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# COOPERATIVES AND THE WORLD OF WORK No.8

## Cooperatives and the Fundamental Principles and Rights at Work: Cooperatives and Forced Labour<sup>1</sup>

Formed by producers, consumers, workers and businesses worldwide, cooperatives can and do create and consolidate employment opportunities, empower people, provide protection and alleviate poverty. Like any other businesses, cooperative enterprises have an obligation to comply with responsible labour practices. However, for cooperatives, which are based on a set of values and principles<sup>2</sup>, this obligation is inherently built into their business model.

The ILO's Promotion of Cooperatives Recommendation, 2002 (No. 193) recognizes the importance of the FPRW for the development of cooperatives, making a specific call for national policies to "ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises".<sup>3</sup>

Forced labour is work that is performed involuntarily and under the menace of penalty.<sup>4</sup> It refers to situations in which persons are coerced to work through the use of violence or intimidation or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities. Almost 21 million people are victims of forced labour – 11.4 million women and girls and 9.5 million men and boys. More than 90 per cent of victims are exploited by private individuals or enterprises, while the remaining 10 per cent are in state-imposed forms of forced labour, or in rebel groups, for instance. Of those exploited by individuals or enterprises, 4.5 million are victims of forced sexual exploitation. Domestic work, agriculture, construction, manufacturing and entertainment are among the sectors most concerned.<sup>5</sup> Migrant workers and indigenous people are particularly vulnerable to forced labour.

In order to assist enterprises, including cooperatives, in combatting forced labour and trafficking, ILO has developed a set of principles to strengthen employers' activities against forced labour. While implementing and monitoring of these principles is the responsibility for all, including smaller cooperative

enterprises, secondary and tertiary level organizations (i.e. unions and federations) can play a crucial role reaching out to their members in reconfirming its importance and imparting tools (self-assessment checklists, guidelines and codes of conduct, etc.) and know-how that facilitate their change toward elimination of forced labour practices. In the United Kingdom, the Co-op Group has joined forces with a charity providing support to the victims of human trafficking. The scheme promotes the reintegration of trafficking victims in the society through offering job placements in Co-op Groups stores, while the charity provides them with longer term support.<sup>6</sup>

### Ten principles for business leaders to combat forced labour and trafficking<sup>7</sup>

- Have a clear and transparent company policy, setting out the measures taken to prevent forced labour and trafficking (applied to all enterprises in their product and supply chains);
- Train auditors, human resource and compliance officers to identify forced labour in practice, and seek appropriate remedies;

1. This note is an excerpt of Esim, S., Katajamaki, W., Tchami, G. (forthcoming): "Cooperatives and fundamental principles and rights at work: Natural disposition or commitment to action?", in Eum, Novkovic, Esim, Katajamaki & Roelants (eds.): *Cooperatives and the World of Work*.

2. The cooperative values and principles are defined in the Statement of the Cooperative Identity (1995), by International Co-operative Alliance. See <http://ica.coop/en/what-co-operative> for more information on these.

3. ILO (2002) *Promotion of Cooperatives Recommendation*, 2002 (No. 193). (Geneva).

4. ILO (1930) *Forced Labour Convention*, 1930 (No. 29). (Geneva).

5. ILO (2016) *ILO Global Estimate of Forced Labour: Results and Methodology* (Geneva).

6. Co-operative News (2017) "Co-op Group Offers Paid Work and a New Life to Victims of Modern Slave Trade", *Co-operative News*, 1 March 2017, <http://www.thenews.coop/114272/news/co-operatives/co-op-group-offers-paid-work-new-life-victims-modern-slave-trade/>. Date accessed 2 March 2017.

7. ILO (n.d.) *Strengthening Employers' Activities against Forced Labour* (Geneva).

- Provide regular information to shareholders and potential investors, attracting them to products and services where there is a clear and sustainable commitment to ethical business practice including prevention of forced labour;
- Promote agreements and codes of conduct by sector, identify and take appropriate measures in areas with risk of forced labour;
- Treat migrant workers fairly. Monitor carefully the agencies that provide contract labour, especially across borders, blacklisting those known to have used abusive practices and forced labour;
- Ensure all workers have written contracts, in a language they understand, specifying their rights on payment of wages, overtime, retention of identity documents, and other issues;
- Encourage events with business actors, sharing challenges and good practices;
- Contribute to programmes and projects to assist, through training and other appropriate measures, the victims of forced labour and trafficking;
- Build bridges between governments, workers, law enforcement agencies and labour inspectorates, promoting cooperation in action against forced labour and trafficking; and
- Find innovative means to reward good practice, along with the media.

ILO estimates migrant workers accounted for 150 million of the world's approximately 232 million international migrants in 2013, of whom 44 per cent are women.<sup>8</sup> They contribute to growth and development in their countries of destination, while countries of origin greatly benefit from their remittances and the skills acquired during their migration experience. Yet, the migration process is mired with challenges. Restrictive migration policies, coupled with the continuing demand for low-skilled workers, often lead to an increased vulnerability of migrant workers to forced labour, trafficking and growth of irregular migration.<sup>9</sup> Migrant workers have been establishing cooperative enterprises to access formal labour markets, entrepreneurship opportunities, social protection and other services in the host countries. Their cooperatives range in services from finance and education to job placement.<sup>10</sup>

While migrant domestic workers constitute only a small segment of workers in forced labour, they comprise a significant part of migrant women's workforce and can often face terms and conditions of work that could lead to forced labour, including retention of identity papers, restriction of movement, physical and sexual violence, isolation, intimidation and threats (ILO 2012b).<sup>11</sup> Migrant domestic workers' cooperatives are emerging as alternatives to commercial employment agencies to negotiate better conditions of employment, including maternity protection

8. ILO (2015) *ILO Global Estimates on Migrant Workers: Results and Methodology* (Geneva).  
 9. ILO (2010) *International Labour Migration: A Rights-based Approach* (Geneva).  
 10. ILO (2014) *Cooperating out of Isolation: Domestic Workers' Cooperatives*. Cooperatives and the World of Work Series No. 2 (Geneva).  
 11. ILO (2012) *ILO Indicators of Forced Labour* (Geneva).

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and paid leave days, in countries as diverse as Hong Kong (China), the Republic of Korea, Trinidad & Tobago, the USA, India and the Philippines.

The results of a recent mapping exercise of over 40 cooperatives of domestic workers from around the world, show that cooperatives of domestic workers help them with economies of scale, voice and representation, as well as a wide array of support services which help formalize their work. They provide their members with higher wages and better working conditions, member-controlled operations and decision-making processes, and greater bargaining power to leverage improved wages and conditions. They undertake job matching, skills training, accountancy and awareness-raising to its members among other services. There are no additional fees or costs charged to the worker members, as the cooperative is not an outside intermediary, but one that is run by the worker members for their own needs and interests.<sup>12</sup>

The all-women, worker-owned cooperative Si Se Puede! (We can do it!) provides housecleaning services in New York City. It helps its members, who are largely immigrants, come out of situations that imply the risk of forced labour. The cooperative has secured wages at USD 20 per hour, up from the USD 7-8 per hour that most worker-members earned before. Si Se Puede! also provides members with educational and skills-building opportunities.<sup>13</sup>

The owners of these cooperatives are worker-members who take part in decision-making processes and aim to improve the labour conditions. This is a critical element in ensuring that they are not co-opted into pseudo-cooperatives, as has been the experience in some countries. While these cooperatives may not be able to remove all the elements of forced or compulsory labour, their governance structure reduces the vulnerability of workers and remove the moral hazards as well as its consequences, such as transfer of placement costs to workers, often found among other private recruitment service providers.

## Ways cooperatives engage in advancing fundamental principles and rights at work

- Ensure that their own business operations and supply chains are free of labour rights abuses in the four areas of FPRW;
- Engage in community mobilization and awareness-raising campaigns among their members and within the communities where they operate on the four areas of FPRW;
- Provide guidance and community leadership, and contribute to the planning and delivery of health, educational and other basic social services in their communities on FPRW;
- Promote livelihoods opportunities and the use of appropriate technologies as means of increasing income of their members within the guidelines of FPRW;
- Provide collective voice and negotiation power for their members with the public authorities in securing a range of economic and social rights including FPRW; and
- Stimulate decent work opportunities through training and education programmes in all the four areas of FPRW.

12. ILO (2015) "For Many Domestic Workers, Co-ops Hold the Key for Decent Work", <https://iloblog.org/2015/07/03/for-many-domestic-workers-co-ops-hold-the-key-to-decent-work/>. Date accessed 2 March 2017.

13. ILO (2014) *op.cit.*

