



Work and employment in the informal economy and new forms of work

— How can cooperative model be an answer?

About presentation

- Summary of the chapter 4 « Cooperatives and employment : Second global report » (Eum, 2017) published by CICOPA
- A chapter in the joint project of publication « Cooperatives and the world of work » (ILO Coop Unit, ICA CCR and CICOPA)
- To aim at clarifying several conceptual and practical issues on the role of cooperatives in the informal economy situation

Background

- Increasing interest on the role of cooperatives in addressing various social problems including transition from the informal to formal economy (UN SDGs, ILO recommendation N° 204)
- Informalization of employment and economy is a problem not only in developing countries but also in industrialized countries – atypical forms of work, gig economy, uberization...
- Need to recognize new forms of employment which are neither employees nor self-employed, e.g. self-employed contractors, freelancers, on-line platform workers...
- Conceptual confusion on cooperatives' role in addressing the problems related to issues of employment in the informal economy

What are problems?

- Conceptual ambiguity of the informal economy – Formality and informality themselves are neither good nor bad.
- Focus on problems caused by the informal economy – Deficits of decent work (employment generation, social protection, rights at work and social dialogue)
- Informalization of employment and economy across the world
- **How are cooperatives answering these problems?**

General contributions

- Saving and credit cooperatives, mutual insurance, multi-purpose cooperatives and consumer cooperatives – provide certain formal or semi-formal services and access to formal arrangements
- Shared service cooperatives – strengthen economic activities of self-employed producers or entrepreneurs, through various forms of shared services, such as marketing, collective purchasing, provision of premises, information, R&D, training and consulting.
- **Not directly aim at changing informal employment into formal one**

Specific contributions in addressing employment issues in the informal economy

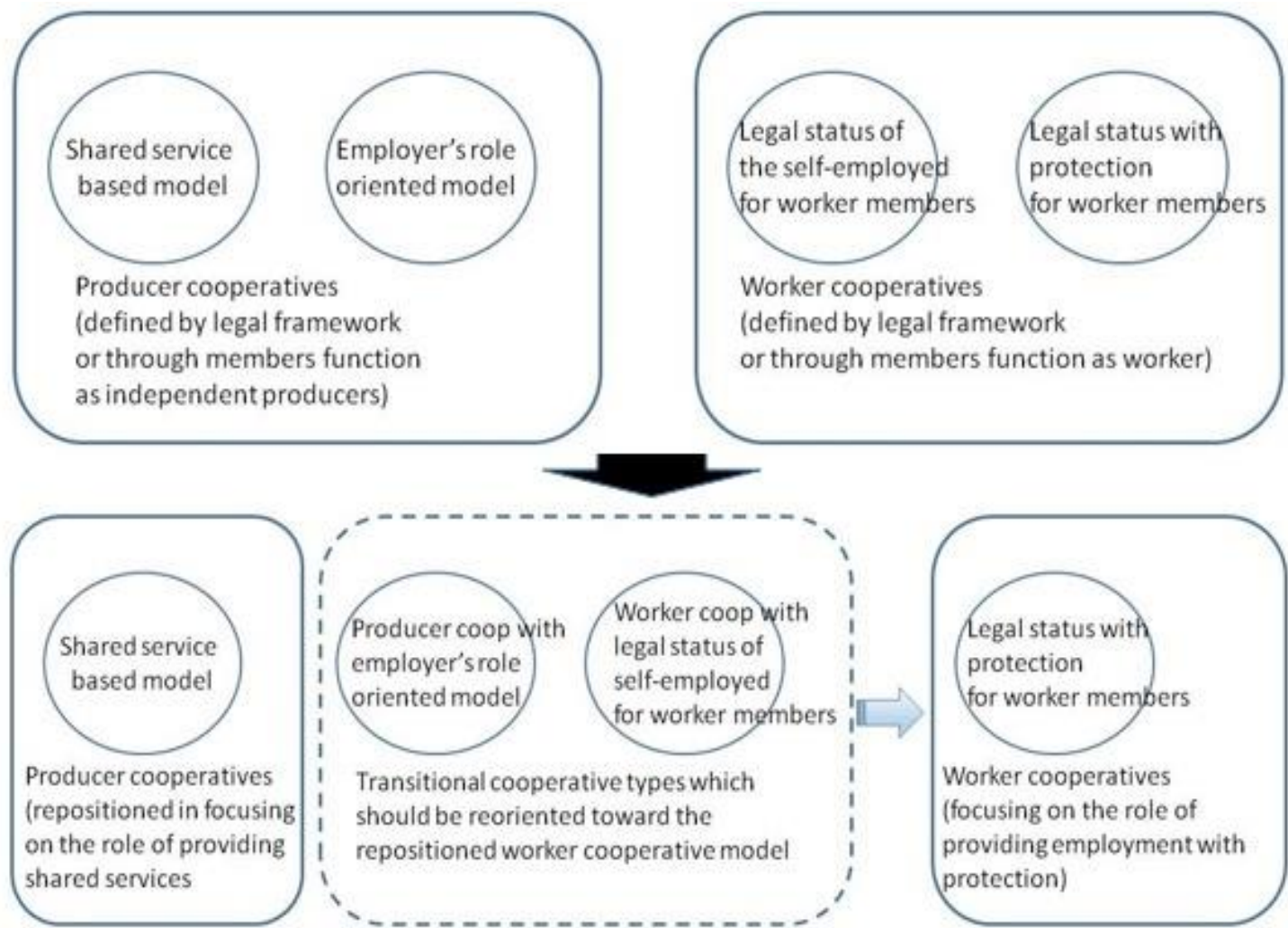
- Shared service cooperatives specialised in providing work opportunity – play a role as employment agency which provide work-placement services. e.g. domestic cleaning worker cooperatives in the US, actors’ cooperative agencies in the UK
- Labour cooperative model – play a role as intermediary employer. e.g. labour service cooperatives in Philippines, some worker cooperatives in Colombia and Brazil
- New initiatives focusing on provision of formal employment contracts – provide freelancer members with legal status as employee. e.g. business and employment cooperatives in France, Smart in Belgium

Worker cooperatives as a direct solution to formalize informal employment but...

- Primary aim of worker cooperatives is to provide formal and decent employment to their members
- But only when conditions would be met
 - ✓ Can worker-member benefit from legal status as employees and social protection & rights at work accordingly?
 - ✓ If not, des cooperative legal framework regulate social protection & rights at work for worker-members?
- If any of both would not be met, there is a risk that the cooperative model might be abused by real employers or public authorities as cheap and easy solutions for out-sourcing and/or quick job creation.

A proposition – Institutionalization of worker ownership

- Untold dilemma of cooperative model
 - ✓ Self-employed producers' shared-service cooperatives in industrial and service sector (e.g. handcraft artisans' cooperatives, transport cooperatives) – Are members really independent self-employed workers? Aren't they dissimilated form of employees?
 - ✓ Worker cooperatives without legal protection for worker-members + Newly emerging forms of work (e.g. platform work) - flexibility or precariousness?
- Debates around recognition of new forms of work – more flexibility + certain level of rights and protection + **(collective responsibility through democratic governance and worker ownership)**





Thank you for your attention!

For more information,
please visit www.cicopa.coop

Hyungsik Eum eum@cicopa.coop