

SURVEY REPORT

The COVID-19 crisis and its economic
and social impact on cooperatives
across Europe



ABOUT COOPERATIVES EUROPE

Cooperatives Europe is the European cross-sectoral organisation representing cooperative enterprises. On behalf of its 86-member organisations from 34 European countries across all business sectors, it promotes the cooperative business model in Europe. Its members represent 140 million individual member cooperators owning 176,000 cooperative enterprises and providing jobs to 4,7 million European citizens.

DIRECTOR'S FOREWORD

These words are written while people and enterprises are still dealing with the aftermath of the pandemic. The fear of a second vague was pending in Europe due to holiday returns. Citizens made a joint effort to do everything they can to contain the spread of the virus. Businesses were put at risk and people behind them were challenged even more to persevere in these difficult times. It is in such times that we are forced to demonstrate our strength and resilience, together. Solidarity is a key element for survival, but also for growth. This is what our cooperatives are about.

The survey shows clearly the extent to which our cooperatives have been strongly impacted by the economic and social consequences of this health crisis. It also points out that our core values of self-help, self-responsibility, democracy, equality, equity and solidarity have been the key elements to face the challenges. Unfortunately, this doesn't spare us from experiencing financial and social difficulties. This report is thus a key element for policy-makers to understand the impact of the crisis on European cooperatives and thus design policy measures that would not set aside our cooperatives from benefitting from support measures at EU and Member State levels. Cooperatives thus need strong and comprehensive support measures that would help our enterprises recover from this crisis and thrive again with other enterprises.

Agnes Mathis
Director

INTRODUCTION

Cooperatives are ethical business that work for the benefit of the community now and in the future. They come in all types and sizes: from small companies owned by employees, to large supermarkets owned by clients. They work in all parts of the economy: from healthcare to housing, farms to pharmacies, culture and tourism to sports clubs, energy to internet services.

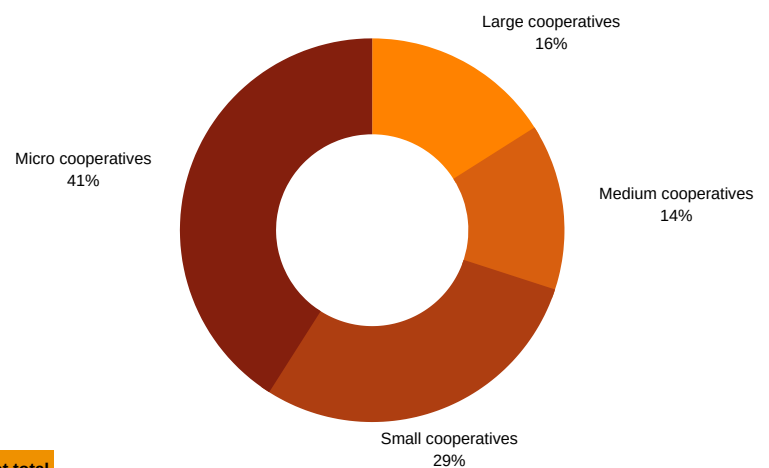
This report was developed in the context of the Covid-19 pandemic and recapitulates the replies to a survey Cooperatives Europe conducted with its member organisations and other cooperative enterprises about the economic and social impact of the crisis on cooperatives across Europe. The survey specifically targeted cooperatives in the European region (including neighbourhood countries). The results of this report are based on the responses received directly from around 55 cooperative enterprises and from more than 10 national apex organisation members representing all together close to 90% of the cooperative movement in Europe. Respondents to the survey come from 18 countries in Europe and are – or represent – micro, small, medium and large enterprises active in various sectors of activity like retail, social services, digitalisation, consultancy, etc.

Thanks to the responses of our participants, we were able to concretely identify the needs of cooperatives in the European region in order to better assist them in facing the challenges caused by the crisis. The given information would also feed into our policy claims and support our political arguments to decision-makers in EU and Member States to advocate for specific measures for cooperative enterprises in Europe, in the context of the recovery plan and in order to help cooperatives to develop their activities.

The online survey was launched from 14th of May to 1st of July 2020 and included open and multiple-choice questions to which respondents had the opportunity to reply in French, Italian, Spanish, Polish and German. The survey was sent in the early days of the impact of the crisis and therefore it is assessing the preliminary consequences of it on cooperatives.



SURVEYED COOPERATIVES



Small and medium-sized enterprises (SMEs) are defined in the EU recommendation 2003/361.

Company category	Staff headcount	Turnover	Balance sheet total
Medium	> 250	> € 50m	> € 43m
Small	> 50	> € 10m	> € 10m
Micro	> 10	> € 2m	> € 2m

1. What are the social and economic impact of the COVID-19 on cooperatives' business activities?



GENERAL OBSERVATIONS

1. What are the social and economic impact of the COVID-19 on cooperatives' business activities?

1. General observation: all cooperatives (from all sizes) across Europe were impacted by the COVID-19 in their business activities, turnover and workforce.

2. The pandemic affected the activities of cooperatives, in the sense that employees of those cooperatives were usually homeworking. Some cooperatives have seen their projects suspended, like for instance, in Romania, where a small cooperative has seen its commercial contracts terminated, which endangered the survival of the company. Another example concerned a micro cooperative active in the energy sector which had a loss of potential customers that were initially interested in signing contracts with the company but lost interest due to other priorities during the pandemic.

3. Cooperatives are impacted differently according to the sector of activity: cooperative start-ups and the transport, education and culture (incl. tourism) sectors are particularly impacted. However, some sectors experienced a higher rate of activities, such as cooperatives active in the health and retail sectors.

4. Some cooperatives benefitted from unexpected business opportunities due to the pandemic. For instance Spanish cooperatives working in the textile sector quickly readapted their production to produce masks and gloves. Moreover, in Bulgaria, a large cooperative active in the food sector put in place mobile stores to deliver fresh and affordable food in villages without grocery shops and/or in grocery stores with food supply issues.

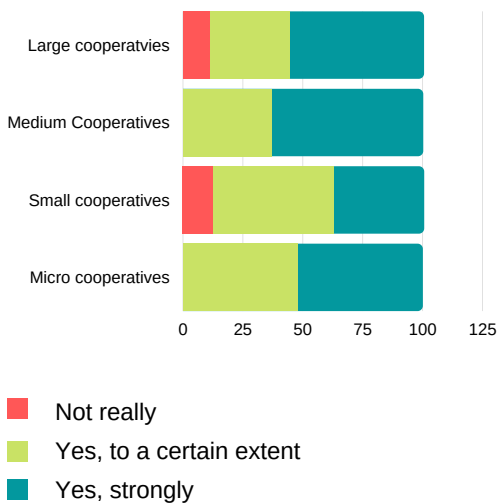
5. Across all sizes of cooperatives, turnovers were either substantially lower than normal or a little lower than normal. Generally speaking the tourism sector really suffered from the lockdown as cooperatives active in this sector had to suddenly stop their activities. This is notably the case for over 21,000 cooperatives in Italy engaged in tourism, entertainment and management of artistic and cultural heritage, in leisure and sport.

6. In only very few cases, the turnover was a little higher than normal. This observation was made for 12,5% of medium-sized cooperatives active in the social and health sectors.

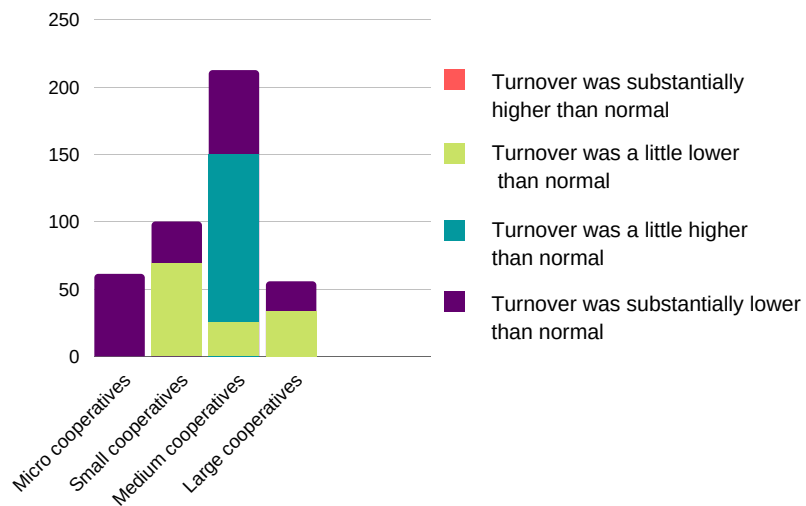
7. The majority of our respondents stated that their cooperative put in place temporary unemployment schemes, while a third of the surveyed cooperatives ensured short-time work for their staff.

8. As companies increasingly adapt to a changing landscape of working remotely, the majority of cooperatives expressed the need for assistance in digitalisation.

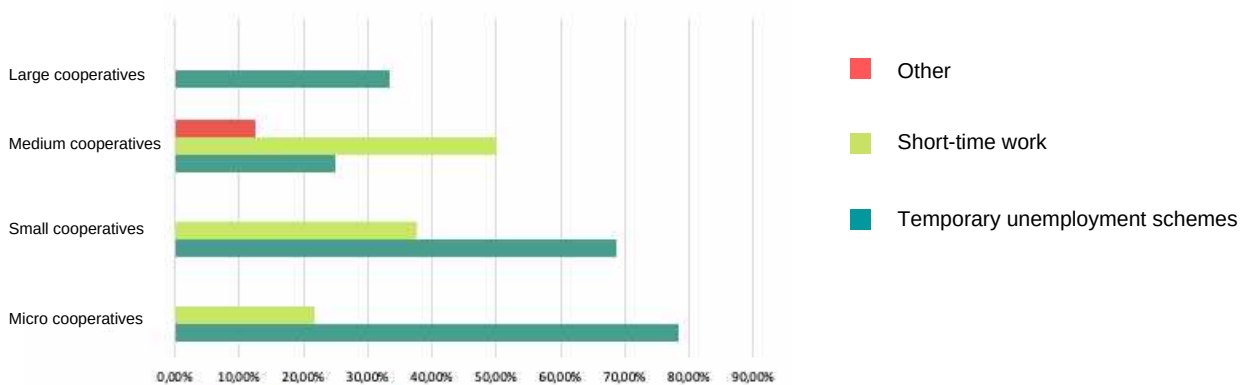
Has the pandemic and/or the lockdown affected your activity?



In what way was your business turnover outside its normal range since the start of the pandemic?



What is the impact on employment within your cooperative?





RECOMMENDATIONS

- 1** Policy-makers should actively include cooperative organisations in designing policies for restoring the economy, in order for them not to be excluded from the scope of the restoring policies.
- 2** Digital training is necessary. Support is needed through information or financing either for setting up digital processes or for generally shifting work towards an online environment and providing services and products online.
- 3** National public authorities should collaborate with national apex cooperative representative organisations to ensure that unemployment support schemes are fit and available for cooperatives at the same conditions as other companies.
- 4** Governments should facilitate access to information, allowing interested enterprises – including cooperatives – to better understand available support schemes and eligibility criteria.
- 5** Given the difficulty to sell products or services, especially for some cooperatives active in specific sectors (tourism, culture, etc.), cooperatives should be specifically targeted as suppliers for public procurements.

2. Which support measures do you need the most to help face the crisis?



GENERAL OBSERVATIONS

2. Which support measures do you need the most to help face the crisis?

1. In certain Member States like Greece, Turkey and Sweden, some cooperatives and social coops were excluded from receiving grants.

2. The most needed support measure for micro (56,52%) and small (43,75%) cooperatives is deferring payments of utilities, social security contributions, loans or taxes.

3. For medium cooperatives, the most needed support measure is advice with business continuity planning (37,75%).

4. The most needed support measure for large cooperatives is supplies of personal protection equipment like masks and gloves (44%).

5. We also observe that only small cooperatives didn't opt for Legal advice on application of labour regulations during crisis as one of the most needed business support services.

6. The most needed financial support measures to alleviate the financial stress due to the crisis are – for all sizes of cooperatives – with a large majority, first new grants and then tax reliefs.

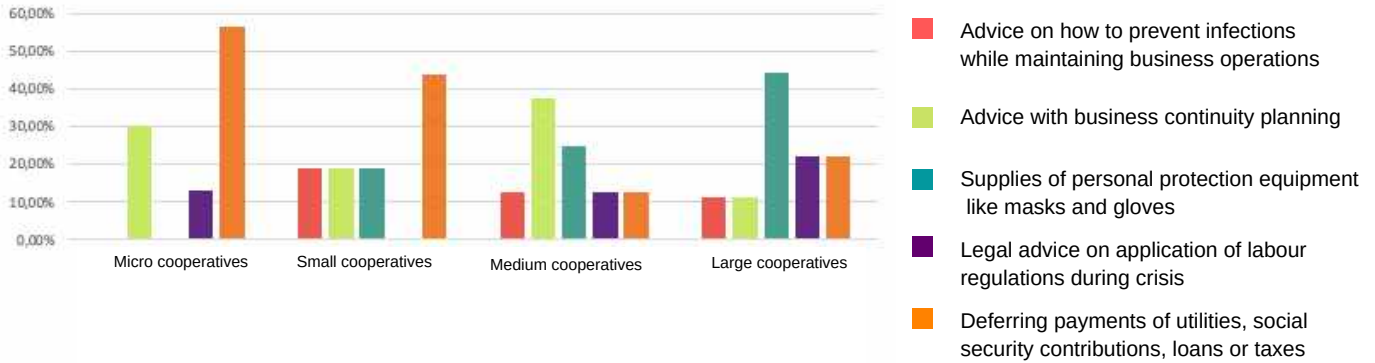
7. Public authorities, and then financial institutions, are usually the first points of contact to which cooperatives turned to for receiving information on the available funding opportunities in times of crisis.

8. However, surveyed medium - sized cooperatives reached out first to their cooperative national apex organisation. The surveyed cooperatives stated they turned to their national apex representative organisation to receive information, explanations and guidance to obtain funding support from their public authorities.



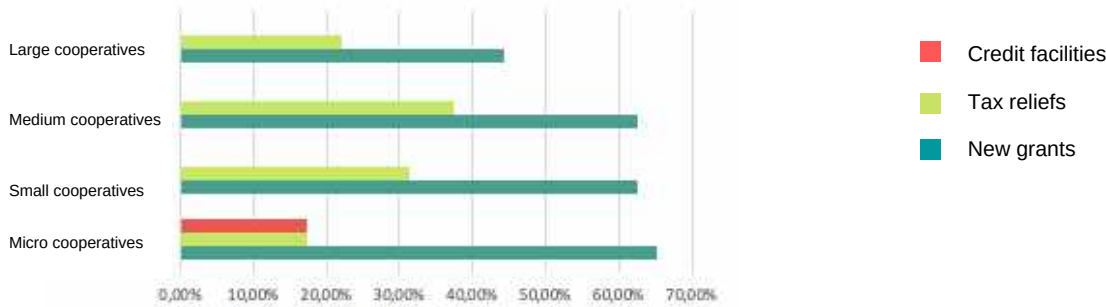
Business support services

What business development services or support measures do you need the most?

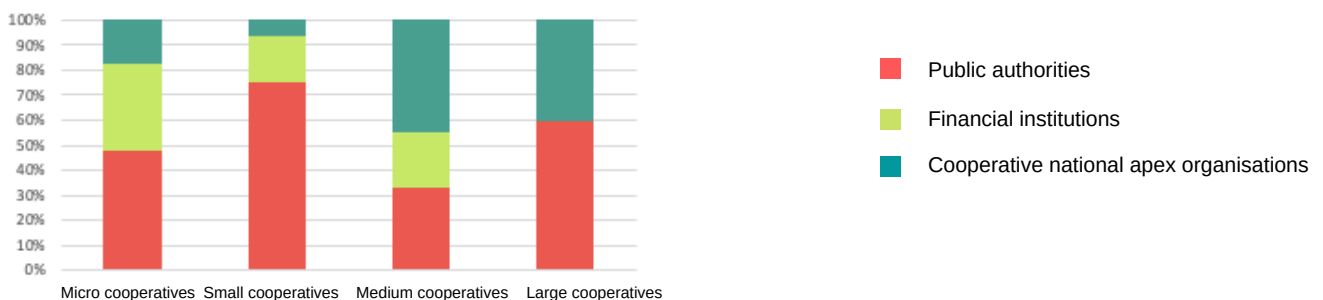


Financial support measures

Which kind of financial support measures do you need the most to alleviate the financial stress due to the crisis?



To which institution have you reached out to first to receive information on the available funding support for your cooperative?





RECOMMENDATIONS

- 1** Financial support: make available funding support opportunities to cooperatives, based on their specific business models.
 - a) Public authorities should better facilitate the access to information on the available funding and business support measures.
 - b) Once cooperatives have this access, public authorities should not make it harder the conditions for granting such support measures.
- 2** Tailored information: considering the cooperative business model, public authorities should adapt their measures and provide tailored information on the general business development support programmes available as well as guides on how to address COVID-19 as employers.
- 3** Public authorities have a role to play in educating and promoting consumers about supporting local and inclusive businesses like cooperatives. Furthermore, public authorities should work closely with cooperative representative organisations to better understand their issues and provide them tailored solutions, as they do for the traditional businesses.

3. Resilience



GENERAL OBSERVATIONS

3. Resilience

As seen previously in the results of the survey, cooperatives in Europe have been strongly impacted by this pandemic. From an economical point of view, they suffer from an important drop in their revenue and are impacted in conducting their business activities. But the stronger impact remains at a human level, where employees and workers of those cooperatives either suffered from job losses or were forced to readjust their jobs.

Cooperatives from all sizes had to quickly adjust in order to best face the consequences generated by the crisis. For instance, in the agricultural sector, we observed that some cooperatives have been able to create new market space, for instance producing alcohol sanitising gel and disinfectants, across their factories. In many cases these cooperatives have also been able to distribute these new products free of charge to regional health agencies and hospitals, therefore enhancing the important social role that agri-cooperatives normally provide.

Our surveyed cooperatives highlighted the following elements to explain how they were able to face the aftermath of the crisis:

Principle n°6: Cooperation among Cooperatives: "Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures."

- Inter-cooperation among cooperatives was essential; either for advice or for partnering to implement projects. For example, in Belgium a micro coop active in the digital sector collaborated with a large cooperative active in the pharmaceutical industry.

- Solidarity among members was also an important element.
- Cooperative values: co-responsibility, co-participation and cooperation helped in the day to day work and in relation with customers.

Principle n°2: Democratic Member Control: "Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner."

- The democratic nature of the cooperative business model is useful as important decisions were still taken collectively so it was easier for people to accept them, even if they were tough decisions to make. For instance, a small cooperative in the service sector (consultancy) in Denmark stated that taking decisions collectively allowed give a positive feeling to their member.

However, we also observed that issues existing before the crisis were only amplified by it: lack of knowledge, difficulties to obtain funding, etc. Therefore, our surveyed cooperatives largely expressed the difficulties they have experienced when looking for information (funding opportunities, business development support measures, legal advice, etc.) to public authorities or financial

institutions. For instance, in Belgium, a digital platform startup cooperative already had issues before the pandemic to obtain funding at national and European level and this was just amplified by the emergence of the crisis.

Indeed, they often observed a lack of knowledge in the coop business model, which is linked as well to a lack of tailored information regarding the specific type of their enterprise. Furthermore, even though it was often difficult to access information, when they had access to it, it was difficult to benefit from support services as they were sometimes not included in the conditions to be granted those services. Thus, there is an issue of inequalities among different types of business models.

A hand is shown from the top, gripping the black handle of an umbrella. The umbrella is partially open, with its ribs and fabric visible. The entire scene is set against a solid, vibrant orange background. The lighting is soft, creating a warm and grateful atmosphere.

A WORD OF THANKS

For seven weeks, Cooperatives Europe collected responses from cooperative enterprises and national apex organisations to better understand the social and economic impact they endured during this health crisis. We warmly thank our respondents for their time and valuable input which clearly indicate that in Europe, cooperatives need tailored support measures to help them face the aftermath of the crisis and thrive again.



/coopseurope



@coopseurope



Cooperatives Europe

t. (+32) 2 213 00 80

Rue du Trône 4, 1000, Brussels

www.coopseurope.coop

September 2020