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Statistics of cooperatives

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1. Introduction

The resolution concerning further work on statistics of cooperatives adopted by the 19th International Conference of Labour Statisticians (ICLS) in 2013 (ILO, 2013) recognized and recalled the need to produce statistics on cooperatives in all countries of the world. The resolution recommended that the International Labour Office, in cooperation with International Labour Organization (ILO) constituents and national statistical offices, carry out further developmental work on the measurement of cooperatives, in particular on the number and characteristics of cooperatives, members of cooperatives, workers employed in cooperatives and value added generated by cooperatives.

In line with the resolution, the ILO Department of Statistics, in collaboration with the Cooperatives Unit of the ILO Enterprises Department and the Committee for the Promotion and Advancement of Cooperatives (COPAC),¹ undertook a number of activities to prepare the draft guidelines on statistics of cooperatives which are put forward in this room document (see appendix). Desk reviews of national practices were conducted to consider statistics of cooperatives in countries that represent different types of institutional arrangements, methods of data collection and production of statistics. In all countries considered, the reviews examined how statistics on cooperatives are generated, which definitions are used and what statistics are available. Based on these studies, country briefing notes on statistics on cooperatives have been published for 12 countries.²

A technical working group on statistics for cooperatives was established by COPAC with support from the ILO, consisting of representatives of the cooperative movement and national statistical offices, policy-makers and researchers. The technical working group initiated and discussed a number of studies that provided inputs into the preparation of the draft guidelines,³ including a study on the conceptual framework of cooperatives (ILO, 2017a); a study on the use of statistics on cooperatives in national policy-making (ILO, 2017b); a study on the measurement of employment in cooperatives (Eum, 2017); a study on classification of cooperatives (Eum et al., 2018); and finally a study on value-added of cooperatives (Rousselière et al., 2017). A number of complementary activities have also been undertaken, including presentations and discussions in national and international meetings.

Section 2 of this document covers the rationale for the draft guidelines and the approach taken in their development; section 3 summarizes their main elements; section 4 considers the need for future work; and the appendix contains the draft guidelines.

¹ COPAC is a partnership of public and private institutions that promotes cooperatives, whose members are the ILO, the United Nations (UN) Department of Economic and Social Affairs, the Food and Agriculture Organization of the United Nations (FAO), the International Co-operative Alliance (ICA) and the World Farmers' Organisation.

² Brazil, Canada, Costa Rica, Indonesia, Islamic Republic of Iran, Japan, Philippines, Republic of Korea, Russian Federation, Turkey, United Kingdom and United Republic of Tanzania (mainland); the briefs are available at: <http://www.ilo.org/global/topics/cooperatives/publications/country-stats/lang--en/index.htm>.

³ The draft guidelines benefited from comments received from TWG members and other experts; extensive comments and inputs were also provided by David Hunter (ILO Consultant).

2. Rationale for guidelines and the proposed approach

The United Nations 2030 Agenda for Sustainable Development recognizes the role of cooperatives in the implementation of the 2030 Agenda (UN, 2015) and there are both quantitative and qualitative arguments underlining the importance of cooperatives in the world of work. One argument is that a substantial share of the employed is involved in cooperatives around the world,⁴ while the membership of various types of cooperatives may exceed one billion people (CICOPA, 2018). Apart from the quantitative dimension, cooperative economic activity merits attention because this activity is often viewed to be more sustainable and resilient in times of crises, while cooperatives are considered to be in a strong position to further the goals of the 2030 Agenda. For example, the cooperative model is seen as well-suited to advance gender equality and women's empowerment (COPAC, 2018).

The ILO Promotion of Cooperatives Recommendation, 2002 (No.193) highlights the need for better national statistics on cooperatives. Such statistics would enable an accurate assessment of the contribution cooperatives make to economies, including labour markets, and would support the formulation of effective policies at times of profound changes in the world of work.⁵ In this regard, efforts have been made at both the national and the international levels but there remains a lack of widely agreed statistical methodologies to help produce high-quality statistics that are comparable across countries.

Although an extensive literature on cooperatives is available, an agreed operational definition of cooperatives is not part of current international statistical standards. The International Classification of Status in Employment (ICSE-93) includes members of producers' cooperatives as one group of workers but does not provide a comprehensive definition of (producers') cooperatives.

The System of National Accounts (SNA) notes that:

“Cooperatives are organizations formed freely by individuals to pursue the economic interests of their members. The basic principles of cooperatives include:

- a. democratic control, that is, one person, one vote;
- b. shared identity, that is members are both owners and customers; and
- c. orientation to provide services to members 'at cost'.

As with other institutional units, if the articles of association of a cooperative prevent it from distributing its profit, then it will be treated as an NPI [non-profit institution]; if it can distribute its profit to its members, it is not an NPI (in either the SNA or the satellite account).”⁶

⁴ Based on data from 156 countries, the International Organisation of Industrial and Service Cooperatives (CICOPA) estimates that employment in or within the scope of cooperatives concerns at least 279 million people globally (CICOPA, 2017).

⁵ See, for example, CICOPA (2018) on cooperatives and the future of work.

⁶ European Commission, IMF, OECD, UN and World Bank (2009), para. 23.21.

At the same time, cooperatives are different from other for-profit corporations, both financial and non-financial, as they are controlled by their members on the basis of one member one vote and not by investors on the basis of the share of invested capital.

The most widely used definition of cooperatives is contained in ILO Recommendation No. 193, Paragraph 2:⁷

“For the purposes of this Recommendation, the term ‘cooperative’ means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

This definition focuses usefully on the key elements of cooperatives but has some limitations for the purpose of producing statistics on cooperatives. For example, it is not specified whether the term “persons” refers only to physical persons or also encompasses legal persons or entities, such as enterprises.

Taking the ILO Recommendation No. 193 definition into account, as well as the literature, reviews of national practices and studies listed in section 1 above, a conceptual framework has been developed which aims to define and classify cooperatives for statistical purposes. The conceptual framework was presented in an ILO report (ILO, 2017a) and discussed by the technical working group in 2017; it focuses on cooperatives as combinations of persons and enterprises which are linked by a set of principles that distinguishes cooperatives from other entities. The report also reviews a number of topics related to the definition and classification of cooperatives, such as membership, value added and employment in cooperatives.

Together with the studies mentioned above, the conceptual framework informed a comprehensive report on guidelines for statistics of cooperatives (Bouchard et al., 2018). This report in turn constitutes the basis for the draft guidelines presented in the appendix; accordingly, it provides more detailed information on the background of the guidelines and the choices that had to be made in their formulation.

The guidelines concerning statistics on cooperatives have also been carefully considered in view of the draft resolution concerning statistics on work relationships to be considered for adoption at the 20th International Conference. In particular, the status in employment of members of cooperatives has been given much attention. For example, one important issue is the classification of worker-members of cooperatives. Worker-members are dependent workers because they do not have complete control over the operation of their enterprise. Nevertheless, they jointly own the enterprise along with other members and have a vote on key decisions and the election of the board. However, voting is based on membership (one member one vote) rather than on share capital and worker-members do not have the same degree of control over the business as a majority shareholder or a shareholder who has a veto or casting vote.

⁷ The same definition was adopted by ICA in 1995 as part of its Statement on the Co-operative Identity, Values and Principles (ICA, 2015).

3. Overview of the guidelines

The guidelines consist of the following parts: **Preamble; Objectives and uses; Reference concepts and definitions; Types of cooperatives; Statistical units; Operational definitions; Work in cooperatives; Data collection, tabulation and analysis; Future work.**

The brief overview of the **objective and uses** of the guidelines emphasizes that statistics on cooperatives should provide information for descriptive, analytical and policy purposes. This requires information on the number and type of cooperatives, the members of cooperatives, the work generated in cooperatives and the economic contribution of cooperatives. These topics are detailed in the subsequent parts of the guidelines. As there is no agreed methodology to measure the contribution of cooperatives in economic/financial terms, this topic is also addressed under future work.

The part on **reference concepts and definitions** starts from the definition in ILO recommendation No. 193, which was highlighted in section 2 above and describes the main purpose of cooperatives: to meet the needs of their members. Such needs include, for example, access to markets and greater income stability for members who commercialize their production through a cooperative; reasonable prices for members of consumer cooperatives; access to employment or better working conditions for members of a workers' cooperative; or access to tools and machinery for a producers' cooperative.

The needs of members are central to the understanding of the contribution of cooperatives and also define the classification of cooperatives in the guidelines (**types of cooperatives**). At the same time, the guidelines make reference to the fact that cooperatives as institutional units are aligned to the SNA and the formal establishment of cooperatives may be subject to general or specific legislation.

The part on **operational definitions and statistical units** aims to provide more explicit guidance on the measurement of cooperatives. This part lists operational criteria which define cooperatives and provides guidance on the treatment of entities which either share some of the characteristics of cooperatives or are related to cooperatives. Informal cooperatives are beyond the scope of the guidelines; however, as the number of informal cooperatives may be substantial in some countries, countries are encouraged to compile statistics on them separately.

The guidelines note that statistics of cooperatives should include subsidiaries that are not cooperatives as well as the persons and enterprises that are members of cooperatives. This enables a full assessment of the impact of cooperatives on employment and on the economy more generally.

The part on **work in cooperatives** explains that work generated in cooperatives may be performed by members and non-members and is not limited to the work performed in the cooperative itself. In particular, the work performed by owner-operators and any other persons working in enterprises that are members of producer cooperatives is within the scope of statistics on cooperatives.

Guidance is also provided with regard to the classification of workers in cooperatives or within the scope of statistics on cooperatives according to the above-mentioned draft resolution concerning statistics on work relationships.

The part on **data collection, tabulation and analysis** notes the need to produce comprehensive statistics on cooperatives at least every five years and requires a dedicated data collection exercise. Such comprehensive statistics can be augmented on a more frequent basis by other sources of data such as administrative data, establishment surveys or household surveys.

4. Future work

Not all the topics that are relevant in the context of statistics of cooperatives have been fully covered in the draft guidelines. In particular, the economic contribution of cooperatives is not defined. On the one hand, traditional measures of the economic contribution of enterprises such as value added are not necessarily appropriate in the case of cooperatives. On the other hand, the nature of cooperatives as entities driven by the needs of their members, combined with the mix of market and non-market activities, may create effects that are not adequately captured by standard economic tools (see ILO, 2017a). Although there is an expanding literature in this area, agreed methods are not available and require further work.

Also foreseen as part of future work is further testing of the guidelines, in particular the underlying conceptual framework with regard to the definition and classification of cooperatives. For example, the guidelines identify three types of members of cooperatives but testing may result in the identification of additional types. Similarly, it may be useful to prepare guidelines on sub-types.

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