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

- How can cooperative models can be answers

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Background

• Increasing interest on the role of cooperatives in solving various social problems including transition from the informal to formal economy (UN SDGs, ILO recommendation № 204)

• Informalization of employment and economy not only in developing countries but also in industrialised 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 problems related to employment issues related to 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 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-finding 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. some bogus worker cooperatives in Colombia and Brazil, labour cooperatives in India

• 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 are met
  1. Can worker-members benefit from legal status as employee?
  2. If not, does cooperative legal framework regulate rights and protection for worker-members?

➢ If both are not the case, there is risk of being abused by real employers or public authorities as cheap and easy solutions for out-sourcing or quick job creation
A proposition – institutionalisation of worker ownership

• Untold dilemma of cooperative model
  - Self-employed producers’ shared-service cooperatives in industrial and service sector (e.g. handicraft artisans’ cooperatives, transport cooperatives) - Are members really self-employed?
  - Worker cooperatives without legal protection for worker members + Newly emerging forms of 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)
A proposition – institutionalisation of worker ownership