



ILO COOP 100 Webinar V SSE momentum: Finance for Inclusion and the Future of Work during Covid-19 pandemic

Ignace Pollet, Senior Expert, HIVA KU Leuven

December 3rd 2020

► Presentation

1. **Macro-trends and challenges for work and employment**
 2. **Significance of Social and Solidarity Economy (SSE) for work and employment**
 3. **Role of SSE in addressing the upcoming challenges for work and employment**
- ***Based upon HIVA University of Leuven-study for ILO 2017-18 (12 case-studies & state-of-the art literature)***

▶ Macro-trends affecting the world of work

Economic:

- volatility of investments; delocalisation & global competition;
- market globalisation & expansion (incl jobs market)
- obsolete markets (downturn on manufacturing activities);
- gentrification & land price increases

Effects:

- lay-offs & waves of sudden massive unemployment
- expanding market for the high qualified
- working poor (income race to the bottom) & polarization
- tertiarization (services, care...)

▶ Macro-trends affecting the world of work (2)

Technological

- Continued automatisisation & digitalisation (AI) of production, distribution & consumption
- Online platforms & do-it-yourself apps replacing trades & sectors (transport, delivery, accomodation, events, photography...)
- Online platforms as driver of open marketplace and sharing economy (housing, cars, tools...)

Effects:

- Facilitating labour market allocation (supply-demand match)
- New skills requirements, geographic relocation
- old trades (e.g. photographer), traditional sectors (taxis, hotels) & manual production processes becoming redundant
- Job quality polarisation (working hours, pay, job security)

▶ Macro-trends affecting the world of work (3)

Environment:

- Climate change & urge for CO2 reduction
- Desertification, soil erosion, salt water...
- Shortage of raw materials & fuel
- Waste management & circular economy
- Nuclear & chemical health hazards

Effects:

- Conversion to renewable energy (use & extraction infrastructure): change of activities, employment, jobs, required skills
- areas become unusable for agriculture: rural exodus of unskilled labour

▶ Macro-trends affecting the world of work (4)

Demographic:

- Population growth
- Ageing population (requiring adapted housing & care)
- Immigration flows (gradual & sudden) both internally (overcrowded cities) and international (refugees...)
- Integration challenges (co-habitation, charged institutions)

Effects:

- Brain drain in LIC
- Labour market imbalances (inadequate skill supply/demand; surplus labour supply; eroded qualifications)
- Emerging new underclasses (eroding social dialogue)
- Demand for living allowances for inactive groups leads to extra-taxation and workload pressure of active groups

► Social and Solidarity Economy

Cooperatives, mutual benefit societies, social enterprises (...) with the specific feature of producing goods, services and knowledge, while pursuing both economic and social aims and fostering solidarity

Role

Filling economic gap between state & private-for-profit sector

Bottom up catering needs of particular groups

Featuring values e.g. reciprocity, well-being, community-oriented, representing the vulnerable

Piloting alternative mechanisms of value creation (producer-user proximity)

Does SSE contribute to work & employment & help to overcome the challenges described?

Evidence through research



Bénédicte Fonteneau and Ignace Pollet (Editors)

with Youssef Alaoui Solaimani, Eric Bidet, Hyunsik Eum, Aminata Tooli Fall, Benjamin R. Quiñones and Mirta Vuotto

-12 case-studies (2017) of cooperatives and social enterprises in LIC-MIC-HIC: Argentina, Belgium, France, Korea, Morocco, Netherlands, Philippines, Senegal, Switzerland with focus on employment & social finance

-Enriched through literature & existing data

► Agricultural cooperatives



Payoga-Kapatagam multipurpose coop.(Ph.)

- 3000 members
- Organic fertilizer
- Livestock disposal
- Credit & education

Horticulture federation cooperative (Sen.)

- Marketing (internal)
- Entrepreneurship
- 10000 jobs created



Workers cooperatives

SCOP-TI (France)

- Tea & infusion
- Buy-out after delocalisation
- Participatory governance
- Challenge: marketing & financial management



Red Grafica Cooperativa (Arg.)

- Secondary cooperative grouping 18 member coops (recuperated printing factories) with 530 'socios'
- Joint marketing services & pre-financing

► Social enterprises (SE)



Buzinezz Club (NL)

- Training & mentorship for NEETs into entrepreneurship
- 1000 jobs created 2010-2017
- Social Impact Bonds

Social Enterprise for North Korean Refugees (Kor.)

- Extensive monitoring & credit
- Govt. support for SE with 30% of staff from target group (refugees)
- E.g. cleaning, packaging services, production of window shutters...
- 75% of employed migrants are women (500-1000 jobs estim.)
- 26 out of 43 enterprises still active after exit govt. support

► Significance of SSE for work & employment

1° Creation of jobs

- Direct (staff, workers) – indirect (members, other activities generated, people trained)
- Estimated 9,45% of world population is “working either in cooperatives or through the enabling presence of cooperatives” (CICOPA, 2017)
- EU: 13,6 mio jobs (6% of working pop.) generated through SSE (CIRIEC, 2016)
- 75% of SSE enterprises caters for vulnerable groups (OECD, 2013)

► Significance of SSE for work and employment

2° Quality of the employment

- Working conditions & job stability
- Valueing & encouraging workers' expertise (no on-call or precarious jobs)
- Improving, updating & diversifying skills
- Wages: decent, moderate, solidarity (equity)
- Participatory management
- Work-life balance
- Integration in community
- Environmentally friendly production & HRDD

► Significance of SSE for work and employment

3° Facilitating transition from informal to formal jobs/economy

Making it attractive through:

- services (supply, marketing, training, credit),
- decent work (labour rights & collective bargaining)
- defending common interests towards authorities
- social protection (health insurance, unemployment, funerals)
- granting status & professional pride (trade or entrepreneurship)

Example: SEWA Self-Employed Women's Organisation (India): organizing 1.8 mio poor women in >100 cooperatives

▶ Important conditions for SSEs to operate

- Legal recognition (ILO Rec.193 & national)
- Institutional & policy frameworks
- Embedding (cooperative movement, social enterprise network, ...)
- Public support & ownership (e.g. local energy cooperatives), common bonds and common interests
- Sources of income (economic activities, implementing public policy programme, social impact bonds, crowdfunding...)

▶ Disruptive events illustrating SSE vulnerability: Payoga Coop & COVID



- Since march 2020 production of organic fertilizer standstill & 100 employees without income
- Raise & sale of chickens stopped because disease
- Financial reserves exhausted
- Outstanding debt for newly built warehouse
- Fundraising event (Belgium) canceled

► **Role of SSE in addressing upcoming challenges for work and employment**

- Glocalization: embedding globally articulated economic activities in local ecosystems
- Reversing the rural exodus through traditional of environmentally friendly modes of production
- Facilitating the informal to formal economy transition
- Serving as policy instrument to reach vulnerable groups focussing on self-reliance
- Championing participatory and non-antagonistic work relations, quality of work & equity among workers
- Foreshadowing the network society (promoting human & social capital)
- Reinvestment of capital surpluses in production or community

Finally

SSE not to be romanticized: many failures & low-impact non-sustainable initiatives too. Making it successful depends on hard work, proper qualifications, luck, and ability to cope with disruptive events.

SSE not to be ideologized but considered in its own value

Report: https://www.ilo.org/empent/Publications/WCMS_739377/lang--en/index.htm

For info or discussion: Ignace.Pollet@kuleuven.be

Thank you