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

Project “**MESMER** (Mapping European Social Market Economy: Review on Social Dialogue, Labour Market and Employment)”

Final Report

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



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INTRODUCTION

The context

In order to promote a 'highly competitive social market economy', to boost social change and innovation¹, the European Commission has placed social business and social economy at the heart of its policy initiatives for 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 above-mentioned and many other policy and working documents of the European Institutions², social business and social enterprises appear as relevant drivers of Europe 2020, the economic strategy of the EU fostering a smart, sustainable and inclusive economy – in particular to tackle unemployment, poverty, social exclusion and new societal challenges.

Social business and social economy (even in the lack of clarity in the use of the related terminology³) are recognised as a world of operators and economic actors whose prior objective is to have a social impact rather than just maximising profits for their owners or shareholders. As a matter of fact, research and experience have highlighted how such companies operate by providing goods and services to the society, primarily pursuing social objectives. However, even if profits are not the concern, or the main one, the economic performance of social businesses and social enterprises is often outstanding: profits are often reinvested in the entrepreneurial activity, developed on the market and for the market in an innovative fashion. Social business and social economy enterprises have demonstrated to be capable of important performances on the market and in economic terms. Also not-for-profit actors have proven to be able to pursue their social objectives in efficient ways, ensuring the provision of relevant social services especially to vulnerable people. Other kind of businesses, such as co-operatives, have proven to be highly resilient to the financial and economic downturn, and to be able to produce services, wealth and employment even during the recent crisis⁴. The social economy alone occupies 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 therefore economic and social actors present in all sectors of society, which are set up in order to meet citizens' needs.

Also, many social businesses and social enterprises are managed in an open and participatory manner, being characterised by peculiar governance models, often voluntarily adopted, where the involvement of employees, consumers and other stakeholders affected by their commercial activities is considered as a crucial

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

² Among others Working document of the 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

value. This not only seems to have positive impact also on the economic performance of such enterprises, but also represent a driver of economic democracy. The example of co-operatives all over Europe and *Sociedades Anonimas Laborales* (Employees Owned companies) in Spain witnesses that such participatory model pays in terms of productivity, loyalty of the employees, retention of skilled personnel, economic performance.

Social business, 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 into account the environmental impact and adopting long-term vision; they may be placed at the heart of inclusive strategies due to their emphasis on people, collective objectives and social cohesion.

As mentioned by the European Commission in the SBI, and recently underlined by the European Economic and Social Committee, the specific nature of this type of business/enterprises/organisations can be characterised by three key marking dimensions: a social objective/purpose; commercial/entrepreneurial activity; and participatory governance. These combined factors determine that social business and social enterprises can therefore represent a crossroad where economic and societal features meet, key players for matching business and societal priorities.

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

Over 2000 social entrepreneurs, supporters of social enterprise, representatives of institutions at European, national and local level, met and worked together in Strasbourg on 16 and 17 January 2014, to re-affirm the view that social enterprises must play a bigger role in the future of Europe and have identified new ideas and actions to unlock their potential for smart, sustainable and inclusive growth.

The Strasbourg Declaration call 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 SBI. 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

MESMER project has investigated social economy and social business from a not yet well known dimension, let's say the dimension of social dialogue, as *the* method for combining different demands and priorities of all stakeholders involved in the different dimensions of such peculiar 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 business and social economy environment represents a fertile ground for such proactive interactions among all relevant stakeholders both at European, national company and territorial level.

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

In particular, social business and social economy enterprises are relevant fields for enhanced dialogue between social partners on the ground of their potential to foster employment and in particular the inclusion into the labour market.

The present report is the result of a research that investigated social economy and social business along three main thematic lines:

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

The report

Section 1 of the report is structured in eight country reports (Italy, France, Spain, United Kingdom, Sweden, Bulgaria, Belgium, Poland).

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 social economy and their role in social dialogue and industrial relationships. Part of the report is devoted to the analysis of work conditions in social economy enterprises and the involvement of workers and democratic governance in social economy and social enterprises (namely participation, consultation and information rights and models of business governance and involvement of workers). Each country report is completed by the description of one or more concrete examples of good practices of social economy enterprises in the field of social dialogue.

Section 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 some countries, namely Italy, Spain France and UK, and examines in depth positive behaviours and practices that can be replicated or serve as experience for other countries.

Section three consists in a series of conclusions aiming at supporting and addressing the European and national policy level, in the view of contributing to the ongoing debate on the best way to shape initiatives for enhancing social business and 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.

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

SECTION 1

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 heavy social consequences and workers decided to set up solidarity organisations (mutual societies, associative or cooperative structures) 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 or insurance.

Unfortunately, these two worlds have now lost the relations which once bound them: trade unions position themselves in conflicts that oppose workers and employers, whereas social economy organisations advocate principles of democratic and participative management. On the 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 improving working conditions or social advantages is financial resources, which can be tiny in many small social enterprises.

1.2 Presentation of the Belgian Social Economy

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 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*

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.

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*, Bruxelles : European Economic and Social Committee, European Union, 2012, pp.47-49.

⁹ *Ibid.* pp.39-40.

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) passed legislation on Social Economy.¹¹ In the text of the Brussels Capital Region, the criteria that define 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> <ul style="list-style-type: none"> (1) Purpose is service to the community or to members rather than profit; (2) Management Autonomy; (3) Democratic decision-making process; primacy of persons and work over capital in the share of benefits. 	<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>	Cooperatives, companies with a social purpose, associations, mutual societies, foundations.
<p><u>Source</u> : Walloon Region, <i>Décret relatif à l'économie sociale</i>, Belgian Official Journal, 31/12/2008, pp.69056-69059.</p>			

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*). The following chart describes this social entrepreneurial structure.¹²

¹⁰ *Ibid.* p.19.

¹¹ *Ibid.* p.82.

¹² *Ibid.* pp.73-74.

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 associates;
- 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 entitles to one vote at the General Assembly and no one can have more than 10% of the vote.

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->

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 the Belgian 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 politisation of work, making it no longer solely dependent on the laws of the market (law of supply and demand) on matters such as salaries, working conditions, working hours or unemployment, etc. These matters are now negotiated between the representatives of the workers and the employers. However, the law defines where the negotiations take place (institutions), with whom (actors) and how to finalise the negotiation (collective bargaining agreement: *conventions collectives de travail*).

In Belgium, the social dialogue takes place at four levels: 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

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.

no special mechanism for social dialogue in the social economy sector. It has to integrate the existing institutions and try to project its voice.

2.1 Social dialogue and consultation at federal level: no 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 or to formulate proposals on social matters to the Belgian Parliament and Government. The representatives are inter-sectoral, they 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 the activities' branches. 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) or 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 negotiation or consultation 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 consultation and negotiation 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

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

Both councils advise on matters related to the social economy, notably when the 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 the 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 pro-activeness 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.

Like in the National Labour Council and the Central Economic Council, there is no specific Joint Commission for social enterprises or the social economy sector because of the construction of JCs around principal economic activities and not around this kind of activities. 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 the pursuit of profit, dissociation of contribution of capital and the weight in decision-making, to favour the remuneration of the work rather than the 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-speaker, German-speaker 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% calculated on 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 the social economy organisations: a private sector depending on the public sector for its 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 others 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 have to 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 integrate social economy organisations. The Ministry of Employment is responsible for the attribution of the mandates of the JC.

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

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.

3.1 Legislation about social dialogue in the enterprises

The Enterprise's 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.

The 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 the 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 work places 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.

The 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 structure do not come into collision.

However, integrating an Enterprise's 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 speak publicly about his problems with the team can speak more easily with the delegate, helping to solve 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 structure. It is an important issue that has to be solved by each social enterprise. There are other places for involvement and democratic participation. Both formalisation and involvement are complementary and have to be taken into account by the social enterprises, which is not often the case.

3.3 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 social dialogue and consultation institutions, the sector is poorly recognised and heard. The social dialogue in the 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 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

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-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.6,10, updates on 12/12/2013.

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 total economy sector as well as in the social economy sector, 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 in the social enterprise.

4. Bibliography

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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.

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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, they commit to abiding by the ethics of social economy, among others, 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 organize the participation of employees in the governance of the members of SAW-B, namely small and medium-size social enterprises. For small organisations with weak financial means, the mutualization of competences and the help of a unifying organisation like SAW-B ensure an efficient participation of workers. The participating social economy organisations have noticed the positive impact of these formations on their performance.

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.

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 the 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 favorable 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 to pro-active inclusion of vulnerable groups, flexible and stable employment, developed territorial cohesion.

As well to enable introduction of indicators for identification of social economy entities and to serve as a source of norms, supporting SE development and helping stake-holders to widespread 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 principal 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 favorable 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. Juridical 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 punctually 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.

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. Close to the concept of social enterprise are NGOs with different profiles, social services 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 work force. These models are based on the opportunity to create new work positions for specific target 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. They are not statistics about the number of organisations developing additional activities.

Social enterprises in Bulgaria operate in different sectors. They are the 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 for doing 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 facts that in 2007 and 2009 the figures are significantly higher than the previous years.

Nevertheless, correct figures for Bulgarian social economy sector may be not 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 is aimed at a social objective and profit is used for financing of the social mission of the organisation.

Non-profit organisations which provide employment to people with disabilities or provide training services (for, example trainings for development of labour abilities).

Non-profit organisations engaged with social assistance.

Cooperatives.

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

- the Cooperatives of people with disabilities
- those Cooperatives that provide social services or goods to vulnerable, marginalised people.

Regarding cooperatives the main sources of fundings are the income from the mebership and from trade or production activity. In addition for those with disableb 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.

The Bulgarian cooperatives have 120 years history and during this period they went under severe trials and crises. They have succeeded to adapt 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 farmer goods and services.

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

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

²¹ National Statistical Institute of Bulgaria.

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' Cooperative NUWPC is the largest employer for persons with disabilities, lets' say 30 specialised enterprises -cooperatives of people with disabilities.

In those 30 entities **in special working conditions** are employed about 1180 cooperators, with various degree of disabilities.

Cooperatives of people with disabilities are:

- traditional producers of clothes made of textile and tricotage, 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;
- 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 which is characterised by the actual participation of the three major groups of civil society organisations: 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 employer organisations recognised as nationally representative. In Bulgaria there are 4 organisations that fall into this category: - each of them participates in the ESC with two representatives. 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 participates in the ESC with six representatives. 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.

Members of Group III of ESC, representative of SEs are five organisations, namely :

- Central Cooperative UNION
- National Union of Worker Producers' Cooperatives
- Psychological Center 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 programs and plans for economic and social development, current issues concerning the 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 programs 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 precarity 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 favorable 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 re-qualification
- 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 the level. The parties of CA at sectoral/branch level should be national representative. 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 / respectively they 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 to help the group.

3.2 Work conditions in social enterprises

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

Concerning employment of people with disabilities – there are provisions in Labour code, in the Law for integration of people with disabilities and there are Regulations which postulate necessity to adapt working places to the specific individual characteristics.

4. Participation, Information and Consultation rights

Those are regulated by Labour Code provisions / not depending from the ownership and the size of the economic activities – are applied to all workers – paid labour/ - the employer is obliged to provide timely, accurate and understandable information for the enterprise to the worker's representatives and to the trade unions. In a separate agreement between the employer and the TU representatives it is determined: 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 is settled the 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 it is possible -reaching agreement.*

The employer is obliged to provide information when planning changes in the situation, in the structure, in work organization - mass lay-offs; changes in ownership; purchasing new facilities; acquiring other companies or in contractual relations (the deadline is within 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 organizations are actively involved in promoting and strengthening social economy in Bulgaria.

Beside 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 aim of the project was to raise the awareness of European citizens on the OMC process and on EU and on national policies on fighting the social exclusion and active social inclusion, taking into account the existing national specificities. The project involved ten partners from Bulgaria, Romania and Belgium. Bulgarian partners defined as their key priority - initiating a nation-wide public awareness-raising campaign on social exclusion and poverty and promotion of large public debates on poverty and social exclusion in the country. The Nation-wide awareness-raising campaign was launched at the beginning of March 2009 presenting BG partners' report- 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 to improve the socio-professional orientation process of people with disabilities able to work, placing them at the centre of lifelong guidance and elaborating a European Charter for 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/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 on my territory. These five local guides have been drawn up further to local ORA experimentations conducted in Belgium, Bulgaria, France and Romania. European Charter "ManifestORA" has been drawn up from the results and recommendations generated by the ORA project. Its purpose was to give marks, set general principles and common values to raise the awareness of all stakeholders involved in guidance-employment-training on the needs and expectations of persons with disabilities. This ManifestORA militates to promote 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 group works – elaborating analysis, mapping the existing structure, dissemination the result. PODKREPA was the partner responsible for the elaboration of Manifest ORA and after the product was presented in the final conference, the Charter, as all other project products / national report, local guide, analyzes and evaluation materials/ were disseminated to NUWPC structures.

3. European Fair of Enterprises and Cooperatives in 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 of 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 targeted also to fight 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 specialized 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 took part / participants from Bulgaria were 64 social enterprises and cooperatives/. In 2013, participants in the European Fair were 90 social enterprises and cooperatives from Austria, Belgium, Bulgaria, Italy, Malta, Norway, Poland, Romania and Serbia, 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 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 the cooperatives, the 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 specialized 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.

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. PODKREPA expert stressed that partnership with Workers producers cooperatives is a win-win for national trade unions, because of their unique characteristics they are seen capable to perform social and economic goals. This requires finding a balance between economic and social dimensions –respectively -to be engaged with trade unions in the pursuit of those mutual goals, relating to decent employment, social inclusion, equality and qualification. Workers producers cooperatives and trade unions have common roots, shared values and long-standing commitment on labour related topic.

FRANCE

1. National work on social dialogue

For some years now, government has paid significant attention to social dialogue, joint committees and their financing. This is shown by the numerous reports published in recent years such as the Hadas-Lebel Report on the representativeness and financing of professional and trade-union organisations in 2006, the Poisson Report on collective bargaining in professional sectors in 2009, and the EESC's report *The Realities and Future of Local Social Dialogue*, presented by Jean-Louis Walter in 2009.

The social partners recognised at national and interprofessional level have been working together for several years on gender mainstreaming and social dialogue (cf. common position of 9 April 2008 on the representativeness and development of social dialogue and the financing of trade unionism, the report of the *Accord National Interprofessionnel* (ANI) on the modernisation of social dialogue and the *instances représentatives du personnel* (IRPs), the ANI's report of 17 February 2012 on the modernisation of gender mainstreaming and its functioning, etc.).

These social discussions sometimes give the legislature an opportunity to enact laws on the matter. Laws on social dialogue adopted in recent years include:

- The Act of 31 January 2007 on the modernisation of social dialogue;
- The Act of 20 August 2008 on the renewal of social democracy and the reform of working time;
- The Act of 15 October 2010 on social dialogue in micro-enterprises (*très petites entreprises* – *TPEs*) supplementing the provisions on social democracy in the law of 20 August 2008.

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 USGERES), sectoral social dialogue, company-level social dialogue and local social dialogue (which may be sectoral or multi-professional).

1.1 The employers' landscape of the social and solidarity economy (SSE)

In the social and solidarity economy, 80,000 employers are now federated in three professional organisations. If we consider all the enterprises in the sector (associations, mutual and co-operatives), 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.²²

The three employers' organisations in the SSE are:

²² These figures are taken from the 2012 panorama of the SSE.

- The Union of Employers' Organisations and Groups in the Social Economy (USGERES)²³ includes 24 employers' organisations and groups and 13 of the 14 professional sectors of the social economy. With more than 800,000 employees and 60,000 employers (75% of federated employers), USGERES is currently the only multi-professional organisation in the SSE. USGERES represents the employers in Uniformation, the OPCA²⁴ for the social economy.

USGERES has three main roles:

- negotiating at multi-professional level
 - federating the employers' organisations and being a resource on the function of employers in the social economy
 - representing them to government and institutional partners
- 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.
- 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. National multi-professional social dialogue in the social and solidarity economy (through USGERES)

To develop a multi-professional social dialogue at national level, USGERES 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

²³ In September 2013 USGERES changed its name to UDES (*Union des employeurs de l'économie sociale et solidaire*).

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

2.1 The Social Dialogue Group (GDS)

GDS brings together USGERES 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, mutuals and co-operatives 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 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' co-operatives belonging to CGSCOP
- young workers' hostels
- social housing – PACT²⁶
- local missions and PAIOs (*permanences d'accueil, d'information et d'orientation*)

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

- 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 USGERES respect two principles of equal importance:

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

Since 2006, USGERES 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;
- 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 USGERES well as the trade unions to ensure the proper application of multi-professional agreements and their adaptation to each sector covered.²⁷ 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 USGERES have either signed an agreement on occupational health or are negotiating on this issue.

Note that all agreements signed by USGERES 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.

²⁷ For a review of the adaptation of the USGERES agreements by various sectors, see the attached document.

3. Social dialogue in the professional sectors federated by USGERES

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 (IRPs) in enterprises.

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

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 co-operate and co-ordinate with the regional level of Uniformation 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 Uniformation, 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.

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).

3.3 Relationship between multi-professional and sectoral social dialogue

The multi-professional agreements signed by USGERES 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 USGERES 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, USGERES recently decided to institute, within its employers' plenary meeting (GEP), an exchange of good practices in the implementation of USGERES agreements in the sectors.

4. Social dialogue in enterprises in the professional sectors federated by USGERES

4.1 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 enterprises²⁸ has a special feature regarding workforce representative bodies. In enterprises which have no legal obligation to establish a health and safety committee,²⁹ a health and working conditions body³⁰ (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 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.

4.2 The measurement of social dialogue in enterprises

USGERES 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.

²⁸ *ateliers et chantiers d'insertion (ACI)*

²⁹ *comité d'hygiène, de sécurité et des conditions de travail (CHSCT)*

³⁰ *instance santé et conditions de travail*

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 USGERES in an associate role.

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

5. Local social dialogue in the SSE

5.1 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 co-operation 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.).

5.2 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, USGERES has been involved, since its inception, in the 'regional space for social dialogue' established with the support of the Rhône-Alpes CRESS.³¹ 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.

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:

- USGERES and UNIFED
- CGT RA, CFE-CGC RA, CFDT RA, CFTC R 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.

³¹ Regional Chamber of the Social and Solidarity Economy

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, USGERES'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 USGERES regional offices have taken part in the committees of the CCREFP,³² their contributions based on a matrix produced by the national co-ordination.

Note also the participation of USGERES 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). USGERES also participates in the *Commission Paritaire Interprofessionnelle Régionale de l'Emploi* (COPIRE) in Alsace.

Since 2007 USGERES 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 USGERES is studying how to better articulate representation and dynamics at the national and local levels.

³² Regional Co-ordinating Committee on Employment and Vocational Training

ITALY

1. The concept of social economy and its main components

1.1 General overview

In Italy, the concept of Social Economy is known but not widely used to put under the same umbrella the four families.

The cooperative movement is well established and has a long tradition and it is mainly considered as part of the economic system, even if 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 the 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 they're expressed by/operating in;
- NGOs, (non-governmental organisations), usually working with developing countries;
- "Recognised" associations and foundations, i.e. subjects that, differently from "non-recognised associations", have an official legal personality allowing them to enjoy special benefits accorded by law and to ask for public contributions;

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 the 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 a "social function" to cooperation therefore assuring by law special benefits to cooperatives (however considerably reduced during last years).

Due to historical and political reason the Italian cooperative movement developed over the years through strong horizontal representative organisations, characterised by similar functions and structures but different ideological backgrounds, now working together on a possible common representation forthcoming perspective. This new approach recently gave birth to a new subject, ACI (Alleanza delle Cooperative Italiane – Italian Cooperative Alliance), whose main function is that of coordinating policies and acting common representation activities between the founder organisations AGCI, Cooncoop, and Legacoop.

Italian Cooperative Alliance is the main associative structure of cooperatives. With nearly 42,000 associates, the Alliance represents more than 12 million members, 1 million and 200 thousand employees and a total turnover reaching 140 billion euros, of which more than 8 billion from exports.

Further detail about the newborn ACI can be found in next 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 80s to identify small organisations offering social services, often using voluntary work. In 1991 the Parliament approved two laws responding to the needs emerged in the 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 work integration of disadvantaged people (B-type). At the same time Law 266/91 recognised organized 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, a need arose to have entrepreneurial forms not tied to the cooperative governance model (one head one vote). On the other hand, it was necessary to impose to associations and foundations managing entrepreneurial activities the respect of 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 of law were discussed; after a long debate the law was finally approved on June 13th 2005.

The recent legislation about social enterprises is presently composed by two acts:

Law N. 118/2005 "Law delegating the government to discipline social enterprises";

Legal Decree N. 155/2006 "Discipline of social enterprise according to the law 13 June 2005 N. 118.

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 enterprises' 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 organisations (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 not 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 Committee³⁵:

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

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

Cooperatives and others similar accepted forms	Mutual Societies and other similar accepted forms	Associations, foundations and other similar accepted forms
- 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) - Industry cooperatives (2008: 75,407 jobs 5,137 enterprises) - Unclassified 26,909 jobs 6,000 enterprises	n/a(*)	- 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 to the Services) it is possible to quantify the Italian cooperatives certainly active, between 55 and 60 thousand.

Cooperatives, together with their consortia, generated in 2011 an aggregate production value of more than \$120 billion EURO and at the end of the year, it is estimated that they employed -according to sources- between one million 200 thousand and 300 thousand million people.

Considering all the working position started during 2011, thus including seasonal workers, the number rises to 1,750,000.

Contrary to what is often claimed, the majority of occupied (67% of the 1,750,000 registered job positions in 2011, thus also including seasonal workers) is employed on a permanent basis, while most atypical forms of work - in particular those of project work - are marginal and show a contraction 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, publishing.

Cooperatives are part of our daily lives: we all 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.

Cooperative are organised in federations that represent the reference point for all issues related to each sector of economic activity in which they engaged the member cooperatives.

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

A special mention is made, within the same report, to social cooperatives, regarding the employment aspects, since social cooperatives, during the same four-year period, showed an increase in the number of both permanent and term employees, keeping, at the same time, unchanged the number of "pseudo self-employed" ones.

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

In this way, social cooperatives substantially contributed to the general stability of the cooperative global employment that, even better, saw a slight increase between 2008 and 2011.

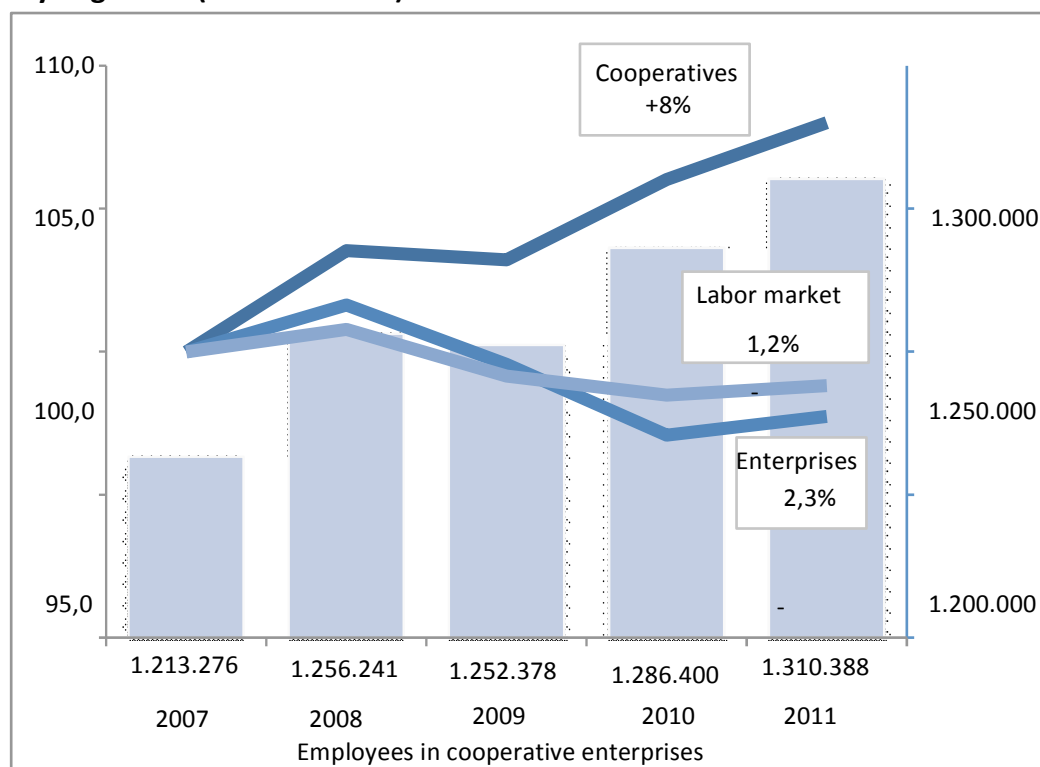
Another report by "Censis"³⁷ confirms that cooperation has experienced strong growth over the last decade resulting from the exponential growth in the number of cooperatives and the growing weight they assumed in the economy of the country. Between 2001 and 2011, the number of cooperatives increased from 70,029 to 79,949, an increase of nearly ten thousand: and in the third quarter of 2012, there were 80,844 cooperatives active.

Cooperatives shown a vitality much more pronounced than the business system as a whole, which also did not fail to record, throughout the decade, positive results: in fact, given an overall 7.7% increase in the number of Italian companies, cooperatives have marked a leap forward of 14.2% thus increasing as well the "weight" that cooperatives play in economic and manufacturing development in the country: if in 2001 there were 14.2 cooperatives out of 1.000 active enterprises, in 2011 this value rose to 15.2. This confirms cooperation as an extremely dynamic and vital part of the vast 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 something such as six and a half times the general rate of the whole labor 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



³⁷ACI-CENSIS "First Report on the Italian Cooperation", October 2012

It is as well worth to stress out that, even in crisis times the positive growth trend did not stop. If, starting from 2008, the overall entrepreneurial system began to show clear signs of difficulty through a slow reduction in number of enterprises, cooperatives kept growing at a very fast rate. Only between 2010 and 2011 a slight decrease occurred that turned the number of cooperatives back to about 80,000. This loss, on the other hand, was regained within the first three quarters of 2012.

But what really appears to be the distinctive sign of Italian cooperation in a such dramatic moment as the present one, is the evidence of a strong ability not only to maintain unchanged its employment levels but in addition to keep on building a precious and somewhat unique basin 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 the related employees spreads in the different sectors.

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

	2007-2011	2010-2011	2011-2012(3quarters)
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 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
Constructions	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
Trade, distribution, public services, tourism	7.069	8,8	0,40	120.616	9,2	2,4
Transport and storage	8.867	11,1	5,47	257.538	19,7	24,0
Communication, credit, real estate	5.612	7,0	1,20	99.507	7,6	6,5
Services to businesses and professional activities	12.074	15,1	3,83	250.055	19,1	15,7
Social services sector	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 on 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 – for the following characteristics:

- one of the highest levels of abstention of law in the area of industrial relations (except in the public sector);
- medium-high level of union density: around 33%
- social partners pluralism of organisations, either on the trade union (CGIL, CISL and UIL) and employers' side (according to size and typology of the enterprises; with cooperatives having their own associations)
- high rate of collective bargaining coverage, around 80%, without administrative procedures of binding extension of the effects,
- strong propensity for social dialogue (bipartite and tripartite concertation)
- comparatively higher levels of industrial actions.

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

Industrial relations have developed, for decades and until now, in a sort of legislative vacuum as probably no other country. Collective bargaining, workers' representation, strikes, participation, minimum wage, are not ruled by the law, but through collective autonomy acts (tripartite social pacts; bi-partite peak level

collective agreements). Also 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

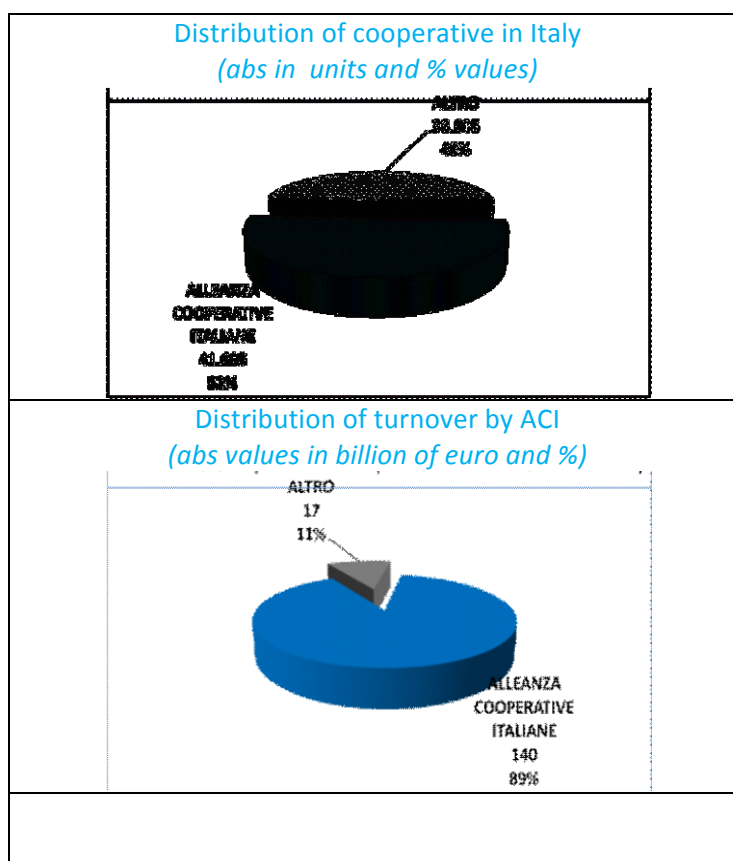
The main national umbrella organisations representing cooperatives are Confcooperative (Confederazione Cooperative Italiane), Legacoop, (Lega Nazionale Cooperative e Mutue) and AGCI (Associazione Nazionale Cooperative Italiane). These organisations, beginning in 2011, started a process aimed to merge into a unique organisation, ACI, Alleanza Cooperative Italiane. The organisations converged in ACI represent more than 90% of the co-operation.

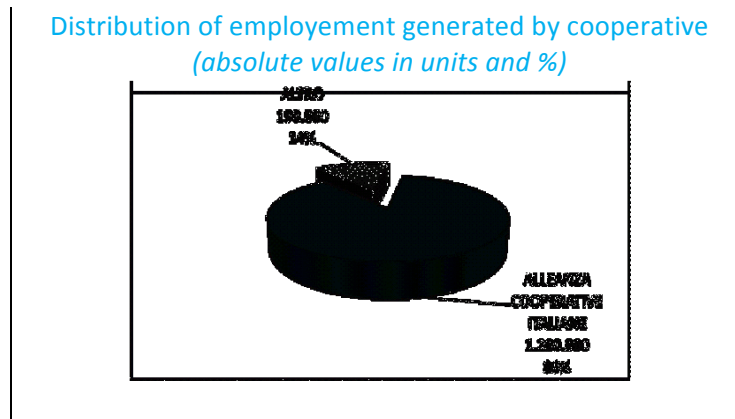
This means, in figures:

- 1 million 200 thousand employees
- € 140 billion in revenue
- More than 12 million members.

ACI (Italian Cooperative Alliance) was formed on 27 January 2011 and is the main association of cooperation that is worth 90% of employment, income and assets of the Italian cooperatives.

Table 3 – Distribution of cooperatives in Italy





The Euricse report³⁸, focused on the four-year 2008-2011 period, gives evidence to the fact that Italian cooperatives, showed the resilience of the cooperatives and participative enterprises in industry and services to the crisis.

The *Shift&Share Analysis* used in the Report demonstrates that a much higher growth in cooperatives, with regard to joint stock companies and with reference to the value added and to the 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 the cooperative business have determined a different response to the external shock represented by the economic crisis: while corporations have tried to protect the resources used by investors-owners by reducing the activity (and the labor costs), cooperatives have continued to provide services to their members and to ensure the job.

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 could be a strength of normal economic conditions.

2.1.2 Trade Unions

The major trade union confederations are three: the Confederazione Generale Italiana del Lavoro (CGIL); the Confederazione Italiana dei Sindacati Lavoratori (CISL) and the Unione Italiana del Lavoro (UIL). Those confederations represent, historically, different political orientations. Italy maintains a comparatively medium-high rate of unionization, where 33% of the active subordinate workers population is affiliated to trade unions. With almost 12.5 million workers/pensioners who are affiliated to Cgil, Cisl and Uil, Italy is by far the first in Europe with regard to trade union membership. In cooperatives, union density is generally higher than in the average, especially in those regions where there's the highest number of worker cooperatives (Emilia Romagna, Toscana), where they are historically part of specific political sub-cultures, linked to the working movement.

Both cooperative and trade unions confederations are structured in national and local sectoral federations following the different sectors of economic activity

³⁸Italian Co-operation during the years of crisis", The European Research Institute on Cooperative and Social Enterprises(EURICSE), January 2014

(agriculture and food industry, services, social services, etc.) and/or the different contracts 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 spread, unitary trade union structures/works councils (*Rappresentanze Sindacali Unitarie - RSU*), in establishments with more than 15 employees. RSU can be elected by all workers, whether or not they are union members. They have exclusive power on information and consultation rights but shares enterprise collective bargaining power with the sectoral/local unions who have signed the national contract applied in the enterprise.

1.2 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, the 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 of July 1993, collective bargaining is based on a dual structure, articulated between a national industry-wide level and a second decentralized level, in undertakings or, alternatively, with a territorial scope.

The core of the system is the national industry-wide agreement. They are more than 400 as an effect of the high fragmentation of the employers' associations. National cooperative collective agreements do exist in Italy and apply to 13 sectors, including metal sector, food industry, wholesale and retail, building, agriculture and fishing. They strongly emphasize the importance of "an active and responsible involvement of workers in the company process and labor organisation in order to pursue the social development purposes.

The national industry-wide collective agreement establishes a general common pavement of basic rights and economic standards for the whole sectoral workforce: wages, professional classification, trade union rights, typologies of employment contracts, salary progressions over time, work organisation, working time and extra-time work, holidays, the amount of annual paid and unpaid leaves.

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

The second level gives the possibility to negotiate higher pay through performances-related incentives (productivity, profitability, quality, efficiency) and working conditions (flexitime, positive actions, welfare benefits). Since the 1993 reform, decentralized collective bargaining involves only a minority of employees, estimated around 40%. Most of the SMEs are normally excluded, with very serious divides in terms of pay and working conditions. Territorial collective bargaining play a crucial role either for SMEs and for the largest part of cooperatives, also 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 specialization. Following the tripartite agreement of 1993, such normally infrequent company level and territorial agreements, defined as 'integrative' of the national sectorial 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 to a higher degree of the decentralization. In following waves, a number of issues and proposals became subjects of a wider debate, including the introduction of more specific functional specialization of the two levels of negotiations.

A greater role for second level bargaining is set 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 company specific needs. At such an aim, it can 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 the national legislation, inspired by the EU directives, and by the national collective agreements. They're the core of the participatory approach to the industrial relations in cooperatives, historically inspired by the shared values and aims of the 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 ratio and specificity of cooperatives mutualistic features; a typical and essential value of the cooperative enterprise. The challenge is to maintain this spirit alive, before global changes which seem to not enhance such a style of industrial relations.

2.2.2 Agreements

As for industrial relations, present focus is on pursuing a better work productivity through a set of more certain contractual rules, able to prove more suitable to actual needs of cooperatives.

With this aim, on May 14th 2013, an agreement has been signed with 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 through allowing access to tax incentive even to cooperatives without internal union representatives.

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

This agreement represents a particularly meaningful step, as the result of a long-time started process that accelerated from the month of July on. The agreement, as an integration of statements included in the Cooperative Industrial Relations of 1990, renews mutual recognition of signatories as the most representative subjects 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 about other relevant matters such as:

- the discipline of the "member-worker" figure;
- start-up plans both to promote birth of new cooperative enterprises and help the 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 well be considered as consistent with similar previous agreements signed by other organisations.

These agreements stand as a proof and evidence that relations between cooperative organisations and trade unions remain positive and oriented to a 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 contracts are present in the cooperative sector, the ones that have to be applied are those ones subscribed by the most representative entrepreneurial and worker's (trade unions) organisations at a national level in each specific category of economic activity. This represents a further important step in fighting contractual dumping and facilitates as well the work of Provincial Observatories on co-operation, given that the Italian Ministry of Labor repeatedly stated that the contracts that have to be applied, according to the above principle, are those ones subscribed by Confcooperative-Legacoop-AGCI and CGIL-CISL-UIL.

2.3 Bilateralism

In Italy social partners are often involved in the management of the welfare schemes, as in the case of what is named "bilateralism" (in Italian "*bilateralità*"). Born as reaction to the old and new weaknesses of Italian welfare state, joint bilateral bodies representing social partners, attempt to foster 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 sectors traditionally fragmented, with an unstable employment, and a more complicated trade unions structure and organisation (e.g.: building, craft, agriculture, retailing and tourism).

Bilateral bodies and funds – which are either multi-sectorial and sectorial, national and local – and are usually financed almost exclusively by the enterprises, function as co-management tools of such issues as supplementary pension schemes, unemployment insurance funds in sectors excluded by 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

Originally born with a mission focused on vocational training, both intended as offering courses and working on studies and research centered on training needs, has later seen the new body, Foncoop, enter in charge for providing vocational training courses. Now there is a work in progress about Coopform, based on a proposal focused on adding to the study and research functions new operational areas such as income support, apprenticeship, labor supply and demand matching, health and safety at work, etc.. The final aim pursued by the proposal is arriving to a unique cooperative bilateral body, able to provide a wider critical mass while maintaining the different peculiarities.

2.3.2 Foncoop

Foncoop has a native mission in providing lifelong learning schemes to member cooperatives. Recently, the fund undertook a program focused on further simplifying access by the member enterprises to the different calls for training plan proposals. During 2013 there have been 4 calls, offering an overall funding of about 14 million Euros. 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 a special withdrawal operated by Italian Government to support re-financing of extraordinary social safety tools.

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

3.1 Industrial relations and working condition in cooperatives

Collective bargaining in cooperatives is framed within such a general system.

Different organisations representing cooperatives are social partners with trade unions for the negotiation and signature of collective agreements, at national and sectoral, company and territorial level agreements. Specific negotiations take place in large companies or groups only, while SMEs are normally covered by territorial agreements, always negotiated between the most representative employers' and trade union organisations.

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

3.2 Criticisms and perspectives

In times of crisis, between 2011-12, a new unprecedented State interventionism – under the European pressure (Euro Plus Pact) – impacted on the whole range of social affairs (retirement age; labour market; wage-setting system; collective

bargaining decentralisation), without any previous social partners' consultation and/or agreement. Company and territorial level collective bargaining have now a greater competence in defining the salary rate linked to productivity. The possibility of including 'opening clauses' in sectoral agreements to allow a certain degree divergence from the standard terms represents a new, controversial feature. While allowing further decentralization, a new framework agreement – signed the 28/6/2011, 'saved' sectoral agreements, meeting the need of SMEs to avoid company-level negotiations.

Decentralisation of collective bargaining has been in 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 peak level pacts. One was signed the 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 the 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 decentralization, where company derogations are subjected to several circumstances and limitations. In the same Summer 2011, under the double pressure from Europe (a letter of 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 territorial level. Berlusconi's government – for the first time in the Italian history of industrial relations – made a law (Law 148/2011, art. 8), without consulting social partners, which gives *erga omnes* binding effects to company agreements. Now, through company agreements signed by a majority of them, comparatively more representative unions at company or territorial 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 (excluded minimum wages, retirement and union liberties).

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 stipulating contracts with legal economic standards which are lower than those guaranteed by the sectoral national collective agreements, signed by comparatively more representative trade unions and cooperative organisations, with differentials in remuneration between the former and the latter which is at time as much as 35%. They're the so called "pirate" collective agreements, signed by "fake" cooperatives and unrepresentative unions, which can provoke a 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 juridical uncertainty and conflicts. There's a problem of getting more legal certainty for what concerns norms and rules about who must be considered representative, and how collective agreements become effective and binding. Legal rules on employees representation and collective bargaining are needed. The three main trade unions confederations, late in April, reached an agreement according to which a national collective agreement is binding when signed by

organisations which, all together, represent more than 50% of the interested workers, considering an average between votes and members.

In such a difficult times, just in the cooperative system, we record positively the fact that in the controversial metal sector – where last national collective agreements, in largest private companies, were signed separately, with the exclusion of the most representative trade union organisation (FIOM-CGIL) – the cooperatives social partners have been capable to demonstrate a more proactive and inclusive climate, finding a broadly shared final agreement (2013), which represent another possible road to social dialogue and industrial relations.

Other specific problems a certain weakening of the traditional “quadrilateral” relations among trade unions, cooperatives, politics and public administration. Since the beginning of the 90s, as probably 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 – also in these sectors – have been gaining a greater autonomy, determined by a lack of common and integrated strategies

3.3 Second level bargaining

Dealing with the second level bargaining theme, it must first of all be clarified that there are many specific issues usually delegated by national CCNLs to the second level of bargaining but, among them, it is worth mentioning at least “performance bonus”, trade union and information rights, security and training, organisational aspects and bilateralism.

Among the above listed issues, a special attention must be assigned to bilateralism that, in the cooperative system, is present in sectors such as agriculture, constructions, surveillance, multi-service and agri-food.

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 well speak of a sort of “new bilateralism”.

To this topic, the “Observatories” theme must be added, because these bodies, although not strictly part of “bilateralism”, are generally considered to be part of the local competences, particularly because of their function in fighting contractual dumping.

Another theme must be now analyzed: that of the choice between the “local” or “corporate” level of bargaining. About the “corporate” level, the main points to be put in evidence are:

- dimension (dimension is very important even if not always crucial);
- parameters more closely linked to corporate results (payments only in case of positive margins)
- need to have an internal HR function (particularly in case of a strong internal trade union presence)
- in workers' cooperatives need of balanced mix of self-regulation (each member is as well a co-entrepreneur) and delegation to trade unions representation.

Choosing the corporate level is without any doubt linked to the presence of an adequate dimension of the enterprise. 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 a direct confrontation with trade unions.

As for the "local" level of bargaining, the main elements that can induce such a choice can be summarised as follows:

- homogeneous sector made up of small businesses (e.g.: public exercises). If this homogeneity is not present, it is still possible opting for a contract that takes into account the territorially homogeneous sub-sectors (this is, for example, a common situation in the agricultural sector);
- sectors characterised by high labour costs that require uniformity to avoid/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 social services sector, the operators-users relationship is defined by law);
- the legislative framework (e.g.: the need to regulate labor market management in agriculture);
- the weight of bilateralism (e.g.: agriculture, construction).

4. Involvement of workers 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 elevate participation.

As marked by the International Year of Cooperatives (2012), *"the story of cooperative , 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 resiliency 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 values-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 ICA's³⁹ members 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 worker formed 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 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, reduces social mobility and ultimately exerts a negative impact on growth, productivity and the wellbeing of society as a whole.

Just some ideas in short.

The first challenge is in nurturing 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 strengthen the pool of prospective female and male leadership; enhance member education on cooperatives values; and establish indicators of progress toward improving the building blocks of inclusion and democracy: for example, gender policies, transparent systems, young inclusion policies and enhance government structures. Organisations associating 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 managing models (tools and methodologies) specifically oriented to encourage gender equality in decision-making at all levels.

The second challenge involves the role of the membership. 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 formalized.

The third challenge is to mainstream women in politics and public administration, starting with their representation on the cooperative's board.

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.

³⁹International Cooperatives Alliance

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

Productivity in second-level collective bargaining: Social cooperative "Ecosviluppo"

The cooperative is a B type social-cooperative (work integration) working on urban sanitation, managing waste cycle and cleaning of urban environments (not of buildings). The cooperative has a 16-years long story and 130 employees. Forty-six of its employees are members: admittance as a member does not happen automatically on request but, being the work integration the main mission of the cooperative, only after the attendance of a training course and the positive outcome of an evaluation period.

The cooperative has gone through a period of difficulty from 2006 on, with respect to the increasing need of a review of the organisational structure. This had an impact on the productivity issue.

Managing human resources is always a complex task to solve. This is even more true when you have to manage 130 staff members, 30% of them being in "work integration", operating in a sector of activity that involve mainly workers with a very low schooling 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 problem in 2006, were related to: overtime hours out of control, overtime working did not necessarily correspond to producing more or better, problems about managing of damages and/or accidents caused to/by production means themselves.

The key points of the strategy have been related to the Work Contract defense. The first is defending the application of social cooperatives CCNL (National Collective Work Contract) in the urban cleaning sector, which was not an easy issue to attain. To "be a social cooperative" and "to apply the corresponding contract" has been the strategic element. To support this "line" the cooperative has introduced some improvement in the social cooperatives CCNL, for example avoiding that workers operating through "work integration paths" could earn, because of a different tax and social security regime, more than "ordinary" workers performing the same job. This was achieved through an equalization of wages to the level associated with "work integration paths". Such actions become elements for industrial relations as well as other elements, such as, for example, training activities that, in this sector, is not always provided by contracts other than the social cooperatives one.

The second element wants to stress out the fact that productivity is possible even in a B type social-cooperative (work integration). 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 was replaced, for a foreman, by a function allowance linked to definite goals to achieve in terms of limiting overtime work hours. This was an economic success as well as a positive result for job security.

The third element is represented by tools used as "resultprize": it is awarded, subdivided into two parts, a first 50% is awarded to everybody, without distinction, the other 50% is linked to "merit" criteria regarding for example the absence of damages or accidents caused by the worker with the equipment used to carry out his job tasks, the level of absences and delays in service outlet, the absence of warnings and/or 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 have a good and positive scenery of labor relations.

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

Formula Servizi is an Italian worker cooperative specialised in the provision of 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 bids for tender, without affecting working conditions at all"⁴⁰.

The 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 high labour-intensive sector of cleaning services, the idea of enhancing human resources might seem difficult. 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

⁴⁰ Company trade union representatives from CGIL, CISL and UIL.

strategy, all employees provided with more than 1500 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 for the improvement of working methods and ideas for new business products, thus increasing both satisfaction and productivity and saving on management costs.

The company's success is the result of a culture characterised by solidarity, which relies on its members, who, for the past two years, have been appropriately trained for this role⁴¹. Employee share-owners 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 3 years.

These assemblies have proved to be one of the most 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 very often have helped to better 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 added 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, and which unites a group of cooperatives active in meat butchering, with 1330 worker members mostly based in Lombardy, Italy. Thanks to collaboration with the trade unions, the establishment of the consortium allowed cooperatives to secure a long-term contract for butchering services with the agri-food giant Cremonini Group.

⁴¹ Out of 1900 workers, almost 900 are worker-members.

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 a 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 has been 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 continues to survive, thanks to a combination of corporate and industrial strategies that have proved capable of safeguarding the jobs of its approximately 900 employees, all hired on permanent contracts. For a long time, its business strategy has been focused on diversification. In addition to the production of work, the cooperative has undertaken 'socially responsible' financial and real estate activities, 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 the 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, are 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 the corporate level, covering all three territorial divisions of CMB⁴². 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 in the cooperative assemblies. For example, the recent (2011-2012) *solidarity agreements*, even involved a professional category especially typical of the members, that of middle managers and cadres, and which provided social safety nets for 150 people, was first discussed with trade unions and then discussed by the members' assembly⁴³.

⁴² In Italy, the local and the corporate levels are alternatives

⁴³ 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

For the first time the term "social economy" was used in the 18th century, but more modern meaning it received in France in the second half of the 19th century⁴⁴ (some sources point more precisely on 1900), when Poland didn't exist as an independent state. But the idea of commercial entities combining economic and social objectives was not new on the Polish ground. The Polish social activists, philanthropists and reformers, looking west for the inspiration and good examples, were trying to improve the situation of the poorest by helping them to organise themselves and to find the organisations ready to do business with no harm for the employees and the society. A perfect example of the Polish entity of this type is Towarzystwo Rolnicze Hrubieszowskie (Hrubieszów Agricultural Society), founded in 1816 by Stanisław Staszic, a leading figure in the Polish Enlightenment. This entity was self-governed by the members and it used many mechanisms of the collaboration, applying the 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 of the older individuals in Poland, the word "co-op" has become a synonym for a communist business. While defined as a cooperative union, during that era co-ops had very little to do with cooperation or democratic standards – and that's why cooperatives and partially the whole idea of social economy create in Poland some negative feedback. During the 1990's many co-operatives restructured themselves into companies, to some extent because of the negative associations with the word "co-op", or returned to true principles of a cooperative⁴⁵.

The fate of the Polish co-ops movement explains why the Polish distinction of the "old" and "new social economy" looks different than in the West. For the western societies the old social economy was a product of the 19th century criticism targeted into the political class and the mechanism of the competition which were accused for being sources of the poverty and exploitation. In Poland the very same term refers to the organizations deformed and maimed by the communist regime, which are still present in the financial and insurance sector, housing and dairy industry and many more. After 1989 thousands of new entities 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 cheaper, 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

⁴⁴ Maciej Frączek, Jerzy Hausner, Stanisław Mazur, "Wokół ekonomii społecznej", 2012

⁴⁵ <http://www.ekonomiaspoleczna.pl/x/433523>

initiatives of the new economy are oriented wider than on the gains of the members. They take into account the external benefits, especially for the local communities and the marginalised part of the society (socially and economically excluded). The second most important difference between the old and new economy is that the old type organizations were founded from the bottom, sometimes against the establishment, by the 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.

IMPORTANT: To avoid the 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 did not denominate 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 the 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 terms⁴⁶.

The most popular approach is to define the social economy as simple as possible: it is a business entity (single or a group) combining the economic and social goals. The core of this term is the social enterprise which is commonly described (after European Research Network, EMES⁴⁷) as an entity or activity of mainly social goals, where the profits are reinvested in those goals or in the community and not in maximizing the 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 of the social economy.

The perfect social enterprise (by EMES) operates rather constantly and regularly, uses economic instruments, takes the economic risks, hire at least a small personnel on a payroll, stays independent, not controlled by the public authorities, is clearly oriented on the socially useful goal or goals, is built by the people, is managed specifically, using democratic mechanisms, working as a community, with limited distribution of the 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 could be founded and could hire only the people at risk of social exclusion or being socially excluded (these groups are defined by the special act

⁴⁶ <http://www.ekonomiaspoleczna.pl/x/555184>

⁴⁷ <http://www.emes.net>

prepared by the government). CIS, ZAZ and NZOZ do not have the legal personality and act as separate units within the founders (institutions or organizations).

CIS helps people from the same target groups as a social cooperative, but it is designed as an educational unit helping people to return on the labour market. ZAZ was designed for the people with disability. Most NZOZs are nothing more than a business, 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 (huge entities of the old social economy are not truly social economy in the nowadays meaning). Fourthly, the communist period undermined the social capital. The trust for social activists and collective forms of acting/organising is little and in fact it is rebuilding from the scratch.

For sure at the end of 2013 in Poland operated more than 70 ZAZs, 90 CISs, and 750 social co-ops. The last research of the Central Statistical Office in Poland (2010) shown that, despite the fact that there were about 90 000 registered associations and 13000 registered foundations, only 67 900 and 7100 respectively were active⁴⁸, but in 2012 only 4500 (6% of 75 000 active ones) conducted economic activity⁴⁹. 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% from 4500 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 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 the urban gmina (commune), respectively 15% and 5% – in urban-rural gmina and only 10% and 6% – in 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 the closest neighbourhood, 12% in their gmina, 14% in their powiat (prefecture), 21% in their voivodship (region), 37% in the whole country, and 10% even outside the country.

In 2012 5% of all associations and foundations conducting economic activity achieved less than 10 thousand zlotys (2500 €) of revenue, 24% between 10 thousand and 100 thousand (2500-25000 €), 46% between 100 thousand and 1

⁴⁸ Ministry of the Labor and Social Policy, "Krajowy Program Rozwoju Ekonomii Społecznej", 2013

⁴⁹ Central Statistical Office, "Stowarzyszenia i podobne organizacje społeczne, fundacje oraz społeczne podmioty wyznaniowe prowadzące działalność gospodarczą w 2012 r.", 2013

million 25000-250000 €), and 25% above one million zlotys (250000 €) of revenue.

In March 2012 in Poland there were 881 active cooperatives focused on employment: 648 workers' co-ops, 224 co-ops of disabled or blind, and 8 co-ops of the folk handicraft. From these groups, giving job to 60 000 people, as well as from other 9100 co-ops only a chunk could be taken as the part of the social economy sector.

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

To summarize the estimates above, the Polish social economy sector could be very roughly calculated as it contains 1500-3000 entities and hires 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 Central Statistical Office estimated the employment in the whole NGOs sector in Poland at 190 400 people⁵⁰.

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 it lacks 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 the social dialogue and shaping industrial relationship) does not happen often. That leads to the situation where the level of their recognition and influence are 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 198⁵¹ from 648 workers' co-ops (31%) and it has the headquarters in Warsaw, but also maintains 9 regional delegacies in most big cities (Warsaw again, Wrocław, Lublin, Kraków, Rzeszów, Gdańsk, Katowice, Kielce, Poznań). The main purpose

⁵⁰ Central Statistical Office, „Trzeci sektor w Polsce w 2010 r.”, 2013

⁵¹ http://www.krs.org.pl/index.php?option=com_content&view=article&id=66&Itemid=129

of the organisation is auditing financial statements of cooperatives. Above that ZLSP is⁵²:

- providing consultancy as well as financial, legal, and self-governing trainings for members of supervisory boards, management boards and staff of workers' cooperatives and cooperative organisations,
- 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,
- functioning 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' cooperatives traditions,
- representing workers' cooperatives circles in Poland and abroad.

Be aware of 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 strictu sensu.

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 (on the date 20 of June 2013)⁵³ from 750 social co-ops (6%). Main task of the organisation is to audit social co-ops: each of them is obliged by the law to submit to external audit once every three years. The other fields of activity are consulting and legal advice on social co-ops subjects and training. The organisation does not have a regional structure. Its HQ is located 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. 41⁵⁴ from 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 affiliated employers – but it is still working on its activity profile as well as regional structures. It is important to remember that ZAZ is not a law entity, it is a part of another institution, organization or company. The union is gathering the employers that decided to create ZAZs and it will represent the interests of the founders – sometimes different than the interests of the society of the social economy sector as a whole.

⁵² <http://www.zlsp.org.pl/english.php5?module=main&action=index&id=126>

⁵³ <http://ozrss.pl/zwiazek/czlonkowie/>

⁵⁴ <http://www.zazpolska.pl/o-nas>

There are smaller organizations of social enterprises like **Izba Przedsiębiorców Społecznych (Social Entrepreneurs Chamber, IPS)** organized in May 2011 in Warsaw⁵⁵ under the umbrella of Ogólnopolska Federacja Organizacji Pozarządowych (Polish Non-Government Organizations Federation). IPS is organising meetings and discussions about the development of the social economy sector and its standards.

One of the most promising initiatives is **Stała Konferencja Ekonomii Społecznej (Permanent Conference of Social Economy, SKES)**, started in October 2004 in Kraków and formalised in September 2006 in Kraków. The founders – signatories of the multilateral agreement – were nine most respected and the biggest organisations working on system 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.pl⁵⁶. With two entities which signed the agreement at a later date, this alliance relies in its activity on the resources of 11 organizations, 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 social economy;
- research projects;
- networking and building regional and thematic structures.

2.2 Possible unionisation of the social economy sector

To resolve the problem of the definition of social enterprise, the lack of networking and representatives of the social economy sector, a team of experts from Zespół ds. systemowych rozwiązań w zakresie ekonomii społecznej (System Solutions for Social Economy Task Group) created a draft of Ustawa o przedsiębiorstwie społecznym i wspieraniu ekonomii społecznej (Social Enterprise and Social Economy Support Act). This bill is defining the procedure of extracting the social enterprises from the surrounding amalgamate of organisations. Each candidate for the social enterprise status should submit an application at the National Court Register and, if all requirements are met, it will get a desired status and obligatory become member of the new institution designed in this draft: **Izba Przedsiębiorstw Społecznych** (Social Enterprises Chamber). This entity is described as an independent representative body for the whole sector⁵⁷.

In the summer 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 are waiting for years for a good moment, when certain issue get an attention of media and prominent politicians. Many well prepared documents become obsolete and abandoned. Fortunately,

⁵⁵ <http://ofop.eu/category/tagi-s%C5%82owa-kluczowe/izba-przedsi%C4%99biorc%C3%B3w-spo%C5%82ecznych>

⁵⁶ <http://www.ekonomiaspoleczna.pl/skes>

⁵⁷

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

European Union institutions are deeply interested in the support of the social economy sector and that creates pressure on the Polish government to sort legal structures, regulations and instruments needed for its development.

3. Relevant elements of industrial relations' structure

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

Seeing the lack of networking and unification among the social enterprises, it is not a surprise that examples of collaboration between the main organisations mentioned above are rare. This weakness, rooted in 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 law-making process. The government rarely consults its decisions connected to social economy with the members of this sector and its experts (the lack of the representative body of social enterprises is a good excuse) and even when it does, it ignores most of the postulates.

The most important and legally authorized institution is the "System Solutions for Social Economy Task Group"⁵⁸ mentioned above. Founded in December 2008, it provides the collaboration between the officials from the Council of Ministers of the Republic of Poland, Ministry of Economy, Ministry of Labour and Social Policy, Ministry of Finance, Ministry of Infrastructure and Regional Development, Ministry of National Education, Ministry of Science and Higher Education, as well as from the group of organizations respected in the social economy sector (including SKES, OZRSS, ZSLP and OFOP) and even from the Social and Economic Affairs Trilateral Commission (confronting the point of view of employers, employees and the 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 was 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 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 foggy⁵⁹. 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

⁵⁸ <http://www.ekonomiaspoleczna.pl/x/433512?projekt=433512>

⁵⁹ 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".

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 is focused on all mentioned 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.

This report showed that 15% of NGOs conducting economic activity had no personnel on the payroll and another 30% used only civil law contracts. The average employment was counted as 14 people, but average employment was about 3 people which was caused by the big number of the organisations without paid personnel and a couple of dozens of the biggest foundations and associations employing more than 100 people each.

Among 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 different than permanent full time contract is similar or slightly bigger (because of the small size of most social enterprises) than in the whole Polish economy⁶⁰. 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 that in the third quarter of 2013 7.6% of all employees were hired on part time contract. The EU-27 average was about 20%, which suggests that this type of contracts is unwelcome by Polish employers.

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

With the assumption that in 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 contracts⁶¹, 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 have democratic mechanisms by the definition: a social cooperative and a workers’ cooperative. The others use the self-governing workers idea very rarely. Mostly because of the lack of experience with the democratic governance in the business and the unfortunate association of the idea with the communists regime or anarchy. Bad examples of the façade

⁶⁰ 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 Central Statistical Office suggests that part time contracts are popular in NGOs, but it does not present any numbers to support this statement.

⁶¹ Central Statistical Office, “Stowarzyszenia i podobne organizacje społeczne, fundacje oraz społeczne podmioty wyznaniowe prowadzące działalność gospodarczą w 2010 r.”, 2012

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 even in the social economy sector.

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

3.4 Collective bargaining

In Poland collective bargains are a matter of trade unions. Only them could represent workers formally negotiating conditions of employment exceeding those defined in the Labour Code. That implies the rarity of the process of collective bargaining because only 15% of employees are members of trade unions⁶² (some sources lower this number to 11%) and the unionisation of Poles is going down. Poland is one of the least unionised countries in Europe.

Despite the fact that 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 less than 8500 company, workplace, multi-employer and sectorial collective agreements covering about 1.8–2.0 million workers or less than 13% of all working Poles⁶³.

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 the 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 the growing number of trade union activists has 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 the 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 consulting 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 transportation company in the city inhabited by 200,000

⁶² http://www.biztok.pl/artukul/zwiazki-zawodowe-czyli-wiele-halasu-o-nic-te-liczby-mowia-wiele-o-uzwiazkowieniu-w-polsce_a8453

⁶³ <http://www.rp.pl/artukul/484205.html?print=tak&p=0>

people and after that moment it 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 government of the city – was not eager to ensure 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 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 investments, but the future of the staff (most of it was employed there for 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 employing 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 it 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 (Buses of Kielce) and this entity paid 5.4 million zlotys (1.35 MEURO - 0.6 m in cash and the rest as a bank loan) for 55% share of MPK. The rest of the company is owned by the city. The workers' company was obliged to invest 76 million zlotys (19 MEURO) in a bus fleet. In October 2013 MPK announced that the investment plan was realized 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 the responsibility for the company with an influence on the decision-making process and an 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 – much stronger 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 the privatisation was commonly understood as selling public and municipal enterprises mostly to their employees. It was not long before the Polish 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 for the foreign corporations – the best investor in the eyes of the central and local government. If the 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 XVIII century and developed throughout the XIX century in various different countries of Europe (England, Italy, France and Spain).

On the basis of this traditional concept of a nineteenth century origin that encompassed cooperative societies, mutual societies, foundations and associations, in the decades of the 1970s and 1980s in the last century declarations that characterize the identification of the **social economy** in relation to different principles arose one after the other in different European countries.

In Spain there is a Law of Social Economy⁶⁴ (Law N. 5/2011 – 28th of March 2011) since 2011, which was unanimously adopted by the Spanish Parliament, meaning that all groups representing the different political parties agreed to adopt this law.

As established by Law, the following entities are a part of the Social Economy:

- ❖ Cooperative societies, in their different modalities, and amongst them, those of associated work, consumerism, housing, agricultural, services, sea, credit, teaching, health-related, insurances, of transport
- ❖ Worker-owned societies / labour societies
- ❖ Associations
- ❖ Foundations
- ❖ Mutual benefit societies
- ❖ Insertion companies
- ❖ Special employment centres
- ❖ Agricultural processing companies

All of them share the orientate principles of social economy.

All these entities are directly or indirectly reflected in different articles of the Spanish Constitution that gather the principles that provide them with a distinctive and specific character compared to other types of companies and entities of the commercial sphere.

⁶⁴<http://www.boe.es/boe/dias/2011/03/30/pdfs/BOE-A-2011-5708.pdf>

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 hereunder 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 prioritizes decision-making based on the people and their contribution to the work and services carried out for the institution or its 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 typologies 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. The democratic management**, which allows partners to participate in a direct and egalitarian way in the establishment of the co-operatives 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, who must also undertake to promote cooperativism.

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

B. WORKER-OWNED/LABOUR COMPANIES

In workers-owned companies, workers own most of the capital. Based on theoretical foundations similar to those of co-operatives, workers-owned companies have demonstrated a high potential to create and consolidate companies in Spain. In workers-owned companies most of the social capital belongs to the workers. 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 workers-owned company is three and the steps that must be taken in order to formalize 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 partners 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 organizations, in which case the maximum shareholding amounts to 50%. Consensus must be reached between all workers-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 partners-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 euros, whereas in the latter it amounts to 60,101 euros.

- **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 of March on Workers-owned Societies. 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 Societies of 28th of December, in the first case, and the Law 2/1995 of 23rd of March, of societies of limited liability for the second case.
- Royal Decree 2114, of 2nd of October of 1998, regulating the Administrative Registry of Workers-owned Societies.

-

C. MUTUAL BENEFIT SOCIETIES

Social insurance entities that complement the Social Security regime. Mutualities are non-profit organizations that are characterized by their democratic management and structure. Their goal is to provide a voluntary insurance that complements the coverage provided by the Social Security regime. In some cases, they are an alternative to the public welfare system, thus being an interesting example of a model of social insurance entity that runs parallel to the Social Security system. la pública.

Mutualities represent an alternative way of providing social insurance, a way in which the figure of the insured coincides with that of the partner or member of the mutuality. This means that mutualities 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 mutuality members, who are therefore engaged in a statutory -and not contractual- relationship.

Another characteristic that defines this kind of societies 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 mutualities, 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, mutualities are characterised by the following aspects:

- Democratic participation of all mutuality members in the different management boards and organs.
- Equal rights and duties among the members of the mutuality; all members must pay the same premium for the insurance coverage
- Allocation of the economic surplus to the following two fields: the creation of a fund that enables the mutuality to guarantee the fulfilment of its commitments and the equal distribution of profit among all mutuality members.
- Mutualities operate under the exclusive competence of Autonomous Regions.

D. INSERTION COMPANIES

Insertion companies are not relevant from a statistical point of view. Their importance derives from their objective to give back and provide the society with the resources that it obtains from it by working in favour of marginalised social groups. In Spain there are about **167 companies** of insertion in the labour market that employ a total of 4.500 people. Among them, around **2.400 are from insertion**. Every year, their economic activity reaches about 85 million euros and contributes with a gross added value estimated at 53 million euros.

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

80% belong to the service sector,
10% belong to the Industry,
7% to the Building sector,
and 3% belong to the agricultural sector.

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

These companies are part of the social economy, *"of **crucial importance** in this moment of enormous difficulties of access to employment and of increase of the risk of exclusion of the most vulnerable persons"*. Be it in their targeted version (as López Aranguren puts it): for those people that will have to develop their whole professional life within these companies because of their big difficulties of access to the labour market; of transition: which focus partly in trying to make **employable** in any entity the people that join their production process; or standardised: those that, born in principle to favour the access of the labour market 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 this companies as the means to fully integrate in the community where they already live.

E. FIHERMEN'S GUILDS

Fishermen's Guilds are non-profit sectorial public law corporations which represent the economic interests of fishing vessel owners and workers from the fish catching sector, which act as consultative and collaborative organisms for the competent administrative bodies in areas of sea fishing and regulating the fishing sector, the management of which is carried out in order to meet the needs and interests of its associate members, with a commitment to contributing to local development, social cohesion and sustainability.

Regulation

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

F. SHELTERED EMPLOYMENT CENTER

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**.

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

Sheltered Employment 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 organization is the same as in regular 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 **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 competes with all other regular companies in the labour market and has become a great source of employment for the disabled. In addition, they play a significant role in their social integration by introducing them 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 the 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, an economic report must first approve the feasibility of the project. In addition, the following requirements must be met:

- Hire workers with a degree of disability that is equal or greater than 33% that 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

Labour Enclaves; creating 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 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 relate with non-disabled workers. As they do so, they are being constantly monitored and supported by their Sheltered Employment. 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 programs, 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 supports are aimed at workers with intellectual disabilities, mental illness or other special difficulties in employment.

Regulation

NATIONAL LEVEL

- Law 8/2005 of 6th of June to make compatible invalidity pensions in their non-contributory modality with remunerated work.
- Law 13/1982, of 7th of April, on social integration of disabled people.
- Royal Decree 469/2006, of 21st of 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 of March, regulating the direct attribution of certain grants in the fields of employment and occupational vocational training.
- Royal Decree 290/2004, of 20th of February, regulating the labour enclaves as a measure to boost the employment of people with disabilities.
- Royal Decree 27/2000, of 14th of 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 of December, regulating the special employment centres for disabled people.

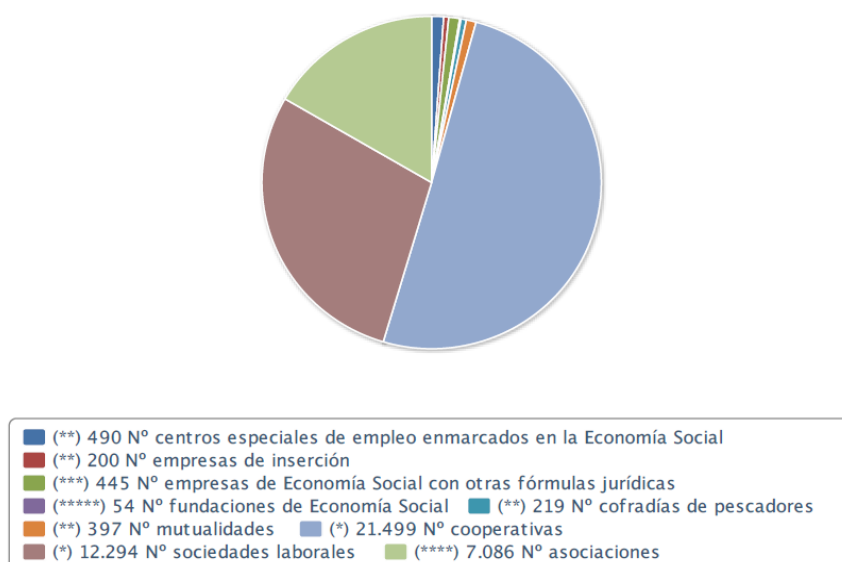
- Royal Decree 1368/1985, of 17th of July, regulating the employment relationship of special character of the disabled people working in the special employment centres.
- Ministerial Decree TAS/2787/2005 of 29th of August, authorising the utilisations of the donations received, on the basis of article 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 of 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 and figures

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

The entities and companies that integrate CEPES represent 12% of Spanish GDP, with a turnover of more than **145,290 million euros**.

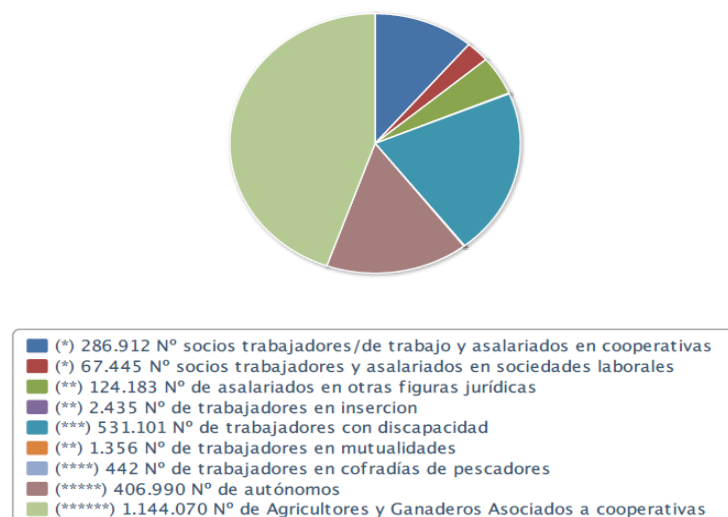
Number of Social Economy Entities (31/12/2012)
Source: CEPES



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



2. Social dialogue and consultation. Players of social economy and social enterprises, data regarding their location and role in social dialogue and industrial relationships

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 Societies, Mutual Benefit Societies, Insertion

Companies, Special Employment Centres, Fishermen Guilds and Disability Associations with more than 200 support structures at a regional level.

CEPES works as only 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.

OBJECTIVE

- 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 the national economic development by obtaining stability and pluralism in the markets.
- To transfer to the 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 in front of society, the administrations, and European and international institutions.
- To support and represent, in their common aspects, the interests of social economy before all parties and at the economic, social, cultural or political levels 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 lines.
- To implement and facilitate services of common or specific interests of 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 the cooperative work companies in Spain. Established in 1986 as Cooperative Association, it has a confederal and multisectoral character, and it is integrated by the Federations/Unions/Associations of Worker's Cooperatives of the different autonomous regions.

COCETA means the cooperatives as a way to undertake, creating businesses based on principles of democracy, self-management, solidarity and social responsibility. The cooperative work represents an ethical way of participation and economic and corporate governance, which contributes to the socioeconomic growth of the locality in which it is located, to the creation of stable employment, the fight against exclusion, social cohesion and integration equal the persons.

Main activities

The main activities of COCETA ascribed to the following areas or functions:

- Represent and defend the interests of Cooperatives Working through legislative initiatives and relationships with other institutions. **Institutional Lobby.**
- Development and Organizational 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 programs. **Undertake collectively.**
- Visibility and dissemination. COCETA performs various actions and projects to show society what are worker cooperatives, their role as business and how they act in their day to day. **Visibility of the work cooperative enterprise.**
- European projects. COCETA has done and continues to implement transnational projects with leading institutions of cooperation in the EU countries, to promote cooperative work as a model to engage and create jobs, stable, equitable and supportive. **Intercooperation.**

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

COCETA, is associated with:

- ICA-ICA.
- CICOPA, International Confederation of Cooperative Production, Artisanal and Service, which 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 he presides COCETA president.
- CIRIEC-Spain.
- FUNDIBES

It is also part of:

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

CONFESAL is the confederation representing labour companies nationwide. It is a business organization, non-profit, independent, pluralistic and participatory, which aims to represent and defend the interests of integrated territorial organizations within it, and companies associated with them. CONFESAL aims to achieve consolidation of a space for dialogue for the workers-owned companies in Spain, as a modern formula, flexible and competitive, able to give workers the ability to create and manage their own businesses through the legal forms of the corporation work and labour limited partnership.

The Business Confederation of Worker-owned Societies (CONFESAL) was established in Madrid on July 4, 1987. CONFESAL integrates associations, federations and groups of companies working in Spain. As any non-profit organisation, it finances its activities through the fees of its members and the grants that it receives from the various public bodies. It is the only organisation representing worker-owned societies at the national level, recognised in Europe, therefore in the international level. It collaborates with the Government in the field of the policies to promote employment and the training of both unemployed and active workers, as well as in the programmes to improve the competitiveness of the businesses. Its role as institutional contact point has proved to be efficient, keeping notably the collaboration agreements with the major trade unions and being present in the Government and State institutions.

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

Schematically, we can underline the following objectives:

- 1.- The representation and defence of the entrepreneurial, economic and social interests of the Anonymous Worker-owned Societies existing in Spain that are at the same time registered in their respective territorial associations and/or federations in the framework of their respective autonomous region.
- 2.- Representation to the public and private administrations on the economic, social and political matters that have an impact in the entrepreneurial activity of the Worker-owned Societies.
- 3.- To promote the relations and exchanges with other similar organisations, especially with those linked to the sector of Social Economy.
- 4.- To promote among the public opinion the image of the Worker-owned Societies as a new form and style of entrepreneurial organisation.
- 5.- To coordinate the associated Associations or Federations, as well as to organise and provide services through them.
- 6.- To promote the international presence of the model of the worker-owned society.

7.- To promote the international development cooperation to favour the utilisation of the worker-owned society as a model of participation of the workers in the company.

2.2 Specificities of trade union players

CCOO (Comisiones Obreras, Workers' Commissions)

CCOO is the first trade union in Spain both in terms of members and of delegates elected in the union elections. It is structured in Federations, in accordance with the activity or sector to which the company belongs, and Unions, in accordance with the territory in which the workplace is settled.

CCOO is a democratic and class organisation composed of workers that affiliate 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 the employees, of pensioners, of unemployed people, of emigrants, immigrants as well as young people. A trade union of men and women that has among its principles to boost and develop the equality of opportunities, as well as to fight against discrimination based on sex. This is why it aims at developing positive actions in the labour relations and working conditions, as well as the achievement of an equilibrated representation of men and women at all levels, removing all obstacles to achieve the proportionality to current affiliation in every direction organs of the trade union.

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. 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 affiliated people and the democratically elected direction and management bodies.

CCOO is a trade union that acts autonomously and independently from economic powers, Government and any other interest foreign to its goals, and also independent from political parties.

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

CCOO is a multi-ethnic and multicultural trade union that fights against racism and xenophobia, which promotes values of respect, tolerance and coexistence among the members of the different ethnics and peoples, which aims at gathering and defending the demands of the 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 sectors 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 to the unions the representation of the general interests of the workers. The legitimacy comes from the elections that the union organises regularly within the companies. This ensures its representativeness. It defends the interests of the workers in any of their conditions, be them 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 agreements. 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 makes necessary 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 the collective contracting

In Spain the Constitution (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 get to 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 regulation on prevention of risks, remunerations, holidays, permissions... All these elements take concrete form in the so-called Collective Contracting or Collective Bargaining, 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 the Worker-owned or Labour Societies, and in accordance to their legal regime, their workers-partners and the employed persons are also covered by the collective bargaining of the agreement applicable to them depending on the economic activity of the sector in which they work. That said, it is necessary to point out, however, that in their quality as Worker-owned Societies they do not take part in the collective bargaining as social partners, because, according to Spanish legislation, that requires a proportional qualification that the entity representing the worker-owned societies does not reach.

The reality of the work cooperatives in this respect is different, since, as a cooperative model of work, taking account of the cooperative 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 cooperative specificities: this negotiation fixes remunerations, permissions, promotions, etc., and the collective agreement works as a mere reference; however, for the workers hired by the cooperative, the collective agreements of the sector of activity to which belongs the work cooperative as company apply.

Against this background, the relation within the companies of social economy-worker-owned societies and the work cooperatives is different, as, while in the first ones, the presence of the trade union is perfectly viable, in the second ones the trade union takes part as long as they have salaried/employed workers; this way, trade unions accept that the unions' elections – to elect the people representing the working class – only take place in the work cooperatives with respect to those salaried/employed workers.

3.2 Worker-owned societies, work cooperatives and social dialogue

Social dialogue has proved to be a way to react in front of 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, the companies of entrepreneurial initiative or the innovative projects in which the employees have a direct participation.

Currently in Spain, the company owned by the workers is basically regulated through the Law of Worker-owned Societies, as well as through the diverse Laws on Cooperatives.

More precisely, the Worker-owned Societies, 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 to be over time a successful entrepreneurial model both at social and economic levels and a fundamental tool for the creation of employment.

The Worker-owned Society is a company whose shares are mainly owned by its workers, which, unlike in the cooperative societies, are based on the capital distributed in actions or social participations; and, therefore, as the majority of the capital belongs to those who work in the company, the Worker-owned Society is seen as the optimal expression of the invested/shared company, as it puts into practice to the fullest extent the merits of participation.

As part of the "Social Economy" the Worker-owned Societies share with their homologues characteristics such as the search for equilibrium between the persons and the capital, the promotion of internal solidarity and with the society as a whole, the distribution of company's results among workers-partners, as well as a 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 or participation.

However, Worker-owned Societies, companies of people for the people, compete in the market among equals with conventional companies, and, even though they pursue the maximisation of profits, they use the capital as a means and not as an end in itself.

On the other hand, the work 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 cooperativist experiences a plethora of examples that can bring us to take into account this reality to intervene on it: to save jobs in the 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 get, through **dialogue**, to interesting agreements that allow 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 self-management model of the companies, the promotion of policies that anticipate upcoming economic crises, the development of specific methodologies of trade union participation, vocational training, the collaboration in the processes of restructuring, refloating companies or transforming family companies into companies of the social economy, health at work, ...

Moreover, it would be very useful and necessary to collaborate in the possible proposals of 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 Society, a working life project

The Worker-owned or Labour Society is a working life project open to society so that people who wish so and accept its principles can self-realise by working in cooperation. Its main objective is to establish as a means to allow the biggest possible number of people to develop a different working life project, non-speculative, in a regime of cooperation.

In this context, being the Worker-owned Society a non-speculative project, an aspect of vital importance is the agreements that, beyond what the Law of Worker-owned Societies itself establishes, can be agreed and regulated by the partner persons in order to guarantee the sustainability and the good functioning of the Worker-owned Society.

- Representatives of the workers in the Worker-owned Societies

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

In these companies the classical confrontation between ownership and work does not exist; therefore, in the Worker-owned Societies the paradigm of departure of trade union rights, the defence of workers (weaker party) in front of the owners-employers (stronger party), needs to be adapted to this scenario, moving to different spheres of collaboration and consensus.

And this is because, despite what the current Law on Worker-owned Societies states, the partner worker person is neither a "standard" worker nor a "standard" entrepreneur. The current law creates two parallel status, worker on one side, partner on the other, and, sometimes, what affects negatively the worker benefits the company, and vice versa.

This is why, in the Worker-owned Societies, it is of vital importance to search for points of convergence, distinct 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 the work cooperatives, which place **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 already said, 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 reconvert themselves into a cooperative and therefore become the owners of the company and keep the jobs, instead of being condemned to join the lists of the unemployed.

3.3 The social dialogue in the field of social economy: some examples at the local level

In this section we refer to some of the most outstanding examples of the existence of the Social Dialogue in the sphere of the social economy.

At the national level, the Business Confederation of Worker-owned Societies 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 to back thereby 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 and agreement place between the Government, the trade unions and the entrepreneurial organisations. This agreement aims mainly at being developed at the regional level, through the signing of successive agreements between the trade unions and the territorial organisations of CONFESAL.

The collaboration agreement between CONFESAL and the trade unions, all over the years after it began, has been incorporating clauses that have been improving its contents and developing new lines of action. This way, it intends to develop initiatives that favour the participation of the workers in the company and the socio-economic development. It also aims at collaborating in the processes of business and generational restructuring, proposing as an alternative the creation of worker-owned societies.

Through this agreement these three organisations also intend to promote the training in the knowledge about the world of the social economy enterprises, by offering a viable alternative and 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 societies. 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 societies.

The collaboration between the three organisations aims at benefiting, in addition, the owned company and at the same elevating the level of qualification of the workers and the management of the companies of the social economy, revealing not only a clear interest to improve their level of competitiveness, but also putting in evidence the interest to promote every human aspects of the training of the personnel of a self-managed entrepreneurial model that acquires its deepest participative meaning, consciously and voluntarily assumed by the people that have committed their personal and work prospects to an entrepreneurial project of such unique characteristics, such as the worker-owned society, differentiating from the traditional company model (ANNEX).

Other example of the social dialogue in the social economy are the **Andalous Pacts of social economy** (Pactos Andaluces por la Economía Social – PAES) which are three.

In the first one, it was defined the goals, objectives and way of achieving them through social dialogue with the rest of the social partners. In the second, it materialized and structured in topic of concertation and conciliation.

The content and the results obtained should be divided with the first two editions of the PAES III which still be in vigor. The next versions had various agreements with local called Provincial / Municipal Social Pacts for Social Economy.

The PAES, while maintaining common features, have other particularities, product of the economic and social period in that time.

The first PAES did not have any precedent in the sector of social dialogue precedent at the national, European or global level. Effectively, it was the first time that a social economy organization concertases on economic and social matters the administration and the main workers trade unions.

The unprecedented, by the lack of previous model and important content such as the I PAES obtained, was in that time, one of the subject of analysis and discussion not only by scholars and analysts of social economy but also by a conglomerate of organizations and institutions. The European Union itself came to identify it as an example to follow for enhancing Social Economy in Europe.

Different regions and countries have adopted similar models.

A clear sign of expectation and interest created by the first PAES was materialized in the celebration of the International Conference on Social Dialogue, organized by CEPES Andalucía in Seville, which was held over four days in 2004. It had as a central line the analysis and discussion of the first PAES. More than 500 people from more than twenty countries on several continents, participated to the activities of the Congress and its findings had broad impact not only for the sector but also in broader academic circles and in different institutions and administrations.

The I PAES, meant to establish the strategies in order to support the economic development of the business model advocated by the Andalusian Social Economy, favoring the participation of a broad-based economic policy. The results achieved were in line with the required level fixed by the 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 become one of the main representative of social partners.

The II PAES was signed based on the requirements achieved by the success of the first edition. The need and obligation to provide continuity with the signing and execution of the second edition was a qualitative step concerning its institutional and material aspects, aspects that were intimately linked and were based on the full recognition of the diversity and richness that characterize the sector. This allowed to create new lines of work to promote and strengthen the business base, involving the regional government in the implementation of cross-cutting policies across multiple Departments. Thus, these policies and worklines concerned the educational, social, economic, cultural and environmental sectors.

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

The PAES II was based on evidences observed in the Andalusian Social Economy, revealing its identity and scope. It revealed its direct relationship with the

welfare sector and the private management applied to public services. The participation of workers in their companies, the ability to generate stable and quality employment, its territorial implantation in all productive sectors and the implementation of the principles such as solidarity, cooperation, participation and corporate responsibility were some of the aspects observed.

In addition, a depth analysis of the PAES II also revealed the problems faced in those years by the Andalusian Social Economy. More business cooperation was needed in order to be less fragmented in certain productive sectors, and to face new social challenges, fully adapted to new technologies, etc. This was proposed through the adoption of five major objectives, measures and actions that proposed solution to these challenges.

Among others, measures to encourage the development of social economy enterprises were taken such as; promote cooperation and partnership of the same formula for better sizing in order to gain competitiveness; promote the creation, the transfer and the use of innovation and of ICT (information communication and technology); increase the presence of companies and organizations in the Social Economy sector in providing services of general interest. These four year period had as results, among other achievements, the maintenance or creation of about 1,500 of social and responsible companies in Andalusia.

The PAES III is the result of economic and social circumstances, which allowed to formalise and develop a new phase for the Social Economy in Andalusia. At this stage, the main objective is to answer to the main needs of the society and the creation of employment. In that context, more than one hundred objectives and specific actions regrouped into six strategic areas were built and have supported the development of the Andalusian social economy through the promotion of its values such as; economic activity and business development; quality job creation; local and rural development; the structuring and organization of the sector. Furthermore, the development, monitoring and continuous evaluation of the results of the Pact were part of the process.

The PAES III, with an adequate and full developement, and the responsibility of all parties was and still can be an important instrument to superate the current economic and social situation.

CEPES Andalucía (composed of organizations representing labor organizations such as FEANSAL, cooperatives as EMCOFEANTRAN, FAECA, FAECTA , FEDECCON, self-employed as AGT, CADAES, CEMPE ANDALUCIA, ANDALUCIA COAG and UPA- ANDALUCIA, and other associations as ACES, APROA, EIDA, FEAPS, FEMPES FEDERATION OF MUTUAL FOUNDATIONS OF SOCIAL WELFARE and PM40) in addition to the Andalusia Region and the main trade unions UGT-A and CCOO-A have managed to create an instrument that has allowed the advancement of social economy in Andalusia. But nothing would be 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.

In **Murcia, a Regional Pact for Social Economy** for the period 2013-2015 was also signed between the Regional Government, the Union of wokers Cooperatives

in the Region of Murcia (UCOMUR), the Association of business of social economy of Murcia Region that integrates employee-owned companies in the region (AMUSAL), the Federation of Agricultural Cooperatives of Murcia (FECOAM), the Union of Education Cooperative in the Region of Murcia (UCOERM) and the Federation of Agriculture Cooperative Societies of Murcia (FECAMUR). The act aims to strengthen the lines of the social economy, both enterprises and organizations with the goal of promoting the creation of these enterprises, to develop the competitiveness, to promote employment and training, such as the working conditions and the relationship in social enterprises. This Pact has the specificity to be bilateral between the Regional Government and the representatives of organizations of the social economy.

4. The working conditions of social enterprises and social economy enterprises

4.1 The cooverage of collective bargaining

As it has been indicated, the coverage of collective bargaining includes both in the workers' cooperatives as in the worker-owned companies and covers the aspects of remuneration, promotion and sales, the policy regarding breaks and permits, working hours, risk prevention and training policy.

4.2 Terms of use (flexibility / security / Agencies / definite or part time / / indeterminate contract)

Among the characteristics of the people who work in cooperatives and labor companies, we quote:

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

4.3 Remuneration system of the social economy enterprises

The content of this section is mainly referring to Labor Unions. In the Social Economy and Cooperative movement, it has been defined five categories defining the system of remuneration:

- Strategic Direction,
- External competitiveness (wages and salaries can not be very lower than the commercial and private enterprises)
- Internal equity,
- Financial balance (payroll can not risk the development of the company)
- Participation and transparency (people must take decisions on wages and access to relevant information).

In principle, cooperatives have an advantage regarding the satisfaction of the people that composed the cooperative. We talked about factors such as shared ownership of the company, participation in the decision-making process, autonomy in developing their work... All these aspects create the conditions that reduce the importance of wages (always with a minimum acceptable level and that serve to cover their needs and living). The ideal starting point depends on different variables such as the size of the cooperative, the sector, the production structure and the complexity of the tasks for example.

The worker's members of the labor unions do not receive wages or salary but are entitled to receive advance based on the regular results. They are called labor or corporate advances. The amount, calculated annually, will be equivalent at least to the minimum wage, except for part-time associates, for whom the amount will reduce in proportion of the reduction of their work.

In conclusion:

1. Regarding the size matters; in cooperatives with less number of partners, it is easier to apply equal pay policies. Instead, as the cooperative grows, it increases the management complexity, which usually equivoques to a wider salary range.
2. The fact that pay scales of cooperatives are less than those of 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 an internal cohesion.
4. Foreseeing pay scales which reach 1 to 5 and in different categories, in practice, these bands are much more egalitarian. The wage pyramid almost always ends overwrite. People who have the higher salaries, earn less than if they worked in commercial enterprises, and those who charge less have better wage conditions.

On the other hand, trainings in social economy enterprises - cooperatives and labor companies - is very important because it compliaces with the fifth cooperative principles "Cooperatives provide education and training to their members, elected representatives, managers and employees so 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 the 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 could lead the company.

Every year, people participating to training promoted by organizations representing these companies -and CONFESAL COCETA- represent over 7000 people, with a budget dedicated to trainings of more than 5,000,000 euros.

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

5.1 Governance of the enterprises and participation of workers in the cooperatives.

Governance in the cooperative societies, when the members are also and only workers, is organized by the members themselves. The workers are regulating themselves, defining the Statutes of the cooperative the working conditions and give the general lines. They defined the wages, hours, leave, holidays, promotions, disciplinary system, etc... If necessary, the Board is in charge to execute and implement the guidelines respecting the conditions fixed by the workers.

In cooperatives, with the participation of the employees, the trade union representative of these workers is regulated through a formal process. This process respected the conventional electoral procedure and the trade union' principles and it is identical to the rest of the other forms of enterprises. In those cooperatives, when the number of workers is relevant, a Social Committee is set up and is formed by the workers and the cooperative in order to allow its participation in the Board. In that context, the social dialogue in cooperative of workers is complete.

5.2 Governance of enterprises and participation of the workers in worker- owned companies

One of the virtue of worker-owned companies is that the members are the workers themselves who composed the board. It gives to this model differentiating features that convert it as keys of success such as:

- Reinforce the commitment of workers in the business project.
- Build relationships of trust between the board and the management
- Allow the director(s) to acquire a greater business knowdelge in order to act, as better informed.
- Evalutate the possibilities of action in order to give more importance to the collective interests compared to the individual interests.

-Classify the functions of the director(s) and their / her /his role and tasks.

In the companies where the board works properly, the agreements adopted within this organisation may contribute to strengthen the company and to be more profitable and sustainable but also as competent organization as a worker-owned company.

It is common in this type of business that the board gives powers granted to several people or one person in order to develop the activities and take the responsibilities. It is also essential to ensure mutual trust and a relationship of ongoing collaboration between these two figures. Because sometimes, interferences occur between the two figures, we recommend the development of an Internal Operation Regulations that, among other things, clarifies and regulates the roles and responsibilities of each of them.

6. A case of best practice: the enterprise ITMA SAL

The group ITMA offers divers 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

From ITMA GROUP, we pursue the social and professional integration of disabled people proposing services to facilitate and improve the quality of life of our customers.

VISION

The ITMA GROUP combines the positive economic results giving a very important role to the human aspect by encouraging, training and involving the workers. We are applying a good management, showing a great transparency, planning to our current and future employees, we hire only people who share our values and commitments in order to meet with the expectations of our customers.

VALUES

- Ensure fairness, justice and equality in all matters relating to employment.
- Professionalization of workers through training, retraining and internal evolution.
- Identify and meet the needs of our direct clients
- Accessibility and hability to listen and welcome everyone in the organization.
- Collaboration and taking responsibility in the organisoation.
- Foster teamwork.

- Assist and support people the concretisation process of the plans, objectives and personal objectives.
- Encourage the activities that contribute to improve the environment and the society.
- Give recognition and opportunities proving 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-nineties, the ITMA GROUP were fully convinced of the need to launch an ambitious internal process with the aim of achieving the highest possible level of customer satisfaction related to the paid services. Since then, it has been evaluated and confirmed that the decision taken in that time has permitted to the organisation an important development and an exponential growth. It has allowed to incorporate a business culture that encourage the organization to raise supplementary objectives, which were more ambitious.

That initiative made them at the end of that decade, one of the first companies of the sector in Asturias certified according to quality standards (ISO 9000), the subsequent management and environmental protection (ISO 14000) and occupational health and safety (OHSAS 18001). It permitted them to receive very positive and beneficial feedback regarding all different aspects from their customers.

People confirm that today the image of GROUP ITMA (recently updated) and its current workforce, counting around 1000 people, is secured within the industry with a level of prestige and rigor increasingly recognized.

The GROUP ITMA are one organization made up of companies ITMA, SAL and ITMA, SL, which are characterized by several peculiarities:

ITMA, S.A.L. is 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 have a handicap of different degrees and stages. In addition, ITMA, S.A.L. is appointed as a Special Employment Centre as it involved the integration of disabled employment as a top priority.

ITMA GROUP (SAL more ITMA ITMA SL) has 28 partners and 12 associates which are kept informed of the progresses and the results through a general assembly held annually.

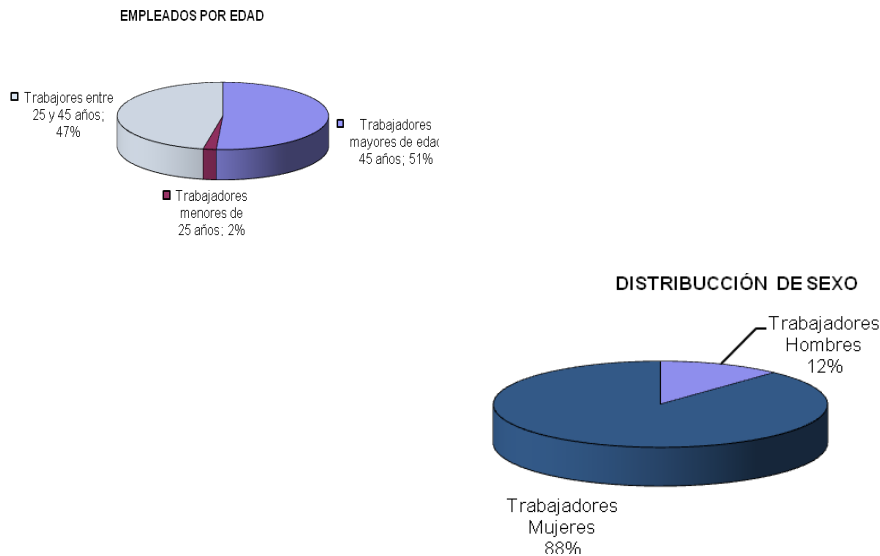
Regarding the employees, ITMA SAL counts:

- 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 1203 people (specialists, specialist's pawns, team leaders, laborers, 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.

COMPOSITION OF THE WORKFORCE GROUP



- **Customer base:**

Currently the market of ITMA GROUP focuses on Asturias, Cantabria, Castilla Leon, the Basque Country and Galicia, Castilla La Mancha and Madrid. The types of customers are private and public. The private clients referred from large firms to communities and individuals.

Strategic Objectives:

- Diversification of services
- Increase turnover
- propose greater coverage and customer service
- Improve training in the organization.
- Promote the cooperate culture among workers
- Reduce costs and increase benefits
- Improve communication channels

- **Permanent learning and benchmarking to direct the strategic development**

The ITMA GROUP combines the positive economic results giving a very important role to the human aspect by encouraging, training and involving the workers. They are applying a clear management methodology, showing a great transparency, planning to their current and future employees, they hire only

people who share their values and commitments in order to meet with the expectations of their customers.

In addition, the Group ITMA lay the foundations to increase profitability. In order to archive this goal, they lead a policy of cost containment, also a training continuous strategy in order to professionalize the workers, they review production times and they adopt a policy of spending review. Finally, they improve the training plan at all levels of the organization.

ITMA Group follows a guideline in order to increase social benefits for workers and for the working partners. The Board, annually, is responsible to update the social benefits collected in the occasion of the annual review of the strategic plan.

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

For workers' members:

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

For workers:

- ✓ accumulating for a nursing
- ✓ easy to apply and get unpaid leave
- ✓ ease adaptation of the hours
- ✓ workplace adapted to allergies
- ✓ create the prize of the worker of the year
- ✓ 10 Gifts vouchers of 600 euros
- ✓ microcredit
- ✓ Friday proposed with intensive hours for owners, leaders, and technical
- ✓ New Eve and Christmas evenings.

And for administrative employees, managers, departments of shutters, cars, sales and distributions, in addition, the employees could benefit from a specific summer timetable in August.

ITMA Group considers important the staff involvement in the development of the company as a strategic objective to encourage the teamwork.

Following that objective, they have established various initiatives that encourage and support staff involvement individually and in groups such as:

1. Groups of improvement
2. Process improvement meetings

Annually, the director of resources meets with the leaders of the organization to expose the need and the importance of employee's participation in the working groups and process improvement.

The reviewing meetings, which take place every 3 months and are promoted 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, it is noted that since 2005 one of the major concerns of the organization focused on 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 its incorporation to the Global Pact, they have published annually a progress report indicating the alignment of the strategy, objectives, actions and the progresses with the "Ten Principles of the Global Act." In 2013, they reached the advanced level of the Global Act.

Note that the ITMA Group has defined in 2004 a proper management of security information. The main issues addressed in the Security Policy are: ENSURE CONFIDENTIALITY, INTEGRATION AND AVAILABILITY OF INFORMATION SYSTEM.

• **Featured reconciliation measures**

Given the sector, the 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 increase staff motivation.

• **Good practices**

Medidas de flexibilidad laboral	Distribución de servicios	En base a criterios de proximidad geográfica y desplazamientos
	Horario intensivo	Todos los viernes y durante el periodo estival en aquellos puestos de trabajo en los que es posible
Servicios a las personas	Beneficios sociales	

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 organization (*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 organization 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, one 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, rather many are run in this legal form.

Limited companies (*aktiebolag*)

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.

If you are a European Economic Area (EEA) country national, starting a limited company is fairly straightforward. The company has to register with the Swedish Companies Registration Office (Bolagsverket) before starting operating the business.

You can start a limited company on your own and be the sole owner and you need a minimum starting capital of 50,000 Swedish kronor (5680 €).

Compared to being a sole trader the administration is more demanding in a share holding 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 a way that each shareholder has equal opportunities to influence, it ought to be regulated in the articles of association or in the partner 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' direction. It is unusual for social enterprises to use this form and is not even suitable. This legal form is very rigid and there are no members in the foundation. The democratic process and the way of ruling this kind of enterprise is 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 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 the "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 (13.6 MEURO).

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 9500 people of whom 3000 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 repairing 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 fulfill 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 if you 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 who can get such subsidies. The payment is a compensation for the adaptations that are made in the work and in the work place. 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 utilised.

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 coming to tax rules, payment of employers fee and other rules concerning business laws. Some enterprises organised as non-profit organisations can get rid of taxation of the 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 parties 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 the idea- based organizations within 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 member's 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 as well as by regional councils and sometimes by cooperative members. The services are free of charge for the clients. The Coompanion offices are also selling consultancy services and are running projects mainly financed by the European Social Fund

and local and regional governments for supporting 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 service, geriatric care and housing service, day-care centre, pre-school and school as well as non profit-making organisations.

KFO 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 idea-based character. KFO negotiates tailor made collective agreements about wages and employment conditions with trade unions on behalf of their 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 service 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. KFO was two years ago the owner of 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 for strengthen their competitiveness in entrepreneurship and other issues. The 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 supporting structures for social economy enterprises. It was a successful project and strengthen also the relation 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, there are some distinctive features for Sweden. 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 met in 1938. In the 1970s it was a big political debate and the trade movement was very active and strong. It ended up in a lot of legislation concerning the labour market and working conditions. The majority of the laws that today regulate the labour market were enacted at that time and these labour laws changed somewhat the practice of the social partners on the labor market 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 minimum wage. Another important political change and influence on Swedish labour law is the EU-membership since 1995.

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 organized 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 through the law.
- Unions with a collective agreement at workplace level are privileged.
- The collective agreement cannot be stretched to apply to all, it is only binding to the agreeing parties and their members although they do have "normative effect" to all employees on a workplace.
- The right to industrial conflict is very wide and strongly centralised. The individual cannot decide by itself to go on strike. That decision lays on the organisations.
- The regulations are just about the same for both the public and the private sector.
- There are only a few specific regulations for smaller companies and none for social enterprises. or social economy.
- Enterprises in the social economy (definition social economy at page 2) are obliged to follow the same rules and legislations as all other companies.

3.2. The trade unions and social enterprises/social economy

Traditionally the trade unions have since long time a strong position on the Swedish labour market as described before. For example, they have the right to negotiate with the employers associations and with the employer, not the employee as an individual. They have also been successful in their struggle for better working conditions. Just to mention, the right for parental leave, up to 18 months you (the mother or the father) have the right to leave your work for taking care of your child. 12 months with 80% of the salary (paid by the National Insurance Fund) and 6 months with lower compensation.

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 fees to the unemployment funds connected to new state regulations. It means, among other things, that the rate proportion of people who have allowance benefits from the unemployment insurance fund is decreasing. The unemployment funds are connected to the trade unions even if it nowadays is possible to be a member of an unemployment fund without being member of a trade union.

The relation between the unions and social economy and social enterprises are not without problems. In 1914 the Federation of cooperative societies precluded the workers cooperatives because they were defined as not 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 had a critical approach against 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 experience that they have no personal use for a membership in the trade union after being their own employer.

One unsolved problem is concerning the unemployment fund the fact that a employee in a cooperative who becomes unemployed is not entitled to have benefits from the fund if he or she is also a member of the board of the cooperative. They are counted as an employers 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 concerns primarily 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 postwar highly centralised wage negotiations in Sweden have been replaced by growing decentralised elements. Nowadays most agreements says that level of wages are individual, that means that the local employer can distribute a salary space, for example 2.5%, not equally among the employees but instead due to individual performance, it can mean that one person gets 0% and another gets 4,2% in wage-rise. But the agreements often sets a fall-back or a guaranteed wage increase. Some agreements do not set a salary space at all.

National and union agreements usually meet with a contract term of one to three years. The agreements may contain agreements on the ability of a party to terminate the contract prematurely, in presence of the particular conditions.

The system of collective bargaining covers more than 80% of the employees in the private sector, 88% of the 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. Small and newly started enterprises are to less extension members of Employers Organisations and do not use collective bargaining. One of many reasons for that is the high cost for pension - fees that follows from the membership. A collective agreement oblige the employer to pay between 6 -15% of the labour cost to a pension fund beyond the compulsory employment taxes. It can be very expensive for a small, newly started company, of course also for the cooperatives ones of that kind.

3.4 Collective bargaining in social economy sector and work conditions in social economy and social enterprises

More than 100 000 employees in the social economy enterprises are covered by collective agreement through their employer's membership in 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 for 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, not members in KFO can be member of another employers association or do not use collective bargaining. It is very difficult to find figures about the coverage of collective agreement in the sector, due to defining problems and lack of available statistics, but probably they have the same degree coverage as private companies. The wages and other working conditions are not far from the conditions in the private sector,. The conditions differs between newly started businesses and old ones, there are mainly better conditions in the enterprises has been active for some years.

As in the ordinary labour market most people have full time employment in social economy. There are less full time workers in caring industries and in newly started companies.

40 hours per week is still the normal full time working-time but in some collective agreements the full time definition is 36-38 hours per week.

Most of the employees have permanent contracts but a growing number of people are employed on temporary contract. Still (2011) 84% of the employees on 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 max 2 years, after that the employer has to give a permanent contract or end the employment. Temporary substitute employment is also allowed for up to 2 years. The total period for fixed-term employment can therefore be longer than 2 years. In addition seasonal employment is allowed. Some collective bargaining permits working on temporary conditions for more than the time limits set in law.

3.5 Collective bargaining specially for social enterprises (WISE)

In 1998 KFO decided to compile a new collective contract specially designed for work integrated 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 the challenge and started to negotiate with the big trade union Kommunal (organising mostly blue collar worker in the local governments). It was a real challenge because some of the conditions really were such things that trade unions normally do not like. Finally they agreed upon an agreement which since then has a growing number of users. Some features of the contract:

- open for enterprises who employ people coming from long term unemployment or people who have had supplementary benefit
- duration of the employment varies if the wage subsidy is granted from Arbetsförmedlingen or other subsidies
- covers all kind of industries
- rules about mini-wages
- pension-fees 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 working disabilities of their employees. If they are refused wage subsidies it is not possible for them to conduct their business and

continue the employment contract, except in some cases. And for the employees an employment is better than being outside society, isolated and living on benefits. In the social enterprise the persons are needed, belong to a community and get a salary and, in the future, a pension a bit 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.⁶⁵

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

⁶⁵ <http://www.socialenterprise.org.uk/social-economy-alliance>

community, rather than being driven by the need to maximize profit for share holders and owners”.

Therefore, as outlined by the Social Enterprise Coalition,⁶⁶ “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 2003.⁶⁷

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

⁶⁶ Social Enterprise Coalition, There is more to business than you think: a guide to social enterprise, 2003

⁶⁷ Companies (Audit, Investigation and Community Enterprise) Act 2004 Part 2 and Schedules 3 to 8

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:

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
<p>- All cooperatives 2010: 236,000 jobs 5,450 enterprises 12,800,000 members</p> <p>Of which:</p> <p>- Consumer Cooperatives 2010: 109,614 jobs 9,555,000 members 24 enterprises (1)</p> <p>- Cooperative Banks and Insurance 2009: 11,447 jobs 1,922,689 members (2)</p> <p>- Agricultural Cooperatives 2010: 7,950 jobs 446 enterprises</p> <p>- Credit Unions 2005: ca, 900 jobs 564 enterprises</p> <p>- Worker Cooperatives 2010: 1,940 jobs 541 enterprises</p> <p>- Other (010: 104,149 jobs 3,875 enterprises</p>	<p>- Mutual saving and loans 2010: 50,000 jobs 48 enterprises</p> <p>- Mutual Insurance 2010: ca, 57 enterprises</p>	<p>- Broad Voluntary Sector (BVS) 2007: 1,347,000 jobs 870,000 entities</p> <p>Of which:</p> <p>- Narrow Voluntary Sector (NVS) 2010: 765,000 jobs 10,600,000 volunteers 171,000 entities) (3)</p> <p>- Social and health entities 2010: 437,000 jobs</p>
<p>236,000 jobs 5,450 enterprises 12,800,000 members</p>	<p>50,000 jobs 105 enterprises</p>	<p>1,347,000 jobs 870,000 entities 10,600,000 volunteer</p>

(*) 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 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.

2.3 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.

2.4 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.

2.5 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.

2.6 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'.

2.7 Co-operatives 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.⁶⁸

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-

⁶⁸ <http://www.co-op.ac.uk/2013/12/national-agreement-tuc-co-op-schools>

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.

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*.⁶⁹

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

⁶⁹ http://www.uk.coop/sites/storage/public/downloads/tuc_co-operatives_uk_guidance_0.pdf

2. governance and democracy in the mutual
3. commissioning of services
4. safeguarding of public assets
5. employment standards

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.

3.1 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.

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.

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:

- It finds that the proposals to allow authorities to set up an in-house company (a 'Teckal' company) as a 'shadow mutual', to take over the running of a service for a incubation period of three years before proceeding to the procurement process offers insufficient guarantees to workers if the spin-out should eventually fail, especially given the climate of continued budgetary cutbacks.
- A major concern of UNISON is how the revised European public procurement directive will be transposed into UK law. At present it appears that the proposed legislation will permit employers to renegotiate terms and conditions one year after the transfer to the private sector of a unit providing a public service. This would apparently vitiate the protection provided under the TUPE (Transfer of Undertakings (Protection of Employment)) regulations.
- It also finds that the evidence of the social value created by such spin-outs is unconvincing.

Source: Allison Roche, Policy Officer, UNISON

3.2 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 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.

3.3 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.

3.4 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.⁷⁰

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:

⁷⁰ http://www.unity.co.uk/upload/pdf/Our%20Social%20Lending%20Impact_WEB.pdf

- the spin-off of public services to so-called 'employee mutuals'

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 predates 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):⁷¹

- 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 2013*⁷²

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.⁷³ 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.

⁷¹ 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

⁷² <http://www.sdcoopcomm.eu/component/jdownloads/viewdownload/1-country-reports/15-united-kingdom.html?Itemid=104>

⁷³ <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

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 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.⁷⁴ 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.

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.

⁷⁴ Co-operative Group plus the Anglia, East of England, Radstock, Lincolnshire, Midcounties, Penrith, Midlands, Allendale, Chelmsford Star and Heart of England Co-operatives.

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.⁷⁵ 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.

⁷⁵ 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

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 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 enroll 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 utilized 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.



From left to right: Frank Kane, Joe Marino (General Secretary), Ian Wood (Organising District Secretary), Graham Findley, Matt Pinnell, Julie Knott, Jon Knight, Andy Collis, and Ronnie Draper (National President)

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 given 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 1 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

SECTION 2

**Focus on social dialogue and
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 2020⁷⁶. 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.

For a long time worker cooperative organisations have been engaged with trade unions in pursuing mutual objectives related to employment, innovation, education, social inclusion, equality and environmental sustainability. 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 in 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 grounds 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 successfully between the two movements and to identify the necessary conditions for this to occur.

This section is based on original research, targeting four EU countries⁷⁷ where both movements are well rooted and active. It consisted in 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

⁷⁶ "Europe 2020" and related policy documents

⁷⁷ 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 relevant 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, such as unequal rights and treatment between members and non-member workers, situations of self-exploitation, lack of effective involvement, awareness and freedom in decision-making.

In considering these criticisms, the report section identifies ways that allow both movements to work together towards a performing market economy that also implies and promotes social development. It is described how it is possible to find integrated solutions 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 organisations⁷⁸. 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 countries⁷⁹, trade unions and cooperative organisations traditionally are used to collaborate closely with major political parties⁸⁰ for the protection of labour rights and the promotion of 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

⁷⁸ CGScop in France, Legacoop, Confcooperative and AGCI in Italy, Coceta in Spain, Cooperatives UK in the United Kingdom.

⁷⁹ Such as Italy

⁸⁰ 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.

democracy, for freedom and individual dignity, for social inclusion and cohesion, 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”⁸¹, and, especially within *worker* cooperatives, the main reason for the mutual exchange that such companies are based on.

Worker cooperatives, in particular, claim a primary “attention to people”, in their role as workers, (also but not necessarily) cooperative members, as well as individuals and citizens, being 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. Peculiar attention is also paid to doing business in a coherent way that advances both social and collective goals⁸².

It is this set of values which characterise 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 shared ideal heritage 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 rate of company level collective bargaining coverage and the percentage of open-ended employment contracts are usually very high, while there is a low degree of conflict⁸³. 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 single associated companies. Major cooperative organisations may offer counselling and supervision, for example, on balance sheets, on

⁸¹ Paolo Cattabiani, former President of Legacoop Emilia Romagna

⁸² 2005 World declaration on worker cooperatives, in particular art. 1.2; European Commission’s and Parliament’s acts on Social Business Initiative

⁸³ 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.

compliance with the cooperative laws and statutes, on fiscal and employment regulations, as well 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-being⁸⁴. 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 to 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 systems⁸⁵. Moreover, this experience concerns key sectors where cooperative companies stand out as valuable economic entities⁸⁶.

This is relevant, from a methodological point of view.

Collective bargaining for cooperatives is also marked by the quality of its

⁸⁴ 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.

⁸⁵ 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.

⁸⁶ 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.

contents. In recent years, economic provisions and remunerations have, on 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 favourable⁸⁷. 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 provisions⁸⁸, especially when formalised via collective bargaining - although with different effectiveness due to national specificities-, tend to substantiate the democratic organisation and decision-making process - leading to the further completion of the governance structure⁸⁹. 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 enterprises⁹⁰.

This approach is not limited to the Italian experience, although it appears to be the most structured⁹¹. 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.

⁸⁷ 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.

⁸⁸ 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.

⁸⁹ 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.

⁹⁰ *Introduction* to the 2009-2013 National collective agreement for cooperatives in the metal industry.

⁹¹ 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 studied⁹², the primary cooperative movement benefited from the closeness to labour movements and the main political parties (mostly left-wing), as well as 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 objective⁹³.

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 been affected by the credit crunch and the reduction in demand, especially business from public administrations, cooperatives more than other companies proved to be capable of launching an anti-cycle dynamic, in the face of economic and financial instability, and generally showed the ability to maintain pre-crisis employment levels⁹⁴.

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.

3.1 The fragmentation of representation and the establishment of dignified labour standards

⁹² Especially in Italy
⁹³ Thornley, 1981, p. 167
⁹⁴ Roelants 2012

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 substance⁹⁵. In other countries, the social partners themselves have allowed more flexibility at different levels, through reforms agreed by negotiation⁹⁶.

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 traditions⁹⁷. 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%⁹⁸. Such practices deprive national collective agreements of their function of establishing a level playing field for companies and employees⁹⁹.

In addition to the increased incidence of these "pirate" collective agreements,

⁹⁵ e.g.: Portugal, Greece, Hungary, and in some respects Spain

⁹⁶ 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)

⁹⁷ 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).

⁹⁸ 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.

⁹⁹ 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 provided for by the collective agreement signed by the major cooperative and trade union organisations.

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 model¹⁰⁰. 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 not¹⁰¹.

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 business¹⁰². 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 procedures¹⁰³. 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 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,

¹⁰⁰ 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.

¹⁰¹ In the UK minimum labour standards applicable to workers in a given sector are set by law.

¹⁰² 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.

¹⁰³ Article 6, Law 142 of 2001

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 *portering*), 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 foreseen 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. Pro-active 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 lays at the foundation for the original experience in Italy also report in the Italy 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 association for cooperatives in the UK, have 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 (SCOP) 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, the company level and/or a territorial level collective agreement 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.

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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 overall 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 actively present. 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 activities 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 and, also with the collaboration of trade unions and public authorities. Such innovative solutions, jointly conceived and implemented, can bring to relevant 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 share since a long time: the often called objective of "paying attention to people"; the trust in an intensive participatory approach; the respect of legislative; 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, aspiration of flexibility and inclusions are some of the

results that can often be encountered when analysing reality of social economy economic actors. Such values deserve to be put into light and promoted. Under this point of view, it is important to recognise such values, acknowledge their concrete implementation, and better understand the paths social economy organisation intend to follow to integrate their basic value in a capillary way and in the everyday activity of the economic actors they affiliate. 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 in Italy and Belgium, this circumstance allows national level organisations, such as the 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 to recognise the relevant parties called at playing 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.
- From evidence emerged by the analysis of the case studies during the project activity, decent working conditions emerge as 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. 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 company analysed by this study is their experiences 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 witnesses the tendency of 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 and their employees coexist, affected by the company choices – as sadly experienced in cases of closure of entire plants. The link with the community supports informed and shared choices and fosters social solidarity. At the same time, companies draw strength and resources from the territory. Management active in social economy very often has a strong link with both, knowing the community and, therefore, is able to enhance its 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"¹⁰⁴.

Even in this case, 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 world¹⁰⁵. Worker cooperatives are frequently acknowledged as able to "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"¹⁰⁶.

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' business that are usually more attentive in 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

¹⁰⁴ Carlo Marignani, ACI

¹⁰⁵ Social and workplace innovations have recently been relaunched by the European Institutions through policy documents and supporting financial interventions (European Structural Funds). See amongst others: Social Business Initiative;

<http://ec.europa.eu/enterprise/policies/innovation/policy/social-innovation/>

¹⁰⁶ Cattabiani, 2012

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 social economy are traditionally well rooted.

In this sense, it could be useful:

- To re-think the space for social dialogue in function of the size of companies, as well as of the weight they exercise in a specific sector. Under this point of view, interesting outcomes can concern sectorial social dialogue at European level (see the experience of commerce sector, where consumers' cooperative have a significant role).
- To develop company and territorial level social dialogue in articulation with national social dialogue, in order to enhance the role of the public authorities on the territory and the harmonisation of working conditions.
- To reinforce the role of company and territorial level actors, in order to allow them a greater capacity to impact.



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