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Rediscovering cooperatives: young people finding work the cooperative way

This brief is part of the ILO COOP Cooperatives and the World of Work series. For more information and other articles and briefs on the series visit www.ilo.org/coop.

INTRODUCTION

A long-established way of creating work and doing business is being rediscovered by a new generation.

Cooperatives are value-based enterprises that put people, rather than just the pursuit of profit, at the centre of their operations. The democratic nature of cooperative enterprise encourages participation, broadens ownership and fosters empowerment. Young people often maintain that it is the cooperative values and principles that make cooperatives attractive to them.

At a time when young people are disproportionately affected by unemployment and the lack of decent work, cooperatives can create work opportunities and better working conditions.

The need for a global youth employment strategy

Across the world young women and men face real and increasing difficulty in finding decent work opportunities.

There is a youth employment crisis. Young people can be as much as three times more likely than adults to be unemployed, and the ILO estimates that more than 73.6 million young people are looking for work. Youth unemployment has risen steeply, by 4.1 million since 2007.

Young women can be confronted with even more challenging labour market prospects. In some regions, such as the Middle East and North Africa, young women face unemployment rates of more than 46 per cent.¹

The transition from schooling to the world of work has become less straightforward and more insecure. The quality of work available

to young people has been declining. When they find work, young people are more likely to be in temporary or precarious work situations, without long-term prospects.² Secondary education no longer offers the career opportunities it once did. Educational attainment is improving fast in most developing countries, and there is therefore a growing gap between the skills acquired in education and the jobs available.

Almost one in five people in the world is aged between 15 and 25, and some developing countries face significant demographic challenges in creating the opportunities for young people to be integrated into society as engaged and active citizens.

There is an urgent need to turn these challenges into a positive youth dividend. The world's young people can offer energy, enthusiasm and fresh ideas which can contribute to sustainable economic growth – the task now is to find the ways to bring this about.

Cooperatives: part of the solution

In the aftermath of the financial and economic crisis, there has been widespread public dissatisfaction with most of conventional businesses which are seen as being overly profit-driven. Cooperatives and cooperative organizations point to renewed public interest in the cooperative business models, as enterprises run for the benefit of their members rather than to maximise investor returns.

Cooperatives can help young people both to find work and to gain work experience. They can offer opportunities for professional and vocational training.

¹ ILO World of Work Report 2014, available at http://ilo.org/global/research/global-reports/world-of-work/2014/WCMS_243961/lang-en/index.htm.

² See for example ILO, *Informal Education among Youth: Evidence from twenty school-to-work transition studies* (2014) and ILO, *Is Education the Solution to Decent Work for Youth in Developing Economies?* (2014).

In broad terms, there are cases when young people opt for entrepreneurship rather than wage employment. In other cases they may look into self-employment and entrepreneurship out of necessity when they cannot find work. In both contexts they may choose to join a cooperative rather than start their own one-person business. There are several particular reasons why young people may find the cooperative business model attractive.

- **A collaborative approach to working together**

An economy based on information technology relies less and less on command-and-control forms of management and more on collaboration and peer-to-peer networking. Young people's familiarity with, for example, social networking and wiki-based online content generation demonstrates an easy acceptance of the benefits of collaboration. Although effective collaborative working is possible in businesses of all kinds, cooperatives claim that their business model is particularly suited to this.

- **A way around the difficulties of establishing new start-ups**

The inevitable challenges for all those who seek to establish their own start-up businesses– the tasks of finding the capital, being taken seriously by suppliers and customers, and coping with legal and financial frameworks, for example – can be greater for young people. Establishing a new business collectively can help mitigate these difficulties by sharing risks and responsibilities.

- **A way to formalize informal working arrangements**

Because of the difficulties of finding work, young people are more likely to end up in informal working arrangements. Establishing a cooperative, a form of business that is legally recognized by state authorities and regulators, offers a relatively easy way of providing legal protection to otherwise informal employment.

- **A preparedness to do things differently**

Young people are at a stage in their lives where they are more likely to be prepared to experiment and to share risks.

- **Familiarity with working with others from the same age group**

Young people spend their time in education and their social time primarily with their peers. Cooperatives can offer a way of working together with those they already know well, allowing for them to engage socially while conducting business.

- **A sense of equality and social justice**

Young people's desire to create a better world finds a fit with cooperative values and principles.

- **An opportunity to acquire further skills**

Cooperatives offer an ideal platform for skills transfer from more experienced cooperative members to younger ones.

As the message from the Young Leaders at the 2014 Québec International Summit of Cooperatives puts it, “We believe that the cooperative movement must be at the centre of creating a more sustainable and equal economy. Our vision and expectation of the global cooperative movement is for it to transform an economy based on the individual accumulation of wealth and power into a system that serves the collective wellbeing of people and our planet through redistribution of resources and common ownership”.³

Cooperatives are defined by both the International Co-operative Alliance and the International Labour Organization in this way: **A cooperative is 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.**

Cooperative Principles

The International Co-operative Alliance has established the following **seven internationally agreed Cooperative Principles**:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation among cooperatives
7. Concern for community

Source: <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

Young people's cooperatives – what's holding them back?

The role which cooperatives can play in tackling the youth unemployment crisis has been widely recognized, including in the Resolution and Conclusions of the International Labour Conference following its debate on the issue in 2012.⁴

There are, however, significant challenges which hold back the development both of cooperatives generally and of young people's participation in cooperatives in particular.

- **A lack of knowledge of the cooperative business model**

The cooperative business model does not generally feature in school or university education. Even courses specifically focused towards business education are often orientated only to more conventional business models and do not mention the cooperative alternative.

- **A shortage of capital**

Almost every business needs both fixed and working capital in order to become established. Young people can find it particularly difficult to access the capital their cooperative business needs.

- **Regulatory difficulties**

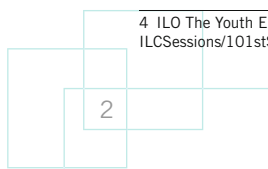
In many countries, establishing a cooperative business is both slower and more expensive than establishing a conventional business. The ILO *Promotion of Cooperatives Recommendation*, 2002 (No. 193) calls for a level playing field for cooperatives in relation to other business forms, but reform of legislative and regulatory structures remains to be carried out in many countries.

- **Access to markets**

The current lack of a level playing field can affect the ability of cooperatives to market their goods or services as effectively as other types of business. Cooperatives can have difficulties in accessing public sector tendering opportunities. This may be the result of legislative or regulatory difficulties, or to a lack of understanding of the nature of cooperative enterprises.

3 <http://ica.coop/en/media/news/young-leaders-co-operate-transform-society>

4 ILO The Youth Employment Crisis: Time for action, 2012, http://www.ilo.org/ilc/ILCSessions/101stSession/reports/reports-submitted/WCMS_175421/lang--en/index.htm



• An out-dated view of cooperative business

Cooperatives in some countries continue to suffer from an erroneous view of the nature of the business model, dating back to failed top-down attempts by some states in the 1960s-1990s to use so-called cooperatives as a form of quasi-state ownership.

• A lack of evidence of “what works”

Very little research has been undertaken to examine the effects of young people’s participation in cooperatives. More rigorous research and evaluation is needed to identify effective design and delivery of cooperative programmes designed for young people, including the use of experimental and quasi experimental research methodologies.

Facilitating young people’s cooperatives

Cooperatives are created and run by their members, and their success depends on the commitment and engagement of their members.

Nevertheless, governments, public sector organizations, NGOs and other policy-making bodies can facilitate young people’s cooperatives to become established and to thrive. Cooperatives, as other types of enterprises, need an enabling environment to support the entrepreneurs. There is a host of good practice worldwide to draw upon.

• Getting cooperatives into education

As well as ensuring that the cooperative business model is adequately covered in educational curricula, there are innovative ways in which children and young people can become familiar with the cooperative way of working.

For example, the use of school cooperatives provides a way of introducing young people to the cooperative model of enterprise while providing exposure to the skills needed in running a business. School cooperatives can be found in all regions of the world and are especially strong in Malaysia, in Europe and the Americas. Sometimes school cooperatives run cafeterias or snack shops, or produce gift items. In England, the cooperative movement is supporting an increasing number of state-supported cooperative schools, where teachers, parents and students play a role in the school governance structures.

Cooperatives and cooperative institutions run specific programmes including summer camps and out-of-school activities to introduce the concept of cooperation in activity-based settings.

There is also a long tradition in some countries of students using housing cooperatives to meet their accommodation needs whilst at university. The Berkeley Student Cooperative (US), for example, was established in 1933 and now provides seventeen houses and three apartment blocks for over a thousand students.⁵ In Canada, WCRI is a student housing cooperative with 700 members in Waterloo, Ontario.⁶ Student housing cooperatives provide valuable first-hand experience of cooperative structures which can be transferred to the work context.

• Working with cooperative partners in youth employment programmes

In a number of countries, state support for youth employment creation programmes is being developed in partnership with cooperative organizations.

In Nigeria, the Ekiti state government’s *Youth in Commercial Agricultural Development* (YCAD) has helped over 200 participants engage in farming, aquaculture and forestry by making land and equipment available at concessionary rates. The government has allowed the programme to operate as a cooperative, which has encouraged cross-fertilisation of ideas between the young people taking part.⁷

In Panama, the Ministry of Labour is working with the Instituto Panameño Autónomo Cooperativo (IPACOO) in the programme *Mi Primer Empleo* (My First Job). Young people between the ages of 18 and 29 are eligible for the programme, which includes 160 hours of study and tuition. Participants are given an understanding of the nature of worker cooperatives, producer cooperatives and service cooperatives.⁸

In Morocco, a focus on graduate unemployment has led to the creation of *coopératives des lauréates diplômés*. The numbers involved in these ‘graduate cooperatives’ has grown in recent years to include 3252 individuals in 289 separate organizations.⁹

• Helping young people’s cooperatives access capital

The 2012 International Labour Conference drew attention to the need for “improving access to finance for the operation of sustainable youth enterprises, in particular micro-, small and medium-sized enterprises, cooperatives and social enterprises”.¹⁰ It recommended that this include such steps as subsidizing credit, guaranteeing loans and supporting microcredit initiatives.

An initiative in Rwanda is designed to do just that. COOJAD, *la Coopérative de la Jeunesse pour l’Auto d’Emploi et Développement* offers loans to young people without security and with low interest rates. Young people themselves are actively involved in the cooperative and are among the board members. The government also supports this innovative youth cooperative bank.¹¹

• Supporting young people’s organizations

Self-help is at the heart of the cooperative way of working, and both governments and established cooperative bodies can help by supporting young people’s own cooperative structures.

In South Africa, where the government introduced a Youth Co-operative Programme in 2003, there is now the active South African Youth Cooperative Network. The Network is helping to promote an understanding of cooperative enterprise model in high schools and higher education institutions.¹²

Young people and employment in other cooperatives

Established cooperative businesses also have an important role to play in supporting young people’s employment.

5 <http://www.bsc.coop/index.php>
6 <http://www.wcri.coop/>

7 Contribution from Temitope Aroge, <http://moodle.itcilo.org/mycoop/>

8 <http://www.ipacooop.gob.pa/site/mi-primer-empleo.html/>

9 <http://www.odco.gov.ma>

10 http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_185950.pdf

11 <http://jpar-rwanda.org>

12 <http://southafricanyouth.coop/>

The recent study *Cooperatives and Employment: A Global Report* points out the importance of cooperatives as employers, particularly in developed economies. It calls for cooperatives to provide adequate education and training for their workers.¹³

Young people have particular needs for continuing work-related education and skills training, and cooperatives should be at the forefront of ensuring that their younger employees have access to the necessary resources. Formal schemes such as apprenticeships can offer an element of security to young workers entering the labour market for the first time.

Many cooperatives find their cooperative values and principles enable them to attract talented young people, giving them a potential competitive advantage over competitors. Young people working for cooperatives, provided they are properly inducted and given appropriate training, can prove loyal and committed members of the workforce.

Conclusion

Cooperatives can offer a better future for young people – one they are instrumental in building themselves. However a general lack of information about cooperatives and other constraints are limiting the ability of young people to take up the cooperative option.

Governments, cooperative support organizations and other agencies across the world are increasingly taking steps to remedy these weaknesses. Given the serious nature and magnitude of youth unemployment and underemployment, however, greater priority needs to be placed on the potential of cooperative job creation by and for young people.

They're making the most of the cooperative advantage *Cassava growing in Tanzania*¹⁴

What has today become the biggest group of cassava producers in the Kigoma region of north-western Tanzania began ten years ago as a cooperative of young men who were prepared to work hard to improve their situation in life.

Many local people had little expectation that the Kibondo Big Power Group would succeed when it was started, bringing together young men who had previously spent their days hanging around the local bus station engaged in informal work of various kinds and petty crime. Supported by the Kibondo District Commission and led by a young former street hawker Kennedy Salundari, a group of about twenty-five people came together. They were given land more than twenty kilometres from the town where they set to work constructing make-shift huts and cultivating crops. After experimenting with sorghum and groundnuts, they changed to cassava and by 2006 had their first successful harvest.

13 CICOPA and Desjardins Group, *Co-operatives and Employment: a Global Report*, 2014; http://www.cicopa.coop/IMG/pdf/cooperatives_and_employment_a_global_report_en_web_21-10_1pag.pdf

14 <http://www.unpei.org/sites/default/files/PDF/TZ-poverty-env-Newsletter-vol6-Eng.pdf>; SARD-SC Newsletters Oct-Dec 2013, Apr-Jun 2014; http://www.iita.org/c/document_library/get_file?uuid=53e00167-dc19-41e4-b9f7-4c5d5d17b03d&groupId=25357

Shortly afterwards their efforts attracted the attention of the Tanzanian President Jakaya Kikwete who paid them a visit and encouraged them to extend their operations. In 2009 the group was formally incorporated as a cooperative society, under Tanzania's cooperative legislation.

Kibondo Big Power Group today is a group of more than twenty members who have about 150 hectares of land under cultivation with cassava. The group is participating in the research work being carried out by SARD-SC (Support to Agricultural Research for Development of Strategic Crops in Africa), which is looking at ways to improve cassava cropping. A small area of the land under cultivation is being used for SARD-SC seedling tests; four different types of cassava are being experimented with.

The Kibondo Big Power Group currently exports dried cassava through neighbouring DR Congo or Burundi because of the lack of factories in Kigoma to produce high quality cassava flour. This means the group have to accept lower prices for their products. Nevertheless, Kennedy Salundari remains positive about the prospects ahead.

They're making the most of the cooperative advantage *Professional communications in Andalusia*¹⁵

Three young graduates from the University of Sevilla in southern Spain have celebrated recently the sixth birthday of the successful cooperative they established when they were 26 years old.

Seis60 is a communications agency, offering professional consultancy services to a wide range of commercial clients. All three of the cooperative's founders had studied journalism at the university. "We were friends at university. We'd already finished, done a masters and worked in various agencies," says Alicia Casado. "We decided to form a cooperative because we saw that things could be better. It's not the same as having a boss who tells you what to do, you go to work thinking that everything you do is going to be for your own benefit and not for someone else's. In our case, we weren't in a bad situation before but we've gained in quality of life. We haven't got to work unreasonable hours, we can adjust the hours we work around our lives, can fit in holidays and so on."

Spain has the highest levels of youth unemployment of all the European Union member states, but there is also an encouraging growth in the numbers of young people who are choosing the cooperative route, according to the Spanish worker cooperative federation COCETA. Another example is the video production cooperative Claraboia in Barcelona, set up in 2010 and already well established and successful.

15 <http://empresaytrabajo.coop/ediciones-en-papel/23/juventud-y-cooperativismo-otro-futuro-es-posible/>; <http://www.seis60.com/>

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