

Co-operatives for Europe: Moving forward together



In Finland, 75 % of the population are members of a co-operative enterprise.

In Belgium, when you enter a pharmacy, there is a 1 in 5 chance that you are in a co-operative.

In Poland 1 out of 3 people live in houses owned by co-operatives.

In France, co-operative enterprises provide nearly 1 million jobs, representing 3.5 % of total employment in the country.

In Germany, co-operative banks have more than 16 million members.

In Italy 50 % of the agro-food sector is managed by co-operatives and there are almost 34.000 service co-operatives.

In the UK co-operatives have the largest assortment of Fair Trade products compared to any other retailer.

What makes co-operatives so special?

From the outside, co-operatives may look like any other business. It's what goes on inside that makes us different. Co-operatives are businesses with unique qualities and ways of working that provide long-term approach to economic growth. By our very nature, we work more closely together, share knowledge and provide opportunities in ways that are impossible for shareholder-driven businesses.

2012 has been recognised as the International Year of Co-operatives by the United Nations. This is an acknowledgement by the international community that co-operatives drive the economy, respond to social change, are resilient to the global economic crisis and are successful businesses that create sustainable jobs in all sectors. Member States, the United Nations and all relevant stakeholders are encouraged to take advantage of the IYC to promote co-operatives and raise awareness of their contribution to social and economic development and promote the formation and growth of co-operatives.

Co-operatives offer a powerful stabilising element to Europe's economic eco-system – a role that the European institutions ought to recognise and strengthen further.

Let's look inside co-operatives.

Co-operatives are successful businesses

We represent a **successful force for economic growth** and **social cohesion** in Europe;

We are **businesses, not NGOs**: we trade, but share equally and reinvest our profit;

We work in **all economic sectors**: agriculture, banking, healthcare, housing, industry, insurance, renewable energy, retail, social services, water, to name a few;

We come in **all types and sizes**: from small companies owned by employees, to large banks owned by clients.

Members, not shareholders

The fundamental difference of co-operatives is that we have members - not shareholders - that take decisions democratically. These members can be employees, producers or clients depending on the type of co-operative. At the same time, they are the owners of the co-operative business. So they control the benefits and decide how the profits should be reinvested.

Locally rooted, we develop our activities even at international levels thus contributing to social cohesion and strengthening Europe's economy. We are a strong force in preventing and resisting the crisis as we drive business differently. Our first priority is to focus on our members' needs, wellbeing and solidarity.

Co-operatives have specific governance

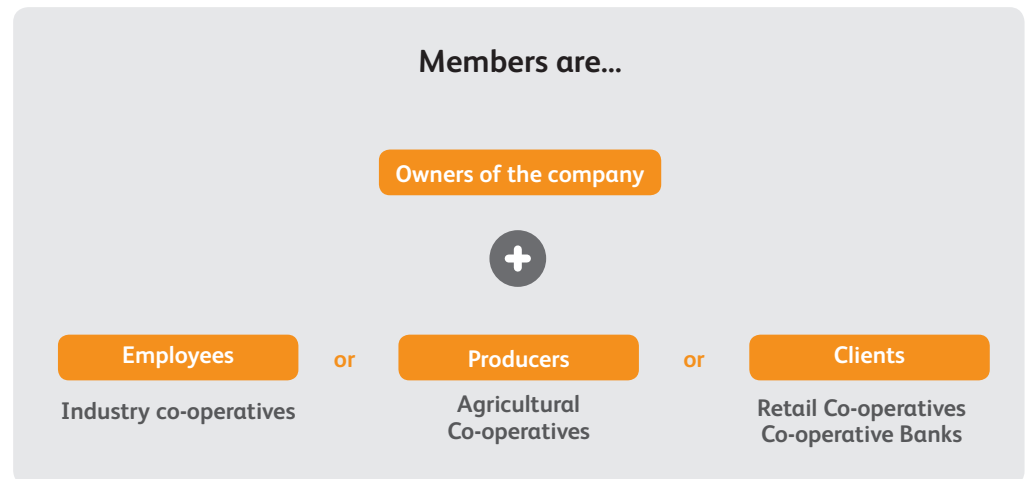
A different purpose: a union of people ≠ a union of capital

A different strategy: long term economic activity ≠ short term financial return.

A different control structure: "1 member=1 vote" ≠ "1 share= 1 vote"

A different allocation of profit: Profit belongs to all members and is reinvested in the enterprise
≠ return for a small number of investors

For more than a century and a half, co-operatives have been demonstrating their ability to overcome economic and social problems, adapt, and propose answers and solutions to new needs.



The co-operative model

A co-operative enterprise is a group of people acting together to meet the common needs and aspirations of its members, sharing ownership and making decisions democratically.

Co-operatives are a unique enterprise model. Members are simultaneously owners/controllers of the enterprise, and beneficiaries of the enterprise activity. For example, workers have a direct stake in industry co-operatives, producers in agricultural co-operatives, and users/clients in retail, housing or banking co-operatives. Multi-stakeholder co-operatives (such as an increasing number of social co-operatives and community co-operatives) also feature a different type of ownership. This leads to more collaborative, long-term ways of engaging in business.

Co-operatives offer a way of doing business that is modern, democratic, responsible and sustainable. We can help contribute to the economic and social development of Europe, building a bridge between Europe and its citizens.



Thinking differently: 123 million members in Europe

“Co-operatives are economic actors featuring a human dimension, which must be a specificity of the European model”.

Gianni Pittella, Vice-President of the European Parliament, 31 May 2011

Co-operatives in Europe represent...

123,000,000 members

5,400,000 employees

160,000 enterprises

Co-operatives range in size from micro enterprises to large companies working at the international level. In their way, they contribute to the economic and social dynamism of the EU. Co-operatives are key competitive players in a wide range of economic areas.

We generate activities, sustainable employment, innovation, social links and cohesion in territories as well as economic growth. We foster the creativity that allows individuals to develop and implement solutions in a collective way.

“Co-operatives play a key role in the structure and dynamism of the economy. Moreover, they offer their members unique solidarity mechanisms, creating solid ownership structures conducive to a strong group ethos, shareholding and long-term investments.”

Communication from the European Commission: “Towards a Single Market Act – for a highly competitive social market economy,” published on 27 October 2010

Co-operatives resist and can prevent crises

In the current financial and economic context, the co-operatives' stability and sustainability has become even more obvious, providing a way of doing business which is particularly fitted to tackle and help overcome economic downturns.

“Co-operatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.”

United Nations Secretary-General Ban Ki-moon, July 2010



Co-operatives and the EU2020 strategy: the perfect fit

Co-operative enterprises are a perfect fit with the EU2020 strategy that aims for “a sustainable economy, putting people and responsibility first with a sustained fight against exclusion and a transition to a green economy”. We already act in this way, putting people at the heart of our business, while at the same time generating long-term wealth for the communities. We bring specific answers and innovative solutions that aim at contributing to the EU2020 strategy.

EU2020: “An industrial policy for the globalization era”

How co-operatives contribute:

- Co-operatives prove particularly efficient in times of crisis, especially given their contribution to economic and financial stability and the maintenance of employment and job creation;
- Co-operatives contribute to the objectives of upgrading European transport, energy and communication infrastructure and services especially in isolated areas;
- Co-operative SMEs are growing in services and production sectors. They provide local alternatives to global businesses;
- Many co-operatives have provided women with opportunities to become entrepreneurs and access decent work: they have improved access to credit, product and market information, technology and training in management skills and enterprise development.

How European institutions can support us

- The EU could grant a level playing field for all forms of businesses.
- The European Commission could propose a revision of the regulation on the Statute for a European Co-operative Society.
- The European Union could ensure that co-operative shares are considered as equity and not liability.
- The European Union could design its business support services according to the specifics of the co-operative business model.
- Businesses carrying out their activities with an eye on sustainable development and to the needs of the communities in which they are rooted must be supported. Measures such as bank loans or other non-banking financial instruments, internationalisation of services, platforms for the exchange of information and experience at cross-national level could be encouraged.
- The European Union could develop financing tools to support co-operatives with a specific focus on services of general interest.
- The EU could promote a long-term industrial policy and in particular industrial districts and clusters in favour of co-operative development.
- The European Union could recognize and support co-operatives' initiatives to improve gender equality.

EU2020: “An agenda for new skills and jobs”

How co-operatives contribute:

Co-operatives create and maintain sustainable employment. They provide 5.4 million jobs to European citizens and over 100 million jobs around the world - 20 % more than multinational enterprises. Equal pay for equal work, fair gender balance in managerial positions, promotion of diversity, inclusion programs for vulnerable or disadvantaged employees as well as for the youngest and senior citizens; these are some of the initiatives taken by co-operatives.

- Co-operatives dedicate a substantial part of their resources to education and training of their staff; so workers enjoy a high level of job security because their skills are less likely to become obsolete;
- Industrial and services co-operatives, which are known as “worker co-operatives”, are a strong additional element by which labour flexibility and security can be fully combined;
- Co-operatives provide sustainable employment to disadvantaged workers such as disabled, the long-term unemployed and socially marginalised persons;
- Co-operatives have proven successes in “worker buy-outs” ensuring the survival of jobs and local skills. In times of crisis, when companies are threatened by bankruptcies and closures, such a system provides a solution for the retention of existing employment;
- With an equity ethos, participatory decision-making and common ownership, co-operatives expand opportunities for gender equality and women’s participation and involvement in local economies and societies.

How European institutions can support us

- The EU could foster training of young staff-members in co-operatives.
- The European Union could recognize the important role of co-operatives when it comes to providing women with life-long learning opportunities and access to management posts.
- The experience of co-operatives shows us that it is possible to finance business development through specific co-operative instruments: instead of investing in the creation of new tools the EU could find the inspiration in tried and tested models.
- Access to European funding for education.
- The EU could revise restrictions on public procurement so that the public authorities are allowed to make demands on suppliers’ ethical and sustainable business practices (e.g. the number of trainees, employees with special needs etc.).
- Effort could be concentrated on more than creating new jobs: European policies could also promote measures and policies in favour of maintaining and saving existing jobs.
- European Commission could recognize co-operatives’ contribution to the prevention of poverty and social exclusion.

EU2020: “Innovation Union”

How co-operatives contribute:

The innovation capacity of co-operatives is encouraged both by the democratic and participative co-operative model of governance and the fact that they are locally rooted. The strong link between co-operatives (members) and society (clients) provides the opportunity to get first-hand information on people’s expectations and needs. Close contact boosts the development of research and the creation of innovative activities and products. This dynamic system of knowledge transmission leads to a strong commitment from co-operatives to increased creativity and social, environmental, cultural, managerial and technological innovation.

- Co-operatives are key actors in innovation, whether in the field of new products or in new models of development (e.g. business transfer to employees);
- Co-operatives focus on the long-term, so they anticipate social and economic change;
- Co-operatives’ specific governance model - the relation between the co-operatives, its members and employees - contributes to social innovation. The movement also collaborates with research-centres and academia.

How European institutions can support us

- Research programmes could be easier to access and more suited to co-operatives.
- Business transfer to employees could be studied and encouraged through specific policies and financial programmes.
- Facilitate the participation of co-operatives in EU programmes that encourage the establishment of transnational and national specialist networks and the development of best practices in innovative sectors.
- The co-operative business models could be recognized as the first choice when speaking about responsible business model and corporate social responsibility (CSR) issues.

EU2020: “Youth on the move”

How co-operatives contribute:

- Increasing interest in the co-operative model of enterprise amongst young people;
- Co-operatives participate in Erasmus for Young Entrepreneurs (cross-border exchange);
- There are co-operative universities supported by co-operative organizations, but globally education systems ‘ignore’ co-operatives.

How European institutions can support us

- The teaching of the co-operative model of enterprise could be encouraged at every level of education.
- European mobility programmes involving enterprises could take into account the specificities of the co-operative business model.
- Business support programmes such as the Erasmus for Young Entrepreneurs could be adapted to a more diverse context of enterprise forms rather than the traditional forms of enterprises.



EU2020: “Resource efficient Europe”

How co-operatives contribute:

- Co-operative enterprises are active both on the demand (purchase) and supply (production and/or distribution) sides of energy;
- Co-operatives empower people in an energy market dominated by a few large enterprises, which regard consumers as passive players;
- Examples of renewable energy co-operatives show that they are compatible with business profitability and sustainability, active participation of citizens and energy efficiency;
- Co-operatives contribute to sustainable production and consumption all along the supply chain.

How European institutions can support us

- In order to promote sustainable development and reduce energy import dependency, a decentralized energy production and distribution model needs to be put in place. European programmes could therefore take the potential of businesses and not just big multinational companies into account, such as SMEs and co-operatives; easy access to smaller companies in EU programmes and contracts could be ensured.
- The energy grid of the 21st century could be a smart grid connecting local and regional producers. It is important to ensure energy supply and this can be achieved by decentralizing its production and promoting local and small-scale energy production easily integrated into the grid.
- Co-operatives in the energy sector need to be encouraged as a means to empower energy consumers. As they are owned and managed by their members, co-operatives enjoy a privileged two-way communication channel with citizens: on the one hand they give a voice to member’s needs; on the other hand they can influence their consumption behaviour.
- Final energy-users will not automatically become informed by the introduction of smart meters: they will need assistance and advice not only during the implementation of smart meters but also afterwards. Smart meters must be rolled out having consumer interests in mind and combined with neutral advice and effective energy saving measures.

Looking forward together

Given the range and complexity of the challenges facing European society and the business environment, co-operatives are uniquely placed to provide a counter-balance to shareholder-driven business activity. Our knowledge, goals and experience align perfectly with many of the EU's 2020 goals. We already play a major role across the spectrum of business and so look forward to sharing this experience constructively with the European institutions over the coming decade.

The European co-operative movement

Cooperatives Europe – the European region of the International Co-operative Alliance – is the European cross-sectoral organisation representing co-operative enterprises. On behalf of its 90 co-operative organisations from 34 European countries across all business sectors it promotes the co-operative business model in Europe. Its members represent 123 million individual member co-operators owning 160.000 co-operative enterprises and providing jobs to 5.4 million European citizens – a force for economic growth and social change.



Cooperatives Europe
Europe Region of the International Co-operative Alliance

Co-operatives House Europe
Avenue Milcamps 105
B-1030 Brussels
www.coopseurope.coop



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