p>Economic activities producing goods or services [...], whose ethics are expressed by the following principles:</p> <p>(1) Purpose is service to the community or to members rather than profit</p> <p>(2) Management autonomy</p> <p>(3) Democratic decision-making process; primacy of persons and work over capital in the sharing of profits</p>	<p>Walloon Council of Social Economy of the Economic and Social Committee of the Region of Wallonia</p> <p><u>Its Missions:</u> advising and evaluating public policies in the field of the social economy in the Walloon Region</p>	<p>Cooperatives, companies with a social purpose, associations, mutual societies, foundations</p>
<p><u>Source</u> : Walloon Region, <i>Décret relatif à l'économie sociale</i>, Belgian Official Journal, 31/12/2008, pp.69056-69059.</p>			

⁸ José Luis Monzón Campos, Rafael Chaves Ávila, International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC), *The social economy in the European Union*, Brussels: European Economic and Social Committee, European Union, 2012, pp. 47-49.

⁹ *Ibid.* pp. 39-40.

¹⁰ *Ibid.* p. 19.

¹¹ *Ibid.* p. 82.

The Belgian social economy includes the traditional organisations in the sector, namely cooperatives, mutual societies, associations and foundations. Another type of organisation was introduced in 1995 with the Act on Companies with a Social Purpose (*Sociétés à finalité sociale/vennootschappen met sociaal oogmerk*). The following chart describes this social entrepreneurial structure.¹²

Companies with a social purpose

Companies with a social purpose are commercial enterprises which have decided to include additional conditions in their statutes, notably:

- these companies do not aim at enriching their members;
- they have to define precisely the social purpose of their enterprise;
- they have to write an annual report about the way they achieve their social purpose;
- after at least one year in the enterprise, each staff member has the right to become a member of the General Assembly;
- each member owns at least one share. Each share carries one vote at the General Assembly and no one can have more than 10% of the votes.

The number of companies with a social purpose is estimated at 453, with 6,563 employees in Wallonia (2010).

Source: Observatoire frontalier de l'économie sociale et solidaire, *Les travailleurs participent-ils à la gestion des entreprises ?*, <http://www.observatoire-es.be/wp-content/uploads/2012/05/Les-travailleurs-participent-ils-%C3%A0-la-gestion-de-leur-entreprise-Cahier-OES.pdf>, Les Cahiers de l'observatoire transfrontalier de l'ESS, Numéro 4, mars 2012, p.4, updates on 12/12/2013.

Cooperatives, mutual societies, associations and foundations enjoy specific tax exemptions.¹³ We can therefore say that social economy organisations are well-recognised in Belgium.

2. Social dialogue and joint policy planning at national, regional and sectorial levels¹⁴

Social dialogue and consultation (*concertation sociale*) is the product of Belgium's social and economic history between the end of the 19th century and the 1960s. Two texts form the foundation of the Belgian social dialogue: the Social Pact in 1944 and the Law on the Organisation of the Economy in 1948. The Social Pact established the politicisation of work, making it no longer solely dependent on the laws of the market (supply and demand) on matters such as salaries, working conditions, working hours and unemployment. These matters are now negotiated between the representatives of the workers and the employers. However, the law defines where the negotiations take place

¹² *Ibid.* pp.73-74.

¹³ *Ibid.* p.77.

¹⁴ The second part of the report is based on: Frédérique Konstantatos, Marie-Caroline Collard, *Les entreprises sociales et leurs travailleurs dans la concertation sociale*, http://www.saw-b.be/spip/IMG/pdf/a1307_es_interprofessionnel_sectoriel.pdf, SAW-B, Analysis 2013, updates on 05/12/2013.

(institutions), with whom (actors) and how to finalise the negotiation (collective bargaining agreements: *conventions collectives de travail*).

The social dialogue takes place at different levels and within different contexts: at the federal inter-sectorial level and at regional, sectorial and enterprise levels. This part of the report will focus on the first three levels of negotiation and consultation. The final part will deal with the social dialogue at enterprise level. The social economy sector participates in the social dialogue at the various levels. There is no special mechanism for social dialogue in the social economy sector. It has to try to project its voice within the existing institutions.

2.1 Social dialogue and consultation at federal level: indirect representation of the social economy

At the federal level, three institutions are responsible for the social dialogue: the National Labour Council (*Conseil national du travail*: CNT), the Group of Ten and the Central Economic Council.

The National Labour Council comprises 26 members, half of which represent workers and half employers. Its function is to advise and to formulate proposals on social matters to the Belgian parliament and government. The representatives are inter-sectorial, and do not represent one activity, but many. Collective bargaining agreements must be implemented in all private enterprises and applied to all employees and workers in all branches of activity. The National Labour Council is not only a negotiation institution but also an essential organisation for consultation with the Central Economic Council. The former advises the Belgian government and parliament on matters that come under its purview, while the latter only has a role of consultation for economic subjects. Both organisations respond to ministerial or parliamentary questions and have the right to investigate a question. Concerning social economy matters, the Central Economic Council and the National Labour Council have the right to consult other organisations like ConcertES¹⁵ (consultation platform of representative organisations of the social economy in Wallonia and in Brussels) and UNISOC (see next chart).

The Group of Ten, a more informal group, includes five representatives each of employers and workers. Its aim is to draw up inter-professional agreements (*accords interprofessionnels* AIP) which define for two years the minimal rights of all employees and workers of the private sector and the rights of the beneficiaries of social benefits: indexation of salaries, level of benefits, etc.

To participate in these negotiating and consultative institutions, the representatives of workers and employers must be inter-professional and national with a minimum of 50,000 members in the case of a union. To be part of the National Labour Council or the Central Economic Council, an organisation has to fulfil these criteria and is also subject to a ministerial decision recognising it as representative or not. No organisation represents the social economy sector in both institutions. However, the Union of Social Profit Enterprises (UNISOC, see next chart) participates in both consultative and negotiating federal institutions, alongside employers' representatives.

¹⁵ Website of ConcertES, <http://www.concertes.be/joomla/content/view/29/143/>, updates on 05/12/2013.

Unisoc : Union of Social Profit Enterprises

Unisoc is a confederation representing employers of social profit enterprises at intersectoral and federal level. The members' federations are present throughout the country (Flanders, Brussels, and Wallonia) with activities that are both **private and public** in the following sectors: hospitals and health services and institutions, family and elderly support services, education and accommodation services, sheltered workshops, the sociocultural sector, education, social organisations and the performing arts.

At the intersectoral and federal level, UNISOC represents employers of social profit enterprises in the National Labour Council and the Central Economic Council among five other employers' organisations and three workers' organisations.

Sources: Unisoc, *Qui sommes-nous?*, http://www.unisoc.be/new/FR/Unisoc/updates_on_06/12/2013_

Unisoc, *Home, la concertation sociale*, <http://www.unisoc.be/new/FR/home/default.htm>, updates on 06/12/2013.

2.2 Presence of the social economy in the social consultation at regional level

Each Belgian region has a consultation organ which includes representatives of workers, the non-profit sector, the middle classes and employers: the Regional Economic and Social Committees. Their role is to advise the Regional Governments and Parliaments on their own initiative or at the request of these institutions. However, contrary to the federal institutions, the Regions have recently created specific organs dedicated to social economy enterprises. These are:

- in the Walloon Economic and Social Council (*Conseil économique et social de la région wallonne*): the Walloon Council of Social Economy (*Conseil wallon de l'économie sociale*);
- in the Economic and Social Council of the Brussels Capital Region (*Conseil économique et social de la région Bruxelles-Capitale*): the Consultation Platform of the Social Economy (*Plate-forme de concertation de l'économie sociale*).

	Walloon Council of Social Economy	Brussels Consultation Platform of the Social Economy
Members	<p>Representatives of employers and workers</p> <p>Representatives of enterprises of the social economy</p> <p>Representatives of Walloon Government Services</p> <p>Two experts from academia</p>	<p>Representatives of employers and workers of the Economic and Social Council of the Brussels Capital Region</p> <p>Representative of employers' organisations of the social economy sector</p> <p>Representatives of the Brussels Government</p> <p>Representative of the Ministry of the Brussels Capital Region</p> <p>Representative of Actiris (Brussels regional employment office)</p>

Both councils advise on matters related to the social economy, notably when projects reach a certain budgetary amount and concern many social economy enterprises. Another mission of the Walloon Council of Social Economy is to evaluate each year the implementation of the Decree on Social Economy (2008) and of political projects and actions in the field of the social economy.

Despite this visibility of the social economy sector at regional level, the influence and power of the Walloon Council of Social Economy and the Consultation Platform of the Social Economy remain low. Firstly, because these councils deal mainly with measures concerning work integration social enterprises and do not consider the overall scope of social enterprises. Secondly, because the activities of the Council and the Consultation Platform depend on the proactiveness of the minister in charge of the social economy sector and of legislative activity concerning the sector. Finally, other transversal policies like the ecological transition are not discussed in these institutions. As relatively young bodies, this is understandable, but the representatives of the social economy may use this opportunity, as a large economic sector, to raise this and many other issues.

2.3 Social dialogue at sectorial level: the social economy in the Joint Commissions

In Belgium, the social dialogue also takes place at the sectorial level between workers and employers in Joint Commissions (JC) to achieve equality among the workers and to prevent any unfair competition between companies in a national sector of activity. The Joint Commissions have two missions: preventing social conflicts between workers and employers and establishing the rights and duties of all parties in collective bargaining agreements (*conventions collectives de travail*), which have to be respected in work contracts. Some topics can be negotiated in Joint Commissions such as wage scales, the rate of reimbursement for transport costs, the recovery of overtime, etc.

As in the National Labour Council and the Central Economic Council, in the different JCs social enterprises are primarily recognised as enterprises in

competition with others, which have to follow the same rules. The specificities of social enterprises are not taken into account (economic activity as a means to achieve a social aim rather than to make a profit, application of profit and decision-making which favours the remuneration of work rather than capital). The chart below presents the JCs in the social profit sectors, in which many social enterprises are active.

Joint Commissions that are competent in social profit sectors

- JC 152 for the workers of subsidised private schools
- JC 225 for the employees of subsidised private schools
- JC 304 for the performing arts
- JC 318 for family and elderly help services
- JC 319 for services and institutions of education and accommodation
- JC 327 for sheltered workshops
- JC 329 for the sociocultural sector
- JC 330 for health services and institutions
- JC 331 for the Flemish sector of social aid and health care
- JC 332 for the French-speaking, German-speaking and "bicommunautaire" sector of social aid and health care
- JC 337 for the non-profit sector

Among others, the members of UNISOC sit in the competent Joint Commissions as employers' representatives.

Source: Unisoc, *Home, la concertation sociale*,
<http://www.unisoc.be/new/FR/home/default.htm>, updates on 06/12/2013.

One exception in the chart above is the Joint Commission 327, which is competent for sheltered workshops and not for an economic activity in particular. Sheltered workshops are active in the mailing, packaging and cleaning sectors. Their characteristics are their social aim and workers (persons with disabilities). It is the only JC which can be classified as a "social economy" JC.

The Joint Commissions can participate in some improvements and solidarity mechanisms in a sector of activity for the ongoing training of workers or job creation. For instance, the Fund4S (*Fonds4S*) of the sociocultural and sport sector (JP 329) organises and gives financial support to the training of workers by means of a contribution of 0.2% of the global wage costs of workers.

The social profit sector above the sector of activities

Some private enterprises have a mix of financial resources (public subsidies and private financing), which is a characteristic of social economy organisations: private sector organisations depending on the public sector for their financing. In the social profit sector, we can observe a different case where negotiations took place above the sectorial logic. In 2000, a "Social Profit Sector Agreement" associated representatives of workers, employers and governments, and defined among other things the description of functions and the pay policy.

2.4 Social economy in the Belgian social dialogue and consultation: limits and possibilities of development

The specificities of social enterprises are not recognised or taken into account in the social dialogue, although they depend on sectorial negotiations. Indeed, they are often subject to rules that they have not co-decided and which are not in coherence with these specific organisations. For instance, it is difficult for a social entrepreneur to be part of an employer federation because of:

- the relatively small size of social enterprises, which prevents them from having great influence;
- the philosophy of the social economy organisations: contrary to traditional employers who view work relations as a confrontation, in the social economy they are viewed as cooperation. This way of thinking is unusual and can be considered as suspect by other employers.

Some points can be emphasised to improve the position of social enterprises in the national, regional and sectorial social dialogue:

- Building common positions for the social economy sector: the Regional Economic and Social Committees could be useful institutions in which the social economy could be involved in general matters, not only social economy matters. A good step forward is the presence of the Union of Social Profit Enterprises in Wallonia (UNIPSO), in the Walloon Economic and Social Council;
- The various social dialogue actors should meet to work at removing all prejudices between social enterprises and trade unions and to achieve efficient results. Good practices of the social economy in respect of working conditions or worker security should be disseminated, so that all participants in the social dialogue are aware of what the social economy organisations can do;
- Complementarities can be found between social economy organisations and trade unions in the social enterprises, between participative and democratic principles and the social dialogue as understood by the unions. A rapprochement would be profitable to transform some Joint Commissions, so that they could include social economy organisations. The Ministry of Employment is responsible for defining the mandates of the JCs.

3. Social dialogue and joint policy planning: the players of social economy organisations¹⁶

Social economy organisations have their own democratic and participative bodies but they are also subject to the general rules that apply to all enterprises. Three bodies have been created for the social dialogue in enterprises:

- The Enterprise's Council (*Conseil d'entreprise*);
- The Committee for Prevention and Protection at Work (*Comité pour la prévention et la protection au travail*);

¹⁶ This part of the report is based on: Marie-Caroline Collard, Frédérique Konstantatos, *Concertation sociale dans les entreprises sociales*, http://www.saw-b.be/spip/IMG/pdf/a1215es_concertation_sociale.pdf, SAW-B, Analysis 2012, updates on 05/12/2013.

- The Trade Union Delegation (*Délégation syndicale*).

3.1 Legislation about social dialogue in enterprises

Enterprise Council:

- Compulsory for all private sector enterprises employing at least 100 workers.
- Composition: Elected representatives of the workers and representatives designated by the employer from among the management (their number must not exceed the number of workers' representatives).
- Function: information, consultation and negotiation between employer and workers.
- Missions: Elaboration and modification of working rules, advice and suggestions about the operation of the enterprise, ensuring that the enterprise implements worker protection legislation.

Committee for Prevention and Protection at Work:

- Compulsory in all enterprises with at least 50 staff.
- Composition: Employer and workers' representatives and a prevention adviser.
- Function: improving the well-being of the company's workforce.
- Missions: Advice and proposals on policy relating to the well-being of staff during their work, evaluation of the global plan of prevention and of the annual action plan devised by the employer, examination of all workplaces at least once a year with the prevention adviser.
- If there is no elected committee in the enterprise: The Trade Union Delegation takes on its role. If there is no Trade Union Delegation, the employer himself must consult his staff about their well-being in the workplace.

Trade Union Delegation:

- The conditions required for the creation of a delegation differ from one Joint Commission to another.
- Composition (if the conditions are fulfilled): Delegates elected by the workers or the trade unions.
- Function: Representative body of all workers and defence of their interests.
- If there is no Enterprise's Council and/or Committee for Prevention and Protection at Work in the enterprise: The Trade Union Delegation will take on their roles.

3.2 Social economy organisations and social dialogue: between principles and reality

Social enterprises, like all other Belgian enterprises, have to abide by these rules, even if they are more participative and democratic organisations. However, in the smallest organisations (which form a large part of social

enterprises), none of these bodies exist. For bigger structures, the three bodies must be implemented.

The specificity of the social economy organisation is to be an employer and at the same time to uphold values and principles shared by trade unions: the involvement of workers in the elaboration of the enterprise's strategy, a preference for conflict resolution through dialogue, the improvement of working conditions, etc. A schizophrenic situation exists in the social economy whereby some or all workers are members of the General Assembly in staff-owned social enterprises (cooperatives, enterprises with a social purpose, etc.). When some workers become delegates, they have to defend workers' interests, and, at the same time, the common welfare of the enterprise, which can lead to tensions or conflicts. The problem is that many social economy organisations cannot meet staff demands because of a lack of financial means. Each social enterprise has to be organised in such a way that the workers' interest and the common interest of the organisation do not come into collision.

However, creating an Enterprise Council, a Committee for Prevention and Protection at Work and/or a Trade Union Delegation holds several advantages for social enterprises. By clarifying the situation for all workers thanks to organisation and formalisation (regular meetings about well-being at work for instance), these bodies enable the enterprise to be more efficient and to better anticipate any conflicts and the needs of its workers. In bigger structures, representation is also an advantage: an isolated worker who may fear to speak out publicly about his or her problems with the team can speak more easily with the delegate, helping to resolve latent conflicts.

In social enterprises, an equilibrium has to be found between representation in social dialogue bodies (formalisation) and personal involvement (philosophy of the social economy), which are both necessary and bring advantages to the organisation. It is an important issue that has to be solved by each social enterprise. There are other places for involvement and democratic participation. Formalisation and involvement are complementary and social enterprises should recognise this, but few of them do.

4. Conclusions

The social economy sector carries significant weight in Belgium (10% of total paid employment) and is well recognised by regional and national governments. However, in the institutions of social dialogue and consultation, the sector is poorly recognised and heard. The social dialogue in social economy organisations is another essential issue. The social economy prides itself on being democratic and on having participative organisations. The reality is different: very few social enterprises and associations have workers who are not members of the management on their Board of Directors. In addition, participative management depends on the values of the organisation's executives. Two archetypal visions have been observed: a managerial one, which is against worker participation to preserve the good operation of the enterprise, and a political one, which tends towards participative decision-making.¹⁷ One should add that working conditions

¹⁷ Observatoire frontalier de l'économie sociale et solidaire, *Les travailleurs participent-ils à la gestion des entreprises?*, <http://www.observatoire-es.be/wp-content/uploads/2012/05/Les->

in the social economy sector could be improved. The proportion of part-time contracts is higher in the social economy sector in Brussels and in Wallonia than in the total economy. Moreover, the proportion of women is higher than the proportion of men in part-time jobs in the social economy sector. This is also linked to the general increase of part-time jobs in recent years, in the economy as a whole as well as in the social economy, in Brussels and in Wallonia.¹⁸ For all the reasons mentioned above, the social economy sector must take the social dialogue into account if it wants to be heard outside its sector, defend its specificities and be in keeping with its principles.

5. Two good practices of social dialogue in the social economy sector¹⁹

An ethical label of social economy organisations active in the fields of recycling and re-use, **Solid'R**, was created in 2010 by several small and big associations. In its charter, it commits itself to abide by the ethics of the social economy, and thus to respect the modalities of democratic decision-making and the regular information and consultation of workers about the organisations' results and its strategic choices.

In 2009, the association Solidarity of Walloon and Brussels Alternatives (SAW-B: *Solidarité des alternatives wallonnes et bruxelloises*) launched the social economy construction project (**chantiers de l'économie sociale**) in Wallonia. Its aim is to organise the participation of employees in the governance of the members of SAW-B, namely small and medium-sized social enterprises. For small organisations with weak financial means, the mutualisation of competences and the help of a unifying organisation like SAW-B ensure the effective participation of workers. The participating social economy organisations have noticed the positive impact of this training on their performance.

6. Bibliography

- Marie-Caroline Collard, Frédérique Konstantatos, *Concertation sociale dans les entreprises sociales*, http://www.saw-b.be/spip/IMG/pdf/a1215es_concertation_sociale.pdf, SAW-B, Analysis 2012, updates on 05/12/2013.
- Frédérique Konstantatos, Marie-Caroline Collard, *Les entreprises sociales et leurs travailleurs dans la concertation sociale*, http://www.saw-b.be/spip/IMG/pdf/a1215es_concertation_sociale.pdf

[travailleurs-participent-ils-%C3%A0-la-gestion-de-leur-entreprise-Cahier-OES.pdf](http://www.saw-b.be/spip/IMG/pdf/a1215es_concertation_sociale.pdf), Les Cahiers de l'observatoire transfrontalier de l'ESS, numéro 4, mars 2012, p.6,10, updates on 12/12/2013.

¹⁸ Observatoire de l'économie sociale, *Etat des lieux de l'économie sociale en 2011*, <http://www.observatoire-es.be/wp-content/uploads/2013/01/lesCAHIERS-n8.pdf>, Les Cahiers de l'Observatoire, numéro 8, December 2012, p.18, updates on 12/12/2013.

¹⁹ Chorum, CIDES, European Think Tank Pour la solidarité, *Dialogue social et qualité de vie au travail : les innovations dans l'économie sociale en Europe*, <http://cides.chorum.fr/blobs/medias/2328977739217945821/16-10-12%20-%20DIALOGUE%20SOCIAL%20&%20QUALITE%20DE%20VIE%20AU%20TRAVAIL%20-%20light.pdf>, Actuality Note, October 2012, pp.12-13, updates on 12/12/2013.

b.be/spip/IMG/pdf/a1307_es_interprofessionnel_sectoriel.pdf, SAW-B, Analysis 2013, updates on 05/12/2013.

- Chorum, CIDES, European Think Tank Pour la solidarité, *Dialogue social et qualité de vie au travail : les innovations dans l'économie sociale en Europe*, <http://cides.chorum.fr/blobs/medias/2328977739217945821/16-10-12%20-%20DIALOGUE%20SOCIAL%20&%20QUALITE%20DE%20VIE%20AU%20TRAVAIL%20-%20light.pdf>, Actuality Note, October 2012, updates on 12/12/2013.
- Observatoire frontalier de l'économie sociale et solidaire, *Les travailleurs participent-ils à la gestion des entreprises ?*, <http://www.observatoire-es.be/wp-content/uploads/2012/05/Les-travailleurs-participent-ils-%C3%A0-la-gestion-de-leur-entreprise-Cahier-OES.pdf>, Les Cahiers de l'observatoire transfrontalier de l'ESS, numéro 4, mars 2012, updates on 12/12/2013.
- Observatoire de l'économie sociale, *Etat des lieux de l'économie sociale en 2011*, <http://www.observatoire-es.be/wp-content/uploads/2013/01/lesCAHIERS-n8.pdf>, Les Cahiers de l'Observatoire, numéro 8, December 2012, updates on 12/12/2013.
- Unisoc, *Home, la concertation sociale*, <http://www.unisoc.be/new/FR/home/default.htm>, updates on 06/12/2013.
- Website of ConcertES, <http://www.concertes.be/joomla/content/view/29/143/>, updates on 05/12/2013.
- Region of Wallonia, *Décret relatif à l'économie sociale*, Belgian Official Journal, 31/12/2008, pp.69056-69059.
- José Luis Monzón Campos, Rafael Chaves Ávila, International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC), *The social economy in the European Union*, Bruxelles : European Economic and Social Committee, European Union, 2012.

BULGARIA

1. The concept of social economy – main components and some aspects of social economy and social enterprises

1.1 Concept and brief history

In Bulgaria the concept of social economy was promoted as a pattern to fight poverty, instability, insecurity, some of the most worrying problems of Bulgarian society. In April 2012, Bulgaria developed a **National Social Economy Concept** as an expression of the political involvement of the government institutions and social partners for creation of a favourable environment for the development of social economy models and practices. This concept was drafted and discussed with broader involvement and participation of social partners, SE representatives NGOs.

The concept's vision is:

- to establish an operational SE sector, contributing proactively to the inclusion of vulnerable groups, flexible and stable employment and territorial cohesion.
- to enable the introduction of indicators to identify social economy entities and to serve as a source of norms, supporting SE development and helping stake-holders to spread and apply the spirit of social economy.

1.2 Legal aspects of social economy

Social enterprises in Bulgaria operate in several economic activities:

- delivery of social services
- providing jobs for people with disabilities
- assistance in finding employment for unemployed persons
- provision of health services
- activities in the field of education and others

In the implementation of these activities the principle is not to realise profit, but to support vulnerable social groups to integrate into society. Bulgarian National Legislation provides a complex set of regulations intended for the development of activities relevant to the nature of social economy:

- Trade Act;
- Act on Cooperatives;
- Act on non-profit legal persons;
- Act on the integration of people with disabilities;
- Act encouraging employment;
- Act on social assistance.
- Act on small and medium enterprises;
- Act on crafts;

- Act on the protection and development of culture;
- Act on corporate income taxation.

Although not directly addressing SE entities, the current national legislation is favourable to a high degree to provide fair conditions for establishment, running and protection of social entrepreneurship in various legal and economic forms. A major task is to support SE entities to settle with the benefits that the current laws provide. Statistical recognition of SE is crucial for political decision-making.

A legal and institutional upgrade of existing legal provisions may be identified as immediate necessity. The lack of governmental policy is a major obstacle to social entrepreneurship in Bulgaria, because social enterprise and social entrepreneurship should be regulated by a separate act which should determine their status. In addition, in Bulgarian legislation there is no legal definition of social enterprise, nor any rules that regulate their status, form and activities. Thus we may assert that current tax and other financial and non-financial incentives are insufficient to promote real development of social entrepreneurship.

The Bulgarian legal framework should define the scope of the term "social enterprise" both taking into account the characteristics specified in the Regulation of the European Parliament and the Council on European Social Entrepreneurship Funds of 17 April 2013 and complying with the Bulgarian context, so as to ensure a balance between economic efficiency and social objectives by giving precedence not to the legal form of the social enterprise as a subject of the law, but to its objectives and the impact of the activity which it pursues.

1.3 The size of the Bulgarian social economy sector

As explained previously, the concept of social enterprises is not fully integrated into specific policy and law in Bulgaria. Closest to the concept of social enterprise are NGOs with different profiles, social service providers and cooperatives. NGOs that are social services providers and training organisations, together with cooperatives of people with disabilities, currently form the SE sector in Bulgaria. The most popular model of social enterprise NGO is the model of employment creation and development of the workforce. These models are based on the opportunity to create new jobs for specific targets groups (related to the so-called "protected employment"). The main activity fields of those NGOs (social enterprises) are: social, health care prevention, educational and training services. In the databases of the Ministry of Labour and Social Policy currently are registered 820 private providers of social services. There are no statistics about the number of organisations developing additional activities.

Social enterprises in Bulgaria operate in different sectors. They are most frequently involved in:

- providing social services
- providing employment for people with disabilities
- mediation in finding a job for unemployed persons
- providing healthcare services and activities related to education

The existing statistical information on the figures of corporate tax paid by NGOs on their business activities shows, indirectly, the financial viability of social business in Bulgaria. According to this information, it is suggested that there is good potential for business activity to be developed even further, judging from the fact that in 2007 and 2009 the figures are significantly higher than the previous years.

Nevertheless, accurate figures for the Bulgarian social economy sector cannot be provided because of:

- lack of legal definition of SE
- lack of statistical recognition and information

The lack of explicit legal regulation today enables social enterprises to be established under different legal forms:

- Non-profit organisations (NPOs) that can perform business activities directly. It is this economic activity that would identify a NGO as a social enterprise, as long as it pursues a social objective and profit is used to finance its social mission;
- Non-profit organisations which provide employment to people with disabilities or provide training services (for example skills training to develop employability);
- Non-profit organisations engaged with social assistance;
- Cooperatives.

Not all cooperatives in Bulgaria have a social or altruistic mission. Among them as social economy entities may be selected:

- cooperatives of people with disabilities
- cooperatives that provide social services or goods to vulnerable, marginalised people

Regarding cooperatives the main sources of funding are the members and trade or production. In addition for those with disabled people there is the "Fund for rehabilitation and social integration".

In Bulgaria, the social economy, in the form of cooperatives, associations and foundations, includes over 600,000 members.

Bulgarian cooperatives have a 120-year history and during this period they have undergone severe trials and crises. They have succeeded in adapting to the changing socio-economic circumstances and today they are one of the major players in the social economy in Bulgaria. In Bulgaria almost 2,000 cooperatives are active and they have 0.5 million members and create 50,000 jobs. In the cooperatives 50% of the people with disabilities are employed²⁰.

In Bulgaria four national cooperative unions exist which include cooperatives, regional cooperative unions and cooperative trade associations.

Today the cooperatives cover a big share of economic activities important for the society: production and trade of goods for the living, cultivation of land, production of technical goods and farming goods and services.

²⁰ Opinion of the Economic and Social Council of Bulgaria on the Role of the Bulgarian cooperatives for the social economy in the context of Strategy Europe 2020, 2011

The associations and foundations number 9,009 with 1,723,000 members – 102,000 legal members and 1,621,000 physical members. Volunteers are 60,000 and they have worked off 2,232,000 hours in year 2011²¹.

2. Social dialogue and consultation. Players of social economy and social enterprises

2.1 The structure of social dialogue and its players

In Bulgaria there is a legal and institutional framework of social partnership which functions at all levels. It is implemented on a tripartite and a bipartite basis.

At the national level, social dialogue in Bulgaria is performed on a tripartite basis – between the government and nationally representative organisations of employers and trade unions within the **National Council for Tripartite Cooperation** – body to promote cooperation and consultation at the national level. Its members are equal and represent the social partners: the organisations of workers and employees, those of employers, and representatives of the government. The system for cooperation and consultation in the area of labour relations involves all levels, industries, branches and municipalities by means of councils for tripartite cooperation.

The bodies for tripartite cooperation are:

- The National Council for Tripartite Cooperation
- Industry- or branch-specific councils for tripartite cooperation
- Municipal councils for tripartite cooperation.

Current legislation places the consultations between public authorities and social partners – nationally representative trade unions and employer organisations at the centre of the tripartite cooperation in dealing with employment, insurance relations and living standards.

2.2 The player of the social economy

In Bulgaria the National Union of Worker Producers' Cooperatives (NUWPC) is the largest employer for persons with disabilities, with some 30 specialised enterprises: cooperatives of people with disabilities. These 30 entities employ about 1,180 cooperators, with various degree of disabilities, **in special working conditions**.

Cooperatives of people with disabilities are:

- traditional producers of clothes made of textile and knitwear, underwear, leather products, toys and souvenirs;
- leading in the production of working clothes, baby and children confection;
- acknowledged in the sector of packing of plastics, pasteboard and cardboard;

²¹ National Statistical Institute of Bulgaria.

Their production has long ago won the confidence of the Bulgarian and foreign consumers. The cooperatives are awarded golden medals at prestigious trade international trades and exhibitions.

NUWPC supports and represents the specialised cooperatives vis-à-vis public and social bodies and organisations in the country and abroad and enjoys the confidence of the executive power, being a correct partner in the field of social policy in respect of people with disabilities.

2.3 Concrete results from the social partnership

The Bulgarian government will adopt in early 2014 **a plan for the development of social economy**, including measures related to awareness, education and research, as well as training for the stakeholders.

In addition, a **permanent working group on social economy** and social entrepreneurship will be created within the Ministry of Labour and Social Policy, a sign of the importance to the social economy in Bulgaria.

2.4 Bulgarian Economic and Social Council

A relatively new form of social dialogue was created in Bulgaria with the establishment of the Economic and Social Council. The Council is an institution with a wider scope which involves representatives of organised civil society. With a view to implement organised civil dialogue ESC continues, complements, and expands to a new level the social dialogue between the structures of civil society, as well as between them and the government, on various issues of public importance. ESC is a typical form of direct participatory democracy, operating through the concerted actions and close cooperation between the major civic organisations in the country and the public authorities.

The activity of ESC begins with its first plenary session held in 2003 and has its own budget, its own premises and its own administration to assist its activities.

Bulgaria is the first of the new member states of the fifth EU enlargement, in which the Economic and Social Council was established and successfully developed as a new type of institution modelled on the European Economic and Social Council. It does not include representatives of the government which makes it an advisory body entirely independent of the executive and legislative powers. For the period of its operation ESC has established itself as a Bulgarian civil parliament bringing together different organisations of the civil society which share common interests. In its opinions, resolutions and analyses adopted by absolute consensus ESC provides to the legislative and executive branches of government the consolidated positions and proposals of the members of the Council on important public issues – economic, social, demographic, etc.

ESC is a unique type of institution in which the three major groups of civil society organisations take part: employers, trade unions and other organisations with common interests. ESC consists of 36 members. Individual organisations participate proportionally – each one has 12 representatives. Group I of the ESC consists of 12 members appointed by the governing bodies of employers' organisations recognised as nationally representative. In Bulgaria there are 4 organisations that fall into this category, and each of them has two representatives on the ESC. Group II of the ESC includes 12 members appointed

by the governing bodies of recognised nationally representative organisations of workers and employees. There are 2 organisations that fall into this category: the Confederation of Independent Trade Unions in Bulgaria and Confederation of Labour "Podkrepa." Each of them has six representatives on the ESC. Group III of the ESC comprises 12 members representing various civic organisations of farmers, production cooperatives of craftsmen, consumers, women, people with disabilities, pensioners and other social as well as two independent scholars – experts on problems of economic and social policy.

Five organisations represent social enterprises in Group III of ESC:

- Central Cooperative Union
- National Union of Worker Producers' Cooperatives
- Psychological Centre for Research
- Union of Disabled in Bulgaria
- Movement of people with Disabilities

ESC may prepare on its own initiative opinions, analyses and resolutions on legislative Bills, national programmes and plans for economic and social development, current issues concerning economic and social policy and civil society. Institutions on whose initiative ESC acts have been prepared and adopted as well as institutions to which ESC acts have been addressed invite representatives of the Councils when the respective issues are discussed and resolved.

Since its creation ESC has adopted 70 opinions, resolutions and analyses on the most significant economic, social, demographic, educational and other problems of strategic importance for the development of the country.

Most of the proposals of ESC were implemented in effective acts – laws, national strategies, national plans and programmes adopted by different ministries on key issues related to the country's economic and social development.

A significant number of the resultant proposals have been taken into consideration by the relevant governmental institutions when undertaking regulations and actions for the strategic development of the country.

Social dialogue has a practical impact on all areas of every national social and economic policy. It brings employers' and workers' organisations together in bilateral discussions and in consultation processes. Social enterprises should be systematically represented on formal consultation bodies as a key player alongside other traditional participants, namely employers' and employees' representatives.

This requires social enterprises to work together by area of activity with workers' organisations in order to achieve the requisite level of representativeness of their employees, to introduce a new form of social partnership, combining the interests of employers and employees.

Presently social enterprises are not seen as sufficiently different to be recognised as a distinct player in social dialogue.

Currently they have no access to it.

Traditional players in social dialogue, in particular trade unions, are to implement specific way of working with those enterprises

Bringing together social economy actors and trade unions will develop measures promoting decent employment and limiting precariousness and insecurity at work.

Social dialogue is one very appropriate instrument to meet the economic and social challenges faced by SEs.

Social dialogue can provide tailor-made answers for SEs by:

- putting pressure upon authorities and decision-makers to implement favourable administrative, fiscal, and economic policies – example National Concept is a result of common work and consultancy
- creating conditions for development of networks and co-operations
- providing professional training and requalification
- improving the health and safety working conditions, which will lead to the increase of the quality of working environment and working relations
- improvement of staff representation by pointing out the areas of common economic and social concerns between employed and owners/managers
- establishment of a streamlined corporate culture based on active employee involvement and participation through social dialogue in new social partnership forms – financial participation, co-ownership.

3. Relevant elements of industrial relations structure

3.1 Four levels of collective bargaining

Collective agreements shall be concluded by enterprises, branches, industries and municipalities. Only one collective agreement may be concluded at each level. The parties of CA at sectoral/branch level should be national representatives. The initiative and the obligation for drafting CA at enterprise level as well as at of sector/branch levels belong to the trade union/unions.

The aim of SE Cooperatives is in correlation with trade union aims and goals.

The aim of each Cooperative is the protection of the rights of its members – right to work, to salary, to be part of the society, to be integrated, but cooperative members are not workers, they are OWNER-WORKERS.

Therefore, they may be not be subject to unionisation, or are not subject to collective negotiation and agreements.

These enterprises are acting on behalf of their members in accordance with the Cooperative Statute, pursuant to the Cooperative Societies Act.

SE Cooperatives are mostly focused on social integration of marginalised or vulnerable groups such as blind people, physically disabled, people with hearing impairment, etc. This explicit social orientation is provoked by the fact that the cooperatives are established by a group of people with the purpose of helping the group.

3.2 Work conditions in social enterprises

Working conditions in Bulgaria are postulated for every employment category – to be very same. Bulgarian legislation does not make any difference between workers, and they should be provided with appropriate working conditions and should have sustainable working environment.

Concerning the employment of people with disabilities, there are provisions in Labour Code and in the Law for Integration of People with Disabilities, and there are Regulations which impose the adaptation of working places to specific individual characteristics.

4. Participation, information and consultation rights

Those are regulated by the Labour Code, are independent of the ownership or the size of the economic activities, and are applied to all paid workers labour. The employer is obliged to provide timely, accurate and understandable information about the enterprise to the worker's representatives and to the trade unions. A separate agreement between the employer and the TU representatives determines the type of information and the terms in which it has to be provided; the terms in which the representatives will prepare their opinion; the time for consultations; the authorised representatives of the employer, who will have the task to provide information. The very same procedure governs consultation, including the following obligatory elements:

- ensuring workers' opinion on the information, provided by employer
- motivated response by the employer on this opinion
- dialogue (negotiations) and – if possible – reaching agreement

The employer is obliged to provide information when planning changes in the situation, structure, work organisation (mass lay-offs) or ownership, on purchasing new facilities, on acquiring other companies and on changing contractual relations (the deadline is one month before those changes).

5. Good practices of social dialogue in the social economy sector

PODKREPA CL and the National Union of Worker Producers' Cooperatives in Bulgaria have a long-lasting, well-established partnership, based on their common goals to defend collectively the interests, to represent and improve the situation of working peoples.

Both organisations are actively involved in promoting and strengthening social economy in Bulgaria.

Besides the exchange of expertise and join opinions within the activities of SD and ESC, they participate jointly as partners for implementation of EU-funded projects. Two extremely important and successful cases can be pointed out:

1. Project **Campaign on Social Inclusion in Support of the Reinforcement of the Open Method of Coordination” (2008-2010)**, promoted by the European Think tank “Pour la Solidarité”. The project aimed to raise the awareness of European citizens of the OMC process and of EU and national policies on fighting the social exclusion and active social inclusion, taking into account existing national specificities. The project involved 10 partners from Bulgaria, Romania and Belgium. The Bulgarian partners defined as their key priority: initiating a nationwide public awareness-raising campaign on social exclusion and poverty and promoting broad public debates on poverty and social exclusion in the country. The nationwide awareness-raising campaign was launched at the beginning of March 2009 with the presentation of the Bulgarian partners’ report – an analysis on poverty and social exclusion in Bulgaria. In the framework of the project two round-tables and one conference were organised to deepen the discussion, exchange and promotion on effective social inclusion of most vulnerable social groups in Bulgaria.
2. The **Project ORA Orienter Autrement (Guiding Differently) (2011-2013)**, implemented in four European countries – Belgium, Bulgaria, France, Romania – with the aim of improving the socio-professional orientation process of people with disabilities and able to work, placing them at the centre of lifelong guidance and elaborating a European Charter for the active guidance of persons with disabilities. The project was led by the Think-tank Pour la Solidarité and brought together structures of adapted work (ESAT), federations representing companies in the sector of adapted work and specialist organisations of lifelong guidance. Partners involved have drawn up a local guide using recommendations and observations made and adapted to the local network as per key steps making up the active guidance process of persons with disabilities. These local guides are conceived as small methodological guides for people and organisations wishing to implement active guidance solutions for persons with disabilities in a given context: how do I proceed if I want to set up the ORA process in my territory? These five local guides have been drawn up further to local ORA experiments conducted in Belgium, Bulgaria, France and Romania. The “ManifestORA” European Charter has been drawn up from the results and recommendations generated by the ORA project. Its purpose was to give marks, and set out general principles and common values to raise the awareness of all stakeholders involved in guidance, employment and training on the needs and expectations of persons with disabilities. This ManifestORA militates to promote the active guidance of persons with disabilities in Europe as a step toward their actual social inclusion. The Bulgarian partner PODKREPA CL acted in close cooperation with the NUWPC. Two experts from the Union were directly involved with the national work group – elaborating the analysis, mapping the existing structure and disseminating the result. PODKREPA was the partner responsible for the elaboration of Manifest ORA and after the product was presented at the final conference, the Charter, as all other project products (national report, local guide, analyses and evaluation materials) were disseminated to NUWPC structures.

3. European Fair of Enterprises and Cooperatives in the Social Economy

In order to develop social entrepreneurship, exchange of experience, to increase opportunities for employment of people with disabilities and to

establish business contacts, this initiative, conducted since March 2012 is held every year with the support of the EC. Other co-organisers are the European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises (CECOP), the Ministry of Labour and Social Policy, the Agency for People with Disabilities, the National Union of Worker Producers' Cooperatives, the National Federation of Employers of People with Disabilities, the Union of the Deaf in Bulgaria and the National Union of Cooperatives of the Disabled.

The main objective of the Fair is to promote an active social position of the members of specialised enterprises and cooperatives for people with disabilities, their achievements in employment in the process of integration in the social and public life. National exhibitions for specialised cooperatives and enterprises for people with disabilities are organised to improve the poor public awareness about the abilities of people with disabilities. These exhibitions are also targeted at fighting the negative attitude among employers who are sceptical towards the abilities of people with disabilities to properly work and earn their salaries. Promoting the activity of people with disabilities allows them to become integrated into the working process, it speeds up their rehabilitation and social inclusion and it helps improve their social and economic status.

Products manufactured by people with disabilities were presented at 600 km² of exhibition area, in the most popular Exhibition centre in Bulgaria – Plovdiv International Fair. Thus the results of these people's work, which were presented at the exhibition, become known among big range participants and visitors of the event, including state and public organisations, and both domestic and foreign business companies and consumers. One should note that such huge events could not be held solely by the individual specialised enterprises for people with disabilities. The enterprises that participate in the exhibition seek to find not only possibilities to present themselves, but also public accreditation of the various goods and services produced by people with disabilities.

The first Fair in 2012 was attended by 74 social enterprises and cooperatives for people with disabilities from Bulgaria and Europe (including 64 social enterprises and cooperatives from Bulgaria). In 2013, 90 social enterprises and cooperatives from Austria, Belgium, Bulgaria, Italy, Malta, Norway, Poland, Romania and Serbia took part, and the number of visitors amounted to 30,000.

The third European Fair of Enterprises and Cooperatives in Social Economy will be held in March 2014 in Plovdiv. The exhibition has developed into an international event, a European forum comprising an international conference, a roundtable discussion and a European Fair.

The European Fair is a message to the whole of the EU that:

- cooperatives, social and specialised enterprises for people with disabilities should be actively supported by implementing special programmes;
- social enterprises and cooperatives of people with disabilities have a significant implication in the society life and business – they may help to solve many social problems.

The European Fair of Social Enterprises and Cooperatives of People with Disabilities is an innovative model for strengthening specialised employment and work force development. It is a mechanism for social inclusion of people with disabilities. It provides opportunities for sustainable employment to people with disabilities within the country through promoting their labour and creating new contacts and business partnerships.

A representative of PODKREPA participated in the Third European Forum of Social Entrepreneurship, held from 20 to 23 March 2014 at the International Fair Plovdiv. This year the programme of event included a conference on "Promoting Social Entrepreneurship – Opportunities and Perspectives" and roundtable on "Social Entrepreneurship Development – the Role of the State and Municipalities". The conference was attended by Nikolay Nikolov, PODKREPA's Senior advisor on Social policy. In its statement to participants, Nikolov presented PODKREPA's position with regard to the development of social economy and the promotion of social entrepreneurship in Bulgaria – complete understanding of social enterprises' problems and effective partnership between social players: mutual support in the legislative process; common initiatives and projects. The PODKREPA expert stressed that partnership with workers' production cooperatives is a win-win for national trade unions, because their unique characteristics enable them to contribute to social and economic goals. This requires finding a balance between economic and social dimensions to be engaged with trade unions in the pursuit of those mutual goals, relating to decent employment, social inclusion, equality and qualification. Workers' production cooperatives and trade unions have common roots, shared values and long-standing commitments on labour-related topics.

FRANCE

1. The concept of social economy and its main components

1.1 General overview

In France, the social economy started developing at the end of the 19th century with the creation of associations, cooperatives and mutuals. These are citizens' organisations with different legal structures aiming to build a sustainable business model with social aims, where the human element prevails over capital.

Social economy enterprises produce goods and services in all areas of activity. They are defined, firstly, by the legal statutes they adopt. Therefore social economy includes:

- mutuals adopting the code of mutuality and mutual insurance
- cooperatives
- associations
- foundations

As in any living sector, new types of structures became part of it: companies called 'solidarity economy enterprises' (*entreprises de l'économie solidaire*), which emphasise economic citizenship to promote more balanced and better regulated economic relations, and which provide work integration through economic activity. They include commercial companies, although the majority of them are associations.

In 2012, the French government, recognising the contribution this sector makes to the creation and redistribution of jobs that cannot be outsourced, created the Ministry for the Social and Solidarity Economy attached to the Ministry of Economy and Finance.

At the same time, the government started working on a bill for the sector, which includes the following key provisions:

- legal recognition of the social and solidarity economy (SSE), its players, the specificity of their aims and their contribution to the national economy, and definition of conditions (e. g. governance) allowing access to special support;
- definition of the tools by which the state and local government support and integrate the social and solidarity economy in their public policies;
- modernisation of the regulations governing cooperatives, mutuals and the financing of associations;
- strengthening of the legal framework of institutions contributing to public policies for the social economy and regular convening of a National Conference on the Social and Solidarity Economy.

1.2 Relevant figures

Without even being aware of the fact, millions of French citizens are daily affected by the SSE. Thus, in France:

- 38 million people are protected by a mutual federated in the National Federation of French Mutuels (FNMF); they employ 76,000 people and animate a network of 2,500 care and mutual support services;
- 21,000 cooperatives employ nearly one million workers in all economic sectors. Nearly 24 million members participate in the democratic governance of cooperatives;
- 45% of French inhabitants are members of an association and nearly 16 million of them are volunteers. Moreover, with over 1.8 million employees, associations represent 85% of the employment in the SSE.

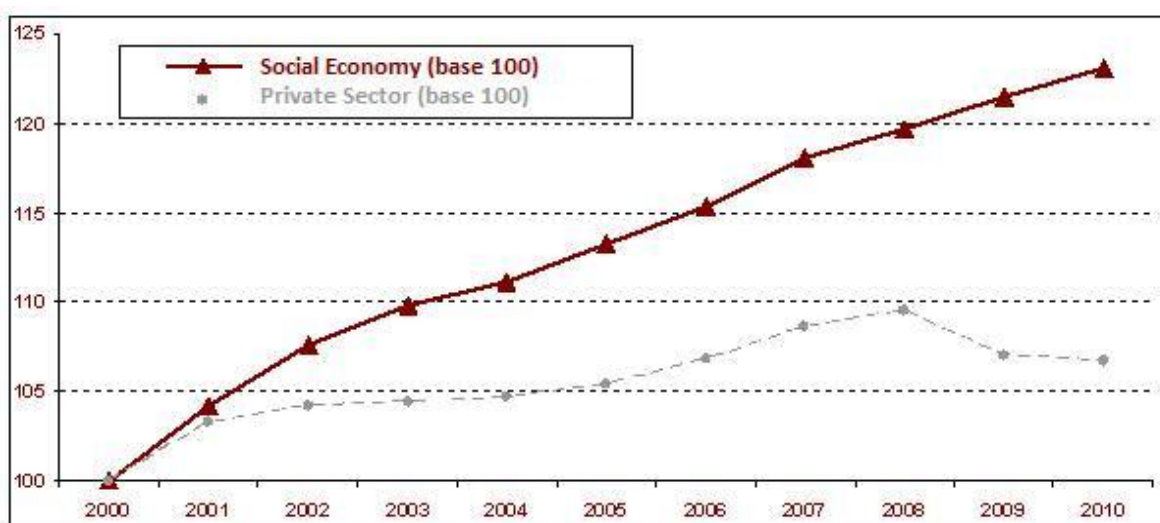
The socio-economic relevance of the sector is very significant today as it accounts for between 7% and 10% of GDP according to different sources.

The SSE is present in almost all economic sectors. It has often addressed emerging needs which have then become fully-fledged markets, such as care, mass tourism and home help.

Over the past ten years, the SSE has created 440,000 new jobs, with a growth rate of 23%. In the same period, total private employment increased only by 7%.

With nearly 600,000 jobs to replace by 2020 because of retirement, the social economy is a source of jobs for the next 10 years.

Employment growth in the social economy and the private sector 2000-2010



Source: ACOSS-URSSAF – Traitement Recherches et Solidarités.

2. Social dialogue and the social economy

Social dialogue plays a vital role in the social relations of work, which the social partners – the employers' organisations and trade unions – are continually developing by negotiating agreements at the enterprise, sector, multi-professional and inter-professional levels.

In the social and solidarity economy, as in other sectors, different levels of social dialogue coexist: multi-professional social dialogue (moderated by UDES (*Union des employeurs de l'économie sociale et solidaire*)),²² sectoral social dialogue, company-level social dialogue and local social dialogue (which may be sectoral or multi-professional).

2.1 Actors of social dialogue

The Council of Enterprises, Employers and Groupings of the Social Economy (CEGES) brings together enterprises, employers and organisations belonging to the social and solidarity economy.

As a movement, CEGES federates stakeholders of the social and solidarity economy, represents them in the dialogue with the public authorities and civil society, and contributes to the development of their entrepreneurial model in the market.

CEGES's college of employers brings together representatives of employers active in the social and solidarity economy, where 80,000 employers are now federated in three professional organisations. If we consider all the enterprises in the sector (associations, mutuals and cooperatives), including those outside the employers' organisations, the SSE comprises more than 223,000 employers and 2.3 million employees, or 10.3% of jobs in France.²³

The three employers' organisations in the SSE are:

1. The Union of Employers in the Social and Solidarity Economy (UDES) includes 26 employers' organisations and groups and 14 professional sectors of the social economy. With more than 800,000 employees and 60,000 employers (75% of federated employers), UDES is currently the only multi-professional organisation in the SSE. UDES represents the employers in Uniformalion, the OPCA²⁴ for the social economy.

UDES has three main roles:

- negotiating at multi-professional level

²² UDES is the new name of USGERES (*Union de Syndicats et Groupements d'Employeurs Représentatifs dans l'Économie Sociale*), which changed its name in June 2013.

²³ These figures are taken from the 2012 panorama of the SSE.

²⁴ An *Organisme paritaire collecteur agréé* (OPCA) is a joint body which collects financial contributions from private enterprises to finance continuing vocational training.

- federating the employers' organisations and being a resource on the function of employers in the social economy
 - representing them to government and institutional partners
2. The Union of National Federations of Non-profit Employers in the Medico-social and Health Sector (UNIFED) is the professional association of employers' organisations in the non-profit health, social and medico-social sector. It comprises five employers' organisations: the French Red Cross, FEHAP, UNICANCER, FEGAPEI and SYNEAS, including representing employers in the sector's OPCA, UNIFAF. UNIFED represents 19,250 associations and institutions with 682,500 employees.
 3. The Group of Mutual Insurance Companies (GEMA) is the professional association of mutual insurers. Under the national collective agreement (CCN) of 27 May 1992, the GEMA defends a mutual vision on insurance issues in negotiations with public authorities and professional bodies. The group represents 45 insurance mutuels with 33,000 employees.

2.2 National multi-professional social dialogue in the social and solidarity economy (through UDES)

To develop a multi-professional social dialogue at national level, UDES and the social partners created, in 2001, a Transversal Social Dialogue Group for the Social Economy (GDS). The social partners also meet regularly to negotiate agreements.

Multi-professional social dialogue in the SSE respects subsidiarity in three ways:

- laws and regulations
- sectoral collective bargaining
- bilateral negotiations on collective agreements at enterprise level.

2.2.1 The Social Dialogue Group (GDS)

GDS brings together UDES with the five trade unions recognised as representative at national level: the CFDT, CFE-CGC, CFTC, CGT and CGT-FO. The GDS is a place for discussions, proposals and recommendations about the practice of transversal social dialogue in the social economy.

It is responsible for:

- initiating consultations based on examining developments in the SSE;
- issuing recommendations to move forward industrial relations between employees and the associations, mutuels and cooperatives that employ them;
- preparing for the negotiation of framework agreements across the social economy.

In recent years, discussions in the GDS have helped to develop a joint vision on issues such as equality and preventing discrimination, health and safety at work, work integration and youth employment, and also to share information on the European social dialogue and social services of general interest. For 2013-2014,

the GDS roadmap includes the themes of equality between men and women in the SSE, and social protection.

The GDS is therefore an original and singular space of multi-professional social dialogue at national level.

Beyond this unusual space, the social partners of the SSE define their own social agenda, but the work of the GDS prepares the way for certain negotiations.

2.2.2 The negotiation of multi-professional agreements

In 2006, the employers in the social economy in 2006 defined the multi-professional field of the social economy²⁵ to give itself the capacity to negotiate agreements covering all employees in the field. This field was extended by regulation on 1 August 2010. The multi-professional field of the social economy has 14 professional sectors:

- social and family work (*acteurs du lien social et familial* – ALIFSA)
- home help, support and care
- animation
- integration enterprises
- workers' cooperatives belonging to CGSCOP
- young workers' hostels
- social housing – PACT²⁶
- local missions and PAIOs (*permanences d'accueil, d'information et d'orientation*)
- health mutuals
- broadcasting
- the health, social and medico-social sector
- sport
- social and family tourism
- the *régies de quartier* (local development associations)

To meet the wishes of the parties to articulate professional and intersectoral negotiations in the best way, multi-professional agreements signed by UDES respect two principles of equal importance:

- added value: provisions developed at intersectoral level are intended to meet the specific needs of businesses and employees in the social economy
- subsidiarity in respect of professional sectors

Since 2006, UDES has negotiated and signed five multi-professional agreements with the trade unions. These are:

- the agreement on lifelong vocational training in the social economy of 22 September 2006, extended by regulation on 1 August 2010;
- the agreement on the prevention of psychosocial risks such as stress at work in the social economy of 31 July 2010, extended by regulation on 5 March 2013;

²⁵ GEMA is excluded from the multi-professional field of the social economy. Instead it takes part in the national collective agreement on insurance, co-negotiated with the Fédération Française des Sociétés d'Assurances (FFSA, a member of the Mouvement des Entreprises de France (MEDEF).

²⁶ Originally *Propagande et Action Contre les Taudis* – Propaganda and Action against Slums

- the agreement on professional development in the social economy of 15 January 2011, extended by regulation on 5 March 2013;
- the agreement on training voluntary board members in the social economy of 8 April 2011, extended by regulation on 27 February 2012;
- the agreement on equality and preventing discrimination in the social economy of 23 May 2011, extended by regulation on 30 May 2012 as amended by the amending regulation of 30 July 2012.

These agreements are intended to provide professional sectors with a framework for action and tools on the topics addressed. Nevertheless some of them, such as that on lifelong vocational training, also set standards: in this case, the harmonisation of minimum contributions to vocational training for all enterprises covered, whatever their size.

It is up to the members of UDES well as the trade unions to ensure the proper application of multi-professional agreements and their adaptation to each sector covered. For example, it may be noted that since the signature of the agreement of 31 July 2010 on the prevention of psychosocial risks such as stress at work in the SSE, nine branches covered by UDES have either signed an agreement on occupational health or are negotiating on this issue.

Note that all agreements signed by UDES have subsequently been extended, which is a sign of the recognition by the government of the legitimacy of the social dialogue at multi-professional level in the social and solidarity economy.

2.3 Social dialogue in the professional sectors federated by UDES

The law imposes certain obligations on sectoral social partners and enterprises as regards social dialogue. Thus, the law contains provisions relating to mandatory collective bargaining, at both enterprise and sectoral levels, and the establishment of workforce representative institutions (*instances représentatives du personnel* – IRPs) in enterprises.

The social partners can adapt the sectoral legal obligations. The collective agreements in the professional sectors federated by UDES contain specific rules for IRPs and joint committees, and the overwhelming majority of them have institutionalised provisions to support joint committees.

2.3.1 Sectoral social dialogue: national and local joint committees

The professional sectors of the SSE have joint bodies at the national level, more or fewer depending on the sector. Working groups are attached to them. Apart from the national joint negotiating committee, the joint national committee for conciliation, interpretation and validation, and the joint national committee on employment and training, collective agreements sometimes provide for a joint national monitoring committee for the pension scheme or complementary health plan or a national appeals committee on classification. In addition, most sectors have implemented (or are in the process of doing so) the consecutive developments in the law of 20 August 2008 on the modernisation of joint committees, by establishing committees to validate enterprise agreements negotiated in the absence of a trade union representative.

Some national joint committees are atypical and are specific to certain sectors: we can cite the example of the joint national committee on health and safety monitoring in the sport sector, where the question is particularly acute.

A number of collective agreements allow for the local variation of some joint committees. This is the case in the sectors of social and family work, social housing, local missions and PAIOs (*permanences d'accueil, d'information et d'orientation*) and broadcasting as regards joint committees for conciliation, interpretation and validation. However in practice these bodies are not always active, owing to a lack of human or material resources.

Only the home help sector has provided for the local variation of its national joint committee on employment and training (CPNEFP), which makes it a special case in the conduct of social dialogue at sector level.

Regional joint committees on employment and vocational training (CPREFPs) in the home help sector – instituted by Article 16 of Title II of the national collective agreement for the home help, support and care sector – are intended to implement sectoral policy on employment and training at the regional level and to support this policy in their dealings with regional institutions.

The CPREFPs' missions are:

- To defend the interests of the sector in employment and vocational training in their dealings with local authorities and administrative services;
- To participate in the study of means of vocational training, development, and rehabilitation, and to seek, along with the government, for the means to ensure their full use, adaptation and development;
- To cooperate and coordinate with the regional level of Unifor on the implementation of provisions adopted by the CPNEFP;
- To inform the CPNEFP on the development of organisational activities, employment and training in the region and to prepare an annual report for CPNEFP;
- To report regularly to the CPNEFP on political meetings and commitments envisaged;
- To carry out specific tasks delegated by the CPNEFP;
- To meet once a year in the form of a joint regional trades observatory, to look ahead at developments in the trades in the sector at regional level.

The CPREFPs have a bilateral membership and meet two to four times per year. The secretariat is provided by Unifor, which provides advice and technical support to representatives of CPREFP. Nevertheless the social partners are the sole decision-makers.

It is possible for CPREFPs to benefit from regional studies on specific topics, subject to the agreement of the CPNEFP. The costs of CPREFP meetings are financed by funds to support joint committees.

Today some 15 CPREFPs are active. A number of them have already negotiated regional EDECs (*engagements de développements de l'emploi et des compétences*) with the public authorities; the CPREFP regularly feed back this information to CPNEFP. Once a year a meeting is held between the members of the CPNEFP and the chairpersons of the sectoral CPREFPs.

It should also be noted that in the home help sector a departmental consultative committee can be created in each department. The employers concerned are those which represent enterprises satisfying the following conditions:

- being in the same department
- being members of the same signatory employers' federation or union
- having fewer than 50 full-time employees
- having no trade union representative

Time credits of employers' and employees' representatives are financed from the budget of 0.010% devoted to the recognition of local social dialogue.

The departmental consultative committees:

- provide a forum for the exchange of experiences
- facilitate the implementation and monitoring of the national collective agreement
- implement information campaigns and advises on legal, regulatory and contractual issues
- contribute to the dissemination of information to fight against illegal work

In conjunction with the policy of the sector and the tools of the CPNEFP and CPREFP, they:

- take initiatives and participate in actions to promote trades and trade skills
- examine the conditions needed to promote the training of employees
- study tools for strategic workforce planning in order to promote sustainable jobs and contribute to the fight against precariousness
- examine and propose actions related to working conditions to reduce occupational risks

The current collective agreement only recently having been extended, these departmental consultative committees are not yet active.

2.3.2 Agreements on the financing of sectoral social dialogue

The vast majority of professional sectors have established a funding mechanism for joint committees by creating a dedicated association to manage the funds; more rarely the funds are channelled through the employers' federation which then manages it.

According to the sector, a contribution of between 0.03% and 0.3% of gross payroll costs is made. Only the social housing and *régies de quartier* sectors have not established a specific fund to finance joint committees, even though the costs of participation in joint committees are reimbursed. The mutual sector has established a different system for funding trade unions.

Financing agreements generally cover:

- the costs (transport, accommodation, food and wages) of participating in and preparing for meetings of national and local joint committees
- carrying out studies

Sometimes, the agreements provide funding for costs incurred in:

- implementing agreements (animation sector)
- joint actions such as events or demonstrations (local missions sector)
- operations relating to meetings of joint bodies: room rental, secretarial (social and family work and local missions sectors)
- training for negotiators (broadcasting sector)
- the establishment of a 'union chequebook' to allow time to be spent on union activity outside the joint meetings (local missions)

Beyond the 'functioning of joint committees' aspect related to negotiating collective agreements, funding for the joint committee system is used for what can be called 'practice of unionism' or 'development of social dialogue' (social and family work, home help, social and family tourism, local missions, golf and work integration sectors). This concerns either an amount determined in advance, or a balance remaining unused. These sums are often divided equally between employers' and employees' organisations. Note the peculiarity of the local missions and PAIO sector, which divides unused balances among trade unions according to their respective weights in the industry, based on a measure of representativeness assessed every three years.

In terms of financing of joint committees, we also note the special case of the home help sector, which sets aside a fraction of 0.010% for the management of local social dialogue (departmental consultative committees).

To illustrate a less common use of aid for joint committees, we can cite the example of the sport and animation sectors, which have used these funds to help finance GIP CAFEMAS (analysis centre on training, jobs and careers in animation and sport).

2.3.3 Relationship between multi-professional and sectoral social dialogue

The multi-professional agreements signed by UDES are taken up actively by the sectors.

Thus, an assessment is carried out regularly on the conclusion of agreements and the implementation of actions in the sectors to put into effect UDES agreements on all targeted themes, namely the prevention of psychosocial risks, including stress at work; pathways to professional development; training voluntary board members; equality and prevention of discrimination.

These efforts should be continued. To ensure the best possible implementation of agreements, UDES recently decided to institute, within its employers' plenary meeting (GEP), an exchange of good practices in the implementation of UDES agreements in the sectors.

3. Social dialogue in social economy enterprises in the professional sectors federated by UDES

3.1 The thresholds for the creation of workforce representative bodies

In general, sectoral collective agreements incorporate the legal and regulatory provisions on the thresholds for workforce size for the creation of workforce representative bodies (*instances représentatives du personnel* – IRPs).

However, a significant number of these agreements provide for lower thresholds for the appointment of representatives. Given the large number of small enterprises in the various sectors of the social economy, this provision is significant. The sectors of animation, social centres, homes and services for young workers, social housing, sports, and social and family tourism have introduced such provisions. Local missions and soon PAIO (*permanences d'accueil, d'information et d'orientation*) will soon do so.

Note that in the sectors of *régies de quartier* (local development associations) and social and family workers, a union representative may be appointed by enterprises with just a single employee.

The agreement in the sector of integration enterprises²⁷ has a special feature regarding workforce representative bodies. In enterprises which have no legal obligation to establish a health and safety committee,²⁸ a health and working conditions body²⁹ (ISCT) is set up. A two-year pilot phase has tested the operation of these ISCTs in 20 enterprises. They cover all employees regardless of status, including supervisors and trainees. An ISCT has similar powers to those of a CHSCT: it is an advisory body, responsible for health, safety and the improvement of working conditions. Their competences include:

- the analysis of working conditions and occupational hazards
- compliance with laws and regulations, and the implementation of recommended preventive measures
- the development of health and safety through awareness-raising, information and training actions
- the analysis of the circumstances and causes of accidents at work

At the end of the two-year pilot, after a positive report which concluded that working conditions improved in enterprises with ISCTs, the social partners decided to include in Title III, Section 2 of the collective agreement the obligation to create an ISCT when there is no legal obligation to set up a CHSCT. This requirement came into effect on 1 January 2013, and 2012 was an opportunity to educate integration enterprises about this new requirement. This innovation, which goes far beyond the legal framework, is likely to inspire others, as the following example shows.

In the sector of social and family workers, an amendment on occupational health was signed on 24 June 2011 which defines procedures for the establishment of a body for collaboration on health, safety and working conditions, in enterprises with

²⁷ *ateliers et chantiers d'insertion* (ACI)

²⁸ *comité d'hygiène, de sécurité et des conditions de travail* (CHSCT)

²⁹ *instance santé et conditions de travail*

fewer than 10 full-time employees in which no staff representative has been elected.

Finally, it should be noted that in some sectors of the SSE, employees can participate in the management boards of the enterprises that employ them. The mutual and social housing sectors have such provisions.

3.2 The measurement of social dialogue in enterprises

UDES uses a tool to measure social dialogue structures in the SSE: the social barometer. Its objectives are:

- to have a shared diagnosis (between employers and employees) of social dialogue practices in enterprises;
- to promote social dialogue practices suited to social economy enterprises and the social partners in a region;
- to orient and targeted actions to improve social dialogue in enterprises.

These barometers were conducted in three areas: the Rhône-Alpes, Brittany and Aquitaine (in 2007 and 2008), and their main results are that employers and employees have a convergent vision of social dialogue:

- Social dialogue is defined as a space of co-construction focused on the business plan;
- In micro-enterprises, social dialogue still has hazy outlines, mainly because of the small size of the enterprises and their unstandardised practices;
- The concepts of commitment and interest in the work predominate;
- There is an urgent need for support;
- There is a need for recognition at work: employees and employers agree that the main areas for improvement are the recognition and valorisation of wage labour.

In addition, Ile-de-France is currently the subject of a study on the practices of social dialogue in enterprises in the social economy. It proposes to make an inventory of institutional social dialogue practices in these firms and also to identify and analyse specific alternative or complementary practices that have emerged. The project is conducted in partnership with the Laboratory on Institutions and Historical Dynamics of the Economy at the University of Paris X.

Similarly, a barometer of the quality of work life in the SSE is being prepared by CHORUM-CIDES with UDES in an associate role.

Finally, it should be noted that in Rhône-Alpes UDES has created a social dialogue toolkit, presenting the concepts, reference texts and good practices, in order to equip its regional representatives.

4. Local social dialogue in the SSE

4.1 Definition of the concept

The concept of local social dialogue appeared in the 1990s in response to the development of local public policies following decentralisation. The law of 4 May 2004 on lifelong vocational training and social dialogue institutionalised dedicated this new form of cooperation between local political actors by establishing local joint committees, both professional and interprofessional, and by facilitating the conclusion of agreements at regional, departmental and local levels.

Local social dialogue can be defined as:

- an action-oriented dialogue in the field of employment and business development at the local level;
- a dialogue between the social partners and local stakeholders: politicians, training and integration organisations etc. in a logic of broader social dialogue extended to other local actors or of local dialogue in which social partners would take part;
- a dialogue focused on a locality;
- an approach to be built over time;
- a tool to define an overall local employment plan.

Unlike the national social dialogue, whether sectoral or intersectoral, the key feature of local social dialogue is that it is project-based and linked to the specific needs of the locality. Essentially it does not set standards. It involves a multiplicity of actors, whereas the national social dialogue is strictly bilateral. It focuses on the implementation of provisions negotiated nationally, and adapts them to local circumstances, specific audiences and projects, using operational methods adapted to the actors most closely concerned (transport, catering, management of working time etc.).

4.2 Involvement of the social partners in the SSE in the institutions of local social dialogue

At the local level, the social partners in the SSE are present in different types of institutions, which either are dedicated exclusively to social dialogue in the social economy or incorporate social economy actors in a wider set of actors.

In Rhône-Alpes, UDES has been involved, since its inception, in the 'regional space for social dialogue' established with the support of the Rhône-Alpes CRESS.³⁰ This aims to develop an ongoing and concerted relationship between employers' organisations in the SSE and trade unions so as to promote an effective local social dialogue. Among the main objectives of the regional space for social dialogue are:

- structuring the role of unions of employers organisations in the SSE in the local social dialogue;
- the emergence of priority projects for the social partners;
- the coherence of actions undertaken by the social partners.

³⁰ Regional Chamber of the Social and Solidarity Economy

In this space, the Rhône-Alpes CRESS does not replace the social partners, but animates the space and acts as an operational tool at the service of the actors. The partners in the space are:

- UDES and UNIFED
- CGT RA, CFE-CGC RA, CFDT RA, CFTC RA and UNSA RA
- the Rhône-Alpes Regional Council (RA) and DRTEFP RA

Leadership is provided by the social partners and involves the State and the Region.

In this context, a project in career management, with a pilot in home care, was initiated in 2009.

As a result of work undertaken in the context of this space, a charter for a local social dialogue in the social economy was signed on 24 November 2011. This defines how to develop a local policy of true social dialogue, which effectively enables the development and maintenance of jobs and high-quality services in the area.

The charter is a real tool of collaboration, which defines the local social dialogue as oriented towards actions and projects, working mainly on employment, labour and business development, focusing on the social partners but also involving other local actors which are essential to building a local project for the SSE, such as local government representatives.

It should be noted that, building on the Rhône-Alpes model, several other regional spaces for social dialogue are being set up.

Moreover, UDES's monitoring and mobilisation policy, by which it develops its institutional position, builds local recognition as a social partner, and becomes a member of consultative, collaborative and negotiating bodies, has borne fruit.

Thus, in 2011 and 2012, 10 UDES regional offices have taken part in the committees of the CCREFP,³¹ their contributions based on a matrix produced by the national coordination.

Note also the participation of UDES as a member of the Regional Observatory for Occupational Health (ORST) in Aquitaine, and its participation in the Regional Contract for Employment and a Responsible Economy (CREATE) in Provence-Alpes-Côte d'Azur (PACA). UDES also participates in the *Commission Paritaire Interprofessionnelle Régionale de l'Emploi* (COPIRE) in Alsace.

Since 2007 UDES has been represented in the *Conseil Economique, Social et Environnemental Régional* (CESER) in the section for business and self-employed workers, in two regions: Aquitaine and Provence-Alpes-Côte d'Azur. It shares its mandates:

- in Aquitaine with UNIFED and GEMA
- in PACA with UNIFED, GEMA and URSCOP

Currently, the Regionalisation Commission established within UDES is studying how to better articulate representation and dynamics at the national and local levels.

³¹ Regional Co-ordinating Committee on Employment and Vocational Training

5. Good practices of social dialogue in the social economy sector

In France, the national reform plan, recently presented by the socialist government, includes a chapter which refers to the social economy. New legislation, expected to be approved soon, is built around five key areas. One of these is about the modernisation of the cooperative model, which will be the subject of tailored provisions, with particular regard to business succession and the transfer of a company ownership to the workforce. This is expected to cause a 'cooperative shock' and to multiply the number of cooperative and participatory societies (SCOP) in the next five years.

French trade unions, involved in processes of enlarged dialogue, have welcomed the initiative, and are taking part in dialogue on its development and implementation. The trade union movement has been fostering and supporting the creation of new cooperatives for a long time, jointly with cooperative organisations, for the protection and the promotion of employment and of resources, in particular at local and regional levels. The unions have played a crucial role in instances of corporate crisis, where there was a possibility of a take-over of a company's activity and the business transmission to employees was a possibility. The cases of the Helio Corbeil cooperative, High Loire, which is active in the press, magazine and printing sector, and Fontanille, in the textile sector, are such enterprises³².

In both these cases, the trade unions (CGT and CFDT) supervised the workers' take-over of the bankrupted enterprises to ensure that they represent actual, viable and safe business options. Workers invested their redundancy and unemployment benefits to capitalise these new cooperatives. The trade unions' active contribution, provided together with CGSCOP, focused on the drawing up by experts in the respective sectors of sustainable long-run industrial strategies and business plans. The unions' most valuable contribution consisted of the reorganisation of company and work organisation strategies according to the participative approach. Changing to the cooperative form has required an in-depth reorganisation of the processes of governance and also the participation of the membership base. Training to become a cooperative member has been a high priority, in particular in Helio Corbeil, where it takes 18 months to be trained and admitted as a member. Moreover, all workers in the newly formed cooperatives are members and are unionised. Working conditions in the previous enterprises have been maintained, while productive processes have been organised more flexibly and effectively than under the previous management.

³² The trade unions have also supported crowd-funding campaigns, whose development and management is yet to be evaluated.

ITALY

1. The concept of social economy and its main components

1.1. General overview

In Italy, the concept of social economy is known and used, but not widely, as an umbrella term for the four families that it comprises:

- The cooperative movement is well-established, has a long tradition and is mainly considered as part of the economic system, even if it is non-profit³³
- Mutual societies are not very well developed
- Associations and foundations are more often perceived as part of the third sector rather than the social economy

The Italian third sector, or third system, is the sector that works for the public benefit and does not distribute profit. It comprises the following principal families of organisations:

- *associazioni non riconosciute* (non-recognised associations) is commonly used to refer to cultural or interest-representation associations, often called *di promozione sociale* (for social promotion). Typical are the 'circoli ARCI' (non-profit cultural and recreational associations) which operate cultural facilities, restaurants, bars, etc.
- *organizzazioni di volontariato* (voluntary organisations) refers to voluntary organisations delivering services.

Though unincorporated and with unlimited liability, associations of both types listed above can in practice operate as enterprises.

Further principal families of organisations are:

- social cooperatives, meaning those cooperatives offering various kinds of services meeting the general interest of the communities in which they operate;
- NGOs (non-governmental organisations), usually working with developing countries;
- 'Recognised' associations and foundations, i.e. organisations that, unlike non-recognised associations, have an official legal personality allowing them to enjoy special benefits accorded by law and to ask for public subsidies;

Social cooperatives are the linking element between the cooperative movement (where they represent the organisations promoting not only the mutual interest of members but also the general interest of the community) and the third sector, where they bring a business-like approach to the achievement of social objectives.

³³According to the law, all Italian cooperatives are by definition non-profit.

1.2 The cooperative movement

The role of the cooperative movement is enshrined in the Italian Constitution which acknowledges the 'social function' of cooperation therefore assuring by law special benefits to cooperatives (which have however been considerably reduced in recent years).

For historical and political reasons the Italian cooperative movement developed over the years through strong horizontal representative organisations, with similar functions and structures but different ideological backgrounds. They are now working together on a possible common representation, a new approach which recently gave birth to a new organisation, the ACI (Alleanza delle Cooperative Italiane – Italian Cooperative Alliance). Its main function is to coordinate policies and common representation activities between the founder organisations AGCI, Coonfcooperative and Legacoop.

The Italian Cooperative Alliance is the main associative structure of cooperatives. With nearly 42,000 member organisations, the Alliance represents more than 12 million members, 1.2 million employees and a total turnover of €140 billion, of which more than €8 billion from exports.

Further detail about the newborn ACI can be found in following sections of this document.

At governmental level the competence for cooperatives, traditionally assigned to the Ministry of Labour, has been now transferred to the Ministry of Industry.

1.3 Social enterprises: definition and presence

The concept of social enterprise appeared in Italy at the end of the 1980s to identify small organisations offering social services, often using voluntary work. In 1991 the Parliament approved two laws responding to the needs that had emerged in previous years. A first form of social enterprise was introduced by Law 391/91 which recognised social cooperatives as a specific entrepreneurial form to manage social and educational services (A-type social cooperatives) and to promote the work integration of disadvantaged people (B-type). At the same time Law 266/91 recognised organised voluntary work.

In Italy, the form mainly adopted by social enterprises is that of social cooperatives, which are private enterprises, operating for the general interest of the community. They are regulated by company rules, even if with some exceptions and special rules justified by their social aim.

The success of social cooperatives reinforced the debate on social enterprise and on the need of a specific legal framework. In order to express all the potential of the different models of entrepreneurship experimented with, a need arose to have entrepreneurial forms not tied to the cooperative governance model (one member, one vote). On the other hand, it was necessary to ensure that associations and foundations managing entrepreneurial activities respected company rules. The economic, social and institutional evolution (crisis of the public welfare system, increased social needs) and an increased attention to cultural and environmental issues broadened the space available for organisations able to combine entrepreneurial activities with objectives of social interest.

In 2001, the Ministry of Welfare and the Third Sector Forum³⁴ initiated a discussion on the legal form of social enterprises. Three proposals for laws were discussed; after a long debate the law was finally approved on June 13th 2005.

The recent legislation on social enterprises comprised two acts:

- Law No. 118/2005 "Law delegating the government to discipline social enterprises";
- Legal Decree No. 155/2006 "Discipline of social enterprise according to law No. 118 of 13 June 2005"

This legislation neither changes any norm concerning the existing legal forms used by social enterprises, nor introduces a new company form. On the one hand, it clearly recognises the productive and entrepreneurial function of part of non-profit bodies (those producing goods and services for the general interest of the community) and, on the other hand, it regulates the different legal forms established by the Italian legislation, so that non-profit organisations permanently producing goods and services apply enterprise legislation, and entrepreneurial organisations adopt governance rules and non-distribution constraints to ensure the pursuit of collective interest.

The law defines social enterprises as any kind of private organisation (e.g. associations, foundations, cooperatives, non-cooperative companies) which permanently and principally operate an economic activity (representing at least 70% of turnover) aimed at the production and distribution of social benefit goods and services and pursuing general interest goals. It also sets the main criteria and principles informing the social enterprise discipline.

1.4 Relevant figures

There are no updated and specific statistics about social economy as a whole or its families. The most recent data have been published in a study carried out by CIRIEC for the European Social and Economic Committee³⁵:

³⁴ Platform created by all the third sector organisations and recognised by the Government as the institutional representative body of the third sector.

³⁵European Economic and Social Committee, *The social economy in the European Union*, 2012

Cooperatives and other similar accepted forms	Mutual Societies and other similar accepted forms	Associations, foundations and other similar accepted forms
<ul style="list-style-type: none"> - Agricultural Cooperatives (2008: 63,842 jobs 804,203 members 7,468 enterprises) - Cooperative banks (2008: 29,418 jobs) 1,063,913 members 432 enterprises) - Service cooperatives (2) (2008: 775,905 jobs 33,217 enterprises) - Building cooperatives (2008: 80,474 jobs 13,712 enterprises) - Consumer-commerce cooperatives (2008: 103,335 jobs) 7,758,552 members 5,608 entities) - Industrial cooperatives (2008: 75,407 jobs 5,137 enterprises) - Unclassified 26,909 jobs 6,000 enterprises 	n/a(*)	<ul style="list-style-type: none"> - Voluntary organisations (2003: 867,749 jobs 825,955 volunteers 21,021 entities) - Social promotion associations (2007: 48,480 jobs 14,754 volunteers 141 entities) - Foundations (2005: 156,251 jobs 46,144 volunteers 4,720 entities) - NGOs (2007: 27,149 jobs 12,456 volunteers 239 entities) (1)
1,128,381 jobs 71,578 enterprises 12,293,202 members	n/a	1,099,629 jobs 26,121 entities 899,309 volunteers

(*) Source: F. Linguiti & A. Zevi; G. Perra; F. Zandonai & C. Carini. Data from Euricse, Legacoop and Confcooperative, data on cooperatives and mutual societies only for those affiliated to these confederations.

The data for mutual societies are integrated into those for cooperatives.

(1) Based on ISTAT, 2003-07.

(2) 13,938 social cooperatives were active in 2008, providing 312,040 jobs. 10,538 are service cooperatives and are counted as such. Other social cooperatives work in other sectors (industry, agriculture etc.) and are counted in their respective sectors in this table.

1.4.1. Cooperatives

Combining the various sources available³⁶ (including the 9th Census of Industry and Services) it is possible to quantify the number of Italian cooperatives that are certainly active as between 55,000 and 60,000.

³⁶ European Research Institute on Cooperative and Social Enterprises (EURICSE), *Italian Co-operation during the years of crisis*, January 2014

Cooperatives, together with their consortia, generated in 2011 an aggregate production value of more than €120 billion and at the end of the year, it is estimated that they employed – according to sources – between 1.2 and 1.3 million people.

Considering all the jobs created during 2011, including seasonal workers, the number rises to 1.75 million.

Contrary to what is often claimed, the majority of jobs are permanent (67% of the 1.75 million registered job positions in 2011, thus also including seasonal workers), while most atypical forms of work – in particular project work – are marginal and show a falling trend.

Cooperatives carry out their activities in all economic sectors: agriculture, fisheries, industry, distribution, credit, welfare, social services, construction, services (transport, logistics, catering), housing, tourism and publishing.

Cooperatives are part of Italy's daily life: all Italians have, often without knowing it, frequent interactions with them: cooperatives process and sell products (e.g. agricultural cooperatives), sell goods or services at affordable prices (e.g. consumers' cooperatives), provide job opportunities and work integration (e.g. social cooperatives), provide credit services (e.g. cooperative banks), and more.

Cooperatives are organised in federations that represent the reference point for all issues related to each sector of economic activity.

They are also organised in territorial unions. The main roles of the unions are: the promotion of new cooperative initiatives and the development of the participating institutions in the territory; the aggregation of cooperatives operating in the area and the design and coordination of the processes of integration and development; the implementation of administrative, legal, fiscal, financial, technical and economic services.

The 2014 Euricse report,³⁷ focused on the four-year period 2008-2011, provides evidence of the fact that Italian cooperatives as a whole showed a good capacity to face the crisis. In fact, all cooperative sectors (with the sole exception of the building and housing sector) showed an increase of both production value and investment.

The report makes special mention of the employment aspects of social cooperatives, since social cooperatives, during the same four-year period, showed an increase in the number of both permanent and fixed-term employees, while keeping unchanged the number of "pseudo self-employed" ones.

In this way, social cooperatives contributed substantially to the general stability of cooperative employment overall, which in fact saw a slight increase between 2008 and 2011.

Another report by Censis³⁸ confirms that cooperation has experienced strong growth over the last decade resulting from the exponential growth in the number of cooperatives and the growing weight they have assumed in the economy of the country. Between 2001 and 2011, the number of cooperatives increased from 70,029 to 79,949, an increase of nearly 10,000: and in the third quarter of 2012, there were 80,844 active cooperatives.

³⁷ *ibid.*

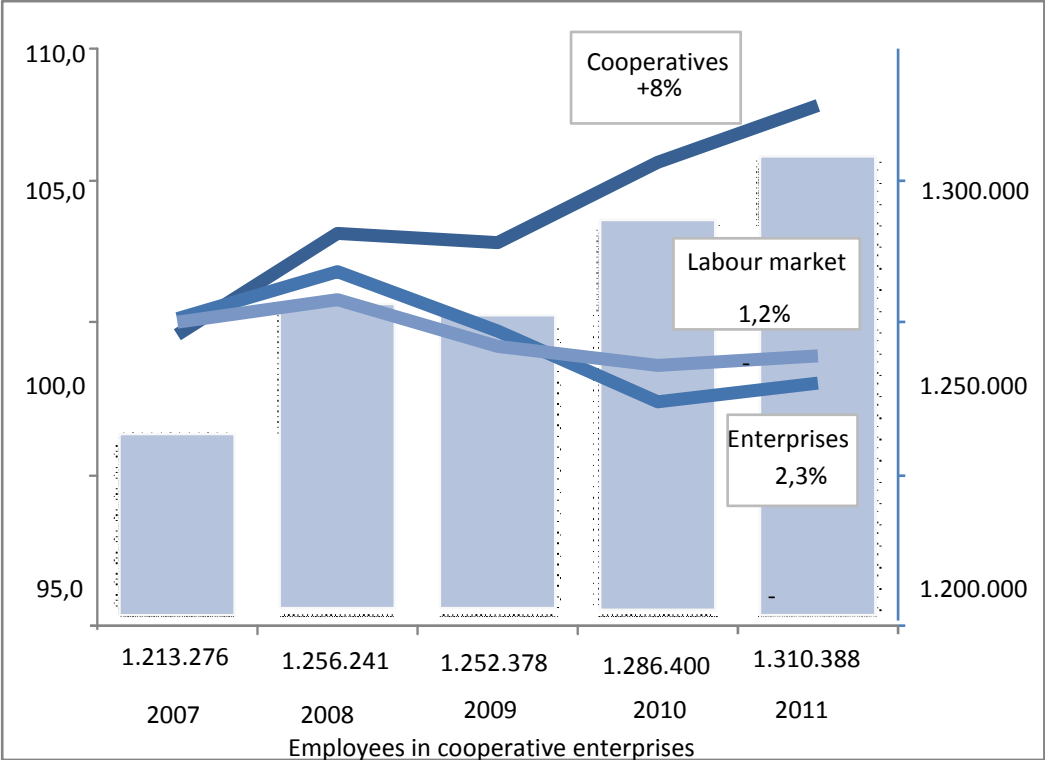
³⁸ ACI-CENSIS *First Report on the Italian Cooperation*, October 2012

Cooperatives show a much more pronounced vitality than the business system as a whole, which also recorded positive results throughout the decade: in fact, given an overall 7.7% increase in the number of Italian companies, cooperatives have leaped forward by 14.2% thus increasing the weight that they play in economic and manufacturing development of the country: while in 2001 there were 14.2 cooperatives for every 1,000 active enterprises, by 2011 this value had risen to 15.2. This confirms that cooperation as an extremely dynamic and vital part of the Italian entrepreneurial scenery.

Another confirmation comes from employment data shown in the graph below. Taking into consideration the five-year period between 2007 and 2011, it is easy to observe that the growth in cooperative employment has been around six and a half times the general rate of the whole labour market and about three and a half times the rate regarding enterprises in general.

Graph. 1

2007 – 2011: number of employees in cooperatives, in enterprises as a whole and in Italy in general (labour market) – absolute values and index numbers 2007=100



It is as well worth pointing out that, even in a time of crisis the positive growth trend did not stop. While, starting from 2008, the overall entrepreneurial system began to show clear signs of difficulty through a gradual reduction in number of enterprises, cooperatives kept growing at a very fast rate. Only between 2010 and 2011 do we see a slight decrease that reduced the number of cooperatives to about 80,000. This loss, on the other hand, was reversed within the first three quarters of 2012.

But what really appears to be the distinctive sign of Italian cooperation in such a dramatic moment as the present one, is the evidence of a strong ability not only

to maintain employment levels but in addition to keep on building a precious and somewhat unique stream of new job opportunities.

This appears clearly in the following tables. The first shows the employment trends by sector and area of cooperative employment between 2007 and 2012. The second gives evidence of how the number of cooperatives and of their employees is divided between the different sectors.

Table 1–Cooperative employment trends by sector and area 2007-2012 (% change)

	2007-2011	2010-2011	2011-2012(3 quarters)
SECTOR			
Agriculture, forestry and fisheries	0,5	-0,7	-3,8
Industry	-3,6	4,3	1,5
Constructions	-9,3	-2,3	-1,6
Social services	17,3	4,1	4,3
Other services	9,4	1,2	3,4
GEOGRAPHIC AREA			
North west	7,9	2,6	1,8
NorthEast	9,1	3,3	5,6
Center	8,5	2,3	2,3
South and Islands	3,6	-3,9	0,5
TOTAL	8,0	1,9	2,8

Source: Censis estimate based on Istat, Telemaco-Infocamere and Censis data, 2012

Table 2 – Distribution of cooperatives and their employees through sectors, 2011 (abs. and % values)

	Cooperatives			Employees		
	Abs.	%	% on total of active enterprises	Abs.	%	% on total of enterprises' employees
Agriculture, forestry and fisheries	9.042	11,3	1,09	101.949	7,8	8,6
Industry	6.162	7,7	1,10	103.078	7,9	2,3
Construction	16.454	20,6	1,99	66.702	5,1	3,2
Services	48.047	60,1	1,57	1.037.501	79,2	9,9
<i>Trade, distribution, public services, tourism</i>	7.069	8,8	0,40	120.616	9,2	2,4
<i>Transport and storage</i>	8.867	11,1	5,47	257.538	19,7	24,0
<i>Communication, credit, real estate</i>	5.612	7,0	1,20	99.507	7,6	6,5
<i>Services to businesses and professional activities</i>	12.074	15,1	3,83	250.055	19,1	15,7
<i>Social services sector</i>	14.425	18,0	4,30	309.785	23,6	23,7
Total*	79.949	100,0	1,50	1.310.388	100,0	7,2

(*) Total includes unclassified enterprises and residual sectors

Source: Censis processing of Telemaco-Infocamere data, 2012

2. Social dialogue and social economy

2.1 Actors and social dialogue

The Italian system of industrial relations can be described – in a nutshell – by the following characteristics:

- a large legal vacuum in the area of industrial relations (except in the public sector)
- medium-high level of union density: around 33%
- pluralism among social partners, both on the trade union (CGIL, CISL and UIL) and employers' sides (according to size and typology of the enterprises, with cooperatives having their own associations)
- high rate of collective bargaining coverage, around 80%, with no binding administrative procedures for extension
- strong propensity for social dialogue (bipartite and tripartite concertation)
- comparatively high level of industrial action

Social dialogue and collective bargaining – at the different levels – have been key tools for launching, reforming and transposing policies and practices in all fields of labour law and social protection.

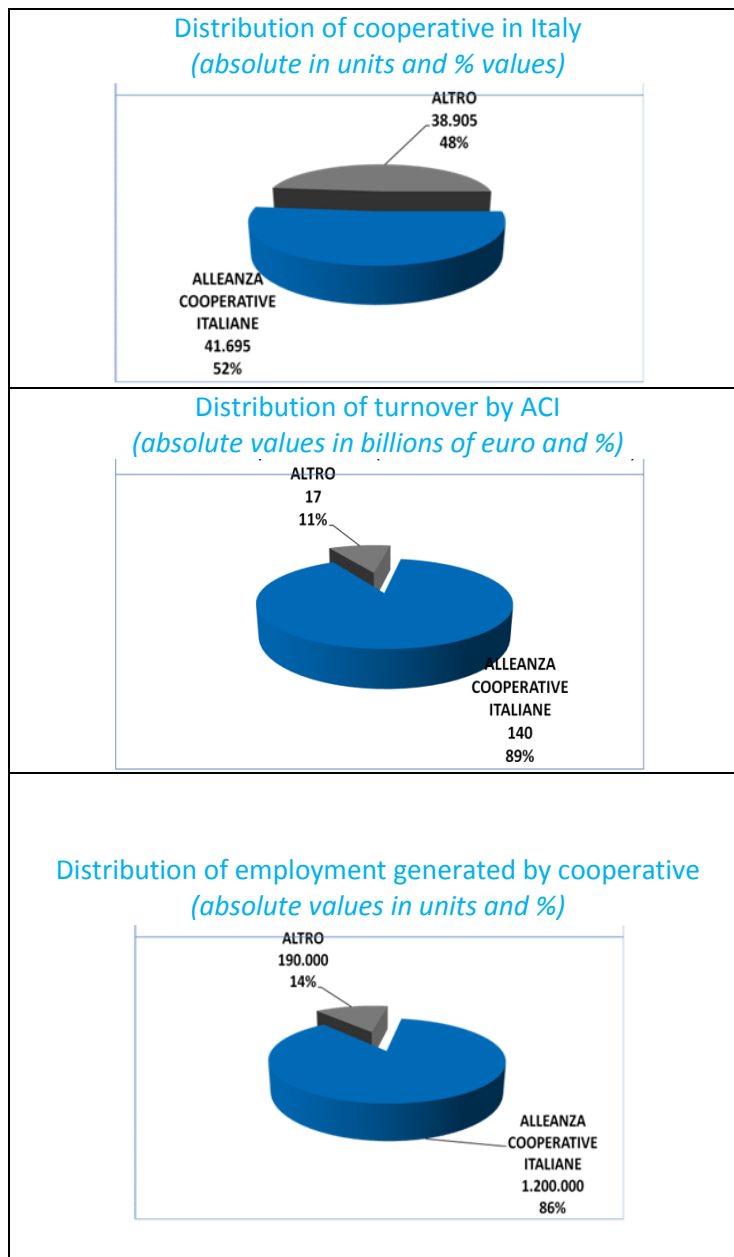
Industrial relations have developed, for decades and until now, in the sort of legislative vacuum that probably exists in no other country. Collective bargaining, workers' representation, strikes, participation and the minimum wage, are not ruled by the law, but through autonomous collective acts (tripartite social pacts and top-level bipartite collective agreements). The minimum wage is not fixed by law, but through collective bargaining, as "fair pay", based on the principles of "sufficiency" and "proportionality" for a dignified quality of life of the workers and his/her family (art. 36 of the Italian Constitution).

2.1.1 Cooperatives

The main national umbrella organisations representing cooperatives are Confcooperative (Confederazione Cooperative Italiane), Legacoop, (Lega Nazionale Cooperative e Mutue) and AGCI (Associazione Nazionale Cooperative Italiane). On 27 January 2011 they formed a single organisation, the Alleanza Cooperative Italiane (Italian Cooperative Alliance – ACI), which represents 90% of the employment, income and assets of the Italian cooperatives, that is:

- 1.2 million employees
- €140 billion in revenue
- more than 12 million members

Table 3 – Distribution of cooperatives in Italy



The Euricse report referred to above, focusing on the four-year 2008-2011 period, provides evidence of the resilience to the crisis of cooperatives and participative enterprises in industry and services.

The *Shift&Share Analysis* used in the report demonstrates that co-operatives achieved much higher growth than joint stock companies with reference to value added and to employment income.

The application of the *Shift&Share Analysis* has shown that the development of cooperatives is explained in large part by their special ownership structure. The objectives of cooperative businesses have determined a different response to the external shock of the economic crisis: while corporations have tried to protect the resources used by investor-owners by reducing their activity (and labour

costs), cooperatives have continued to provide services to their members and to ensure employment.

The analysis of the two years preceding the crisis (2006-2008) also seems to show that the influence of the ownership structure of cooperatives is not limited to periods of crisis, but that it could also be a strength under normal economic conditions.

2.1.2 Trade Unions

There are three major trade union confederations: the Confederazione Generale Italiana del Lavoro (CGIL), the Confederazione Italiana dei Sindacati Lavoratori (CISL) and the Unione Italiana del Lavoro (UIL). Historically these confederations have different political orientations. Italy maintains a medium-high rate of unionisation, where 33% of active employed workers are members of trade unions. With almost 12.5 million workers and pensioners affiliated to CGIL, CISL and UIL, Italy is by far the country in Europe with the highest trade union membership. In cooperatives, union density is generally higher than on average, especially in those regions where there is the highest number of worker cooperatives (Emilia Romagna and Toscana), where they are historically part of specific political sub-cultures, linked to the labour movement.

Both cooperative and trade union confederations are structured into national and local sectoral federations for the different sectors of economic activity (agriculture and food industry, services, social services, etc.) and/or the different collective agreement applied (e.g.: metal, food, building, consumers and retailers, etc.).

A mixed model provides for worker representation at the workplace level, through both union councils (*Rappresentanze Sindacali Aziendali* – RSA) and, much more widespread, unitary trade union structures/works councils (*Rappresentanze Sindacali Unitarie* – RSU), in establishments with more than 15 employees. RSUs can be elected by all workers, whether or not they are union members. They have exclusive information and consultation rights but share enterprise collective bargaining power with the sectoral/local unions which have signed the national agreement applied in the enterprise.

2.2. Social dialogue: collective bargaining and agreements

2.2.1 Collective bargaining: rules and coverage

Industrial relations in the cooperative world usually replicate the national models. The fulcrum of the Italian industrial relation system has long remained, and still remains, collective bargaining, which is not ruled by the law (public sector excluded) but by tripartite and bipartite agreements. Nowadays, the system results from a stratification of texts. Since the fundamental framework agreement of 23 July 1993, collective bargaining is based on a dual structure, articulated between a national industry-wide level and a second decentralised level, in undertakings or, alternatively, with a territorial scope.

The core of the system is the national industry-wide agreement. There are more than 400 of these as an effect of the fragmentation of the employers' associations. National cooperative collective agreements do exist in Italy and apply to 13 sectors, including the metal sector, food industry, wholesale and retail,

building, agriculture and fishing. They strongly emphasise the importance of "an active and responsible involvement of workers in the company process and labour organisation in order to pursue social development purposes."

The national industry-wide collective agreement establishes a general common basis of rights and economic standards for the whole sectoral workforce: wages, professional classification, trade union rights, types of employment contracts, salary progression over time, work organisation, working time and overtime work, holidays, the amount of annual paid and unpaid leave.

National collective agreements are signed at sectoral level, and their coverage reaches almost 90%, without any administrative extension mechanisms, and with a quite low level of employers' membership in their associations.

The second level gives the possibility to negotiate higher pay through performance-related incentives (productivity, profitability, quality, efficiency) and working conditions (flexitime, positive actions, welfare benefits). Since the 1993 reform, decentralised collective bargaining involves only a minority of employees, estimated at around 40%. Most SMEs are normally excluded, with very serious divides in terms of pay and working conditions. Territorial collective bargaining plays a crucial role both for SMEs and for the largest part of cooperatives, with the involvement, in some cases, of the public institutions, through a sort of "quadrilateral" social dialogue, enlarged to local politics and administrations.

The two bargaining levels are coordinated hierarchically, according to the principles of coordination and specialisation. Following the tripartite agreement of 1993, such normally infrequent company level and territorial agreements, defined as 'integrative' of the national sectoral ones, could not derogate to them if not *in melius*, but only integrate or improve their provisions. However, recent reforms started in 2009, although confirming the two-tier bargaining structure, have proposed some revisions of the national collective bargaining system, and encouraged 'second level' collective bargaining, paving the way for a higher degree of decentralisation. In following waves, a number of issues and proposals became the subjects of a wider debate, including the introduction of more specific functional specialisation of the two levels of negotiations.

A greater role for second level bargaining is set out in the June 2011 agreement between the main trade unions and the industrial employers' associations: it allows firm-level agreements to tailor wages and working conditions to companies' specific needs. They can thus deviate from national agreements, following the procedures and limits provided by them. A company agreement is generally binding if it is approved by the majority of the members of the unified workers' representative bodies.

Information and consultation practices are defined by national legislation, inspired by the EU directives, and by the national collective agreements. They are the core of the participatory approach to industrial relations in cooperatives, historically inspired by the shared values and aims of economic and industrial democracy. They are somehow part of their corporate governance structures. They are treated in broad and detailed provisions in the collective agreements. Codetermination is in fact part of the rationale and specificity of cooperatives' mutualistic features, and are a typical and essential value of cooperative enterprise. The challenge is to keep this spirit alive in the face of global changes which do not seem to enhance such a style of industrial relations.

2.2.2 Agreements

As for industrial relations, the present focus is on increasing work productivity through a set of more certain contractual rules, which are more suitable to the actual needs of cooperatives.

With this aim, on 14 May 2013 an agreement was signed between CGIL, CISL and UIL on the theme of detaxation. This agreement, following lines agreed during the 2011-2012 period, aims to make the conclusion of agreements on a regional scale easier by allowing access to tax incentives even to cooperatives without internal union representatives.

These terms justify the interconfederal agreement signed on 18 September 2013 between the three major cooperative associations and CGIL-CISL-UIL dealing with representation and contractual rules. This agreement was signed with the intent of regulating both the opportunity for second-level bargaining (at both territorial and corporate level) to derogate from CCNL rules and the theme of the representation and representativeness of trade union organisations and of the enforceability of collective bargaining done at all levels.

This agreement represents a particularly meaningful step, as the result of a long-standing process that accelerated from the month of July onwards. The agreement, as an integration of statements included in the Cooperative Industrial Relations of 1990, renews mutual recognition of signatories as the most representative organisations in the cooperative system. Other important points in the agreement are the enforcement of action against spurious co-operation and contractual dumping, as well as the need to start a dialogue process on other relevant matters such as:

- the discipline of the "member-worker" figure
- start-up plans both to promote the birth of new cooperative enterprises and help newborn ones
- finding ways to provide wage supplements

Finally, it is worth mentioning that the agreement, although enhancing the specificity of the cooperative system, can be considered as consistent with similar previous agreements signed by other organisations.

These agreements stand as proof that relations between cooperative organisations and trade unions remain positive and oriented towards positive collaboration.

Dealing with the matter of contractual dumping, a 2013 judgment by the Italian Constitutional Court must be mentioned. The court stated that, given that many different collective agreements are present in the cooperative sector, the ones that have to be applied are those signed by the most representative business and workers' (trade unions) organisations at a national level in each specific category of economic activity. This represents a further important step forward in fighting contractual dumping and also facilitates the work of the Provincial Observatories on Co-operation, given that the Italian Ministry of Labour has repeatedly stated that the agreements that have to be applied, according to the above principle, are those signed by Confcooperative-Legacoop-AGCI and CGIL-CISL-UIL.

2.3 Bilateralism

In Italy the social partners are often involved in the management of the welfare schemes, as in the case of what is named "bilateralism" (*bilateralità*). Born as reaction to the old and new weaknesses of the Italian welfare state, joint bilateral bodies representing the social partners attempt to foster the co-management of welfare – or at least parts of it – through more extensive industrial relations. Given the flaws in the Italian social security system, bilateralism has functioned as a sort of stop-gap. It is more developed in traditionally fragmented sectors, with unstable employment and a more complicated trade union structure and organisation (e.g. building, crafts, agriculture, retailing and tourism).

Bilateral bodies and funds – which are either multi-sectorial or sectorial, national or local, and are usually financed almost exclusively by the enterprises – function as co-management tools for supplementary pension schemes, unemployment insurance funds in sectors excluded from the legal redundancy wage funds, vocational training, welfare and benefits.

Cooperatives are also involved in this system, with their own bilateral funds for vocational training (Coopform), supplementary pension schemes (more than one fund, mainly Cooperlavoro) and lifelong learning (Foncoop).

2.3.1 Coopform

Coopform was originally founded with a mission focused on vocational training, both offering courses and researching training needs. Subsequently a new body, Foncoop, started providing vocational training courses. A proposal has now been made to add to the study and research functions new operational areas such as income support, apprenticeship, labour supply and demand matching, and health and safety at work. The final aim of the proposal is to arrive at a single cooperative bilateral body, able to achieve a larger critical mass while maintaining the special features of its predecessors.

2.3.2 Foncoop

Foncoop's mission is to provide lifelong learning schemes to member cooperatives. Recently, the fund undertook a programme to simplify access by the member enterprises to the various calls for proposals for training plans. During 2013 there were four calls, offering overall funding of about €14 million. In the first part of the year a dedicated financing channel was activated for enterprises facing difficulties following dramatic earthquake events. In addition a call is still open, specially focused on SMEs. Foncoop succeeded in offering these opportunities despite the Italian government's withdrawal of the refinancing of extraordinary social safety tools.

3. Work conditions /environment in social economy enterprises and social enterprises

3.1 Industrial relations and working conditions in cooperatives

The organisations representing cooperatives and the trade unions are the social partners which negotiate and sign collective agreements at the national, sectoral, company and local levels. Specific negotiations take place in large companies or

groups, while SMEs are normally covered by local agreements, always negotiated between the most representative employers' and trade union organisations.

Second-level collective agreements can derogate from the national one only under particular conditions such as crisis, restructuring or measures for company innovation and development.

3.2 Criticisms and perspectives

In the crisis, between 2011-12, an unprecedented act of state interventionism – under European pressure (Euro Plus Pact) – impacted on the whole range of social affairs (retirement age, labour market, wage-setting system, decentralisation of collective bargaining), without any previous consultation of or agreement by the social partners. Company and local level collective bargaining have now greater competence in defining salary rates linked to productivity. The possibility of including 'opening clauses' in sectoral agreements to allow a certain degree of divergence from the standard terms represents a new, controversial feature. While allowing further decentralisation, a new framework agreement signed on 28 August 2011 'saved' sectoral agreements, meeting the need of SMEs to avoid company-level negotiations.

The decentralisation of collective bargaining has been on the social partners' agenda for many years. Separate sectoral and tripartite agreements, in the last three years, have exacerbated tensions, breaking the traditional unions' synergy and fostering a general climate of uncertainty, conflict and legal disputes. The pattern of July 1993 was repeatedly amended by new top-level pacts. One was signed on 22 January 2009 by all the social partners, with the exception of the largest trade unions confederation, CGIL. It introduced opening clauses through which the company-level agreements can deviate, under certain conditions (aims, matters, procedures) from sectoral agreements. On 28 June 2011, a new framework agreement was finally signed by Confindustria (large companies) and all trade unions (including CGIL). It is inspired by a perspective of coordinated decentralisation, where company derogations are subject to several circumstances and limitations. In the same summer of 2011, under double pressure from Europe (a letter from the ECB to the Italian government) and from the largest national private company (Fiat), the system was forced to keep on further shifting its fulcrum from the industry-wide to the company and local level. Berlusconi's government – for the first time in Italian industrial relations history – made a law (Law 148/2011, art. 8), without consulting the social partners, which gives *erga omnes* binding effect to company agreements. Now, through company agreements signed by a majority of them, comparatively more representative unions at company or local level have the faculty to derogate not only from national agreements but also from the law, on almost the whole range employment rights and matters (excluding minimum wages, retirement and union freedoms).

This might be particularly risky in cooperatives, with the rise of new small employers associations (UNCI) and unions (CONFSAL), of very uncertain representativeness, that diverge from the values and approaches of the largest organisations. In fact, they have been concluding agreements with legal economic standards which are lower than those guaranteed by the national sectoral collective agreements, signed by comparatively more representative trade unions and cooperative organisations, with differentials in remuneration

between the former and the latter which are at time as much as 35%. These are the so called "pirate" collective agreements, signed by "fake" cooperatives and unrepresentative unions, which can provoke social dumping and downward competition, eluding the controls carried out by the labour inspectorate.

The crisis of traditional voluntarism in the field of industrial relations is provoking legal uncertainty and conflict. There is a need to have greater legal certainty concerning norms and rules about who should be considered representative, and how collective agreements become effective and binding. Legal rules on employee representation and collective bargaining are needed. In late April, the three main trade unions confederations reached an agreement according to which a national collective agreement is binding when signed by organisations which together represent more than 50% of the workers concerned, taking an average between votes and members.

In such difficult times, it is positive that that in the controversial metal sector – where the last national collective agreements, in the largest private companies, were signed separately, with the exclusion of the most representative trade union (FIOM-CGIL) – the cooperative social partners have demonstrated a more proactive and inclusive attitude, arriving in 2013 at a broadly shared final agreement which represents another possible road to social dialogue and industrial relations.

Another specific problem is a certain weakening of the traditional "quadrilateral" relationship among trade unions, cooperatives, politics and public administrations. Since the beginning of the 1990s, as is probably the case in the rest of Europe, in Italy there has been a decline of the main bond of such a dialogue, with a fragmentation of interest representation, while companies have been gaining greater autonomy, determined by a lack of common and integrated strategies.

3.3 Second-level bargaining

As regards second-level bargaining, it must first of all be clarified that many specific issues are usually delegated by national CCNLs to the second level of bargaining. Among them, it is worth mentioning performance bonuses, trade union and information rights, security and training, organisational aspects and bilateralism.

Among these issues, special attention must be paid to bilateralism which, in the cooperative system, is present in the agriculture, construction, surveillance, multi-service and agri-food sectors.

While for the first two bilateralism has a strong and long tradition, so that we could speak of "historical bilateralism", in the remaining three sectors we could instead speak of a sort of "new bilateralism".

The Observatories should be included in this topic, because these bodies, although not strictly part of bilateralism, are generally considered to be a local competence, particularly because of their function in fighting contractual dumping.

Another theme must be now analysed: that of the choice between the local or corporate level of bargaining. Regarding the corporate level, the main points to be considered are:

- dimension (dimension is very important even if not always crucial)
- parameters more closely linked to corporate results (payments only in case of profit)
- need to have an internal human resources function (particularly in case of a strong internal trade union presence)
- workers' cooperatives' need for a balanced mix of self-regulation (each member is also a co-entrepreneur) and delegation to trade union representation

The corporate level is without most appropriate in larger enterprises. This remains true even if there are examples of big enterprises that choose the local level of bargaining, leaving only special and limited issues to be faced in direct confrontation with the trade unions.

As for the local level of bargaining, the main factors in its favour can be summarised as follows:

- homogeneous sector made up of small businesses. If this homogeneity is not present, it is still possible to opt for a contract that takes into account the territorially homogeneous sub-sectors (this is, for example, a common situation in the agricultural sector);
- sectors with high labour costs that require uniformity to avoid or limit possible unfair competition (cleaning, social);
- sectors that are strongly characterised by procurement schemes without the opportunity to introduce technological or organisational innovations, or affected by legal constraints (e.g. in the social services sector, the operator-user relationship is defined by law);
- the legislative framework (e.g. the need to regulate labour market management in agriculture);
- the weight of bilateralism (e.g. agriculture, construction).

4. Worker involvement and democratic governance in social economy and social enterprises

4.1 Participation, consultation and information rights (former laws, collective bargaining and practice)

Cooperatives have an opportunity to increase participation.

As marked by the International Year of Cooperatives (2012), *"the story of cooperatives is not only a story of past success, of individuals coming together during difficult economic times to leverage their resources, access markets, and restore balance to price negotiations; the resilience and stability of the cooperative enterprise model is also a message for today"*.

In recent years, the world has demonstrated an urgent need for a more diversified global economy.

Cooperatives are value-based enterprises. The cooperative has the greatest degree of participatory governance of any of the major enterprise models. Because of this member engagement, cooperatives reflect the values of the community. Since their earliest days, they have been concerned with how their goods have been produced and their services delivered. A commitment to sustainability is one of the seven principles that the members of the International Co-operative Alliance in 100 countries have agreed define a cooperative.

These principles – equity, participation, sustainability – come together to make cooperatives vibrant and successful places for decent work. In every sector, from agriculture, fisheries, and forestry to cooperative banking and credit unions, from housing and healthcare to mutual and cooperative insurance, and especially in workers' cooperatives, cooperatives create decent jobs, enjoy greater trust among consumers and last longer than other forms of enterprise.

4.2 Business governance and involvement of workers

We can consider it an ideal time to talk about the demand for better governance and democracy that is growing among cooperatives, in order to elevate participation within membership and governance to a new level.

There are strong reasons for promoting social integration and inclusion, and even more when participation and good governance are on the table.

Deep disparities, a product of unequal distribution of wealth and/or differences in a person's background, reduce social mobility and ultimately exert a negative impact on growth, productivity and the wellbeing of society as a whole.

The first challenge is to nurture democratic values. Although member participation is a difficult process requiring vigilance and constant nurturing, it is essential to good governance. To approach this challenge it is necessary to strengthen the pool of prospective female and male leaders, to enhance member education in cooperatives values, and to establish indicators of progress towards improving the building blocks of inclusion and democracy: for example, gender policies, transparent systems, youth inclusion policies and enhanced governance structures. Organisations of cooperatives can play a key role in dealing with European gender problems, through their potential contribution to the development of civil dialogue, and the promotion of active participation of women in management (tools and methodologies which encourage gender equality in decision-making at all levels).

The second challenge involves the role of the members. The task is for all men and women to move forward from where they are. Italian cooperatives seem to be attentive to the needs of women. There are in fact many examples of excellent practices in terms of work-life balance, and in creating career paths and participation of women in key positions, but they are not always sufficiently formalised.

The third challenge is to mainstream women in politics and public administration, starting with their representation on cooperatives' boards.

The fourth challenge is to improve the capacity of a cooperative's organisation and people for better governance and participation. A cooperative-oriented education must prepare people to be voters, to participate in public discussions, and to work together across traditional boundaries.

5. Good practices of social dialogue in the social economy sector

Productivity in second-level collective bargaining: Ecosviluppo Social Cooperative

The cooperative is a B-type (work integration) social cooperative working on urban sanitation, waste management and cleaning of urban environments (not of buildings). The cooperative has a 16-year history and 130 employees. Forty-six of its employees are members: admittance as a member does not happen automatically on request but, as work integration is the main mission of the cooperative, only after attendance at a training course and a successful probationary period.

The cooperative has gone through a period of difficulty from 2006 on, and faced an increasing need to review its organisational structure. This had an impact on productivity.

Managing human resources is always a complex task. This is even truer when 130 staff must be managed, 30% of whom are in work integration, operating in a sector of activity that involves mainly workers with a very low skills profile and with a significant presence of workers and working paths originating from "deviance". Such a business reality can be turned into a more productive one as the result of an accurate strategy and not through "spot" interventions.

The main problems in 2006 were that overtime hours were out of control, overtime working did not necessarily correspond to producing more or better, and damage and accidents caused to and by the equipment.

The key points of the strategy were related to defending the employment contract.

- The first is defending the application of the social cooperatives CCNL (National Collective Work Contract) in the urban cleaning sector, which was not easy to achieve. To "be a social cooperative" and "to apply the corresponding contract" has been the strategic element. To support this line, the cooperative introduced some improvements in the social cooperatives CCNL, for example avoiding the possibility that, because of the different tax and social security regimes, workers in work integration could earn more than "ordinary" workers performing the same job. This was achieved by equalising wages at the level associated with work integration. Such actions become elements for industrial relations as well as other elements, such as, for example, training activities that, in this sector, are not always provided in contracts other than those made by social cooperatives.
- The second key element is that productivity is possible even in a B-type (work integration) social cooperative. At the beginning the cooperative had to face some resistance to change, but working on a timing plan for each process/service was the premise to reduce overtime work. As an example, overtime work by supervisors was replaced by a functional allowance linked to definite goals to be achieved in terms of limiting overtime hours. This was an economic success as well as a positive result for job security.
- The third element was a "prize for results". This has two parts: half is awarded to everybody, without distinction, and half is linked to "merit" criteria regarding for example the absence of damage or accidents caused by

the worker with the equipment used to carry out his job tasks, the level of absence and delays in service provision, and the absence of warnings and disciplinary penalties.

The cooperative and the trade unions share a common set of values in defending the application of the social cooperative CCNL in the cooperative as well as having positive labour relations.

Assets seized from organised crime returned to the community and work: the experience of Libera Terra

The potential of worker cooperatives as social co-players within the community lays at the foundation for the original experience in Italy. Law 109/96 on the redeployment of assets seized from mafia organisations envisages the allocation of illegally acquired or inherited properties to public or private entities able to exploit them for the welfare of citizens, by means of social and labour-promoting services and activities. Most assets - mainly agricultural land - are being granted by local administrations to already existing, or, indeed, new worker cooperatives created by specific public tenders selecting expert staff. The resulting agricultural worker cooperatives have organised themselves into an association, Libera Terra, and into a consortium-based company, to commercialise biological agricultural products identified by a quality mark and a legal trademark. The consortium, with a €5 million turnover, is experiencing growth in its share base and recapitalisation.

In Southern Italy, where underdevelopment, unemployment and poor protection of labour are often related to the activities of organised crime, the first cooperatives founded as a result of this initiative have been named after trade unionists killed by mafia criminals, because they supported the creation of cooperatives of farmers and day-labourers, in clear contrast to the criminal profits generated by the mafia's management of illegal intermediation. This experience is certainly valuable, not only with regard to job creation, as today's cooperatives embody a legacy of values of peculiar importance in the social context of Southern Italy, where a culture of legality and labour as key elements for economic sustainability still needs to be promoted and affirmed.

The role of trade unions is remarkable in their provision of expertise, campaign and awareness raising, political support and the promotion of legislative initiatives to improve the effectiveness of the actions. Furthermore, the network of union contacts is available to both individual cooperatives and to the consortium, to attract new investors and bodies committed to social solidarity and other practical ways of contributing.

Innovation, enhancement of human resources and sustainable development: Formula Servizi

Formula Servizi is a worker cooperative specialised in providing diverse and high-quality services to the public, companies and public administrations. It is rated among the ten best national companies by size and profits and has reached 35th position in the Top 500 European Growth Companies in 2013. Its entrepreneurial success is based on a long-term view of sustainability and innovation:

"Formula Servizi has always acted strategically and not tactically, focusing on service quality to reduce marginal costs and remain competitive in tenders, without affecting working conditions at all"³⁹.

Company policy is based on rethinking work in terms of human, economic and environmental efficiency, by reducing energy consumption, recycling, economising and using renewable energy sources. One of its first innovations was in work organisation – 90% of its employees are female and 80% of these benefit from a modular part-time or full-time contract, providing a personalised schedule to cope with private and family requirements. Work assignments are organised so as to enable each employee to work as close to home as possible, also reducing his/her carbon footprint. This has cut absenteeism and enhanced motivation.

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

Moreover, adaptation to the labour tools requested by health and safety representatives has become the focus of a separate business, which has allowed the company to diversify. In the labour-intensive cleaning sector, the idea of enhancing human resources might seem problematic. However Formula Servizi has based its success on the care and professional development of its employees, who are involved in the company strategy and are well able to master technological innovation. In line with this multifaceted company strategy, the 1,900 employees are provided with more than 6,000 hours of training each year.

This industrial strategy also benefits from the presence of skilled managers, often with a past in the trade unions, who have grown up professionally within the company and are therefore fully aware of its potential, as well as of the communities where it is rooted. The close involvement of workers allows managers to benefit from their daily experience and their ideas on improving working methods and developing new business products, thus increasing both satisfaction and productivity and saving on management costs.

The company's success is the result of a culture of solidarity, which relies on its members, who, for the past two years, have been appropriately trained for this role⁴⁰. Employee-members are keen to be fully involved in corporate governance. Local assemblies are held in all the locations scattered around the country and these general assemblies are well attended. Members also evaluate the company managers every three years.

These assemblies have proved to be very rewarding in terms of internal management-employee cohesion. Representatives of non-member workers also attend the assemblies, thus guaranteeing a flow of detailed and thorough information to all work colleagues. Trade union delegates (sometimes cooperative members) hold a constant and direct dialogue with management, mainly representing the interests of non-member workers, thus strengthening relations throughout the entire workforce. They also deliver workers' opinions, for example, on health and safety issues, which have often helped to better

³⁹ Company trade union representatives from CGIL, CISL and UIL.

⁴⁰ Out of 1,900 workers, almost 900 are worker-members.

manage internal organisational processes, streamline procedures and improve communication.

Encouraged by a climate of transparency and mutual trust, company trade unions have never obstructed innovation processes, but have made a significant contribution to the overall collaborative spirit, despite the difficult business environment and the sectors within which the company operates.

Efficiency of organised satellite cooperative suppliers and professional development: Consorzio Euro2000

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

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

The experiences gained have been put to further good use. Specific training and job placement plans have been agreed with the national and regional trade unions, to train annually at least 25 young people willing to learn a highly specialised job. The scheme has been running for five years, and all the participants have been recruited by the consortium or by other employers in the area, where there is a strong demand for professionals in an "endangered trade".

Strategies of participation and solidarity in the building sector: the case of CMB

One of the sectors most affected by the current economic crisis is construction. Not only did the credit crunch stall private contracts, but the cuts in public spending drastically impacted the economy of the sector. The CMB cooperative of Carpi, Italy, is one of the largest construction companies in Europe. It survives thanks to a combination of corporate and industrial strategies that have safeguarded the jobs of its approximately 900 employees, all hired on permanent contracts. For a long time, its business strategy has focused on diversification. In addition to the production of work, the cooperative has

undertaken 'socially responsible' financial and real estate activities, that are not just speculative, that have successfully provided significant cash reserves at a time when they were most needed. Before the crisis, this "social capitalism" allowed for an increase in employment and the hiring, among other elements, of transferred workers from across Italy, for whom the cooperative also provides room and board. The *social* aspect of these corporate strategic choices and the strong values of the cooperative guaranteed that, in times of crisis, the priority lies in safeguarding employment levels. In the event of the application of social safety nets, such as redundancy payments, the company tends, for example, to supplement government contributions to ensure a decent minimum income to the redundant employees.

About 250 worker-members out of the 900 employees represent the membership base of the cooperative. These are almost all managers and middle managers. A climate of trade union pluralism, promoted by the management in spite of the risks of fragmentation of the consultation arrangements, has fostered trade union membership and the presence of trade union representatives (on behalf of all workers, members and non-members) at cooperative members' meetings has ensured a steady and full flow of information.

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

This internal participative structure is aided by the extraordinary presence of three bargaining levels applicable to the cooperative, national, provincial (both levels are normal for the construction sector) and at company level, covering all three territorial divisions of CMB⁴¹. There is, however, no overlap as the agreements at each level deal with different issues. The corporate layer is the most flexible one, which affords CMB standards of excellence, for example, in relation to the treatment of transferred workers, health and safety issues, salary support and training. Company agreements deal with professional bonuses, based on compliance with safety obligations and responsibilities, which encourage and reward participation in specific training courses and provide accountability on key issues for construction workers.

Trade union agreements concerning industrial organisation see the trade unions and the general representation of workers carrying considerable weight with respect to the decisions taken at cooperative assemblies. For example, the recent (2011-2012) *solidarity agreements*, which provided social safety nets for 150 people, were first discussed with trade unions and then discussed by the members' assembly⁴².

⁴¹ In Italy, the local and the company levels are alternatives.

⁴² The practice of solidarity agreements is quite widespread among cooperatives.

POLAND

1. The concept of social economy – main components and some aspects of social economy and social enterprises

1.1 Concept and brief history

The term “social economy” was used for the first time in the 18th century, but it was given its more modern meaning in France in the second half of the 19th century⁴³ (some sources say more precisely in 1900), when Poland did not exist as an independent state. But the idea of commercial entities combining economic and social objectives was not new on Polish territory. Polish social activists, philanthropists and reformers, looking west for inspiration and good examples, were trying to improve the situation of the poorest people by helping them to organise themselves and to find the organisations ready to do business without causing harm to employees or to society. A perfect example of Polish organisations of this type is Towarzystwo Rolnicze Hrubieszowskie (Hrubieszów Agricultural Society), founded in 1816 by Stanisław Staszic, a leading figure in the Polish Enlightenment. This organisation was self-governed by its members and used many mechanisms of collaboration, applying agricultural innovations and – most important – self-help.

Prior to the Second World War, the social economy in Poland comprised primarily cooperatives and mutual insurance companies. During the communist period, these institutions were exploited for propaganda purposes. For some older people in Poland, the word “co-operative” is synonymous with communist business. While defined as cooperative unions, during that era co-operatives had very little to do with cooperation or democratic principles – and that is why cooperatives and to a certain extent the whole idea of social economy create in Poland some negative feedback. During the 1990s many co-operatives restructured themselves into companies, in part because of the negative associations of the word “co-operative”, or returned to true principles of a cooperative⁴⁴.

The fate of the Polish co-operative movement explains why the Polish distinction between the “old” and “new social economy” looks different than in the West. For western societies the old social economy was a product of 19th century criticism of the political class and the mechanism of competition which were accused of causing poverty and exploitation. In Poland the very same term refers to the organisations deformed and maimed by the communist regime, which are still present in the financial and insurance sector, housing, the dairy industry and many more areas. After 1989 thousands of new bodies were founded to follow these – very often – façade co-ops. Most of them are doing business in the same manner as the private sector: their only goal is to generate profit (or – less commonly – to do something more cheaply, like housing cooperatives) and their democratic mechanisms are residual.

Fortunately, the new social economy (sometimes it is called simply “the new economy”) in Poland means exactly the same as in most countries. The initiatives of the new economy are oriented wider than on the gains of the members. They take into account the external benefits, especially for local communities and marginalised members of society (the socially and economically

⁴³ Maciej Frączek, Jerzy Hausner, Stanisław Mazur, “Wokół ekonomii społecznej”, 2012

⁴⁴ <http://www.ekonomiaspoleczna.pl/x/433523>

excluded). The second important difference between the old and new economy is that the old type organisations were founded from the bottom, sometimes against the establishment, by activists and future members. In contrast, the new social economy sector is getting some support from the government (as well as the institutions of the European Union), as a promising alternative or extremely valuable addition to the dominant model of the economy. **To avoid confusion, in the rest of this report the term "social economy" will refer to the new social economy.**

1.2 The definition of social economy

But what precisely does "social economy" mean in modern Poland? Well, there are many definitions from the scientific point of view. Also the government has not defined it strictly. Piotr Frączak, an expert of the social economy from Fundacja Rozwoju Społeczeństwa Obywatelskiego (Civil Society Development Foundation, FRSO), suggests that there are three groups of definitions of the social economy: based on the idea of the fairness, solidarity and freedom. And we could talk about three different sectors specified by these terms⁴⁵.

The most popular approach is to define the social economy as simply as possible: it consists of business entities (single or a group) combining economic and social goals. The core of this term is the social enterprise which is commonly described (after European Research Network, EMES⁴⁶) as an entity or activity with primary social goals, where the profits are reinvested in those goals or in the community and not in maximising profit or increasing the revenue of the shareholders or owners. This is the definition promoted by ekonomiaspoleczna.pl, the most popular and the oldest Polish portal for the social economy.

The perfect social enterprise (by EMES) operates constantly and regularly, uses economic instruments, takes economic risks, employs at least a small paid staff, stays independent, is not controlled by the public authorities, is clearly oriented to socially useful goals, is built by the people, is managed specifically, using democratic mechanisms, works as a community, and limits the distribution of profits.

1.3 Legal forms of social enterprises

In Poland the legal forms of social enterprises are: foundation, association, non-profit company, social cooperative, workers' cooperative, cooperative corporation, CIS (Centrum Integracji Społecznej, Social Integration Centre), ZAZ (Zakład Aktywności Zawodowej, Institution of Professional Activity) and NZOZ (Niepubliczny Zakład Opieki Zdrowotnej, Non-Public Health Care Institution).

Four specific forms need a clarification. A social cooperative is a specific type of a cooperative: it can be founded and can hire only people at risk of social exclusion (these groups are defined by the special act prepared by the government). CISs, ZAZs and NZOZs do not have legal personality and act as separate units within the founders' institutions or organisations.

CISs help people from the same target groups as a social cooperative, but are designed as educational bodies helping people to return to the labour market.

⁴⁵ <http://www.ekonomiaspoleczna.pl/x/555184>

⁴⁶ <http://www.emes.net>

The ZAZ was designed for people with a disability. Most NZOZs are nothing more than businesses, but some of them could be included to the relatively small group of Polish social enterprises.

1.4 The size of the Polish social economy sector

It is really hard to calculate the size of the social economy sector in Poland. Firstly, it is not easy to precisely describe a social enterprise and distinguish it from other entities. Secondly, the most important part of social enterprise definitions includes its purpose which could be realised or not, could drift etc. Thirdly, in Poland there are no big social enterprises (the huge entities of the old social economy are not truly social economy in the modern meaning). Fourthly, the communist period undermined the social capital. Trust in social activists and collective forms of acting/organising is low and in fact is being rebuilt from scratch.

At the end of 2013 in Poland there are more than 70 ZAZs, 90 CISs, and 750 social co-ops. The most recent research by the Central Statistical Office in Poland (2010) shows that, despite the fact that there were about 90,000 registered associations and 13,000 registered foundations, only 67,900 and 7,100 respectively were active⁴⁷, but in 2012 only 4,500 (6% of 75,000 active ones) conducted economic activity⁴⁸. From this last number only 6% were focused on social and humanitarian assistance and/or lifesaving, 4% on professional activation, and 4% on social and economic local development. 14% of 4,500 is 630, but it is obvious that not every organisation in that group should be counted as a part of the social economy sector. At the same time, some entities focused on other fields have to be considered as social enterprises.

Aside from the social co-ops, associations and foundations are the most numerous social enterprises. In 2012, 75% of associations and 89% of foundations conducting economic activity had their headquarters in an urban *gmina* (municipality), 15% and 5% respectively in an urban-rural *gmina* and only 10% and 6% respectively in a rural *gmina*.

32% of all associations and foundations conducting economic activity were registered in the central region of the country (21% in Warsaw). 6% of all associations and foundations conducting economic activity were active only in their neighbourhood, 12% in their *gmina*, 14% in their *powiat* (prefecture), 21% in their *województwo* (voivodship/region), 37% in the whole country, and 10% even outside the country.

In 2012 5% of all associations and foundations conducting economic activity had less than 10,000 zlotys (€2,500) of revenue, 24% between 10,000 and 100,000 (€2,500-25,000), 46% between 100,000 and 1 million (€25,000-250,000), and 25% above one million zlotys (€250,000).

In March 2012 in Poland there were 881 active cooperatives focused on employment: 648 workers' co-ops, 224 co-ops of disabled or blind people, and 8 co-ops of folk handicraft. From these groups, giving jobs to 60,000 people, as

⁴⁷ Ministry of Labour and Social Policy, "Krajowy Program Rozwoju Ekonomii Społecznej", 2013

⁴⁸ Central Statistical Office, "Stowarzyszenia i podobne organizacje społeczne, fundacje oraz społeczne podmioty wyznaniowe prowadzące działalność gospodarczą w 2012 r.", 2013

well as from the other 9,100 co-ops only part can be taken as the part of the social economy sector.

The number of NZOZs is counted in hundreds (separately), of co-op corporations in dozens, but only small part of these should be added to the social economy sector. In Poland there are 20–30 non-profit companies, but also only some of them act like social enterprises. On the other hand, there are some enterprises and institutions working similarly to social enterprises driven by the zeal of the owners or managers.

To summarise the estimates above, the Polish social economy sector could be very roughly calculated as containing 1,500–3,000 organisations employing 15,000–30,000 people. That means it is responsible for 0.1–0.2% of total employment in Poland. This is about PKO BP's employment (the biggest bank in the country) and only 15–30% of the employment of Poczta Polska (Polish Post, the biggest Polish employer). In 2010 the Central Statistical Office estimated employment in the whole NGO sector in Poland at 190,400 people⁴⁹.

The social economy sector in Poland is growing rapidly every year – much faster than the traditional economy. But it is still rather small, scattered and lacking unification and networking.

2. Social dialogue and consultation. Players of social economy and social enterprises

2.1 The players

In Poland there is no one organisation uniting the whole social economy sector. Despite the fact that there is a lot in common between different types of social enterprises, they are separated by their legal forms and even inside each group. Building a working network and choosing respected representatives (useful in social dialogue and shaping industrial relations) does not happen often. That leads to the situation where the level of their recognition and influence is sometimes disputable.

Probably the biggest organisation close to the social economy sector in Poland is **Związek Lustracyjny Spółdzielni Pracy (National Auditing Union of Workers' Co-operatives, ZLSP)**, founded in November 1991. It unites 198⁵⁰ of the 648 workers' co-ops (31%) and has its headquarters in Warsaw, but also maintains nine regional offices in most big cities (Warsaw again, Wrocław, Lublin, Kraków, Rzeszów, Gdańsk, Katowice, Kielce, Poznań). The main purpose of the organisation is auditing the financial statements of cooperatives. Above that ZLSP is⁵¹:

- providing consultancy as well as financial, legal, and self-government training for members of supervisory boards, management boards and staff of workers' cooperatives and cooperative organisations

⁴⁹ Central Statistical Office, „Trzeci sektor w Polsce w 2010 r.”, 2013

⁵⁰ http://www.krs.org.pl/index.php?option=com_content&view=article&id=66&Itemid=129

⁵¹ <http://www.zlsp.org.pl/english.php5?module=main&action=index&id=126>

- training personnel for cooperatives, scientific and technical cooperation and publishing activities
- archiving documents of liquidated cooperatives and cooperative organisations
- providing economic integration and promotion of workers' cooperatives in Poland and abroad
- managing mutual aid funds, including the Cooperative Development Fund and the Cooperative Credit Guarantee Fund
- awarding state, branch and regional prizes to workers' cooperatives, cooperative organisations and their members for activities in the fields of self-government and economy
- promoting international cooperative principles and the Polish workers' cooperative traditions
- representing workers' cooperatives circles in Poland and abroad

Be aware that a worker co-op is rarely a social enterprise. ZLSP is rather active as an institution uniting workers' co-ops, but does a little for social enterprises *sensu stricto*.

That means the most important union of social enterprises in Poland is in fact **Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych (Polish General Revisory Union for Social Cooperatives, OZRSS)**, founded in May 2006. It unites 44 (20 June 2013)⁵² 750 social co-ops (6%). the main task of the organisation is to audit social co-ops: each of them is obliged by law to submit to external audit once every three years. The other fields of activity are consultancy and legal advice on social co-op subjects and training. The organisation does not have a regional structure. Its HQ is in Warsaw.

ZAZs are united by the new organisation: **Ogólnopolski Związek Pracodawców Zakładów Aktywności Zawodowej i Innych Przedsiębiorstw Społecznych (Polish General Union of the Employers of Institutions of Professional Activity and Other Social Enterprises, ZPZAZ)** founded in May 2012. 41⁵³ of the 70 ZAZs' founders are members of ZPZAZ (59%). Its HQ is located in Puszczykowo near Poznań. The union was created to support the development, protect the rights and represent the interests of its affiliated employers – but it is still working on its activity profile as well as regional structures. It is important to remember that ZAZs are not legal entities, but parts of other institutions, organisations or companies. The union brings together those employers that have decided to create ZAZs and it will represent the interests of the founders – which are sometimes different from the interests of society or the social economy sector as a whole.

There are smaller organisations of social enterprises like **Izba Przedsiębiorców Społecznych (Social Entrepreneurs' Chamber, IPS)** organised in May 2011 in Warsaw⁵⁴ under the umbrella of Ogólnopolska Federacja Organizacji Pozarządowych (Polish Non-Government Organisations Federation). IPS organises meetings and discussions about the development of the social economy sector and its standards.

⁵² <http://ozrss.pl/zwiazek/czlonkowie/>

⁵³ <http://www.zazpolska.pl/o-nas>

⁵⁴ <http://ofop.eu/category/tagi-s%C5%82owa-kluczowe/izba-przedsi%C4%99biorc%C3%B3w-spo%C5%82ecznych>

One of the most promising initiatives is **Stać Konferencja Ekonomii Społecznej (Permanent Conference of the Social Economy, SKES)**, started in October 2004 in Kraków and formalised in September 2006, also in Kraków. The founders – signatories of the multilateral agreement – were the nine most respected and the biggest organisations working on systemic solutions in favour of the growth of social economy in Poland. Amongst them were ZLSP, IPS, FRSO, United Nation Development Programme and Fundacja Inicjatyw Społeczno-Ekonomicznych (Foundation for Social and Economic Initiatives, FISE) – the founder and the owner of the Internet portal www.ekonomiaspoleczna.pl⁵⁵. With two entities which signed the agreement at a later date, this alliance relies in its activity on the resources of 11 organisations, with FISE as an actual representative. Despite its name, SKES is not only a conference, but also involves:

- meetings, seminars and training courses for social enterprises
- activities in the field of information, education and promotion
- publishing books and magazines about the social economy
- research projects
- networking and building regional and thematic structures.

2.2 Possible unionisation of the social economy sector

To resolve the problems of the definition of social enterprise and the lack of networking and representation of the social economy sector, a team of experts from Zespół ds. systemowych rozwiązań w zakresie ekonomii społecznej (Task Force for Systemic Solutions for the Social Economy) drafted the *Ustawa o przedsiębiorstwie społecznym i wspieraniu ekonomii społecznej* (Social Enterprise and Social Economy Support Act). This bill defines the procedure of extracting the social enterprises from the surrounding amalgam of organisations. Each candidate for social enterprise status should submit an application to the National Court Register and, if all requirements are met, it will be awarded the desired status and obligatorily become member of a new institution designated in this draft: **Izba Przedsiębiorstw Społecznych** (Social Enterprise Chamber). This entity is described as an independent representative body for the whole sector⁵⁶.

In the summer of 2013 the draft was submitted to the government, but there is no guarantee it will be taken into consideration and adopted soon. Most of the acts prepared outside the government institutions wait for years for the right moment, when a certain issue seizes the attention of the media and prominent politicians. Many well prepared documents become obsolete and abandoned. Fortunately, European Union institutions are deeply interested in the support of the social economy sector and that creates pressure on the Polish government to sort out the legal structures, regulations and instruments needed for its development.

⁵⁵ <http://www.ekonomiaspoleczna.pl/skes>

⁵⁶

http://www.ekonomiaspoleczna.pl/files/ekonomiaspoleczna.pl/public/InstytucjeWspierajaceES/Zespol_strategiczny/ustawa_o_przedsiębiorstwie_społeczny.pdf

3. Relevant elements of industrial relations structure

3.1 Relations between social economy organisations and other players of social dialogue and consultation

Given the lack of networking and unity among social enterprises, it is no surprise that examples of collaboration between the main organisations mentioned above are rare. This weakness, rooted in the young age and small size of the social economy sector as well as its insufficiency of resources and support, leads to the absence of influence in industrial relations and the law-making process. The government rarely consults the members of this sector and its experts on its decisions connected to the social economy (the lack of the representative body of social enterprises is a good excuse) and even when it does, it ignores most of the resulting proposals.

The most important and legally authorised institution is the "Task Force for Systemic Solutions for the Social Economy"⁵⁷ mentioned above. Founded in December 2008, it enables collaboration between officials from the Council of Ministers of the Republic of Poland, the ministries of Economy, Labour and Social Policy, Finance, Infrastructure and Regional Development, National Education, and Science and Higher Education, as well as organisations respected in the social economy sector (including SKES, OZRSS, ZSLP and OFOP) and even the Social and Economic Affairs Trilateral Commission (involving employers, employees and government). Despite the composition of this body, its documents stays at least underestimated, if not ignored.

For the last two decades the social economy sector has been outside the area of interest of the Polish trade unions which were focused on the public sector and big corporations in the private sector. This approach has been changing lately and trade unions have become more aware of the concept of social economy and the ideological similarity between them and the social enterprises. This awareness creates more and more contacts between the trade unions and the social economy sector – however it is just the beginning of the possible future collaboration.

3.2 Work conditions in social enterprises

Because of the lack of one definition of social economy the picture of work conditions in this sector is rather foggy⁵⁸. The best source of data about it is the second edition of the report prepared by the Central Statistical Office, published in 2013 and titled "Stowarzyszenia i podobne organizacje społeczne, fundacje oraz społeczne podmioty wyznaniowe prowadzące działalność gospodarczą w 2012 r." (Associations and similar social organisations, foundations and religious entities conducting economic activity in 2012). The report focuses on these organisations – and only a part of them should be considered as social enterprises. Of course there is nothing about workers' co-ops, social co-ops, cooperative corporations, non-profit companies, CISs, ZAZs and NZOZs.

⁵⁷ <http://www.ekonomiaspoleczna.pl/x/433512?projekt=433512>

⁵⁸ Central Statistical Office is aware of this: the complex problems of the methodology are described in the official analysis published on the CSO's portal: Włodzimierz Okrasa, "Sektor trzeci jako przedmiot badań statystyki publicznej".

This report shows that 15% of NGOs conducting economic activity had no personnel on the payroll and another 30% used only civil law contracts. The mean employment is 14 people, but median employment is about 3 people owing to the large number of organisations without paid personnel and a couple of dozen of the biggest foundations and associations employing more than 100 people each.

Among the 55% of NGOs conducting economic activity with paid personnel there are numerous examples of full and part-time contracts, as well as fixed-term employment contracts. Unfortunately, the report does not analyse these details. The percentage of contracts other than permanent full-time contracts is similar or slightly bigger (because of the small size of most social enterprises) than in the whole Polish economy⁵⁹. *Badania Aktywności Ekonomicznej Ludności* (Economic Activity Survey, BAEL), the most important regular survey of the Polish labour force conducted by the Central Statistical Office, informs us that in the third quarter of 2013 7.6% of all employees were hired on part-time contracts. The EU-27 average was about 20%, which suggests that this type of contract is unwelcome to Polish employers.

According to the Ministry of Labour and Social Policy, in 2012 about 21% of all Polish employees were hired on fixed-term contracts. *Diagnoza Społeczna 2013* (Social Diagnosis 2013) presented a slightly lower percentage: 19%, but both sources show that the number is growing. The EU-27 average was about 14% – meaning that this type of contract is much more popular in Poland than in most European countries.

On the assumption that in the social economy much more than 7.6% of the employees are hired on part-time contracts, probably more than 19% of them are hired on fixed-term contracts, and definitely more than 1/3 of them are hired on civil law contracts⁶⁰, it is obvious that there is plenty of room for self-organising and unionising of employees and collective bargaining on the level of the enterprise, sector or country.

3.3 Democratic governance and involvement of workers

Some legal forms of social enterprises – social cooperatives and workers' cooperatives – have democratic mechanisms by definition. The others use the idea of self-governing workers very rarely – mostly because of lack of experience with the democratic governance of business and the unfortunate association of the idea with the communist regime or anarchy. Bad examples of the façade democratic governance (in housing cooperatives, dairy co-ops, mutual insurance companies, cooperative banks etc.) are commonly known and together with the anti-leftist propaganda prevent the spreading of the involvement of workers in the process of business decision-making even in the social economy sector.

Unfortunately, there is no survey focused on the forms of governance in the social economy sector in Poland.

⁵⁹ The report "Stowarzyszenia i podobne organizacje społeczne, fundacje oraz społeczne podmioty wyznaniowe prowadzące działalność gospodarczą w 2010 r." (Associations and similar social organizations, foundations and religious entities conducting economic activity in 2010) published by the Central Statistical Office suggests that part-time contracts are popular in NGOs, but it does not present any numbers to support this statement.

⁶⁰ Central Statistical Office, "Stowarzyszenia i podobne organizacje społeczne, fundacje oraz społeczne podmioty wyznaniowe prowadzące działalność gospodarczą w 2010 r.", 2012

3.4 Collective bargaining

In Poland collective bargains are a matter of trade unions. Only they can represent workers and formally negotiate conditions of employment exceeding these defined in the Labour Code. That implies the rarity of the process of collective bargaining because only 15% of employees are members of trade unions⁶¹ (some sources report a lower number: 11%) and the unionisation of Poles is going down. Poland is one of the least unionised countries in Europe.

Despite the fact that the Polish constitution includes a right to collective bargaining across all sectors of the economy, according to the Ministry of Labour and Social Policy in 2013 there were fewer than 8,500 company, workplace, multi-employer and sectorial collective agreements covering about 1.8–2.0 million workers or less than 13% of all working Poles⁶².

All trade unions in Poland – including the big three: Niezależny Samorządny Związek Zawodowy Solidarność (Independent Self-Governing Trade Union Solidarity, NSZZ Solidarność), Ogólnopolskie Porozumienie Związków Zawodowych (All-Poland Alliance of Trade Unions, OPZZ) and Forum Związków Zawodowych (Trade Unions Forum, FZZ) gathering together more than 2/3 of all trade union members – are active solely in medium and big enterprises, especially in the largest firms in the public sector or privatised public enterprises.

So far the attention of most trade union activists has been away from the social economy sector: full of small, young organisations founded not only for the profit, with many examples of workers having real influence on business decisions. But a growing number of trade union activists have just started to see that self-governing workers in co-ops may not necessarily need unionisation, but still look for advice, help of experts and suggestions about institutional standards. However this is just the beginning, and for now it is hard to find even a couple of examples of collaboration between trade unions and social enterprises or assistance and consultancy services provided by trade union experts to the social economy sector.

4. A good practice of social dialogue in the social economy sector

Miejskie Przedsiębiorstwo Komunikacji in Kielce (Urban Transport Company, MPK) was founded in 1951 as a municipal enterprise. For the following 35 years it was the only bus company in this city of 200,000 people, and since then it has kept the status of the biggest and most crucial one for the residents of Kielce. In 2002 it was transformed in a limited company. The owner – the city's local authority – was not eager to ensure the necessary financial support for the company with the old bus fleet. Also the enterprise was not profitable enough to justify the cost of the investments. That is why in 2007 the government decided

⁶¹ http://www.biztok.pl/artukul/związki-zawodowe-czyli-wiele-halasu-o-nic-te-liczby-mowia-wiele-o-uzwiązkowieniu-w-polsce_a8453

⁶² <http://www.rp.pl/artukul/484205.html?print=tak&p=0>

to sell the company and started to look for an investor. This pushed the personnel of the enterprise to find another solution: the investor had to promise a substantial sum of investment, but the future of the staff (most of whom had been employed there for their whole adult life) was unknown. Numerous examples from similar privatised enterprises had shown that sooner or later cuts were inevitable.

NSZZ Solidarność was the biggest trade union in the enterprise, which employed 470 people. Bogdan Latosiński, the president of the trade union company committee, and other leaders of NSZZ Solidarność from the MPK, proposed to buy the company: to collect the private savings of employees, take a loan and give a good deal to the city. The ownership was not the only thing that had to change. The union leaders convinced the personnel that they would be included in the business decision-making and that the company would become partly self-governed by workers.

The negotiations took a couple of nervous months, but finally the personnel of MPK founded the workers' company named Kieleckie Autobusy (Kielce Buses) and this entity paid 5.4 million zlotys (€1.35m) – 0.6 m in cash and the rest as a bank loan – for a 55% share of MPT. The rest of the company is owned by the city. The workers' company was obliged to invest 76 million zlotys (€19m) in a bus fleet. In October 2013 MPK announced that the investment plan had been realised on time. Today the company employs 614 people, most of its 151 buses are new and – last but not least – it not only survived, but became profitable and stable.

The success of the acquisition was partly the effect of determination and hard work. But the workers took responsibility for the company with an influence on the decision-making process and access to the financial information. The leaders helped them to understand what was going on and what lies behind particular numbers. It created a strong bond between the employer and the employee – a much stronger one than before.

MPK is not a truly social enterprise. However, it is providing services needed by most residents of Kielce, it is partially self-governing and on a small scale active as a benefactor, occasionally supporting local initiatives. This is the only urban transport company in a big Polish city taken over by its employees and a rare example of this scale showing that trade unions could create business entities close to the idea of social economy.

At the end of the 1980s privatisation was commonly understood as selling public and municipal enterprises mostly to their employees. It was not long before Poland's leaders, as well as most of the trade union leaders, changed their minds and gave up the idea of supporting this form of privatisation. Workers' companies were relegated to the margin, leaving the space to foreign corporations – the best investor in the eyes of the central and local government. If history had taken a different path, the Polish economy could be completely different and the position of social economy in Poland could be much stronger.

SPAIN

1. The concept of social economy and its main components: relevant aspects of social economy and social enterprises

1.1. Definition and history

The historic framework in which the modern concept of social economy was born is structured via the first cooperative, associative and mutualist experiences that arose from the end of the 18th century and developed throughout the 19th century in various countries of Europe (England, Italy, France and Spain).

On the basis of this traditional 19th-century concept that encompassed cooperative societies, mutual societies, foundations and associations, in the 1970s and 1980s definitions of the principles of the social economy arose one after the other in different European countries.

In Spain there is a Law of Social Economy⁶³ (Law N. 5/2011 – 28 March 2011), which was unanimously adopted by the Spanish Parliament, meaning that all political parties agreed to adopt this law.

The law defines the following entities as part of the social economy:

- cooperative societies of different types including those of associated work, consumption, housing, agricultural, services, sea, credit, teaching, health, insurances and transport
- worker-owned/labour companies
- associations
- foundations
- mutual benefit societies
- integration companies
- special employment centres
- agricultural processing companies

All of them share the principles of social economy. All these entities are directly or indirectly reflected in different articles of the Spanish Constitution that set out the principles that give them their distinctive character compared to other types of companies and commercial organisations.

Moreover, there is a dynamic among the entities of the social economy that results in the attraction of singular and unique entities that share their same principles.

Social economy is the name given to the group of economic and business activities that, in the private sector, are carried out by those entities that, in conformity with the principles listed below, pursue either the collective interest of their members, or the general economic and social interest, or both.

The principles that guide social economy in Spain are:

- a) Priority of the people and the social objective over capital. This is established by means of an autonomous, transparent, democratic and participatory management that prioritises decision-making based on the people and their contribution to the work and services carried out for the institution or its

⁶³<http://www.boe.es/boe/dias/2011/03/30/pdfs/BOE-A-2011-5708.pdf>

social objective over their contribution to share capital.

- b) Turnover obtained from economic activity is mainly applied according to the work contributed and the service or activity carried out by the institution's partners or members and to the institution's end social objective.
- c) Encouraging internal solidarity and social solidarity that favours a commitment to local development, equal opportunities for men and women, social cohesion, the integration of persons at the risk of social exclusion, generating stable and quality employment, conciliation of personal and professional life and sustainability.
- d) Independence from the public authorities.

1.2 Main types of social enterprises

A) COOPERATIVES

Concept

A cooperative is a business form based on a democratic structure and operation.

Its activities are governed by the co-operative principles, which are widely accepted and regulated at a regional, national and international level. These principles are:

- 1. The open and voluntary participation of partners**, which guarantees their freedom to join and leave the co-operative whenever they consider fit.

Principle: "The door is always open to new members"

- 2. Democratic management**, which allows partners to participate in a direct and egalitarian way in the achievement of the co-operative's objectives, regardless of their capital account: one person, one vote.

Principle: "one person, one vote"

- 3. The partners' economic participation**, under which the co-operatives profits **are distributed according to the activities performed by the partners** and not according to their capital account, thus preventing the personal enrichment of some partners over others.

Principle: "The share of profits that each partner is entitled to depends on his/her performance and not on his/her capital account"

- 4. Education, training and information** to partners and workers by the co-operative, which must also undertake to promote cooperation.

Principle: "The cooperative as a model of economic democracy"

- 5. Commitment to the community**, which means that the co-operative must commit itself to sustainable development and to social and territorial cohesion at a local level, transmitting democratic values and practices.

Principle: "Sustainable development and democratic commitment at the local level"

All these principles govern co-operatives activities, regardless of their legal and organisational nature. Co-operatives can be classified according to the following criteria:

- **First degree cooperatives:** this group includes co-operatives that have a minimum of three partners who share a series of socio-economic interests and commitments.
- **Second degree co-operatives:** these co-operatives are composed of a minimum of two co-operatives, which decide to join in order to enhance their economic performance. A co-operative of this kind is often referred to as "a co-operative of co-operatives".

From the point of view of the activities that they perform, co-operatives can be classified into the following groups:

- associated labour co-operatives
- consumer and user co-operatives
- service co-operatives
- agricultural co-operatives
- co-operatives for the communal exploitation of land
- transport co-operatives
- sea co-operatives
- teaching co-operatives
- housing co-operatives
- health co-operatives
- insurance co-operatives
- credit co-operatives
- social initiative co-operatives

Regulation

National level

- Law 3/2011, of 4th March, regulating the European Cooperative Society domiciled in Spain.
- Law 31/2006, of 18th October, on the involvement of workers in European anonymous and cooperative companies.
- Law 27/1999, of 16th July, on Cooperatives.
- Royal Decree 136/2002, of 1st February, on the adoption of the Registry of Cooperative Societies.
- Law 20/1990, of 19th December, on the Tax Regime of Cooperatives.
- Ministerial Decree ECO/2801/2003, of 3rd October, fixing the contributions to the Guarantee Fund in credit cooperatives.
- Ministerial Decree ECO/3614/2003, of 16th December, adopting the norms about accounting aspects of cooperative societies.
- Decree 258/2001, of 27th November, on inspection and sanction procedure in the field of cooperatives.

B) WORKER-OWNED/LABOUR COMPANIES

In worker-owned companies (*sociedades laborales*), workers own most of the capital. Based on theoretical foundations similar to those of co-operatives,

worker-owned companies have demonstrated a high potential to create and consolidate companies in Spain. The fact that the workers are also partners or co-owners certainly increases their motivation when facing new challenges and projects. The minimum number of partners required to create a worker-owned company is three and the steps that must be taken in order to formalise its constitution are similar to those required when constituting other mercantile companies.

Worker-owned companies are defined by the following characteristics:

- **Most of the capital belongs to the workers** who have indefinite contracts.

"Offering partners indefinite contracts is a way of stimulating employment"

- **Limitation on each partner's capital account (shares).** Each partner's capital account may never exceed 33.33% of the overall capital, except in the cases of public or non-profit organisations, in which case the maximum shareholding amounts to 50%. Consensus must be reached between all worker-partners before strategic decisions can be made.

"No partner can own more than a third of the capital"

- **Limitation on the number of hours worked:** The total number of hours worked by employees with indefinite contracts each year must never exceed 15% of the total amount of hours worked by the partner-workers. If the company has less than 25 workers, this percentage stands at 25%.

- **Can be limited or anonymous:** In the case of the former, the minimum capital stands at €3,000, whereas in the latter it amounts to €60,101.

- **Priority in the transfer of shares (capital):** when it comes to buying shares, an order of priority must be respected: first, workers with indefinite contracts; second, partner-workers; third, capitalist partners; fourth, the society; and last any third party that does not belong to the society. Shares are always nominative.

Regulation

- Law 4/1997 of 20th March on Worker-Owned Companies. To clarify the legal gaps that can arise from the application of this rule, it is necessary to consult the consolidated text of the Law of Limited liability Companies of 28th December, in the first case, and Law 2/1995 of 23rd March on Limited Liability Companies for the second case.
- Royal Decree 2114, of 2nd October 1998, regulating the Administrative Registry of Worker-Owned Companies.

C) MUTUAL BENEFIT SOCIETIES

These are **social insurers which complement the social security regime. Mutuels are non-profit organisations with democratic management and structure.** They provide voluntary insurance that complements the coverage provided by the social security regime. In some cases, they are an alternative to the public welfare system, and are thus an interesting example of a model of social insurance entity that runs parallel to the public social security system.

Mutuals represent an alternative way of providing social insurance, in which the insured person coincides with that of the partner or member of the mutual. This means that mutuals are governed by the principle of identity or unity that is common to all employee-participation companies. Furthermore, all main activities are carried out exclusively with partners. Under this democratic concept of management, in which the insured is at the same time the insuring party, premiums are allocated entirely to the coverage of the members, who are therefore engaged in a statutory, not a contractual, relationship.

Another characteristic that defines this kind of society is their solidarity, which can be seen in the application of the principle of non-exclusion regarding the risks that cannot be covered by individual systems or schemes. The application of this principle is usually accompanied by an increase in the cost of the insurance. In the case of mutuals, however, this increase is offset by the fact that they are non-profit entities, which means that surplus is equally distributed among the members of the group.

In addition, mutuals have the following features:

- democratic participation of all members in the various management boards and organs;
- equal rights and duties among the members; all members must pay the same insurance premium;
- allocation of the economic surplus to the following two fields: the creation of a fund that enables the mutual to guarantee the fulfilment of its commitments and the equal distribution of profit among all members;
- mutuals operate under the exclusive competence of the Autonomous Regions.

D) INTEGRATION COMPANIES

Integration companies (*empresas de inserción*) are not relevant from a statistical point of view. Their importance derives from their objective of giving back to society the resources that it obtains from it by working in favour of marginalised social groups. In Spain there are about **167 integration companies** employing 4,500 people, of whom around **2,400 are in integration**. Their annual turnover is about €85 million and their gross added value is estimated at €53 million.

The sectors that have proved most favourable for the development of this type of entrepreneurship are:

- 80% belong to the service sector
- 10% belong to industry
- 7% belong to the building sector
- 3% belong to the agricultural sector

With regard to the activities, there is a wide heterogeneity, some examples being recycling and reuse, commerce, hospitality and food, graphic arts and messaging. There are also companies that carry out market studies and try to place their products or services in the catering, textile production, horticulture and packaging sectors.

These companies are part of the social economy and are "of **crucial importance**

at this moment of enormous difficulties of access to employment and of increase of the risk of exclusion of the most vulnerable persons". They are of various types: (as López Aranguren puts it): **targeted**: for those people who will have to spend their whole working life in these companies because of their big difficulties of access to the labour market; **transitional**: which focus partly in trying to make employable in any entity the people that join their production process; or **standardised**: those that, founded in principle to favour the labour market access of a specific group, end by turning into a conventional company. Groups of excluded women with family burdens, immigrants with qualifications, drug addicts or people with disabilities of any kind, perceive these companies as the means to fully integrate themselves into the community in which they live.

E) FISHERMEN'S GUILDS

Fishermen's guilds (*cofradías de pescadores*) are non-profit sectorial public law corporations which represent the economic interests of fishing vessel owners and workers in the fisheries sector, which act as consultative and collaborative organisms for the competent administrative bodies in the areas of sea fishing and regulating the fishing sector. They are managed in order to meet the needs and interests of their members, with a commitment to contributing to local development, social cohesion and sustainability.

Regulation

- Law 3/2001, of 26th March, on Maritime Fishing of the State.

F) SHELTERED EMPLOYMENT CENTRES

These are **companies whose main goal is to provide jobs for disabled workers**.

There are currently two ways of integrating disabled workers into the labour market. On the one hand by integrating them directly into the open labour market, and on the other hand by integrating them into a protected market through **sheltered employment centres** (*centros especiales de empleo*).

All private and public companies that have over 50 employees with indefinite contracts have the obligation to guarantee that at least 2% of them are disabled. In the case of the Public Administration, 5% of its positions must be allocated to disabled workers. However, owing to low compliance with the quotas established, since the year 2000 alternative measures can be adopted, such as buying goods or services from sheltered employment centres.

Sheltered Employment Centres are social economy companies that combine economic viability and their participation in the market with their social commitment towards those groups that have fewer opportunities in the labour market. Their structure and organisation is the same as in conventional companies.

The policy of these centres is to hire the maximum number of disabled workers (without disrupting production capacity), a number that can in no case be under 70% of the overall staff.

Sheltered employment can be created by public and private institutions or by companies.

Besides offering paid jobs to the disabled, sheltered employment centres offer permanent training and support to these workers, both at a professional and personal level, favouring their integration into the open labour market.

Sheltered employment centres compete with other companies in the labour market and have become a great source of employment for the disabled. In addition, they play a significant role in social integration by introducing their workers into the labour market. There is no doubt that having a stable, well-paid job leads to economic independence and therefore enhances the social integration of the disabled. Furthermore, it builds their self-esteem and confidence.

Sheltered employment relies on highly qualified professionals and on the use of new technologies. These assets are the key to overcoming the great difficulties arising from disabilities and to guaranteeing high competition levels.

In order to create a sheltered employment centre, an economic report must first approve the feasibility of the project. In addition, the founder must:

- Hire workers with a degree of disability that is equal or greater than 33% who are willing to provide their services on behalf of the centre or within the centre, or submit a declaration stating that he/she can count on such workers;
- Submit documents that certify the identity of the owner of the company;
- Express a firm and explicit commitment to offer the relevant training to all disabled workers;
- Register the centre in the Registry of the General Directorate for Employment and Labour Relations.

Labour enclaves (*enclaves laborales*)

Labour Enclaves create jobs for the most vulnerable groups within the regular working environment, thus enhancing their access to the open labour market.

Labour enclaves allow sheltered employment centres to transfer their disabled workers to the companies to which they render their services and products. Thanks to these enclaves, disabled workers can integrate themselves into the normal working environment, adopting the habits and skills required at work, and relating with non-disabled workers. As they do so, they are constantly monitored and supported by their sheltered employment centre. Enclaves are also a fast and easy way of creating stable jobs in normal companies.

Positive discrimination measures

Other tools that have proved to be highly efficient are the Sheltered Employment Support Units. Their main goal is to eliminate the obstacles that disabled workers find at work.

These support units are composed of a team of professionals whose role is to develop training programmes, offer direct assistance to the disabled at work, provide support whenever there is a lack of progress, enhance the independence and autonomy of disabled workers, implement promotion plans, establish ties with the workers working environment, etc.

All these support services are aimed at workers with intellectual disabilities, mental illness or other special difficulties in employment.

Regulation (national level)

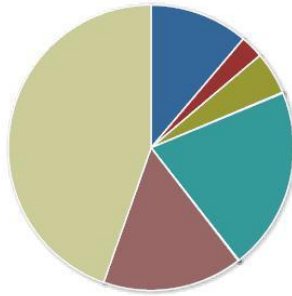
- Law 8/2005 of 6th June to make invalidity pensions compatible in their non-contributory modality with remunerated work.
- Law 13/1982, of 7th April, on social integration of disabled people.
- Royal Decree 469/2006, of 21st April, regulating the units of support to professional activity in the framework of the services of personal and social adjustment of the Special Employment Centres.
- Royal Decree 377/2006, of 24th March, regulating the direct attribution of certain grants in the fields of employment and occupational vocational training.
- Royal Decree 290/2004, of 20th February, regulating labour enclaves as a measure to boost the employment of people with disabilities.
- Royal Decree 27/2000, of 14th January, establishing alternative exceptional measures to the fulfilment of the reservation quota of 2% in favour of disabled workers of companies of 50 or more workers.
- Royal Decree 2273/1985, of 4th December, regulating special employment centres for disabled people.
- Royal Decree 1368/1985, of 17th July, regulating the special character of the employment relationship of disabled people working in special employment centres.
- Ministerial Decree TAS/2787/2005 of 29th August, authorising the use of the donations received, on the basis of article 2.1 c) of the Royal Decree 364/2005, of 8th of April, for the promotion of Paralympic sport and the subsequent access to the labour market of sportspeople.
- Ministerial Decree of 24th of July 2000, regulating the administrative procedure related to the alternative exceptional measures to the fulfilment of the reservation quota of 2% for disabled workers of companies of 50 or more workers regulated by the Royal Decree 27/2000.

1.3 Data

The data presented in this report refer to the 31st December 2012 and have been published by the entity representing the social economy in Spain at the national level, CEPES.

The member organisations and companies of CEPES represent 12% of Spanish GDP, with a turnover of more than €145,290 million.

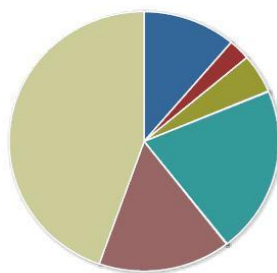
Number of Social Economy Entities (31/12/2012) Source: CEPES



■ (*)	286.912 N° working members/ partners and salaried people in cooperatives
■ (*)	67.445 N° working member and salaried people in worked owned companies
■ (**)	124.183 N° salaried people in other legal subjects
■ (**)	2.435 N° workers in integration
■ (***)	531.101 N° workers with disabilities
■ (**)	1.356 N° workers in mutual benefit societies
■ (****)	442 N° workers in fishermen's guilds
■ (*****)	406.990 N° selfemployed people
■ (*****)	1.144.070 N° farmers associated with cooperative

Distribution of the more than 42,000 companies, all different types included, that compose the Social Economy in Spain.

Jobs in Companies of Social Economy in 2012 Source: CEPES



■ (*)	286.912 N° working members/ partners and salaried people in cooperatives
■ (*)	67.445 N° working member and salaried people in worked owned companies
■ (**)	124.183 N° salaried people in other legal subjects
■ (**)	2.435 N° workers in integration
■ (***)	531.101 N° workers with disabilities
■ (**)	1.356 N° workers in mutual benefit societies
■ (****)	442 N° workers in fishermen's guilds
■ (*****)	406.990 N° selfemployed people
■ (*****)	1.144.070 N° farmers associated with cooperative

2. Social dialogue and consultation. Players of social economy and social enterprises

2.1 Players

As an organisation that pools existing economic actions under the social economy model, **CEPES** is made up of 28 organisations. All of them are national or regional confederations and specific business groups representing the interests of Cooperatives, Worker-Owned Companies, Mutual Benefit Societies, Integration Companies, Special Employment Centres, Fishermen's Guilds and Disability Associations with more than 200 support structures at the regional level.

CEPES works as a sole spokesman by integrating and organising all the confederated structures; it is both an economic and social agent operating in the market and having repercussions on society through various actions. It has a personality of its own and applies a corporate model with its own specific values.

Its objectives are:

- To spread and defend social economy and its movements and sectors;
- To exert influence on public policies and regulation both at national and international levels;
- To foster national economic development by promoting stability and pluralism in the markets;
- To transfer to society and the entrepreneurial sector another way of doing business with social responsibility and specific values;
- To express and defend the common interests of the member organisations to society, government, and European and international institutions;
- To support and represent, in their common aspects, the interests of the social economy to all parties and in the economic, social, cultural or political institutions of the country and the European Union;
- To explore general and common problems of all social economy enterprises, to agree on appropriate solutions and to implement resulting joint action plans;
- To implement and facilitate services of common or specific interest to social economy organisations;
- To promote progress in methods and techniques of management, particularly by carrying out and disseminating research and by organising and implementing suitable training and information resources.

The Spanish Confederation of Associated Workers' Cooperatives, **COCETA**, is the organisation representing Spain's workers' co-operatives. Established in 1986 as cooperative association, it has a confederal and multisectoral structure, its members being the federations, unions and associations of workers' cooperatives of the different autonomous regions.

COCETA understands cooperatives as a way to do business based on the principles of democracy, self-management, solidarity and social responsibility. Worker's co-operatives represent an ethical way of participation and economic and corporate governance, which contributes to the socio-economic growth of the locality in which they are located, the creation of stable employment, the fight against exclusion, social cohesion and integration.

The main activities of COCETA are:

- Representation and defence of the interests of co-operative working through legislative initiatives and relationships with other institutions: **Institutional lobby**;
- Development and organisational development: supporting and strengthening the structures of representation of cooperative work and jobs and promoting joint projects: **Internal cohesion**;
- Training and employment: through the planning and implementation of training plans and employment promotion programmes: **Collective enterprise**;
- Visibility and dissemination: COCETA performs various actions and projects to show society what worker cooperatives are, their role as businesses and how they act day to day: **Visibility of the workers' cooperative enterprise**;
- European projects: COCETA has done and continues to implement transnational projects with leading institutions of co-operation in the EU countries, to promote co-operative work as a model to create stable, equitable and supportive jobs: **Interco-operation**.

At the present moment, **COCETA** is the only Spanish cooperative organisation **with a direct presence within the European and international cooperative entities**.

COCETA is associated with:

- ICA-ICA
- CICOPA, International Confederation of Cooperative Production, Artisanal and Service, of which it currently holds the presidency
- Cooperatives Europe, belonging to the council
- CECOP, European Confederation of Worker Cooperatives, Social Cooperatives and Participative Enterprises. In CECOP, currently holds the vice-presidency

At the national level, COCETA belongs to:

- Business Confederation of Social Economy (CEPES), over which the COCETA president presides
- CIRIEC-Spain
- FUNDIBES

It is also part of:

- Economic and Social Council of Spain, CES España
- Council for the Promotion of Social Economy, Ministry of Employment and Social Security

CONFESAL is the confederation representing worker-owned companies nationwide. It is a non-profit, independent, pluralistic and participatory business organisation, which aims to represent and defend the interests of its local member organisations and companies associated with them. CONFESAL aims to consolidate a space for dialogue for the worker-owned companies in Spain, as a modern formula which is flexible and competitive, and can enable workers to create and manage their own businesses through the legal forms of the labour corporation and the labour limited partnership.

The Business Confederation of Worker-Owned Companies (CONFESAL) was established in Madrid on 4 July 1987. The membership of CONFESAL comprises associations, federations and groups of companies working in Spain. Like any non-profit organisation, it finances its activities through its members' subscriptions and grants that it receives from various public bodies. It is the only organisation representing worker-owned companies nationally, and, being recognised in Europe, internationally. It collaborates with the government on policies to promote the employment and training of both unemployed and active workers, as well as on programmes to improve business competitiveness. Its role as an institutional contact point has proved to be efficient, and it has collaboration agreements with the major trade unions and is present in the government and state institutions.

The objectives of CONFESAL are clearly oriented to the development of the social economy, aiming to improve the competitiveness of the existing companies and promoting the creation of new worker-owned companies. More precisely, among the objectives of CONFESAL there is the explicit commitment to collaborate with public bodies in the creation of wealth and employment.

Schematically, we can underline the following objectives:

- The representation and defence of the entrepreneurial, economic and social interests of worker-owned companies in Spain that are at the same time registered in the territorial associations and/or federations in their respective autonomous region;
- Representation to the public and private administrations on economic, social and political matters that have an impact in the entrepreneurial activity of worker-owned companies;
- To promote relations and exchanges with other similar organisations, especially with those linked to the social economy sector;
- To promote to the public the image of worker-owned companies as a new form and style of entrepreneurial organisation;
- To coordinate its member associations and federations, as well as to organise and provide services through them;
- To promote the international presence of the model of the worker-owned company;
- To promote international development cooperation to favour the use of the worker-owned company as a model of participation of workers in the company.

2.2 Specificities of trade union players

CCOO (Comisiones Obreras, Workers' Commissions)

CCOO is the largest trade union in Spain both in terms of members and of delegates elected in the union elections. It is structured into sectoral federations and geographical unions.

CCOO is a democratic and class organisation composed of workers that join together on a voluntary and solidary basis to defend their interests and to achieve a fairer, more democratic and more participative society.

CCOO is a participative trade union that aims to represent and defend in a proper way the interests of employees, pensioners, unemployed people, emigrants, immigrants and young people. It is a trade union of men and women that has among its principles to boost and develop equality of opportunities, as well as to fight against discrimination based on sex. This is why it aims to carry out positive actions in labour relations and working conditions, as well as to achieve a balanced representation of men and women at all levels, removing all obstacles to proportionality to the current membership in all its organs.

CCOO is a plural trade union, open to all workers, whatever their ideology, philosophy, political ideas or religion, in respect of human rights and democratic norms. It is unitarian and democratic, where the objective is to achieve the unity of all the workers, and where decisions on union activities and functioning are taken by both the assemblies of members and the democratically elected decision-making and management bodies.

CCOO acts autonomously and independently from economic powers, government and any other interest foreign to its goals, and is also independent from political parties.

CCOO is a socio-political trade union that, as well as promoting the improvement of working and living conditions, assumes the defence of anything that has an impact on workers, within and outside companies.

CCOO is a multi-ethnic and multicultural trade union that fights against racism and xenophobia, which promotes the values of respect, tolerance and coexistence among the members of different ethnicities and peoples, and which aims to gather and defend the demands of immigrant workers, ensuring for them full equality of rights and duties within the organisation, as well as their inclusion within the community of the trade union.

UGT (Unión General de Trabajadores, General Workers' Union)

UGT is a trade union confederation constituted in 1888. It is one of the two major trade unions, among the most representative; it is therefore a social partner. **UGT** is a progressive organisation, engaged, democratic and independent, present in every sector of activity and in the whole Spanish territory.

Trade unions are one of the bases of the democratic system. Their role and importance are recognised in the Preliminary Chapter, article 7 of the 1978 Spanish Constitution, as are those of the political parties, in article 6, and other state institutions in the same chapter. The constitution confers on the unions the representation of the general interests of the workers. Its legitimacy comes from the elections that the union organises regularly within companies, which ensure its representativeness. It defends the interests of the workers in any of their

conditions, whether they are working or not, with an open-ended or a short-term contract. It defends workers in an integral way and not a specific group.

UGT has a membership of 1,100,000 workers.

UGT defends workers in a variety of ways:

- By combining action and negotiation, and always looking for consensus and agreement. This is the objective of its union action;
- Within the companies, through collective bargaining. The first spaces of action are the work centres. Two realities combine in this space: on one hand, the force and capacity to solve problems, and on the other hand the capacity to overcome conflicts in the context of a precarious labour situation. This calls for the presence and action of the trade union within the company;
- By negotiating more than 4,500 collective labour agreements, which benefit around 11,000,000 workers, be they affiliated or not to the trade union;
- By developing trade union action through collective bargaining in approximately 1,100,000 companies.

UGT also works on trade union cooperation in Latin America and Africa, and supports and works for the training of workers, trade union training, research, etc.

3. The basic components of the structure of the industrial relations

3.1 The labour law and collective bargaining

The Spanish Constitution of 1978 states in its article 35 that:

1. Every Spaniard has the duty to work and the right to work, to choose freely his/her profession or activity, to promotion through work and to a sufficient remuneration to satisfy his/her needs as well as those of his/her family, without any discrimination on the grounds of sex.

2. A law will regulate a statute of the workers.

The general principle of the so-called right to work is thus enshrined. On the basis of this right, a number of norms regulating the social and labour spheres of the relationship between employers and employees are generated.

The objective of this relationship between the employers – represented by their own organisations – and the workers – represented by the trade unions – is to arrive at agreements that allow the regulation of the sphere of work within the company, according to the different labour categories, in the diverse economic sectors, as well as the regulation of risk prevention, remuneration, holidays, permits etc. All these elements take concrete form in collective bargaining, or collective contracting as it is called more specifically in Spain.

The system of collective bargaining is a fundamental mechanism to explain the functioning of the Spanish labour market. Around 90% of the employees of the

private sector in Spain have their salary – and work, in general – conditions settled through the collective bargaining driven between representatives of the trade unions and the employers.

In this field it is important to underline that, in the case of worker-owned or labour companies, and in accordance with their legal regime, their worker-partners and the employed persons are also covered by the collective bargaining agreement applicable to them in the sector in which they work. That said, it is necessary to point out that in their quality as worker-owned companies they do not take part in collective bargaining as social partners, because, according to Spanish legislation, that requires a proportional qualification that the entity representing the worker-owned companies does not reach.

The situation of workers' co-operatives in this respect is different, since, as a co-operative model of work, taking account of co-operative legislation, they negotiate the social and labour conditions of the worker and partner persons within themselves, that is to say, they self-regulate. This is one of the co-operative specificities: this negotiation fixes remunerations, permits, promotions, etc., and the collective agreement works as a mere reference; however, for workers hired by the cooperative, the sectoral collective agreements apply.

Against this background, the situations in worker-owned companies and workers' cooperatives are different: while in the former, the presence of the trade union is perfectly viable, in the latter case the trade union only takes part as long as it has members who are salaried/employed workers; thus the trade unions accept that elections for the workers' trade union representatives only concern salaried/employed workers.

3.2 Worker-owned companies, workers' cooperatives and social dialogue

Social dialogue has proved to be a way to react to the difficulties created by the current crisis, and in particular when the economic problems extend their negative effects to the sphere of employment.

In the example we are dealing with, economic democracy means promoting the employee ownership of shares, companies of entrepreneurial initiative and innovative projects in which the employees have a direct participation.

Currently in Spain, worker-owned companies are basically regulated by the Law on Worker-Owned Companies, as well as the various laws on cooperatives.

More precisely, worker-owned companies, whose creation can be traced back to the oil crisis, at the end of the 70s and the beginning of the 80s, are a legal structure with no equivalent in any other European Union country, which has proved over time to be a successful entrepreneurial model both socially and economically and a fundamental tool for the creation of employment.

The worker-owned company is a company the majority of whose share capital is owned by its workers, unlike cooperative societies, whose capital consists of shares or social participations. Therefore, as the majority of the capital belongs to those who work in the company, the worker-owned company is seen as the optimal expression of the investor/share company, as it puts into practice to the fullest extent the merits of participation.

As part of the social economy, worker-owned companies and workers' co-operatives share characteristics such as the search for balance between people

the capital, the promotion of solidarity internally and with society as a whole, the distribution of profit among worker-partners, and democratic organisation. These characteristics have a direct impact on the people and promote among the workforce values such as transparency, engagement, cooperation, mutual trust, social cohesion and participation.

However, worker-owned companies, companies of people for the people, compete in the market on equal terms with conventional companies, and, even though they pursue the maximisation of profits, they use capital as a means and not as an end in itself.

On the other hand, workers' cooperatives have links with the trade unions, as, in the opinion of the trade unions themselves, *the role of cooperatives, of associated work and other initiatives that come from the people is very important. If we make a reality out of the cooperative principle of "people first, the primacy of people over profit", we can get from the cooperative experiences a plethora of examples that can bring us to take into account this reality to intervene in it: to save jobs in conventional companies and transform them into social economy, the efficient use of human resources and attractive ideas with the aim to create a productive or service fabric...*

In the opinion of the trade unions themselves – CCOO and UGT – it would be a good departure point that the sectors of the social economy and the trade union movement could, through **dialogue**, arrive at interesting agreements to put a stop to the effects of the crisis and save or create jobs, which, in the social economy, have proved to be more resilient and without as much precariousness in the contractual and working conditions as in the sectors of more conventional ownership.

These agreements could cover issues such as the promotion of the model of the self-managed company, the promotion of policies that anticipate upcoming economic crises, the development of specific methodologies of trade union participation, vocational training, collaboration in restructuring, refloating companies or transforming family companies into companies of the social economy, and health at work.

Moreover, it would be very useful to collaborate in possible proposals for legislative amendments, as well as to require the facilitation of bank loans to the projects that require them in order to be viable in the social economy.

Social dialogue within the companies

- The worker-owned company, a working life project

The Worker-Owned or Labour Company is a working life project open to society so that people who accept its principles can self-realise by working in cooperation. Its main objective is to allow the largest possible number of people to develop a different working life project, which is non-speculative, in a regime of cooperation.

In this context, an aspect of vital importance is the agreements that the partners can make, beyond what the Law on Worker-Owned Companies itself establishes, in order to guarantee the company's sustainability and the good functioning.

- Representatives of the workers in worker-owned companies

The Worker-owned or Labour Company is a paradigmatic model of a participation-based company. It is managed by those who work in it. Participation in the ownership and therefore in the management could undermine the role of the representative bodies of the workers.

In these companies the classical confrontation between owners and workers does not exist; therefore, in the worker-owned companies the paradigm of departure of trade union rights – the defence of workers (the weaker party) against the owners-employers (the stronger party) – needs to be adapted, and to move into the spheres of collaboration and consensus.

This is because, despite what the current Law on Worker-Owned Companies states, the partner-worker is neither a “standard” worker nor a “standard” entrepreneur. The current law creates two parallel statuses, worker on one side, partner on the other, and, sometimes what affects the worker negatively benefits the company, and vice versa.

This is why, in worker-owned companies, it is of vital importance to search for points of convergence, distinct from and complementary to those of the conventional companies, which allow the representatives of the workers to dialogue with the representatives of the company and to establish the bases for a joint growth of both the workers and the companies.

At the same time, in workers’ cooperatives, which take **the person as the protagonist of the company**, this dialogue takes place, as already explained, as long as there are salaried/employed workers within the companies; even if, as mentioned above, the cooperative model allows trade unions to promote this structure in other companies – that are either in crisis or in the process of a generational replacement of the entrepreneur – as long as the workers can convert themselves into a cooperative and therefore become the owners of the company and keep their jobs, instead of being condemned to join the lists of the unemployed.

3.3 Social dialogue in the social economy: some local examples

In this section we describe some outstanding examples of social dialogue in the social economy.

- **CONFESAL’s collaboration agreements with the trade unions**

At the national level, the Business Confederation of Worker-Owned Companies of Spain (**CONFESAL**) has signed collaboration agreements with the main trade unions, CCOO and UGT, since 1997, having renewed this agreement last March (2014) through the joint signature between the three organisations in the presence of the Minister of Employment and Social Security of the Spanish Government, who wished thereby to back a pioneering agreement between the main trade unions and an organisation of the social economy. It should also be noted that the setting chosen for this event was the Spanish Economic and Social Committee (CES), meeting place between the government, the trade unions and the business organisations. This agreement aims mainly at being developed at the regional level, through the signing of successive agreements between the trade unions and the regional organisations of CONFESAL.

Over the years since it was first signed, the collaboration agreement between

CONFESAL and the trade unions has incorporated clauses that have improved its contents and developed new lines of action. Thus it proposes initiatives that favour the participation of the workers in companies and socio-economic development. It also aims to collaborate in the processes of business and generational restructuring, proposing as an alternative the creation of worker-owned companies.

Through this agreement these three organisations also intend to promote training in social economy enterprises, which offer a viable alternative by providing opportunities to those who commit their personal effort and their assets to create wealth and secure a stable job through the creation of worker-owned companies. The signing of the present framework agreement reinforces the collaboration dynamic between the worker-owned companies and the two trade unions, already initiated in the previous agreements that were signed individually and that have provided a significant value to the partner workers of the worker-owned companies.

The collaboration between the three organisations aims to benefit worker-owned companies by raising the level of qualification of workers and management, thus improving their competitiveness, and promoting participative models of management.

- **The Andalusian Pacts for the social economy**

Other examples of the social dialogue in the social economy are the **Andalusian Pacts for the social economy** (*Pactos Andaluces por la Economía Social* – PAES) of which there are three.

The first of these defined the goals, objectives and way of achieving them through social dialogue with the rest of the social partners. The second materialised and structured the topic of concertation and conciliation.

The first PAES was unprecedented in social dialogue at the national, European or global level. It was the first time that a social economy organisation concerted on economic and social matters with the administration and the main trade unions.

Its content was the subject of analysis and discussion not only by scholars and analysts of the social economy but also by a conglomerate of organisations and institutions. The European Union itself came to identify it as an example to follow for enhancing social economy in Europe. a number of regions and countries have adopted similar models.

A clear sign of the expectations and interest created by the first PAES was given during the International Conference on Social Dialogue, organised by CEPES Andalucía in Seville, which was held over four days in 2004. It had as a central theme the analysis and discussion of the first PAES. More than 500 people from more than 20 countries on several continents took part in the congress, and its findings had a broad impact not only on the sector but also in broader academic circles and in different institutions and administrations.

PAES I was meant to establish strategies to support the economic development of the business model advocated by the Andalusian social economy, favouring participation in a broad-based economic policy. The results achieved were in line with its objectives. Wealth was generated by the creation of more than 1,200 companies and over 25,000 direct jobs. At the same time, CEPES Andalucía became one of the main representatives of the social partners.

PAES II was signed based on the success of the first pact. The need and obligation to provide continuity by signing and executing the second pact was a qualitative step forward in both its institutional and material aspects, aspects that were intimately linked and were based on the full recognition of the diversity and richness of the sector. This allowed new areas of work to be created to promote and strengthen the business base, involving the regional government in the implementation of cross-cutting policies across multiple departments. These policies and work areas concerned the educational, social, economic, cultural and environmental sectors.

Furthermore, like the first pact, it involved the main trade unions and representatives of the sector, which led to a real commitment to the business model and its values.

PAES II was based on evidence observed in the Andalusian social economy, revealing its identity and scope. It revealed its direct relationship with the welfare sector and the private management of public services. The participation of workers in their companies, the ability to generate stable and high-quality employment, its territorial implantation in all productive sectors and the implementation of the principles of solidarity, cooperation, participation and corporate responsibility were some of the aspects observed.

In addition, an in-depth analysis of PAES II revealed the problems faced in those years by the Andalusian social economy. More business cooperation was needed in order to reduce fragmentation in certain productive sectors, to face new social challenges, and to adapt to new technologies. This was proposed through the adoption of five major objectives, measures and actions that offered solutions to these challenges.

Some of the measures taken to encourage the development of social economy enterprises were the promotion of cooperation and partnership to gain competitiveness, the creation, transfer and use of innovation and ICT (information and communication technologies), and an increased presence of the social economy in providing services of general interest. Over this four-year period about 1,500 socially responsible companies were created or maintained.

PAES III is the result of economic and social circumstances, which allowed Andalusia to formalise and develop a new phase for the social economy. At this stage, the main objective is to answer the main needs of society and to create employment. In this context, more than 100 objectives and actions grouped into six strategic areas were set. They have supported the development of the Andalusian social economy through the promotion of its values such as economic activity and business development, high-quality job creation, local and rural development, and the structuring and organisation of the sector. Furthermore, the development, monitoring and continuous evaluation of the results of the Pact were part of the process.

PAES III, given its adequate and full development and the commitment of all parties, was and still can be an important instrument to overcome the current economic and social situation.

CEPES Andalucía – composed of organisations representing labour organisations such as FEANSAL, cooperatives such as EMCOFEANTRAN, FAECA, FAECTA, FEDECCON, self-employed people such as AGT, CADAES, CEMPE Andalucía, Andalucía COAG and UPA-Andalucía, and other associations such as ACES, APROA, EIDA, FEAPS, FEMPES (the Federation of Mutual Foundations of Social

Welfare) and PM40, in addition to the Andalusian Region and the main trade unions UGT-A and CCOO-A – has managed to create an instrument that has advanced the social economy in Andalusia. But nothing would have been achieved without the support and effort of businesses and the social sector.

This base has allowed CEPES Andalucía to become a social partner of the first rang, capable of signing pacts and being the representative of social dialogue toward the institutions.

- **The Murcian Regional Pact for the Social Economy**

In Murcia, a Regional Pact for the Social Economy for the period 2013-2015 was signed between the regional government and the regional unions of workers' cooperatives (UCOMUR), worker-owned companies (AMUSAL), agricultural cooperatives (FECOAM and FECAMUR) and education cooperatives (UCOERM). It aims to strengthen enterprises and organisations in the social economy by promoting the creation of these enterprises, developing their competitiveness, and promoting employment and training. This pact has the specificity of being bilateral between the regional government and the representative organisations of the social economy.

4. Working conditions in social enterprises and social economy enterprises

4.1 The coverage of collective bargaining

As has been indicated, collective bargaining covers both workers' cooperatives and worker-owned companies and covers remuneration, promotion and sales, policy on breaks and permits, working hours, risk prevention and training.

4.2 Terms of use (flexibility / security / agencies / fixed-term, part-time or indeterminate contract)

Among the characteristics of the people who work in cooperatives and labour companies, we note that:

- 45% of the people working in these companies are women
- 42.1% are between 25-39 years old and 40.4% between 40 and 54 years old
- 91.7% are Spanish
- in terms of their relationship with the company, 76.8% are indefinite term contracts
- more than 80% work full-time
- more than 31.5% have worked for more than five years for the company

4.3 Remuneration system of social economy enterprises

This section refers mainly to co-operatives.

In the social economy and cooperative movement, five factors define the remuneration system:

- strategic direction
- external competitiveness (wages and salaries cannot be much lower than those in private enterprises)
- internal equity
- financial balance (payroll costs cannot threaten the development of the company)
- participation and transparency (people must take decisions on wages and have access to relevant information)

In principle, cooperatives have an advantage regarding the satisfaction of the people that make up the cooperative. This involves factors such as shared ownership of the company, participation in the decision-making process, and workers' autonomy in developing their work. All these aspects create conditions that reduce the importance of wages (always given a minimum acceptable level and that meets their needs). The ideal starting point depends on variables such as the size of the cooperative, the sector, the production structure and the complexity of the tasks.

The worker-members do not receive wages or salary but are entitled to receive advances based on regular results, which are called labour or corporate advances. The amount, calculated annually, will be equivalent at least to the minimum wage, except for part-time members, for whom the amount is reduced pro rata.

In conclusion:

1. Regarding size: in cooperatives with fewer partners, it is easier to apply equal pay policies. As the cooperative grows, management complexity increases, which usually leads to a wider salary range.
2. The fact that pay scales in cooperatives are less than those in commercial companies is not a surprise. This is due to the nature of cooperatives, with components such as democratic participation that promote solidarity and equality of among people that belong to the same cooperatives.
3. Like other companies, cooperatives provide variable compensation mechanisms based on the objectives or the results. In many cases, however, these measures pass into a second stage in order to maintain internal cohesion.
4. Foreseeing pay scales which reach 1 to 5 and in different categories, in practice, these bands are much more egalitarian. People who have higher salaries, earn less than if they worked in commercial enterprises, and those who charge less have better wage conditions.

On the other hand, training in social economy enterprises – cooperatives and worker-owned companies – is very important because it complies with the fifth cooperative principles: "Cooperatives provide education and training to their

members, elected representatives, managers and employees so that they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation" as a dynamic and competitive element. Through training, people working in social economy enterprises acquire not only the precise capabilities to perform a specific job but also to manage, administrate and/or govern the company, and can become its leaders.

Every year, over 7,000 people take part in training promoted by the organisations representing these companies, CONFESAL and COCETA, which have an annual training budget of more than €5 million.

5. Inclusion of workers and corporate governance in social economy enterprises

5.1 Governance and worker participation in cooperatives

Governance in cooperative societies, when the members are also and only workers, is organised by the members themselves. The workers regulate themselves, defining the statutes of the cooperative, the working conditions and set the general guidelines. They define the wages, hours, leave, holidays, promotions, disciplinary system, etc. If necessary, the board is empowered to execute and implement the guidelines respecting the conditions fixed by the workers.

In cooperatives with non-member employees, the trade union representative of these workers is regulated through a formal process. This process respects the conventional election procedure and trade union principles and it is identical to that in other forms of enterprises. In those cooperatives with a sufficiently large number of workers, a Social Committee is set up with representatives of the workers and the cooperative in order to allow its participation in the board. In this context, the social dialogue in cooperative of workers is complete.

5.2 Governance and worker participation in worker-owned companies

One of the virtues of worker-owned companies is that the members are the workers themselves and comprise the board. This gives this model differentiating features that are keys to its success:

- It strengthens the commitment of workers to the business project
- It builds relationships of trust between board and management
- It allows the director(s) to acquire greater business knowledge in order to act with better information
- It allows options to be evaluated in order to give more importance to collective interests compared to individual interests
- it clarifies the functions and tasks of the director(s)

In companies where the board works properly, the agreements adopted within the organisation may strengthen the company and help it to be a more profitable, sustainable and competent organisation.

It is common in this type of business that the board delegates powers to several people or one person. It is essential to ensure mutual trust and a relationship of continuous collaboration between the board and managers. Internal operating regulations should be drawn up to clarify and regulate the roles and responsibilities of each of them.

6. A case of best practice: ITMA SAL

ITMA Group offers diverse services of cleaning in building, premises, homes and businesses, treatment of surfaces. It also develops other cleaning activities for automobile and blinds. Born in Asturias, it currently has its offices in Llanera (Asturias) and Santander (Cantabria).

Vision, mission and values

Mission:

ITMA Group pursues the social and professional integration of disabled people by offering services to facilitate and improve the quality of life of its customers.

Vision:

ITMA Group combines positive economic results with giving a very important role to the human aspect by encouraging, training and involving its workers. It applies good management, shows great transparency, plans for current and future employees, and hires only people who share its values and commitments in order to satisfy its customers' expectations.

Values:

- Ensure fairness, justice and equality in all matters relating to employment
- Professionalise workers through training, retraining and internal evolution
- Identify and meet the needs of direct clients
- Accessibility and ability to listen and welcome everyone in the organisation
- Collaborate and take responsibility in the organisation
- Foster teamwork
- Assist and support people to implement plans, objectives and personal objectives
- Encourage activities that improve the environment and society
- Give recognition and opportunities providing an appropriate support to the efforts of individuals and to the team
- Ensure the development of services under contractual and legal requirements

In the mid-90s, ITMA Group was convinced of the need to launch an ambitious internal process to achieve the highest possible level of customer satisfaction.

Since then, it has been confirmed that the decision taken at that time has permitted the organisation to develop and achieve exponential growth. It has fostered a business culture that encourages the organisation to set supplementary and more ambitious objectives.

By 2000, this initiative made them one of the leading companies of the sector in Asturias, certified according to quality standards (ISO 9000), environmental management (ISO 14000) and occupational health and safety (OHSAS 18001). It resulted in their customers giving very positive feedback.

Today, people confirm that the image of ITMA Group (recently updated) and its current workforce of some 1,000 people, is secure within the industry and has an increasingly recognised level of prestige and rigour.

ITMA Group is one organisation made up of two companies, ITMA SAL and ITMA SL. ITMA SAL was established in 1988 by a group of people with disabilities and unemployed people applying a business model based on self-management. Because of the status of limited worker-owned company (SAL), the owners of the company are the workers with the only particularity that they have handicaps of different degrees and stages. In addition, ITMA SAL is designated a Special Employment Centre as it involves the integration of disabled employment as a top priority.

ITMA Group (ITMA SAL + ITMA SL) has 28 partners and 12 associates who are kept informed of progress and results through an annual general assembly.

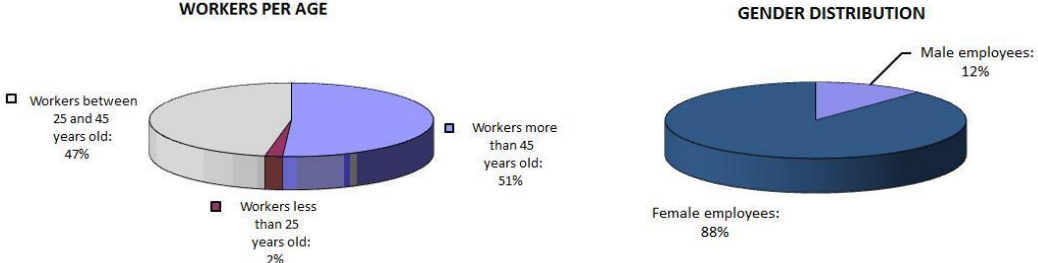
Composition of the workforce

Regarding employees, ITMA SAL has:

- 2 people in the Department of Management
- 10 managers (intermediate managers)
- 6 people in the administration department
- 3 people in the sales department

The cleaning staff is comprised of 1,203 people (specialists, team leaders, labourers etc.).

In the last 10 years, ITMA SAL has increased the number of employees by 50%. Furthermore, ITMA Group is formed by 90% by women.



Customer base

Currently the market of ITMA Group focuses on Asturias, Cantabria, Castilla Leon, the Basque Country and Galicia, Castilla La Mancha and Madrid. It serves both private and public customers, the private clients ranging from large firms to communities and individuals.

Its strategic objectives are to:

- diversify services
- increase turnover
- offer greater coverage and customer service
- improve training in the organisation
- promote cooperative culture among workers
- reduce costs and increase profit
- improve communication channels

Permanent learning and benchmarking to direct strategic development

In order to increase profitability, ITMA has a policy of cost containment and a continuous training strategy in order to professionalise the workers. It reviews production times and carries out spending reviews. It improves the training plan at all levels of the organisation.

ITMA Group considers staff involvement in the development of the company as a strategic objective to encourage the teamwork. Following that objective, it has launched various initiatives that encourage and support staff involvement individually and in groups such as improvement groups and process improvement meetings.

The director of resources meets annually with the leaders of the organisation to present the importance of employee participation in the working groups and process improvement.

Quarterly review meetings led by the director of resources may create working units of owners of the processes who work with objectives, timelines and indicators.

In relation to what the group intended as a socially responsible company, since 2005 one of the major concerns of the organisation has been the need to integrate social responsibility into the strategy. The first step taken was to join the Global Pact of the United Nations in 2005. Since then, it has published an annual progress report indicating the alignment of the strategy, objectives, actions and the progress with the "Ten Principles of the Global Act." In 2013, they reached the advanced level of the Global Act.

In 2004 ITMA Group defined a proper management for security information. The main issues the security policy addresses are: confidentiality, integration and availability of information system.

Employee benefits

ITMA Group follows a guideline in order to increase social benefits for workers and working partners. The board annually updates the social benefits on the occasion of the annual review of the strategic plan.

During 2008, the following benefits were launched according to personal needs, in consultation with the director of human resources who provided a clear vision of the salaries of employees and their requests. In 2008, there was an increase in requests for advances on salaries and workers also requested cumulative hours and the end of days-off for the maternity leave.

Benefits for workers-members:

- increase of two holiday days
- accumulation for nursing
- advancement of benefits paid to February
- €50 gift voucher for new birth
- enjoy the days of Christmas and New Year
- priority for the family to join the company
- microcredit

Benefits for workers:

- accumulating for nursing
- easy to apply and get unpaid leave
- ease adaptation of the hours
- workplace adapted to allergies
- create the prize for worker of the year
- 10 gift vouchers of €600
- microcredit
- Friday proposed with intensive hours for owners, leaders, and technicians
- New Year's Eve and Christmas evenings

In addition, the employees could benefit from a specific summer timetable in August.

Featured reconciliation measures

Given the sector, ITMA Group has established agreements in the areas concerned by the sector. While flexible hours are based on the needs of the customer, the company has established a set of social benefits, which have greatly contributed to increased staff motivation.

Good practices

Forms of flexible working	Distribution of services	Depending on geographic proximity and displacement
	Intensive hours	Every Friday and, where possible, in the summertime
Human services	Social benefits	

SWEDEN

1. The concept of social economy – main components and some aspects of social economy and social enterprises

1.1 Concept and definitions

A working committee appointed by the Swedish Government made the following definition of **social economy** in 1999:

The social economy concept refers to organised activities that primarily aim at serving the community, are built on democratic values, and are organisationally independent of the public sector. Associations, cooperatives, foundations and similar groups mainly carry out these social and economic activities. Benefit to the public or a particular association's members is the main incentive for the social economy – not profit.

The definition was introduced because of the Swedish membership in EU and has since then been used and no other definition has been presented officially. The main actors included in social economy are cooperative societies, mutual companies and the non-profit sector.

One small but growing part of the social economy is work integration social enterprises (WISE), defined by the Swedish government as:

"Companies that operate economic activities with the overall purpose of integrating people who have great difficulty in obtaining and/or keeping a job into working life and society;

- *that empower employees through ownership, agreements, or in some other well-documented way;*
- *that primarily reinvest their profits in their own or similar enterprises;*
- *that are organisationally independent by public services."*

1.2 Main typologies: legal forms and main features

In Sweden there is no specific legal form for social enterprises. Social enterprises use the same legal forms as other companies.

There are six different legal forms to choose between when starting up an enterprise. Four of them are used in social economy:

Economic association (*ekonomisk förening*)

This is the legal form created for running a cooperative and was introduced more than 100 years ago. Some characteristics of the economic association are:

- It is formed by at least three natural or legal persons.
- It is a democratic form of enterprise where each member has one vote.
- The members invest their own money in the association where a minimum amount is not required.
- The finances of the association are separate from the private finances of the members. The members are not personally responsible for any business debts or other commitments other than the member investment.

The objective of an economic association is to promote the economic interests of the members, to run an economic activity in which the members shall take part

- As consumers or other users – consumer cooperatives
- As producers – producer cooperatives
- Doing the work themselves – workers' cooperatives
- By using the services of the association or taking part in the enterprise in another way

An economic association is formed when at least three interested people accept the rules for the association at an inaugural association meeting.

The statutes must include:

- The name of the association
- Objective and activity
- Residence of the board
- Member investment
- Any service fee per year
- Board – minimum 3 persons
- Accountants
- Summons/other notices
- Business at ordinary meeting
- The financial year of the association
- How to distribute the profit
- How to manage the assets of the association if the association is dissolved.

An approved or authorised accountant is not required for smaller economic associations. It is sufficient that s/he is adequately qualified for the job. The economic associations have to register with the Swedish Companies Registration office (Bolagsverket) before they begin operating the business. Most social enterprises are run as economic associations.

Non-profit organisation (*ideell förening*)

Some social enterprises are non-profit organisations. There is no law about non-profit associations, which means that the sector is regulated by practice and case law. It is possible to start a non-profit organisation with at least two members (normally there are several members) who have an idealistic goal, statutes and an elected board.

It is not an obligation to register the association but if the organisation will run business activities it has to register at the Swedish Tax Agency. If a non-profit organisation operates the business for the financial gain of its members, which is usually the case with social enterprises, it should consider registering as an economic association instead. Should a non-profit organisation, which runs trade that generates economic benefit to the members, have difficulty paying its debts, the board members can be held personally liable. The non-profit organisation is not normally the best choice for a social enterprise to run its businesses in, but in a start-up phase it can sometime be suitable. Despite this, many are run in this legal form.

Limited companies (*aktieföretag*)

A limited company is a legal entity with its own rights and responsibilities, which, for example, limits the shareholders liability for the company's debts.

Nationals of the European Economic Area (EEA) countries can start a limited company fairly straightforwardly. The company has to register with the Swedish Companies Registration Office (Bolagsverket) before starting operating the business.

One individual can start a limited company and be the sole owner; the minimum starting capital is 50,000 Swedish kronor (€5,680).

Compared to being a sole trader the administration is more demanding in a share company. An annual report has to be sent to Bolagsverket every year. Closing a limited company takes some effort and can be very time-consuming. It has to be sold or liquidated.

It is possible to run social enterprises as limited companies although it is not so common. Sometimes it is necessary when the company needs to attract investing capital. If a limited company will be managed and run in such a way that each shareholder has equal opportunities to exert influence, this ought to be regulated in the articles of association or in the partnership contract. If democracy is an important aspect, the division of shares should also be as even as possible. This is regulated by transfers or new issues of shares when new partners are involved.

Foundation (*stiftelse*)

The foundation form is used when the founders want to assure themselves that future trustees of the organisation will not be able to change the business's direction. It is unusual for social enterprises to use this form and is not really suitable. This legal form is very rigid and there are no members in the foundation. The democratic process and the governance of this kind of enterprise are not according to the cooperative principles.

1.3 Facts and figures

It is hard to find relevant, available statistics about the social economy. Almost no research has been carried out on the social economy and the criteria Statistics Sweden uses are not consistent with the concepts of social economy and social enterprise.

According to national statistics there are 1,137,028 registered active enterprises, including non-profit organisations, housing associations and religious societies in Sweden. 77,000 of them belong to "civil society". Some figures from 2010 official statistics say that the sector employs around 120,000 persons and the turnover is 120 billion Swedish crowns (€13.6m).

During the past decade, Sweden has witnessed the development of work integration social enterprises from a small group of perhaps 50 enterprises to today approximately 310 enterprises engaging 9,500 people of whom 3,000 have jobs. Those who do not have a job in the enterprise are there due to various labour market initiatives or other public initiatives. The size of these enterprises varies from a few with up to 500 people engaged to small businesses of 3–5 people, with the most common being enterprises of 10–30 people. In the last two years 90 social enterprises have started engaging 600 persons as employees, they are growing fast.

Most common types of businesses are shops, trading, coffee-shops, catering, domestic services, building and repair services, gardening and dog-watching. But

it is also possible to find enterprises in the welfare sector. In the business idea of a social enterprise it is important to find a balance between business activities with work-tasks that people with different difficulties can fulfil and products and services demanded on the market.

Frequently, the enterprises have been started on the initiative of individual change-makers in public services or by people from support organisations or as a result of projects in the labour market.

Work integration social enterprises always have a dual business idea. They sell work training and rehabilitation services to the public sector, and also products/services that can be anything that the enterprise is good at producing and for which there is a market. For most of these enterprises, the majority of their income comes from providing work training and rehabilitation services. Virtually all the individuals who have a job in these enterprises have a wage subsidy through the Swedish Employment Office (Arbetsförmedlingen) which is a state authority.

A wage subsidy can be paid to people who have a reduced working capacity due to a functional impairment. An employer can receive a wage subsidy when a person becomes employed; it is not only social enterprises which can get such subsidies. The payment is a compensation for the adaptations that are made in the work and in the workplace. The purpose of the payment is to increase a person's opportunity to find an employment in which his or hers competence and skills can be used.

All those who are not employees but have been placed in a social enterprise by Arbetsförmedlingen or by the municipality, are receiving unemployment benefits, income support or sickness benefits as their means of supporting themselves.

Social enterprises are seen as ordinary companies as regards tax, employer's pension contributions and other business regulations. Some enterprises organised as non-profit organisations can be relieved of taxation on their surplus.

2. Social dialogue and consultation. Actors of social economy and social enterprises

There are various social economy organisations and supporting the social economy in the Swedish panorama.

SKOOPI – The National Association of Social Work Cooperatives

SKOOPI is a national organisation for work integration social enterprises with 130 enterprises as members. They represent approximately 50% of all WISEs existing in Sweden. Despite this, the organisation has not been able to achieve stability from an organisational or economic point of view. SKOOPI functions as a voice for the enterprises, arranges some courses and conferences for its member enterprises, publishes a newsletter and lobbies to influence the conditions for operating WISEs in Sweden.

FAMNA – The Swedish Association for Social Enterprises in the Non-Profit Health and Social Services Sector

FAMNA has 50 member enterprises and works to support enterprises and with stakeholder policy work. Most of the members are non-profit organisations or foundations, not so many are cooperatives. One aim is to highlight the added values and the quality of the non-profit providers supply to health and social care in Sweden.

FAMNA tries to play a role in situations where pressing health care issues are dealt with. For example, they participate in the political party, local authority and county council days, arrange and participate in seminars and act as a referral body.

One issue of particular importance is how FAMNA tries to achieve increased diversity of health care providers in Sweden for example through participating in the dialogue that the government has conducted with value-led organisations in health and social care aimed at reaching an agreement. FAMNA also collaborates with other providers within the non-profit sector on joint issues in order to strengthen its members' position and potential to grow and work on equal terms.

COOMPANION

Coompanion is an advisory organisation that provides support to start-up and development of cooperatives. It is the main provider of advice on entrepreneurship within the social economy. In the last decade, Coompanion has been involved in local, regional and national projects for the start-up and development of work integration social enterprises. Coompanion has 25 offices spread across the country. Counselling services and also communication services are financed by the Swedish Agency for Economic and Regional Growth (Tillväxtverket) as well as by regional councils and sometimes by cooperative members. The services are free of charge for the clients. The Coompanion offices also sell consultancy services and run projects mainly financed by the European Social Fund and local and regional governments to support start-up costs and education for social enterprises.

KFO – the Cooperative Employers' Association

KFO was founded in 1943 and has about 3,900 member companies with a total of about 100,000 employees. The organisation is represented in most sectors of the Swedish labour market in the fields of trade, industry and service, health care and services, geriatric care and housing services, day-care centres, pre-school and school as well as non-profit organisations. It has wide-ranging contacts with the trade union movement.

KFO, with its 3,900 member companies, is Sweden's biggest employers' organisation not affiliated to Almega/Svenskt Näringsliv, which is the biggest employers' association for private companies. Many of KFO's member companies have a cooperative or value-led character. KFO negotiates tailor-made collective agreements on wages and employment conditions with trade unions on behalf of its members. So the organisation's main task is to assist its members in negotiations and to conclude agreements on their behalf.

The negotiations conducted by KFO can be divided into three types: collective bargaining, co-determination negotiations and negotiations to settle legal disputes. In addition to this, KFO provides services in matters arising in the member companies' day-to-day personnel administration.

The organisations described above do not have any formal relationship. But *de facto* they collaborate in some projects and three of them (FAMNA, Coompanion Sweden and KFO) are located in the same building in central Stockholm. KFO is the biggest organisation, employing 25 persons.

Sometimes they act together in lobbying issues but unfortunately not often. Two years ago KFO led an ESF project, SOUL – Social Economy in Development and Learning. The project was run in close collaboration with Coompanion and some of the aims were to educate employees in the social economy so as to strengthen their competitiveness in entrepreneurship and other issues. Swedish labour law legislation also, to a large extent, allows for the social partners to deviate from the law through collective agreement (semi dispositive law). Another aim was to build up regional support structures for social economy enterprises. It was a successful project and also strengthened the relationship with KFO and some of the social economy enterprises.

3. Relevant elements of industrial relations' structure

3.1 The system of labour law and collective agreements in Sweden in general

The Swedish system is a part of the Nordic labour relations model. Although the Nordic countries have a lot in common, Sweden shows some distinctive features. Some of the most fundamental laws and regulations, regarding both collective and individual labour law, are presented here.

Sweden was in many ways a pioneering country in the sphere of labour relations and the first major agreement between workers and employers was signed in 1938. In the 1970s there was a big political debate and the trade union movement was very active and strong. The result was a lot of legislation concerning the labour market and working conditions. The majority of the laws that regulate the labour market today were enacted at that time and these labour laws changed somewhat the practice of the social partners in the labour market of regulating these matters themselves. However, since the collective agreement by tradition has had a larger impact than individual regulations, a lot of the issues that in other countries are regulated by law are in Sweden still stipulated through the collective agreement. For example there are no laws on a minimum wage. Since 1995, another important political change and influence on Swedish labour law has been EU membership.

The main features of the present Swedish labour market today are the following:

- Approximately 70% of the labour force is a member of a union but the rate is decreasing. The employers are highly organised too and about 90% of the employees are therefore covered by collective agreements. This is an essential condition for the possibility to regulate through collective agreements.
- The right to negotiate is very wide and stipulated by law.
- Unions with a collective agreement at workplace level are privileged.

- Collective agreements cannot be stretched to apply to all, and are only binding on the signatory parties and their members, although they do have a “normative effect” on all employees on a workplace.
- The right to industrial dispute is very wide and strongly centralised. The individual cannot decide by him or herself to go on strike. That decision lies with the organisations.
- The regulations are approximately the same for the public and the private sectors.
- There are only a few specific regulations for smaller companies and none for social enterprises or the social economy.
- Enterprises in the social economy (as defined above) are obliged to follow the same rules and legislation as all other companies.

3.2. The trade unions and social enterprises/social economy

Traditionally the trade unions have long had a strong position in the Swedish labour market as described above. For example, they (and not the employees as individuals) have the right to negotiate with the employers’ associations and with the employers. They have also been successful in their struggle for better working conditions. To take parental leave as an example, the mother or the father of a child has the right to take up to 18 months’ leave, the first 12 months paid at 80% of salary and the following 6 months with lower compensation (paid by the National Insurance Fund).

The unionisation rate in Sweden has decreased in recent years from a high point of 85% in 1993 to 70% in 2011, according to figures from the Swedish Employment Office. Between 2006 and 2008 the unions’ membership situation deteriorated sharply, probably because of the increasing contributions to the unemployment funds connected to new state regulations. This means, among other things, that the proportion of people who receive benefits from the unemployment insurance fund is decreasing. The unemployment funds are connected to the trade unions even if nowadays it is possible to be a member of an unemployment fund without being member of a trade union.

The relationship between the unions and the social economy and social enterprises is not without problems. In 1914 the federation of cooperative societies excluded the workers’ cooperatives because they were defined as not being part of the workers’ movement. The consumers’ cooperatives were closely connected to the labour movement at that time. Some of the trade unions struggled against the new cooperative movement in 1980-90 for example, when cooperative nurseries were started. Traditionally the trade unions were critical of cooperatives where the members/owners are the employees. The reason is probably the difficulty in defining this kind of enterprises. The individuals in the cooperative – are they owners or employees? How can the trade unions play their role when the owners also are employees? On the other hand, the members of the co-operatives often feel that they have no personal use for trade union membership as they are their own employer.

One unsolved problem concerning the unemployment fund is that an employee in a cooperative who becomes unemployed is not entitled to receive benefits from

the fund if he or she is also a member of the board of the cooperative. They are counted as an employer and therefore not entitled to have this benefit.

3.3 Collective bargaining in general

Collective agreements may be concluded on several levels. The key level for collective bargaining in Sweden is the industry level, although around 90% of employees have part of their pay determined by local level negotiations, and 11% have all their pay determined locally. Agreements between the main unions (LO, TCO and Saco's member trade union organisations) and Swedish Enterprise, the Swedish Association of Local Authorities and Regions and the Swedish Agency for Government Employers on the employer side are called central agreements. Today, these primarily concern agreements about contractual insurance and principal agreement on negotiating arrangements.

Traditionally collective bargaining in the private sector has taken place at three levels: between the union confederations and the main employers' association, the Confederation of Swedish Enterprise (Svenskt Näringsliv) at national level; between the individual unions and employers' industry associations at industry level; and between the company and the local union at local level. The current situation is that the wage bargaining at national level has come to a virtual stop in the private sector and the Confederation of Swedish Enterprise does not play any part in wage bargaining. Nevertheless, a number of non-wage framework agreements between the unions and employers at national level such as the 1982 efficiency and participation agreement continue to exist and new agreements outside the area of pay continue to be signed. For example, in 2006 a new national agreement on pensions was reached for 700,000 non-manual workers in the private sector, and in September 2012 the Confederation of Swedish Enterprise began negotiations with PTK, the negotiating group that brings together TCO and Saco, on new redundancy arrangements. However, for pay the key bargaining level is now the industry level, although there is still some co-ordination at national level, as well as a lot of room for variation at company/organisation level. Around 60 unions and 50 employers' associations are involved in bargaining at this level.

Collective agreements are concluded between the parties also at the local level (between individual companies and trade departments and clubs) in accordance with the general rules and instructions set out in the central collective agreements. The central parties however in recent years have given greater room for local negotiation and agreement and the post-war highly centralised wage negotiations in Sweden have been replaced by growing decentralised elements. Nowadays most agreements say that wage levels are individual, which means that the local employer can distribute a salary space, for example 2.5%, not equally among the employees but instead according to individual performance; this can mean that one person gets 0% and another gets a 4.2% wage-rise. But the agreements often set a fall-back or a guaranteed wage increase. Some agreements do not set a salary space at all.

National and union agreements usually have a contract term of one to three years. The agreements may contain agreements on the ability of a party to terminate the contract prematurely, under particular conditions.

The system of collective bargaining covers more than 80% of the employees in the private sector, 88% of employees if you look at the whole labour market.

Collective bargaining deals chiefly with matters concerning wages, salaries and general terms of employment but also with questions such as insurance, co-determination, education and the working environment. Coverage of collective bargaining is very high, 83% of the employees in private sector have salaries and working conditions regulated by collective agreements. The figure is 100% in the public sector. Fewer small and newly started enterprises are members of employers organisations and so they do not use collective bargaining. One of many reasons for this is the high cost of pension contributions that membership implies. A collective agreement obliges the employer to pay between 6% and 15% of the wage cost into a pension fund, in addition to the compulsory employment taxes. This can be very expensive for a small, newly started company, and of course also for cooperatives of this kind.

3.4 Collective bargaining in the social economy sector and working conditions in the social economy and social enterprises

More than 100,000 employees in social economy enterprises are covered by collective agreements through their employer's membership of KFO. KFO is the partner who does the negotiations with the trade unions on behalf of the employers. The agreements resulting from such negotiations are fairly closely modelled on those applying in the respective industries outside the cooperative sector of the labour market. The negotiations are conducted through specially appointed delegations consisting of representatives for the relevant areas of activity. Sometimes agreements concluded by the employers' associations are subject to local adjustments, for example if the members want to give some extra benefit to their employees or want to apply equal salaries. The extent to which industry-level agreements set pay at local level can vary substantially.

Social economy enterprises which are not members of KFO can join another employers association or not use collective bargaining. It is very difficult to find figures about the coverage of collective agreements in the sector, due to definition problems and lack of available statistics, but they probably have the same degree coverage as private companies. Wages and other working conditions are not far from the conditions in the private sector. Conditions differ between newly started businesses and old ones, enterprises that have been active for some years generally offering better conditions.

As in the ordinary labour market most people in the social economy have full-time jobs. There are fewer full-time workers in caring industries and in newly started companies.

40 hours is still the normal full-time working week but in some collective agreements the full-time definition is 36-38 hours per week.

Most employees have permanent contracts but a growing number of people are employed on temporary contracts. Still (2011) 84% of the employees in the Swedish labour market have a permanent contract and probably it is the almost the same figure in social economy. According to the law, general fixed-term employment contracts can last for a maximum of two years; after that the employer has to give a permanent contract or end the employment. Temporary substitute employment is also allowed for up to two years. The total period for fixed-term employment can therefore be longer than two years. In addition seasonal employment is allowed. Some collective bargaining permits working under temporary conditions for more than the time limits set in law.

3.5 Collective bargaining specially for social enterprises (WISEs)

In 1998 KFO decided to compile a new collective contract specially designed for work integration social enterprises (social firms). The social enterprises had expressed a need for an agreement that took into consideration the special conditions they had to face. KFO took up the challenge and started to negotiate with the big trade union Kommunal (which mostly organises blue collar local government workers). It was a real challenge because some of the conditions really were things that trade unions normally do not like. Finally they settled on an agreement which since then has attracted a growing number of users. Some features of the contract are:

- available to enterprises which employ people coming from long-term unemployment or people who have had supplementary benefit
- duration of the employment varies if a wage subsidy is granted by Arbetsförmedlingen or other subsidies
- covers all kind of industries
- rules about mini-wages
- pension contributions as in other collective agreements

This agreement is unique on the Swedish labour market. Perhaps it sounds strange to accept an agreement that does not really have the best conditions for the employees. But most social enterprises have no choice: they cannot offer better conditions due to the disabilities of their employees. If they are refused wage subsidies, in most cases it is not possible for them to conduct their business and continue the employment contract. And for the employees an employment is better than being outside society, isolated and living on benefits. In a social enterprise the persons have sense of being needed, belong to a community and get a salary and, in the future, a pension a little bigger than the minimum one.

UNITED KINGDOM

1. The concept of social economy – main components and some aspects of social economy and social enterprises

1.1 Concept and brief history

The term 'social economy' acquired some popularity during the 1980s, but it has never been part of the usual British vocabulary, though it is more commonly used in Wales, Scotland and Northern Ireland. It does however subsist in the public consciousness, and in 2013 the Social Economy Alliance was created as a broad lobbying umbrella group.⁶⁴

The term "third sector" is more often used. It includes the commonly accepted 'families' of the social economy in the European sense – voluntary organisations (associations), co-operatives, mutuals and foundations – together with the more Anglo-American style of 'social enterprise'. Some of its components, notably the co-operative movement and the voluntary sector, are relatively strong in the UK. Comparative statistics show the UK to be among those countries with larger shares of economic activity and employment within the social economy. However certain types of social economy organisations, such as worker co-operatives and social co-operatives, have not grown very fast in the UK. What has grown fast in recent years is the number of businesses identifying themselves as 'social enterprises'.

1.2 Main types of social economy enterprise

Social enterprises have been around in all but name for many years, stretching back to as long ago as 1844 when, suffering at the hands of exploitative factory owners, 28 working men in Rochdale opened their own shop – so heralding the beginning of the modern co-op movement. In recent years we have witnessed the growth of community enterprise, where businesses have evolved in poor and disadvantaged areas with the specific aim of improving the economic fortunes of their neighbourhoods.

The voluntary sector, too, has become more innovative and enterprising – a review by the government has outlined a key role for entrepreneurial voluntary organisations in the delivery of public services.

In October 2001 Patricia Hewitt, Secretary of State for Trade and Industry, launched the government's Social Enterprise Unit (SEnU) to champion social enterprise and spread good practice, coordinate policy-making and address barriers to the growth of the sector. The government's strategy for social enterprise was launched in 2002.

The official definition proposed by the Department of Trade and Industry states that a social enterprise is "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for share holders and owners".

⁶⁴ <http://www.socialenterprise.org.uk/social-economy-alliance>

Therefore, as outlined by the Social Enterprise Coalition,⁶⁵ “a social enterprise is not defined by its legal status but by its nature: what it does that is social, the basis on which that social mission is embedded into the business in its structure and governance, and the way it uses the profits it generates through its trading activities. They come in all shapes and sizes ranging from very small local community based organisations, to much larger entities employing thousands of people, but it is the trading activity with a social purpose – value-led and market-driven – that is the key”.

Therefore, in UK social enterprises can take many legal or organisational forms, principally **Companies Limited by Guarantee (CLG), Companies Limited by Shares (CLS) and Industrial and Provident Societies (IPS)**. Until recently co-operatives, development trusts, social firms, trading arms of charities, community businesses and other types of social enterprise normally used one of these forms, although they can also be unincorporated associations which have no legal identity distinct from their members’ and no limited liability.

A British innovation has been the creation of a new form of limited liability company specifically conceived for social enterprises, the **Community Interest Company (CIC)**, which was launched by the government in 2003.⁶⁶

The basic legal structure for CICs is the limited liability company. They can either be incorporated as a new company or converted from an existing company. They can take one of three company forms:

- company limited by guarantee
- private company limited by shares
- public company limited by shares (plc)

Their distinctive features are:

- the use of their assets, income and profits for the benefit of the community;
- the asset lock, which ensures that assets are retained within the company to support its activities or otherwise used to benefit the community.

CICs operate in many different sectors. They either undertake activities to generate profits to support a community purpose (such as charity shops) or undertake activities which are themselves a community purpose (such as day care centres for the elderly). Generally, CICs provide services related to city centre regeneration, recycling centres, restaurants and community cafes. They also provide health, transport, education and environmental services and benefit children with special needs, pensioners and young people.

1.2 Size of UK social economy sector

There are no updated and specific statistics about social economy as a whole or its families. The most recent data have been published by a research done by CIRIEC for the European Social and Economic Committee:

⁶⁵ Social Enterprise Coalition, *There is more to business than you think: a guide to social enterprise*, 2003

⁶⁶ Companies (Audit, Investigation and Community Enterprise) Act 2004 Part 2 and Schedules 3 to 8

The Social Economy in the United Kingdom*

Cooperatives and other similar accepted forms	Mutual Societies and other similar accepted forms	Associations, foundations and other similar accepted forms
- All cooperatives 2010: 236,000 jobs 5,450 enterprises 12,800,000 members Of which: - Consumer Cooperatives 2010: 109,614 jobs 9,555,000 members 24 enterprises (1) - Cooperative Banks and Insurance 2009: 11,447 jobs 1,922,689 members (2) - Agricultural Cooperatives 2010: 7,950 jobs 446 enterprises - Credit Unions 2005: ca, 900 jobs 564 enterprises - Worker Cooperatives 2010: 1,940 jobs 541 enterprises - Other (010: 104,149 jobs 3,875 enterprises	- Mutual saving and loans 2010: 50,000 jobs 48 enterprises - Mutual Insurance 2010: ca, 57 enterprises	- Broad Voluntary Sector (BVS) 2007: 1,347,000 jobs 870,000 entities Of which: - Narrow Voluntary Sector (NVS) 2010: 765,000 jobs 10,600,000 volunteers 171,000 entities) (3) - Social and health entities 2010: 437,000 jobs
236,000 jobs 5,450 enterprises 12,800,000 members	50,000 jobs 105 enterprises	1,347,000 jobs 870,000 entities 10,600,000 volunteers

(*) Source: Roger Spear (Open University)

(1) Source: Eurocoop (2010) for the Co-operative Group and its subsidiary undertakings only.

(2) European Association of Cooperative Banks, 2009

(3) NCVO Workforce Almanac

Note: The narrow voluntary sector (NVS) includes all organisations in the BVS – broad voluntary sector, fewer organisations not traditionally thought of as being part of the voluntary sector in the UK. This is primarily because they are seen as effectively being part of the state despite their constitutional status, and/or because they are thought not to be sufficiently altruistic or public benefit oriented. Excluded on this basis are all universities, schools, sports and social clubs, and trade union and business associations (*).

Other sources give the following data: For Cooperatives and similar, Cooperatives Europe (2009) gives 129,130 jobs, 8,434,538 members and 977

enterprises, although this refers only to cooperatives affiliated to Cooperatives Europe.

2. Social dialogue and consultation – Social Economy Actors

This section examines social dialogue in the main sectors of the social economy. It does not cover agricultural or housing co-operatives.

2.1 Co-operatives

In 2012 the UK had 6,169 co-operatives with 13.5 million members and a combined turnover of €44.7 billion. The principal sectors of co-operative activity are:

Sector	No. of co-operatives	Turnover (€m)
Retail	300	31,000
Agriculture	450	5,000
Finance	750	1,000
Construction	20	1,600
Education & training	300	600
Health & social care	940	800
Leisure & tourism	200	280

2.1.1 Consumer co-operatives

The consumer co-operative sector in the UK is dominated by the Co-operative Group, which has 7 million members, 100,000 employees and turns over €18 billion per year. As well as individual consumer members, it has 22 regional and local societies in membership, with which it shares the co-operative brand.

The sector has a well-established system of social dialogue. The Co-operative Employers' Association (CEA) embraces 13 co-operative societies, and has national agreements with USDAW (the Union of Shop, Distributive and Allied Workers) and, for managerial and professional employees, with NACO (the National Association of Co-operative Officials).

In general the 'social partnership' relationship between consumer co-operatives and trade unions is focused on working conditions, and is not a generator of innovation.

2.1.2 Worker co-operatives

Worker-owned co-operatives in the UK have almost all been established since 1970, although a small number have survived since the 19th century and earlier in the 20th century. There are now approximately 500 worker co-operatives, with a combined annual turnover of €10.5 billion. Most of them were founded since the resurgence in 1970s and 1980s and are small in scale.

Although in worker co-operatives the role of collective negotiation of wages and conditions is largely conducted among the members by virtue of their membership of the co-operative, trade unions do play an important role in some cases. The most important roles that trade unions play in worker cooperatives are:

- representing employees in cases of dispute between a worker and his/her employer or among employees
- providing expert support based on industry practice on issues such as health and safety

In the 1970s a small number of trade union branches were established specifically for the members of small co-operatives, but these have since closed.

2.2 Employee-owned firms

There are some 250 wholly or substantially employee-owned firms in Britain which are not co-operatives. They employ 130,000 people, turn over €36 billion per year (2% of GDP). The largest and best known of these is the John Lewis Partnership, which operates a chain of department stores and turns over €10 billion per year. Its ownership is vested in a trust for the benefit of its 85,500 employees – who are termed “partners”. despite its being widely held up – in particular by the UK government – as an example of successful employee ownership, John Lewis does not recognise independent trade unions and excludes some workers, such as cleaners (who are employed by a sub-contractor), from ‘partner’ status.

2.3 Voluntary organisations and charities

There are some 162,000 active voluntary organisations (including charities) in the UK, employing an estimated 765,000 people (2.7% of the UK workforce). A 2010 survey found that 22% of employees are members of a trade union. In particular UNISON has 60,000 members in the voluntary and community sector.

The main umbrella body in the National Council for Voluntary Organisations (NCVO), with 10,000 member organisations. The trade union Unite is an appointed member of NCVO.

2.4 Social enterprises

“Social enterprises” are defined by the UK government as being “businesses with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners”. It may be noted that when compared with the European Commission’s definition, while it includes the

dimensions of a primary social objective and limited profit distribution, it omits the dimension of participative management involving workers and users. The area of social dialogue is hence minimised in the development of social enterprises. The framers of the UK's policy on social enterprises as it grew up from 2001 were keen to focus more on results than process.

The government estimates that there are 70,000 social enterprises in the UK, employing 974,000 people (this estimate is extrapolated from a sample survey of the attitudes of business owners, rather than on legal dispositions, and is therefore believed by many observers to be optimistic). The domain of social enterprises in the UK is composed of several families of organisations. On the one hand there is what has been loosely defined as the 'social economy': many co-operatives, community enterprises and voluntary organisations (some of which are charities). With the import of the American notion of social enterprise has grown up a sector of businesses organised on more traditional managerial lines, with a primary social objective but with financial investors/shareholders who seek a 'blended return'.

2.5 Co-operative schools

Co-operative schools are a very recent phenomenon, the first having been founded in 2008. They are made possible by the government's policy of permitting schools to opt out of direct control by their local education authority control with 'trust' or 'academy' status. Their model of involving the three stakeholder groups – staff, parents and the community – has proved very popular, and their number has now reached around 700. They are promoted and advised by the Co-operative Schools Society, established in 2011.

In December 2013 a National Agreement between six TUC-affiliated education unions (ATL, GMB, NASUWT, NUT, UNISON and Unite) and the co-operative movement was signed.⁶⁷

These unions have opposed the government's policy of weakening the local authority role in education and undermining national terms and conditions for school staff. The agreement underlines the shared values of trade unions and co-operatives. Its preamble states: "We believe that equality, solidarity, democracy and social responsibility are the principles that should underpin our education system and that schools should serve the best interests of children and young people, parents and carers, the workforce and the wider community."

The agreement also highlights that both sides recognise the shared history and values of the trade union and co-operative movements and their joint commitment to empowering workers and communities, enhancing workplace democracy and supporting alternative models of economic development. In addition there is a strong common interest in working together to promote good employment and governance practices in schools and in ensuring that education and schools remain democratically-controlled and accountable for the public good.

⁶⁷ <http://www.co-op.ac.uk/2013/12/national-agreement-tuc-co-op-schools>

3. Social dialogue and consultation–Trade union actors

The UK has one trade union specifically for co-operative employees, but several other unions have sizeable memberships among co-operative employees as well.

A major concern of the trade union movement is to preserve public services, as regards the quality of both the employment and the services they provide. It is therefore very dubious of the role of social enterprises in taking over public services.

This has led the unions to oppose the spin-off of public services to the private sector in principle, but nevertheless to work pragmatically for the best outcome when such a privatisation is inevitable. In these cases it prefers a mutual and/or employee-owned solution. Best practice guidelines have been agreed with the co-operative sector, but not with other types of social enterprise.

3.1 Trades Union Congress (TUC)

3.1.1 Relationship with cooperatives

The Trades Union Congress has collaborated with Co-operatives UK to draw up guidance on a joint approach to the spinning out of public services into so-called 'mutuals': *Public Services, Co-operatives and Mutuals – Best practice guidance*.⁶⁸

Their main message is that any attempt to outsource public service provision to independent employee-led mutuals should be subject to a ballot of employees and not be 'forced through' against their will.

The guidance calls for the government to establish quality standards in its programme of public service mutualisation and outlines a set of principles agreed between trade unions and representatives of the co-operative and mutual sector. The guidance addresses concerns in five key areas:

1. workforce engagement and consultation in the process
2. governance and democracy in the mutual
3. commissioning of services
4. safeguarding of public assets
5. employment standards

⁶⁸ http://www.uk.coop/sites/storage/public/downloads/tuc_co-operatives_uk_guidance_0.pdf

Some notable guidelines from *Public Services, Co-operatives and Mutuels – Best practice guidance*

Workforce engagement and consultation in the process

- The creation of a public service mutual or co-operative should be endorsed by a majority in an open and transparent ballot of staff directly affected with a full range of options provided.
- Recognised trade unions should be consulted and provided with a full role in the design, implementation and agreement of the workforce consultation and balloting processes and arrangements.
- Where the creation of a public service mutual or co-operative is endorsed, employees and their trade union representatives should be fully involved in all aspects of the implementation, including negotiations covering staff transfers and maintenance of working conditions, with application of TUPE and adherence to national and local terms and conditions including membership of the appropriate pension schemes.

Governance and democracy in the mutual

- Membership and ownership should be open to all employees and, where relevant, service users, the community and other stakeholders.
- There should be mechanisms in place to prevent undue influence from private investment which is counter to the principles of co-operative behaviour and the public service ethos.
- Where employee ownership forms a part of, or the sole, membership category, structures should be adopted to support the longer term interests of current and future employee members and their voice and participation in the enterprise. This could include holding employee shares on a collective basis using a trust or relevant legal form.
- Employee ownership is complementary to, and not a substitute for, formalised consultation or collective bargaining procedures with recognised trade unions in the workplace.

Commissioning of services

- The design and commissioning of public services should be undertaken in such a way that protects against the take-over of services by private for-profit organisations.
- Where procurement of services is undertaken, the explicit social and economic objectives incorporated within a mutual or co-operative model should be included within the procurement process from invitation to tender to evaluation and award.
- Where a mutual or co-operative is to be involved in the provision of a public service, the service should be awarded on a minimum five year contract in order to ensure effective and sustainable development of the organisation.

Safeguarding of assets

- The net assets transferred from public ownership and owned by the public service mutual or co-operative should be 'asset locked' in order to ensure they continue to be used for the benefit of the community.

Employment standards

- Mutual and co-operative structures should enable employees to have greater engagement and involvement in the direction and decision making of the enterprise. This is complementary to recognised trade union mechanisms and agreements.

3.1.2 Relationship with other social enterprises

By and large, social enterprises other than co-operatives have not come to any coherent view on trade unions. A major component within the social enterprise sector believes that businesses, including those motivated by the desire to make a profit, can deliver better-quality public services than the public sector can. This creates a conflict of principle with the trade unions. Dealings between the two movements therefore tend to take place only when necessary and on a pragmatic basis to resolve issues concerning individual enterprises.

3.2 NACO

The National Association of Co-operative Officials (NACO) is the only trade union specifically for employees of co-operatives. It was established in 1917 to represent managers and professionals within the co-operative sector, while manual and administrative workers were represented by other general unions such as USDAW (the Union of Shop, Distributive and Allied Workers). It is the only recognised trade union representing managers and professionals in the co-operative movement, and has sole bargaining rights for pay, terms and conditions at the Co-operative Group and the vast majority of independent societies. It represents 90% of co-operative managers and has 17 constituency associations.

NACO and the Co-operative Employers' Association (CEA) have a National Officials & Departmental Managers Agreement (NODMA). It covers issues including pay, holiday entitlement and rollover, job evaluation and family friendliness.

Historically NACO also acted as a management association and retains the role of on management development. It works with the Co-operative College (with which it also has a national agreement) on the training of co-operative managers.

More recently it has begun to represent the entire workforce of some co-operatives organisations, including Co-operative College, the Robert Owen Group (teacher training) and the Phone Co-operative.

Source: Matt Arrowsmith, Membership Development Officer, NACO

3.3 USDAW

The Union of Shop, Distributive and Allied Workers (USDAW) was founded in 1891 as the Manchester and District Co-operative Employees' Association (MDCEA). Today it has 433,000 members, working mostly in retailing, of whom almost 50,000 in the co-operative movement. This includes the food retail, distribution, funeral care, pharmacy, head office and specialist commercial

businesses sections of the Co-operative Group. It has 750 workplace reps and 280 health and safety representatives across the Co-operative Group.

3.4 UNISON

UNISON has 1.3 million members, including many low-paid public service workers in sectors such as local government, education, health care, utilities and transport. It influences the TUC to oppose the spin-out of public services to the private sector. Where this does nevertheless occur, it prefers mutual solutions.

It has 60,000 members in the voluntary and community sector, a number which has shown an upswing, given employees' fears for their security and conditions should privatisation occur. The union fears that competitive tendering in a climate of budget cuts will lead to a 'race to the bottom' regarding both service quality and workers' pay and conditions. This, it fears, could cause citizens to become disillusioned with 'mutuals' and damage citizens' trust in democracy.

The union criticises several aspects of the government's practice when awarding contracts to deliver services. Rather than encouraging the diversification of providers, it has tended to select large corporate 'prime contractors', which have made partnerships with voluntary organisations with relevant expertise and experience. However this has tended to be for appearances only, and in practice very little work has been sub-contracted to the voluntary organisations. Secondly, the 'payment by results' model discriminated in favour of large corporations which have the financial strength to fund delivery up-front while waiting for eventual payment. Thirdly, private companies are still being awarded contracts despite having a poor track record and despite a number of cases of fraud. Fourthly, there is no evidence that the marketisation of services has improved service quality.⁶⁹

UNISON finds that there is very little dialogue or understanding between public authority staff responsible for commissioning services from external providers and trade unions, and that no suitable legal framework is in place. Something of a vacuum exists. As an example, the Mutuals Task Force was set up without trade union involvement. It believes that a better partnership needs to be built.

Furthermore, it believes that the government is using a faulty interpretation of what a 'mutual' is, a fact that the government itself has noted.⁷⁰

The TUC has worked with co-operatives UK to draw up good practice guidelines on the spin-out of public services to 'employee mutuals', but no such discussions have yet taken place with other parts of the social enterprise sector.

UNISON supports co-operative schools and works with Co-operative College to promote them.

It is however firmly against spin-outs from the National Health Service (NHS) to social enterprises, on several grounds:

⁶⁹ See UNISON's 2013 report *Community and Voluntary Services in an Age of Austerity* at <https://www.unison.org.uk/upload/sharepoint/On%20line%20Catalogue/21929.pdf>

⁷⁰ See *Government response to the Communities and Local Government Select Committee's Report: Mutual and co-operative approaches to delivering local services* at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79079/Mutuals.pdf

- While co-operatives have a well-established set of internationally agreed principles and work through social dialogue with trade unions, other types of social enterprises have no equivalent ethos or practices, and tend to operate like private enterprises. As yet no umbrella group represents these models of public service delivery to enable collective sector bargaining agreements or social dialogue.
- There is no evidence that social enterprises or mutuals are able to provide a better quality or more efficient service than a public service in complex public services.
- It is better to set up an in-house company ('Teckal' company) as a 'shadow mutual' first to protect the public service and workers. The Teckal option allows the service to remain public with less risk. It allows for greater time and control for both 'shadow mutual' employees and the local authority to learn from the mutual experience and make a final decision. It also allows for a much easier route to enable reconsideration of going back in-house or remaining a Teckal at any point if it is decided that this may overall be the preferred option.⁷¹

A major concern of UNISON is how the revised European public procurement directive will be transposed into UK law. It is therefore campaigning for:

- more public funding to sustain public quality services and grant funding for the Voluntary Community Sector;
- contracting authorities to have public ownership as a default option;
- acceptance that privatisation and mutualisation are not appropriate for more complex public services;
- good employment conditions through the inclusion of social provisions in public procurement and the use of added social value in procurement outcomes;
- that the recommendations of UNISON and the parliamentary Public Accounts Select Committee be incorporated in the transposition of the new EU public procurement directive into the UK regulations, to create a fair and transparent procurement regime, which protects the taxpayer through greater regulation of private companies contracting public services;
- the equal promotion of in-house and Teckal models to remove the current bias in the current 'mutualisation' programme;
- provision of guidance on how to protect public services, assets and workers from privatisation emerging through the back door via the proposed right of contracting authorities to reserve public contracts for mutuals in the new procurement provisions.

Source: Allison Roche, Policy Officer, UNISON

3.5 UNITE

UNITE is the UK's largest trade union, with 1.6 million members. It was formed in 2007 through the latest in a long series of mergers since 1922, in this case

⁷¹ This is the advice given by some members of the Mutuals Task Force:
<http://www.bwbllp.com/file/teckal-paper-public-services-and-mutuals-pdf>

between the Transport and General Workers' Union (TGWU) and Amicus. It has members across a wide range of manufacturing and transport industries as well as 100,000 in the health service.

The TGWU had previously, in the 1970s, paid some attention to workers in co-operatives, and for instance had two branches in London specifically for the employees in worker co-operatives.

3.6 GMB

The General, Municipal, Boilermakers' and Allied Trade Union (GMB), with 617,000 members, had inherited through mergers a number of members in the funeral care sector. In 2007 the Co-operative Group derecognised the union because of the small number of members it represented.

3.7 Unity Trust Bank

Unity Trust Bank is a specialist bank for civil society, social enterprises, CICs, councils, and trade unions, which offers socially-responsible banking services. It bills itself as "the bank for the social economy" and is itself a social enterprise. It was set up in 1984 by a number of the country's largest trade unions to create the UK's first trade union-owned bank. Its shareholders are now some 30 trade unions, along with the TUC (totalling 73% of shares) and 27% by the Co-operative Bank (although given its current financial difficulties the Co-operative Bank is about to sell its shareholding). Its approach sees values and social impact as a key part of its offering, and supports organisations to improve the communities they live in by creating jobs, improving living conditions and retaining wealth.

In 2012 it lent £19m (€23m) to customers in the social economy, in three main areas; Community Finance (18%), Settled Housing (41%) and Community Cohesion (41%). It has committed to lend £100m (€120m) over the coming three years. It publishes an impact report.⁷²

Website: www.unity.co.uk

4. Relevant elements of industrial relations structure

4.1 Issues in social dialogue

The phrase "social dialogue" is not so well entrenched in British discourse as it is in the continent of Europe, and is interpreted in this report as meaning essentially the older term "industrial relations" – i.e. relations between employees and employers.

The key issues relevant to the social dialogue and the social economy in the UK today are:

- the spin-off of public services to so-called 'employee mutuals'

⁷² http://www.unity.co.uk/upload/pdf/Our%20Social%20Lending%20Impact_WEB.pdf

Whilst the intention behind this policy is to introduce innovation, flexibility and choice into public service provision, it arouses concern over service standards, working conditions and democratic accountability. Such fears have led to an upswing in trade union membership in the voluntary and community sector. A particular current issue is the transposition of the revised European public procurement directive into UK law, and its effect on the TUPE regulations.

- the movement to establish co-operative schools

The co-operative model has found great favour with schools opting out of direct local authority control, with 700 such schools established in five years.

- government support for employee ownership

The government supports employee ownership primarily through deregulation and tax relief for investment.

This paper also addresses what might be called "societal dialogue", that is the broader relations between enterprises (whether privately, socially or publicly owned) and their stakeholders other than employees, such as customers/service users and residents in areas where enterprises operate. It does not address corporate social responsibility comprehensively.

4.2 The place of the social economy in government policy

The social economy plays a central role in the UK government's 'Big Society' policy, launched in 2010, which aims to:

- Give communities more powers (localism and devolution)
- Encourage people to take an active role in their communities (volunteerism)
- Transfer power from central to local government
- Support co-operatives, mutuals, charities and social enterprises
- Publish government data (open/transparent government)

4.2.1 Public service 'mutuals'

As a way of reducing the size of the public sector, the government has encouraged public sector workers to form employee-led so-called 'mutuals' to take over and operate public services, and since 2010 some 70 have been formed. They deliver services worth around €1.2 billion per year. This was seen as a 'third way' between state and private ownership, and the objective was to have a million jobs off the public sector books by 2015. However many of these are not true mutuals as they are only in minority employee ownership, with government and/or venture capital owning the major part.

In 2011 the government setup the Mutuals Taskforce, a panel of 10 academics and representatives of social enterprise organisations, with the remit to engage with, challenge and promote the work of government to support the creation and development of public service mutuals. Its research finds that such mutuals are generally more productive than non-mutuals, as well as being more innovative, profitable and resilient to economic changes. They showed higher consumer satisfaction, lower absenteeism, sickness and staff turnover, and increased levels of staff commitment to, and enthusiasm for, their work. Their employees tended to be better off both financially and in terms of job satisfaction.

Nevertheless there remains a good deal of scepticism about the idea, on the grounds of loss of democratic accountability over the service provided, as well as the fear of reductions in working conditions and the insecurity that results from trading in the market.

At national level there is therefore deep distrust between the trade union movement and the social enterprise movement. Trade unions in principle oppose the privatisation of public services (the percentage of employees who are in trade union membership is much higher in the public sector).

However at local level relations are much more pragmatic. In cases where the policy of a public authority is to divest itself of a particular service delivery function, trade union officials will work to maximise the control that employees retain over their working conditions. In this way there are several examples at least of very productive management-trade union relations in this new breed of social enterprise.

4.2.2 Localism

The localism agenda has led to the establishment of a set of 'community rights' in 2012. These include rights to be involved in planning decisions, to take over unused public assets such as libraries, and to challenge closures of institutions such as public houses. Locality, the UK's leading network of multipurpose, community-led organisations, offers local groups direct support worth £9,500 (€11,400) plus grants of up to £7,000 (€8,400) to prepare neighbourhood plans, and has so far helped nearly 400 groups to do this.

4.2.3 Social Value Act

The Public Services (Social Value) Act is a pioneering piece of legislation, adopted not as part of the government's programme but as result of a Private Members' Bill, the right to propose which is decided by ballot. It came into force in January 2013, and lays down that commissioners of contracts must consider how to improve the economic, social and environmental well-being of the area served by them through procurement. The Act covers public service contracts (including service contracts with a works or goods element) and frameworks for such contracts, and applies itself to the pre-procurement stage of the commissioning process. It requires commissioners to consider whether to undertake any consultation as to these matters, and provides that genuinely urgent situations do not require this exercise. It applies to:

- all public service contracts over EU thresholds (£113,057 for central government and £173,934 for other public bodies)
- those public services contracts over EU threshold with only an element of goods or works
- all English and some Welsh bodies including local authorities, government departments, NHS Trusts, primary care trusts (PCTs), fire and rescue services, and housing associations.

Authorities are now learning how to put the act into practice. One example they have predated the legislation. In 2011 the London Borough of Waltham Forest put its transport services out to tender. In order to gain the best value for the

borough's residents, it included in the tender a question asking bidders to show how their operational model could contribute to efficiencies and give added value to the service. This question counted for 10% of the final contract score. The contract was won by HCT Group, a social enterprise which helps the most marginalised to access transport services and creates jobs for those furthest from the labour market. Waltham Forest's approach allowed them to explain that any profits they made on the contract would be reinvested in a learning centre that would provide training for long-term unemployed people.

4.2.4 Employee ownership

The government is keen to promote employee ownership, and intends to simplify the regulations governing the transfer of ownership to employees, and to introduce Capital Gains Tax relief for investment in employee benefit trusts (EBTs) which will be worth €60 million per year from 2014-15.

4.3 Work conditions in social enterprises

Co-operatives have historically been progressive employers, with some of the better terms and conditions in the retail sector. However, like many other retailers, the Co-ops have felt the pressure of an increasingly competitive market place in recent years, and this has had an impact on pay and conditions.

The breadth of the cooperative movement makes it difficult to make direct comparisons between cooperatives and other employers, as they are involved in numerous sectors. Taking retail as an example, although the basic rate of pay is slightly lower than in some other major retailers, the Co-operatives do have a particularly good sick pay scheme and other benefits such as annual leave which compare favourably with others.

Under the CEA Retail Agreement, for example, employees aged under 18 receive exactly the same rate of pay as their older colleagues, despite the fact that the UK has a much lower National Minimum Wage for young workers.

The co-operative societies generally operate good employee relations practices, for example in ensuring early consultation with the trade union on proposed changes to working conditions or restructuring.

Many co-operative societies have been closely involved in USDAW's 'Freedom from Fear' campaign, which aims to protect shop workers from violence in the workplace. In particular, the Co-operative Group worked with the Union to develop a training programme for staff on preventing conflict at work, and also supported a health and safety survey which USDAW recently conducted to identify areas of concern for its members.

Co-operatives have also demonstrated good practice in a number of areas of terms and conditions/equal opportunities.

Positive outcomes of social dialogue at company level are seen in particular in the Co-operative Group (the largest cooperative in UK, mostly active in the retail sector):⁷³

⁷³ A copy of the Co-operative Group's ethical plan, which details some of its wider Corporate Social Responsibility goals, can be found at: http://www.co-operative.coop/Corporate/CSR/Our_Ethical_Plan_2012-2014.pdf

- An agreement provides 12 weeks' maternity leave on full pay, which is substantially better than most employers in the retail industry;
- This Group was also one of the first major organisations in the UK to abolish the default retirement age before it became law;
- The Co-operative Group also has a redundancy policy which provides three times more severance pay than the legally required amount.

In addition, the Co-operative Group has a proactive approach to professional development, notably in its recently launched apprenticeship scheme, which will initially create 2,000 new apprenticeships for people aged under 25 at a cost of £9 million (€10.8m) over two years.

Source: SD-COMM country report on UK, June 2013⁷⁴

4.4 Democratic governance and involvement of workers

A phenomenon that might be called 'societal dialogue' – i.e. the move towards more participative ways of delivering public services – has arisen in the form of the 'co-operative councils' movement. It was born among a group of Labour-controlled local authorities which adopted this label, and has now grown into a cross-party national network of 19 authorities, the Cooperative Councils Innovation Network.⁷⁵ It is part of the move toward participative or deliberate democracy as a complement to representative democracy that is occurring internationally. It says: "Far from just trialling new service delivery models, we are seeking to build new models of co-operation which fundamentally re-balance power between public services and citizens, to help build stronger and more resilient communities, achieve better outcomes and manage demand on public services in the future."

Whilst a public authority cannot by definition be a co-operative, because co-operative principles insist on both free and voluntary membership and independence from the state, nevertheless public authorities can adopt 'co-operative' methods of working. This stems from a redefinition of the concept of common ownership away from top-down state control and towards popular control at a lower level. Co-operative councils aim to build equal partnerships with local people and to reframe the relationship between themselves and their communities as that of providing services *with* local people, rather than *for* them. This empowering of local initiative helps to fill the vacuum left by the absence of a central government regeneration strategy for deprived neighbourhoods.

Co-operative councils aim to involve residents actively in decision-making, and to co-produce services with communities. This idea can find concrete expression where services are spun out of public ownership (privatised). This can be to mutual enterprises owned by their workers and/or users. Notable examples are GLL (Greenwich Leisure) which is social enterprise employing over 4,000 people which is worker-controlled but run on non-profit-distributing charitable lines, and Rochdale Boroughwide Housing, which took over the borough's 13,750 units of

⁷⁴ <http://www.sdcoopcomm.eu/component/jdownloads/viewdownload/1-country-reports/15-united-kingdom.html?Itemid=104>

⁷⁵ <http://www.coopinnovation.co.uk/>. The members are: Bassetlaw, Edinburgh, Glasgow, Knowsley, Lambeth, Liverpool, Newcastle, Newcastle-under-Lyme, Norwich, Oldham, Plymouth, Rochdale, Salford, Sandwell, Southampton, Stevenage, Sunderland, Telford & Wrekin and York

public housing and is now democratically controlled by its 600 workers and its tenants. It should however be noted that disputes with trade unions are not unusual in such enterprises.

Other initiatives include local food systems, local loyalty cards, energy costs campaigns, environmental improvements, jobs clubs, town centre regeneration and social enterprise libraries.

Co-operative councils are in dialogue with trade unions, and UNISON operates a co-operative councillors' network.

4.5 Collective bargaining

4.5.1 National level

Thirteen retail co-operative societies are members of the Co-operative Employers' Association (CEA), which is an overarching organisation which represents cooperative employers. Elected representatives from the societies sit on the CEA committee, to negotiate pay and conditions. The CEA also gives legal advice and representation to the employers.

Cooperative organisations participate in social dialogue at national sectoral level and their participation can be described as direct since it is specifically as cooperative organisations that they do so. According to the sectors involved, they partake in the social dialogue on an occasional (agriculture, farmers' retail) or regular (farming and food, credit unions) basis. However, the British industrial relation system does not entail the definition of sectoral national collective agreements, therefore these organisations interact in a framework of voluntary negotiations to establish trends and basic rules, that can be referred to in company-level collective agreements and enforced as binding via individual employment contracts.

In terms of negotiations, there is a trend for cooperative organisations to be involved mainly in joint actions with other social partners. To this effect, they are vested with a negotiating mandate referring to legal and policy matters at sectoral level; this mandate is often specific, depending on the issues at stake. A social dialogue at regional level on policy issues exists as well, but not on wages and working conditions. In the devolved administrations (Scotland, Wales, Northern Ireland) there is also a dialogue on legal matters.

As cross-sector social dialogue predominantly takes place at company level in the UK, USDAW (like other trade unions) holds consultations with employers individually, as well as with the Co-operative Employers' Association. The role of USDAW within the cooperative movement has changed significantly over the years, as the various societies have merged and developed. However the relationship has always been a unique and a special one. USDAW has been negotiating under a joint agreement with the societies since the late 1930s.

USDAW is the recognised trade union for eleven cooperative societies across the UK.⁷⁶ The largest of these, by some margin, is the Co-operative Group, which employs around 100,000 people. Of these, 74,000 employees work in the Co-operative Group Food. These are mostly in small convenience stores, of which there are 2,800 spread right across the UK.

⁷⁶ Co-operative Group plus the Anglia, East of England, Radstock, Lincolnshire, Midcounties, Penrith, Midlands, Allendale, Chelmsford Star and Heart of England Co-operatives.

In the UK, the company level is the most important level for bargaining. The state barely intervenes in industrial relations and plays little role in coordinating them. Employer organisations have no mandate for collective bargaining, and bargaining takes place almost exclusively on the company level between trade unions and individual companies. In addition, where existing, industry-level agreements are not considered as legally binding. The contents of collective agreements are usually subsequently included in individual employment contracts, which are legally enforceable. As the company level is – in effect – the only level of collective bargaining, individual company agreements can set trends and serve as benchmarks for other company agreements in the sector or across sectors. In the UK, collective bargaining is completely voluntary and the legislative framework does not provide for any extension. In the absence of mechanisms for mandatory extension, collective bargaining coverage in the UK commerce sector is quite low (around 16%). Employment legislation is therefore particularly important to secure minimum employment standards and minimum employees' rights. In the UK the statutory minimum wage is particularly important, especially in the retail sector, as well as the regulation of shop opening hours. Furthermore, different topics can be negotiated in separate agreements: in other words, there can be one agreement on wages, another (or several) general agreement(s) on working conditions, and also different agreements for different grades of workers (mostly manual and non-manual).

Bargaining is normally conducted by trade unions and employers. The union side may be made up of full-time officials, workplace representatives or a mix of both. However, in general, the low incidence of workplace employee representation, linked to a low degree of union presence in the companies, also determines the above-mentioned low degree of collective bargaining coverage.

Within this national and sectoral context, the bargaining practice established between the Cooperative Employers' Association and USDAW represents a good one. For most USDAW members, their terms and conditions are negotiated on an annual basis by a national negotiating committee with the Co-operative Employers' Association, under the Retail Co-operative Agreement, the Warehouse and Distribution Agreement and the Motor Vehicle Repairers Agreement. The CEA agreements cover most major aspects of employees' terms and conditions such as wage rates, hours of work, premium payments, sick pay, annual and public holidays, maternity, paternity and adoption leave, bereavement leave and death benefit schemes.

These agreements also include minimum standards for equal opportunities, harassment, grievances, disputes and disciplinary policies. Areas such as pensions, staff discounts and sickness management policies are not negotiated at CEA level and are agreed in individual societies. In some societies, improvements to the terms and conditions agreed with the CEA are also negotiated locally.

4.5.2 Company level

The workplace representation can be made up of full-time trade union officials, workplace representatives or a mix of both. In theory, it is also possible to have workplace representation which does not involve trade unions. However, there is no formal legal mechanism providing for ongoing workplace representation in the UK, and in many workplaces it does not exist. In contrast to some EU countries there is no structure of works councils elected by all employees, and there is also

no legislation or system of legally binding collective agreements which give wide-ranging powers to local union organisations to represent all employees.

This means that the structure and influence of employee workplace representation is very varied, despite legislation from the EU requiring employers to consult with employee representatives on a number of issues. The position has not been changed by the legislation implementing the EU information and consultation directive, which came into effect for organisations with more than 50 employees in April 2008 (larger organisations were affected earlier), as it also does not set out a structure for employee representation.

One crucial difference is therefore between workplaces where employees are represented through trade unions and those where no union is present. Most non-union workplaces have no employee representation, and the regulations implementing the EU directive on information and consultation have not changed this. Overall only 5% of workplaces have representation without a union being present. Unions are in fact the most common way that employees are represented and they can now legally compel the employer to deal with them. Legislation in support of union recognition is a recent innovation but is only triggered if the union can demonstrate majority membership or support within the workforce.

In the UK the incidence of workplace representation is in general quite low, and even lower in the commerce (retail) sector.⁷⁷ The fact that USDAW is the recognised trade union for eleven cooperative societies across the UK makes for a higher incidence of workplace representation and a higher collective bargaining coverage in consumers' cooperatives than the national and sectoral average.

The largest co-operative company in which USDAW is recognised is the Cooperative Group, which employs around 100,000 people. Of these, 74,000 employees work in the Co-operative Group Food. These are mostly in small convenience stores, of which there are 2,800 spread right across the UK.

The Co-operative Group Food Facilities Agreement details the structure for representing these employees. On a day-to-day basis, members are represented in stores by union representatives (shop stewards), who are lay representatives employed by the societies. USDAW aims to have union representatives in every outlet, but due to the small size of some of the co-operative outlets, this can be difficult to achieve. For this reason USDAW has introduced a system of 'cluster reps': these are lay representatives covering members in up to five locations in their local area. This system is still being embedded but has proved a successful way of organising in the convenience sector so far.

There are also consultative structures as detailed in the agreement, which cover all levels.

In other co-operative societies, representation at workplace level is through shop stewards (employee representatives) as well as local and national consultative forums. An example of this is the structure in place for Midcounties Co-operative Society.

In addition to lay representatives, members are also represented by local officials, Area Organisers, who are employed by the union. The union has a National Officer assigned to the co-operative sector who is in daily contact with

⁷⁷ Eurofound 2009, *Industrial relations, social dialogue and working time: The commerce sector in Europe*, <http://www.eurofound.europa.eu/pubdocs/2010/89/en/1/EF1089EN.pdf> page 4

senior management to ensure that USDAW is kept updated of any developments affecting its members, as well as attending regular formal consultation meetings.

Source: SC-COMM country report on UK

5. Good practices of social dialogue in the social economy sector

5.1 SUMA Wholefoods

Suma Wholefoods is the UK's largest workers' co-operative. It operates a wholesale business in natural foods, which it purchases, repackages and delivers across the UK. It has also developed a range of 'own brand' products which are manufactured externally. The business was founded in 1975 and converted to a co-operative in 1977. It is an industrial and provident society using ICOM model rules. It successfully operates an extremely collective management model without a management hierarchy, and with all workers being paid the same wage, and with all roles being shared and rotated. The co-operative now has about 140 members. There are in addition about 10 permanent workers who have not chosen to apply for membership as they do not wish to rotate functions. A key role is that of 'rota person' who draws up the schedule of who works in which role at any time.

Annual turnover is €32 million. Wages are about €36,000 per year, which is approximately the national average wage and is some 20% above the norm for the distribution sector. A share of the co-operative's profits is distributed in the form of a wage bonus towards the end of each year, and this normally runs at one or two months' wages.

It has its own branch of the Bakers Food & Allied Workers Union (BFAWU), which has some 25,000 members overall. About three-quarters of the workforce are members.

Suma has always had a predisposition in favour of trade unions, but for much of its life there has in practice been little interaction. In the 1970s, informal approaches were made to the TGWU, to which several members already belonged, but were met with incomprehension. This century, UNITE (the successor of the TGWU) was also approached but showed no interest in recruiting Suma employees into membership or allowing them to set up their own branch. This changed in 1998 when the Bakers' Union was delighted to have Suma's employees form a branch.

Suma has a very civilised relationship with BFAWU, and can hold an open conversation with it. The union helps members to ensure they do not over-exploit themselves, and plays a very positive role in health and safety. A major issue is injury to workers' backs, hips and other organs caused by carrying heavy sacks. Since the 1970s the maximum pack weight has fallen from 100 kg to 25 kg, which decreases the implicit discrimination against women workers. The union pays great attention to safety practices, and often brings workers from other factories to look at Suma.

The union has also sent an experienced official in cases of dispute, such as appeals against dismissal: its role is to see that the disciplinary and grievance procedures are followed correctly, and it has not always taken the worker's side. It also helps dismissed workers to find another job.

Source: *Bob Cannell, Suma*

Website: *www.suma.coop*

Press article from the BFAWU website

10th October 2008

20 years and not out!

Celebrating 20 years of being in the Bakers Food and Allied Workers Union are Suma workers John Hart, Gerald Johnston, Matt Pinnell, Graham Findley, Andy Collis, Frank Kane, Bob Cannell, Avtar Lota, Jon Knight and Julie Knott.

Trying to become union members though was not an easy option for Suma workers and it took some grit and determination for these stalwarts to get this far. In 1984 Suma, based in Leeds at that time, approached a number of Unions in Leeds but got the 'cold-shoulder' as Suma was an industrial worker cooperative. Management unions weren't interested as they were workers and worker unions regarded them as owners. Eventually Suma settled for the voluntary sector branch of the T&GWU though it was a bit of a pointless exercise as many of their issues were not relevant to Suma.

However, when Suma re-located to Dean Clough, Halifax it was an ideal opportunity to change. Contact was made with various unions explaining their plight but many unions didn't even bother to reply. However there was light at the end of the tunnel – BFAWU turned up on Suma's doorstep the next day, agreed they could have their own branch and started to enrol members.

Suma workers have had the help and support of the BFAWU ever since. Most of the benefits of being in the BFAWU have been fully utilised over the years by the members – except on one front – they have never had to get involved in pay rise disputes as they are all paid the same rate and democratically agree their wage.

Suma union members are proud to have been part of the BFAWU for so long and have been supportive of various issues over the years including the Miners Strike.

5.2 The Phone Co-operative

The Phone Co-operative was set up in 1988 as a consumer-owned co-operative offering telecommunication services. This was a mutation from the previously established social Economy Telecommunications Consortium (SETCO) which started by serving organisations in the social economy rather than individual customers.

The co-operative, which is based in the small town of Chipping Norton in Oxfordshire, now has 25,000 customers, of whom over 10,000 are members (with an average shareholding of £403/€484). It has 63 employees, 45 of whom are full-time. It turned over £10.6 million (€12.7m) in its most recent trading year.

It has very progressive policies on corporate social and environmental responsibility. In 2012-13 it made a record profit before distributions of £555,000 (€666,000), which the board proposes (subject to AGM approval) to split evenly between two uses. The first is a 2.5% dividend to members on eligible sales and the second is a sum of £90,750 (€109,000) to its Co-operative and Social Economy Development Fund, which invests in, and makes grants to, new and growing co-operatives. The co-operative generates a considerable amount of its own solar power.

The Phone Co-operative has its own branch of NACO, the National Association of Co-operative Officers, to which about half the workforce belong. Membership of the union is well-balanced across gender, age and position within the co-operative. The branch organises discussion sessions and social events, and receives a share of members' subscriptions from headquarters. One innovative action it has taken is to influence NACO's national policy on the preferential issues of the use of public transport for official business.

Its main function is to represent employees in those rare instances where a dispute arises with the employer. In most cases intervention is riven by the employer in accordance with its disciplinary and grievance procedures, and conflict are predominantly among employees, rather than between employer and management.

In order to create a trade union branch, the co-operative interviewed three trade unions to select the most suitable: the Union of Communications Workers (UCW), NACO and Community. It chose NACO, as it understood the co-operative movement, offered better support from full-time officials, and was overall a good fit in terms of shared values. The national official of NACO has also been elected to the co-operative's board, but keeps the two roles strictly separate, and distances himself from discussions where the two roles could conflict.

The co-operative and the union signed a partnership agreement in 2009. Although its history is as a union for managers in co-operatives, it does also operate in workplaces where it represents workers of all types. The Phone Co-op has its own agreement with the union, and it not part of the national agreement. In practice it probably pays over the going rate at the lower end of the scale but under the going rate for higher-paid workers – and this is something NACO can understand and work with. The agreement does not follow a pre-ordained format, but was negotiated over a period of a year. It is innovative insofar as it talks about "working together".

In the co-operative's view, it would be a good thing if the trade union movement broadly addressed the issue of the provision of public services through social enterprises in a more strategic and positive way.

Source: Vivian Woodell, CEO, Phone Co-operative

Website: www.phonecoop.coop

5.3 Wales Co-operative Centre

Wales Co-operative Centre is unique in the UK in being a co-operative development organisation that was set up by trade unions. However, although the Wales TUC retains seats on the board and the chairman is from the Wales TUC, today financial support has been taken over by the Welsh government, with ERDF support.

It opened the doors of its office in Cardiff in 1983 in response to the crisis of the 1970s in a regional economy heavily dependent on the coal and steel industries. The founders were encouraged by a visit to Mondragón, and the centre was given a grant of £40,000 (€48,000) from the UK government's Welsh Office, matched by the EU. Most local authorities in Wales also contributed £10,000 (€12,000) apiece.

The centre was established on the basis of a memorandum of understanding with the Wales TUC, under which the centre would promote the takeover of businesses into employee ownership at the request of local authorities, but not as an alternative to public ownership. However suspicion remained that employee ownership would undermine the union role, and trade union support for the centre has dwindled. Nevertheless the centre does see a role for unions in the workplace, and buyouts often happen with union support. The centre publishes a handbook for shop stewards.

WCC supported several dozen worker take-overs of failing businesses. The most celebrated of these was Tower Colliery, which was the last deep coal mine to survive in Wales. The mine was closed by British Coal in 1994 and then bought out by 239 miners who each contributed £8,000 (€9,600) from their redundancy pay towards the cost of £2 million (€2.4m). The colliery reopened in 1995 and continued for 13 years until it eventually closed when economic reserves were exhausted in 2008. A plan is being discussed to restart opencast mining on the site.

It adopted a model in which employees had to make a financial contribution to the co-operative's capital. Over 30 years it has helped create around 200 jobs, trained several thousand workers for other jobs, and also helped set up community co-operatives to take over local facilities, credit unions and housing co-operatives. There is some reticence about multi-stakeholder co-operatives.

Source: Glenn Bowen, Wales Co-operative Centre

Website: <http://www.walescooperative.org/>

5.4 York Disabled Workers Co-operative

Remploy was a state-owned enterprise established in 1946 to provide sheltered employment for disabled people. At its height in the late 1980s, it employed more than 10,000 people at 94 sites around the UK, but in the last decade it has switched to the strategy of helping disabled people to find jobs in mainstream enterprises, and its last factory closed in the autumn of 2013. This co-operative was set up with the support of the GMB union to provide continued employment for the employees of the Remploy factory in York when it closed.

Remploy York closed in March 2008. It was one of 29 factories closed under the Remploy modernisation plan. Of the 51 former employees, 19 stayed on Remploy terms and conditions. These 19, who stayed on Remploy terms and conditions, have found jobs in charity shops on a part-time basis, in the retail sector, or have been left to languish. After 12 months of uncertainty and being moved around, only 5 of the 19 who remained on the terms and conditions have secured work of high enough quality of which Remploy can recoup some of the employment costs from the host company.

When the factory closed, the GMB along with their associates on the Remploy Trade Union Consortium started a campaign to reopen the factory. The basis was that there was very little alternative manufacturing work in the area and consequently the chance of finding suitable employment for disabled workers from the factory was very slim.

A delegation of senior trade union officials, shop stewards and ex-employees met Gordon Brown at the Spring Labour Party Conference in Birmingham on March 1st 2008. Gordon Brown committed himself to looking again at the situation; he never did fulfil that commitment.

Senior GMB consortium members, led by Phil Davies, decided to look into the possibility of forming a workers' co-operative that would give employment to the former disabled York workers in an environment similar to Remploy.

Initially, the York Disabled Workers Cooperative (YDWC) would be producing garden furniture products. It would be trade union recognised and aim to be the gold standard in the employment of disabled people. We would therefore be looking to the trade union and wider labour movement to give any support they could.

The idea of a workers' cooperative was tested out. The Remploy Trade Union Consortium funded an ex-employee, John Wilson, to carry out a feasibility study for 3 months. John was then funded by the GMB Yorkshire Region for a further 3 months and it became apparent the idea would be successful. Eventually on the 13th May 2010, we signed the documents under the Cooperative and Provident Societies Rules and the York Disabled Workers Cooperative Ltd was born.

We have moved into premises that are accessible in the centre of York; we have employed a number of people including one of the Remploy workers, bought machinery and now run a successful business. We have now started producing pet accommodation and garden products such as, nest boxes, planters, bird tables, bat boxes etc. Our mission is to produce ethically manufactured products made from recycled materials and to employ disabled people on terms that exceed the ILO standards of employment.

Source: <http://www.yorkdwc.co.uk/hist.php>

5.5 Telford Co-operative Council

Being a Co-operative Council is about us working together with our residents, partners and local organisations to collectively deliver the best we can for Telford and Wrekin with the combined resources we have.

We understand the need to involve others in developing our co-operative approach, and to achieve this, in September 2011 we set up a Co-operative Commission, made up of community and business leaders, Council officers and Councillors.

The Commission identified five themes to focus on, and developed recommendations for how we can work together more co-operatively to make a difference in the community. You can view the recommendations for each theme below:

- Co-operative values and communication

- Employment, skills and the economy (this is now called 'Employment and Skills')
- Commissioning and procurement
- Volunteering (this is now called 'Civic Pride and Volunteering')
- Image of Telford and Wrekin (this is now called 'Economy and Image')

All recommendations were agreed by Cabinet at the end of March 2012 and the Commission sub-groups are working together to implement these. Some early progress includes:

- Adopting co-operative values and promoting these to our employees and the community
- Developing a business charter
- Promoting volunteering as part of National Volunteer Week (June 2012)

The Commission met again on 12 October 2012 to review progress and the impact that their work has had. It last met in February 2013 to discuss and raise awareness of the key issues and challenges facing our community in order to identify future areas for targeted Co-operative working in 2013/14. View the presentation from the event

Source:http://www.telford.gov.uk/info/100004/council_and_democracy/1169/co-operative_council

PART TWO

**Focus on social dialogue and the
relationship between trade
unions and worker cooperatives**

Introduction

In this second decade of the millennium, all economic and social actors of the European Union are called on to contribute to the establishment of a smart, sustainable, and inclusive economy by 2020⁷⁸. Such an ambitious goal requires finding a synergy between the economic and social interests of companies, the labour force and communities of EU citizens. Finding the point of balance, especially within the context of globalisation during the economic and financial crisis and the introduction of severe austerity measures, is a difficult exercise for economic, social and public actors at all levels. In such a scenario, the EU's ten-year growth strategies call upon the co-operation among social partners and economic players.

Actors in the social economy, recognised as capable of meeting relevant economic and social criteria, and trade unions, established representatives of labour and social interests, are definitively concerned.

Worker cooperative organisations have long been engaged with trade unions in pursuing mutual objectives related to employment, innovation, education, social inclusion, equality and environmental sustainability. Their common past and values may facilitate a joint contribution, also involving public authorities.

However, all this can happen only if certain methodological and substantial conditions are met. If the relationship between trade unions and worker cooperatives appears to be quite close, nevertheless, it is also typified by issues and concerns that threaten collaboration and the achievement of mutual results, although this is seldom referred to in academic literature – at least over recent decades.

This section of the report aims at getting a better understanding of the main features of this relationship, in the current economic and social context: reasons for any convergence and divergence, respective and shared challenges and good practices in collaborating and achieving common goals. In doing so, we focus on practices of social dialogue and industrial relations at all levels, as, faced with the complexity of integrating economic and social goals, these are fertile ground for worker, business and even communal and public interests to meet. Quality employment, good working conditions and good economic performance can be combined, in the interests both of trade unions, cooperatives and communities of citizens.

The purpose of this section of the report is therefore to analyse the contexts within which social dialogue can be “the method” for successful collaboration between the two movements and to identify the necessary conditions for this to occur.

This section is based on original research, targeting four EU countries⁷⁹ where both movements are well rooted and active. It consisted of text analysis, interviews with both trade union and cooperative representatives, and of direct evidence gathered at national, regional, local, and company levels, in the framework of the MESMER project activities.

The research here focuses on issues and concerns from both sides that may impact on social dialogue and industrial relations as grounds for seeking the

⁷⁸ “Europe 2020” and related policy documents

⁷⁹ Italy, Spain, France, UK

satisfaction of mutual interests. In doing so, the industrial relation systems of the four countries, EU legislative and policy background, are considered.

In a first part, we illustrate how trade unions and cooperative organisations share a common set of values: the often recalled “attention to people”; trust in an intensive participatory approach; respect for the law and bargaining and statutory regulations.

This section however also highlights a series of criticisms existing between the two movements. These result from issues and concerns which mainly relate to the perceived risk that worker cooperatives may provide lower salaries and working conditions than other companies, and that there may be unequal rights and treatment between members and non-member workers, situations of self-exploitation, and a lack of effective involvement, awareness and freedom in decision-making.

In considering these criticisms, this section of the report identifies ways that allow both movements to work together to create a high-performance market economy that also implies and promotes social development. It describes how integrated solutions can be found to the complexities of economic and legislative constraints within worker cooperatives. We also present innovative solutions, jointly conceived and implemented by cooperatives, trade unions and public authorities that can bring economic and social benefits to companies, workers and the community.

1. Relationships between trade unions and worker cooperatives: shared values and methods

Existing literature and direct evidence show that both movements share similar historic roots, common values and aims and a methodology based on dialogue and workers’ involvement. Affinities based upon these grounds lay the foundations for good relations between trade unions and major cooperative organisations⁸⁰. However, such similarities appear weaker when looking at the experience in individual cooperative companies and, also, at more recently established cooperative organisations for interest representation.

Since their origins, there has been a strong ideological link between trade union and cooperative movements. Direct evidence indicates that a **set of shared values still represents** a key factor in their relationship.

In all investigated countries⁸¹, trade unions and cooperative organisations have a tradition of collaborating closely with major political parties⁸² to protect labour rights and promote labour-related topics. Currently – albeit with less emphasis and despite the less stringent political and ideological bond – the major cooperative organisations still regard work as a driver for democracy, for freedom

⁸⁰ CGScop in France, Legacoop, Confcooperative and AGCI in Italy, Coceta in Spain, Cooperatives UK in the United Kingdom.

⁸¹ Such as Italy

⁸² This is particularly evident in countries such as Italy and Spain, characterised by trade union pluralism, where trade union organisations were linked to ideological movements and political parties. Also, in the UK, although to a lesser extent, the trade union and cooperative movements appear traditionally close to the Labour and left-wing parties.

and individual dignity, for social inclusion and cohesion, for legality and security and as a factor in both individual and collective development. Work represents “the constitutive component of the cooperative pact of yesterday, today and tomorrow”⁸³, and, especially within *worker* cooperatives, is the main reason for the mutual exchange on which such companies are based.

Worker cooperatives, in particular, claim a primary “attention to people”, in their roles as workers, (and also, but not necessarily) cooperative members, as well as individuals and citizens, who are part and parcel of the community. In traditionally established major cooperative organisations, such “attention to people” consistently goes hand in hand with attention to *rights*. In particular, the focus is on the fundamental right to work and to *decent* work, as well as on the right of workers to be involved in those strategic and organisational decisions that often determine the concrete realisation of the rights themselves. They pay special attention to doing business in a coherent way that advances both social and collective goals⁸⁴.

It is this set of values which characterises the *genuine* cooperative model, reflecting the original inspiring principles of the cooperative movement and grounded in legislative and regulatory provisions governing cooperatives. It is also because of these values that trade unions acknowledge “traditional” cooperative organisations as active interlocutors, as partners wishing to implement a business model intended to provide generalised wellbeing, based upon the democratisation of the economy and fairness and equality in governance processes and distribution of resources.

The frequent reference to such a shared value-based scenario appears as neither theoretical nor rhetorical. On the contrary, it has been found that both trade union and cooperative representatives agree on the fact that it concretely characterises industrial relations. Within the industrial relations context, interaction takes place in many forms, including confrontational. However, direct evidence shows that the heritage of shared ideals may partly ease confrontation and positively influence relations, as well as the set of working conditions the system itself is able to guarantee.

This circumstance results from a whole range of factors. In those regions with the highest concentration of worker cooperatives, the unionisation rate, the coverage of company level collective bargaining and the percentage of open-ended employment contracts are usually very high, while there is a low degree of conflict⁸⁵. Cooperatives, therefore, are able to act as considerate employers, open to dialogue and involvement, in line with their traditional founding values. In this regard, a key role in “preserving” such values is played by cooperative associations. While respecting the correct balance of power and responsibilities in playing their democratic representative function, they provide guidance and support to their member companies. Major cooperative organisations may offer counselling and supervision, for example, on balance sheets, on compliance with the cooperative laws and statutes, on fiscal and employment regulations, as well

⁸³ Paolo Cattabiani, former President of Legacoop Emilia Romagna

⁸⁴ 2005 World declaration on worker cooperatives, in particular art. 1.2; European Commission’s and Parliament’s acts on Social Business Initiative

⁸⁵ Emilia Romagna in Italy; Rhone Alpes and Île de France in France; Wales in the UK. For example, in Emilia Romagna, the unionisation rate in worker cooperatives reaches almost 90%. Cooperatives affiliated to Legacoop, the major cooperative organisation in the region, registers 85% of open-ended contracts among their employees.

as on existing collective agreements. Such full compliance with the regulatory system is often a necessary pre-condition for the affiliation of cooperatives to the organisation itself. Such actions are relevant, especially against any evidence that cooperatives are not “virtuous” companies *per se*. The intrinsic features of their corporate model predispose them to the implementation of value-oriented objectives. However these features alone do not make up strong enough conditions to implement a real mutual exchange. Conversely, it is more appropriate to refer to a “mere” use of the cooperative corporate form rather than to cooperation according to its founding meaning.

2. Distinctive pathways of social dialogue and collective bargaining with cooperatives

The investigations in the targeted countries show that industrial relations in cooperatives tend to replicate national models, but with certain peculiarities, following their own typical paths. This occurs mostly where cooperative associations are well established and the national system enables them to do so.

In general, cooperative organisations may be engaged, although to a different extent, in tripartite dialogue with public institutions at various levels. This happens with a view to defining wide policy scenarios and action plans for social and economic well-being⁸⁶. In addition, in bilateral dialogue, they tend to exercise autonomously the powers that can arise from their recognition as social partners, by developing their own collective bargaining arrangements. Notably, this occurs in Italy, where cooperative organisations – social partners for all intents and purposes – negotiate and sign sectorial national collective agreements which are different from those applying to non-cooperative companies. This practice has also emerged in other countries, although to a lesser extent and in different ways, in line with national industrial relations and bargaining systems⁸⁷. Moreover, this experience concerns key sectors where cooperative companies stand out as valuable economic entities⁸⁸.

This is relevant, from a methodological point of view.

Collective bargaining for cooperatives is also marked by the quality of its contents. In recent years, economic provisions and remunerations have, on

⁸⁶ In France, Spain and the UK, cooperative organisations are interlocutors of the public authorities, but in a much less binding way than in Italy, where they enjoy full bargaining power at cross-sectorial level, negotiate and sign framework agreements with the government and the most representative trade unions and other employer organisations.

⁸⁷ At the sectorial level, only in Italy are cooperative organisations recognised as full social partners with relative collective bargaining. The national sectorial agreements they sign are binding for all their associated companies. In France such practices are exceptional. In Spain and the UK cooperative organisations may set up territorial or multi-employer negotiations, although final bargaining power resides at the company level.

⁸⁸ National collective agreements applicable to cooperatives only exist in Italy and concern 13 sectors, including metal sector, food industry, wholesale and retail, building, agriculture and fishing. In France, similar conditions apply only to consumer cooperatives in the wholesale and retail sector. In the UK, where there are no sectorial national collective agreements, the big consumer cooperative groups negotiate and sign collective agreements with the sectorial workers’ unions.

average, been greater when compared to other company types in the same business sector. Even if recent economic and sectorial developments have reduced differentials, nonetheless, measurable working conditions remain globally – albeit at times slightly – more favourable⁸⁹. In addition, it is possible to gain further margins in territorial and company level bargaining.

In all four countries studied, cooperatives appear to have a frequent recourse to participatory methods, both tripartite and bilateral.

Participative provisions⁹⁰, especially when formalised via collective bargaining – although with different degrees of effectiveness due to national specificities – tend to substantiate the democratic organisation and decision-making process, leading to the further completion of the governance structure⁹¹. This is clearly enshrined in Italian national collective agreements for cooperatives.

“The parties acknowledge that *economic democracy* is a typical and essential value of the cooperative enterprise, whose key factors are self-governing members and male and female worker involvement. In the framework of a common establishment of *industrial democracy* values, the signatory parties commit themselves to favour forms of workers’ participation in company development processes – subject to the specific autonomies and responsibilities as well as the specific aspects of the cooperative enterprises⁹².

This approach is not limited to the Italian experience, although it appears to be the most structured⁹³. In all four countries diverse practices of enforced employee information and consultation allow the involvement of *all* workers, for the benefit especially of non-members who do not have access to the company decision-making bodies.

Formal arrangements for worker involvement are significant in a more marked manner the more the bargaining level gets closer to the company level. Experience also shows that informal dialogue is also frequently used.

As demonstrated by the quoted examples of good practices, attention to work quality and dialogue can lead to good processes, where the increase in productivity and competitiveness is accompanied by the amelioration of working conditions.

⁸⁹ Evidence arises from the comparison of economic statements reported in sectorial collective agreements, as well as of different company level agreements in countries with more fragmented bargaining structures. Interviews with cooperative and trade union organisations reveal that beyond the mere economic data, overall working conditions (determined by work organisation, work environment, participatory practices) appear better than in other companies.

⁹⁰ Workers’ involvement in enterprises under its three components of information, consultation and participation, is regulated by European law, in particular Directive 2002/14, and national legislation.

⁹¹ Workers’ involvement in enterprises under its three components of information, consultation and participation, is regulated by European law, in particular Directive 2002/14, and in national legislation.

⁹² *Introduction* to the 2009-2013 National collective agreement for cooperatives in the metal industry.

⁹³ Participation arrangements laid out in national collective agreements are possibly integrated and extended by territorial and company level agreements.

3. Criticisms of the relationship between trade unions and worker cooperatives

Despite the commonality of methods and objectives, the relationship between trade unions and worker cooperatives also appear to be problematic. There are various reasons for conflict, which can be linked to a high degree of fragmentation of both the legislative and the relationship framework. This may greatly impact on key areas, such as working conditions and the mechanisms for democratic and participatory management of the cooperative companies. Such tensions can also impact on companies' capacity to remain competitive and, furthermore, not only to "survive" but also to grow.

In the four countries studied⁹⁴, the primary cooperative movement benefited from its closeness to labour movements and the main political parties (mostly left-wing), as well as to the public authorities. Such a 'quadrilateral relationship' ensured political support and allowed cooperatives and trade unions to pursue economic success without compromising their principles. On the other hand, it opened new paths of competitiveness for cooperatives, while, at the same time, guaranteeing the protection of social priorities – a common objective⁹⁵.

At the beginning of the 1990s, this bond loosened everywhere. While enabling companies to gain a greater autonomy, this change also led to a reduction in joint and integrated strategies that were developed with the public authorities at the community level.

In addition, economic pressure arising from changes in global and sectorial markets and, more recently, from the economic crisis, have impacted on industrial relations. Despite being affected by the credit crunch and the reduction in demand, especially purchases by public administrations, cooperatives more than other companies proved to be capable of launching a counter-cyclical dynamic, in the face of economic and financial instability, and generally showed the ability to maintain pre-crisis employment levels⁹⁶.

However, more competitive market conditions and the progressive reduction of resources have also often provoked cost-cutting, which has not always been compensated for by true strategic alternatives. In highly labour-intensive sectors, or in those based on the awarding of contracts and tenders, such as the building and services sectors, the reduction in overall costs has also required cuts in the cost of labour and, therefore, a risk of reduced protection for workers.

The cooperative sector has been exposed to financial instability too. Major cooperative companies, which had adopted a strategy of "cooperative capitalism" before the crisis, had diversified their activities, enabling them to accumulate liquid assets. However, deviating from their core business of labour production led them into unexplored territory, a long way from their roots and primarily established objectives. These structural conditions have made dialogue and relations between unions and worker cooperatives more difficult.

⁹⁴ Especially in Italy

⁹⁵ Thornley, 1981, p. 167

⁹⁶ Roelants 2012

3.1 The fragmentation of representation and the establishment of dignified labour standards

A progressive fragmentation of interest representation on both sides has undermined social dialogue.

The overall context is marked by recent changes in the structure of collective bargaining throughout Europe, which have progressively fragmented bargaining systems and reduced the certainty of application of national collective agreements. In some countries legislative reforms, often imposed by governments, have resulted in the decentralisation of negotiations, weakening the national and sectorial bargaining levels, jeopardising the effectiveness of minimum standards fixed by them and increasingly voiding them of all substance⁹⁷. In other countries, the social partners themselves have allowed more flexibility at different levels, through reforms agreed by negotiation⁹⁸.

Consequently, the relationship framework has become more problematic both bilaterally and within the two movements. Trade unions have experienced internal divergences, especially in countries with pluralistic trade union traditions⁹⁹. Disagreements among trade unions have primarily regarded structural measures undertaken to cope with the economic crisis. Such disunity has sometimes exacerbated the situation, with significant consequences especially at the company level. Here, conflicting or demanding approaches make it difficult to manage resources, or to jointly conceive and implement strategic planning, as well as to define workers' rights. On the other hand, the largest cooperative organisations have also increasingly witnessed the rise of employers' associations that diverge from their own value systems and methodology.

In Italy and Spain, in particular, the problem arises with regard to the evolution of cooperative organisations and "independent" trade unions that stipulate company agreements with lower legal and economic standards than those guaranteed by the sectorial national agreements. The differential in remuneration between the former and the latter is at times as much as 35%¹⁰⁰. Such practices deprive national collective agreements of their function of establishing a level playing field for companies and employees¹⁰¹.

⁹⁷ e.g.: Portugal, Greece, Hungary, and in some respects Spain

⁹⁸ e.g.: Germany, Italy (Article 8 Decree Law N. 138 of 2011-Further urgent measures for the financial stabilisation and development. Interconfederal agreements of 2008 and 2011)

⁹⁹ Such as Spain, France and Italy. The last collective bargaining seasons in Italy have been quite conflict driven. On various occasions, framework and sectorial collective agreements were not jointly signed by the three most represented union organisations. The same tends to apply at company level, with serious problems in the management of contractual relations. In some circumstances, the conflict levels have invoked the need for more accurate rules on the effective representation of the unions (finally recently put forward).

¹⁰⁰ In Italy reference is made to UNCI, National Union of Italian Cooperatives, and CONFISAL, National Confederation of Independent Trade Unions. Unions and cooperative representatives interviewed on this refer to "pirate" collective agreements, that conflict with those signed by the most representative trade union organisations in Italy CGIL, CISL and UIL and the cooperative organisations Legacoop, Confocooperative and AGCI.

¹⁰¹ Decision of the Ordinary Court of Turin, Labour section n. 3818/2010, enshrining the non-application of the collective agreement signed by UNCI and CNAI, which envisaged compensatory standards in the services sector that are 35% lower than those

In addition to the increased incidence of these “pirate” collective agreements, trade unions have recently registered, with great concern, a wave of unilateral cancellations of company level collective agreements, signed in accordance with national standards.

There is also a risk of social dumping in relation to the misuse of the statute of social or worker cooperative, as in the case where businesses adopt the cooperative formula with the sole purpose of taking advantage of favourable legislation, while failing to comply with the associative and legislative requirements foreseen for the cooperative model¹⁰². These “fake” cooperatives avoid controls on compliance with bargaining regulations that are in force, thus distorting the market because of violations of labour standards and legislation. They often also escape checks carried out by the Labour Inspectorate, because of difficulties in monitoring their establishment and operations.

3.2 Position and contractual conditions of the member-worker

A long-standing concern for trade unions with respect to worker cooperatives is that the desire to survive in low-margin activities might lead to self-exploitation and a disregard for labour rights. The question of the member worker, although historically unresolved, still concerns trade unions, with particular regard to the application of the standard working conditions set out in collective agreements.

In most of the four countries investigated, legislation attempts to prevent these situations of under-protection. In general, there is a possibility that company or sectorial collective agreements cover all workers in a cooperative, regardless of whether they are members or not¹⁰³.

However, this is not always the case. In Spain, for example, a worker member is considered to be a self-employed person, to whom collectively agreed standards do not necessarily apply. Associated concerns and tensions with trade unions are related to the risk that legislative provisions allow member workers’ wages to be kept lower, in order to capitalise their business¹⁰⁴. In Italy, legislative provisions also allow exceptions to treatment of member workers, as set out in collective bargaining standards, though under certain conditions and following specific procedures¹⁰⁵. In the case of the handling of a corporate crisis, for example, the reduction of agreed wages is permitted, by virtue of the autonomy of shareholders cooperative members to make decisions.

The protection of this autonomy is undoubtedly important, as co-determination is

provided for by the collective agreement signed by the major cooperative and trade union organisations.

¹⁰² This issue arises in Italy, in particular, as remarked by both trade union and cooperative organisations, as well as by the public authority in charge for monitoring legislation and statutory provisions in force for cooperatives. The same problem urgently emerged in Spain, as witnessed by the trade union organisation CCOO.

¹⁰³ In the UK minimum labour standards applicable to workers in a given sector are set by law.

¹⁰⁴ The unresolved issue is still open, especially if one takes into consideration that in a similar setting to worker cooperatives in Spain – Sociedad Laborales – members benefit from a collective agreement by law. The law on Sociedad Laborales, however, envisages that participation in the capital can come also from external investors, up to a certain limit, which allows them to raise capital for their business.

¹⁰⁵ Article 6, Law 142 of 2001

an integral part of the cooperative idea. The key question is how to turn it into substance, how to make that the exercise of such autonomy in decision-making is not just assumed. These remarks apply to small as well as larger cooperatives, as the matter is relevant in all sizes, albeit to different degrees.

On another level, besides the question of how to organise the interest representation of member workers, a crucial matter emerged concerning how to combine it with that of non-member workers.

4. Innovation for integrated growth: re-launching competitiveness, protecting rights

During the research in the field, traditionally repeated issues and, also, the more recent issues mentioned above, present a high degree of complexity. Solutions are called for, that are able to foster integrated socio-economic development. Such solutions have to meet the needs and interests of large parts of the cooperative movement, of the trade unions and the community, all at the same time.

For this to be possible, it is necessary to prepare the ground for an extensive *and* intensive – that is to say structured and tailored – approach to dialogue. It is first necessary to identify the multi-level playing fields, where it is possible to give voice to all collective and even public interests. Participation, dialogue and the exchange of information and to be profitable, implies the involvement of all parties, cooperative companies, trade unions and public authorities, as well as workers. It is necessary to put all concerned actors into contact with each other.

Social dialogue and industrial relations can offer the methodology for such innovative approaches. It is therefore useful to make reference to tripartite social dialogue, developed at national or local levels and, possibly, including other interest representation groups, such as citizens' and users' associations. On another level, bipartite social dialogue between cooperatives and trade unions appears more relevant, complying with typical industrial relations characteristics, collective bargaining and worker involvement practices. Particular attention should be paid to the company/group/territorial levels, the appropriate dimensions for addressing strategic and organisational needs. Here, bargaining and participatory methods need to be applied with a certain degree of flexibility and adaptation, to accommodate complexity.

"Integration versus complexity" is also the rationale whereby good practices are analysed and the action levels are based on dialogue and involvement tools appropriate to the task. These tools would be chosen each time by the concerned actors and they appear to combine with each other in a less schematic, but a more integrated way.

The analysed frameworks for action, at different levels, show a distinctive common character. They all address workers' rights and labour conditions as features to be integrated and fostered within strategies aimed at supporting company competitiveness and seeking to lay the foundations for sustainable growth. In this scenario, the protection of collective provisions is to be combined with strategic and organisational needs, typical, for example, of the sectorial and company dimensions. The involvement of workers and trade unions, as well as the issues related to the interest representation, is strictly related to such needs.

5. Cooperatives and trade unions in the collective dimension

Despite the fall of the political “quadrilateral relations”, in several European countries recent trends show a renewed interest in integrated strategies of public relevance, agreed with public authorities and implemented under their coordination and guidance, and enacted through the joint action of trade unions and cooperative organisations. Many various issues are addressed, such as job creation and protection; the promotion of career paths; the enhancement of resources, in particular *human* resources locally; agreed schemes for the efficient and sustainable supply of services of general interest; etc. The common feature is, however, the acknowledgement of worker cooperatives as valuable economic *and* social actors.

As witnessed by a good practice mentioned in the Italian country report, the protection of labour rights and collectively agreed standards (considered as embodying *decent working conditions*) is the reason for joint actions developed by the most representative cooperative and trade union organisations at regional level (in Emilia Romagna, Italy). They signed a set of joint protocols, addressing crucial issues affecting very labour-intensive sectors (for example, logistics, services and *portage*), as well as those based on the awarding of contracts and tenders, such as illegal forms of employment; the risk of exploitation; and a high incidence of contracting companies applying collective agreements with working conditions that are worse than those laid down in national collective agreements.

The promotion of a legal approach is also supported by an initiative at the national level, whereby the major cooperative and trade union organisations have a regular dialogue with local and territorial departments of the Labour Ministry. Provincial and regional observatories on cooperatives are joint bodies established to detect and compare phenomena, such as black labour, fake cooperatives and the non-application of the terms of collective agreements. The aim is not only to address labour inspections and to detect irregularities, but also to promote a culture of legality and ‘genuine’ cooperation. Proactive actions include the drawing up of guidelines for bids in cooperative companies, especially in their start-up stage.

The potential of worker cooperatives as social co-players within the community is the foundation for the original experience in Italy also reported in the Italian country section, concerning the experience of Libera Terra. In Southern Italy, where there is a lack of development, unemployment and poor protection of labour. This experience is certainly valuable, not only with regard to job creation: today’s cooperatives embody a legacy of values of peculiar importance in the social context of Southern Italy, where a culture of legality and labour as key elements for economic sustainability still needs to be promoted and affirmed.

In the United Kingdom (see the UK report above) Cooperatives UK, the national cooperative association, established a formal process of dialogue with the Trade Union Congress (TUC) in 2012. The relationship between the two actors has brought significant benefits for both, in terms of their capacity to impact public policy and boost the wealth of the community. Integrated strategies have been jointly conceived and implemented to reduce unemployment among middle-aged people; to combat school drop-out and raise youth employment; to ensure extensive professional training as a measure for anticipating restructuring; and

to prevent the negative effects of future downturns in the region. Innovations at company and technological level have been promoted.

In France, the national reform plan, recently presented by the socialist government, includes a chapter which refers to the social economy. New legislation, expected to be approved by the end of 2014, is built around five key areas. One of these is about the modernisation of the cooperative model, which will be the subject of tailored provisions, with particular regard to business succession and the transfer of a company ownership to the workforce. This is expected to cause a "cooperative shock" and to multiply the number of cooperative and participatory societies (SCOPs) in the next five years. French trade unions, involved in processes of enlarged dialogue, have welcomed the initiative, taking part in dialogue on its development and implementation. The trade union movement has been fostering and supporting the creation of new cooperatives for a long time, jointly with cooperative organisations, for the protection and the promotion of employment and of resources, in particular at local and regional levels. The unions have played a crucial role in instances of corporate crisis, where there was a possibility of a take-over of a company's activity and the business transmission to employees was a possibility.

6. Collaboration between worker cooperatives and trade unions at enterprise level to re-launch competitiveness

In the good cooperative practices examined by the study, responses to the pressures of the global market and the economic crisis are found in diverse company strategies, mainly focused on the enhancement of human capital. These contexts present good overall working conditions as strictly linked to higher competitiveness.

In these case studies, innovation sometimes consists in original solutions that are able to open new business opportunities and deliver the best quality of service. More often, it also consists of improvements in the existing schemes, in organisational rationalisation and in a "leaner" work organisation, leading to higher productivity and cutting of unnecessary costs. In such cases, the active and well-informed involvement of workers plays a vital role. The case studies demonstrate a high degree of integrated growth, based on the most versatile participatory methods, but also on deep awareness of the competitiveness scenarios needed for the economic sustainability of the company.

As previously mentioned, advanced practices in this context are already coded in national collective bargaining for cooperatives in Italy. For example, the metal sector agreement acknowledges the distinctive participatory features of the worker cooperatives compared to their social and economic objectives:

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

Consequently, many cooperatives have identified adequate involvement procedures that can foster competitiveness, while achieving relevant social goals.

With an innovation rationale of industrial and organisational strategies, company level and/or a territorial level collective agreements are closest to the business level where wealth is being produced. It is, therefore, recognised as the most appropriate means to grasp the enterprise's economic and socially distinctive specificities. As such, it appears to be the right tool to delegate (and not derogate from) the topics of innovation and experimentation in areas such as work organisation and productivity growth and also the implementation of remuneration systems designed to acknowledge, enhance and promote credits and skills.

References:

- Alberani, A., *Cooperazione sociale Legacoop in Emilia-Romagna. Il posizionamento attuale e le prospettive future*, 2009, Rimini, Maggioli Editore;
- Cattabiani, P., *Conference Proceedings: Working in cooperatives, organized in the framework of the International year of Cooperatives, Bologna, October 16th 2012*, available in Italian on the internet;
- CIRIEC, *The Social Economy in the European Union (report for the European Economic and Social Committee)*, 2012, Brussels, available at <http://www.eesc.europa.eu/?i=portal.en.social-economy-category-.25290>;
- Conforth, C., *Trade unions and producer Cooperatives*, 1982, Sweden, SAGE Publications;
- Dell'Arringa, C., Ricciardi, M., *La partecipazione dei lavoratori in cooperativa*, 2011, Bologna, Fondazione Ivano Barberini;
- Di Maggio, U., *Libera Terra: i beni confiscati alle mafie per lo sviluppo locale*, in *Sociologia del lavoro* n. 123 del 2011, Roma, Franco Angeli ed.;
- Henrÿ, H., *Guidelines for cooperative legislation*, 3rd ed. Rev., 2012, Geneva, International Labour Office;
- Marini, D. (a cura di), *Il lavoro in un'impresa di valore. Le cooperative di produzione e lavoro in Italia*, 2008, Venezia, Marsilio Editore;
- Ministero del Lavoro e delle Politiche Sociali, *Linee guida per la stipulazione di contratti di appalto*, 2012, Verona, available on request;
- Rapporto Censis, *Primo rapporto sulla Cooperazione in Italia*, 2012, Roma, Alleanza delle Cooperative Italiane;
- Roelants, B., Dovgan, D., Eum, H., and Terrasi, E., *The resilience of the cooperative model*, 2012, CECOP, Brussels, available at http://www.cecop.coop/IMG/pdf/report_cecop_2012_en_web.pdf ;
- Sapelli, G., *La cooperazione: impresa e movimento sociale*, 1998, Roma, Edizioni Lavoro;
- Thornley, J., *Worker's Cooperatives and trade unions: the Italian experience*, 1983, Sweden, SAGE Publications;
- AA.VV., *Workers' involvement in worker-owned enterprises, Final report of the EU co-funded project "Involve"*, 2007, CECOP, ETUC, SDA, Diesis, Brussels;

European Parliament Resolution, Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation, (2012/2004(INI));

European Commission, Communication of 25 October 2011 'Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation' (COM(2011)0682);

European Commission, Communication From the Commission: "Europe 2020 – A strategy for smart, sustainable and inclusive growth," Brussels, 3.3.2010, COM(2010) 2020 final;

European Commission, Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions of 18 April 2012 'Towards a job-rich recovery' (COM(2011)0173);

European Commission, Communication: "Towards a Single Market Act – for a highly competitive social market economy," published on 27 October 2010;

European Commission, Communication: "Think Small First", A "Small Business Act" for Europe, Brussels, 25.6.2008, COM (2008) 394 final;

European Commission, Communication: A renewed EU strategy 2011-14 for Corporate Social Responsibility, Brussels, 25.10.2011, COM(2011) 681 final;

Single Market Act, Twelve levers to boost growth and strengthen confidence, "Working together to create new growth", Brussels, 13.4.2011, COM(2011) 206 final;

European Commission, Communication of 25 October 2011 on a renewed EU strategy 2011-14 for Corporate Social Responsibility (COM(2011)0681);

European Commission, Proposal of 6 October 2010 on a European Union Programme for Social Change and Innovation (COM(2011)0609);

European Commission, Communication of 3 March 2010 'Europe 2020 – Delivering smart, sustainable and inclusive growth' (COM(2010)2020);

European Commission, Communication: Single Market Act II, Together for new growth, Brussels, 3.10.2012, COM(2012) 573 final;

European Commission, Communication, Corporate Social Responsibility: A business contribution to Sustainable Development, COM(2002) 347 final, 2.7.2002;

European Commission, Communication of 16 December 2010 'The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion' (COM(2010)0758)

European Commission, Communication on the promotion of cooperative societies in Europe (COM(2004)18 of 23/2/2004);

United Nations Development Programme and the EMES European Research Network of 2008 "Social Enterprise: A new model for poverty reduction and employment generation";

World declaration on worker cooperatives, approved by the ICA general assembly, on 23 September 2005 and in the ILO Recommendation 193/2002;

Guía sobre La economía social y solidaria, CCOO, Spain, 2010.

PART THREE

CONCLUSIONS AND STEPS FORWARD

Within the European Union's ten-year growth strategy, policy-makers are calling on social economy enterprises, and especially cooperatives, to actively contribute to the aim of achieving a smart, sustainable and inclusive economy by 2020. Because of their typical characteristics, cooperatives and other expressions of social economy are acknowledged as capable of meeting relevant criteria from both the economic and the social points of view.

Such ambitious goals necessitate finding a combination between the economic and social interests of social enterprises, including those of the labour force and those of the whole community. Finding a point of balance, especially within the complex globalised context and in times of economic and financial downturn, is a very difficult exercise for economic and social actors at all levels.

For a long time, however, social economy organisations have often been engaged with trade unions in pursuing mutual objectives related to employment, innovation, education, social inclusion, equality and environmental sustainability. As emerged especially from the specific focus on worker cooperatives, the latter and the trade union movement have common historical roots and a long-lasting commitment on labour-related topics. These features may facilitate a joint contribution to the success of the above-mentioned strategies, as witnessed by experience developed in different EU countries where they are active. Proactive interactions are documented, in particular, in the area of industrial relations and social dialogue and also in the tripartite dimension, including public authorities.

In taking stock of existing criticisms, the project tried to identify paths which allow both movements to collaborate towards a market economy that also promotes social development. The results present the possibility of integrated solutions to face the complexities of economic and legislative constraints, with the collaboration of public authorities. Such innovative solutions, jointly conceived and implemented, can bring economic and social benefits at the same time to companies, workers and citizens.

Besides the existence of structured collective bargaining systems, a certain cultural approach represents one of the crucial factors for proactively pursuing true democratisation of the economy and social innovation. The development of a culture of dialogue and participation is to be enforced at company level but also within the collective actors. Thus, greater economic and social well-being is achievable at company level, as well as in the communities where the trade union and cooperative movements are deeply rooted.

- A first conclusion, therefore, that may be drawn, regards **the common set of values** that social economy actors and trade unions have long shared: the often-cited objective of "paying attention to people", trust in an intensive participatory approach; respect for the law, and bargaining and statutory regulations. The genuine approach to social and economic goals at once clearly emerges in the declarations and the policy activity of social economy actors in several countries. Quality jobs, decent and even more than decent working conditions, participative and inclusive methods, aspirations for flexibility and inclusion are some of the results that are often encountered when analysing the reality of social economy economic actors. Such values deserve to be highlighted and promoted. From this point of view, it is important to recognise such values, acknowledge their concrete implementation, and better understand the paths social economy organisations intend to

follow to integrate their basic value in a capillary way and in the everyday activity of the economic actors they represent. A better acknowledgement of these features can certainly open new paths for cooperation and joint actions.

- In this sense, it is worth mentioning the specific **role played by recognised social economy organisations**, which perform important actions of counselling, guidance and compliance to rules (including labour rules) towards their affiliated companies. This role is particularly important when social economy organisations enjoy the position (and therefore the prerogatives) of social partners. Depending on their power within the national systems, the identifying features of such organisations often positively mark industrial relations outcomes. In some countries, like Italy and Belgium, this circumstance allows national-level organisations, such as cooperative ones, to negotiate agreements at national, sectorial and company level. They are completely integrated in the system of collective bargaining and industrial relations, and take part into the rule-setting activities both at tripartite and at bipartite level. The series of good practices identified in the previous section of the study shows generally positive results.
- Clearly, for their actions to impact the economic and legislative framework, **representativeness** represents a fundamental requisite. As underlined during the final conference, in many countries, especially in those traditionally characterised by pluralism, a clear and jointly set system of rules allows recognition of the relevant parties called to play a role in social dialogue and collective bargaining. This kind of process is currently ongoing in Italy, for example, where representativeness emerged as an issue both in the trade union and in the social economy side.
- During the analysis of the case studies during the project, it emerged that decent working conditions are protected and promoted through the protection of the bargaining structures, through which rights and obligations between social economy enterprises and workers are first debated, and then codified. **Multi-level collective bargaining systems** not only appear more likely to achieve a proper settlement of rights and obligations between companies and workers. They also work to the benefit of the whole process. The value of the agreement lies in its being the culmination of negotiations, even though tough and hard-fought, in which parties must strive together for their respective interests, knowing the point of balance lies in their complementarity.
- The signature of the agreement, however, does not put an end to the debate on working conditions, on which company and trade unions exchange views. A specific concern regards worker cooperatives, where there remains the question of the 'internal' representation of the interests of members and non-members. In this respect, a common factor among the companies analysed by this study is their experience that, **where trade unions are present, they act in the interest of the whole workforce**, in different ways. Members' decision-making autonomy on crucial choices (from the appointment of their managers to the application of business and organisational strategies, even extreme and difficult ones), can also be substantiated by the actions of the trade union. The position of member, normally coveted by cooperatives' employees, in general is not automatic, but is the result of a

preparation process, whose completion is required by the company and is carried out jointly with trade unions.

- This pathway demonstrates the tendency of the social economy to contribute to the creation of a corporate culture based on shared values, such as awareness of labour rights and workers' prerogatives, solidarity and allegiance to the collective reality. The fact that many companies, despite the crisis, have chosen to **maintain their employment levels**, redistributing the difficulties over all workers, demonstrates a distinctive cohesion, with strong social connotations. Equally the tendency is to engage individually in the (mostly cooperative) company, which is especially, but not only, the source of work. Moreover, it happens that the membership base is the first to make sacrifices, perhaps giving up the return on capital, to safeguard the positions of non-member employees. In such contexts, there is no condemnation of the autonomous choice of cooperative members to also resort to "sacrificed" working conditions, as long as they are aware of and compliant with the substantial constraints for the protection of rights. This is overseen and supported by the trade unions.
- Such a corporate culture **takes into account the communal environment** in which social economy enterprises and their employees coexist, affected by the choices companies make – as sadly experienced in cases of closure of entire plants. **The link with the community supports informed and shared choices and fosters social solidarity.** At the same time, companies draw strength and resources from the territory. Managers in the social economy very often has a strong link with both, know the community and are therefore able to enhance their business's potential in the interests of economic activity, which in turn produces benefits for the local population.
- This cultural fact is also of paramount importance when it comes to deciding the rules and modes of participation. All the cases reviewed show some positive traits in this respect. However, in many company experiences, the widespread provision of participatory mechanisms and bodies has not produced the expected innovative results. This may be due, not only to the quality of industrial relations in the companies, but also to a lack of concreteness. A maturing process could, therefore, lead to greater awareness of available tools and viable options. For this to happen, another condition must be met, that is the **mutual reliability and transparency of the interlocutors**, from both management and trade unions.
- "Industrial relations, especially at the enterprise level, are basically made by the people and in cooperatives more than anywhere else"¹⁰⁶. Even so, they are a product of **culture and values, which must be shared and mutually encouraged**. The case studies have seen workers' experiences taken seriously, translated into actual improvements in working methods, capitalised as innovative assets for the company and used for the benefit of its economic sustainability.
- The pathways towards such win-win solutions, therefore, seem to rely on **social innovation**. This is not a new concept, especially for the cooperative world¹⁰⁷. Worker cooperatives are frequently acknowledged as able to

¹⁰⁶ Carlo Marignani, ACI

¹⁰⁷ Social and workplace innovations have recently been relaunched by the European Institutions through policy documents and supporting financial interventions (European Structural

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

- Also in a collective dimension, evidence from this research highlights that innovation is possible if led by **awareness and responsibility** of all the actors involved. It depends on their capacity to mature and adopt attitudes such as the possibility to “reshape the relationship among development and rights, globalisation and territory, as growth is not separated from rights, hence they foster each other”¹⁰⁸.
- For companies, awareness and responsibility relate to the attempt to reverse the trend towards the pursuit of competitiveness at the expense of workers' rights and working conditions, especially for the most disadvantaged categories. This would betray the nature of ‘social’ businesses that are usually more attentive to enhancing workers as primary resources in their entrepreneurial mode and would represent a defeat for trade unions and public authorities. Although this is a challenge for all enterprises, it is more pertinent for cooperatives than for conventional companies.
- Trade unions are also facing a cultural change that is affecting their social and economic role. They are now called upon to develop a more **proactive and concrete** approach, while remaining engaged in affirming general principles and guarding rules that provide minimum standards for all workers. Greater concreteness also implies a less demanding approach and more willingness to put forward proposals and, therefore, to be more able to evaluate individual situations and find *ad hoc* solutions.
- Cultural change also involves public authorities, which need to set priorities, enhance existing resources and prevent any risk of marginalisation.

In this framework, social dialogue and industrial relations are the foundation for enhancing industrial and economic democracy through the promotion of participation, mutual responsibility and commitment within companies and in communities where both trade unions and the social economy are traditionally well rooted.

In this sense, it could be useful:

- To rethink the space for social dialogue in function of the size of companies, as well as of the weight they exercise in a specific sector. From this point of view, interesting paths could be explored in sectorial social dialogue at European level (i.e. in the commerce sector, where consumers’ cooperatives play a significant role).
- To develop **company and local level social dialogue in articulation with national social dialogue**, in order to enhance the role of local public authorities and the harmonisation of working conditions.
- To strengthen the role of company and local-level actors, in order to allow them a greater capacity to impact.

Funds). See amongst others: Social Business Initiative;
<http://ec.europa.eu/enterprise/policies/innovation/policy/social-innovation/>
¹⁰⁸ Cattabiani, 2012



mesmer

Mapping European Social Market Economy:
Review on Social Dialogue,
Labour Market and Employment

<http://www.mesmerproject.eu>

