



**Project “Review of European Cooperative Societies (SCEr)”**  
**2012 – 2014**



**Final report**

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## INTRODUCTION

### Context

The Statute for a European Co-operative Society was adopted on 22nd July 2003 ([OJ of 18th August 2003 \(L207\)](#)). Its objective is to provide co-operatives with adequate legal instruments to facilitate their cross-border and trans-national activities. The Statute for a European Co-operative Society parallels the Statute for a European Company (SE), adopted in 2001, but has been tailored to the specific characteristics of co-operative societies. The Council adopted [Regulation \(EEC\) No 2137/85](#) relating to European Economic Interest Grouping and [Regulation \(EC\) No 2157/2001](#) relating to a Statute for a European Company, and [Directive 2005/56/EC](#) on cross-border mergers of limited liability companies <sup>1</sup>.

On the side of the European Commission, some steps have been taken since the creation of the statute in order to help SCE's development. During the final conference of SCEr project on 29 January 2014 in Brussels, the European Commission declared that there will be three main sectors of the future intervention: education, promotion of SCE and innovating access to finance. The aim of the first two is to solve the lack of knowledge about the SCE statute. The national authorities but also the individuals and private organizations are often not aware of the existence of SCE statute and its advantages. Therefore, actions will be taken to promote SCE to universities and to create specific trainings to form new SCE young entrepreneurs. At the same time, a promotional work will be implemented in particular through advertisements and through the creation of a website. The aim of is to give specific information to potential and current SCE entrepreneurs to allow them to meet in a forum in order to exchange about difficulties and ideas. Finally, the European Commission will work on researching innovative possibilities of funding like social stock exchange or with the European programmes COSME and HORIZON 2020.

SCE project focused in particular on the fact that the 2003 directive of the European Commission stated the obligation to develop worker representation structures. In particular, the participation of the employees in the decision making process is a condition to be a SCE. The directive also makes clear that cooperatives employing more than 50 employees must have worker representative in the board of directors. The role of this worker representative must have an active and effective participation in the management of the SCE, not just for consultation.

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<sup>1</sup> Source :

[http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/social\\_dialogue/l26018\\_en.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/social_dialogue/l26018_en.htm)

## Presentation of the project

In this context, the project “Review of European Cooperative Societies (SCer)” has been financed by the European Commission, DG Employment, Social Affairs and Inclusion. It started in 2012 and ended in March 2014. On the basis of the existing experiences of [European Co-operative Societies \(SCEs\)](#), SCer project intended to **provide a contribution in terms of knowledge and awareness on the phenomenon of the SCE** and in particular on the **role that employees play in the trans-nationalization of the activities of cooperatives**. SCer aimed to provide an in depth information mechanism to organisations involved in the social economy, as well as to a **wider public involved in the ongoing debate on the implementation of the SCE legislation**.

The recent European level debate on SCEs is highlighting many elements for which a substantial confrontation, based on in depth knowledge and research, still needs to be carried out. A confrontation implies a possible combination of both economic and social aspects. In other terms, SCer aims therefore to provide a **qualitative assessment** based on the experience of existing SCEs and of those in the process of being established. Moreover, the project focuses on the aspect of **employee involvement**, both with regards to the implementation of Directive 2003/72/EC and with regards to (best) practices of workers' involvement implemented both at national and at transnational level. SCer finally provides a **clearer picture of the European “legislative” experience** of SCE in relation to and in combination with the concrete realities, role, needs and aspirations of all actors involved.

With **its activities**, the project followed specific objectives and aimed to identify established/ing SCEs and to have a better understanding of the number and nature of SCEs existing in Europe. Then, SCer collected relevant public documents and stored them in a centralised on-line archive / draw a detailed map of a selection of SCEs with regards to their external and internal characteristics. It highlighted the interaction between various economic, organisational and governmental features, which involve workers in decision making at a transnational level through interviews and the direct investigation. The project created an in depth overview of the issue related to the creation of a SCE, with specific regards to the legislative aspects and the involvement of workers. Another activity of SCer project was to gather first-hand information on the role and impact of employees involved in the creation phase of an SCE. Finally, the project identified good practices of employee involvement in the SCEs and provide in depth information of their functioning and positive outcomes.

The partnership has been designed to provide the project with a transnational dimension. The project brings together partners both from the European level (ETUC, DIESIS, IAFP), and national one (France (CGSCOP), Italy (Alleanza delle Cooperative Italiane, IRES, AGCI, Legacoop Servizi and LegacoopSociali) and Spain (COCETA – the mandating organisation and CONFESAL)). The transnational dimension is assured both on the workers side – ETUC the only representative cross-sectoral trade union organisation at European level, which now represents 84 trade union organisations in 36 European countries, and including 12

European Trade Union –Federations) - and the entrepreneurial side by the participation of associations that represents cooperatives and participative enterprises from different European countries and are members of the national and European umbrella organisations.



As mentioned, the research of SCEr was developed on the existing SCE. The first step was mapping the existing SCE in Europe to understand their activities. The result is a database with 45 SCE, within which 10 have proper business activities. The others are not active yet or they are not business oriented.

Another focus of the research was to understand the way that the participation of workers in the SCE management is implemented. The SCEr project studied how the different national systems of employee's representation are overcome to establish one at the SCE level.

To establish a statement, SCEr project had to focus on the active SCE to study their mechanisms, their governance system and to provide a particular attention to the role that employees play in the transnationalisation activities of specific 'cooperatives'.

The following report will help to understand who are the active SCE in Europe, the advantages of being a SCE, what are the limits, and the degree of employee's participation.

#### **A. Actives European Cooperative Societies (SCE) in Europe**

The active SCEs are: Euromovers in Germany; Wecoop, ESCOOP and Fondosalute in Italy; Consen, Euskal Herriko Ikastolak and iesMed registered in Spain; CAMPUS ReDesign SCE in Sweden; Cassia Coop in The Netherlands; Flandria and New B in Belgium; FEUVA Európai Szövetkezet SCE, HA-MI-ÖSSZEFOGUNK Európai Szövetkezet in Hungary. The project identified a new SCE that is being currently setting up in Italy. The different SCEs work most of the time in the social field but not only (as Euromovers) but they pursue a social purpose and a social aim.

The first part will present the SCEs, their activities, their goal and their history. As the report is based on interviews realized to SCE's entrepreneurs, some SCE have more activities and history than others, which means that some SCE provided more details than others.

#### **EUROMOVERS SCE (Germany)**

Euromovers International SA is a corporation headquartered in Luxembourg encompassing a group of leading international movers. The network includes more than 70 companies in China, Australia, USA, Russia, Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Slovakia, Spain, Switzerland and the

United Kingdom. The company offers a full range of services for national and international removals.

With regard to the international network, however, it should be noted that in overseas operations businesses simply enjoy the status of agents and not of shareholders. However, they may use the brand on the basis of a partnership agreement. In addition to Euromovers International SA, Euromovers Niederlande is still operational with over 20 Dutch companies, as well as Euromovers SCE mbH.

The history of Euromovers started in 1995. At this time, a number of companies operating in the field of moving logistics, in the broadest sense, set up an association under the Euromover brand. Since, Euromovers found itself entering into framework agreements, acquiring customer contracts and performing removals, the legal status of an association proved to be inadequate. Therefore, in 1997 -1998, Euromovers Deutschland GmbH also joined the association, with the purpose of including a corporation under the umbrella of the association. However, since the legal entities of association and corporation did not turn out to be particularly suitable for Euromovers, a more adequate legal solution was explored. In 2010, the decision was made to **create a European cooperative** from the association and the GmbH. In contrast to the previous legal forms, the legal status of an SCE on the one hand ensures coordination between member companies and on the other hand is well suited for business enterprises. The idea of founding an SCE resulted from the personal contacts of the current Executive Board with a cooperative Auditing association. During discussions with the representatives of the Auditing Association, the Executive Board was advised of the possibility of founding an SCE. On May 6, 2011 Euromovers SCE (Societas Cooperativa Europea) with limited liability was finally incorporated. Euromovers SCE has its registered office in Bonn.

Although the process of establishing the SCE has many similarities with the German cooperative regulations and laws, the transformation into an SCE did prove to be very difficult. The SCE was founded by 25 German members and a Spanish one. The 26 members are divided into 20 legal entities and 6 natural persons. All member companies operate in the business of moving logistics.

The Spanish company was included as member of the SCE to meet the EU Directive criteria. The Spanish company met the requirement following which at least two countries must be involved to be able to set up an SCE

Although the founding meeting took place on 06 May 2011, the SCE acquired full legal capacity only at the end of March 2012. Since the competent authorities had no experience with the establishment of an SCE, the process of issuing a cooperative register number and a tax number took almost a year.

It was unclear to the authorities, for example, that under German Law, an SCE must have a capital stock of € 30,000 and that the acronym " mbH" (limited liability company) must be added to the name. This addition initially led the authorities to the mistaken notion that the SCE mbH be an actual corporation. It took almost a year for all these doubts and uncertainties to be overcome, hence the SCE did not become operational until the end of

March 2012. In 2013, Euromovers International and Euromovers SCE mbh already agreed on a reciprocal membership. Euro Movers SCE holds 16 out of a total of 320 shares of 100€ of Euromovers International SA. Conversely, Euromovers International SA owns a share of 500€ in the SCE. This way, both companies have a voice in the other company too.

### **ESCOOP European Social Cooperative (Italy)**

ESCOOP is based in Italy and has been created on July 6, 2006. The SCE has 23 members (in January 2014), including associations, cooperatives, educational centers, individuals and public institutions from Finland, Germany, Italy, Spain and Finland.

ESCOOP aims to pursue the general interest of the community, towards human advancement and the social integration of citizens through the management of socio-health, education and training services for the benefit of underprivileged people and productive activities, in which the working integration and/or work placement of socially underprivileged people would be realized. The cooperative also has the purpose to achieve continuity of employment opportunities in the best possible economic, social and professional conditions, through appropriate management in associate or collective forms of the enterprise in which the employees, members and non-members work. Their work are in the fields of socio-health, education and training services, working integration of socially underprivileged people.

The SCE has been built by a European project ready to analyse the different situations in the 3 participating countries which were Italy, Finland, Spain. After the study, the consortium of partners decided to create the SCE in Italy where there is a stronger culture of the cooperative movement. In 2006, all the participating partners became members of the SCE. The creation of the SCE was very difficult because it was in 2006 when the directive was unknown from the public administration.

Today, there are 5 countries representing ESCOOP which are Greece, Germany, Spain, Italy and Finland. In Italy, there are the legal head offices but also the executive offices. In Finland, there is also the legal official headquarters. In the other countries, the representation is informal but it exists. The members are physical persons and also organizations. In 2012, the turnover 2012 was of 149 856€.

### **Fondosalute SCE (Italy)**

The SCE is also based in Italy and was created on 14th of April 2010. It has been constituted by 2 funder members from Italy “Società nazionale di mutuo soccorso Cesare Pozzo” and from France “Harmonie Mutuelle”. The purpose of the SCE is to provide and manage integrated healthcare funds, as a result of collective agreements or contractual agreements with businesses, to ensure health care to workers and their families. The two actors decided that the SCE statute was the best to combine insurance tools for health in order to be able to compete with private insurances, which have the oligopoly of the market. It is the result of the lack of national laws allowing non-profit organisations to be competitive. In fact, a reason for creating this SCE was also to have a more powerful voice at the EU level in order

to ask for a change in the legislations and to get more attention to the difficulties of the mutualism sector. FondoSalute works in the finance in the health sector.

### **Wecoop (Italy)**

Wecoop is a very interesting SCE located in Italy and it has been created by individuals in October 2011. Wecoop is represented in Italy, Spain, France and Slovakia. This European Cooperative Society is entirely composed by the employees of the CCPL group. The CCPL Group is one of the largest Italian Cooperative Industrial group, which is marked by a broad sector of diversification and that became a multinational group acquiring company abroad.

With the culmination of a process that began in 2008, Wecoop quickly surpassed the quota of 500 members, of which about one-third are non-Italian. In 2013, there were 517 members, all individuals. The aim of Wecoop is to make the employees active in the cooperative management in order to understand and to acquire knowledge about the cooperative movement and also to satisfy the requirements of the business and social activities. It is a cooperative of employees based on the principles of internal democracy, whose activities range from the economic to the social and cultural, and in which employees adhere on a strictly voluntary basis. In April 2012, Wecoop made his entrance into CCPL and its President entered the board of directors. Their activities are in the economic, social and cultural fields.

### **Social Economy Agency Coop (Italy)**

The SEA SCE is not yet established but it will be set up in the next months and should be registered by summer 2014. The new SCE will be based in Italy in the region of Friuli Venetia Giulia in the city of Trieste and will have individual founding members in Italy and in Slovenia. The SEA will act in the interest of its members and will adopt the management of a cooperative with a Board of directors, a general Assembly once a year and democratic management procedure. In reference to the characteristics and interests of the members, the SCE will have the objectives to plan, organize and manage vocational trainings, increase qualification and competences, and to propose some trainings in order to promote the principles of social economy and to promote the social entrepreneurship. The purpose is also to encourage the creation of social enterprises in Italy and in Slovenia, having as effect, the creation of jobs, specially regarding the youth. The SCE will study and monitor the evolution of Social Enterprises in its various forms (cooperatives, associations, foundations and mutual associations) in different fields and sectors of activity. The SCE will act as an Agency to assess the effectiveness of social integration of citizens, the corporate social responsibility and to guaranty the quality standards of social enterprises. In this perspective, SEA will mainly support the development of social businesses. SEA will be the ambassador of its members in occasion of conferences, exhibitions, studies and researches. The SCE will be also the center of knowledge and sharing in order to create new pilot projects at the European level specifically between Italy and Slovenia but also involving other member states. This actions has the purpose to support social business interests and the emergence of new sources of employment related to the fulfillment of social needs.



In addition SEA SCE will contribute a technical and economic assistance to businesses to facilitate the relationship with the public authorities in order to create a private – public partnership. The SCE will be the center of sharing competences and knowledge among the members.

### **Consen SCE (Spain)**

Consen is located in Spain and has been created in November 2004. They have 10 agencies in 8 EU countries. Their purpose is to maximize socio-economic benefits acting Pro-Information Society and Open Technologies. They are working in Research, development and business network.

### **Euskal Herriko Ikastolak (Spain)**

The SCE has been created 2, December 2009 and is located in Spain in the Basque country. Its main goal is to give the same education in the French and Spanish Basque countries. They have the objectives to develop cooperatively an education project entirely in the Basque language, to represent members as one entity and to promote the Basque education. The SCE is composed by Ikastolas, which is the name of the schools. The legal constitution was made by 12 organisations (3 in France and 9 in Spain), constituted as cooperatives already existing at national level. Most of them are organised as cooperatives whose members are the teachers and the student's parents. The origins of the concept of IKASTOLA appeared in the beginning of the 20th century when the first Ikastola was created in the 1960s. Now officially recognised by the public authorities and expanded to all the Basque Country, it has the financial support from the public authorities. They produce their own pedagogical materials and work in cooperation with the other Ikastolas of the Basque Country. Nowadays, the SCE counts 50,400 children and 4,300 teachers. In 2013, 103 Ikastolas are regrouped under the SCE and 76 (out of 103) are cooperatives. In addition, Euskal Herriko Ikastolak is the 2nd European Cooperative Society registered in the European Union & the only Basque social organisation with supranational administrative recognition. Concerning the turnover, the SCE made 5.358.000 € in 2011.

### **iesMED (innocio l'economia social en la mediterrania) (Spain)**

iesMed is based in Spain and has been created September, 23 in 2011 by five persons resident in two Member States (Spain and France) and one Spanish company (Limited S.). The members are physical persons and one juridical entity. iesMed is a cooperative platform boosting the Mediterranean Social Economy. From a legal point of view, it is one of the first European cooperatives created within the EU and the very first created in Catalonia. iesMed defines itself as a social and solidarity-based broker between social economy actors (companies, federations, networks), social economy support services (especially funding and consultancy services), and the private and public sectors. Born from a blend of various traditions, the iesMed project has from the start, given priority to transnational cooperation in order to build an "economy without borders". It can be viewed as a laboratory for applied cooperative innovation. iesMed develops for its members products, services, and R&D projects that fall under the definition of collective and solidarity-based entrepreneurship within the Mediterranean region. iesMed proposes the identification and the rationalisation

of assistance services (sourcing and consultancy). iesMed is geared towards leadership-driven and scalable projects. The organisation helps also structures requesting for assistance and puts forward made-to-measure solutions. In the mission of being social and solidarity based brokering, iesMed promotes the services that are most appropriate and innovative for social enterprises (financial services, consultancy, assistance, social and financial innovation, and organisation of international events) with the aim to amplify and internationalise their action. The SCE is grouping the resources acting as a network-based cooperation. It stimulates cooperation, alliances and resource consolidation. It essentially structures and promotes innovative and multifaceted programmes on behalf of public and private institutions. iesMed takes part in the import/export of entrepreneurial initiatives that have a powerful social impact as a way of meeting priority local needs. iesMED finally promotes and assists for the internationalisation of a modern, creative, innovative, and ambitious SSE as a response to the main challenges it will encounter, on both sides of the Mediterranean (replication of successful experiences, market internationalisation, etc).

### **CAmpus ReDesign SCE (Sweden)**

Campus ReDesign is based in Sweden and has been created in 2009 by 5 physical persons in two Member States. Campus ReDesign is represented in France, Belgium, Sweden. It is an active but since January 2013 as they do not count any employees. Campus ReDesign SCE promotes the concept that every business, product and service should be ecologically and socially sustainable in order to be successful in the future. It drives innovation and organizational changes towards sustainability with an ever-increasing speed. CAmpus ReDesign SCE makes the innovative knowledge to redesign business and society towards sustainability easily accessible to professionals so that they can minimize risks, avoiding costs and creating opportunities. The vision of CAmpus ReDesign SCE is a global provider on expert online sustainability training. They give professionals worldwide - from the business, public and academic sector - training to redesign their operations, products and services towards ecological and social sustainability and success. The SCE works in the fields of training and courses on sustainable development.

### **Cassia Co-op (The Netherlands)**

The SCE is located in the Netherlands and has been created at the end of 2009. Its activities are in the following countries: the Netherlands, Italy, France and Indonesia. The aim of Cassia Coop is to export cinnamon products and patchouli oil from Indonesia while removing middle-men from the supply chain. Cassia Coop sees its work as a result linking farmers, with end-users and vice-versa in order to create transparency and interdependency. With this action, the cooperative creates a fair and efficient supply chain while having a sustainable positive impact in Sumatra, Indonesia. They have 6 members: 2 from France, 2 from Italy and 2 from the Netherlands. The company in Indonesia is a sister company. They activities are mainly located in Indonesia. They have created the SCE because they were interested in gathering together clients and suppliers from Switzerland, the Netherlands and Indonesia. Cassia coop works in the fields of fair agriculture and Fair trade.

### **Flandria SCE (Belgium)**

The SCE is based in Belgium and has been created in 2011. It was initiated by SWP - Association of Mutual Help „Flandria”, the first association of mutual help established in Poland after the Second World War. Flandria has its activities in Poland but it is registered in Belgium. Flandria is the first European Cooperative having its activities in Poland, and it got a lot of support from its Belgian partners: Escapo, De Lindeboom and Nationaal Hulpfonds. The new-born SCE „Flandria” develops health shops and social pharmacies in many Polish regions. It works closely with the branches of the mutual association SWP Flandria, including the volunteer movement. Flandria choose to build a cooperative in 2011 because it was the best common legal form they could have, considering the fact that the partners do not refer to the same legal system. This binational cooperation (Poland and Belgium) developed a partnership to support a “common management” of the SCE. The actual tendency is to make the two national confederations to converge to be more efficient. The final aim is to create a new social organisation, which can make profit. The partners of the SCE are 5 in which 3 are from Belgium and 2 from Poland. Flandria is a non-profit organisation and operates under the law of the mutual associations in homecare, and in public health insurance.

### **New B (Belgium)**

The SCE is based in Belgium and has been created on 6 May 2011. They are composed by 106 members represented as individuals, societies and investissors. The purpose of New B is the creation of a cooperative bank in Belgium for individuals, associations, cooperatives, social movements and entrepreneurs. Their sector of activity is the bank.

The SCE promotes the creation of a new cooperative bank in Belgium in order to provide a simple reliable and sustainable service for all citizens meeting with their needs and the development of economic and / or social activities of its members coming as associations, social movements and entrepreneurs.

The bank offers a range of products and services in order to become the first customer's bank. New B wants to be a strong economic support for social intermediaries and aware citizen. The bank is based on the following values. First, the social inclusion because the bank relies on the contributions of organizations and thousands of customers which together are co-owners of the bank. New B wants to be simple in order that customers and cooperators understand the structure and banking products. Financial resources are invested in the “real” economy. The profit is not a goal in itself, but is the result of good management. In addition, the bank is attentive to anything that promotes an attitude and a social and sustainable economy. Activities and socially harmful products are prohibited by the SCE. All the banking activities are open to a greater transparency. The innovation constitutes an important aspect as the bank develops together with its cooperators, new products and innovative solutions for social and ecological economics solutions. The participation of cooperators is a condition to be member of the bank but also to the seek for innovative solutions. The balanced sharing of profits between deposits and cooperators, the access to credit for all, the diversity of its people in order to be truly a bank for all are also some of the principles of the bank.

New B may also intend to meet the needs of its members by promoting, in the same way, their participation in economic activities in one or more national, European cooperative societies.

### **FEUVA Európai Szövetkezet SCE (Hungary)**

The SCE has been created in 2008 in Hungary and counts 16 members. Among the SCEs in Hungary, FEUVA performs relatively well: its income exceeds 6 million HUF the approximate equivalent of 20 000 euros. The registered SCE FEUVA is scattered all over the country and is an active co-operative with a clear-cut strategic aiming to mobilize social resources among individual car-repairing workshops. The workshops continue to preserve the position of independent economic operators but they will start exploiting business opportunities that result from clustering within the network. FEUVA has its own story about its creation. Set up by 35 individual SMEs, FEUVA had a strategic goal to reinforce its activities at the European level. When they registered as a SCE, the news was published in the Official Journal of the EU indicating the European Interest Grouping.

### **HA-MI-ÖSSZEFOGUNK Európai Szövetkezet (Hungary)**

SCE is registered in Hungary. Ha-Mi has 213 members. Ha-Mi is an interregional issuer of a local currency aiming at promoting multilateral exchange among its members. Ha-Mi is already well-known in the region and in May 2010 they have started issuing in full gear their local currency in order to promote commerce among 500 firms in the magnitude of several millions of HUF, and mobilize the flow of member firms. The members are taxi drivers, pharmacies, vineries, hoteliers, restaurants. Members pledge that customers receive a discount of up to 10 percent if they purchase with the alternative local currency. They exclusively focus on city entrepreneurs and on local SMEs, extending their target group in Croatia and Austria – but not in Slovenia. The multilateral barter among the members is envisaged as an auxiliary channel to boost the local economy in order to sell unsold products and services. To start up the SCE, they received encouragement from a financial expert who is now a top manager in the National Bank. This expert, a follower of Gesell, a Swiss social reformer of the early 20th century, has been searching ways to stand up a global economic competition by transplanting experimentations for local alternative money that would help to keep incomes in the region.

The presentation of the SCEs shows that the sectors are very various and different. In other terms, the SCEr project aimed to study the real impacts of being a SCE.

## **B. Being a SCE means...**

The SCE statute gives to the entrepreneurs a list of advantages with a specific interest in expanding their activities in Europe. Being a SCE could be also limiting especially in the constitution process. The second part of the report will provide details on the advantages and limits that the SCE's statute brings to the entrepreneurs.

### **1. Advantages of being a SCE**

The common advantage of setting up a SCE is that member companies can operate under a unified brand also at the European level. All the SCE have mentioned that they are willing to expend their activities at the European level. The cooperative statute gives them more legitimacy to try to develop good practices, sharing of knowledge and experience among members at the European level. The competitiveness and the economic aspects are also a strong motivation in order to become more efficient, competitive and aware of the European Market. For most of the interviewed SCE, they declared that being a SCE gave them a simpler way to run their business under a single European label. It offered also a greater mobility in the integrated EU market.

The following part presents the advantages mentioned by the interviewed SCE.

**Euromovers:** The SCE statute helped the cooperative in many ways. To have one unique structure reduced dramatically the administrative work. Furthermore, it permitted to save money in terms of purchase of material, as only one company makes the orders. It also provides mandatory audits, which gives them a higher credibility and trust from the clients. Before becoming a SCE, it was more difficult to manage the different companies.

Effectively, Euromovers has set its Quality Standards as well as a Total Quality Assurance System, which is complied with by all its members. In order to ensure a uniform quality standard at European level, the ISO 9001 quality management system is applied to all the members of SCE. The certification requires mandatory training courses for the employees. To ensure the same service standards abroad, the employees of Euromovers International SA and Euromovers SCE mbH are provided the appropriate training in the different countries. Moreover, general standard quality criteria have been collectively agreed. The goal is therefore that customers on an international scale are able to connect the Euromovers brand with a certain level of quality.

Furthermore, the purpose of the cooperative is to promote its members. A joint purchasing system, with its economies of scale and price reductions is certainly an advantage. On the other hand, the international network also promotes greater know-how, innovation and teamwork. International cooperation triggers innovation processes that can be immediately implemented across countries.

Business areas include private customers, business customers and public institutions. In economically weaker regions Member companies are usually more focused on households, conversely, in industrial conurbations and with the local authorities, the priority is instead given to project applications. In the Cologne region, which is characterized by a strong presence of government authorities (eg Bundeswehr) as well as insurance and industrial

companies (eg, Bayer), for example, 80 % of the business of a member company consists of corporate relocations.

An additional advantage of the cooperative is that it gathers member companies with different specializations. As a consequence, the expertise of member companies with their different specializations can be integrated through the cooperative in getting grants from banks.

**FEUVA** had good cause to register as a SCE. In a strategic goal, they had in mind to extend activities to the surrounding regions of the Republic of Hungary but also to the adjacent regions in Slovakia and Romania, where the Hungarian language is often well-understood. In their services, the language barrier is important and the neighboring regions are an attractive business goal. The second reason to create a SCE has been motivated by the possibility to get cheaper prices to buy the material, and more prestigious clients.

Another strategic aim of being a SCE is to purchase the individual firms (family workshops) by the SCE. The owners of these companies would not easily sell their firm before they retire. As retired members, they certainly prefer to cede ownership to a cooperative where they maintain their share ownership to simply let their firm decay and go out of business. Small and medium size entrepreneurs are not really sensitive to economic terms such as growth, interest and company value. They are also not open for investors either when it comes to selling their company. It provides to FEUVA the possibility to buy and integrate family firms keeping their owners active in the management part.

**lessMED:** The choice of becoming a SCE was first of all symbolic, to foster the ideals of Europeanism and internationalism. Second, it was useful to survive in the actual market because it gave the opportunity to different organisms to coordinate themselves at the international level. A SCE also gives advantages in terms of visibility and accountability at the European level. The main specific advantage of being a SCE for lesMed was that the SCE statute permits to ask for funding in different European states, and not only in Spain.

**Fondosalute:** The advantages of being a SCE are not evident today, mostly because Fondosalute is mainly working as a national entity. The managers of the SCE have not developed yet a proper strategy to cooperate transnationally among the members. In the future, Fondosalute would like to find a synergy between the associates to be able to participate to EU call for tenders and calls for proposals. This aspect will considerably justify to fact to be a SCE and also will develop concrete activities at the SCE level and not only at the national level.

**Wecoop:** the advantage of the creation of Wecoop was to succeed in making the employees active in the management of the cooperative but also to learn more about the cooperative movement. They tried to use the SCE as a bypass between CCPL and their employees as Wecoop became a member of CCPL. Now the workers of CCPL can vote in the board of directors like any other member in order to take part of the decision process.

**Flandria:** Flandria SCE is now open to other partnerships in Europe and it is easier for them to be more involved in the European social economy movement. They are trying to organise

a platform to lobby for social economy. They are looking to extend their patient movement and to be more active in the health care strategic decisions at the European level. This partnership was also useful to give them more importance at the Polish level to explain how health care works in Belgium and to give suggestion on how to make improvement in the sector, especially in Poland.

**ESCOOP:** The SCE appreciate the statute because it gives a certain reconnaissance from other European organisations. With the SCE statute, Escoop can participate easily to European projects and has noticed that they find better partners. The statute SCE gives credibility to potential partners.

Another advantage for being a SCE is the composition of their members. The members are very different and are representing different sectors. It brings a wealth to the SCE in terms of confrontation of cultural points of view but also different realities and exchange of experiences at the European level.

**Cassia Coop:** The only advantage that Cassia Coop noticed is that they could easily transfer the SCE in another member state if they are willing to extend their activities. Cassia Coop is also favorable of being a SCE because they pay less tax than a Dutch cooperative.

## **2. Difficulties and limits of being a SCE**

The creation of SCE causes difficulties for entrepreneurs. Depending on the country where the SCE is registered, the administrative procedure could be long and with high costs, especially in terms of time spending in most of the cases. All the interviewed SCE claimed they had administrative difficulties because the statute was not very well known in their country.

Effectively, IesMED declared that the problems regarding the creation of the SCE were mostly administrative. Fondosalute informed as well that the difficulties were related to the understanding of the administrative paths to follow at the national level. The creation of the SCE needed one year to overcome the administrative obstacles and to understand how to connect national laws to the European directive. In addition, there are still some missing points, especially concerning the eligibility to participate to EU calls for proposal. For the very enthusiastic SCE Euromovers, the main difficulty in creating a SCE was putting together companies with different structures: Euromovers needed 6 months to certify the signature for the foundation of the company. Another difficulty was convincing the different partners to be absorbed under one organisation. It required a lot of negotiation especially considering the different cultural backgrounds and legal frameworks of the partners of an international company. The SCE Wecoop found that the difficult part was trying to make the standard charter normally used for all cooperative to fit with Wecoop particular's situation. In addition, the relationship with the trade union created some problems, especially because the constitution of Wecoop was very innovative and new. The consequence is that Wecoop acted in a parallel way of the Trade Union and they did not chose to consider the trade union's battles or claims as part of their duty. For its part, Flandria had also administrative

problems for its foundation. The registration took them more than a year because the administrative authorities did not know how to register this new entity in their databases. Finally, Cassia Coop, affirmed that being a SCE didn't bring any advantage and didn't have an impact in their activity as they are a very small organization. In 2013, they did not feel the benefits of being a SCE because they noted that clients and providers are suspicious to join the SCE as member, probably because they do not know the statute. Escoop noticed that they have financial and economic difficulties to organize physical meetings. As the members are located in different countries, they feel that they would need to meet more regular physically to organize their work and to increase the quality and the efficiency of their work. For the moment, they organized virtual meetings.

In Hungary, FEUVA Európai Szövetkezet and HA-MI-ÖSSZEFOGUNK Európai Szövetkezet declared that they had difficulties because the statute was unknown from the public authorities. In Hungary, it seems there is not public authority where the legal form of a cooperative were mentioned as eligible for submission. The capital requirement is quite high for the standards of Hungary.

In addition, the study identified prospective founders who have given up due to the complex nature of the legislation.



### **C. Corporate Governance and the employee participation**

During the study, the experts didn't found any SCE with more than 50 employees apart from the SCE in Basque Country "**Euskal Herriko Ikastolak**". This is also the only SCE which is in the process of creating a Special Negotiation Body (SNB) in the next months.

**Euromovers** has few direct employees, which represent the "know how" of the company. In fact, the entire production process is spited in different companies. The participation of the workers is limited to punctual communications between the board of director of the SCE and the workers of all the partners through the participation at international workshops.

Following the bylaws of the SCE, members who have their headquarters or domicile in the same country and more than eleven percent of the voting members of the SCE, have the right to propose board candidates to the General Assembly.

Euromovers SCE has an Executive Board, which consists of one person, and a five-member Supervisory Board. Workers' representatives are not represented on the Supervisory Board.

The member companies of the SCE have a total of approximately 1,000 employees and a volume of almost € 50 million in sales a year. The number of employees of each member companies ranges from 10 to 100. The Spanish member company has approximately 20 employees while Euromovers SCE has only its one employee, the Managing Director.

The legal provisions covering Euromovers SCE do not envisage that employees can become members of the cooperative. This possibility was excluded to avoid unnecessary complications in the process of establishment of the SCE.

Before the establishment of the SCE, member companies did not have any workers' representation body. Consequently, no form of employee participation is provided for at European level in the SCE.

The industry is characterized by a high turnover in employees. This is a challenge since companies are increasingly dependent on skilled workers. Since the latter are more and more difficult to find in the labour market, companies need to work out retention strategies for their employees, relying on forms of motivation and participation. One reason for the difficulty of finding qualified employees and retain them is certainly the low level of wages in the industry.

Generally speaking, one might say that industrial relations in the removal business are only very weakly structured. The level of representation of both the employers' associations and the trade unions is comparatively low. Evidence of the weakly developed industrial relations is the lack of a common nationwide collective agreement for the industry.

While collective agreements exist and are applied at a regional level (Land level), the challenge is that for example for the new region of Thuringia an extremely low hourly wage

is envisaged for low skill workers, about 6 €. The consequence is that companies that need skilled staff, unilaterally decide to pay higher wages.

For **Ikastola**, the corporate governance structure of the 2 founding companies has an Executive Board and Administrative Board. In the same logic, their system of governance has one Board of directors (El Consejo de Dirección) and the executive board (El Consejo Rector). Employees do not have the same role and the same degree of involvement in the SCE but everybody participates in the SCE' activities. The employees do not have a specific impact in the decision making process of the SCE. Considering that Ikastola has 74 employees (2013) in which only 4 are in France, one representative of the employees participates to the Board meetings composed by 15 persons. Ikastola confirmed that from the launch of the cooperative, they have considered the participation of employees as a priority and the Application of Dir 2003/72. In addition, Ikastola hopes to set up of an SNB on the next months.

In the cases of **Ha-Mi and FEUVA SCE**, the question concerning the way to involve employees is delicate as the members are exclusively entrepreneurs. For **FEUVA**, this question is unsolved and they do not have employee representation. For **Ha-Mi**, there is an intriguing component that deserves more attention: employees (pharmacies, restaurants, winegrowers, etc.) are paid in part with the coupons (Kékfrank) issued by the cooperative. Employees' fringe benefits are paid with these coupons. Normal cafeteria practices allow employees to select their favorites, which is not the case with the fringe benefits provided by Ha-Mi. Enabling employees to choose what tax-sheltered fringe benefits, could be put on the agenda as an important element to improve social dialogue within the cooperative. All the researches shown that these two SCEs uphold a mainstream corporate behavior without establishing an internal social dialogue or elements of workers' participation. According to these 2 cases, it is ascertain that the SCE Regulation has not engendered a new generation of cooperative laws in Hungary.

In Spain, **iesMED** agreed that there was a problem related to the Spanish law on cooperatives according to the participation of workers. Cooperatives in Spain cannot enter in trade unions because they are considered like enterprises, which have no right to be part of trade unions. For this reason, iesMed keeps an autonomous regime. The employees can decide after 1 year to become associates of the cooperative, following the cooperative rules. Up to 2013, the corporate governance structure of the founding companies included all the worker (5) as member of the Board of director (Consejo Rector). The 6 workers are in direct contact with the worker members. "Proyecto 47", a Spanish member is the only member to count only shareholders and no workers in its board. The SCE is organized by a **general meeting** on the one hand, and on the other hand by an **administrative board**. All the worker members and workers are participating in all the decisions in a direct way. They is no worker's representation because it is not required under 30 employees according to Spanish law. There are 6 workers or employees and iesMed shouldn't reach 30 workers considering its governance model objective. Effectively, the statutes plan the following governance model (under implementation): iesMed's governance model is based on the search for consensus between the different parties, especially between Worker Members (direct

workers of the cooperative), who have 35% of the vote, and Institutional Partners (Companies, Regions, Federation with Mediterranean orientation) that have also 35% of the vote. Users (consultants / clients), gaining 10% of the votes and Skilled Partners (professionals / suppliers) with 20% of the vote, are equally invited to become part of the iesMed network and participate to its management. The role of the employees and their representatives in the SCE is defined as followed: 9 worker members/workers full time and 2 in part time. All of them are based in Barcelona, except a representative in Morocco, one in Tunis and one worker in Montpellier ("shared" human resource).

The representation of the employees in iesMED is very much respected as the EU Regulation 1435/2003 and EU Directive 2003/72/EC on the information, consultation and participation rights of employees in an SCE require.

**Fondosalute** has 10 employees (in December 2013) working full time with long-term contract and 2 regular collaborators. In this case, the participation of the employees, which is very high at the National level in each mutual, is still to be developed at the SCE level. In fact, in Italy, where the situation is still regulated by a royal decree from 1800, the beneficiaries of the mutual are not considered as clients but as associates. They have all the rights of an associate: they have an active and passive voting and the possibility to candidate themselves to relevant positions for the governance of the mutual. Clearly, this situation creates an imbalanced governance. On one hand, there are people managing and leading the mutual and on the other hand, the costumers who are not aware about the internal management of the cooperative but they still have more decisional power than the manager due to their high number. Fondosalute is anyway working on solving the problem in order to do not repeat it at the SCE level, trying to find new representation structures for a participation of the workers.

**Wecoop** does not have this problem because the SCE was born to allow worker's participation. The representatives of Wecoop attend the reunions of CCPL were they present various guidelines. The discussions of the board of directors are given to the members through newsletters. Moreover, the members found new ways of influencing the governance of the company through specific interviews and meetings. Wecoop organises regular meetings twice a year for a better interaction between the workers and their representatives. In these meetings, the representatives can answer the questions of the members and they identify rules and proposals to discuss with the board of directors. The representatives, who constitute the board of directors of Wecoop are 19, which is the maximum number. In order to collaborate together, they use videoconference or they travel to meet in person and they try to hold the meetings in different places.

For **Flandria**, the participation of workers (50 people are working in the cooperative) is not yet organised. The board of directors is composed by 7 people who meet every 3 months. At the single partner level, it is also important to underline that they are not all cooperatives, especially the Polish ones, because Poland is not very favourable to create cooperative, for historical reasons.

The corporate governance structure is composed by a management board that works according to the rules of proper management for companies (Corporate Governance).

In Sweden, the **Campus ReDesign SCE** doesn't have employees, which exempt them to respond to the Application of Dir 2003/72. The SCE structure is made up of a general meeting on the one hand, and on the other hand of a management board with a supervisory board (the two-tier system).

**ESCOOP** has a governance system as the Italian cooperatives. They have an advisory board that meet every 3 months and a general Assembly once a year. In the Advisory board, the employees of the SCE are not represented because they are not very much involved in the decision making process. With 2 employees, Escoop doesn't give a participative role to its employees. The employees of the member of ESCOOP are represented in the Advisory Board and they participate to the decision making process.

In Belgium, **New B** is composed by a Board, meeting every 3 months as a minimum and organizes one a year a General Assembly composed by members. The bank is looking for solution to involve more works participation. Up to 2013, New B organizes a General Assembly in which members and workers are invited to participate and to give their opinions on the future orientation.

## CONCLUSIONS

The SCE legal framework has proved to have a development potential.

The “SCE model” seems to be a suitable tool for companies which need to coordinate on a European scale following the cooperative model.

The fact that different SCEs came to existence in few years since the implementation on the regulation and the directive seems to show that the SCE statute is advantageous and that it responds to a real need from European cooperatives.

In that sense, the SCER project has spotted new emerging SCEs such as the Italian – Slovenian SCE “Social Economy Agency Coop (SEA)”. This case represents an interesting example: the new SCE aims at encouraging social cooperatives and enterprises, at supporting and developing common projects, at leading researches and at training professionals, in order to support the activities of its members but also to promote the social economy values in Italy and Slovenia and also in other European countries. SEA will include the workers into the management of the organization directly and / or indirectly by the representation of the members.

The project activities eventually allowed to highlight advantages and limits of setting up a SCE, as well as the issues related to worker representation and involvement in the SCE governance.

First of all, as mentioned above, the reasons for creating a SCE are different.

The legal framework seems to be functional to the process of internationalisation of social enterprises / cooperatives, and in particular to support more effective collaboration among members and partners. The SCE statute is also useful to protect and create common quality standards within the partnership, to promote a European, more visible and accountable brand. Last but not least, creating a SCE facilitates a partnership to get in contact with other actors of the social economy in different countries and to broad its network.

The main limits for setting up a SCE are of bureaucratic, administrative and juridical nature. Many companies needed several months just to understand how to write and sign the SCE statute, experiencing time and stress costs.

The main reason for these difficulties resides in the fact that SCEs are a relatively new phenomenon, of which national institutions do not have experience. SCEs which are presented above are actually pioneers facing the typical problems of going through brand-new legal procedures and experimenting a new statute. This problem will be easily overcome after these first experiences, that will serve as pacer and will show the way to future SCEs.

The study showed an interesting point once again, that the worker involvement criteria can not be considered as an obstacle for setting up SCEs.

Nevertheless, observing the effective implementation of worker involvement and participation in the governance of the SCEs, the situation appears as ambiguous.

For the above-mentioned reasons, it is very early to draw any conclusion on this issue.

The analysis of the SCEs surveyed in the framework of the project showed, on the one hand, very few attempts of full worker involvement at the SCE level. On the other hand, if not at the European network level, workers and their representatives are mostly involved at the level of the single national partners, in the national organisation, in single workplaces.

A reason for the lack of worker involvement formalised schemes in existing SCEs is only partly linked to a matter of threshold. The analysed SCEs are still in a phase of construction, they are still trying to understand their statutes and their possibilities at the level of boards and decision making bodies in a EU dimension.

Creating a SCE means matching different areas with different economies, legislations and practices - including those concerning industrial relations and worker involvement. It is therefore very difficult to understand them all, elaborate them and make them work at once in a new European governance scenario. Issues of such calibre are sometimes not fully solved neither at the national level.

Establishing proper worker involvement, requires to well understand and organise the internal, composed structure and to inform and train both management and workers themselves.

However, this remark does not allow any final conclusion.

In time, companies will get familiar with the Statute and with the development of the intrinsic aspect of worker involvement in a European level cooperative.

On the other hand, a good sign is represented by the fact that there is no evidence of a conflicted relationship between the board of directors of the SCE and workers' representatives at national level. In presence of such conditions, it is possible to expect a future coordination for worker representation also at the SCE level.

After this first phase of SCE assessment, the next step can reasonably be dedicated to the creation of systems for the representation of workers' interests at the SCE level. This conviction also came from the evidence that in the majority of the cases, worker involvement exists and is well implemented and developed at national and site level.

This circumstance not only represents the "good will" of company management. It also witnesses the importance paid by cooperative companies to worker involvement, which is seen as a charactering part of the company and business model.

This also means that representation structures could be adapted and transferred at the European level.

If the existing SCEs will manage to solve problems related to the internationalisation of the governance model in general, they will soon familiarise also with the implementation of representation and involvement of employees.

Under both perspectives, the study confirms there are positive signs for the future of the SCEs. The SCER study underlined that it is also necessary to look at a broader level, at the general situation of social enterprises. They have sometimes poor policy support, in particular in this

period of crisis in which many public interventions in favour of companies have been decreased. In current times of crisis and austerity measures enacted by public authorities, social enterprises and cooperatives have sometimes taken the role of providing the missing public services. From this situation, they are now suffering from the economic crisis and the general tendency of budget cutting on social issues in many European countries. An example is the fact that there is a range of European registration: SCE, mutual societies... but they have not been very much used. The EU regulation and directive on SCEs are not enough to support the SCE creation process. . European companies also need a more comprehensive and supportive law on social economy.

Employment can be created through the cooperative sector, which is a big challenge for member states. This kind of entrepreneurship needs to be supported by actions aimed at increasing knowledge and consciousness about their characteristics and potential role. Stronger links with trade unions can be developed to support their growth as democratic and inclusive economic actors.

Existing SCEs still need time to mature experience and solve the problems related to the internationalisation of their activities and governance systems. Time, experience and support are also needed for this to happen in a democratic way, as it is typical of the cooperative model: via the implementation of substantial worker representation and involvement schemes. If they are properly supported in the satisfaction of their needs, there are positive signs for the future of SCEs in Europe.