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# THE CONTRIBUTION OF THE SOCIAL AND SOLIDARITY ECONOMY AND SOCIAL FINANCE TO THE FUTURE OF WORK

Bénédicte Fonteneau and Ignace Pollet

## **The Contribution of the Social and Solidarity Economy and Social Finance to the Future of Work**

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**Bénédicte Fonteneau and Ignace Pollet (Editors)**

with Youssef Alaoui Solaimani, Eric Bidet, Hyunsik Eum,  
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# CONTENTS

Acknowledgements . . . . .	vii
Foreword . . . . .	ix
List of abbreviations . . . . .	xi
Executive summary . . . . .	xiii
<b>1. Introduction . . . . .</b>	<b>1</b>
<b>2. Research questions . . . . .</b>	<b>3</b>
<b>3. Methodology . . . . .</b>	<b>5</b>
3.1. Selection of case studies . . . . .	6
3.2. Overview of selected case studies . . . . .	7
3.3. Methodology and level of analysis . . . . .	7
3.4. Limitations of the study . . . . .	8
<b>4. The Social and Solidarity Economy . . . . .</b>	<b>9</b>
4.1. Terminology issues . . . . .	10
4.2. Concept(s) and theoretical background . . . . .	11
4.3. Institutional and legal frameworks . . . . .	14
4.3.1. <i>Legal recognition</i> . . . . .	14
4.3.2. <i>Institutional frameworks</i> . . . . .	16
4.3.3. <i>Relevance of SSE policies for employment</i> . . . . .	16
4.4. Emerging initiatives challenging the frontiers of the SSE: the collaborative economy . . . . .	18
<b>5. Contribution of the SSE to job creation . . . . .</b>	<b>21</b>
5.1. Creating and improving economic activities and jobs . . . . .	23
5.2. Opening employment opportunities for vulnerable groups . . . . .	24
5.3. Creating sustainable and decent jobs . . . . .	28
5.4. Supporting the transition process from the informal to the formal economy . . . . .	30
5.5. Conclusions . . . . .	32
<b>6. Contribution of the SSE to organization of work and production . . . . .</b>	<b>35</b>
6.1. Strengthening autonomous economic units through networking . . . . .	37
6.2. Facing the markets . . . . .	39
6.3. Conclusions . . . . .	41
<b>7. Contribution of the SSE to governance and participation . . . . .</b>	<b>43</b>
7.1. Choosing self-management and absence of hierarchy . . . . .	45
7.2. Participation as a continuous learning process . . . . .	46
7.3. Supporting political agendas . . . . .	47
7.4. With or without the social partners? . . . . .	47
7.5. Conclusions . . . . .	48

<b>8. Contribution of the SSE to work and society</b>	<b>51</b>
8.1. Rediscovering the meaning of work	52
8.2. Better balance between work life and private life	53
8.3. Introducing effective innovations to respond to major societal issues	54
8.4. Creating SSE ecosystems	56
8.5. Conclusions	56
<b>9. Traditional sources of SSE financing</b>	<b>57</b>
9.1. Selling on markets	58
9.2. Partnerships with the for-profit private sector	59
9.3. Getting public subsidies	59
9.4. Borrowing from cooperative banking institutions	60
9.5. Conclusions	61
<b>10. Innovative financing mechanisms for the SSE</b>	<b>63</b>
10.1. Complementary currency	64
10.2. Crowdfunding	66
Social enterprises running a crowdfunding platform	66
Worker cooperatives using crowdfunding as ad-hoc financing mechanisms	67
10.3. Social Impact Bonds	68
Buzinezzclub as service provider	68
Municipalities as outcome funders	69
Private investors	69
Independent knowledge centres	70
10.4. Flat-rate through partnership with social security system	71
10.5. Conclusions	73
<b>11. Conclusions</b>	<b>75</b>
SSE responses to global trends affecting the world of work	76
The SSE's contribution to the future of work	78
<i>(Re)embedding economic activities in local social systems</i>	78
<i>Organizing economic actors and facilitating transition</i>	
<i>to a more formalized social status</i>	78
<i>Participatory governance and renewed social dialogue</i>	79
<i>Searching for sustainable economic performance while focusing</i>	
<i>on social purposes</i>	79
<i>Finding meaningfulness in work</i>	79
<i>Foreshadowing the network society</i>	80
<i>A policy instrument and a policy partner</i>	80
<i>Common bonds through new finance models</i>	81
Recommendations	81
<b>References</b>	<b>85</b>
<b>Appendices</b>	<b>93</b>
Appendix A – Overall research framework and research questions	94
Appendix B – Overall overview of macro-trends affecting the world of work	95
Appendix C – Information sheets on each case study	96

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# FOREWORD

Sigmund Freud said “work is the individual’s link to reality”. But current economic, technological, demographic and environmental trends seem to question that link by changing the nature of work. The dominant notion that a job leads to economic security is being challenged.

The fears generated by the changing nature of work have led to a growing consensus around the need to reinvigorate the social contract which greatly relies on the individual participation of citizens in decisions affecting their lives. As highlighted by the ILO Global Commission on the Future of Work: “The absence or failure of the social contract is to the detriment of all.”<sup>1</sup> In this context, it is no surprise to note a rising interest in alternative models of economic growth based on social welfare such as the Social and Solidarity Economy (SSE).<sup>2</sup> This need for a new of thinking about models of production was reaffirmed in the ILO Centenary Declaration for the Future of Work adopted at the 108<sup>th</sup> session of the International Labour Conference held in June 2019. The text calls for, among others, *“supporting the private sector as a principal source of economic growth and job creation by promoting an enabling environment for entrepreneurship and sustainable enterprises, in particular micro, small and medium-sized enterprises, as well as cooperatives and the social and solidarity economy, in order to generate decent work, productive employment and improved living standards for all”*.<sup>3</sup>

Over the past decade, the government of France and the ILO have joined forces to deepen the understanding of this specific concept. The first phase of the partnership (2010-2014) facilitated the development of promotional and financing tools for SSE, especially related to microfinance, as well as an analysis of the impact of microfinance in France. This work was successfully conducted and led to the current partnership (2015-2019), which aimed, through research, at enhancing a better understanding of the contribution of the SSE and social finance to the future of work. This publication is an outcome of this current cycle of cooperation between the government of France and the ILO. The ILO’s Social Finance Programme and Cooperatives Unit commissioned the Research Institute for Work and Society (HIVA) to coordinate the research initiative. Based on the literature and on twelve original case studies in nine countries (Argentina, Belgium, France, Morocco, Senegal, Switzerland, the Netherlands, the Philippines and the Republic of Korea), the research attempts to show to what extent and especially how the SSE and social finance mechanisms contribute to the future of work.

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<sup>1</sup> ILO: *Work for a Brighter Future. Global Commission on the Future of Work* (Geneva, 2019). Available at: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms\\_662410.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_662410.pdf)

<sup>2</sup> ILO: *Cooperative & Social and Solidarity Economy: Responses to key issues in the report of the global commission on the Future of Work* (Geneva, 2019). Available at: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---coop/documents/publication/wcms\\_705803.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_705803.pdf)

<sup>3</sup> ILO: *Centenary Declaration for the Future of work*, International Labour Conference, 108<sup>th</sup> Session, Geneva, 2019.



It is our hope that this publication will convince the reader that social and solidarity economy organizations can help individuals become active actors of processes of changes and shape the future they want.

We would like to express our thanks to the authors and in particular to Bénédicte Fonteneau and Ignace Pollet from the HIVA-KU Leuven research institute for leading the research team and sharing their valuable insights on the SSE and the future of work. Great thanks go to the key informants from the studied SSEOs who shared their views and experiences.

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and Social Innovation  
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and solidarity transition

# LIST OF ABBREVIATION

<b>ICA</b>	International Cooperative Alliance
<b>CECOP</b>	Sectoral organization for industry and services of the International Cooperative Alliance (ICA)
<b>CFAHS</b>	Coopérative Fédérative des Acteurs Horticoles du Sénégal
<b>CICOPA</b>	International Organisation of Industrial and Service Cooperatives
<b>CSR</b>	Corporate Social Responsibility
<b>EURICSE</b>	European Research Institute on Cooperative and Social Enterprises
<b>HIC</b>	High-Income Country
<b>HIV/AIDS</b>	Human immunodeficiency virus infection and acquired immune deficiency syndrome
<b>HWSSE</b>	Housing and Welfare Self-Sufficiency Enterprises
<b>ILO</b>	International Labour Organization
<b>INAES</b>	Instituto Nacional de Asociativismo y Economía Social (Argentina)
<b>ITC-ILO</b>	International Training Centre of the International Labour Organization
<b>LIC</b>	Low-Income Country
<b>MIC</b>	Middle-Income Country
<b>MMR</b>	Maison Médicale de Ransart (Ransart primary care centre)
<b>MSME</b>	Micro, Small or Medium-sized Enterprise
<b>NEET</b>	Not in Education, Employment or Training
<b>NGO</b>	Non-Governmental Organization
<b>RCG</b>	Red Gráfica Cooperativa
<b>SCOP</b>	Société coopérative et participative
<b>SCOP-TI</b>	Société Coopérative Ouvrière Provençale de Thés et Infusions (France)
<b>SEPPS</b>	Social Enterprise with the Poor as Primary Stakeholder (the Philippines)
<b>SIB</b>	Social Impact Bond
<b>SME</b>	Small or Medium-sized Enterprise
<b>SSE</b>	Social and Solidarity Economy
<b>SSEO</b>	Social and Solidarity Economy Organization
<b>WISE</b>	Work Integration Social Enterprise

# EXECUTIVE SUMMARY

The world of work is nowadays characterized by changes beyond the direct control of workers and entrepreneurs but directly affecting them by modifying their positions and experiences (e.g. delocalization of activities, unpredictable decisions on investment patterns, workers and economic activities stuck in informality, lack of means and know-how to develop starting business into growth-oriented business, race to the bottom of product prices making quality products obsolete, vulnerable groups rendered obsolete by technology; isolation and fragmentation of workers' groups, degradation of work in terms of meaningfulness, health and conditions).

This study aims to provide insights on how the Social and Solidarity Economy (SSE) is contributing to the future of work. Social and Solidarity Economy refers to enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity (ILO, 2009; Develtere & Defourny, 2008). The main research question is the following: “how do Social and Solidarity Economy Organizations (SSEOs) contribute in an innovative way to addressing the challenges of the changing world of work?”. This overall research question has been addressed through specific sub-questions related to the four major domains of changes in the world of work such as identified by the ILO (ILO, 2015): work and society, decent jobs for all, organisation of work and production and governance of work.

This research is based on twelve original case studies on SSE organisations and social finance mechanisms (initiated between 1934 and 2014) carried out in nine countries (Argentina, Belgium, France, Morocco, Senegal, Switzerland, the Netherlands, the Philippines and the Republic of Korea). Case studies are based on documentation reviews and on primary data collection. Data from the case studies have been complemented by a literature study on SSE addressing work-related issues.

This research does not claim to reflect all the dynamics, sectors and actors that are part of the SSE, nor the weaknesses and challenges the SSE is facing. The selected cases do reflect the diversity of SSEOs in terms of actors involved, sectors of activity and organizational forms as well as positioning and vision on economy, societal issues and power relations. The research shows how SSE organisations and enterprises respond to current global challenges, thereby contributing to a more inclusive world of work based on social justice, meaningfulness and sustainability.

The following paragraphs summarises the main findings of the study.

**(Re)embedding economic activities in local social systems.** The SSE is clearly an organizational form chosen by economic actors seeking to preserve and develop modes of production that people are attached to: family farming, proximity services, traditional and/or environment-friendly methods of production. The study shows that this choice is mainly driven by the will to stabilize and increase the income generated by these activities and to contribute to transcending issues, such as reversing the rural exodus, empowering women, and respecting the natural environment. The SSE allows economic actors to maintain and develop local economic activities in their own social context, making them less vulnerable and more able to contribute to regional development. This also contributes to the need and opportunity to (re)embed economic activities in local social systems, for example, through a complementary currency favouring local economic exchanges and sustainability of production chains.

**Organizing economic actors and facilitating transition to a more formalized social status.** The SSE offers opportunities to create stable institutional structures by or for informal/vulnerable workers or small-scale businesses. Cooperative platforms in particular make entrepreneurship more attractive, support economic development (through networking, joint marketing or commercialization services) and secure social status and access to social protection. By doing so, the SSE responds in a constructive way to changes in the labour market (e.g., functions formerly occupied by employees outsourced to external service providers) while meeting the needs of some workers or entrepreneurs wishing to network with others (mutualization services) and requiring support for the management of their businesses. In low-income countries (LICs) and middle-income countries (MICs), the SSE also clearly contributes to facilitating the transition from the informal to the formal economy both by offering opportunities to secure economic activities and social status (through collective forms of entrepreneurship) and by providing or facilitating access to social protection schemes.

**Participatory governance and renewed social dialogue.** Alternative decision-making models are currently challenging the classic governance and social dialogue models. As the SSE tends to be riding this wave, participatory governance comes as one of its core characteristics. Participatory governance in SSE can take diverse forms. While self-management may not be suitable to all enterprises or all workers' aspirations, the study shows that this governance form has been chosen by several SSE organisations to mark their ability to own and manage economic structures and to distance themselves from hierarchical modes perceived as counterproductive (generating stress and lack of motivation) and hindering the provision of quality services (lack of autonomy, disrupted information channels). Under certain conditions, participatory governance increases the efficacy and quality of services provided by enhancing cohesion and teamwork, or inducing more equity among workers (including in terms of wages and working conditions). However, participatory governance is not always sufficient to address all the issues related to the subordination of workers: the study also shows that participatory governance and self-management do not as such exclude social dialogue but rather force the stakeholders to look for innovative forms of social dialogue.

**Searching for sustainable economic performance while focusing on social purposes.** Several SSEOs studied show a development and an economic performance allowing them to be financially autonomous and presenting guarantees of durability. These results are often achieved by identifying the type of services or goods to be provided to

members, the community and/or the clientele by making the right choices in line with SSE principles and the capacities of the actors involved. Other SSE enterprises have more difficulty in achieving performance levels that match their ambitions, particularly in terms of employment. Such situations are often explained by the history of the origin of these enterprises (as in the case of bought-out enterprises) and by the abilities present or absent among the workers (especially on marketing issues).

**Finding meaningfulness in work.** The study reveals a high degree of satisfaction related to working conditions and the feeling of working for meaningful purposes, particularly in comparison with similar functions they used to occupy in conventional private or public structures. This meaningfulness can take on many forms: reinforcing the solidarity of society by facilitating access to health services for all (including the most vulnerable, such as elderly people), self-determination and concertation, better balance between work and private life, support for vulnerable groups focusing on self-reliance, personal aspirations and dreams, environmental sustainability. From a managerial perspective, this meaningfulness is the fruit of efforts in terms of making financial models possible and sustainable, finding the right balance between societal engagement and working conditions, but also through the implementation of practical tools allowing the SSE to be effective and efficient at individual and collective levels.

**Foreshadowing the network society.** SSEOs do not operate on isolated islands. They have market relations with private (conventional) for-profit enterprises and they act according to public policy frameworks. The increasing number of partnerships among diverse types of organizations allows for de-compartmentalization and interaction (and possibly convergence) among actors with different logics of action and organizational cultures. In high-income countries (HICs) in particular, the SSE shows that tailor-made support services and a favourable environment (created through partnerships between public and private actors) can make the difference, for example, in allowing vulnerable groups to make own vocational choices and start a career, or in facilitating crowd-funding of initiatives in the Global South through online platforms, as a way of making individual philanthropy more sustainable. In doing so, the SSE also continues a long tradition of being a laboratory of practices and ideas often percolating into both the public and the private for-profit sectors.

**A policy instrument and a policy partner.** The study also shows how a policy framework recognizing the added value of the SSE to employment and social welfare can create favourable conditions for the SSE to contribute to societal issues. In almost all countries covered by the study, public policies including SSE are closely linked to employment opportunities, particularly for vulnerable groups: long-term unemployed people, people with disabilities, low-skilled workers, women, etc. In addition, specific forms of enterprises (worker cooperatives and social enterprises in particular) are encouraged by public policies to launch business initiatives where workers and other stakeholders (communities, beneficiaries) are involved in decision-making processes. When SSE enterprises are supported by government funding, this covers different situations: general utility services, support for the development of the SSE or difficulties faced by SSEOs, etc. Public policies are particularly effective when they are designed to allow the SSE to play effective and useful roles towards general interests while being recognized and supported in its particularities and its own logics. When, however, the SSE is reduced to a service provider function, it runs the risk of attracting a category of free riders (actors not



operating according to the principles of the SSE but aiming to capture public markets) and of seeing SSE actors lose their particular character through having to balance their economic survival with their social objectives.

**Common bonds through new finance models.** Through crowdfunding, complementary currency, Social Impact Bonds, original financial models (like flat rates in health care) or even subsidies, the SSE is a major source of innovation as regards the financing of social policies. Besides providing core funding or additional resources to SSE businesses or individual entrepreneurs, such innovative financial models have in common that they bring together actors from diverse backgrounds, such as the SSE, social security systems, sectoral ministries, the banking sector and (individual or institutional) private investors. Here too, from the design to the evaluation of the mechanisms applied, these multi-actor configurations provide the opportunity to enter into dialogue around key societal issues: the causes and answers to societal problems, assessment of progress, levels and share of responsibilities and risks (individual and/or collective), the notion of benefits and return on investment, performance, profitability, ownership and governance. In periods of crisis and uncertainty, such multi-actor dialogue could provide benefit in finding new horizons for the fast-changing work landscape, as well as coping with the backlashes of these changes.

The study concludes that the SSE could both positively anticipate and react in a more protective way to the changing world of work. The SSE may in particular trigger economic and social actors to widen the range of approaches to wealth creation and innovation in order to respond to trends that are affecting the rights of entrepreneurs and workers and the sustainable development of societies. In environments both favourable and challenging, SSE proves to be a significant factor for the fast-changing world of work, either directly through their stakeholders, or indirectly through their impact on the societies in which people will work in the future. The study is concluded by some recommendations towards the ILO, the national governments and the SSE to strengthen the contribution of the SSE to the future of work.

# 1. INTRODUCTION

The Social and Solidarity Economy (SSE) is a concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering participation and solidarity. In its Declaration on Social Justice for a Fair Globalization, the ILO underlined the need for a strong social economy: “Convinced that in a world of growing interdependence and complexity and the internationalization of production: (...) productive, profitable and sustainable enterprises, together with a strong social economy and a viable public sector, are critical to sustainable economic development and employment opportunities” (ILO, 2008, p.3).

Ten years later, this statement is even more relevant and the literature on the future of work highlights rather challenging changes in the world of work, for example, the substitution of human work by automation in both developed and developing countries, the growing prevalence of flexible and temporary jobs, lower wages and decreased bargaining power, reduced social protection and weakening of social protection mechanisms, emergence of new underclasses, erosion of labour market institutions, financialization and short termism of the economy at the expense of workers, models of social dialogue called into question (Balliester & Elsheikhi, 2018, pp. 38-39). On the other hand, such trends and signals give the opportunity to rethink and revisit the interactions between work, society, citizens, and economic and social actors.

This report aims to contribute to the reflection of the ILO, its constituents and other actors involved in the SSE on the future of work. Based on the literature and on twelve original case studies in nine countries (Argentina, Belgium, France, Morocco, Senegal, Switzerland, the Netherlands, the Philippines and the Republic of Korea), it aims to show to what extent and especially how the SSE and social finance mechanisms contribute to the future of work. They do so not only by mitigating some of the challenges mentioned above but also by continuing to seek innovative solutions to improve the living conditions of workers and populations. This study does not intend to romanticize the SSE but rather to provide illustrations from a number of case studies based on primary data and in-depth analysis.

The report comprises 11 chapters. After this introduction, the second and third chapters detail the research questions and the methodology and limits of this study. The fourth chapter is devoted to recalling some core features related to the concept of the SSE and provides a brief overview of institutional and legal frameworks at the national level. The next chapters deal consecutively with the four domains of change identified by the ILO Report on the Future of Work, namely job creation (Chapter 5), organization of work and production (Chapter 6), governance and participation (Chapter 7), and work and society (Chapter 8). Chapters 9 and 10 address the question of financing both through analysis of the traditional sources of funding and from the perspective of a range of innovative financing mechanisms for the SSE. Chapter 11 presents some conclusions and recommendations.

## 2. RESEARCH QUESTIONS

The main research question of this study is the following: *How do social and solidarity economy organizations (SSEOs) – enterprises in particular – contribute in an innovative way to addressing the challenges of the changing world of work?* This overall research question has been addressed through specific sub-questions (see Appendice A) related to the four major domains of changes in the world of work such as identified by the ILO Director General's Future of Work Report (ILO, 2015a): work and society, decent jobs for all, organisation of work and production, and governance of work.

Beside these core research questions, the research has also taken into consideration a complementary wider framework, namely the global trends affecting the world of work (see Appendice B): environmental, economic, demographic and technological trends. This framework has been used for two purposes: the selection of case studies and a complementary analysis of the results. The selection of each case study is based on several criteria (see next chapter), including its relevance from the perspective of one of several global trends affecting the world of work at national and/or regional level. While the four Future of Work aspects will constitute the core of the analysis of our case studies, the complementary framework will be reprised only to indicate how the SSE is responding to global trends, in the concluding chapter of this document.



# 3. METHODOLOGY

Case studies and documentary analysis were used to produce answers to the research questions of this study. The documentary analysis is not reported in a separate chapter but integrated in the relevant sections of this report. The sections below focus on the selection and approach of the case studies.

### 3.1. Selection of case studies

An international team of six researchers covering nine countries carried out twelve case studies. The selection of countries was based on three criteria: a) level of income (in order to reach a balance representation), b) indications of the presence of relevant cases (based on literature study and on indications provided by key informants and identified consultants), c) opportunity to involve a consultant with experience of the SSE (including social finance expertise).

The profile of target groups was also used as a selection criterion. From a world of work perspective, some population groups deserve more attention than others regarding their access to the (formal) labour market, their working conditions, and their standard of living. Notably, the poor, people with disabilities, women, low-skilled young people or persons of foreign origin continuously face difficulties when trying to enter an ever more competitive and demanding economic system. SSEOs are often the only forms of enterprise accessible to people who aim to start a business but lack sufficient capital or other resources. More generally, SSEOs tend to attract groups, users or clients who do not have access to employment, basic goods and services, knowledge and information, or a social network. In the framework of this research, the contribution of SSEOs towards vulnerable groups will therefore be looked at in particular. Nevertheless, the SSE is not by definition an economy “of the poor” or “for the poor”. Producing goods and services according to SSE principles can be a choice made to combine economic with other (social or environmental) objectives, rather than to maximize the financial return on investment. Together with this choice, as is often seen, comes the choice of establishing a participatory form of governance (ILO/ITC, 2011).

## 3.2. Overview of selected case studies

Table 3.2.1 below provides an overview of the selected case studies (see also information sheets on each studies cases in Appendice C).

**Table 3.2.1. Overview of selected case studies**

Case studies	Country	Sectors	Year of Creation
Red Gráfica Cooperativa (Network of Cooperatives)	Argentina	Graphic and printing industry	2006
Ransart primary care centre (Association)	Belgium	Health care	1991
COOPETIC (Business and employment cooperative)	France	IT/communication/multimedia	2010
SCOP-TI (worker cooperative)		Tea & herbal tea	2014
Social Enterprise for North Korean Refugees	Republic of Korea	Diverse sectors	Since 2005
Housing Welfare Self-Sufficiency Enterprises		Housing/work integration	Since 2005
Coopérative Taitmatine	Morocco	Agriculture (organic argan oil)	2002
Buzinezzclub (Social enterprise)	Netherlands	Youth employment/innovative finance mechanism (Social Impact Bond)	2009
1%Club (Social enterprise)		Finance (crowdfunding)	2009
Payoga-Kapatagan multipurpose Cooperative	Philippines	Agriculture (organic farm)	1992
Coopérative Fédérative des Acteurs de l'Horticulture du Sénégal	Senegal	Agriculture (horticulture)	2010
WIR Bank (Cooperative bank)	Switzerland	Finance (complementary currency and financial services)	1934

## 3.3. Methodology and level of analysis

After the selection process, the case studies were carried out based on standardized methodological guidelines drawn up by the coordination team. Each researcher was responsible for one or two case studies by country (data collection, analysis and writing a report, including data on the SSE at national level). Data were collected between July 2017 and March 2018.

The case studies were carried out using both descriptive and analytical approaches, in order to capture the specific logic and processes of SSEOs and to analyse how they contribute – through specific processes, services and/or organizational and institutional options – to facing the challenges related to the future of work.

In an approach complementary to that of other studies devoted to the contribution of the SSE to the future of work (Schwettman, 2015, EURICSE, 2017), the added value of this research is that it is based on primary data collected on twelve specific case studies and addresses the four domains of change identified in the ILO Report on the Future of Work. Adopting this approach allowed us to examine more deeply both the contribution of SSEOs towards the future of work and the challenges facing them. The main level of analysis in this report is at the level of the SSEOs studied. The second level of analysis is at the level of existing national policies in the countries included in this study. This level of analysis makes it possible to understand the logic, vision of public policies on SSE, all factors also making it possible to understand to what extent these public policies favour, orient or hinder the development of the SSE.

### 3.4. Limitations of the study

The limits of this study are of several kinds. The first stems directly from the approach chosen by the study, namely by being based on a limited number of case studies, it does not extrapolate the results to the wider potential of the SSE as a whole on the future of work. This choice seemed to us relevant to bringing concrete evidence but also a critical look at the conditions under which the SSE manages to contribute – with more or less success – to the challenges related to the future of work. To some extent the limits of this study in quantitative and prospective terms are compensated for through the literature review, although it does not provide an overview of the contribution of the SSE to the future of work in the same way that the case studies do.

The study aims to provide evidence related to a number of research questions attached to the main domain of changes related to the future of work. While the study has been able to provide elements of answers to the majority of them, all case studies did not allow us to outline answers to all of these questions.

The case studies were based on primary data collected through desk studies, interviews and focus groups. In the majority of cases, the SSEOs studied allowed us to access their internal documents, including financial data. In other cases, the consultation of such data was not possible (non-availability of information or reluctance to transmit it).

Finally, the resources available did not allow us to treat all cases in the same way (four of the twelve cases were the subject of a more limited collection of data). However, we decided to include these additional cases in order to enrich the variety of SSEOs, particularly those related to innovative social finance mechanisms.

## 4. THE SOCIAL AND SOLIDARITY ECONOMY



## 4.1. Terminology issues

As the terminology and definition of the SSE is quite often the subject of debate, this report cannot overlook the need for clarity on the terms used and what they mean.

The ILO Africa Conference on the Social Economy held in 2009 in Johannesburg defined the SSE as a “concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity.” Cooperatives, mutual benefit societies, associations and social enterprises are the most common types but they are not the only ones. Discussions among practitioners and academics on the concept of the SSE have so far not led to a consensus allowing elaborating a universal definition to be formulated. This is not surprising, as one of the characteristics of SSEOs is that they are shaped by their economic, cultural and organizational context. SSE is not the only term used to encompass these kind of realities: social economy, solidarity economy, popular economy and non-profit organizations are related concepts. The table below gives a brief overview of these different terms, their origins and their main features.

**Table 4.1.1. Overview of terms related to the SSE (adapted from ILO/ITC, 2011).**

Term	Origin	Main features
Social Economy	France	<ul style="list-style-type: none"> <li>- Concept born in the 19th century in France and rediscovered in the 1970s.</li> <li>- Classically associated with cooperatives, mutual benefit societies and associations.</li> <li>- Legal, political and economic recognition in some parts of the world (Belgium, France, Quebec, Spain, Mali, Senegal).</li> </ul>
Solidarity Economy	Latin America Quebec France	<ul style="list-style-type: none"> <li>- Stress the solidarity dimension (as alternative to the “capitalist” economy).</li> <li>- Make a distinction between a long-established social economy and newer solidarity mechanisms/organizations (more participatory, smaller initiatives, embedded at the local level, etc.).</li> </ul>
Social and Solidarity Economy	France/Quebec International.	<ul style="list-style-type: none"> <li>- The term “social and solidarity economy” aims to encompass both long-established social economy organizations and newer solidarity mechanisms/organizations.</li> </ul>
Popular economy	Latin America	<ul style="list-style-type: none"> <li>- Economy being developed by the “popular” class (i.e. the most vulnerable) and their grassroots organizations to address subsistence economy and social concerns.</li> <li>- Emphasis on the internal rationale of an economy self-managed by the workers (called the “C Factor” for Cooperation).</li> <li>- Strong political agenda as an alternative to the (neo-) liberal economy.</li> </ul>
Non-profit organizations	USA	<ul style="list-style-type: none"> <li>- Organizations that belong to neither to the private for-profit sector nor the public sector.</li> <li>- Excludes any organization that practices the redistribution of surplus (e.g., most cooperatives).</li> </ul>
Cooperative movement	UK Germany Various regions	<ul style="list-style-type: none"> <li>- Originated in the workers’ movement (UK) and farmers’ movements (Germany).</li> <li>- Member-based enterprises, which provide services to their members.</li> <li>- Strict criteria with regard to legal personality, ownership and control.</li> </ul>
Third sector	Various countries/ regions	<ul style="list-style-type: none"> <li>- The term “third sector” places the “social economy” as separate from the public sector and the private sector.</li> </ul>

This overview shows that each of these concepts has a distinct geographic historical origin and theoretical background. They emphasize particular economic and social set-ups for their overall objectives (which may be political in some cases). In many countries, initiatives that could be considered part of the SSE have not necessarily defined themselves as such. Moreover, not all SSEOs consider themselves as belonging to the same species. For instance, some organizations providing care for HIV/AIDS patients would not feel they belong to the same club as agricultural cooperatives. Addressing SSE as a movement therefore does not always reflect the perception of all actors involved. The table above makes very little reference to the reality of the SSE in Africa and Asia although SSEOs have widespread presence there, albeit in different forms and manifestations. This means that overarching concepts like SSE are rarely used in Africa and Asia, with some exceptions influenced by international initiatives (e.g., International Network for Promoting SSE) or projects.

In this study, the term “social and solidarity economy” will be used because it encompasses both institutionalized/older initiatives and newer initiatives better than any other term, and because it seems to be increasingly accepted by both practitioners and academicians. This study focuses mainly on SSE enterprises (cooperatives, social enterprises, etc.). However, in order to embrace other forms of institutions/mechanisms as well, the generic term “social and solidarity economy organizations” (SSEOs) will be used throughout this report.

## 4.2. Concept(s) and theoretical background

Two approaches are commonly used to understanding the SSE concept: the institutional and legal approach and the normative approach (Develtere & Defourny, 1999). In this study, these two approaches have been combined to focus upon the segment of SSEOs contributing to the future of work in particular and therefore to provide a tool to select our case studies.

The first approach consists of identifying the main legal and institutional forms through which most SSE initiatives flow, namely, cooperatives, mutual benefit organizations and social enterprises, associations and some foundations. In the table below, we detail the operational principles of the three main types of SSEOs that we shall focus on in this research: social enterprises, cooperatives, and mutual benefit organizations. These three types have been selected because of their relevance for the underlying rationale of this study. Social enterprises and cooperatives, due to their primary economic function, are more aimed at creating jobs than associations or foundations. Mutual organizations have been included because of their focus on offering social services (i.e. social protection), which is one of the main challenge areas related to the future of work as identified by the report.

**Table 4.2.1. Operational principles of SSEOs (adapted from Defourny & Develtere, 2008, for cooperatives and mutual, and Darko, 2016, for social enterprises).**

	Cooperatives	Mutual benefit organizations	Social Enterprises
<b>Function</b>	Provides goods and services to its members, and/or to the community at large	Provides services to its members and/or wider communities	Provide goods and/or services to users/wider communities Primary social purpose clearly stated as its core objective
<b>Type of products and services</b>	Produces market goods & services (members benefit from these goods/services in proportion to their number of transactions within the coop)	Essentially non-market services <sup>1</sup> (members benefit according to their needs)	Market goods & services
<b>Members</b>	Private individuals/corporate entities	Private individuals only	Not necessarily membership-based Private/corporate entities
<b>Division of Power/ Participation mechanisms</b>	One person, one vote (general assembly)	One person, one vote (general assembly)	No standard mechanism Accountable to its stakeholders (incl. shareholders if any) with an appropriate mechanism to ensure accountability to beneficiaries/users and to measure/demonstrate its social impact
<b>Financing</b>	Subscriptions to capital shares, profits retained from business and/or contributions made at regular intervals. When members resign, they recover their financial contributions (Optional: External contribution)	Dues paid at regular intervals. When members resign, dues are not reimbursed (Optional: External contribution)	Using a financially sustainable business model with a realistic prospect of generating sufficient income to cover costs Deriving a significant proportion of its income from earnings (methodological proposal from Darko Study: elimination of SSEOs relying more than 75 per cent on subsidies/ external contributions)
<b>Allocation of surpluses</b>	For-profit May be distributed to the members (dividend) and/or may be reinvested to improve/add services or further develop coop activities	Not-for-Profit Never distributed to members Must be reinvested as a reserve fund and/or to lower the dues and/or increase benefits	For-profit (but not as primary purpose) May be distributed to owners/shareholders/users/ members/staff

The second approach to understanding the SSE consists of highlighting the common features of its various components. From the literature on the SSE, six features are commonly used to define an SSEO from its core principles. These principles are shown in the table below.

<sup>1</sup> Non-market good or services are those provided for free or at prices that only partially cover the production costs.

**Table 4.2.2. Description of the common features of SSEOs (adapted from ITC/ILO, 2011)**

Common features	Comments
Economic and Social Function	<p>Combined social and economic objectives</p> <p>Produce goods and services on a permanent basis</p> <p>Do not seek profit maximization but some SSEOs can be for-profit or surplus generation (e.g., cooperatives)</p> <p>Strict rules on use of surplus/redistribution of surpluses</p>
Collective Dimension	<p>Based on the will of people/groups join forces in order to meet their own needs or those of others</p> <p>Collective dimension depends on the type of organization (e.g., very strong in cooperatives; less strong in some social enterprises where the collective dimension does not explicitly refer to, for example, collective ownership of the enterprise).</p> <p>Collective dimension does contradict with strong leadership</p>
Solidarity	<p>Operating methods based on solidarity (altruism, mutualism, self-help, or reciprocity)</p> <ul style="list-style-type: none"> <li>- Goals not primarily oriented to accumulating capital or generating profits</li> <li>- Aims to include rather than to exclude</li> </ul>
Autonomy	Autonomy of the organization in management and decision-making processes
Voluntary Involvement	No compulsory affiliation, entry/exit modalities
Participation	<p>Members/users/beneficiaries have the opportunity to be the owners of the organization and/or to actively take part in the decision-making process</p> <p>Participation can take various forms (from one person, one vote to more flexible ways) but should be defined and done on a systematic and explicit basis (such as being mentioned in formal documents and/or clearly known and understood by all stakeholders)</p> <p>Participation should ideally give the possibility to control and/or impose sanctions</p>

This approach assumes that the combined economic and social functions are definitely the common ground of all SSEOs. Other features are not automatically considered, if only for lack of a universally accepted method to verify them. Compared to classic social and solidarity organizations (associations, mutual benefit organizations, cooperatives), the rise of social enterprises has in a way made the recognition of both social and economic features a more complex proposition, in particular characteristics like participation and collective benefit. In most studies, however, these features tend to be considered, albeit to various degrees and sometimes as part of an evolving process (towards more/less autonomy, participation, etc.). Whether a social enterprise qualifies as an SSEO depends on various internal and external factors, which may be the subject of a qualitative assessment. Examples of such factors are the size of the organization, the vision, mission and intentions of the initiators, the sources of financing, the use/distribution of profit/surplus, the legal framework in which the social enterprise operates, etc.

The combination of institutional/legal and normative approaches is particularly relevant in this research, since not all organizations registered as cooperatives, social enterprises or mutual benefit organizations in fact operate according to the principles that they should theoretically or legally follow. Conversely, some initiatives not registered

as cooperatives or social enterprises do operate according to SSE principles. A final reason to combine the two approaches is that the SSE concept is continuously evolving in both the institutional and the normative sense. Due to inexistent or fragmented legal status, the concept is just as much in the hands of visionary theorists and practitioners, who see the SSE as a building block for a new (“transitional” or inclusive) economic order. This factor may complicate the identification and classification of SSE case studies but it appears to be particularly relevant in the present study, which aims to focus on innovation and responses from the SSE to emerging challenges facing the world of work.

### 4.3. Institutional and legal frameworks

This section gives an overview of the legal and institutional frameworks on the SSE in the countries covered by this study. The incomplete representativeness of these countries means that this overview will be restricted to the common or diverging trends related to how the SSE is received by governments and lawmakers.

#### 4.3.1. Legal recognition

In the countries covered by this study, the classic forms of SSEOs (mutual benefit organizations, cooperatives, associations and foundations) benefit from specific regulations. Associations in particular are often regulated by multiple laws covering a wide range of associations in each country: people’s organizations in the Philippines, not-for-profit associations in France, Belgium or Switzerland. In most countries, fair trade organizations, microfinance institutions or development NGOs are associated with other social and solidarity economy organizations because they provide goods and services to poor or vulnerable groups without pursuing exclusive for-profit purposes. In some countries, regulations related to foundations differentiate them according to their purpose (charity or public utility foundation versus corporate foundation). According to their purposes, foundations will benefit from, for example, tax exemptions or lower tax rates. Mutual benefit organizations are mostly found in the banking and insurance sectors. In countries like France and Belgium, mutual benefit organizations have benefited from legal recognition for decades, as they are part of the social protection system. In other regions, such structures have been more recently regulated. In West Africa for instance, social mutual benefit organizations (*mutuelles sociales*) have benefited from a regional regulation promulgated by the West African Economic and Monetary Union only since 2009.

Although cooperatives have existed for decades nearly everywhere, it is remarkable that legislation related to cooperatives has been recently revised at both international (see ILO Recommendation 193 on Promotion of Cooperatives, 2002) and national levels in order to adapt to new developments in the local economy and citizenship. In Senegal for instance, this revision has taken place through both the adoption of the Uniform Act on cooperatives adopted by the Council of Ministers of the Organization for the Harmonization of Business Law in Africa, and the national decentralization process initiated in 2012. The latter was meant to promote local participatory development through, for example, cooperatives. In the Republic of Korea, the 2012 Framework Act



on Cooperatives recognized new forms of cooperatives. It also aimed to facilitate establishing new cooperative societies by simplifying governance requirements (e.g., reducing the number of founders) and expanding the range of sectors in which cooperatives could be active (Song, 2013; ILO, 2017).

The recent emergence of social entrepreneurship has led to the development of particular regulatory frameworks, whereby huge differences between countries can be noted. An EU-commissioned mapping study found that “whilst there is both a growing interest and convergence in views across Europe on the defining characteristics of a social enterprise, understanding and approaches to social enterprise when articulated in national legal, institutional and policy systems differ substantially across (and sometimes even within) countries” (Wilkinson et al., 2014, p. 15). In Belgium and France for instance, commercial companies can under certain conditions be recognized as social enterprises (called Company with a Social Purpose or *Société à Finalité Sociale* in Belgium). In the Philippines, social enterprises are defined as SEPPS, or “Social Enterprise with the Poor as Primary Stakeholder”. SEPPS designates a social mission-driven organization in the form of an association, single proprietorship, partnership, corporation, cooperative, people’s organization, or any other legal form that conducts economic activities providing goods and/or services directly related to the primary mission of improving the well-being of the poor, basic and marginalized sectors and their living environment. In the Republic of Korea, the Social Enterprise Promotion Act (2007) defines a social enterprise as “a company which does business activities of producing and selling products and services while pursuing such social purposes as providing vulnerable social groups with social services or jobs to improve the quality of life of the local residents.” Other countries included in this study (the Netherlands, Senegal, Morocco) do not at present have specific legislation on social enterprises. In such cases, any enterprise that presents itself as a social enterprise will qualify as such. The legal form may be pragmatically chosen. In the Netherlands, for example, many social enterprises operate as commercial companies backed by a foundation (During et al., 2014).

In countries like Senegal or the Philippines, small businesses, microenterprises and Economic Interest Groups (*Groupes d'intérêt économique (GIE)*), are in a way considered as belonging to the group of “non-conventional” enterprises, to which pre-cooperatives or cooperative-like enterprises also belong. From that perspective, legal recognition processes such as registration of cooperatives or SMEs could be seen as a policy to facilitate formalization processes of such economic entities.

Among the countries covered in this study, only in France has a framework law on the SSE been promulgated. This law (2014) clearly defines the perimeter of the SSE, bringing together traditional actors (associations, mutual organizations, cooperatives and foundations) and new players in the SSE (commercial companies that pursue a goal of social utility). With this law, France has a framework to promote the SSE around specific objectives: recognizing the SSE as a specific form of entrepreneurship; consolidating the networks of SSE actors; giving back the power to act to employees; encouraging a cooperative “boom”; strengthening sustainable local development policies. The enforcement of this law has been strengthened by an implementation plan and specific budgets (already existing but now managed by the Ministry in charge of the social and solidarity economy) (République Française, 2017).

### **4.3.2. Institutional frameworks**

As observed in other comparative studies (ILO, 2017), institutional frameworks cover a wide range of settings: ministries, dedicated institutions, specific institutions related to specific forms of SSEOs, etc.

In five of the nine countries studied (i.e. Belgium, the Republic of Korea, France, Argentina, Senegal), ministries or public institutions are dedicated to the SSE. In Belgium, the SSE falls under the responsibility of the regional authorities. Within each regional authority, competences related to the SSE are often spread over various ministries. In the Walloon Region for instance, the SSE falls under the Ministry of the Economy (for matters related to, for example, work integration, proximity services), the ministry for labour and training (for matters related to, for example, work integration for vulnerable groups), the Ministry of Health, Social Action and Equal Opportunities (for matters related to employment opportunities for people with disabilities and home-based care services) and the ministry in charge of the environment, energy and sustainable development for matters related to green energy). A similar division of tasks is observed in the Brussels-Capital Regional, while the Flemish Region has one ministry in charge of work and the social economy. In France, an Inter-ministerial High Commission (acting under the authority of the Ministry of Ecological and Solidarity Transition) has been in charge of the promotion of the SSE and the coordination of SSE-related policies since October 2017. In Argentina, the National Institution for Association and Social Economy (INAES) was created in 2000 and operates under the supervision of the Ministry of Social Affairs. In Senegal, the SSE is part of the current overall presidential social and economic framework called “*Plan Sénégal Emergent*”. A ministry specifically dedicated to social and solidarity economy and to microfinance was created in 2017.

In countries where public institutions especially intended for the SSE are absent, or where the SSE is not recognized as a common category, specific forms of SSEOs and enterprises may benefit from institutions established to supervise or promote them.

### **4.3.3. Relevance of SSE policies for employment**

In many countries, governments have elaborated SSE promotion policies. These policies reflect how the SSE is perceived by them, namely as economic actors creating values and wealth, as intermediary actors able to reach out to particular target groups, and/or organizations acting on particular principles that differ from the “conventional” economy or the public economy. On the changing world of work, we can point out four significant trends emerging from a screening of national programmes supporting the SSE: job creation and transition to formality, sustainable entrepreneurship, social welfare, and promotion of local development.

#### **Job creation and transition to formality**

In almost all the countries studied, SSE policies (or related policies focusing on specific organization forms) are clearly linked with employment opportunities, particularly for vulnerable groups: the long-term unemployed, people with disabilities, low-skilled workers, rural youth, women, etc.

For the HICs specifically, this observation corresponds to the findings of the previously mentioned European mapping exercise on social enterprise (Wilkinson et al., 2014, p.5), stating that the work integration of disadvantaged groups is the most visible activity of social enterprises, aside from addressing other collective needs through services.

While the popularity of social enterprises is not confined to their added value in terms of employment promotion for vulnerable groups (see below), this feature is nonetheless present in various countries. In the Republic of Korea, five types of social enterprises have been qualified as such, all acting towards vulnerable groups (through job creation or service provision) or towards improvement of the quality of life of the local community.

In France and Argentina, job creation through the SSE is also enhanced by the promotion of worker cooperatives characterized by being majority-owned (51 per cent) by the workers. In France, job creation is one of the pillars of the 2014 Law on the SSE. The intention is to provide a framework (prior warning by employers before closing of enterprises, information and training for workers on takeover opportunities, etc.) that should facilitate the buy-out of enterprises by workers gathered together in a worker cooperative. In Argentina as well, programmes have been devised to facilitate the transition and competitiveness of worker cooperatives or other forms of self-managed enterprises (see. e.g. Howards, 2007).

### **Sustainable entrepreneurship**

In the Netherlands and the Dutch-speaking part of Belgium, social enterprises are promoted to address societal issues and social innovation. A 2011 study revealed that the majority of social enterprises in the Netherlands were active in six sectors: clean technology, biosystems, economic development, civic engagement, health and well-being and (basic or labour-market-oriented) education (Verloop et al., 2011). In Dutch-speaking Belgium, social economy policy promotes both employment opportunities for vulnerable groups and sustainable entrepreneurship defined as being profitable in the economic, human and environmental realms.

In other countries, MSMEs are often associated with the SSE, particularly because of their fragile character (e.g., when operating in the informal economy). For instance, the Philippines 2008 Magna Carta for Micro, Small and Medium Enterprises (MSME) mandated the state to promote entrepreneurs, encourage the establishment of MSMEs and ensure their continuing viability and growth. This was to be implemented through a series of strategies (e.g., access to sources of funds, assuring them fair access to government programmes) including promoting partnerships with private voluntary organizations, viable industry associations and cooperatives. In Senegal, the national policy plan “*Plan Sénégal Emergent*” also mentioned the SSE as a strategy to facilitate a soft transition to the formal economy, particularly in the sectors of handicrafts, trade, micro-tourism and transport (Plan Sénégal Emergent, 2014, p. 56).

### **Social welfare**

Providing social welfare services through the SSE is another trend– in various forms – in countries like Belgium, the Republic of Korea and the Netherlands. In the Republic of Korea, this trend is part of major public policies intending to provide social services

to vulnerable groups (e.g., elderly people) and create jobs for vulnerable groups (the unemployed). This political ambition has been supported by various programmes (Social Employment programme introduced in 2004, Social Enterprise Promotion Act in 2007) subsidizing the labour costs of social enterprises.

In Senegal, social protection policies towards informal workers rely on mutual health organizations, these being community-based organizations providing health insurance schemes to their members. Mutual health organizations emerged in Senegal from bottom-up initiatives about 20 years ago. At present, the government recognizes them as key partners in the implementation and follow-up of the social protection strategy.

### **Promotion of local development**

Promotion of local development through a territorial perspective is another trend found in countries like France, Senegal and Argentina. In France, the promotion of local sustainable development is one of the pillars of the 2014 framework law on the SSE. Measures are put in place to develop SSEOs so as to strengthen the local economy. Measures include support for territorial poles of economic cooperation to create non-relocatable jobs, better use of public procurement for employment with socially responsible public purchasing schemes, and recognizing local and social dimensions of fair trade and recognizing local (or solidarity) currencies.

## **4.4. Emerging initiatives challenging the frontiers of the SSE: the collaborative economy**

The social and solidarity economy is not a universally and permanently frozen concept. Depending on contexts and periods, some production or exchange methods and specific forms of organizations have challenged the boundaries of the SSE. For instance, while social enterprises are now considered to be fully part of the SSE, their emergence has challenged the SSE because some characteristics of social enterprises (e.g., individual ownership, less structured forms of participation, use of surplus) differ from the principles of traditional SSEOs.

In recent years, the growing emergence of the sharing or collaborative economy has led some authors and practitioners to question its proximity to the SSE. There is no consensus yet on the definition of the sharing economy, most probably because the term encompasses very different practices and different business models. We propose here to use a slightly amended version of the definition suggested by the European Commission (2016), namely: “The collaborative economy refers to business models where activities are facilitated by online platforms that create an open marketplace for the temporary use of goods or services often provided by private individuals or companies.” The emergence of the collaborative economy has been enabled by the growing development and use of web and mobile technologies. Beside this technological driver, the collaborative economy has also been boosted by environmental concerns (some people preferring to adopt sharing practices rather than owning goods) and by changing economic rationales in times of economic crisis (people are more willing to save money). The sharing economy also includes a community, even participatory, dimension, that recalls the principles

of the SSE. As noted by Selloni (2017, p. 16), “the network paradigm can be seen as a re-enactment of the ancient concept of community. What is happening now is that online connectivity also facilitates offline sharing and social activities, allowing direct contact among people who live in the same area but do not interact.” Like the SSE, the collaborative economy has a collective dimension allowing individuals or groups to come together and create links around economic motives (production and/or consumption). Moreover, the collaborative economy implies the active participation of consumers, not only in respect of the shared goods or services but also in assessment of the quality of the services provided through rating systems.

Considering the diversity of business models and the co-existence of profit or not-for-profit motives within the collaborative economy, it seems difficult to give a clear-cut answer to the question whether or not the collaborative economy as a whole is part of the SSE. The best way would be to test each enterprise of the collaborative economy against criteria reflecting the principles of the SSE: Who is/are the owner(s) of the enterprise? What participatory decision-making/governance processes are there involving users and/or employees? What are the norms and practices in terms of use or redistribution of surpluses? Answering these questions would make clear that some enterprises of the collaborative economy remain fully in a conventional capitalist paradigm while others have practices reflecting SSE principles. Additional questions on the extent to which the sharing/collaborative economy respects and promotes the main decent work pillars (social protection, labour conditions, labour standards, social dialogue) would further help to clarify the purposes of some collaborative economy enterprises.

The previous paragraphs provide clarification on the concept of the SSE and on institutional and legal frameworks at national levels. In the chapters that follow, we examine the contribution of the SSE to the changing world of work.

## 5. CONTRIBUTION OF THE SSE TO JOB CREATION

According to the ILO (2015a), the world needs to create 600 million new jobs by 2030, the majority in developing countries. This need is driven by multiple factors: returning to pre-crisis levels of employment, offering jobs to young people, boosting the employment of women, making sure that groups in a temporary or permanent situation of vulnerability find appropriate jobs, etc.

SSEOs are commonly recognized as a sector that generates employment. Based on data from 156 countries, the 2017 CICOPA report on employment (Eum, 2017) estimates that in 2015 27.2 million people were working in cooperatives, including about 16 million employees and 11.1 million worker-members. In addition, 279.4 million people were working within the scope of cooperatives (mainly self-employed members, the vast majority of whom work in the agricultural sector). This means that in total about 9.45 per cent of the world's employed population is working either in cooperatives or through the enabling presence of cooperatives (Eum, 2017).

In Europe, it is estimated that the SSE provides over 13.6 million paid jobs – equivalent to about 6.3 per cent of the working population. During the economic crisis, the SSE has shown resilience as it has dropped only from 6.5 per cent to 6.3 per cent of the total European paid workforce and from 14.1 million jobs to 13.6 million (CIRIEC, 2016). Recent data on European social enterprises (including Work Integration Social Enterprises and other forms of social enterprises) clearly shows their contribution in terms of employment: 371,000 employees in Belgian social enterprises, 558,487 in Italian social enterprises or more than 80,000 in Poland (European Commission, Directorate-General for Employment, Social Affairs and Inclusion, 2016).

Compared with other cooperative models, worker cooperatives are characterized by being majority-owned (51 per cent) by the workers. Worker cooperatives have existed for a long time in some parts of the world. They have recently been rediscovered as a model for enterprise buy-outs by workers. Esim and Katajamaki (2017) note that it was estimated in 2014 that there were more than 300 *empresas recuperadas* (former conventional enterprises bought out by workers when their owners decided to close their business or went bankrupt) employing 13,000 workers in Argentina (Ruggieri, 2014). Similarly, in Brazil, there are at least 25 worker-owned enterprises across six states that were initially shut down and then relaunched as worker cooperatives (Patry et. al., 2013). In France, worker cooperatives are encouraged by the 2014 law on the SSE. This law provides for a transitional status for worker cooperatives (e.g., SCOP, standing for *Société Coopérative et Participative*) allowing them to become owners of the cooperative (holding the majority of votes in the general assembly) even if they do not immediately own the majority of the capital.

In this chapter, we take a more in-depth look at how the SSE is contributing to job creation. In the first section, we give an overview of the number of jobs created (or maintained) by the SSEOs observed in this study. We then look at how the SSE is contributing to opening employment opportunities particularly for vulnerable groups. We also examine the sustainability and quality of the jobs. In the final section, we reflect on how the SSE is supporting the transition process from the informal to the formal economy.

## 5.1. Creating and improving economic activities and jobs

All the SSEOs studied have created jobs or seriously contributed to stabilizing and increasing the economic activities of entrepreneurs. The table below gives an overview of the number of jobs created or entrepreneurs supported in the economic activities of the SSEOs covered in the study. In the table, we make the required distinction according to the type of SSEOs and according to the type of workers and/or members.<sup>1</sup>

**Table 5.1.1. Scope in terms of jobs and users**

Case studies	Country	Sectors	Forms of SSEO	Number of workers/users/beneficiaries
Red Gráfica Cooperativa	Argentina	Graphic and printing industry	Cooperative (second level)	34 cooperatives employing 818 workers
Ransart primary care centre	Belgium	Health care	Association	Staff: 20 workers Users (patients): 3,500
COOPETIC	France	IT/communication/multimedia	Business and employment cooperative	Cooperators: 150 associated self-employed entrepreneurs
SCOP-TI		Tea & herbal tea	Worker cooperative	Cooperators: 58 Workers: 42
Social Enterprise for North Korean Refugees (3): Songdo SE, Mezzanine-I-Pack, Woodrim Blind	Republic of Korea	Diverse sectors	Social enterprises	Staff: 164 whose 40 per cent are North Korean Refugees (mainly women)
		Housing/work integration	Social enterprises	Workers: 1,200 Average number of workers/social enterprise: 6,9
Housing Welfare Self-Sufficiency Enterprises			Social enterprise	
Coopérative Taitmatine	Morocco	Agriculture (organic argan oil)	Cooperative	Cooperators: 102 Workers: 4
Buzinezzclub	Netherlands	Youth employment/innovative finance mechanism (Social Impact Bond)	Social enterprise	Staff: 23 workers (18 FTE) 1,000 beneficiaries (= people having found jobs through Buzinezzclub support since 2009)
1 %Club		Finance (crowdfunding)	Social enterprise	Staff: 30 Donors: 32,958 1,617 socio-economic projects funded
Payoga-Kapatagan multipurpose cooperative	Philippines	Agriculture (organic farm)	Cooperative	Staff: 62 workers Cooperators: 1,300 self-employed farmers
Coopérative Fédérative des Acteurs de l'Horticulture du Sénégal	Senegal	Agriculture (horticulture)	Cooperative (second level)	76 unions of cooperatives <sup>2</sup>
WIR Bank	Switzerland	Finance (complementary currency and financial services)	Cooperative	Workers: 290 employees Users (SMEs): 45,000

<sup>1</sup> It is extremely difficult to assess whether jobs “created” by the SSE constitute new employment or rather substitute existing employment, which – without SSE efforts – would be assigned to other people. In general, SSE staff and personnel employed by SSE members (or cooperator-members) could be considered newly created jobs. Recruitment of SSE clients in regular business or consolidation of co-operator-members’ jobs and economic activities may be considered jobs maintained.

<sup>2</sup> Data related to the total number of members per cooperative is not available.



SCOP-TI in France and the Red Gráfica Cooperativa in Argentina are examples of how worker cooperatives in particular contribute to creating and maintaining jobs.

The **Red Gráfica Cooperativa** groups 18 member cooperatives active in the printing industry. The majority of them (16) are *empresas recuperadas* (see above, p. 20). In this context, the purpose of creating a worker cooperative was to maintain the employment of trained workers knowing that they would probably be less able to find another job in the same industry because the techniques they had mastered were about to disappear, replaced by modern computerized methods.

In France, **SCOP-TI** is also a worker cooperative bought out by a group of workers who previously worked for the company Fralib, part of the multinational Unilever. In 2012, Fralib announced that the enterprise would be closing and be delocalized to Poland. The French workers were invited to keep working for the enterprise in Poland on the condition of accepting lower wages (in line with standards in Poland). Under the leadership of the union delegates, the workers decided to refuse this offer and occupied the enterprise for more than three years. After a long stand-off and mutual legal claims, an agreement was reached, stipulating that a worker cooperative would be the most suitable model under the French regulations, upon which 58 workers decided to create this cooperative. Negotiations with Fralib/Unilever resulted in the buy-out of the machinery and the infrastructure. Of the 58 owners of the cooperative, 42 are currently employed by it.

In rural areas, the added value of cooperatives in organizing farmers and rural workers while providing common services is widely recognized.

In Morocco, the **Coopérative Taitmatine** groups women transforming argan oil into a variety of products, commercialized by the cooperative for the national and international markets.

In the Philippines, 3,408 farmers are members of the **Payoga-Kapatagan multipurpose cooperative**, created in 1992 by leaders and beneficiaries of an NGO active since 1992. This cooperative offers a wide variety of technical and financial services. It also runs an organic fertilizer business, a livestock dispersal programme, and a nursery, and offers trading and marketing support. The services offered enable tenants to shift from monocrop production to integrated farming (i.e. combining crop production with livestock raising) and to upscale their livestock activity.

## 5.2. Opening employment opportunities for vulnerable groups

Vulnerability in the labour market covers an extremely wide range of situations: being part of marginalized groups in society, being discriminated against on grounds of origin, age, gender identity, sexual orientation, physical characteristics, etc., being low-skilled, working in precarious conditions (e.g., on-call jobs, unpredictable and irregular income, absence of social protection). An OECD study (2013) on 655 SSE enterprises in specific territories of 14 OECD countries found that over three-quarters of the organizations surveyed worked with vulnerable individuals.

The SSE does not exclusively target vulnerable groups. However, driven by its social purpose, it often tends to address the situation of vulnerable groups on the labour market. For instance, during recent years, Italian social cooperatives<sup>3</sup> have provided 18,000 refugees, asylum seekers and migrants with services and projects in 220 welcome centres and 170 dedicated housing structures (ILO, 2015).

In addition, some countries are clearly orienting their public policies on the SSE in relation to their added value in contributing to the integration of disadvantaged groups in the labour market (see Section 4.3.2), i.e., persons with mental or physical disabilities, women at risk, minorities, low-qualified young people, people with a social handicap or an addiction, and people with low employability status. Such policies have contributed to the visibility and expansion of Work Integration Social Enterprises (WISE<sup>4</sup>), including sectors like the food industry, gardening, cleaning, construction, manufacturing, recycling, waste management, and assembling components as well as in new sectors including organic agriculture and the trading of agricultural products (European Union, 2016, p.41). Based on seven national studies (Belgium, France, Ireland, Italy, Poland, Slovakia and Spain), the European Union estimates the number of social enterprises totalled 227,554, of which 12,588 (5.5 per cent) are WISEs (European Union, 2016).

Several examples from our case studies give good illustrations of this diverse contribution driven by the social purpose of the SSE and/or supported by public policies towards it.

In the Netherlands, **Buzinezzclub** is a social enterprise created by an entrepreneur who wanted to launch activities where results combined personal and societal benefits. He was looking for innovative ways to integrate vulnerable young people into the labour market. He was looking not only for adapted work integration approaches of vulnerable young people but also for methods of sustainably financing the services (see details on Social Impact Bonds in Chapter 10 on Innovative financing mechanisms for SSE). Together with the Rotterdam municipality, he developed in 2009 the approach now known as Buzinezzclub. Buzinezzclub provides services to young people aged 18 to 30 who belong to the NEET category (not in employment, education or training)<sup>5</sup> and are entitled to a welfare allowance. Buzinezzclub aims to support these vulnerable young people to develop their own sustainable economic activities following their aspirations. The target group are quite diverse coming with multiple risk factors (drugs, debt, unwanted pregnancy, criminal record, etc.). To become a member of Buzinezzclub, one has to be eligible and motivated for employment. Buzinezzclub's approach is immediately to highlight talents and potentials instead of problematic backgrounds. The social enterprise has a success rate of 60 per cent, i.e. members who are no longer dependent on a welfare allowance, and whose risk of again becoming welfare-dependant is deemed

<sup>3</sup> Social cooperatives are defined by the Article 1 of Italian Law No. 381 “as those cooperatives that aim to pursue the general interests of the community and the human promotion and social integration of citizens through: (a) the management of social, healthcare and educational services, or (b) the performance of any activity with the aim of providing employment for disadvantaged people.” (Borzaga, Poledrini & Galera, 2017, p10).

<sup>4</sup> The main objective of WISEs is to integrate the disabled and other disadvantaged groups, including the long-term unemployed, back into the labour market and society through a productive activity (Nyssens & Defourny, 2016, p. 18).

<sup>5</sup> The ILO considers that around the globe 21.8 per cent of young people are neither in employment nor in education or training (NEETs), a condition that impacts young women in particular (more than three out of four) (Terrassi, 2018).

very low<sup>6</sup>. A follow-up study in Dordrecht (where the programme first started) showed a sustainability rate of 88 per cent of the successful cases. In other words: if 60 out of 100 were in employment or vocational training after six months, 52 of them were still on the same (or better) track after three years. The other 40 per cent are not considered “lost” but are clearly developing at a slower pace. It is estimated that more than half of these 40 per cent would be in work or training after three years. The annual report for 2015 noted a cumulative figure of 1000 young people who since the start of Buzinezzclub in 2009 had gone through the programme successfully.

The impact of such social enterprises is much richer and more intricate than their quantitative impact. They set in motion a chain of events which eventually (indirectly) lead to the much-desired labour market integration. A first consequence of becoming a member is the sudden awareness of the importance of having a daily occupation, which stimulates a series of socio-normative skills (decent language, being on time, pro-social behaviour etc.). Another consequence is that members gradually establish a social network, as membership is “for life”.

In the Republic of Korea, the occupational integration of refugees or migrants from North Korea is becoming a major issue as the number of refugees is increasing. From 3,000 in 2002, North Korean refugees are estimated to have reached 31,000 in 2017. Majority of them are women (70 per cent) mostly aged between 20 and 39 and did not have a job when they lived in North Korea. The employment rate of North Korean refugees is increasing from 45 per cent in 2008 to 55 per cent in 2016 (Bidet & Gyo Jeong, 2016). However, the employment status of North Korean refugees remains very different from that of South Koreans. In 2014, it was estimated, for example, that 20 per cent of North Korean refugees had the very precarious status of daily workers, a rate three times higher than in the overall labour force in South Korea. Many North Koreans occupy unsustainable jobs, which translates into an average duration of employment of less than 20 months, while it is around 70 months for all workers. The working conditions are also much less satisfactory: a North Korean refugee works an average of three hours more per week than a South Korean worker for two third of the wage. In addition, self-employment, often a preferred alternative career path for refugees, is poorly developed among North Koreans in the South, who lack sufficient social capital and entrepreneurial skills. They must also face a continued strong reluctance on the part of the South Korean population.

In this framework, the government introduced in 2010 an amendment called “social enterprise support programme for North Korean refugees”. This programme is a preliminary certification scheme supervised by the Ministry of Unification through which enterprises can become social enterprises. With this precertification, they can embark on the process of becoming “social enterprises” according to the Social Enterprise Promotion Act (SEPA, under the authority of the Ministry of Labour). Being recognized as social enterprise gives them access to benefits provided by the government including employment subsidies, operation or investment grants, exemption from certain social charges, privileged access to public bid opportunities, tax benefits, and consulting and training

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<sup>6</sup> The trainings usually take place in groups of 40. For each group entering the programme, a first measurement of the results takes place after six months. On average, 10 per cent of this group will be starting a proper business, another 20 per cent will be following appropriate vocational training, and another 30 per cent will have found an appropriate – and decent – job after six months.

measures. The Social Enterprise Act requires them to have 30 per cent of their workforce from vulnerable groups (including Northern Korean refugees).

Three examples illustrate the diversity of such social enterprises. **Songdo SE** was a social enterprise created in 2010 in the conglomerate Posco (leader of the metallurgical industry and one of the heavyweights of construction) to provide cleaning services and in-house parking. **Mezzanine I-Pack (MZ)** was a packaging activity set up in 2008 with the support of a social venture (Merry Year Social Corporation) by a pastor engaged in helping North Korean refugees, **Woodrim Sun Blind (WSB)** was an SME created in 2007 in Gyeonggi Province whose main activity is the production and marketing of shutters. In 2014, MZ employed 11 North Korean refugees out of a workforce of 25, WSB employed 20 refugees out of 29 and Songdo employed 35 in a total of 110 employees. In these three companies, women accounted for 75 per cent of the employed refugees, reflecting the representation of women in the total population of North Korean refugees and migrants living in the South, and also the fact that in most cases the wages are low.

Also in the Republic of Korea, Housing Welfare Self-Sufficiency Enterprises (HWSSEs) initially emerged from the initiative of inhabitants of poor areas and social movements willing to create jobs through cooperatives while improving housing. Such initiatives have been progressively taken into consideration by public policies targeting both job creation and social housing issues. There are now 177 HWSSEs creating jobs directly or indirectly.

To benefit from access to public procurements and financial support, HWSSEs must employ a minimum of two workers and at least one-third of workers benefiting from the National Basic Livelihood System, which guarantees minimum income. It is estimated that HWSSEs have created nearly 1,200 permanent jobs (as manual or clerical workers). In the construction sector, where companies generally employ few workers, under precarious conditions (as day workers), social cooperatives stand out with an average of 6.9 workers per enterprise (2016). Besides, HWSSEs have also indirectly created jobs by subcontracting work (representing about 20-30 per cent of their sales figures) that requires skills or techniques not available within HWSSEs. However, HWSSEs face difficulties in continuing to hire people from the target groups that public policies aim to support. In 2003, they employed about 61 per cent guaranteed minimum income beneficiaries while this category nowadays barely accounts for 19.2 per cent. Two main causes explain this phenomenon: lack of adequate skills and the difficulties to find workers able to work in the construction sector (due to its demanding and heavy nature). HWSSEs are tackling this issue by e.g. providing technical training. Thanks to this training, about 48.6 per cent of the workers now hold technicians' certificates (compared to 26.8 per cent in 2009).<sup>7</sup>

Other examples show that SSE efforts in favour of vulnerable groups are not always undertaken in the framework of partnerships with the public authorities. In the Philippines, the primary motive to create the Payoga-Katatagan multipurpose cooperative (initially acting as an NGO) was to support vulnerable sharecropper tenant farmers who work on land owned by landowners.

<sup>7</sup> Compiled from Eum & Bidet (2018) based on 1) Korea Housing Welfare Association, 2011; Korea Housing Welfare Association, 2013 and more recent data provided by HW Social Cooperative.

Many of these sharecropper tenant farmers used to be heavily indebted to their landlord or traders. The initiators of **Payoga**-NGO saw that these farmers group were not in a position to voice their concerns. They were under the economic and political control of politicians and big landlords who themselves were engaged in the business of trading and moneylending. Payoga-NGO was established with the mission of both “strengthening the voice of farmers” and “empowering them by providing livelihood opportunities”. This would enable them to become less dependent on commercial traders and to diversify their sources of income, making their employment more sustainable.

### 5.3. Creating sustainable and decent jobs

As we have seen in the previous sections, SSEOs pay particular attention to job creation, favouring labour-intensive rather than capital-intensive methods. The quality of the jobs created, particularly in terms of contract stability and wage levels, is a major concern in the SSE. A study of the international literature leads to nuanced conclusions about the quality of the jobs provided by SSEOs, notably because of the limited nature of the data available (Borzaga, 2017). In terms of contracts, almost 80 per cent of employees in Italian cooperatives have open-ended contracts. Between 2008 and 2013, the percentage of workers on open-ended contracts increased by 8 per cent in Italian cooperatives (Borzaga 2015). In other case studies (Defourny & Nyssens 2010, Casini et al., 2018), wages and other financial incentives are reportedly lower than in conventional enterprises. This can be explained by the nature of the financial resources of SSEOs (temporary public contracts that may limit the duration of jobs created) (OECD, 2013) or by the difficulties encountered by SSEOs in competitive markets and/or by limitations related to the profiles of workers (e.g. in terms of skills). However, we shall see in the illustrations below (SCOP-TI, Ransart primary care centre) and later in Chapter 8 that lower wages do not necessarily translate into less job satisfaction: on the one hand, because the workers concerned are involved in the trade-offs that SSEO must make and, secondly, because workers find other sources of satisfaction and well-being (like the opportunity to valorize expertise and interests) that make up for a relative wage loss.

#### Incomes and working organization

Our case studies provide mixed indications on the wage and income levels of workers/members of SSEOs.

In the Republic of Korea, low-qualified workers employed by **HWSSEs** benefit from higher wages and related advantages than the standards of similar positions in the conventional construction sector. However, the HWSSEs encounter difficulties to hire skilled workers because they cannot afford the required wage levels and/or because skilled workers are able to find jobs in the private market.

Case studies in Argentina and France show that turning enterprises into worker cooperatives can lead to changes in working conditions (including levels of salaries).

In **SCOP-TI** for instance, wages have been lowered by about 20 per cent in comparison with their level in the Fralib/Unilever company. However, the workers interviewed have not experienced this wage loss negatively. First, because they

acknowledge that, beyond their level of wages, they have kept their jobs and won ownership of the production tools. Secondly, the current wage grid has been drawn up in a participatory way with the cooperators/workers themselves. This wage grid comprises three levels (corresponding to workers, technical supervisors and management) with a very tiny differential (1.6) between the lowest and the highest level.

This principle of solidarity and moderation in wages can also be found in the Ransart primary care centre (Maison Médicale de Ransart, Belgium).

This not-for-profit medical centre (corresponding to primary level health care) is financed on a flat-rate pricing basis (covering general medical practice and nursery services). The **Ransart primary care centre** made the choice to use this financing mechanism to offer a wider range of paramedical and social services (coordination of services, front desk workers, psychologist). The Primary Care Centre follows the pay standards applicable in conventional private medical centres. However, in practice, medical doctors (general practitioners) earn less than if they worked on a private basis. The surplus thus created makes it possible to hire other professionals in the Ransart primary care centre.

In the agricultural sector, little data is available regarding the income levels of the farmers who are members of the cooperatives studied. However, indirect indicators at the overall cooperative level show increased income and a strategy aimed, for example, at reducing the volatility of the members' income through diversification of production.

For instance, the Philippine **Payoga-Kapatagan multipurpose cooperative** mainly finances its operation from internal funds (service charges from training, membership fees, income from bank deposit, and tractor services) and revenues from its organic fertilizer business. From 2014 to 2016, the net revenues of Payoga-Kapatagan tripled, showing this diversification policy was successful.

As for the Korean social enterprises employing North Korean refugees, the case studies show satisfactory results in terms of the target group's access to employment (depending on the case, refugees accounted for 30 to 70 per cent of their salaried workforce). They also contributed to developing and improving the occupational skills of refugees through different training programmes. However, they offered more mixed results in terms of the sustainability of the jobs offered, and, more broadly, of access to a standard job (Bidet & Giyo Jeong, 2016).

Among the three companies studied, however, one stood out with rather satisfactory results in this area. In 2011, **WSB** became the first social enterprise pre-certified by the Ministry of Unification before being fully certified as a social enterprise six months later as part of SEPA. In contrast to the two other structures studied, WSB offered good job stability with a very low turnover, resulting from a more generous wage policy and a policy of systematic training refugees upon their arrival in the company.

However, in 2011 and 2012, the Korea Hana Foundation, the government agency in charge of policy vis-à-vis North Korean refugees, had spent a significant budget to

encourage the creation of social enterprises employing refugees. But the limited results led the Foundation to drastically reduce its programmes that were targeting social enterprises.

### **Encouraging and valuing workers' diverse expertise and interests**

Low-skilled and even skilled workers often have limited options to valorize interest or expertise that is not directly related to their initial job description. Some SSE organizations, however, opt for skills diversification. Low-skilled workers are given the opportunity to be trained in tasks other than those for which they were originally recruited.

In the case of **SCOP-TI** (France), a female worker – previously working on the production line – became the accountant of the cooperative. She benefited both from the coaching of an external training facility and from support provided by experienced accountant volunteers offering time and expertise to train her on the job.

In a different setting, the **Ransart primary care centre** (Belgium) also gives its workers the opportunity to voluntarily perform tasks or activities that do not directly correspond to their initial job description. For instance, a worker having developed expertise (outside her job) in terms of data collection and analysis has seen this task integrated into her working hours. Often by sheer necessity, SSEOs make for an adequate environment for job enrichment and lifelong learning.

## **5.4. Supporting the transition process from the informal to the formal economy**

Having membership or a job in a cooperative or any other SSEO does not automatically imply formalization of the employment status. Employment in the SSE covers a diversity of statuses, including unpaid workers (or paid on an ad-hoc basis in the absence of adequate financial resources), and non-registered self-employed workers (for example in the agricultural sector). On the other hand, SSEOs do contribute to processes of transition from the informal to the formal economy. The Self-Employed Women's Association (SEWA) in India is a well-known example of a women's organization fulfilling different functions simultaneously: a trade union representing 1,800,000 poor women who work in the informal economy, organizing women into more than 100 cooperatives and offering social protection schemes to its members (ILO/WIEGO, 2017). There are numerous other examples. In Brazil, Colombia, India, Argentina and Sri Lanka, waste-pickers have been organized into cooperatives and have established enterprises, demonstrating how formalization can yield opportunities for improved working conditions (ILO, 2017) while providing services that are not fully or properly organized by public services. In Benin, the trade union UNSTB (*Union Nationale des Syndicats de Travailleurs du Bénin*) set up a cooperative with 76 tailors and 122 hairdressers in 2014. The cooperative now comprises a purchase centre and a shop at the UNSTB headquarters, as well as a designers' house for tailors and a canteen/catering service.

In Europe and other regions in the Global North, we observe an increasing trend towards cooperatives established and owned by independent workers/producers. According to



CECOP (2018), this model responds to the needs of both conventional professions characterized by self-employment (artisans, architects, doctors, taxi drivers, etc.), and the emerging category of non-standard workers characterized by a high risk of precariousness, like those active in creative industries or the digital economy (graphic designers, artists, journalists, couriers, etc.). Such workers often operate in isolated and precarious conditions with at best limited social protection coverage. As Kabeer et al. (2013) underlined in the case of women in the Global South, organizing informal workers is not only about providing voices, structures and better working conditions but also about providing a response to the stigma and loss of dignity that informal workers are experiencing.

We illustrate below two strategies where we see the SSE contributing to addressing such issues with a particular focus on organizing workers and contributing to provide social protection.

### Organizing workers

In facilitating the collective organization of workers in producers' unions (as the Payoga-Kapatagan multipurpose cooperative in the Philippines), in "economic interest groups" (as the Coopérative fédérative des Acteurs de l'Horticulture in Senegal) or in business and employment cooperatives (as COOPETIC, France), SSEOs offer small entrepreneurs or workers the opportunity of an enabled environment in terms of regulations, taxes and dialogue with the authorities. In doing so, the SSE also acknowledges that people might have different expectations in terms of employment or economic activity. Some may want to be bound by employment contracts while others want to become entrepreneurs aiming to scale up their activity. There are diverse options in-between but, in the absence of appropriate legislation, the SSE allows alternatives to be tested out.

### Formalizing informal jobs

In some cases, the SSE plays a direct role in formalization processes.

The Republic of Korea's **HWSSEs** clearly provide the opportunity to formalize some types of jobs that would be done informally anyway (particularly in construction and small-scale maintenance).

Although this outcome has not been documented, we might expect that some activities undertaken by **Buzinezzclub** beneficiaries in the Netherlands would have been carried out informally had the coaching and services of Buzinezzclub not taken place (e.g., elderly care, childcare or artistic expressions like music, jewellery, textiles).

### Contributing to social protection

In most countries, social protection is linked with employment status. Public-run contributory social protection schemes are particularly designed to cover workers active in the formal public or private sector through financial deductions at source (i.e. from the wage). However, large groups of workers do not benefit from such social protection schemes as they operate in the informal economy or in non-standard forms of employment. This tends to increase their level of vulnerability when they face periods of illness or inactivity.



In our case studies, all workers formally employed by SSEOs have conventional employment contracts and related benefits (depending on the legislation of each country). The case studies also show that SSEOs aim to ensure that workers active in the informal economy or in non-standard forms of employment benefit from social protection schemes.

The **Payoga-Kapatagan multipurpose cooperative** (the Philippines) for instance works in collaboration with government agencies and offers its members affiliation to social security systems, health insurance (PhilHealth) and housing support programmes (Pag-Ibig). The cooperative also systematically enrolls its members for crop micro-insurance schemes.

Likewise, the Senegalese **Coopérative Fédérative des Acteurs de l'Horticulture** encourages its members to join the national health social protection mechanism promoted by the government. However, their efforts have not yet translated into concrete outcomes. This can be explained by the recent character (effective since 2013-2014) of the government's social protection strategy towards informal workers and its modality and benefits (having to become a member of a mutual health insurance and pay financial contributions to get access to public health services). Informal rural workers or farmers who have never benefited from governmental (or any other sorts of) social protection schemes may be reluctant to invest part of their limited resources in such insurance schemes.

The Moroccan **Taitmatine** Cooperative has adopted another strategy, setting up a social fund financed by the activities of the cooperatives (including fair trade activities and revenues derived from selling “oil cake” derived from argan oil production). The purpose of this social fund is to cover the costs of the medicines of the members (through a partnership with a local pharmacy) and to financially support members in case of particular events (death, birth, etc.).

In France, the **COOPETIC** is a business and employment cooperative that allows entrepreneurs from the “gig economy” to benefit from an employment contract while keeping their autonomy as entrepreneurs. Having an employment contract, entrepreneurs benefit from effective social protection, in particular keeping their rights to unemployment benefits.

In the Netherlands, **Buzinezzclub**'s work is also related to social protection in the sense that it offers opportunities for vulnerable youth groups to be no longer dependent on social welfare and, by obtaining a regular job, to start to contribute to the national social security system.

In the Republic of Korea, **HWSSEs** are closely connected to the public social protection system both in terms of employment (targeting beneficiaries of guaranteed minimum income) and in terms of services for beneficiaries of housing welfare schemes.

## 5.5. Conclusions

Case studies show a proven potential of the SSE to create and maintain jobs. They also reflect the variety of SSE initiatives (e.g., in terms of autonomy vis-à-vis the state) and the institutional frameworks in which they take place. Three elements are both confirming and challenging the potential of the SSE for job creation.

### Box 5.1. Mutual health organizations as key actors of the extension of social protection in health in Senegal

Mutual health organizations are SSE organizations providing health insurance to their members. In Senegal, mutual health organizations have developed since the late 1980s. They have been supported by donors (i.e. USAID, ILO, WHO, Belgian Mutual Health Organizations) and at times by the Senegalese government, but they never achieved extensive coverage. From 2002, Senegal adopted various policy documents that included the promotion of mutual health organizations but without effective measures to support their development. During his election campaign, President Sall made health coverage a key policy with his promise to extend coverage from 20 per cent in 2012 to 75 per cent in 2017. After his election in 2012 health coverage shot to the top of the political agenda. With such an ambitious presidential deadline, swift policy making was demanded. National consultations were held in 2013, including the social partners, the mutual health organizations and financial and technical partners, to discuss the different options for improving coverage. A strategic plan was launched for the development of universal health coverage in Senegal called “Extension of health coverage through mutual health organizations in the context of decentralization”. This plan foresees that mutual health organizations (existing and to be created) would become primary actors in the extension of social protection in health, particularly for people working in the informal or rural sector who are not eligible for any of the mandatory existing social protection systems. The government committed to match half of membership contributions, and to (nearly) fully subsidizing the inclusion of pupils and those in need of social assistance.

For mutual health organizations, this new policy present opportunities: their past efforts as private and isolated actors of social protection were recognized by a major and ambitious public policy, they would be able to implement and monitor a social protection scheme in collaboration with the public authorities, they could offer more generous benefit to their members and improve their performance through enhanced professionalization. At the same time, the involvement of mutual health organizations in public policies could put their autonomy at risk as well as revealing their weaknesses (e.g. in terms of management).

According to the 2018 official figures of the National Agency for Universal Health Coverage (ACMU), 676 mutual health organizations are operating throughout the country, enrolling 46.4 per cent of target populations (i.e. informal workers).

*From: Fonteneau, Vaes & Van Ongevalle, 2015; Fonteneau 2015.*

When it comes to the employment of vulnerable groups, enterprises in the SSE often act within the framework of public policies. These policy frameworks are crucial not only for the continuity of the beneficiaries’ employment and the opportunities (training, integration) that this gives them, but also in relation to the organizations of the SSE. Indeed, these public policies demonstrate the benefit that SSEOs have in terms of supporting and integrating vulnerable workers into the labour market. This points to the importance of designing these public policies both in relation to the individuals targeted by these policies and also in terms of long-term support for SSEOs so that they can operate in the future on different markets.

The primary purpose of the worker cooperatives studied is to maintain jobs. Both cases face challenges related to the sustainability of the jobs maintained. These challenges are, for example, related to the skills level of the workers and the technology they have mastered in sectors and markets that are rapidly evolving.

Third, one of the challenges of the transition from the informal to the formal is that of obtaining social security coverage. SSEOs are making efforts to ensure that their members and workers have access to social protection mechanisms, whether public or private, or even to draft social protection mechanisms. However, the link between the SSE and social protection mechanisms (including those provided by the SSE, as in Senegal) is not automatic and could be enhanced.

## 6. CONTRIBUTION OF THE SSE TO ORGANIZATION OF WORK AND PRODUCTION

As the Future of Work report (ILO, 2015) pointed out, organization of work and production are influenced by factors that are partially beyond the control of economic actors but also by choices made by them. At the macro level, enterprises have to operate in an increasingly globalized market. They have to adapt to rapid technological changes and to the drive towards ever greater competitiveness by a limited number of dominant economic players who set the rules. Such changes directly affect employment relationships, working conditions, the rhythm of production, the profiles of the workers, the channels and methods of commercialization, etc.

The SSE has always been a way for small producers or isolated workers to join forces by providing common services to facilitate the production and marketing of their products. In the agricultural sector (including both agri-businesses and small farmers), it is recognized that secondary cooperatives allow producers to work more efficiently, by creating economies of scale and increasing their bargaining power in the marketing of their products. In the European dairy sector, cooperatives are recognized as “price setters” in relation to the overall market, in particular because of the number of producers they represent (Bijman et al., 2012). Cooperatives are also seen as key actors in the transition towards agro-ecological practices. Such a transition can take place more smoothly when producers are organized in cooperatives allowing the acquisition of adequate production tools, the opportunity for collective learning in relation to complex changes in production practices, and the ability to influence the market (Bidaud, 2013, Petel, 2015).

With the gradual emergence of new contract models and new employment relationships, we also see the SSE offering solutions to combine entrepreneurial autonomy, security and social protection. In the “gig economy” and in many other sectors (artistic/cultural, care), business and employment cooperatives such as Locomotives in the USA, COOPETIC in France (see below) or SMART in Europe offer entrepreneurs not only joint services (accounting, customer search, legal services, co-working space, financial services) but above all contractual, tax and welfare advantages allowing them to better manage their activity while continuing to contribute to and benefit from social security. The SMART cooperative for instance currently represents 120,000 entrepreneurs in nine European countries (including 85,000 in Belgium where the initiative originated). Unlike other platforms offering similar services to entrepreneurs, the added value of these cooperatives is to be owned and managed by the entrepreneurs themselves (Scholz, 2016)<sup>1</sup>.

In the following paragraphs, our case studies provide several illustrations of SSE initiatives that are market-oriented (i.e. mainly aiming to cover their costs by selling their products on the market). We shall see in particular how they address the direct competition of “conventional” (i.e. non-SSE) enterprises, which makes them much more sensitive to global economic trends.

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<sup>1</sup> While some Belgian trade unions criticize the high labour flexibility made possible by this model, others recognise that this model offers some protection to workers in terms of income security (ETUI, 2019).

## 6.1. Strengthening autonomous economic units through networking

Our case studies show that networking among economic units is a major trend within the SSE. Such networks fulfil different functions. But they have in common the will to overcome the functional disorders of (often small) individual businesses, sometimes exacerbated by the profile of the workers and/or the pursuit of the economic and social goals that characterize SSE enterprises. In some cases, SSEOs create or join second-level structures (networks, federations). In other cases, entrepreneurs or SMEs use SSE-inspired mechanisms (e.g., complementary currency) or SSE structures (e.g., cooperative platforms) to avoid isolation and strengthen their activities.

### Developing joint services

The creation of networks or federations is a well-known strategy particularly for agriculture cooperatives or any other cooperatives whose activities require heavy infrastructure or technical services which are only profitable when used on a large scale. Networking can take various forms: creating a secondary cooperative structure (union, federation), being part of a structure (business and employment cooperative) that provides specific services, including networking among entrepreneurs, etc. The table below gives an overview of collective services provided by a selection of SSEOs studied which all have in common that they bring together individual entrepreneurs or groups of enterprises or cooperatives. At individual level, such entrepreneurs or isolated enterprises are very often not able to find all the services that are needed for economic and institutional expansion. Most joint services can be defined as technical and are aimed at supporting the economic function of the SSE, from the purchase of inputs to marketing or financial management. Beside such joint services, SSE actors are also making alliances to lobby and advocate for their interests towards the public authorities. Most common issues are related to the recognition of new forms of SSE enterprises (e.g., facilitating access to markets, public procurements, etc.). Social services are also provided by cooperatives (like Taitmatine in Morocco) targeting vulnerable women (often illiterate and having to take care of their children) in order to ease their economic activities.

### Exchanging experiences and building business opportunities among users

Besides providing joint services, SSEOs are also taking concrete actions to foster exchanges of services and experiences among their users. In doing so, the SSE is acting in line with its social purpose by acknowledging the need to reduce the isolation of economic actors. More than for other economic actors, this risk is often aggravated by the vulnerable profiles of some users (due to their own trajectory or their precarious legal status).

The **COOPETIC** (France) for instance organizes regular meetings among its members to share experiences (particularly regarding contract and legal-status related issues) and develop business opportunities.

In the case of **Buzinezzclub** (the Netherlands), users benefit from a lifelong follow-up membership giving them the opportunity to stay in touch with Buzinezzclub as well as exchange life and work experiences. Such additional services are of particular importance for young people with a history of chaotic life circumstances.

**Table 6.1.1. Services provided by SSE networks**

	Technical Services	Lobbying/Advocacy	Financial Services
<b>Red Gráfica Cooperative (Argentina)</b>	<ul style="list-style-type: none"> <li>* Support for purchase of printing equipment</li> <li>* Development of budgeting and stock management tools</li> <li>* Support for budget management</li> <li>* Collective purchase of inputs</li> <li>* Support for marketing, public procurements and contracts</li> <li>* Background administrative requirements related to public procurements</li> <li>* Training programmes (technical, management and organizational issues)</li> <li>* Communication and marketing</li> </ul>	<ul style="list-style-type: none"> <li>* Development of linkages and local alliances: network of empresas recuperadas, trade fairs, trade unions, etc.</li> <li>* Negotiation of partnership agreements with public authorities</li> <li>* Representation of members at political levels: parliament, chambers of commerce</li> <li>* Sensitization and political actions towards better inclusion of cooperatives and empresas recuperadas</li> </ul>	<ul style="list-style-type: none"> <li>* Search for external financing and management of resources (foundation, public authorities, etc.)</li> <li>* Assistance for starting enterprises (contracts and advance payment of wages)</li> </ul>
<b>Coopérative Taitmatine (Morocco)</b>	<ul style="list-style-type: none"> <li>* Reforestation of argan trees and nursery</li> <li>* Support for mechanization of specific tasks</li> <li>* Marketing, packaging and communication</li> </ul>	N/A	N/A
<b>CFAHS (Senegal)</b>	<ul style="list-style-type: none"> <li>* Structuring of horticultural value-chain</li> <li>* Support for commercialization (domestic and international markets)</li> <li>* Support to enhance quality of products</li> <li>* Networking with foreign trade partners</li> <li>* Training</li> </ul>	<ul style="list-style-type: none"> <li>* Representation of members towards Ministries and other actors of the horticultural sector</li> <li>* Advocacy towards formalization of horticultural activities and access to public financing</li> </ul>	N/A
<b>Payoga-Kapatagan (Philippines)</b>	<ul style="list-style-type: none"> <li>* Organic fertilizer business (Greenfriend) made from raw material sold by farmers</li> <li>* Opportunity to become organic fertilizer sales agents</li> <li>* Livestock dispersal programme</li> <li>* Nursery programme</li> <li>* Trading and marketing services</li> </ul>	<ul style="list-style-type: none"> <li>* Representing farmers' organizations at different levels (Regional Councils on Organic Farming, National Disaster, and Small and Medium Enterprises, Regional branches of government agencies, Municipality's environmental policy)</li> </ul>	<ul style="list-style-type: none"> <li>* Deposit services open to the public</li> <li>* Production loans: for members only (preferential interest rates: 1 per cent for farmers using organic fertilizer; 2.5 per cent when using chemical- based fertilizer)</li> </ul>
<b>COOPETIC (France)</b>	<ul style="list-style-type: none"> <li>* Administrative support (billing and follow-up)</li> <li>* Legal support (information, training)</li> <li>* Bid coordination</li> <li>* Training services: project management, administration, training</li> <li>* Technical infrastructure (audiovisual)</li> </ul>	Through the national association of activity and entrepreneurs' cooperatives (COPEA)	N/A

The complementary currency **WIR** also provides networking opportunities to its users (online apps, trade fairs). Such services belong to the core business of WIR, as its mission is to enhance economic exchanges among Swiss SMEs. But WIR also intends to play on the sense of community among entrepreneurs willing to strengthen their own business while contributing to the sustainable economic development of their neighbourhood.

## 6.2. Facing the markets

For market-oriented SSE enterprises (those that cover the majority of their costs by selling their products/services on the market), gaining access to markets in order to commercialize their products is a task inherent to their mission as well as a day-to-day struggle. We shall use three specific cases to illustrate these different situations and how SSE enterprises are tackling them.

In Senegal, the **CFAHS** was created to remedy a horticultural sector characterized by a high level of fragmentation (many unorganized small producers) and the will to organize and support the horticultural value-chain. The CFAHS also wanted to reduce imports of importation of horticultural products since most imported horticultural products are also cultivated and sold by Senegalese small farmers. With the aim of reducing the level of imported agricultural products in Senegal by 50 per cent, the CFAHS has developed a range of services for its members: modernization, training, commercialization, etc. Its efforts are also in line with the current governmental plan (*Plan Sénégal Emergent*) to strengthen the productivity of Senegalese agriculture while supporting small-business farming. Overall, horticultural production in Senegal grew from 950,000 tonnes in 2013 to 1,206,810 tonnes in 2016, a 27 per cent increase. This growth demonstrates the potential of an organization like the CFAHS to federate its actors. Leaders of the CFAHS estimate that the efforts to organize the horticultural chain have contributed to the creation of 10,000 jobs.

In Argentina as in other countries, the graphic and printing sector has seen major changes due to the development and implementation of new technological methods. The development has led to the closure of many enterprises. Some of them have been bought out by the workers and are now run as cooperatives (see Box 6.1).

### Box. 6.1. Interview with Plácido Peñarrieta, President of Red Gráfica Cooperativa

“We were all buying from the same suppliers, almost the same things. So the idea was to join together to make one common purchase. We buy paper together and receive a volume discount. It’s also about sharing knowledge. There were workshops which had been dismantled, both administrative areas and technical ones, with people who were valuable to the labour market and who before wouldn’t have had any issues finding work. The majority of us who are left are older, and we decided to put up a fight, even though many of us have been left feeling hopeless about the labour market. Even if we’d receive compensation, we thought it would be humiliating to leave and not put up a fight against the business closing, the machines being auctioned off and the warehouses lying empty. This conviction led us to look for ways it could carry on working. And just as any system needs its tools, we had to find a new identity as a cooperative, even if we didn’t even know what the word meant.”

Source: CICOPA (2016)



Of the 18 members of the **Red Gráfica Cooperativa**, 16 reflect this trend. One of the major challenges these graphic cooperatives face is bidding for public procurement and obtaining private contracts. After searching for the most efficient way to support its members on such aspects, Red Gráfica Cooperativa now has a dedicated commercial department. Having taken steps to get access to public procurements, the department assists cooperatives in their commercial strategies, preparing and coordinating collective bids for public procurements. The cooperatives belonging to Red Gráfica Cooperativa still struggle to generate enough resources to maintain the current level of employment. In addition to their still weak commercial strategies, they operate in a very competitive market where other enterprises deliver the same quality at a lower price due to less labour-intensive methods. From that perspective, Red Gráfica Cooperativa will probably have to make strategic choices (acquisition of new techniques and know-how) to support its members in the long term.

The story of **SCOP-TI** in France features some similar issues. After setting up the worker cooperative, SCOP-TI still faced the task of developing its own marketing and commercial strategies. They first developed new brands and packaging to reflect their new identity, including brand “1336” (referring to the number of days the workers occupied the Fralib/Unilever premises). SCOP-TI’s quality lab developed and tested new tea and herbal tea blends and submitted them to various certification processes. This allowed them to obtain specific labels (organic, local). In terms of commercialization, SCOP-TI has developed various strategies and channels. In view of the strongly political character of SCOP-TI’s emergence process, a channel of commercialization was developed towards their networks of individual and institutional supporters (political parties, trade unions, local associations, etc.). Some clients order products to sell them in their own networks. Moreover, many SCOP-TI workers take part in activist and political events in their free time. These efforts are supported by an association, “Fraliberthé” (see Box 6.2), created by SCOP-TI workers and supporters.

#### Box 6.2. Fraliberthé

The long fight of the SCOP-TI workers around the closure of Fralib led to significant mobilization of support. The association “Fraliberthé” was created in 2016. Initially, the objective of this association was to structure mobilization around the Fralib workers and to manage in a transparent way the financial support given by sympathizing organizations or persons to support the workers and the occupation of the premises. Currently, the primary goal of the association is to “promote the activity of SCOP-TI by any means including the holding of exhibitions or commercial stands, the sale of SCOP-TI products, and the collection of donations. In doing so, it helps the development and sustainability of SCOP-TI on the Gémenos site.” The association also wants to contribute to the development of initiatives similar to SCOP-TI and “offers training services to any employee, with or without a job, who requests it.” The association has 800 members and is run by a network of 10 active volunteers almost daily and many more on a more ad-hoc basis. Fraliberthé is in a way the “political arm” of SCOP-TI, responding to invitations to participate in events in France and elsewhere and continuing to mobilize supporters. It also plays an important role in marketing SCOP-TI brands through activist networks (management of a sales depot and online sales). For SCOP-TI employee cooperators, Fraliberthé support is considered essential, not only in terms of support for product marketing but also to allow SCOP-TI to focus on strategic and operational decisions which will allow its development and sustainability.

To access the big retail chains (Carrefour, Super U, etc.), SCOP-TI was confronted with the lack of both technical and financial capacities. SCOP-TI therefore decided to hire an experienced commercial expert, now in charge of the marketing and commercial department. Lack of financial resources remains a source of concern as it holds back the cooperative from investing in an adequate team of salespeople. To compensate for this lack, SCOP-TI acts as a subcontractor (i.e. packaging tea/herbal teas) for distributors' brands. The commercialization issues faced by SCOP-TI are particularly challenging, considering that the primary motive of creating the cooperative was to safeguard as many jobs as possible for the former workers of Fralib/Unilever. Benefiting from infrastructures that are only used to 15 per cent of their capacity, SCOP-TI struggles to reach a sufficient level of economic profitability. At the same time, it remains reluctant to take the decision to dismiss some of its staff, as this could put its social cohesion in jeopardy.

### 6.3. Conclusions

Like other enterprises, SSEOs operate on very competitive and sometimes narrow markets. The choice to put employment and social cohesion before strictly economically oriented solutions can be a limiting factor. In terms of organization of work and production, the cases show that cooperation among enterprises and entrepreneurs is a common strategy to respond to bottlenecks emerging from the small scale of operations and the limited resources. Cooperation takes different forms: exchanges of experiences among entrepreneurs, organization of value-chain networks, building business opportunities through complementary expertise, joint marketing services, training, administrative and commercial support. Beyond the operational support that the SSE makes available to support entrepreneurs in cooperating with one another, this feature shows how SSE actors manage to find a sound equilibrium between their people-oriented options and the markets in which they have to operate.



## 7. CONTRIBUTION OF THE SSE TO GOVERNANCE AND PARTICIPATION

Participatory governance is a core characteristic of the SSE. The levels and forms of participation take different shapes according to the governing principles related to both the regulatory framework of each type of SSE and the options taken by the stakeholders (e.g., owners, workers, users, direct and indirect beneficiaries). Participation of workers differs fundamentally from participatory mechanisms in conventional enterprises in the cases where workers or users are the owners of the enterprises. The participatory mechanisms sometimes reflect the will of the organization to give specific categories of stakeholders the mandate to orientate, control and, if necessary, impose sanctions on the management.

Cooperatives or enterprises inspired by cooperative principles, like some social enterprises, have some participatory features in common, such as the “one person, one vote” principle. As the variety of the cases researched reveals, governance practices among SSEOs cover a broader range of participatory practices, bringing both innovations and challenges. The emergence of social enterprises for instance challenges the general ideas on governance among SSEOs. As Pestoff and Hulgard put it, “whereas social enterprise in Europe is deeply rooted in a history of collective dynamics and attention to participatory governance, in the US literature social enterprise is often regarded as the outcome of income-generating strategies of non-profits or the project of individual entrepreneurs resulting in little importance paid to governance” (Pestoff & Hulgard, 2016, p. 1748). This phenomenon of according less importance to governance is not limited to social enterprises in the US. In Europe, a study showed that only half of the 28 countries included reference to an “inclusive governance” in their defining characteristics of social enterprises (Pestoff & Hulgard, 2016). Nevertheless, the emergence of social enterprises and also less institutionalized forms of the SSE (solidarity economy, popular economy) in various contexts offers the opportunity to revisit the forms that participatory governance can take: e.g., multi-stakeholder ownership (Bacchiaga and Borzaga, 2003), re-emergence of self-management (Singer, 2006), consensual decision-making. Whatever the modalities of participatory governance in the SSE, their presence is far from being only normative. Many studies (Nyssens and Petrella, 2013; Huybrechts et al., 2014) show that effective participatory governance (including relevant actors such as workers, clients, users, community) is a key determinant in terms of performance and accountability of the enterprise and fulfilment of its social mission. Moreover, participation is also about active citizenship and reconfiguring power relations, both within an organization or enterprise and in interactions with external actors (Utting, 2015, p. 34).

Issues related to governance and participation also question the relationship between the SSE and the trade union movement. This relationship is marked by a complex interaction between common values (solidarity, participation) and tensions (questioning of models of social dialogue involving unions, risk of getting worse working conditions, etc.) (Monaco & Pastorelli, 2014). Umbrella organs of worker cooperatives and assimilated organizations, such as the International Organisation of Industrial and Service Cooperatives (CICOPA) and the European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises (CECOP) stress that worker-members should represent at least one-third of votes in every governance structure of social cooperatives, even when the cooperative employs disadvantaged groups (people with disability, for instance) (Nyssens & Defourny, 2014). Combining proper involvement and participation of workers in decision-making while involving other stakeholders not only appears to be possible but also leads to better working conditions when cooperatives and trade

unions are willing to innovate and advocate together, for example, towards policy-makers (Monaco & Pastorelli, 2014).<sup>1</sup>

While some SSEOs have always incorporated this participatory principle, others were created on the basis of pragmatic considerations not explicitly framed in political discourse. However, we observe that this political dimension tends to grow in the SSE. SSEOs quite often feel the urge to define themselves in terms of their comparative advantages compared to conventional enterprises. When public employment policies are implemented by SSEOs (such as the integration of vulnerable groups into the labour market), the latter are forced to ensure that their social mission is not put in jeopardy by the conditions imposed by the public authorities. Indeed, such conditions can limit their decision-making process and the services they offer to the beneficiaries targeted by the public policy.

Our case studies give an insight into the added values of participation but also the strategies that organizations have to develop to overcome obstacles to maintaining a long-term and effective participation.

## 7.1. Choosing self-management and absence of hierarchy

Among our case studies, the Ransart primary care centre (association, 20 workers) and SCOP-TI (worker cooperative, 42 workers) have chosen organizational models featuring self-management and absence of hierarchy. Both organizations made this choice from their very origin but they differ in how they put this choice into practice.

In the **Ransart primary care centre** (Belgium), the choice was to have a management model in line with the patient-oriented and multidisciplinary medical approach they advocated. Moreover, they wanted to avoid the classic – both symbolic and formal – hierarchy between medical doctors and nurses or other practitioners that usually exists in medical structures.

For **SCOP-TI** (France), the decision to avoid hierarchy grew from the long occupation of the former enterprise and from the development, in parallel, of the worker cooperative's project. The cooperators did not want to create a hierarchy between workers and the management team. Some were asked to assume management functions (chair, manager, deputy manager) but would have refused this assignment if it had created subordination relations within the workforce. The motives were political and symbolic. The SCOP-TI cooperators wanted to demonstrate that workers can be owners as well as managers and able to make effective decisions not driven by financial owners' logic.

However, SCOP-TI and the Ransart primary care centre followed different paths in putting self-management into practice.

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<sup>1</sup> It should be noted that in some countries, such as the Philippines, cooperatives and their members are not qualified under the Labour Code to form a trade union. Owing to this, umbrella organizations of trade unions refrain from forming trade unions in the cooperative movement (Quiñones, 2018).

Since its creation in 1991, the **Ransart primary care centre** has learned that self-management has to be supported by a strong set of planning tools, formal and informal mechanisms and internally agreed principles (planning meetings, ad-hoc meetings and bilateral talks, with special attention to the well-being of all workers and the integration of newcomers). A self-assessment of the Centre found that not all workers were at ease with this kind of self-management, resulting in some having resigned for this reason. The overall staff turnover nonetheless was and remains low. Nurses and psychologists in particular express their appreciation and say they are performing better compared with what they had experienced in conventional health structures and hospitals.

In comparison, **SCOP-TI** is at the very beginning of its self-management experience. At the beginning, the challenges were huge, not only from an economic perspective but because the cooperators do not have all required capacities to run the enterprise. The choice of self-management was based on the assumption that social cohesion was sufficiently strong to go forward with this experimental set-up. Eighteen months later, the cooperators do not want to reconsider their self-management model but they admit having encountered many hurdles in terms of daily commitment. Some workers consider SCOP-TI their own enterprise while others acknowledge having become cooperators in the first place in order not to lose their job. While all recognize this issue, the management team is reluctant to propose modifying the organizational structure, as changes could give the impression that the model is put into question and that the old hierarchical relations are restored.

## 7.2. Participation: a continuous learning process

Contrary to what is commonly believed, participative management is not automatically applied in the SSE. Social enterprises in particular show that inducing participative mechanism is a continuous challenge.

In the Netherlands, for example, participation of workers or beneficiaries in governance and management issues remains subject to the goodwill of the social entrepreneur. In the case of **Buzinezzclub**, stakeholder participation is promoted but seems to be limited to the beneficiaries' appreciation (as clients) of the quality and relevance of the services they receive.

In the Republic of Korea, the law on social enterprise provides that various stakeholders (including beneficiaries) have to be involved in governance issues without giving an indication on how to guarantee effective governance. In practice, each **HWSSE** has its own governance structure. At the beginning, almost all HWSSEs adopted a structure inspired by the worker cooperative model (e.g., equal rights in the assembly general, transparent management through meetings, fair distribution of surpluses). Due to the absence of a legal framework for worker cooperatives (before the general law on cooperatives), SSEOs had to choose to become either a personal entrepreneur, a limited company or a limited liability company. For the sake of convenience, many HWSSEs have chosen the legal status of personal entrepreneurs by declaring their manager as employer and other members as employees. Despite an initial will to maintain participatory practices, participation of workers is gradually becoming replaced by more conventional employer-employee relationships. However, HWSSEs continue to maintain the idea of being more open and transparent enterprises to their workers and the local community, for example, by inviting people from the community onto the board.

The case of the **Red Gráfica Cooperativa** in Argentina illustrates the need to approach governance in a logic of continuous learning. Previously operating informally, the network was formalized in 2007 by bringing together mostly old cooperatives to enable them to reinforce each other through common services. From 2010, the network has integrated *empresas recuperadas*. Throughout this process, issues of governance and legitimacy of the network came to the surface with the role that the network had to play in relation to its members. Not all members seemed to have identical needs. Some had expectations with regard to marketing support, others to production support, and others still to management issues. This led to conflicts that undermined the cohesion between the members of the network. However, the network has managed to overcome this phase by clarifying the rules of (financial and decision-making) participation taking into account the diversity of member profiles. Joint marketing services are financed by a 3 per cent commission paid by the members on their sales and quality standards have been decided jointly. In this organizational dynamic, cooperatives retain their individuality (in particular to manage their own market segment) while benefiting from marketing support. The board of the network indeed tries to reconcile its function of democratic representation of the associated cooperatives with its instrumental function of creation of economic value by e.g. organizing open bi-weekly meetings for its associates.

### 7.3. Supporting political agendas

Advocating for political changes is not by definition an objective of an SSEO. However, it appears that this dimension is often part of the organizations' DNA. Workers involved in a buy-out which is turning an enterprise into a worker cooperative often tend to see their action as a victory over the capitalist economy. In such cases, not only the recognition of worker cooperatives is advocated, but also the aim of sharing the experience in political fora looking for new forms of economic governance. Both strongly linked with trade unions, Red Gráfica Cooperativa and SCOP-TI devote much time and energy to such political activities, which are considered as important as the management of the enterprise. Such activities contribute to strengthening the visibility of the cooperatives. However, they do not always lead to increased business turnover.

In almost all other cases, political activities were found to be an inseparable part of SSEOs: voicing the rights of the most vulnerable (like HWSSEs in the Republic of Korea in relationship with the social movement Payoga-Kapatagan for sharecroppers in the Philippines), defending financial access to health care for all (Ransart primary care centre in Belgium), empowering and fostering autonomy of women (Coopérative Taitmatine in Morocco), defending small and family-based farming (CFAHS in Senegal).

### 7.4. With or without the social partners?

Linkages between trade unions and the SSE are historically embedded. Cooperatives and trade unions movements have been strongly interlinked in many Western countries (Great Britain, France, Belgium) because both pursued the emancipation of the working classes (Chaves-Avila & Monzon Campos, 2012). In Canada, trade unions confederations (the *Confédération des Syndicats Nationaux* in Québec for instance) have been particularly active in promoting the democratization of the economy through setting up



a number of financial and non-financial tools. Examples are the *Caisse d'économie solidaire Desjardins* supporting community-based, cultural and/or cooperative SSE initiatives, and the services providing advice to shop stewards or cooperatives to create or maintain employment in their enterprises (Lévesque et al, 2014). In some other countries, social enterprises or cooperatives often face the dilemma of having to choose the employers' or the employees' side when it comes to being represented in tripartite social dialogue configurations. Some of them agree to be part of the employers' side considering their effective status of employer while others refuse this binary vision and claim the need to revise the tripartite paradigm and to recognize more hybrid forms.<sup>2</sup>

In some of our case studies, especially those set in urban and industrial contexts, the common ground between the labour movement and the SSE is in evidence. In Argentina, the **Red Gráfica Cooperativa** has been strongly supported by the trade union *Federación Gráfica Bonaerense*, a member of the *Confederación General del Trabajo de los Argentinos*. Supporting and lobbying for the recognition of self-managed workers is also on the agenda of the other workers' unions, such as the *Central de Trabajadores de Argentina* (Corragio, 2015, p.136).

In France, the transformation of Fralib/Unilever into **SCOP-TI** was strongly supported by the shop stewards and by the French trade union *Confédération Générale des Travailleurs*. SCOP-TI also decided to organize elections in order to have a trade union representation within the workers' cooperative. This union presence in a cooperative is, however, more the exception than the rule. In her survey on French worker cooperatives, Magne (2016) found that worker cooperatives have fewer trade unions representatives than the average in comparable conventional enterprises. In SCOP leaders' opinion, trade union representation is superfluous since workers already represent themselves in decision-making bodies. The union background of SCOP-TI and of its directors (who happen to be the former shop stewards of the enterprise) explains the particular decision taken in this case. The trade union delegation was elected in 2017. It is too early to draw conclusions on whether the delegation will interfere or act in a complementary way with the existing participatory mechanisms.

## 7.5. Conclusions

The SSE has always experimented with innovative modes of participation and governance. Our case studies reflect these different modalities and also the conditions under which these organizational modes can be sustainable and enhance the employees' well-being, the defence of their rights and the performance of the organization. These participatory modes also reflect the need to adopt an attitude of learning and adaptation. This need is even more strongly felt when the SSE breaks with conventional hierarchical models or with the classic division of status within companies between owners, managers, workers and users. It becomes apparent that these participatory organizational models do not exclude workers' organizations but force all actors involved to reconfigure their roles with regard to the issues at stake.

<sup>2</sup> For instance, the Vietnam Cooperative Alliance is the second recognized employers' organization in Vietnam. The bulk of its membership comprises cooperative enterprises and micro-business (see <https://www.ilo.org/public/english/region/asro/mdtbangkok/download/vie.pdf>).

Also, the issues of participation and governance go well beyond the doors of the organizations and enterprises in question. Almost all the SSEOs studied here find themselves, either voluntarily or driven by the circumstances, called upon to rethink how the organizational mode in which they operate expresses the relationship of forces among the actors involved, and whether an alternative organizational mode would be more suitable for staff, owners, users or target groups.

## 8. CONTRIBUTION OF THE SSE TO WORK AND SOCIETY

The crisis in the world of work has provoked profound changes in the relation between people and their jobs, as well as between the world of work and society. For its stakeholders, the SSE has always been a means of reconciling the need to work with the need to satisfy other expectations. A study by Castel et al. (2011) on French SCOPs showed that:

“the principles promoted by social economy organizations and especially by worker-owned cooperatives had a positive effect on workers’ job satisfaction. This positive effect [lay] in workers’ adherence to these principles, regardless of whether they were entitled ‘social economy’ or not: social usefulness and sustainability rather than profits, autonomy inside and outside the company, democratic decision-making, and a reduction in the gap between the conception and execution of tasks” (Castel et al., 2011, p. 5).

This has been confirmed by many other studies showing that SSE employees have greater opportunities for self-fulfilment than those working in private or for-profit enterprises. This self-fulfilment stems from putting “their own ideas into practice”, having a social mission to fulfil, or finding more utility in their work by producing services and goods serving the society at large (Casini et al., 2018). The SSE is also known for attracting workers with an intrinsic motivation (Casini et al., 2018). This explains why some workers show a high level of job satisfaction while not receiving the same level of financial rewards they could have got in the conventional private for-profit sector. Interestingly, this feature seems to be confirmed by a recent study on Youth Cooperative entrepreneurship. Motivations reported by young cooperators combine both purely value-based and pragmatic elements: “Cooperatives help satisfy both their search for a meaningful work experience (the need to ‘work differently’), in line with their values and aspirations about themselves and the surrounding community (e.g., autonomy, self-determination and need for societal change), and more concrete needs (having a job, career opportunities and protection)” (CICOPA/COOP, 2018, pp.53-54).

Our case studies confirm this trend and give illustrations on four aspects of the changing world of work which are questioning the position of work in society and in peoples’ lives: rediscovering the meaning of work, ensuring a better balance between work and private life and, on a macro level, introducing concrete innovations to major societal issues, and creating SSE ecosystems.

## 8.1. Rediscovering the meaning of work

Health workers often see their empathic work motivation put in jeopardy by both constraining managerial practices and financial pressures (lack of resources in the public sector or the obligation to make a profit in private health centres). This differs from what we find in SSEOs. Case studies confirm what the literature tells us on workers’ motivations in SSEOs. Workers often choose SSEOs to satisfy their pro-social motivations and their wish to contribute to a fairer society (Brolis & Angel, 2015). The literature also shows that such intrinsic motivations can only be maintained by consistent managerial practices and a sound balance between economic and financial constraints and genuine long-term pursuit of the mission of SSEOs.

According to the workers interviewed at the **Ransart primary care centre**, working for this not-for-profit organization characterized by self-management and an economic model aimed at improving access to health care for all was very satisfying because it was aligned with their own ethical principles. In practice, it means not having cash transactions with patients, being able to give more time to patients (particularly for home-based visits that often include discussing social issues, like loneliness or lack of practical support), being less stressed by the absence of hierarchy, and being able to make better informed decision thanks to sound communication lines and personalized planning tools.

In the worker cooperatives studied in France (**SCOP-TI**) and Argentina (**Red Gráfica Cooperativa**) too, workers report greater satisfaction at work than they had experienced when working for privately owned for-profit enterprises. While they admit that the economic sustainability of their cooperative remains a stress factor, they also see this stress compensated for by the satisfaction of knowing for whom and for what they are working: maintaining and creating new jobs, providing quality products and no longer being forced to work at the whim of financial decision makers.

## 8.2. Better balance between work life and private life

In recent years, the balance between work and private life has been given increasing attention, due to the increasing of women on the labour market and also to technological innovations. In the SSE, this balance can be threatened by both the intrinsic pro-social motivation and commitment of the workers and by the increased burden of societal issues particularly tackled by the SSE (e.g., care of elderly people, work integration of vulnerable groups).

Workers from both the Ransart primary care centre and SCOP-TI appreciated how self-management improved the combination of work and private life.

In the **Ransart Primary Care Centre** (Belgium), workers acknowledge that this fluid combination is a precondition for a strong social cohesion and effective communication mechanisms. A trust-person had to be assigned by the board members. Her role is to be available to listen to workers wanting to raise professional as well as personal issues that could have consequences for the organization of the team. This function is considered particularly important for personal decisions that could affect the functioning of the whole team, for example, someone considering working part-time.

In **SCOP-TI** (France), the positive appreciation of the work/life combination relies on the strong social cohesion among the workers. No formal mechanisms have so far been put in place to ensure equity and good communication.

### 8.3. Introducing effective innovations to respond to major societal issues

Chapter 5 described how SSEOs play a role in reducing unemployment by creating and maintaining jobs. Case studies illustrate how the SSE also contributes in an innovative way to respond to other societal issues: environmental issues, food sovereignty, supporting elderly people at home and providing accessible and quality health care. Some rural cooperatives have their strategy inspired by both environmental concerns and authentic forms of homegrown agriculture catering for the needs of the locality.

The Philippine **Payoga-Kapatagan multipurpose cooperative** operates an organic fertilizer business with its own brand, “Greenfriend”, made up of biodegradable raw materials such as chicken, bat, carabao manure and rice straw. Organic fertilizer is produced by mixing these materials with carbonized rice hull, agricultural lime, legume and enzymes in 80 per cent water. It is processed and stored in a 500,000-bag capacity concrete warehouse on a seven-hectare farm owned by the cooperative. The organic farming method was introduced both to promote responsible farming and to prepare for the effects of climate change in their province. The adoption of organic farming methods met with some resistance. Quite a few members feared not being able to achieve an adequate harvest if they discontinued the use of chemical fertilizers. The cooperative management persisted, however, in educating the farmers about protecting the environment through organic farming. A successful complementary strategy was to offer financial incentives to its members (e.g., becoming sales agents for organic fertilizers, benefiting from better prices when selling their raw material). It showed that environmental concerns could be combined with marketing strategies, even for a cooperative operating on a competitive market.

The same convergence of environmental concerns and economic demands can be noted elsewhere too. The Moroccan **Taitmatine Cooperative** opted for growing argan trees without using chemical fertilizers and the French worker cooperative **SCOP-TI** has developed organic varieties of tea and herbal teas, much in contrast with the former multinational company, which only used synthetic flavours. Buying locally produced organic inputs allowed the cooperative to be re-embedded in its environment.

In the Republic of Korea, the national association of **HWSSE** created an Energy Welfare Centre to manage initiatives aimed at reducing domestic energy consumption (diagnosis and technical support).

Like other Western countries, Belgium is confronted with an ageing population. While people over 85 made up 9 per cent of the population in 1990, their share had grown to 15 per cent in 2015 (Statbel, 2017). This demographic development has become a major challenge in terms of delivering financially affordable quality care to elderly people. The contribution of SSEOs in the domain of elderly care has already been documented (e.g., Degavre, Gambaro & Simonazzi, 2013 on Germany, Belgium, Italy and the UK).

Very elderly people (aged over 85) now represent 15 per cent of the patients registered in the **Ransart primary care centre**. As an example of SSE innovativeness, the Ransart primary care centre organizes nurses' home visits to elderly people. Conventional nurses' home visits very often limit their intervention to purely technical care, due to a lack of time and resources. Home-based visits organized by the Ransart primary care centre are characterized by more time spent on each visit (paying attention to psychological needs as well), coordination between general practitioners and nurses, and networking with social services for any additional needs observed during the visits.

### Box 8.1. Energy cooperatives in Germany

The ILO defines energy cooperatives as “cooperatives (...) formed for the purpose of producing, selling, consuming or distributing energy or other services related to this area. Through energy cooperatives, members address their common need for affordable and reliable electricity and modern energy services as well as other related economic, social and cultural needs” (ILO, 2013, p. 1). Energy cooperatives have been emerging since the early 2000s. In 2015, the Belgian renewable energy cooperative Ecopower with partners from seven other EU countries have listed 2400 renewable energy cooperatives, including citizen-run trusts and non-profits. REScoop.eu, the *European federation of renewable energy cooperatives groups 1,250 European energy cooperatives and the one million citizens who are active in the energy transition*.

The phenomenon is particularly important in Germany because of the adoption of energy policies favouring renewable energy (and abandoning nuclear energy), policies which were accelerated after the Fukushima disaster. According to Boulanger (2017), no less than 942 new citizen energy cooperatives have been created since 2001 in Germany, including 500 since 2011. These cooperatives have more than 165,000 members. These cooperatives are mainly made up of individual physical members (92 per cent), sometimes working in partnership with municipalities, regional banks, farmers and even companies. Since 2006 they have invested around 1.8 billion euros in renewable energy through shares and investment in cooperatives. In the overwhelming majority of cases, they aim to produce renewable electricity. In 2013, the electricity produced by cooperatives was equivalent to the consumption of 230,000 German households, which represents still only a small portion of national consumption (0.2 per cent) but reflects a significant potential for the future.

According to Huybrechts & Mertens (2014, pp. 208-209), renewable energy cooperatives show potential at different levels: “economic (value accruing to local member citizens rather than private shareholders), environmental (green energy production and reduction of members' individual consumption), and ‘democratic’ (potential for overcoming resistance from citizens in the neighborhood of renewable energy projects, and democratic decision-making involving concerned stakeholders)”. However, these authors stress that the development of energy cooperatives still has to overcome barriers that face cooperatives, public policies and private actors alike, namely, limited access to capital, consumer inertia and lack of public support.

Source: ILO, 2013; Huybrechts & Mertens: 2014 Boulanger, 2017.

## 8.4. Creating SSE ecosystems

Most of the time, the SSE has to operate on regular markets, following market rules and competing with conventional enterprises. However, quite a few of SSE enterprises among our cases have turned into ecosystems.

In Morocco, the existence of the **Coopérative Taitmatine** created an emulation in the village leading to the creation of three other cooperatives (natural oil production, crushing of argan nuts and cooperatives for raising cattle and milk production) and 17 associations operating in the fields of drinking water, irrigation, electrification, education, social services, rural tourism and environmental protection. Being the “senior” cooperative, Taitmatine supports and engages in these new structures and its leaders are involved in the village council.

In the Republic of Korea, **HWSSEs** constitute networks at national and regional levels, not only to sustain their activities by providing joint services and doing advocacy but also to foster dynamic interactions between social movements, HWSSE and the public authorities. Such alliances are of particular importance to maintain the general interest purpose of HWSSEs and to establish further linkages with other civil society organizations.

## 8.5. Conclusions

The few trends that can be identified from our case studies show significantly how the contribution of the SSE to this complex reconfiguration between economy, work and society responds both to the aspirations of workers and entrepreneurs and to contemporary societal issues (ageing of the population, balance between private and occupational life, sustainable society, etc.). Moreover, the SSE demonstrates its ability to inspire other actors to follow this path, a phenomenon that is not only interesting in terms of the multiplication and upscaling of initiatives but also to create multi-stakeholder systems in which the actors can organize themselves on common goals (beyond profits) and more efficiently develop joint services useful to the whole of society.



## 9. TRADITIONAL SOURCES OF SSE FINANCING

In principle, SSEOs can generate financial inputs from various sources: their own resources (financial contributions from members), selling goods and services to clients/members, getting subsidies from governments, getting grants or loans from the private sector, etc. Generally, the balance between these different sources reflects the specific characteristics of the organization: for-profit or not-for-profit, selling on markets or quasi-markets,<sup>1</sup> specific objectives (economic, social, environmental), profile of the clients or users, profile of the workers, etc.

The paragraphs that follow provide illustrations on financing from diverse SSEOs: selling on markets, partnerships with the for-profit private sector, obtaining public subsidies and getting financial resources from cooperative banks and foundations. These illustrations will allow us to point out some of the key challenges related to the financing of the SSE.

## 9.1. Selling on markets

Context, experience, competences and strategic choices made in the past seem to be decisive factors for cooperatives venturing successfully into competitive markets. Market-oriented cooperatives (Red Gráfica Cooperativa, Payoga-Kapatagan multipurpose cooperative, COOPETIC, SCOP-TI, CFAHS, Coopérative Taitmatine, WIR bank) seem to derive their income mainly from members' contributions and the sale of goods and services on the market.

A cooperative like **the Payoga-Kapatagan multipurpose cooperative** has well established the viability of its financial model based on an organic fertilizer business fulfilling various functions. In addition to its environmental added value (recycling waste into fertilizer), this business generates both revenue to finance the services provided by the cooperative to its members and additional income to the members who sell the fertilizer. The fertilizer business accounted for 99 per cent of total revenue in 2014, 2015 and 2016. The other sources of income for the multipurpose cooperative are service charges from, for example, training, membership fees, income from bank deposits, and tractor services.

Other market-oriented SSE enterprises seem to encounter more difficulties in commercializing their products. In bought-out enterprises, such difficulties can mainly be explained by lack of financial resources, know-how and expertise to put effective strategies in place. As described in a previous section, the French **SCOP-TI** kept on struggling with limited financial resources, preventing it from developing a major advertising campaign. It also had to hire external expertise to help it develop a strategy towards large hypermarket chains. But given that they are competing with multinationals on a small market, the long-term strategy of SCOP-TI is rather to commercialize organic and local products and to partner with local organic producers and fair-trade organizations. The choice of such a strategy goes beyond strict commercial decisions but rather translates the option made by SCOP-TI to base both its organization and its production on SSE principles.

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<sup>1</sup> A quasi market is a "form of public service delivery, retaining state funding for the service, but with users having the choice of independent providers operating in a competitive market" (Le Grand & Bartlett, 1993).

## 9.2. Partnerships with the for-profit private sector

Beyond selling their products on regular or quasi-markets, SSEOs also partner with the for-profit private sector. Such partnerships take multiple forms: support in the framework of corporate social responsibility (CSR), commercial partnerships or new forms of social investments (e.g., Social Impact Bonds – see next chapter).

The social cooperative of **Housing Welfare Self-Sufficiency Enterprises** has developed partnerships with public or private enterprises in the framework of CSR initiatives. Coordinated by the Energy Welfare Centre run by the national and regional networks of HWSSEs, grants from the private sector (in the framework of CSR) has been mainly used to finance activities aiming to reduce domestic energy consumption. In 2016, revenues provided through this channel represented 84.45 per cent of the overall revenue of the social cooperative of HWSSEs. At the level of individual HWSSEs, such private funding is growing, representing about 11.6 per cent in 2012 (latest data available) compared to 8.7 per cent in 2007.

In Senegal, the **CFAHS** still mainly relies on international cooperation funding (supporting its institutional and operational development as an actor structuring the horticultural value-chain). Such funding is seen as crucial in the short term but not effective in the long run. As the CFAHS supports the commercialization of its members' production, the cooperative is supported by the harbour of Dakar (e.g., facilitating its participation in trade fairs) and by wholesalers in order to facilitate its access to foreign markets (Saudi Arabia and Europe in particular).

## 9.3. Getting public subsidies

Recourse to public subsidies used to be a classic strategy of SSEs to consolidate their income and activities. Case-based evidence (including some from our own cases) seems to indicate that reliance on subsidies is becoming more the exception than the rule, the exception being conditioned by temporary circumstances, the pilot character of the activity or the crisis situation of (some of) the stakeholders.

Social enterprises acting towards vulnerable groups like **Housing Welfare Self-Sufficiency Enterprises** or social enterprises providing job opportunities for North Korean refugees derive most of their income from both selling services on (quasi) markets and getting subsidies from governments because their actions are taking place in the framework of public policies. In such settings, the challenge for the SSE is always to develop a financial strategy consistent with its mission (in the case of HWSSEs, services and jobs for disadvantaged groups) but also with the perspective of a certain financial and decision-making autonomy with regard to the public authorities. In the case of HWSSEs, the figures show a gradual diversification over time of sources of funding. In 2007, the share of public funds (housing allowance in kind, work financed by municipalities and work financed by the government) was 72 per cent and dropped to less than 50 per cent in 2012. This diversification was made possible thanks to a professionalization of services (improving access to regular markets) and the efforts of the national and regional networks of HWSSE in creating a specific offer of services to support the reduction of energy consumption and the solicitation of social responsibility initiatives with private companies.

In Argentina, public policies towards the SSE have been crucial in the recent renewed development of cooperatives, particularly for the *empresas recuperadas*. As in the Republic of Korea, such public policies and related financing opportunities have been designed to recognize and support the relevance and social impact of the SSE towards vulnerable groups (workers in particular). Such support was of particular importance given that the SSE and recent *empresas recuperadas* did not fulfil the conditions to get access to available private or even public financing opportunities.

Members of the **Red Gráfica Cooperativa** have benefited from financial support offered by the National Institute for Association and Social Economy (INAES) since 2011 (e.g., supporting pre-financing of production inputs) and from the support of other public authorities contracting with Red Gráfica Cooperativa members for printing and designing work.

Support from international cooperation channels is found in the Senegalese **CFAHS** and in the Moroccan case of the **Coopérative Taitmatine**.

Between 2002 and 2012, external support from international cooperation agencies clearly contributed to the establishment and consolidation of the Taitmatine cooperative. Nowadays, the cooperative appears to be financially autonomous but still has to address its management and governance weaknesses develop a long-term financial strategy.

## 9.4. Borrowing from cooperative banking institutions

Our cases show divergent examples in terms of support from cooperative banking institutions to the SSE.

The French worker cooperative **SCOP-TI** was frustrated to see an application for credit refused by a large French cooperative bank when the leaders say they had been encouraged by the SCOP French Federation to submit a request.

By contrast, the **Red Gráfica Cooperativa** in Argentina obtained loans from several cooperative banks or institutions (Banco Credicoop Cooperativo Limitado, Credicoop Bank Foundation), for example, in the framework of dedicated programmes to strengthen worker cooperatives or assimilated self-managed SSE enterprises. The Red Gráfica Cooperativa in Argentina has formed a partnership with the philanthropic foundation *La Base*.<sup>2</sup> This foundation is devoted to the support of worker cooperatives and provides credit opportunities aiming to improve the production capacities of cooperatives. Credits have been granted for projects of members of the network and the Red Gráfica Cooperativa has played a role of facilitator both in co-financing the projects and supervising their implementation and the reimbursement of the credit. Credit was granted for different kinds of needs: cash flow, purchase of materials or machines or bridging loans in periods of low activity.

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<sup>2</sup> *La Base* is an Argentinian foundation created in 2004 to support worker cooperatives (<https://labase.org/argentina/>).

## 9.5. Conclusions

The funding sources of the SSE are varied and correspond to the different realities of its economic logic (market-oriented or non-market-oriented) and the objectives to which it tends to contribute (support for entrepreneurs, social objectives or policies). Our case studies demonstrate the fragile economic performance of SSE enterprises facing consumer markets. They also show the adaptations that the SSE has to make in relation to market logic, either to be more efficient (by creating mutual marketing services), or to be more in phase with its principles. The use of public subsidies is a reality but the case studies show that the image of a “subsidized economy” that often sticks to the SSE must be nuanced. When the SSE is subsidized by the public authorities, it is because it offers opportunities for implementing public policies efficiently. When the subsidies are long-term (as in the case of Belgian primary care centres, see Chapter 10), it is because societal choices have been made between private actors (SSE) and the public authorities in a logic of the common good. In other cases, subsidies respond to more temporary needs or crises (e.g., closure of companies). As we shall also observe in the next chapter, the SSE is also developing financing mechanisms through innovative partnerships involving private for-profit investors.

# 10. INNOVATIVE FINANCING MECHANISMS FOR THE SSE

In this chapter, we provide more in-depth information and analysis on innovative financing mechanisms for and/or from the SSE. This study examined four case studies addressing particular social finance mechanisms: complementary currency, crowdfunding, Social Impact Bonds and flat-rate pricing. In this chapter, each of these mechanisms is presented in a specific section and analysed from the perspective of their contribution to the future of work (through their role in SSEOs).

**Table 10.1. Overview of innovative social finance mechanisms encountered in this study**

Mechanism	Country	Institutions Involved
Complementary Currency: WIR	Switzerland	Cooperative Bank
Crowdfunding: 1%Club	Netherlands	Social Enterprise/Foundation
Social Impact Bonds: Buzinezzclub	Netherlands	Social Enterprise Municipalities Private funders/investors
Flat-rate pricing: Ransart Primary care centre	Belgium	Primary care centres with flat-rate pricing (access to health care without patient financial intervention) Belgian National Social Security

## 10.1. Complementary currency

Based on an in-depth literature study, Meyer and Hudon (2018) provide a clear overview of complementary currencies, defined as “monetary systems that supplement official national or transnational currencies” (Lietaer 2001). The study looks at complementary currencies from the viewpoint of a wide range of actors: citizens, non-profits, businesses or local public administrations. Seyfang and Longhurst (2013) (cited by Meyer & Hudon, 2018) inventoried more than 3,000 community currency projects worldwide organized by citizens’ associations and non-profits. In this section, we shall focus on a particular complementary currency aiming to foster trade and local development (Vallet 2016).

**WIR** (“we” in German) is a complementary currency created in 1934 by a group of Swiss German businessmen in response to the recession of the 1930s. Inspired by theoreticians of economic liberalism (Silvio Gessel in particular), the original idea was to create a complementary currency, more sheltered from the potentially devastating effects of a destabilized monetary system (national currency and central bank). Moreover, this currency was not designed for accumulation but for encouraging economic exchanges and cooperation between companies (“to put its purchasing power at the service of others in order to increase the performance of the system,” Vallet, 2015). The WIR obtained a banking licence in 1936 and has functioned as a cooperative bank since then.

WIR (or CHW) is a currency equivalent to the Swiss franc (1 CHW = 1 CHF) with asymmetric convertibility, meaning that WIR is convertible into CHF but not vice versa. WIR Cooperative Bank employs 290 people and offers services in CHF and WIR (CHW). Clients are mainly small and medium-sized companies, based in German-speaking Switzerland in a wide variety of sectors (e.g., crafts, hotels). Services offered by the bank are the running of the WIR customer network (facilitating mutual transactions), as well as conventional financial services (mortgage and construction loans in CHF at low interest rates, payment tools, loans in WIR, etc.) WIR Bank is compensated by the interests on loans in CHF and by commissions (between 1 and 3 per cent) on WIR transactions. WIR Bank recommends its clients not to exceed a 5 to 7 per cent share of WIR transactions in relation to their overall transaction volume. According to the data analysed by Stodder and Lietar (2012), WIR user companies (registered or not) accounted for a significant share of enterprises in several sectors (at national level): 37 per cent in construction, 22 per cent in small businesses, 19 per cent in manufacturing, wholesale trade and 12 per cent in the hotel industry. For all sectors combined, 16.3 per cent of all Swiss companies in retail, wholesale trade, hotel, construction and processing sectors used the WIR. WIR Bank currently has 45,000 SMEs as clients. On the basis that Swiss SMEs employ 3 million people, it can be estimated that the WIR contributes to creating or maintaining 600,000 jobs. It should be noted, however, that WIR monitoring does not cover indicators reflecting the effect of the use of the complementary currency in terms of employment or quality of employment of SMEs using the WIR.

The longevity of the WIR demonstrates its *raison d'être*: it has continuously been able to meet the demand from Swiss SMEs. Its attractiveness is based on what Granovetter (quoted by Vallet, 2015) calls “the strength of weak links”. This refers to companies being aware that their economic viability depends on a strong economic fabric made of exchanges among local businesses (whether cantonal or national). 90 per cent of WIR use takes place in German-speaking Switzerland, the part of the country known for its strong community culture. Since its inception, the WIR has always been thought of and used as a complementary currency to the Swiss franc. Its specific added value is reinforced by the advantageous services offered by the WIR Bank in CHF.

The longevity of the WIR can also be explained by its institutionalisation in a cooperative bank that has had the capacity to question the functioning of the complementary currency along the economic cycles that Switzerland has undergone. Since its creation, WIR has been cyclically confronted with the need to renew itself, to adapt to the demands of its customers and the evolution of SMEs (in terms of profiles and sectors of activity). In 2016, for example, the WIR revised its client's files to keep only active users of the WIR and to eliminate the others. The number of customers thereby decreased from 60,000 to 45,000 SMEs. Added to this is the desire to put an end to banking secrecy. Like other countries in the world, Switzerland faces a growing internationalization of the economy, especially but not exclusively in the cantons bordering Germany, France or Italy. This internationalization is even more felt as some goods or services are available at cheaper prices on the other side of the Swiss borders. As the WIR is a currency exclusively offered to Swiss SMEs, the system faces the challenge of seeing users not encouraged to use it if it does not allow exchanges with other foreign companies. Another challenge WIR faces is the need to rejuvenate its users, not only by attracting new users but also by attracting (mostly young) entrepreneurs active in sectors such as communication or new technologies.



## 10.2. Crowdfunding

Crowdfunding can be considered a social finance mechanism (Cornée et al., 2015). Hossain & Oparaocha (2017) provide a comprehensive definition of crowdfunding as:

“an Internet-based funding method for the realization of an initiative through online distributed contributions and micro-sponsorships in the form of pledges of small monetary amounts by a large pool of people within a limited timeframe. It is the financing of a task, idea, or project by making an open call for funding, mainly through Web 2.0 technologies, so funders can donate, pre-purchase the product, lend, or invest based on their belief in an appeal, the promise of its founder, and/or the expectation of a return.”

Worldwide, it is estimated that crowdfunding raised 16 billion USD in 2014 (which is about 2.5 times more than in 2013) (Raguet & Le Teno, 2017), mostly in North America and Asia. In September 2015, the European Union estimated that about 510 crowdfunding platforms (compared to 200 in 2011 – De Buysere et al., 2012), were operating in European countries with the UK having the largest number of platforms (143), accounting for over a quarter of the EU total. The potential of crowdfunding for the SSE remains an unexplored field. However, authors such as Lehner and Nicholls (2014) consider that crowdfunding “may provide additional ‘legitimacy’” to social enterprises in particular, “as the crowd will select and support the social needs it deems worthy (...) and thus create a strong investment signal to other players in the field. Such legitimacy and strong signals are of high value for social enterprises because of their dealing between the market, civil society and public” (Lehner & Nicholls, 2014, p. 275).

Our case studies show two specific situations: a social enterprise running a crowdfunding platform (1%Club) and a cooperative using crowdfunding to meet its financial needs (SCOP-TI).

### Social enterprise running a crowdfunding platform

Active since 2009, **1%Club** is a Dutch social enterprise, legally consisting of a foundation and a limited company (both based in Amsterdam), and combining social impact with business turnover.

The 1%Club operates as a crowdfunding platform that aims at supporting small projects with sustainable results, expressible in socio-economic projects rather than profit gained. Its operation is demand-led: people with good ideas for (even small-scale) development projects are invited to apply to 1%Club's network. These projects need to be sustainable, stimulating self-reliance and improving their beneficiaries' standard of living. These projects are visited by 1%Club staff for verification and approval. Once approved, projects are listed on the 1%Club website. At the other end, individuals and businesses can choose how much to donate to which project.

At present, about 1,400 projects, either funded or in crowdfunding campaign, are displayed online. These projects are mainly socially oriented entrepreneurial projects and include social enterprises as well as small conventional enterprises. The average donation in the Netherlands is 25 €, with projects receiving mostly between 25 and 75 donations.

1%Club levies a service fee of 1 per cent per donation from individuals and 5 per cent from businesses. It currently employs 30 staff members (50 per cent are women), half of whom are software designers with the other half assessing the projects to be funded and supporting them to design their crowdfunding campaign as well as fundraising

The conditions to become a 1%Club project include: initiators need to be living in a developing country;<sup>1</sup> projects need to be small, concrete and temporary; projects receive a maximum contribution of 5,000 € from the 1%Club; project owners need to give regular updates through the Internet. Ideologically driven activists and companies solely seeking a profit (without community embeddedness) are excluded. Since 2011, 1%Club has also launched offline initiatives. Starting from the same idea – bringing together projects with sponsors – they created “AfriLabs”, a pan-African network of 57 technology innovation hubs in 24 African countries. Each hub serves as a nexus for entrepreneurs, technologists and investors. Indigenous technology innovation is the overarching goal. Nailab, the Nairobi “hub”, has launched about 50 successful businesses, thereby creating 500 jobs (if multiplier effects are counted). 1%Club has assisted them by opening channels for crowdfunding, and effectively training local people to set up crowdfunding initiatives themselves. In a later stage, matching funding rather than crowdfunding will be 1%Club’s role: adding funds only in proportion to the crowdfunding collected locally.

The 1%Club is only one example among many other crowdfunding platforms. They are offering the most simple type of crowdfunding, namely the donation based type. While the total amount provided to project is rather limited, they are supporting over 1,400 projects and generates enough income to operate a social enterprise and to create 30 jobs.

### **Worker cooperative using crowdfunding as ad-hoc financing mechanisms**

Crowdfunding is also used by SSEOs as additional ad-hoc mechanisms to finance a specific project or face a conjectural financial deficit. SCOP-TI (France) launched a crowdfunding social campaign in July 2017 to raise funds in order to manage a temporary shortfall in cashflow. Remarkably, this shortfall was partly due to the commercial strategy towards hypermarket chains applying a three-month bill-payment rule. This is particularly problematic for fragile cooperatives like SCOP-TI which do not always have the capacity to build sufficient cash flow to face fixed costs (including wages). The SCOP-TI crowdfunding campaign was launched through social media and activist networks with the target of collecting 700,000 €. One year after the start of the campaign, 264,000 € had been collected from about 2,200 individual donors. The expected target was not met but this campaign helped the cooperative to face some costs in the short term.

<sup>1</sup> However, a very limited number of projects are initiated by individuals based in the Netherlands for projects targeting vulnerable groups in that country.

### 10.3. Social Impact Bonds

**Buzinezzclub (the Netherlands)** has been introduced in the previous chapters, showing that the social enterprise successfully integrates vulnerable youth on the labour market through a mix of individual and collective training and follow-up. It was also selected for this study because it finances its operation through Social Impact Bonds (SIBs). Although SIBs have been the subject of quite a few studies, we shall concentrate on their significance as it works out for the projects of Buzinezzclub.

Gustavsson-Wright et al. (2015, p.2) defines an SIB as “a mechanism that harnesses private capital for social services and encourages outcome achievement by making repayment contingent upon success”. In 2015, the Brookings Institute estimated the number of existing SIBs at 49, mostly in the UK and the USA (Gustavsson-Wright et al., 2015). Being a form of public-private partnership, an impact bond is innovative in the sense that financing is provided upfront, results are related to outcomes as opposed to outputs, and the focus is on the delivery of human services. But most typical for an SIB is the role-division of the different stakeholders (at minimum three): *investors* provide capital for a *service provider* to deliver social services to a target group; the *outcome funder* (mostly a government or governmental agency) agrees to repay the investors if pre-determined outcomes are achieved.

Whereas three parties (investor, outcome funder and service provider) are considered the core of the SIB partnership, the target group may also be considered to be a party. Usually, an independent evaluator will be contracted to verify to what extent outcomes have been achieved. In some cases, an intermediary agency may be installed to take up the role of coordinator of the SIB partnership.

To work with SIBs, some basic feasibility criteria are necessary. First, the service must be formulated in meaningful and measurable outcomes. This often means that outcomes will be monetizable (i.e. financial gains for the funder) and objective, so that all parties have the same interpretation of them. Second, there needs to be a reasonable time horizon to achieve outcomes. Third, all should agree upon what exactly counts as evidence of success, which is not the same as mere financial gain for the government. Someone living on a welfare allowance may be employed, so presenting a financial gain for the government, but this employment may not correspond to a “decent job” and therefore not successful from the target group’s point of view. Fourth, the appropriate legal and political conditions have to be fulfilled, needing a policy framework and a regulation enabling funders to pay for outcomes beyond the financial year in which a contract is made. In addition to these criteria, and given the complexity of the set-up, there must be a set of actors with the expertise, will and dedication required to carry out the whole programme.

#### **Buzinezzclub as service provider**

As seen in previous sections, Buzinezzclub provides a training and coaching programme to vulnerable youth and has supported over 900 youth to enter the labour market since its foundation. In this specific case, Buzinezzclub played a key role in setting up the first SIB, acting as the service provider and also co-investor, driven by the ambition to demonstrate that sorting a social impact can be perfectly combined with making a profit (which would immediately be reinvested). The idea of constructing a SIB to achieve this originally came

from Buzinezzclub together with Rotterdam municipality. At present, Buzinezzclub has been or is carrying out SIBs in five cities, with the ambition of continuing and scaling up to a total of at least ten cities in the country. One of the challenges faced by Buzinezzclub is that a simple replication does not succeed, as each municipality is structured differently and demands a different approach. As a result, it requires time and resources to expand their operations in other cities through SIB mechanisms.

Buzinezzclub receives funds from the investors to deliver its services to the youth. The amount is based on the number of youth that Buzinezzclub commits to serve and integrate on the labour market. Buzinezzclub structured itself in a lean and flexible way, with 92 per cent of the running costs consisting of staff wages and the remaining 8 per cent of rent for offices and workshops. These costs are calculated on the “price per unit” carried through the investment (and finally by the outcome funder). They benefit from a large scale of operations, which is, however, limited to the location where they are situated. As it wants to be a proximity service for the target group, Buzinezzclub has to be physically present.

### **Municipalities as outcome funders**

The literature on SIBs states that outcome funders are motivated to enter an SIB by monetizable savings in remedial services, the reduction of risk if the service is not successful, and the benefit to society if outcomes are successful (Gustavsson-Wright et al., p. 24). A challenge then noted is the “wrong pocket problem”, where the government entity saving money from the SIB is not the government entity paying for outcomes.

The Rotterdam and Utrecht municipalities confirmed the advantages that SIBs enjoy, notably in the case of the Buzinezzclub SIBs. The fact that risks of innovative ventures been taken up by private investors instead of the government counts as an important incentive, as well as the focus on the impact for society, the competence of the service provider and the remedial efforts being shifted to prevention. Basically, the municipality can be seen as a party benefiting from the SIB, whereby the benefit is expressed in terms of the additional number of days target group persons are out of the welfare allowance (compared to an average control group that has not been subject to the intervention). Therefore, the direct effect is defined as a reduction of payments of welfare allowances, which translates into savings in taxpayers’ money. The further impact, i.e. persons working, producing value, contributing to society and costing less (through better housing, better health conditions, less prone to illegal or criminal activities) is acknowledged but not monetized as “outcome”. Working through SIBs is in line with the current idea of a government being the director rather than an actor of social policy, as well as the idea of accountability of taxpayers’ money, in which the pay-for-results philosophy fits well. Moreover, the pre-financing by a private investor helps the government to overcome its own hurdles when having to disburse funds at short notice.

### **Private investors**

In SIBs, private investors are mainly banks and foundations. For example, ABN AMRO Bank, Rabobank, Oranje Fonds and Start Foundation have been acting as the main investors in most of the SIBs in which Buzinezzclub has been involved. The foundation entity of Buzinezzclub also invested in the SIBs. Interviews with stakeholders made clear

that private investors are willing to invest in projects with a social outcome, if managed in a truly entrepreneurial way. This condition was largely fulfilled because of the way Buzinezzclub operates, and the way the SIB was designed. The two aspects seem to be interrelated. This willingness does not mean that investors would be ready to invest in any social enterprise or in any SIB design. The quality of the implementation and the trust that has slowly been growing between the partners have been important elements.

When the investors were asked what their motives to enter an SIB partnership were, the answers were nuanced and showed some slight differences between banks and foundations. The *banks* claim they are in the process of mainstreaming CSR from side-projects to a core business characteristic, therefore using SIBs as try-outs for combining social impact with financial impact. By introducing an entrepreneurial organizational culture into the partnership (including the municipal government), SIBs become a vehicle for banks to influence public governance. In addition, banks acknowledged that the ample media coverage on this innovative financing mechanism and partnership and the publicity that came along were, one of the motives for them to step into an SIB. Foundations on the other hand may, following their proclaimed mission status, show a specific interest in certain issues such as “groups excluded from the labour market,” and therefore be naturally inclined to invest in initiatives such as Buzinezzclub. They also appreciate the ties created through an SIB with policy-makers and the more business-like approach that enters the social policy environment.

Buzinezzclub was attractive to investors because of the entrepreneurship it promotes, the measurable impact and the intention to scale up its programme. Banks and foundations alike look for projects with considerable (and accountable) spending capacity to maximize the impact and to reduce the relative transaction costs. It also became clear that some investors act as reference investors for others investors, signalling that the investment is sound and the risk worth taking. The fact that Buzinezzclub itself invests seems to have convinced foundations, which in turn has convinced the banks in the different SIBs where Buzinezzclub was involved.

According to the investors, the pay-for-success accountability structure and the collaborative element (leading to enlarged networks, mutual learning and expanding spheres of influence) are the main attractions of SIBs. What makes them less appealing is the longish start-up period, and the expertise needed to gain sufficient insight into the potential impact of the venture. SIBs therefore seem only applicable in a context of scaling-up potential, long-term perspectives and mutual trust among partners. Enlarging the scale of operations is particularly attractive for large investors, who think in terms of spending capacity. It is unlikely that SIBs will quickly replace the subsidized sector. In the near future, only large and strong social enterprises will be able to find funding through SIBs. The shift to a transparent tendering procedure to assign SIBs to social enterprises should therefore not deter them.

### Independent knowledge centres

The fourth partner in the SIB partnership, beside the service provider, the outcome funder and the investors, is the knowledge centre (mostly a consultant or research institute). Among others, Deloitte and Ernst &Young have taken up that role for the SIBs in which Buzinezzclub was involved, notably in Utrecht and Rotterdam.

The task of the consultant basically comes down to three sub-tasks, which in theory could take the form of separated assignments, but have in practice been allotted to one consultant per SIB.

- Designing and proposing an equation that would serve as the outcome measurement and therefore as the basis for repayment (by the outcome funder) to the investors; this proposal will first be subject to negotiation until it is accepted by all
- Monitoring the progress of the activities with the target group (number, time occupation, drop-out rate)
- Evaluating the outcome (as stipulated in the equation) and the impact of the service provided to the target group.

In this case, the outcome is calculated in terms of the number of day welfare allowances not paid compared with the number of day allowances expected to be paid (without intervention). Calculating this equation requires sufficient and reliable reference studies and the setting-up of a control group with similar characteristics to the intervention group. Measuring the impact is equally important since the outcome, defined as “number of days less spent under welfare allowance regime” gives the point of view of the municipality, whereas society at large is only really served by the target group being led to decent, lasting and meaningful jobs. This means that the consultant does not limit the evaluation to gathering (and double-checking) quantitative data, but also carries out post-intervention surveys in order to make conclusions about the impact. The outcome is stated after six months, whereas to measure the impact, target group members are followed for three years after the intervention. The costs of this consultancy commission need to be integrated into the repayment equation. It is to be expected that in future SIBs, consultancy tasks will diminish, as the primary partners may themselves design the outcome (and repayment) equation and evaluate the progress and the outcome. The more qualitative aspects, including the impact, will nonetheless continue to be subject to verification by a neutral party (consultant or researcher).

#### 10.4. Flat-rate through partnership with social security system

In Belgium, most primary health care is paid for on the basis of fee-for-service pricing. The National Insurance for Sickness and Disability Institute allows an alternative payment mechanism that was advocated and promoted in the 1980s by some health practitioners wanting to enhance access to health care for all categories of the population, including the most vulnerable. The flat rate is defined on the basis of a tripartite contract that binds a Primary Care Centre, the patient and his/her mutual health organization. The patient agrees to apply exclusively to his primary care centre for general medicine, physiotherapy and nursing. The primary care centre is committed to providing free of charge all the above-mentioned care that the patient needs. To be registered in a primary care centre, a patient must have an address within the registration area and be insured by one of the recognized not-for-profit mutual health organizations. If patients wish to consult a provider other than those of the primary care centre, either they will not be reimbursed by their mutual health organizations, or they must first unsubscribe from the primary care centre (Muller, 2014, p.5). Every month, the primary care centres charge the insurers the standard amounts applicable within the centres (according to

the care provided: general medicine, nursing, physiotherapy) for the number of people registered (whether or not the patients received services).

The objective of this flat rate is to improve access to health care by focusing on first-line services that allow a comprehensive approach by a multidisciplinary team. This financing mechanism was negotiated by the primary care centres in the 1980s with Belgian Social Security (National Institute for Health Insurance and Disability) and is managed by a consultative committee composed of the national representatives of insurers, social security and primary care centres.

The **Ransart primary care centre** (*Maison Médicale de Ransart*), acting under the legal status of non-profit association, was created in 1991 by a group of general practitioners in the Charleroi region (Belgium). These doctors wanted to practise general medicine within a collective set-up and implement a multidisciplinary and comprehensive approach to health and patients. In Belgium, the **Ransart primary care centre** is part of a broader dynamic, which took shape in the 1980s. Currently, 142 primary care centres are open, mainly in Brussels and Wallonia. These centres cover a total of 350,000 patients and employ nearly 2,000 people. One of the unique features of these centres is that in 85 per cent of cases a flat rate is charged.

3,500 patients are currently registered at the **Ransart primary care centre**. Within the Centre, the flat rate paid by Belgian social security covers general medical consultations and nursing care (provided at home or at the primary care centre). In practice, many more services are offered to patients (home visits, psychological services, social activities, self-help groups, etc.) as part of a multidisciplinary approach.

Like other primary care centres, the **Ransart primary care centre** is facing an increasing demand of new registration. The practice covers a mixed population: 75 per cent of the patients have an active status on the labour market (i.e. they are identified as available for work, even if they are currently unemployed) and 25 per cent of other categories. Global statistics of not-for-profit medical centres in Wallonia and Brussels show that primary care centres like The Ransart primary care centre receives a higher proportion of vulnerable people, both in the epidemiological and the socio-economic sense of the word: less healthy, and with a lower standard of living. Drug treatments (antibiotics in particular) are used in a restricted way. The Ransart primary care centre has a policy of rather seeing again the patient in the short term (without entailing the payment of a new visit).

The main challenge currently faced by the **Ransart primary care centre** – and by other primary care centres too for that matter – is the questioning of the flat-rate model by the current Belgian Federal Minister for Health. Seeking to contain medical spending in all sectors of society, in December 2016 the Minister of Health imposed a moratorium on the launch of new “flat-rate” primary care centres. The Minister also commissioned an audit by an international consultant (KPMG). Released in January 2018, the audit report (KMPG, 2017) concludes positively on the real cost-efficiency benefit of the flat-rate mode of financing and the added value of primary care centres in terms of health and social services for the overall population and for vulnerable groups in particular. It also confirmed the relevance of needs already identified by the Federation of Primary Care Centres, for example, the need to strengthen internal regulation to ensure that primary care centres practising flat-rate pricing do so in a non-profit logic, i.e. to improve access to health care.



## 10.5. Conclusions

From the cases studied, it can be said that the financing mechanisms provided by the SSE do not benefit the SSE exclusively. Most of the cases studied (WIR, 1%Club, Buzinezzclub) aim to support economic activities at local level or undertaken by vulnerable groups without seeking to favour the creation or development of SSE enterprises. In addition, with the exception of Buzinezzclub, financing mechanisms provided by the SSE do not explicitly aim to support employment and decent work but rather the development of economic activities.

The cases also offer examples of financing mechanisms provided by the private sector or the public sector. SIBs involve private actors (individual investors, foundations, banks) which take the financial risks, allowing public donors to protect themselves from loss in the event of non-fulfilment of objectives. The flat-rate pricing of Ransart primary care centre is made possible by a public financing mechanism channelled into SSEOs because of their mission and/or their performance in providing useful services to society as a whole. The two cases show both the potential of such financing mechanisms and the risks associated with such mechanisms, particularly on two fundamental principles of SSEOs.

- *Autonomy at both decision-making and task level* is a key factor for the smooth functioning of SSEOs. SSEOs and the people staffing them want to respond to problems affecting particular groups or the population at large. This responsiveness of the SSE as a whole and of each layer within it is a crucial driver, requiring a participatory way of deciding and carrying out strategies.
- The *performance* of SSEOs is important because it is directly related to the willingness to respond to problems through the economic production of goods and/or services (which distinguishes them from other organizations in civil society). However, the particular parameters of the SSE have to be taken into account when measuring performance (performance parameters differing from those of other companies, in particular because of the nature of the goods/services produced, profiles of users, employees or volunteers, collective decision-making processes, etc.).

In terms of autonomy, there is no doubt that the current functioning of primary care centres depends heavily on the type of public funding they can benefit from. Without this agreement on flat-rate pricing, primary care centres would have to find other sources of funding (public or private) and/or reduce the supply and quality of services and the working conditions of providers. Primary Care Centres work in the framework of an agreement negotiated and monitored by a multistakeholder committee. Their autonomy depends largely on their capacity to convince the other stakeholders (insurance providers and Ministry of Social Affairs and Health).

In terms of both autonomy and performance, SIBs offer an interesting opportunity for reflection by service provider, public authorities and funders on the results to be achieved, both in qualitative terms (for example: the type, sustainability and quality of jobs obtained by beneficiaries, the profile of the beneficiaries) and in quantitative terms (number of beneficiaries, duration over which the result is measured, etc.). Such reflections can trigger social responsibility and (possible) diverging visions/interests on social issues that SIBs aim to contribute to. While the logic of private actors involved in SIBs sometimes reflects a desire



to integrate the principles of “good management” (performance, efficiency, profitability) into public policies, the opposite could – in theory – also occur: private actors becoming more aware of the societal issues as barriers to employment for vulnerable groups. However, some studies in the UK have shown that some SSE service providers are complaining about additional administrative tasks and outcome reporting related to SIBs and argue that “the resources and time that went into these additional forms of performance management and measurement could be better spent on front-line services” (Edmiston & Nicholls, 2018, p. 65). In the case of crowdfunding as applied by the 1%Club, the relatively marginal nature of the amounts collected (maximum 5,000 €) invokes concerns related to the ability of supported enterprises to work significantly with these resources. Indeed, the 1%Club has chosen to offer a wide range of projects while the strategy could have been to reduce the number of projects to allow a more significant financial contribution.

The sustainability of such mechanisms is based on choices and principles posed by the actors involved: the choice by health professionals to practise another (less profitable) type of medicine, the choice by private investors to take financial risks in relation to societal problems, the choice by the public authorities to extend a solidarity system to give target groups access to basic health care services (as in the case of Ransart primary care centre in Belgium or in the case of Senegal where the recent social health protection national strategy is based on mutual health organizations). The sustainability of the WIR is also explained by its being consistently promoted as a complementary currency and by targeting enterprises and not households (unlike other complementary currencies). Such a feature presents additional advantages like protecting economic units in times of crises, contributing to job creation in enterprises, etc.

Sustainability, expansion or replication of these financial mechanisms, as it appears from the case studies, can be undermined by several factors.

- The *sociological and cultural characteristics* of the environments in which these financial mechanisms develop: the strong identity and entrepreneurial culture of German-speaking Switzerland for the WIR, the political vision of the public authorities in relation to societal problems (currently supportive to SIBs in the Netherlands, while questioning the affordability and performance of the flat-rate pricing of health care in Belgium).
- The *unpredictable attitude* of some of the actors involved, for example, a government that is no longer keen on contributing to a flat-rate health care system.
- The *legislation*. Legislation on public procurement (particularly at European level) can play an important role in promoting and regulating Social Impact Bonds. However, the institutional arrangements of SIBs are often born in an organic way, not only relying on formal parameters of performance, know-how, management and available resources but also on trust and dialogue among actors coming from very different worlds. Public procurement legislation should pay close attention to these factors so that service providers are not only put in competition on the basis of formal criteria at the risk of partially mitigating the potential social impact of services for beneficiaries due to the complexity of providing this type of service.

## 11. CONCLUSIONS

This study has aimed to provide insights on how the SSE and social finance are contributing to the future of work. The world of work is nowadays characterized by changes beyond the direct control of workers and entrepreneurs but directly affecting them by modifying their positions and experiences, for example, delocalization of activities; unpredictable decisions on investment patterns; removal of population, markets and skills from rural areas; workers and economic activities stuck in informality; lack of means and know-how to develop starting business into growth-oriented business; lack of funds for starting enterprises; race to the bottom of product prices making quality products obsolete; vulnerable groups rendered obsolete by technology; isolation and fragmentation of workers' groups; degradation of work in terms of meaningfulness, health and conditions.

Based on twelve case studies covering nine countries, this report does not claim to reflect all the dynamics, sectors and actors that are part of the SSE, nor the weaknesses and challenges the SSE is facing. The study does, however, show that the choices made by the SSE in terms of governance, ownership, mode of production, financial models or target groups may entail hurdles when it comes to implementing them. Some innovations described in this report could be in jeopardy in the medium term because not all internal and external factors have been under control. Nevertheless, the selected cases (initiated between 1934 and 2014) do reflect the diversity of SSEOs in terms of actors involved, sectors of activity and organizational forms as well as positioning and vision on economy, societal issues and power relations.

This diversity allows us to draw some conclusions and lessons on how SSE actors respond to current global challenges, thereby contributing to a more inclusive world of work based on social justice, meaningfulness and sustainability. Before presenting these conclusions and lessons, we shall first show in a broader perspective how the SSE is responding to global trends, which have repercussions on the world of work.

## **SSE responses to global trends affecting the world of work**

Four types of such trends can be distinguished: economic, environmental, demographic and technological trends. While our case studies do not provide evidence in the strict sense, they do demonstrate that SSEOs either respond to these trends, or take them into their DNA and become trend protagonists.

One of the main *economic trends* witnessed at present is the on-going globalization of economic life. It brings about new value-chains, new flows of products and services, new gravities in the distribution of wealth and poverty, and a plethora of both anticipating and reacting streams of financial capital and human capital. The SSE could use the “reshuffling” of investment advantages to its favour, and for example produce services (ICT, finance, housing) which are offered to relocated production centres (e.g., the AfriLabs, co-created by 1%Club investors). The SSE could, however, also act as a protective shield for late adapters to globalization: groups of people finding themselves suddenly without a likely employer, without a source of income, without a market of consumers. Examples can be found among older workers of redundant or relocating industries, farmers who are the victims of falling prices, and people left behind in rural areas while the productive segments migrate to urban centres or abroad. The SSE may be a way to respond to this negative side of globalization, as in Taitmatine Cooperative

(Morocco) or the worker cooperatives in France (SCOP-TI) and Argentina (Red Gráfica Cooperativa), for example.

Another trend, which could emerge is that the international money system is affected by speculative capitalism to such a degree that currencies lose their purchasing power. The long established though limited complementary currency WIR in Switzerland may be a foreshadowing of what mutual trust and a binding network can mean to run this kind of alternative circulation system.

The economic actors of the future will need to combine the flexibility and autonomy of small production units with the scaling advantages of a large network. The example of the Coopérative Fédérative des Acteurs de l'Horticulture du Sénégal in Senegal shows it may make both an impact on its members, groups of small-scale farmers and reduce importation of horticultural products at national level.

*Environmental trends* reflect the urgency of countering the present global climate and biodiversity issues. Small-scale biological farming and renewable energy may be sectors in which the SSE can play a significant role, if only for the citizen involvement – as both producers and consumers – that they require. Energy cooperativism is gradually gaining ground in Germany and many other Western countries. Biological farming is currently making inroads in the South, notably in areas where farms cater for the domestic market, as shown in the examples of the Payoga-Kapatagan multipurpose cooperative in the Philippines and the Taitmatine Cooperative in Morocco.

*Technological trends* are simply too many to oversee within this section. Artificial intelligence, the Internet of things, self-driving cars, DNA analysis and manipulation, 3D printing are just a few examples. Less spectacular, though just as significant, is the divulgence of designing and marketing. The digital revolution and the online world increasingly bring the processing of products and services within reach of the ordinary citizen. Online platforms allow matching between supply and demand with regard to any product or service one can think of. The SSE may build on the philanthropic wish of many to choose and get in touch with the recipient of their charity. The 1%Club, based in Amsterdam but catering for social initiatives around the globe, is an example of the power of digital networking, leading to seed money, offshoots and many snowball effects. On the other hand, an example like the **Red Gráfica Cooperativa** in Argentina shows that maintaining employment through worker cooperatives should also imply upgrading workers' skills and acquiring new technology to be competitive on the market in the long term.

*Demographic trends* include the diverging age pyramids around the globe and the migratory movements of refugees and seasonal workers. Coping with the social consequences of these tendencies is as mind-boggling a challenge as one will find. Increasing cohorts of elderly people will be in need of care in the years to come, while refugees and their descendants may be struggling – for decades, to judge from the recent past – to find the basics for developing a decent life: work, housing and acceptance. Again, the SSE has a role to play in this. The Buzinezzclub example in the Netherlands shows it is possible to lead large groups of young people into employment, when different stakeholders (investors, government and social enterprise) join forces through the SIB mechanism. In the Republic of Korea, we have examples of social enterprises trying to integrate North Korean refugees, and cooperatives combining housing and work integration for their specific target groups.

## The SSE's contribution to the future of work

### ***(Re)embedding economic activities in local social systems***

The SSE is clearly the preferred organizational form of economic actors seeking to preserve and develop modes of production that people are attached to: family farming, proximity services, traditional and/or environment-friendly methods of production. The cases show that this choice is not driven by conservative rationales but rather by the will to stabilize and increase the income generated by these activities and to contribute to transcending issues, such as reversing the rural exodus, empowering women, and respecting the natural environment. In bought-out enterprises transformed into cooperatives, the challenge is to start from both the existing infrastructures and the characteristics of the workers. While this may limit the prospects in early stages, we observe that such worker cooperatives progressively develop strategies to adapt their businesses (in terms of inputs, organic products and commercialization circuits) towards a logic attuned to both the tangible economy and the interests of primary stakeholders (i.e. worker-owners). In addition, the collective dimension of the SSE allows workers and entrepreneurs – especially the most vulnerable in rural areas – to develop and diversify their businesses by combining them with complementary income-generating activities, for example, during the low season. By doing so, the SSE allows economic actors to maintain and develop local economic activities in their own social context, making them less vulnerable and more able to contribute to regional development. This also contributes to the need and opportunity to (re)embed economic activities in local social systems, for example, through a complementary currency favouring local economic exchanges and sustainability of production chains.

### ***Organizing economic actors and facilitating transition to a more formalized social status***

Several cases illustrate the added value of the SSE in supporting and organizing workers and entrepreneurs while preserving their entrepreneurial autonomy. The SSE offers opportunities to create stable institutional structures by or for vulnerable workers or small-scale businesses. Cooperative platforms in particular make entrepreneurship more attractive, support economic development (through networking, joint marketing or commercialization services) and secure social status and access to social protection. The SSE has always played this role. However, this function responds in a constructive way to changes in the labour market (e.g., functions formerly occupied by employees outsourced to external service providers) while meeting the needs of some workers or entrepreneurs wishing to network with others (mutualization services) and requiring support for the management of their businesses. Particularly in LICs and MICs (Senegal, Morocco) but also in HICs (the Republic of Korea), this clearly contributes to facilitating the transition from the informal to the formal economy both by offering opportunities to secure economic activities and social status (through collective forms of entrepreneurship) and by providing access to social protection schemes. The study shows in particular that the SSE plays an important role in terms of facilitating social protection coverage. This is because SSEs support economic actors in coping with the absence or insufficiency of existing social protection schemes for certain categories of workers or entrepreneurs (as in the Philippines or France). Additionally, the changes brought about by social protection policy reforms (as in Senegal) gave the majority of workers in the informal economy the opportunity to benefit for the first time from coverage by mutual health insurance schemes.

### ***Participatory governance and renewed social dialogue***

Alternative decision-making models are currently challenging the classic governance and social dialogue models. As the SSE tends to be riding this wave, participatory governance comes as one of its core characteristics. Participatory governance can take different forms and degrees. Case studies reflect this diversity and the consequences it brings about (information of the different stakeholders, methods of self-regulation and consultation, time devoted to participative governance, power relations, etc.). In several examples, workers have opted for self-management to mark their ability to own and manage economic structures. They also wanted to distance themselves from hierarchical modes perceived as counterproductive (generating stress and lack of motivation) and hindering the provision of quality services (lack of autonomy, disrupted information channels). Self-management may, however, not be suitable to all enterprises or all workers' aspirations. The rationales behind this management option are diverse: the wish to send a political message on workers' capacity to manage enterprises, increasing the efficacy and quality of services provided by enhancing cohesion and teamwork, or inducing more equity among workers (including in terms of wages and working conditions). Participatory governance is not always sufficient to address all the issues related to the subordination of workers: the study also shows that participatory governance and self-management do not as such exclude social dialogue but rather force the stakeholders to look for innovative forms of social dialogue.

### ***Searching for sustainable economic performance while focusing on social purposes***

Several SSEOs studied here show a development and an economic performance allowing them to be financially autonomous and presenting guarantees of durability. These results are often achieved by identifying the type of services or goods to be provided to members, the community and/or the clientele by making the right choices in line with SSE principles and the capacities of the actors involved. Other SSE enterprises have more difficulty in achieving performance levels that match their ambitions, particularly in terms of employment. Such situations are often explained by the history of the origin of these enterprises (as in the case of bought-out enterprises) and by the abilities present or absent among the workers. For these enterprises, the transition process is a fragile one, which may need external support, especially on marketing issues.

### ***Finding meaningfulness in work***

Through the services it provides and its organizational choices, the SSE responds to the needs and aspirations of both workers and society in terms of meaningfulness. The study reveals a high degree of satisfaction related to working conditions and the feeling of working for meaningful purposes, particularly in comparison with similar functions they used to occupy in conventional private or public structures. This meaningfulness can take on many forms: reinforcing the solidarity of society by facilitating access to health services for all (including the most vulnerable, such as elderly people), self-determination and concertation, better balance between work and private life, support for vulnerable groups focusing on self-reliance, personal aspirations and dreams, environmental sustainability. This meaningfulness does not occur by magic. It is the fruit of efforts in terms of making financial models possible and sustainable, finding the right balance between societal engagement and working conditions, but also through the implementation of practical tools allowing the SSE to be effective and efficient at individual and collective levels.

### ***Foreshadowing the network society***

SSEOs do not operate on isolated islands. They have market relations with private (conventional) for-profit enterprises and they act according to public policy frameworks. The increasing number of partnerships among diverse types of organizations allows for de-compartmentalization and interaction (and possibly convergence) among actors with different logics of action and organizational cultures. In HICs in particular, the SSE shows that tailor-made support services and a favourable environment (created through partnerships between public and private actors) can make the difference, for example, in allowing vulnerable groups to make own vocational choices and start a career, or in facilitating crowdfunding of initiatives in the Global South through online platforms, as a way of making individual philanthropy more sustainable. In doing so, the SSE also continues a long tradition of being a laboratory of practices and ideas often percolating into both the public and the private for-profit sectors.

### ***A policy instrument and a policy partner***

The study also shows how a policy framework recognizing the added value of the SSE to employment and social welfare can create favourable conditions for the SSE to contribute to societal issues. In almost all countries covered by the study, SSE strategies (or related policies focusing on specific organizational forms) are closely linked to employment opportunities, particularly for vulnerable groups: long-term unemployed people, people with disabilities, low-skilled workers, women, etc. In addition, specific forms of enterprises (worker cooperatives and social enterprises in particular) are encouraged by public policies to launch business initiatives where workers and other stakeholders (communities, beneficiaries) are involved in decision-making processes. In countries like Belgium and the Netherlands, public policies promote and support the SSE as a way to enhance sustainable entrepreneurship that is profitable at economic, human and environmental levels. In France, Senegal or Argentina, public policies promote and support the SSE to strengthen local economic development (by strengthening local networks of SSEOs, public procurements requirements, etc.). In Senegal, Belgium and the Republic of Korea we also see public policies explicitly promoting and supporting the SSE to offer welfare services to elderly people, create jobs for vulnerable groups, and provide access to social protection in health.

When SSE enterprises are supported by government funding, this covers different situations: general utility services, support for the development of the SSE or difficulties faced by SSEOs, etc. Public policies are particularly effective when they are designed to allow the SSE to play effective and useful roles towards general interests while being recognized and supported in its particularities and its own logics. When, however, the SSE is reduced to a service provider function, it runs the risk of attracting a category of free riders (actors not operating according to the principles of the SSE but aiming to capture public markets) and of seeing SSE actors lose their particular character through having to balance their economic survival with their social objectives. Partnerships with the conventional private sector may originate from both commercial and philanthropic needs. Whether with the private or the public sector, agreements, partnerships and public policies may evolve to a point where they may jeopardize the SSE or the economic and social objectives it pursues. Actors should therefore be enabled to discuss at any stage the common objectives pursued and the societal needs addressed. The political long-term visions, motives and expectations of each party involved should then be considered.

### ***Common bonds through new finance models***

Through crowdfunding, complementary currency, Social Impact Bonds, original financial models (like flat rates in health care) or even subsidies, the SSE is a major source of innovation as regards the financing of social policies. Besides providing core funding or additional resources to SSE businesses or individual entrepreneurs, such innovative financial models have in common that they bring together actors from diverse backgrounds, such as the SSE, social security systems, sectoral ministries, the banking sector and (individual or institutional) private investors. Here too, from the design to the evaluation of the mechanisms applied, these multi-actor configurations provide the opportunity to enter into dialogue around key societal issues: the causes and answers to societal problems, assessment of progress, levels and share of responsibilities and risks (individual and/or collective), the notion of benefits and return on investment, performance, profitability, ownership and governance. In periods of crisis and uncertainty, such multi-actor dialogue could provide benefit in finding new horizons for the fast-changing work landscape, as well as coping with the backlashes of these changes.

The SSE could both positively anticipate and react in a more protective way to the changing world of work. But whatever the initial driving factors, this study shows how the SSE may trigger economic and social actors to widen the range of approaches to wealth creation and innovation in order to respond to trends that are affecting the rights of entrepreneurs and workers and the sustainable development of societies. It may be argued that a study based on twelve cases calls for modesty when it comes to statistical representativeness. These twelve cases do, however, reflect the diversity of contexts, sectors and strategies in which SSEs currently operate. In environments both favourable and challenging, SSEs prove to be a significant factor for the fast-changing world of work, either directly through their stakeholders, or indirectly through their impact on the societies in which people will work in the future.

## **Recommendations**

This report covers a great diversity of situations and contexts that make it difficult to formulate generally applicable recommendations. However, we here formulate some recommendations that seem crucial for strategies aimed at strengthening the contribution of the SSE to the future of work.

### **Towards the SSE**

- At both national and international level, the SSE has a task on its hands in **educating both its stakeholders and the outside world** on the role it plays for the future of work. In relation to society and the political world, this pedagogic task is important for making the contribution of the SSE and its innovations to the challenges of the world of work visible. Internally, it is also important for the SSE to do **reflexive work** to assess how certain aspects related to the decent nature of jobs in the SSE could be strengthened (e.g., social protection, working conditions).
- Different contexts present different challenges with regard to the **transition to formalization** and the fight against the precariousness of workers. With the introduction of new types of structures (like cooperative platforms) and the



organization of workers of the informal economy, the SSE is already laying down certain essential markers towards both greater job and income security and better social coverage. However, it is important that these efforts not be reduced to a “race to the bottom” by minimizing the economic and social benefits of some workers/entrepreneurs because they work in sectors that, for example, through outsourcing and job flexibilization, continue to generate large profits. Innovation around new statuses of workers/entrepreneurs should therefore not contribute to deconstructing existing social security systems, but rather to updating them and reviewing their modes and sources of funding at national level.

- The SSE has always struggled to release and obtain **financial resources** that allow it to succeed in both business and social terms. The focus on the economic profitability of the activities, the quality and attractiveness of the goods and services produced, should be a permanent concern. Like all companies, SSEOs should diversify their activities and sources of financing (including public and private funding) without, however, putting their autonomy and their purposes, particularly in terms of employment, at risk.
- SSE initiatives are increasingly targeting **environmental concerns and sustainable development**. However, environmental issues do not yet seem to be sufficiently taken into account by the whole of the SSE sector. Whatever the sector of activity, the SSE should concretely integrate environmental issues into the implementation of its activities (direct and indirect use of water, energy sources, mobility, nature and origins of raw materials, etc.). Exchanges of knowledge and experience in this field among SSE stakeholders could also contribute to building bridges between SSE stakeholders of different profiles and generations.

### **Towards national governments**

- **Policies and measures to support the SSE in the diversity of its forms.** Most countries have legislation concerning certain legal forms of the SSE (cooperatives, social enterprises, mutuals). These laws are important to support the formalization processes of certain economic activities and to secure the status of SSE workers, entrepreneurs, members and users. When these legal frameworks are missing or becoming outdated, governments should systematically involve the SSE actors concerned in the process of formulating legislation to ensure that they meet the expectations of the various stakeholders of the SSE (including workers and users) while not blocking the autonomy and evolution of these different forms of SSE.
- To help promote the development of the SSE, it is important for governments to enact and finance in the long term measures to support the social economy, recognizing its peculiarities and its special added value not only as a major contribution in terms of job creation and quality but also in terms of social innovation and implementation of responses to societal challenges (care, social protection, integration of vulnerable groups into the labour market, renewable energy, agro-ecology, etc.). Such measures may be tax-related (exemption from taxes, reduced VAT rates), linked to

public markets (by using social clauses favouring certain service providers because of their social objectives) or aimed at the development of the SSE (in particular by providing for transitional periods to fulfil all the conditions required to obtain a particular legal status).

- Policies in support of the SSE can only fully play their role if the **coherence of all public policies implemented in relation to the objectives of supporting the SSE is ensured**. This concern for coherence requires pro-active information work with all the ministries and public bodies concerned (Ministries of Employment and Labour, Ministry of Economy and Finance, Ministry of Foreign Trade, Ministries of Agriculture and Enterprises, Ministry of Social Protection, etc.) as well as coordination and enforcement mechanisms in terms of coherence.
- When **public policies are implemented by the SSE** (e.g., integration of vulnerable groups on the labour market, care, social protection), governments must ensure that this function does not undermine the stability of SSEOs (in terms of employment), nor divert them from the economic, social and political missions that they have given themselves, nor call into question their decision-making autonomy. The SSE has a role to play in the co-construction and implementation of economic and social policies, but it must not be reduced to this subcontracting function.
- **New forms of financing mechanisms** (complementary currencies, crowd-funding, SIBs, flat-rate pricing) with potential for the SSE and its users must be promoted by governments. These mechanisms should, however, also be subject to critical monitoring and evaluation to assess the extent to which they contribute and strengthen, without diverting, the missions and logic of the SSE (particularly in terms of evaluation of outcomes, selected targets groups and level of performance in the case of SIBs).
- Governments could direct their **development cooperation** efforts more towards SSE initiatives in LICs, which struggle to cope with the effects of on-going globalization (increased competition from abroad, migration to urban centres, desertification, etc.)

### Towards the ILO

- The ILO should contribute to **provide more systematic and critical information on the SSE** that could be beneficial to both policy-makers and practitioners. This includes the availability of robust data and statistics on the SSE (e.g., on work-related issues).
- The ILO could also contribute to the visibility and credibility of the SSE with respect to the future of work by carrying out **specific studies on working conditions within the SSE**. These studies are particularly important to ensure that the challenges faced by the SSE – due to their combination of social and economic goals – do not have a detrimental effect on the quality of the jobs offered.

- As a tripartite international organization having built up solid expertise on the SSE, the ILO is well-placed to encourage the SSE, trade unions and governments to **reflect on forms of social dialogue and ways of representing workers adapted to the SSE** (in its diversity), recognizing both the specificity of its participatory decision-making processes and the subordinate relationships in which SSE workers may find themselves.
- The ILO could also **advocate the meaningfulness and the quality of work** as experienced in the SSE as a model for the future of work in other sectors of employment (both public and private sectors).

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# APPENDICES

# Appendix A

## Overall research framework and research questions

Main Domain of Changes	Research Questions
<b>Work and Society</b>	<p>To what extent do SSEOs develop new practices to redefine the function and place of work in society?</p> <p>How do SSE actors intend to reconnect workplaces with communities?</p> <p>How does the SSE contribute to the knowledge economy (economy based on human knowledge and on technology)?</p> <p>To what extent do current regulations enhance the SSE so as to contribute to addressing the challenges of the future of work?</p>
<b>Decent Jobs for All</b>	<p>How does the SSE contribute to create jobs in new sectors of activity? What are the characteristics of these jobs (e.g., quality, type of labour contracts)? How are these jobs financed?</p> <p>How does the SSE contribute to address, for example, societal and environmental challenges while creating decent jobs (green economy, care economy)?</p> <p>How does the SSE address the technological revolution while creating/maintaining/negotiating for decent jobs?</p> <p>How are SSEOs investing in cutting-edge skills required in the knowledge economy (e.g., in terms of contributing to training disadvantaged or excluded groups)?</p> <p>How and to what extent does the SSE attend to vulnerable people and socially excluded populations: youth, women, people with disabilities and the elderly?</p> <p>How does the SSE support securing work for workers at risk (self-employed workers, the elderly, youth in rural areas, “gig economy” workers, informal economy workers, refugees and (recent) immigrants)?</p> <p>How do different social finance mechanisms and instruments incentivize SSE actors to enhance their impact on employment and decent work?</p>
<b>Organization of work and production</b>	<p>How do SSEOs contribute to improving access to financial services for other SSEOs or other types of enterprises?</p> <p>To what extent do SSE actors engage with the private sector (e.g., impact investors, social bonds)?</p> <p>How do SSE actors fare with decent jobs (including job security and access to social protection)?</p> <p>How does the SSE contribute to the transition from informal to formal work?</p> <p>How do SSE actors ensure funding is not a barrier to their autonomy in participatory decision-making processes?</p> <p>How do SSEOs address the internationalization of production systems while respecting their operational principles and ensuring decent work all along the production and supply chain (e.g., through cooperative to cooperative trade)?</p>
<b>Governance of work</b>	<p>How do SSE actors engage in social dialogue ensuring a proper representation of all stakeholders (and particularly the employees) within the organizations?</p>

## Appendix B

### Overall overview of macro-trends affecting the world of work

Macro-trends	Example of signs
<b>Environmental trends</b>	<ul style="list-style-type: none"> <li>- Production mode affected by climate (drought, soil erosion, frost, salt water)</li> <li>- Shortage of raw materials &amp; fuel</li> <li>- Waste management, circular economy</li> <li>- Nuclear &amp; chemical health hazards</li> </ul>
<b>Economic trends</b>	<ul style="list-style-type: none"> <li>- Lower prices of agricultural products</li> <li>- Competition from abroad (rice, vegetables, staple foods, meat, fish, etc.)</li> <li>- Delocalization of production segments</li> <li>- Volatility of investments (effect of speculation, capital remaining in the circulation sphere)</li> <li>- Land price increases due to overseas investors puts land out of reach of locals</li> </ul>
<b>Demographic trends</b>	<ul style="list-style-type: none"> <li>- Immigration (sudden – gradual)</li> <li>- Integration (cohabitation, multi-cultural)</li> <li>- Ageing population</li> <li>- Young population (demographic “bomb”)</li> </ul>
<b>Technological trends</b>	<ul style="list-style-type: none"> <li>- Impacts on job quality, especially given the on-going trend towards job polarization</li> <li>- Social and economic adjustments driven by technological changes (e.g., new skill requirements, geographical relocation)</li> <li>- Effects of new forms of economy (online platforms, for example, Uber, Airbnb, Amazon, streaming, etc.) on traditional sectors (taxis, hotels, video shops, music &amp; film industry, etc.)</li> <li>- (Re)distribution of productivity gains between different economic and social groups, given the global trend of widening income inequality</li> </ul>

## Appendix C

### Information sheets on each case study

#### Buzinezzclub, the Netherlands

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##### Type of SSEO, legal form and origin

Buzinezzclub is a social enterprise. It has the legal status of a society with a limited liability. In parallel, it is also a foundation in which funding, gifts or subsidies can be allocated. The current Buzinezzclub leadership has an entrepreneurial background. Responding to governmental calls, they became involved in projects for youth labour market integration, which was subsequently turned into their main business. In 2009, Buzinezzclub started as a social enterprise properly.

##### Activities

Buzinezzclub organizes intensive training programmes for young NEETs (aged 18 to 30, Not in Employment, Education or Training), aimed at directing them into entrepreneurship, well-motivated employment or training. Many members of the target group have a migration background, often with a history of offending or a curriculum, which bars them from normal labour market entry. Each cohort is given training on a daily basis for 16 weeks and close monitoring for six months. If necessary, counselling continues for three years after the start of the training. Trainees are considered members (for life) of the “club”. This intensive approach has resulted in a success rate of 60 per cent after six months. Success in this case means: no longer living at the expense of society, i.e. in work or vocational training. Over the years, more than 1,000 trainees have found appropriate and lasting employment this way.

##### Stakeholders and finance

Buzinezzclub is organized on a municipal basis. The municipality selects the target group among the “hard to employ” segment of those entitled to a welfare allowance. Buzinezzclub employs 23 permanent staff (i.e. management and trainers, spread over different locations), and a group of about 100 volunteers, mostly retired professionals, who take on the task of personal guidance and mentoring over an extended period. The activities are financed through SIBs, a mechanism in which Buzinezzclub takes the role of service provider, the municipal government the role of outcome funder, and private investors (banks and foundations) the role of capital provider. An independent evaluator determines the outcome (proportion of trainees finding employment), which is the criterion for repayment of the investors by the funder. SIBs have been successfully used in Eindhoven, Rotterdam, Utrecht, The Hague and Amsterdam).

##### Significance of the case

The Buzinezzclub case adds to the wide spectrum of roles and activities which SSEOs can assume. Putting the accent on entrepreneurship rather than employment has proven to be a motivating element for the target group and partly explains the success of the venture. The other element is the multi-stakeholder approach on which SIBs as a finance mechanism are based. The Buzinezzclub case thereby provides an opportunity to analyse the conditions under which SIBs may be considered a useful alternative for social finance.

## The Coopérative Fédérative des Acteurs de l'Horticulture du Sénégal

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### Type of SSEO, legal form and origin

Created in 2010, the *Coopérative Fédérative des Acteurs de l'Horticulture du Sénégal* (CFAHS) is a federation of 76 cooperative unions of horticultural producers.

### Activities

The CFAHS was created to remedy a horticultural sector characterized by severe fragmentation (many unorganized small producers) and the will to organize and support the horticultural value-chain.

The CFAHS also wanted to reduce imports of horticultural products given that most imported horticultural products are also cultivated and sold by Senegalese small farmers. Setting itself the objective of reducing by 50 per cent the level of agricultural products imported into Senegal, the CFAHS has developed a range of services for its members: modernization, training, commercialization, support to enhance the quality of products, training, etc. The CFAHS's efforts are also in line with the current governmental plan (*Plan Sénégal Emergent*) to strengthen the productivity of Senegalese agriculture while supporting small-business farming. Overall, horticultural production in Senegal grew from 950,000 tonnes in 2013 to 1,206,810 tonnes in 2016, i.e. by 27 per cent. This growth demonstrates the potential of an organization like the CFAHS to federate its actors. Leaders of the CFAHS estimate that the efforts to organize the horticultural chain have contributed to the creation of 10,000 jobs.

### Stakeholders and finance

In Senegal, the CFAHS still mainly relies on international cooperation funding (supporting their institutional and operational development as actor structuring the horticultural value-chain). Such funding is seen as crucial in the short term but not effective in the long run. As the CFAHS supports the commercialization of its members' production, the cooperative is partnering with the harbour of Dakar and with wholesalers in order to facilitate access to foreign markets (Saudi Arabia and Europe in particular).

### Significance of the case

The case of the CFAHS provide a significant example of cooperatives organizing and supporting the horticultural value-chain to contribute to the national objective of reducing imports of horticultural products in Senegal.

## Coopérative Taitmatine, Morocco

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### Type of SSEO, legal form and origin

Created in 2002 in the village of Tout (2,817 inhabitants), the **Coopérative Taitmatine** gathers 102 women transforming argan oil into a variety of products, commercialized by the cooperative for the national and international markets.

### Activities

The main activities of the Taitmatine Cooperative are, e.g.:

- Production, transformation and commercialization of organic argan oil and derived products (food and cosmetic products)
- Reforestation of argan trees and nursery
- Support for mechanization of specific tasks
- Marketing, packaging and communication.

The cooperative has also set up a social fund financed by the activities of the cooperative (including fair-trade activities and revenues from selling “oil cake” derived from argan oil manufacture). The purpose of this social fund is to cover the costs of medicines of the members (through a partnership with a local pharmacy) and to financially support members in case of particular events (death, birth, etc.). Social services are also provided by cooperatives (like Taitmatine) targeting vulnerable women (often illiterate and having to take care of their children) in order to ease their economic activities.

The existence of the Coopérative Taitmatine inspired emulation in the village leading to the creation of three other cooperatives (natural oil production, crushing of argan nuts, and cooperatives for raising cattle and milk production) and 17 associations operating in the fields of drinking water, irrigation, electrification, education, social services, rural tourism and environmental protection. As the “senior” cooperative, Taitmatine supports and engages in these new structures and its leaders are involved in the village council.

Stakeholders and finance

Between 2002 and 2012, external support from both private foundations and international cooperation agencies has clearly contributed to the establishment and consolidation of the cooperative. Nowadays, the cooperative appears to be financially autonomous but still has to strengthen its management and governance weaknesses to develop a long-term financial strategy.

### Significance of the case

The Taitmatine cooperative is a medium-scale cooperative giving women the opportunity to have their own activities and incomes. Beyond economic opportunity, the cooperative shows the ability of the SSE to empower women and to create a social and economic dynamic at local level.



## COOPETIC, France

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### Type of SSEO, legal form and origin

The COOPETIC group is a French business and employment cooperative (*coopérative d'activités*) created in 2010. It gathers 150 entrepreneurs/members and employs nine people. The COOPETIC is active in several sectors: media (cooperative press agency and plurimedia projects), digital professions, audiovisual productions. The COOPETIC allows entrepreneurs from the “gig economy” to benefit from an employment contract while keeping their autonomy as entrepreneurs. Having an employment contract, entrepreneurs benefit from better social protection, in particular retaining their rights to unemployment benefits. For unemployed people, the COOPETIC also offers the opportunity to develop an economic activity (and receive advice and support) while maintaining their unemployment benefits.

### Activities

The COOPETIC offers its members a range of support services:

- Administrative support (billing and follow-up)
- Legal support (information, training)
- Bid coordination
- Training services: project management, administration, training
- Technical infrastructure (audiovisual).

When a member of the COOPETIC performs a service for a customer, the latter signs an estimate and an invoice, sends it back to the COOPETIC and makes the payment according to the terms and conditions. All the amounts collected by the entrepreneur will constitute his turnover and will be used to pay the cooperative contribution (percentage used to pay the joint services of the COOPETIC, namely 11 per cent of their gross turnover), professional expenses, wages and social contributions and to build up reserves. The activity of each entrepreneur is fiscally, legally and administratively hosted within the COOPETIC.

### Significance of the case

The motivations of the members are mainly of two kinds: first, to get out of the isolation into which their consultancy or one-off services brought them, and secondly to find job and income security, because they do not lose eligibility for unemployment benefits. The COOPETIC also seeks to develop the economic activity of its members by promoting their networking so that they can meet together and develop joint economic activities (e.g., through bids or public procurements).

## Housing and Welfare Self-Sufficiency Enterprises, Republic of Korea

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### **Type of SSEO, legal form and origin**

Housing and Welfare Social Cooperatives (HWSSEs) started to emerge in the mid-2000s from the initiative of inhabitants of poor areas and social movements wanting to create jobs through cooperatives while improving housing. Such initiatives have been progressively taken into consideration by public policies targeting both job creation and social housing issues. Nowadays, there are 177 Housing and Welfare SSEs creating jobs directly or indirectly.

### **Activities**

HWSSEs provide services and job opportunities for disadvantaged groups. HWSSEs are closely connected to the public social protection system both in terms of employment (targeting beneficiaries of guaranteed minimum income) and of services targeting beneficiaries of housing welfare schemes. To benefit from access to public markets as well as public financial support, Housing and Welfare Social Cooperatives must employ a minimum of two workers and at least one-third of workers receiving guaranteed minimum income. It is estimated that the HWSSEs have created nearly 1,200 permanent manual or clerical jobs. In the construction sector, where companies generally employ few workers and under precarious conditions (day work), social cooperatives stand out with an average of 6.9 workers per enterprise (2016).

HWSSEs constitute networks at national and regional levels, not only to sustain their activities by providing joint services and doing advocacy but also to foster dynamic interactions between social movements, HWSSEs and the public authorities. Such alliances are of particular importance for maintaining the general interest purpose of HWSSEs and extending links with other civil society organizations. In addition, the social cooperative grouping HWSSEs has developed partnerships with public or private enterprises in the framework of CSR initiatives. Coordinated by the Energy Welfare Centre run by the national and regional networks of HWSSEs, support from the private sector has been mainly used to finance activities aiming to reduce domestic energy consumption. In 2016, revenues provided through this channel represented 84.45 per cent of the overall revenue of the social cooperative of HWSSEs.

### **Stakeholders and finance**

The figures show over time a gradual diversification of sources of funding. In 2007, the share of public funds (housing allowance in kind, work financed by municipalities and work financed by the government) was 72 per cent in 2017 and dropped to less than 50 per cent in 2012. This diversification was made possible thanks to a professionalization of services (improved access to regular markets) and efforts by the national and regional networks of HWSSEs in creating a specific offer of services to support the reduction of energy consumption and the solicitation of social responsibility initiatives with private companies.

### **Significance of the case**

The case of HWSSEs illustrates the development and structuring of SSEOs from the will and contribution of various stakeholders, namely social movements, enterprises, citizens and the public authorities. It also shows the challenges of enterprises having to become competitive on the market while fulfilling social mission towards vulnerable workers.

## Ransart primary care centre (*Maison Médicale de Ransart*), Belgium

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### Type of SSEO, legal form and origin

The **Ransart primary care centre** (acting under the legal status of non-profit association) was created in 1991 by a group of general practitioners in the Charleroi region (Belgium). These doctors wanted to practise general medicine within a collective set-up and implement a multidisciplinary and comprehensive approach to health and patients. In Belgium, the Ransart primary care centre is part of a broader dynamic, which took shape in the 1980s. Currently, 142 primary care centres are open. They cover a total of 350,000 patients and employ nearly 2,000 people. One of the unique features of these centres is that in 85 per cent of cases a flat rate is charged to widen access to health care.

### Activities

The Ransart primary care centre employs 20 people. From the creation of the Centre, the staff opted for a self-management model in line with the patient-oriented and multidisciplinary medical approach they advocated. Moreover, they wanted to avoid the classic – both symbolic and formal – hierarchy between medical doctors and nurses or other practitioners that usually exists in medical structures. 3,500 patients are currently registered at the Centre. Within it, the flat rate paid by Belgian social security covers general medical consultations and nursing care (provided at home or at the Centre). In practice, many more services are offered to patients (home visits, psychological services, social activities, self-help groups, etc.) as part of a multidisciplinary approach. The Centre also organizes nurses' home visits to elderly people. Conventional nurses' home visits very often limit their intervention to purely technical care, for lack of time and resources. Home visits organized by the Ransart primary care centre are characterized by more time spent during each visit (thereby paying attention to psychological needs as well), by coordination between general practitioners and nurses, and by networking with social services for any additional needs observed during the visits.

### Stakeholders and finance

The flat rate is defined on the basis of a tripartite contract that binds a Primary Care Centre, the patient and his/her mutual health organization (not-for-profit insurance provider). To be registered in a Primary Care Centre, a patient must have an address within the registration area and be insured by one of the recognized not-for-profit mutual health organizations. If patients wish to consult a provider other than those of the Primary Care Centre, either they will not be reimbursed by their mutual health organization or they must first unsubscribe from the Primary Care Centre. Patients do not have to pay for their visit. Every month, Primary Care Centres charge the insurers the standard amounts applicable within the centres (according to the care provided: general medicine, nursing, physiotherapy) for the number of people registered (whether or not the patients received services).

### Significance of the case

Like the other Primary Care Centres in Belgium, the Ransart Centre is a good example at different levels: practising medicine and providing paramedical care in a comprehensive and interdisciplinary approach, adopting a self-management model in line with their medical ethics and using flat-rate pricing to widen access to health care.

## The 1%Club, the Netherlands

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### Type of SSEO, legal form and origin

The 1%Club, physically based in Amsterdam, is a social enterprise active since 2009. The founders of the 1%Club have backgrounds in development cooperation. They started the 1%Club from a viewpoint which combines two current societal trends: on the one hand, the communication and cooperation possibilities offered by the Internet, and on the other people's growing wish to have a personal influence on development cooperation and to see what happens with their money. 1%Club legally consists of a foundation and a limited company, combining social impact with business turnover.

### Activities

Basically an online platform financed through **crowdfunding**, the 1%Club aims at supporting small projects with sustainable results, expressible in supported socio-economic projects created rather than profit gained. Donors can offer 1% of their time, income or knowledge to a development project of their choice. The accent is on directly linking donors with receivers, transparent financial streams and self-reliance. Since 2011, 1%Club has expanded its operations through offline spin-offs in Africa and co-financing methods (in which the applicant needs to prove s/he can generate sufficient local support for the venture). This has led to a pan-African network of 57 technology innovation hubs in 24 African countries. Each hub serves as a nexus for entrepreneurs, technologists and investors. Indigenous technology innovation is the overarching goal. Nailab, the Nairobi "hub", has launched about 50 successful businesses, thereby creating 500 jobs (if multiplier effects are counted).

### Stakeholders and finance

On the website, donors and others can at all times check the progress of the project they are supporting. The people who run the projects have to inform thoroughly on their motives, their decisions and the progress their project has made. The conditions to become a 1%Club project include: initiators need to be living in a developing country; projects need to be small, concrete and temporary; projects receive a maximum contribution of 5,000 € from the 1%Club; project owners need to give regular updates through the Internet. Other than that, ideologically driven activists and companies solely seeking a profit (without community embeddedness) are excluded.

### Significance of the case

The 1%Club is a good example of putting the power of the Internet to good use. Crowdfunding and the direct connections between the stakeholders (private donors and private receivers) open possibilities for leveraging and inspiring initiatives with potentially large impact in terms of economy and employment.

## Payoga-Kapatagan Multipurpose Cooperative (PK-MPC), the Philippines

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### Type of SSEO, legal form and origin

PK-MPC was first organized in 1985 as a development NGO. The imitators were Belgian missionaries in partnership with a local parish organization in Gamu, Isabela. The aim was to assist small farmers by providing free education to the children of farmers who could not afford to go to school. After merging with another project (Kapatagan) in 1992, PK-MPC was registered as a multipurpose cooperative.

### Target groups and activities

The target groups are sharecroppers who cultivate rice and maize and raise backyard livestock. Many are heavily indebted to their landlord or traders. The present activities include (1) production and marketing of organic fertilizer, (2) an organic model farm, (3) livestock dispersal (goats, chickens and pigs), (4) microfinance, (5) trading and marketing of produce, and (6) training programmes.

### Stakeholders and finance

PK-MPC has seven regular staff, three farm workers (model farm), and 70 seasonal workers. PK-MPC members are grouped in 225 clusters of 15 members each, meeting twice yearly in a general assembly and electing a Board of Directors. PK-MPC has partners in the private sector who provide the inputs and purchase the produce of members (crops and livestock). PK-MPC actively engages in partnerships with social impact investors based both in the Philippines (Department of Agriculture) and abroad.

### Significance of the case

Given its geographic context, PK-MPC is a remarkable venture in many aspects. In terms of employment, it guarantees an income to over 3,000 families, besides hiring seasonal workers to collect waste materials between harvest seasons. Farming households in Isabela generally operate in the informal sector. By becoming members of PK-MPC, their transition to formal work begins, if only through access – in principle – to the national social security system and health coverage. Featuring aspects of a circular economy, PK-MPC has also developed the capacity to become a major advocate of organic farming, thereby contributing to lower carbon emissions, new decent job opportunities and more sustainable farming. By linking credit to access to and use of organic fertilizers, PK-MPC has reduced the cost of credit, which is largely financed by the sales margins.

## Red Gráfica Cooperativa, Argentina

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### Type of SSEO, legal form and origin

The Red Gráfica Cooperativa groups 18 member cooperatives active in the printing industry. 16 of them are *empresas recuperadas*, former capitalist enterprises bought out by workers when their enterprises decided to close their business or went bankrupt.

### Activities

Previously operating informally, the network was formalized in 2007 by bringing together mostly old cooperatives to enable them to reinforce each other through common services. Since 2010, the network has integrated *empresas recuperadas*. Throughout this process, issues of governance and legitimacy of the network came to the surface with the role that the network had to play in relation to its members. Not all members seemed to have identical needs. Some had expectations with regard to marketing support, others to production support, and still others to management issues. This led to conflicts that undermined the cohesion among the members of the network. However, the network has managed to overcome this phase by clarifying the rules of (financial and decision-making) participation, taking into account the diversity of member profiles. Joint marketing services are financed by a 3 per cent commission paid by the members on their sales, and quality standards are decided jointly. In this organizational dynamic, cooperatives retain their individuality (in particular to manage their own market segment) while benefiting from marketing support. The network has also promoted mutual cooperation in the purchase of specialized materials, supplies and services. These initiatives aim to create a shared responsibility among cooperatives to complement specific activities, especially in the use of common technological resources. Strengthening the income-generating capacities of the cooperatives has helped to lay the foundations of economic democracy as well.

### Stakeholders and finance

Members of the Red Gráfica Cooperativa have benefited from financial support from the National Institute for Social Economy (INAES) since 2011 (e.g., supporting pre-financing of production inputs) and from the support of other public authorities contracting with Red Gráfica Cooperativa members for printing and design work. The Red Gráfica Cooperativa has also been supported by several cooperative banks or institutions (Banco Credicoop Cooperativo Limitado, Credicoop Bank Foundation), for example, in the framework of dedicated strengthening programmes for worker cooperatives or assimilated self-managed SSE enterprises. It also benefits from loans provided by a philanthropic foundation (*La Base*) devoted to the support of worker cooperatives.

### Significance of the case

The Red Gráfica Cooperativa is a significant example of a network of both old and new cooperatives (mostly *empresas recuperadas*) that has to find the right balance between the development of joint services and the pursuit of a collective learning process in terms of governance. The Red Gráfica Cooperativa also illustrates how public policies can support the SSE through a wide range of measures (public procurements, training, financial support).

## Société Coopérative Ouvrière Provençale de Thés et Infusions (SCOP-TI), France

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### Type of SSEO, legal form and origin

SCOP-TI is a worker cooperative bought out by a group of workers who previously worked for the company Fralib, part of the multinational Unilever. In 2012, Fralib/Unilever announced that the enterprise would be closing and be delocalized to Poland. The French workers were invited to continue working for the enterprise in Poland on condition they accepted lower wages (in line with standards in Poland). Under the leadership of the union delegates, they decided to refuse this offer and occupied the enterprise for more than three years. After a long stand-off and mutual legal claims, an agreement was reached, stipulating that a worker cooperative would be the most suitable model according to the French regulations, upon which 58 workers decided to create this cooperative. Of the 58 owners of the cooperative, 42 are currently employed by it. SCOP-TI has opted for self-management because the cooperators did not want to create a hierarchy between the workers and the management team. The transformation of Fralib/Unilever into SCOP-TI was strongly supported by the shop stewards and by the French trade union *Confédération Générale des Travailleurs*. SCOP-TI also decided to organize social elections in order to have a trade union representation within the workers' cooperative.

### Activities

The economic activity of SCOP-TI consists mainly of development, manufacture and marketing of SCOP-TI product lines. After setting up the worker cooperative, SCOP-TI developed new brands and packaging in order to reflect its new identity, including “*brand 1336*” (referring to the number of days workers occupied the Fralib/Unilever enterprise). SCOP-TI's quality lab developed and tested new tea and herbal tea blends and submitted them to various certification processes. This allowed it to obtain specific labels (organic, local). In addition, SCOP-TI acts as a subcontractor (i.e. packaging tea/herbal teas) for distributors' brands. Confronted with the lack of both technical and financial capacities, SCOP-TI still faces commercialization issues with its own brands, for example, in the big retail chains. They also continue to struggle with limited financial resources, preventing them from launching a major advertising campaign.

### Stakeholders and finance

The cooperative's share capital amounts to 180,000 €. Each cooperator has bought at least one share for the price of 3,000 €. Supported by the French Government in its bargaining with Fralib/Unilever, SCOP-TI received 2.85 million € as a start-up fund for the cooperative. In 2015, the turnover was 467,000 €. The estimated turnover for 2018 is 5.4 million €. SCOP-TI also faces cash-flow problems in paying fixed costs. In July 2017, the cooperative launched a crowdfunding campaign through social media and activist networks with the target of raising 700,000 €. Four months after the start of the campaign, more than 200,000 € had been collected from about 1,900 individual donors.

### Significance of the case

The case of SCOP-TI is significant for a number of reasons. It illustrates the trend of enterprises bought out by workers and transformed into cooperatives. It also shows the challenges faced by the cooperators in preserving employment while developing new brands and commercialization opportunities more in line with their philosophy. Among French worker cooperatives, SCOP-TI is also particular because of its option for self-management and its close connections with the trade union movement.



## Social enterprises providing job opportunities for North Korean refugees, Republic of Korea

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### Type of SSEO, legal form and origin

In the Republic of Korea, the occupational integration of refugees and migrants from North Korea is becoming a major issue as the number of refugees is increasing. From 3,000 in 2002, North Korean refugees were estimated to number 31,000 in 2017. Most of them are women (70 per cent) mostly aged between 20 and 39, who did not have a job when they lived in North Korea. Since 2005, public policies have been devised to improve the occupational integration of North Korean migrants, notably through a “social enterprise support programme for North Korean refugees”. This governmental programme accompanies private initiatives to make them qualify as social enterprises, aiming at the integration of these refugees through employment.

### Activities

The case study is based on three examples that illustrate the diversity of such social enterprises. Songdo SE was a social enterprise created in 2010 in the conglomerate Posco (leader of the metallurgical industry and one of the heavyweights of construction) to provide cleaning services and in-house parking; Mezzanine I-Pack (MZ) was a packaging activity set up in 2008 with the support of a social venture (Merry Year Social Corporation) by a pastor engaged in helping North Korean migrants (a company inspired by philanthro-capitalism); and WSB was a more traditional SME focused on innovation. In 2014, MZ employed 11 North Korean migrants out of a workforce of 25, WDB employed 20 out of 29 and Songdo employed 35 in a total of 110 employees. In these three companies, women accounted for 75 per cent of employed migrants, reflecting their weight in the total population of North Korean migrants living in the South, and also the fact that in most cases wages were equivalent for men and women, which made them less attractive to men. These examples revealed satisfactory results in terms of the target group’s access to employment (depending on the case, migrants accounted for 30 to 70 per cent of their salaried workforce) and in terms of improvement of the occupational skills of migrants through various training programmes.

### Stakeholders and finance

In 2011 and 2012, the government agency in charge of policy towards North Korean refugees and migrants spent a significant budget to encourage the creation of social enterprises employing migrants. From 2013, the Foundation decided to reduce this budget due to the perceived lack of performance and outcomes of this programme. The perceived failure rate (26 social enterprises still active in 2016 out of the 43 supported) does not as such indicate the failure of the model but rather the weaknesses of a public mechanism not able to distinguish genuine social enterprises from “free riders” seeking to benefit from the support. In addition, financial support was provided for a limited period, which discouraged enterprises from continuing to employ North Korean refugees in view of the efforts required to properly support their integration on the labour market.

### Significance of the case

This case illustrates the challenges of public policies seeking to both tackle the integration of refugees on the labour market and promote the SSE. Korean social enterprises have provided quality jobs for North Korean refugees but the public programme supporting this initiative lacked both selection and monitoring mechanisms and a long-term perspective.



## Complementary Currency WIR, Switzerland

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### Type of SSEO, legal form and origin

**WIR** (“we” in German) is a complementary currency created in 1934 by a group of Swiss German businessmen in response to the recession of the 1930s. The original idea was to create a complementary currency, more sheltered from the potentially devastating effects of a destabilized monetary system (national currency and central bank). The WIR obtained a banking licence in 1936 and has functioned as a cooperative bank since then. WIR (or CHW) is a currency equivalent to the Swiss franc (1 CHW = 1 CHF) with asymmetric convertibility, meaning that the WIR is convertible into CHF but not vice versa. WIR Cooperative Bank employs 290 people and offers services in CHF and WIR (CHW).

### Activities

WIR Bank currently has 45,000 customers (i.e. SMEs). These clients are mainly SMEs based in German-speaking Switzerland (90 per cent of them) and active in a wide variety of sectors (e.g., crafts, hotels). Services offered by the Bank are the running of the WIR customer network (facilitating mutual transactions), as well as conventional financial services (mortgage and construction loans in CHF at low interest rates, payment tools, WIR credits, etc.) The Bank is compensated by the interest on loans in CHF and by commissions (between 1 and 3 per cent) on WIR transactions. WIR Bank recommends its clients not to exceed a 5 to 7 per cent share of WIR transactions in relation to their overall transaction volume.

The complementary currency WIR also provides networking opportunities to its users (online apps, trade fairs). Such services belong to the core business of WIR as its mission is to enhance economic exchanges among Swiss SMEs. But WIR also aims to play on the sense of community among entrepreneurs seeking to strengthen their own business while contributing to the sustainable economic development of their neighbourhood.

Since its creation, WIR has been cyclically confronted with the need to renew itself, to adapt to the demands of its customers and the evolution of SMEs (in terms of profiles and sectors of activity). In recent years, WIR has purged its client files to keep only active users of the WIR and eliminate the others. The number of customers was reduced from 60,000 to 45,000 SMEs. It also develops strategies to rejuvenate its users, not only by attracting new clients but also by attracting (mostly young) entrepreneurs active in sectors such as communication or new technologies.

### Stakeholders and finance

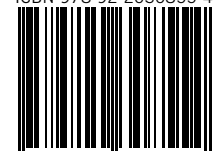
In 2016, WIR Bank announced a profit of 14.2 million CHF (+ 3.2 per cent on 2015).

### Significance of the case

The longevity of the complementary currency WIR demonstrates its *raison d'être*: it has continuously been able to meet the demand from Swiss SMEs aware that their economic viability depends on a strong economic fabric of exchanges among local businesses (whether cantonal or national).



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