The world of work is undergoing major changes that will continue, and potentially intensify, in the future. To better understand and in order to respond effectively to these new challenges, the ILO has launched a “Future of Work initiative” and proposed four “centenary conversations” for debates in the years leading up to its centenary anniversary in 2019: (i) work and society; (ii) decent work for all; (iii) the organization of work and production; and (iv) the governance of work. This Issue Note Series intends to provide an overview of key trends and issues in selected thematic areas of particular relevance to the “conversations” with a view to informing and facilitating dialogue and debates at the national, regional and global levels.

COOPERATION IN A CHANGING WORLD OF WORK: Towards a cooperative future*

This note looks at the ways in which cooperatives respond to technological, demographic, economic and environmental changes that are taking place within the world of work. It then examines the key issues as well as the challenges and opportunities that need to be taken into account in future debates.1

1. Setting the scene: key issues and overview

Around the world cooperatives exist in all sectors of the economy, and while they are businesses, they operate within a broader set of values and principles, not only focusing on generating profit. Cooperatives and other forms of collaborative organizations and enterprises, such as mutual benefit societies, social enterprises and associations, are part of the social and solidarity economy.2 They have historically emerged out of the need to provide goods and services that are not accessible from the public sector and conventional businesses. A common feature of these entities is to produce goods and services while pursuing both economic and social benefits (ILO, 2009). In addition, cooperatives and mutualistic associations are membership-based enterprises, where members are also the owners of the organization, and decide democratically on the major issues affecting them.

In the rapidly changing world of work, as described in this Future of Work Issue Note Series, cooperative enterprises are seeing a renaissance to meet the expanding and increasingly complex needs of members, providing services, advancing livelihoods and creating jobs. Cooperative employment is estimated to involve at least 250 million people worldwide (CICOPA, 2014), and the largest 300 cooperatives across 25 countries had a turnover of 2.5 trillion USD in 2015 (ICA & EURICSE, 2016). Cooperatives are critical to the subsistence and livelihoods of millions of people, in sectors including agriculture, finance and housing. However, the full potential of cooperatives in responding to the challenges in the future of work will be only realized when proper actions are taken in a coordinated and timely manner.

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2 For resources on SSE from the ILO and partner organizations, see http://www.sseacb.net/
The following key trends and changes in the world of work are being discussed in this issue note in their relation to cooperative enterprises:

- **Economic changes**: While the peak of the financial crisis is behind us, the world continues to face a number of economic challenges. Economic growth remains significantly below the pre-crisis levels, and states struggle with sustaining social protection systems and ensuring decent employment and security for all citizens. In this context, this note analyses why and how cooperatives have grown in membership and business volume in a range of sectors in the aftermath of the recent financial crisis.

- **Demographic changes**: Ageing populations in some countries, and entrance of young generations to the labour markets in others require responses that cater care services to the former and new jobs for the latter (ILO, 2016g). This note presents the case for the growing interest among youth, especially unemployed youth, in the cooperative model. It also reflects on the engagement of cooperatives in the provision of care among diverse populations, including children, elderly, and persons living with developmental, mental and other health needs.

- **Technological changes**: These changes will cause both job creation and destruction. While many jobs will be automatized, new opportunities will arise in areas through technological innovation and their spill-over effects (ILO, 2016f). The note addresses the emergence of platform cooperatives as digital platforms collectively owned and democratically governed by the workers in the gig economy in response to technological changes.

- **Environmental changes**: Climate change is affecting the world of work in various ways, with some new jobs being created and transformed (e.g. renewable energy), while other jobs are being lost or replaced. Given these changes, the note reflects upon how cooperatives are emerging as economic actors in climate change adaptation (e.g. mutual insurance for crops; agricultural cooperatives supporting diversification of crops or improved watershed management) as well as mitigation (e.g. renewable energy cooperatives, forestry and agroforestry cooperatives) across countries.

2. How cooperatives engage with the changes in the world of work

**Cooperative responses to economic changes**

*Cooperatives promoting financial stability and inclusion*

During different financial crises, including the Argentine crisis in 2001, new types of cooperatives have emerged and existing cooperatives have grown. Cooperative enterprises have demonstrated their value as resilient businesses during the recent and persisting economic crisis. Financial cooperatives have generally fared better than investor-owned banks due to the combination of member ownership, control and benefits that provides a series of advantages over their competitors. Savings and credit cooperatives, cooperative banks and credit unions have grown, kept credit flowing, especially to small and medium sized enterprises, and remained stable across regions while creating direct and indirect employment (ILO, 2013b). Mutual and cooperative insurance companies have also performed better than other insurance providers since the beginning of the economic crisis in 2007. While the incomes of cooperative insurers are up by 22 per cent, the figure for the insurance market as a whole is only 8 per cent. Similarly, the market share held by cooperative insurers has grown in the same period (ICMIF, 2016).

New finance mechanisms are emerging and expected to continue to emerge in response to the need for increased access to finance and financial services among economic actors in local economies such as cooperatives and other social and solidarity economy enterprises and organizations. Cooperatives are looking into these new funding schemes, either because of the lack of availability of traditional funding opportunities, or because of interest in being connected to alternative funding mechanisms. These solidarity-based mechanisms aim to: (i) democratize access to finance;
(ii) reinsert values and practices of solidarity and reciprocity into the financial sphere; (iii) foster local economic development; and (iv) boost community-building (UNRISD, 2015).

Examples of these mechanisms, which are based on collective self-organization and cooperative principles, include ethical banking, financial cooperatives, community development banks, solidarity microfinance, complementary currencies, community-based savings schemes, participatory budgeting, crowdfunding, crypto-currencies, social impact bonds and impact investing, among others. These new financing mechanisms are expected to multiply although they may not all be readily available for use by start-up cooperatives due to regulatory barriers (e.g. credit unions), or unreliability of funding sources (e.g. crowdfunding mechanisms) (Scholz, 2016).

Workers rediscovering cooperatives

Worker cooperatives are enterprises run and managed by and for the workers who own the capital, vote as equal members on matters related to running the business and have the right to stand in for elections of the Board of Directors (Perotin, 2014). Any type of business can be worker-owned and -controlled, from services and retail to education and manufacturing (UWCC, 2007). These worker cooperatives have proven to be sustainable enterprises with survival rates at least as high as other types of enterprises. They also have a good record in terms of productivity and job preservation (Perotin, 2014).

Historically, trade unions have been engaged in the creation of new cooperatives, strengthening existing ones, and advocating services for their members through cooperatives (Van Slyke, 2016). In the Global North, unions have supported cooperatives in a number of countries, including Canada, Japan, Italy, Spain, the USA, and the UK. These are also countries which have seen impressive levels of growth in cooperatives during times of transformation. Recently a number of trade unions have started rediscovering cooperative enterprises for their members or extending their support for cooperatives of informal economy workers. The equal voting rights of cooperative enterprises, on the basis of ‘one member, one vote’, impart the necessary and legitimate representativeness to make them key actors in the social dialogue process, especially in rural and informal economy settings. Good governance characteristics such as transparency, responsibility, accountability, participation, responsiveness to the people’s needs, and respect for the rule of law, are also features of the cooperative identity that make them appealing to trade unions as a business model (ILO, 2014b).

Joint strategy development between trade unions and cooperatives focuses on a range of issues including curtailing the deterioration of worker rights, flexibilization of labour, loss of jobs and privatization. In the collaboration between United Steelworkers (USW), a union in the USA with Mondragon Internacional, a network of over 100 worker-owned cooperatives in Spain, the feasibility of establishing union-sponsored cooperatives is being explored. This collaboration has resulted in the formation of several worker-consumer cooperatives in areas such as energy and food wholesaling (Troncoso, 2017). The Nurses Can cooperative was established with the support from the local branch of the Service Employees International Union in California, USA. This cooperative of licensed nurses uses online platform to allow clients to reach a nurse directly through an online application (Schneider, 2016). Such examples of solidarity between trade unions and cooperatives are multiplying across the globe and expected to continue to grow as a response strategy to the changes that are taking place in the world of work.

During financial and economic crises, many enterprises fail, resulting in job losses. Although most of them cannot be salvaged, workers in firms with economic potential are buying out and transforming their firms into worker-owned enterprises. A move towards a worker cooperative does not always stem from enterprise failure, but may be attributable to the retirement of ageing owners, particularly where there is no clear plan for the future of the enterprise (Alperovitz, 2016; Tianga, 2016). The growth of converted enterprises continues, and while their productivity remains lower than their potential, the wages in these enterprises are above average in their respective sectors. The survival rate of the converted enterprises is relatively high – a trend that can be seen in other types of worker cooperatives as well (Perotin, 2014). Projecting this as a growing trend in the changing world of work, a number of countries have also recently passed legislation that puts financial and legal support systems in place to facilitate such enterprise restructuring, including Italy, Spain, Portugal, France, Brazil, Greece and Canada (ILO, 2014c).
Self-employment is widespread among workers in the Global South, and it is becoming more prevalent with workers in the Global North, especially among new entrants into the labour market. Self-employed workers, including freelancing and independent contract workers, who lack stable employment relationships and protection, have used cooperatives to overcome additional transaction costs such as agency fees and late payments, and absence of contracts (Conaty, Bird & Ross, 2016). Gig economy workers also set up cooperatives with their own software applications that help them eliminate abusive intermediaries. This has allowed them to reclaim some of their rights and benefits while giving them more voice over how their businesses are run.

Informal employment, characterised by significant decent work deficits, including the lack of labour rights and social protection that result in low and irregular incomes, continues to grow among workers around the world (ILO, 2016e). In the Global South, the ambiguity of employment relationships in the informal economy has led to the emergence of cooperative enterprises established by informal economy workers, such as waste pickers, street vendors, home-based and domestic workers (ILO, 2016a). Cooperatives are expected to continue to provide an option for workers and enterprises in the informal economy as means for formalization by creating economies of scale and negotiation power with public and private sector actors, such as local governments and intermediary firms.

A significant proportion of women in the global informal workforce who are among the most vulnerable groups of workers, perform domestic work. They work for private households, providing care services, often without clear terms of employment, and are excluded from the scope of labour legislation. Through provision of services such as access to finance, education and job placements, including through online platforms, domestic worker cooperatives support the organization of their members. Cooperatives of domestic workers are also being used by the workers as an alternative to commercial employment agencies to negotiate better conditions of employment, including maternity protection and paid leave days. Examples of cooperative enterprises of domestic workers are emerging from countries as diverse as the Republic of Korea, Trinidad & Tobago, the USA, India and the Philippines (ILO, 2014a).

Cooperative responses to technological changes

Technological change is recognized as a major driver of growth and development. It is a dynamic process involving both job destruction and creation, as well as transformation of existing jobs (ILO, 2016f). The ‘sharing’ or ‘online platform’ economy, characterized by peer-to-peer exchanges of goods and services and tasks completed through online platforms or mobile applications, is identified for its dynamics of participation and growth for the future of work (De Stefano, 2016). It is estimated that in the USA alone, more than 10 million people have earned incomes through online platforms (JPMorgan Chase & Co., 2016).

While some see the platform economy as an economic opportunity, there is also growing evidence that it creates unregulated marketplaces with non-standard forms of employment, eroding employment relationships and increased self-employment, resulting in worker insecurity, deteriorating working conditions, and suppressed social protection entitlements (ILO, 2016a). One potential response to the eroding employment relationship in the platform economy is the development of cooperatives, which strengthens workers’ voice and representation.

Platform cooperatives are digital platforms collectively owned and governed by the workers who depend on, participate in, and derive livelihoods from them (Sutton, 2016). They organize emerging technologies through online applications that support production, digital labour brokering, collectively-owned and democratically-controlled web-based marketplaces, and other activities that directly support this economic model. Worker-owners in platform cooperatives share risks and benefits and negotiate better contracts, while participating in decision-making on how the platform is organised and managed.

Although they are still at early stages of development, with a number of interrelated legal, financial and organizational challenges to overcome, platform cooperatives are attracting interest from segments of the population who may not have had previous exposure to the model (Gorenflo, 2015).
A growing number of taxi driver cooperatives set up their own online applications to eliminate the intermediation of ride-hailing companies which withhold rights and benefits from the drivers (Scholz, 2014). The Green Taxi Cooperative in Denver, USA, is a unionized worker cooperative that dominates the local marketplace through its successful use of a smartphone taxi-hailing service collectively owned by its members (Peck, 2016).

Cooperative responses to demographic changes

While much of the discussion on the future of work is centred on the impact of technology, demographic changes also play a key role in shaping the world of work in the next decades (ILO, 2016g). These demographic changes within the labour market include growing number of youth, women and migrant workers. Each year close to 40 million people enter the labour market (ILO, 2015c.); at the same time, the population is ageing in many countries. Women are participating in greater numbers in the labour markets, and cross-border migration is expected to continue to rise.

Cooperatives providing care for the elderly and others

The demand for the provision of quality care to the world’s rapidly ageing population is expected to increase in the coming decades. It is estimated that globally more than half of those aged 65 and above, or more than 300 million people, are excluded from long-term care (ILO, 2015b). As care needs continue to expand and diversify, the care economy is expected to be an employment generator for the future of work. The majority of care workers are informally employed women, and many of them are migrant workers who are particularly vulnerable to exploitation and exclusionary practices in the labour market.

Cooperatives providing care are not limited to those servicing the elderly – they offer a wide range of services from daycare to homecare for the disabled and the chronically ill (ILO, 2017). Across countries ranging from Guatemala and Uruguay to Canada, Japan and the UK, provision of care through cooperative enterprises is one of the emerging and potentially effective means of delivering people-centred quality care. Recent research shows cooperatives are well-positioned to generate good terms and conditions of work in the care economy especially as it pertains to access to benefits, bargaining power, and regularized hours, particularly for women workers. However, challenges remain in issuance of formal contracts, part-time nature of work, and salary levels (ILO, 2016d).

Multistakeholder care cooperatives are emerging as new initiatives that bring care workers, care beneficiaries and their families and other stakeholders such as local governments together as members who contribute to decisions on the provision of services. Sungmisan cooperative community in the Republic of Korea is a multistakeholder cooperative that involves workers, teachers, parents and local government. It hosts over 20 cooperative enterprises that employ more than 150 community residents in provision of day-care and education, after school programmes and elder care services (ILO, 2017).

Cooperatives responding to the needs of migrant workers and refugees

The future of work will also witness a continued increase in labour migration and refugee flows (ILO, 2016g). For migrant workers, cooperatives are emerging as a viable model for a low-barrier entry to the formal labour markets and entrepreneurship, supporting them in accessing social protection and other services in the host countries. Financial cooperatives provide cost-effective infrastructure for a range of financial services and reduce remittance transaction costs for migrants when sending earnings to their countries of origin (ILO, 2015a). About 30 to 40 per cent of remittances are sent to rural areas, where financial cooperatives are significant players in such remittance transfers (CGAP, 2010).

The world is currently facing its largest refugee crisis since World War II as people flee from war, poverty, social inequality, and climate change. These pressures are expected to continue uprooting people from their homes. Cooperative enterprises increasingly play a role in refugee response strategies. Host countries now use cooperative housing, job placement, literacy, training and other social services for integrating refugees. Cooperatives of refugees have been established
in refugee camps with assistance from refugee aid organizations in generating employment and income. Refugees have also become members of host country cooperatives and have taken the knowledge and experience back to their countries of origin to rebuild their own communities. In Bosnia and Herzegovina, Timor-Leste, El Salvador, Guatemala, Lebanon, Mozambique, Rwanda, Sri Lanka and Nepal, cooperatives have played a critical role in post-conflict reconstruction by creating jobs for returning minorities and ex-combatants, rebuilding businesses and homes, giving refugees and internally displaced persons access to markets, and facilitating reconciliation and peace building (ILO, 2016c).

**Cooperative responses to environmental changes**

Cooperatives are increasingly becoming involved both in climate change adaptation (e.g. mutual insurance for crops; agricultural cooperatives supporting diversification of crops or improved watershed management, etc.) and mitigation (e.g. renewable energy cooperatives, forestry and agroforestry cooperatives). In urban areas, cooperatives exist in waste management systems, particularly in the form of waste picker cooperatives in countries such as India, Brazil, Colombia and South Africa. These cooperatives not only provide much needed services for improved waste management and recycling, but also support their members to formalize, and improve their access to occupational safety and health, training, and financial services (ILO, 2014d). Waste picker cooperatives are starting to provide a space for women’s participation and leadership. In Brazil, for example, many leaders in waste picker cooperatives are women, and their participation in these cooperatives has enabled them to become part of social networks and increase their collective consciousness (Gutberlet, 2016).

Cooperatives across sectors ranging from agriculture to energy are growingly greening their operations. In the renewable energy industry, for example, they have a number of competitive advantages, including democratic local control over energy production and use, the capacity to create local employment, and reasonable pricing. Cooperatives could play a major role in achieving the goal of ‘energy for all’ – the drive to bring clean, modern energy to the 1.3 billion people in developing countries without access to electricity (ILO, 2013a). Bangladesh has a cooperative rural electrification programme which connects 50,000 villages to the electricity grid generating numerous jobs in the process. There is potential for more, as the focus is now on solar home electrification systems, using peer-to-peer electricity trading for improved access and ensuring that excess electricity can be traded with neighbors (Badiei, 2016).

Governments are increasingly supporting forestry cooperatives as a pathway to sustainable forestry. Forestry cooperatives are being created to protect the rights of forest owners and cooperative members and to promote sustainable forestry practices. Through forest cooperatives, owners and members participate in activities such as afforestation, tending and protection, production and distribution of superior planting stocks. Cooperatives collect, grade, process, pack and distribute forest products, and provide their members with up-to-date technical information and training (FAO, 2014). The Tree Growers’ Cooperative Society in India is a good example of tenure transfer in India. The state provides long-term lease for the cooperative which then establishes and manages tree plantations on these village common lands with active involvement of the local community for improved livelihoods and income (CIFOR, 2009).

**3. Key issues for future debates**

Cooperatives have a unique opportunity to make an impact, given the growing global quest for new forms of business and growth models. Along with other social and solidarity economy enterprises, cooperatives are emerging as economic alternatives in a number of sectors in responding to the challenges within the changing world of work. While all enterprises are essential units of work and production (ILO, 2015c), cooperative enterprises are positioned to provide for a mutualistic and solidarity-based ownership and management structure. Other social, environmental and economic movements working toward restoring rights and securing sustainable futures recognize cooperatives as sharing similar values and principles concerning democracy, equity, self-governance, participation, preservation, and choice.
Yet, despite their demonstrated resilience, viability, and potential, cooperatives often remain marginal economic players. A number of challenges constrain cooperatives, both internal, such as lack of governance know-how, and external, such as legal impediments. Cooperative model may not provide a comprehensive response strategy to the changes in the world of work, but it has been identified by the United Nations as one of the diverse set of economic actors that can help achieve more sustainable futures (United Nations, 2015).

In recent years the international cooperative movement has started to recognise the need for increased advocacy and representation in global policy discussions, including those on the future of work. Some of the challenges cooperative enterprises and their movements face include:

- The regulatory environment for cooperative enterprises is inadequate in many countries, either due to restrictive laws stemming from a legacy of state control, or from the absence of an up-to-date cooperative legal framework that reflects the changing realities in the world of work. Demand is also growing for regulatory frameworks for the social and solidarity economy.

- Unreliability of funding sources may prevent good cooperative practices from being scaled up and replicated. Traditional financing sources may not have the know-how to recognize new cooperative and other social and solidarity economy initiatives.

- Limited institutional infrastructure on cooperative education and training in most countries makes it difficult to create an understanding around cooperative enterprises.

- Lack of comparable statistics, across countries and regions, on cooperatives and their impact on employment and the economy at large, prevent them from being used as a unit of analysis in research that can inform policy and practice.

- Local focus of cooperatives on their members’ and users’ needs impedes them from greater engagement on policy discussions at the national and international levels.

In the light of these challenges, the future of cooperatives in the changing world of work will depend on how ILO constituents and partners can work together, particularly in the following areas:

- Developing regulatory frameworks: New regulation that provides the legal support for start-up and growth of new types of cooperatives needs to be developed and adopted with an eye for the rights and protection of workers, members and users of cooperatives.

- Reaching scale: The financial tools and intermediaries that are best suited to support the expansion and replication of good cooperative practices need to be developed. A better understanding on cooperatives requires their inclusion in education and training curricula. Representation of the cooperative movement needs to be strengthened for effective engagement in the future of work debates and the 2030 Agenda for Sustainable Development.

- Generating evidence-based data and knowledge: International guidelines on cooperative statistics need to be activated in order to assess the impact of cooperatives and to conduct comparative analyses on the advantages and disadvantages of different enterprise governance models.
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