



FINAL ESSENTIAL REPORT

SCEW. Social Cooperatives East and West. Two models of social cooperatives (western and eastern) in comparison. TRAINING FOR DEMOCRACY

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1. Introduction. Project aims.

SCEW project (Social Cooperatives East-West) is a transnational cooperation project, focusing on the priority objective “to promote the exchange of information and good practice aimed at creating favourable conditions for the setting up of information, consultation and participation structures within undertakings as foreseen in Directive 2002/14/EC”.

Its main goal is to support and foster the development and the exchange of good practices in force across Europe concerning information, consultation and participation structures settled within undertakings, focusing especially on associations of social cooperatives and with the participation of their European umbrella federation.

In order to do so, we observed and analysed the opportunity of social enterprises and cooperatives in developing innovative and efficient structures for the information, consultation and participation of workers within these undertakings. The focusing was done on the comparison between social enterprises and cooperatives from Eastern and Central Europe and from Western Europe. In particular the countries directly involved have been Poland, Czech Republic, Bulgaria and Italy.

We consider that exchanging good practices on a transnational basis and learning from what has been done and is being done in social cooperatives from older Member States and recent ones are relevant tools to learn and better the conditions for fostering the development of employee involvement in undertakings, accordingly to Directive 2002/14/EC.

In the framework of SCEW project the analysis concerned such a type of social cooperatives that are social enterprises belonging to workers’ cooperative form. It means the workers are members and owners of the enterprise at the same time.

They often develop mechanism to prevent serious decisions affecting employees thanks to their democratic principles. Thus, we considered that social cooperatives foster democratic governance and good information and consultation system; they can provide good models for information and consultation which definitely need to be studied transnational.



Social cooperatives have as their purpose to pursue the general community interest in promoting human concerns and in the social integration by means of:

- The management of socio-health, environmental, educational and cultural services;
- The carrying out on of different activities aimed to work integration of disadvantaged people.

A social cooperative is a private enterprise whose mission is to produce goods or services of general and community interest; it has economic rules but a social purpose (non profit); and is multi-stakeholder (joint management by workers, volunteers and users, when it occurs).

Social cooperatives also facilitate the participation of disadvantaged people. Members/workers include persons from disadvantaged categories. We thus addressed some specific targets groups and studied the contribution of social cooperatives, particularly the structures of information consultation and participation that are agreed upon, to facilitate the participation of these target groups.

Therefore, three pillars for the collection of good practices were investigated and exchanged within the project:

1. Handicapped people;
2. Migrants
3. The long-term unemployed.

Our project focused on the participation mechanism and social dialogue within social cooperatives that have developed in various countries and gathered partners such as trade unions, non profit organisations which work on that issue, undertakings from the social economy and cooperative movement, from different countries of the enlarged Europe. The close collaboration with social partners was a priority for this project.

Information and innovative good practices were exchanged and analysed at European level, they will serve as a basis for providing representatives of workers and employees with training and concrete recommendations to develop participation in undertakings.



Indeed, the method of the research was the distribution to the cooperatives, through national partners and collaborators, of a survey questionnaire for good practices, divided in 7 principal thematic areas:

1. Membership structure;
2. Participation to the governance;
3. Right to information and consultation;
4. Economic participation;
5. Education, training and information;
6. CSR;
7. Specific target groups.

All data were collected in a database and analyzed with particular attention to the objectives outlined above.

This project assesses that social enterprises and cooperatives provide an interesting model and concrete practical arrangements to develop structures for information and consultation of employees. They can be a real training of democracy for people.

2. Previous achievements in this area – INVOLVE project (2007)

The main motivation of the INVOLVE project (*Fostering the involvement of workers in SCEs and national cooperatives and worker-owned enterprises*), held in 2007 with the co-financing of the European Commission's DG Employment, was to pursue the dialogue between the trade union movement and the cooperative movement in Europe concerning workers' involvement in worker cooperatives, social cooperatives and other types of employee-owned enterprises. Most CECOP members took part in this work, as well as the European Trade Union Confederation and a number of national trade unions, in particular in Poland, Bulgaria, Sweden, Italy, Spain and France.

From the start, there was a total consensus among parties about the very high level of involvement of worker-members (thus the owners and those who concretely control their enterprises). In turn, the project analysed the situation of the workers who are not members. It was found out that, for the whole CECOP network (around 50 000 enterprises spread over 16 EU countries), the average ratio of non-member workers within the whole



workforce was only 21%, and that a similar ratio could be found in most national member organisations.

An analysis was then made concerning the sub-categories of non-member workers. First, it was found out that a substantial ratio within the 21% of non-member workers (one third to one half, depending on the countries) was made up of workers who were under a preparatory period to become members. Secondly, some cooperatives have a rather high percentage of temporary workers (in particular in seasonal activities) who are not eligible to become members. Thirdly, a number social cooperatives have a small percentage of disadvantaged workers who do not have civic rights (because of mental disabilities or because they are convicts) and thus cannot legally become members. Finally, a small fringe of workers who, for a reason or another, do not want to become members, generally lower than 10%, remains an almost constant feature.

The project also went into a description of a number of best practice cases of worker involvement in worker/social cooperatives and other employee-owned enterprises, in Italy, Spain, France, and the Czech Republic.

The project was also an occasion for a common recognition by the European worker/social cooperative movement and by the European trade union movement of the world standards on worker cooperatives (enshrined in the World Declaration on Worker Cooperatives, approved by the International Cooperative Alliance in 2005), and in particular the fact that worker cooperatives:

- *“have the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers’ democratic self-management and promote community and local development”*
(1.1).
- *“The free and voluntary membership of their members, in order to contribute with their personal work and economic resources, is conditioned by the existence of workplaces”*
(1.2)



- *“As a general rule, work should be carried on by the members. This implies that the majority of the workers in a given worker cooperative enterprise are members and vice versa” (1.3).*
- *“Their internal regulation is formally defined by regimes that are democratically agreed upon and accepted by the worker-members” (1.5)*
- *“They shall be autonomous and independent, before the State and third parties, in their labour relations and management, and in the usage and management of the means of production” (1.6)*
- *They shall “provide the workplaces with physical and technical facilities aimed at achieving an appropriate functioning and a good organisational climate” (2.3)*
- *They shall “practice democracy in the decisive instances of the organisation and in all the stages of the management process” (2.5)*
- *They shall ‘ensure permanent education and training for capacity building of members and information to the latter, in order to guarantee professional knowledge and the development of the worker cooperative model, and to stimulate innovation and good management’ (2.6)*
- *They shall “combat their being instruments aimed at making the labour conditions of wage-earning workers more flexible or precarious, and from acting as conventional intermediaries for jobs’ (2.8)*

Social cooperatives normally abide by the above principles as well.

Another important outcome of the project was the definition of common ETUC-CECOP voluntary standards on worker involvement (information, consultation and participation) in European Cooperative Societies (SCE) in our sector, which are higher than those enshrined in the EC SCE Directive:

- a) SCE established ex novo by legal-person members characterised by worker ownership (worker cooperatives, social cooperatives and/or worker-owned enterprises), or by physical worker-members or both shall establish a special group of negotiation as soon as the SCE itself employs at least 5 workers (instead of 20 or 50 workers, depending on the country).



- b) It is recognised that, for worker members, the standards of information, consultation and participation are far higher than what is requested in the Directive
- c) As for non-member workers, it is suggested that workers in probationary period shall enjoy the same level of information and consultation as the worker-members. Moreover, subject to agreement by the board of directors of the cooperative, and preserving the principles included in the Directive and the protection of already acquired rights, representatives of non member workers can have access to the general assemblies.

Finally, through the INVOLVE project, ETUC and CECOP agreed to meet regularly to jointly re-examine the situation of worker involvement in worker cooperatives, social cooperatives and other employee-owned enterprises.

The result of above mentioned cooperation is SCEW project that aims to inscribe its activities of exchanges of information and good practices within the scope of the Directive 2002/14/EC. More generally it aims to inscribe its activities and goals within the objective and priorities of European social partners for 2006-2008: to study managing change and its social consequences, notably regarding Works Councils.

This project also aims to inscribe its activities and goals within the Objectives of the community Charter of Fundamental Social Rights of Workers and its point 17: "Information, consultation and participation for workers must be developed along appropriate lines, taking account of the practices in force in the various Member States.

This shall apply especially in companies or groups of companies having establishments or companies in several Member States of the European Community"¹.

The enlargement of the European Union has opened the path to new practices coming from Eastern and Central Europe. They need to be studied and put in comparison with practices from the "older" and western part of Europe.

With regards to the aims of this project, it also makes a brief digression about the results of another European project: Age-in "social dialogue as a tool to fight against discrimination in employment".

¹ Objectives of the community Charter of Fundamental Social Rights of Workers.



It underlines how social dialogue is important to prevent social discrimination and how, a society must utilize its population capacities to assure itself a better future.

3. Employee participation in cooperative from the polish perspective (Monica Gladoch);

3.1. Significance of participation in labour law

Employee participation is a phenomenon present in the scope of labour law, which was born towards the end of the 19th century. The new forms of dialogue between employees and employer appeared in some European countries already during the two decades between the world wars. Of greatest significance at that time was the concept of *Mitbestimmung* in the German Reich.² The post-war progress in the scope of labour law influenced further development of employee participation in management, so that today there is no turning back from the idea of participation in the European Union.

Employee participation is not a legal but rather an economic notion. Literature includes plenty of definitions of participation, including one that defines employee participation as partaking of employees in decisions concerning the use of material assets and management of people, and which can be chosen.³ Participation in management on behalf of employees is based on limiting the employer in undertaking independent decisions. Employees (usually through their representatives) can influence decisions in economic and employee matters. The latter include personal and social questions as well as organisation of safe and health friendly conditions of work.

Employee participation is a highly varied concept in legislation, and is exercised in a variety of forms and under different forms of management. Passive (the right to information, the right to submit complaints and postulates by employees, the right to express opinions, and consultation) and active (the right of opposition by representation of the employees, the right to acquire consent, the right to decide jointly, and even the right of joint decision-making in certain matters) forms of participation can be distinguished. The non-decision-related forms of participation are in other words called the right of cooperation with the employer, emphasising in this manner that the final decision in the matters of the undertaking belongs to the employer. In this case, employees have an advisory role. The active (i.e. decision-related) forms in turn are based on joint decision making by the employer

² For more, see: F. Gamillscheg, *Kollektives Arbeitsrecht. Ein Lehrbuch. Band I: Koalitionsfreiheit/Tarifvertrag/Arbeitskampf und Schlichtung*, München 1997, pp. 91 and ff.

³ For more, see: M. Gladoch, *Uczestnictwo pracowników w zarządzaniu (problemy terminologiczne)*, Przegląd Prawa Handlowego 2001, No. 5, pp. 30 and ff.



and a representation of the employees.

Participation is conducted at various levels of management. One could speak about the works council employment level of participation, participation of the employees in the organs of the companies, and about participation at the supranational level – in European global corporations. At the level of the works councils, participation is based on the employees' right to elect their representatives, which consult certain managerial decisions with the employer. A higher level of participation is present in the organs of capital companies. Employees may appoint their own members of the supervisory board, and a times – also of the managing board. Employee stock ownership in turn means the right to purchase shares or stocks of companies by employees on preferential conditions or free of charge. Thanks to this right, employees may participate in the sessions of general meetings and/or in shareholder meetings.

The right of participation is guaranteed in the Polish Constitution. In the light of Article 20 of the Constitution of the Republic of Poland, a social market economy, based on the freedom of economic activity, private ownership, and solidarity, dialogue and cooperation between social partners is the basis of the economic system. The notion of dialogue and cooperation of social partners includes all forms of participation, even the right to information about the condition of the undertaking which limits the employer in free undertaking of decisions.

Binding in the Labour Code⁴ is the principle of participation of employees in the management of the works, expressed in the Article 18. Professor J. Wratny expressed the view that in the social market economy, (in the German meaning of “soziale Marktwirtschaft”, one can speak of the “social dimension of the economic system and about the social dimension of the undertaking’s system”⁵. Ethical principles are a component of the social market economy. Accepted in social market economy is the view that an undertaking is not solely a technical and merchant unit, but also a community of people. A manifestation of this dignity in the process of work is inclusion of employees into management of the undertaking, which is defined as “the labour title to management”. The described regulations are at the same time the corroboration of the Polish tradition of participation, which continues to develop already since the post war times.

3.2. Polish tradition of participation

⁴ Act of 26th June 1974. Labour Code (consolidated text: *Journal of Laws* of 1998, No. 21, item 94 with changes.

⁵ *Partycypacja pracownicza w warunkach gospodarki rynkowej w Polsce*, [in:] *Zbiorowe prawo pracy w społecznej gospodarce rynkowej*. Group work ed. by G. Goździewicz, Toruń 2000, p. 197.



On the power of decree of 6th February 1945 on the establishment of works councils⁶ in works employing over 20 members of staff, the activity of the councils in the field of management encompassed the right of supervision and control over the functioning of the undertaking, cooperation with the director in enrolment and dismissal of staff, catering for their social and economic needs, and also influencing the staff to improve labour efficiency. Following the novella of 16th January 1947, the works councils⁷ were transformed from the representative organ of the entire staff into works trade union organs⁸. At the same time, the competence of works councils were limited to social and economic matters of the employees and to rallying the staff to expand and improve production. The councils remained representatives of all their employees until 1949, when on the power of the Statute of the Federation of Trade Unions (following the passing of the Act on Trade Unions of 1st July 1949⁹) the subject scope of the active collective rights of the councils was limited, by being entrusted to members of trade unions only.

The idea of worker self-government was revived thanks to the Act of 19th November 1956 on worker councils¹⁰, which sanctioned the spontaneously developed representations of employees in undertakings. The council, co-decided in the nomination and dismissal of the director of the enterprise and his deputies. The director was only the executive organ of the council. The actual period of independence of worker councils lasted until 1957. The fear of losing control over the democratically elected representation of the employees was the major reason for conducting a fusion of worker councils with works councils and works committees of the Polish United Workers' Party (PZPR) into a single organ called Conference of the Worker Self-Government on 20th December 1958,¹¹ which in practice meant the end of employee self-government.

On 25th November 1980, the Sejm (Polish parliament) passed the Act on Self-Government of the Employees of State Enterprises¹², which defined the status of representational committees of the staff being developed in enterprises. In the light of the act, the organs of the staff are the general assembly of the staff of the enterprise and the employee council of the enterprise or works. As the aftermath of the introduction of martial law in Poland on 13th December 1981, both the activity of employee self-governments and trade unions was suspended. During the sessions of the "Round

⁶ *Journal of Laws* No. 8, item 36.

⁷ *Journal of Laws* No. 24, item 92.

⁸ Works councils were connected to trade unions with three links: personal, administrative in elections to councils, and the most important one – the link of ordering the works councils by trade union decisions, M.Święcicki, *Rady zakładowe jako organy ruchu zawodowego*, PiP 1949, Vol. 9–10, p. 39.

⁹ *Journal of Laws* No. 41, item 293.

¹⁰ *Journal of Laws* No. 53, item 238.

¹¹ Act on Worker Self-Government (*Journal of Laws* No. 71, item 397).

¹² *Journal of Laws* No. 24, item 123.



Table”, the lifting of limitations on employee councils was guaranteed. Even though the act is binding to this day, its significance is limited due to privatisation processes.

Parallel to the development of the forms of social dialogue of social partners, which were connected among others to the new acts of 23rd May 1991 on trade unions¹³ and employer organisations¹⁴, new forms of employee participation in managing the place of employment in companies’ organs were developed. The process of legal regulation in this scope was initiated by the Act of 13th July 1990 on Privatisation of State Enterprises¹⁵, continued by the Act of 30th September 1996 on Commercialisation and Privatisation of State Enterprises¹⁶.

3.3. Development of participation in the European Union

In the European Community special attention is attached to the social dialogue and the employees’ right to information and consultation.¹⁷ Employee participation was inscribed into the acts of general character (including Article. 137 of the Treaty establishing the European Community and Articles 17 and 18 of the Community Charter of the Fundamental Social Rights of Workers of 1989). The employee right to participation is also guaranteed by the Charter of Fundamental Rights of the European Union of 2000, its Article 27 guarantees workers or their representatives information and consultation in good time in the cases and under the conditions provided for by Community law and national laws and practices.

For many years, attempts were made within the Community to create broader legal bases for the idea of participation, yet due to the differences in the legal systems of individual member states, this process was being procrastinated. One of the most significant projects that ensured the right to information and consultation for employees of multinational businesses was the so-called Vredeling Proposal of 1983. The project became the prototype for the first Directive of the Council 94/45 of 22nd September 1994 on the establishment of the European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees¹⁸, which regulated in a complex manner the right of participation in management in supranational corporations. For participation, it was an act of groundbreaking significance, as in the first period only directives that defined the principles of co-

¹³ Dz. U. No. 55, item 234.

¹⁴ Dz. U. No. 55, item 235.

¹⁵ *Journal of Laws* No. 51, item 298.

¹⁶ *Journal of Laws* No. 118, item 561. Today: Act on Commercialisation and Privatisation.

¹⁷ See: L.Florek, *Europejskie prawo pracy*, Warszawa 2003, p. 17.

¹⁸ *Journal of Laws* EC L 245 of 30.09.1994, pp.64–72.



operation of partners in works only in specific questions (for example collective redundancies, transfer of business, and matters of safety and security at work) were passed.

Worth special emphasis is the Directive of the European Parliament and Council 2002/14 of 11th March 2002 laying down the general conditions for informing and conducting consultations with employees in European Community¹⁹. The employees received the right to cooperate with the employer in the works and undertakings operating within the territory of the Community. The right to information and consultation is guaranteed also by other acts of secondary law. Their number includes the Directive of the Council 2001/86 of 8th October 2001 complementing the statute of European company in the questions of employee involvement²⁰, the Directive of the Council 2003/17 of 22nd July 2003 complementing the statute of European cooperative in reference to employee involvement²¹ and the Directive of the Council 2005/56 of 26th October 2005 concerning transborder merging of capital companies²². Worth turning attention to is the role of participation in European cooperatives. In line with the Council Regulation 1435/2003 of 22nd July 2003 concerning the statute of European cooperative,²³ the acquisition of legal personality by a cooperative depends on the introduction of appropriate forms of employee participation. A condition necessary to register a European cooperative is concluding an agreement concerning employee involvement or undertaking an appropriate decision pertaining thereto.²⁴ By influencing the development of participation in supranational corporations the regulations mentioned above provide at the same time the Community's reply to the progress of globalisation process.

3.4. Forms of participation in cooperatives

Specific participation in the form of self-government takes place in those worker cooperatives whose activity is regulated by the Act of 16th September 1982 Cooperative Law.²⁵ In accordance with the Art. 181 § 1, the object of business activity of a worker cooperative is conducting a joint undertaking, based on the personal labour of the members. An employee employed on the grounds of a cooperative employment contract is at the same time a member of the cooperative and enjoys full corporate rights. He also participates in the results of the cooperative, which connects him to the

¹⁹ *Journal of Laws* EC L 80 of 23.03.2002, pp. 29–34.

²⁰ *Journal of Laws* EC L 294 of 10.11.2001, pp. 22–32.

²¹ *Journal of Laws* EC L 207 of 18.8.2003 r., p. 25.

²² *Journal of Laws* EC L 310 of 25.11.2005 r., p. 109.

²³ Dz. U. EC L 207 of 18.08.2003, pp. 1–24.

²⁴ For more, see: M. Głądoch, *Partycypacja pracownicza w spółdzielni europejskiej* [in:] *Spółdzielnia Europejska – szansa integracji i rozwoju spółdzielczości w Europie*. Materiały z konferencji Krajowej rady Spółdzielczej i Wydziału Prawa i Administracji Uniwersytetu Kardynała Stefana Wyszyńskiego, Warszawa, 22nd June 2007, Warszawa 2008, pp. 52 and ff.

²⁵ Consolidated text: *Journal of Laws* of 2003 No. 188, item 1848 with changes.



employer even closer. A member is remunerated for working in the cooperative, with the remuneration consisting of the salary and participation in some of the available surplus earmarked to be divided among the members in accordance with the principles set up in the statute. An employee – member of a cooperative is therefore involved in the management of the cooperative and personally interested in the financial results that his employer achieves. Thus it can be stated that due to their very nature, worker cooperatives are self-governing undertakings. Besides these specific rights, there are general rules of participation binding in cooperatives, much like in the case of other employers.

Most rights concerning participation are enjoyed by the works trade union organisations. If there are no active trade unions at the place of employment/works, cooperation between the staff and employer is basically limited to passive forms, that is the right to inform and consult. The most important role in the system of participation is played by the trade union organisation within the works. Other representatives (apart from the works council) can be elected only when there are no trade unions operating in the given employer. It is so for example in the situation when the employer consults with the employees collective redundancies or defines the principles of using the works social benefits fund.²⁶ The works trade union organisations use all the forms of participation, beginning with the right to information, via consultations, to co-deciding together with the employer. Especially this last form is the domain of trade unions. In our country, only trade unions have the right to negotiate collective labour agreements and signing off social packages. They also have participated in influencing the content of the rules and regulations of labour and remuneration. Besides these, trade unions participate in the management in all matters encompassed by the subject of participation (i.e. economy, safety at work, social, and personal matters). They are the only representations that – on the power of the Labour Code – are entitled to consultation, while dissolving employment contracts with individual members of staff²⁷. This is even more clearly visible in the case of worker's cooperatives. On the power of the Article 190 of the cooperative law, the termination or dissolution of the cooperative employment contract, as well as the termination of the conditions of work or remuneration requires cooperation with the organs of the trade union, as envisaged in the Labour Code, if such a union is active in a cooperative. Besides the above, if there is a trade union active in a cooperative, the cooperative may undertake a decision to exclude a member of the cooperative or remove him from the register of members after consultation with the appropriate organ of the trade union.

²⁶ See: Art. 3 section 5 of the Act on Collective Redundancies, Art. 4 section 3 of the Act on the Works Social Benefits Fund.

²⁷ See: Art. 38, 52 and 52 of the Labour Code.



Another organ of participation in works are employee councils operating on the power of the Act of 7th April 2006.²⁸ They are elected in employers who perform business activity and employ at least 50 persons, with the exception of those who concluded an agreement concerning informing the employees and conducting consultations with them.²⁹ In accordance with the Article 14 of the Act on Informing Employees and Conducting Consultations with Employees, the employee council has the right to acquire information concerning the operation and economic situation of the employer, envisaged changes concerning employer condition, structure, forecasted changes in employment, and other actions aimed at maintaining the level of unemployment, as well as actions that may result in significant changes in labour organisation or terms of employment. The employee council is a consultative and opinion making body, whose scope of consultations does not include economic matters.

The workers council cooperates with the employer in the same matters as other representatives of the employees (mostly trade unions). It is so in the case of the restructuring of the undertaking, which results in reduction of unemployment. For employers, this means an obligation to conduct repeated consultations, every time with another representative of the employees (for example in the case of executing collective redundancies³⁰, or in the case of transferring the undertaking or its part).³¹ Such a situation is disadvantageous for the employees, as their representatives may compete against one another. For practical but also systemic reasons, it would have been justified if, on the grounds of the act about informing the workers and conducting consultations with them, worker councils took over the rights of the employees who are not members of trade union organisations.³² Worker councils are not as important a partner for the employer as works trade unions. It is not only because the competences of the councils are insignificant (only the right to information and consultation), but the actualisation of the rights awarded to them raises plenty of problems. The Polish act repeats the general regulations contained in the Directive 2002/14. Yet more worrying is the phenomenon of marginalisation of the workers councils by their electorate (i.e.

²⁸ *Journal of Laws* No. 79, item 550 with changes.

²⁹ The regulations of the Act on the Principles of Electing the Worker Council and Protection of their Members do not apply in: state enterprises where the employee self-government is established, mixed enterprises employing at least 50 persons, and state film institutions (Art. 1 section 3 of the Act of Informing and Consulting Employees).

³⁰ Act of 13th March 2003 on Specific Principles of terminating Work Contracts with Employees for Reasons not Concerning the Employees (*Journal of Laws* of 2003, No. 90, item 844 with changes).

³¹ Art. 26¹ of the Act of 23rd May 1991 on Trade Unions (consolidated text: *Journal of Laws* of 2001, No. 79, item 854 with changes) and Art. 14 of the Act on Informing and Consulting Employees.

³² See: Art. 9 (1) §1 of the Labour Code, Art. 23 (1a) §2 of the Labour Code, Art. 151 (7) §4 of the Labour Code, Art. 11 section 3 of the Act of 20th April 2004 on Employee Retirement Programmes (*Journal of Laws* of 2004, No. 116, item 1207 with changes, Art. 4 section 3 of the Act of 4th March 1994 on the Works Social Benefits Fund (consolidated text: *Journal of Laws* of 1996, No. 70, item 335 with changes), Art. 3 section 5 of the Act on Collective Redundancies.



the employees). The number of councils established in Polish firms is still insignificant.³³ Supporters of the doctrine continue to provide various ideas which could stimulate the dialogue between social partners. It is worth emphasising that from the point of view of the worker cooperative, the establishment of work council means a new burden on the employer, which does not introduce a new quality in labour relations. As I wrote earlier, the employees – being at the same time members of the cooperative – have competences going further than the right of information and consultation.³⁴

Thanks to the community laws, Polish employees may use the right of participation in international concerns. The first act of Polish labour law that concerns the principles and the procedure of appointing employee representatives in multinational undertakings is the Act of 5th April 2002 on European Works Councils.³⁵ As concerns the right to information and consultation, it is the touchstone for the successive acts, which envisaged the weakest forms of participation in supranational firms of different type (European companies and cooperatives). In this scope, there are two binding legal acts: the Act of 4th March 2005 on the European grouping of economic interests and European company³⁶ and the Act of 22nd July 2006 on the European cooperative.³⁷ The supranational undertakings have special negotiation teams established, which – together with the main executive board – agree the principles of executing the right to information and consultation by the European works council and the representative organ.

Following the application of the regulations of directives and internal acts, different systems of employee participation may be binding in individual Member States of the European Union. Thus, the individual solutions will depend on the agreements concluded between the special negotiation team and the central management of a multinational undertaking.³⁸

3.5. Conclusions

Today employee participation is a standard in all countries of the European Union. The Community Law awards the employees with at least the right to information and consultation, and promotes also other forms of dialogue in undertakings.

³³ The councils were elected only in 6% of private employers. For more data, see: K.Balsam *Rady pracowników w praktyce* [in:] *Informowanie i konsultacja pracowników w polskim prawie pracy*, Studies ed. by A. Sobczyk, Kraków 2008, pp. 327 and ff.

³⁴ It Election of worker councils in worker cooperatives does not seem necessary. For more, see: M. Gładoch, *Komentarz do ustawy o informowaniu pracowników i przeprowadzaniu z nimi konsultacji*, Toruń 2007, p. 43.

³⁵ *Journal of Laws* No. 62, item 556.

³⁶ *Journal of Laws* No. 62, item 551 with later changes.

³⁷ *Journal of Laws* No. 149, item 1077.

³⁸ See: O.Gardawska, A.Krawiec, *Postępowanie w celu zawarcia porozumienia o zaangażowaniu pracowników w spółce europejskiej*, PPH 2005, No. 7, p. 24.



In Poland, different forms of representative participation have developed after the second world war. They differed greatly from the forms accepted in the countries of Western Europe. First of all, they were connected to the ideology of the state system. The form of worker self-government limited management of the enterprise to a great degree. In the 1950s, the director was only the executive organ of the workers. From the earliest days, a large role in management was played by trade unions. Yet for many years in the teaching of Labour Law, it was assumed that the trade unions are the organ of representation of the rights and interests of the employees, while the role of the co-host of the undertaking was played by the worker self-government. This view changed in the recent years, when plenty of new rights concerning participation were transferred to works trade union organisations, while self-government went into oblivion. Another organ of participation is the worker council, elected in Polish employers since 2006. In a sense, it is a follower of the organs of worker self-government, even though it has no executive rights, and its role boils down to the right of information and consultation.

The worker cooperatives, besides the rights of employees described above, feature specific forms of co-management. A worker cooperative is a type of a self-governing undertaking. It is so, as the employees of a cooperative at the same time are its members. They may, therefore, enjoy all the rights that cooperative law ensures them, and in this way, they may have a real influence on management (especially participation in the general meeting or the meeting of the members, electing and being elected to the organs of the cooperative, receiving copies of the statute and rules, becoming acquainted with the decisions of organs of the cooperative, minutes from the sessions of the organs of the cooperative, inspection reports, annual financial statements, contracts concluded by the cooperative with third parties, and claims concerning the examination of postulates and comments concerning the operation of the cooperative by its appropriate organs).

4. Description of the relations between cooperative movement and trade unions in Poland, Italy, Czech Republic and Bulgaria.

4.1. Central and Eastern European Countries

As we see from many countries experiences, relations between cooperatives and trade unions were always difficult, but in some cases they could cooperate well.

However, due to the historical background the situation in the Central and eastern European Countries is extremely specific.



In Poland for instance, cooperatives and trade unions used to be always very faraway from each other. As described in the previous chapters, the reasons for this situation are based in the history of Poland after the II World War when they seemed to be “on two other parts of barricade”.

On the other hand co-operatives are not recognized as the social partner and they do not take part in the social dialogue, which in Poland is based on the law of Tripartite Commission.

The existence of trade unions in single cooperatives is extremely rare, although such cases do exist. On the other hand there are some unofficial statistics showing that over 80 % of cooperative worker’s are members of the co-operative (in social cooperatives it is 100 %). This is the reason why there is a feeling that trade unions are not necessary in single cooperatives.

The first crucial step that was taken in the direction of closer cooperation between trade unions and co-operatives was the INVOLVE project, mentioned above, managed by European Confederation of Worker’s Cooperatives, Social Cooperatives and Participative Enterprises (CECOP) together with European Trade Union Confederation.

The project however concentrated on a very specific type of worker-owned enterprise and even on the specific type of a cooperative, namely worker’s cooperative (and a sub-category of those, a social cooperative). This was based on the fact that those types of enterprises are characterized by a paradigm that worker’s in their majority, jointly own, manage and control the enterprise. Their specific processes of worker’s involvement are not only their right, but also an objective condition without which the enterprise could simply not function.

Conflicts between trade unions and cooperatives very often occur when there is no understanding for the double role of a worker – member in the cooperative. This is why the first problem to address in the INVOLVE project was to approve common understandable standards for cooperative that are understood by both sides. This has created a situation where the cooperative side and the trade union side commonly approved those standards and treated them as basic rules. This has been however achieved at the European level and to be fully successful should be implemented on the national as well as on the enterprise level.



This initiative gave however the space for national organizations (trade unions and cooperatives) to meet. This was the case for Polish partners that met in the framework of INVOLVE project and started to develop some common activities. The result of these activities is the SCEW project. The added value of these activities also includes initiatives of the different trade unions to transform public health centers into medical worker's cooperatives. The initiative is in its initial phase and is about to be developed.

The relations between trade unions and in the Czech Republic seem to be much more institutionalized, since the Union of Czech Production Cooperatives is involved in the social dialogue in the Czech Republic through its membership on the national level in the Confederation of Industry of Czech Republic and the Confederation of Entrepreneur's and Employers Associations of the Czech Republic. The relations among the trade unions and cooperatives develop on the political level within the institutionalized platform of the Council of Economic and Social Agreement of the Czech Republic, which is a tripartite body of the government, trade unions and employers (with the representatives of cooperatives).

Today, the Council represents joint voluntary negotiating and initiative body of the government, trade unions and employers in order to achieve an agreement in essential issues of economic and social development. The main issues and topics discussed are: Economic policies, employee rights, collective bargaining and employment, social issues, wages and remunerations.

In Bulgaria, very similar to Poland, trade unions in single cooperatives are extremely rare. However, during the last few years the cooperation between cooperatives and trade union organizations became increasingly intensive and specific. Both cooperatives as well as trade unions are members of the European Economic and Social Committee. They collectively cooperate as partners in different European projects concerning social dialogue and social inclusion.

ITALY

As a beginning it is important to underline that in Italy the cooperative representative organisations are recognized as social partners at the national level. This has been an important factor in establishing relationships between trade unions and the cooperative movement at the national and the regional levels.



The cooperative sector is an important element of the Italian economic system and employs a relevant number of workers, as we shall see later about the general situation on cooperatives in Italy. In the case of workers cooperatives, the majority workers are not only employees, but "worker-members" : being members they have the collective responsibility of contributing to the main decisions concerning the life of their cooperative while as workers they have the status of employees. Workers' co-ops are particularly widespread in sectors such as constructions, services and among the so-called "social cooperatives". Social cooperatives are established with the purpose of offering care services to the general citizen or job opportunities to disadvantaged people, such as the target groups that we consider in our research (disabled, immigrants and long-term unemployed).

Workers co-ops have always been very important in the dialogue between trade unions and cooperative associations, the main topic of debate being whether in its cooperative the worker -member should be considered more as a "member", and therefore bear some of the risks of economic activity, or more as a "worker" and hence be represented by labor unions and be fully protected by the national collective labor contract of the specific industrial sector.

The topic was at the center of the "Protocol on the new industrial relations model within the system of cooperative enterprises", an agreement signed by cooperative associations and the Cgil, Cisl and Uil unions in 1990, which it partially anticipated the 23 July 1993 tripartite national central agreement. The protocol affirmed, among other items, the principle of the extension of national provisions on the total annual wage to working members.

The discussion over the definition of "worker- member", which has always been alive, was made more acute by a ruling of the Constitutional Court, which ruled in 1995 that for worker-members entrepreneurial traits override those typical of normal employed workers. The long-running controversy produced an important result in autumn 1996 when, in the tripartite Pact for Employment the Government committed itself to drafting a bill to find a new legal definition of worker-members. Thereafter, bipartite negotiations continued. A substantial compromise was finally reached in 1998 and became the basis for a specific national law which was approved by the Parliament in the spring of 2001 (law n. 142/01).

This law provided for a full recognition of the double nature of the worker-member, thus providing for a wage basically corresponding to the one defined by the national collective



labor contract, extending all the general pension and social security regulations of equivalent workers and asking the national labor unions and the cooperative associations to reach an agreement on the collective representation of working members.

The bargaining on this last matter is still taking place and a final solution has not yet been found, but in the meantime in 2007 an agreement was reached in order to establish, in collaboration with the Italian Government, a system of observatories with the purpose of increasing the level of observance of the 2001 law by all workers' cooperatives and not just the ones represented by the cooperative associations.

As far as workers of social-health and educational cooperatives and workers of social inclusion cooperatives, for instance, there have been many developments with regard to the CCNL (National Collective Contract of Work). The contract, signed in Rome, 24th May 2004 and integrated by the following one signed in Rome, 26th July 2008, states that in the growth of the cooperative system a significant role has been played by the commitment between the cooperatives and the trade unions in making the contract and its application an essential element, not only to ensure economic and working conditions appropriate, but also to affirm a system of rules in this complicated sector³⁹.

At European level some positive signals emerged from the conclusion of the Prague workshop on the international conference on the Social Economy and Social Enterprise (16th-18th April 2009): it is clearly stated that "the representatives of the trade unions recognized that all co-operatives are not the same but there is a convergence of the value led principles of co-operatives with a democratic and transparent functioning of trade unions"⁴⁰.

5. Survey results

5.1. Presentation of the methodology

The transnational dimension was the ground from which this project has been carried out.

Indeed, one of its principal aims was to build a transnational network of actors working in the social economy sector on issues related to participation within undertakings.

³⁹ CCNL-National Collective Contract of Work for the workers of socio-health and educational cooperatives and social inclusion cooperatives- Rome 24th May 2004-pag.4

⁴⁰ Cooperative and trade Unions: partnership and enhance cooperation, workshop conclusion-Prague, 16th-18th April 2009.



The transnational dimension was ensured by the partnership that we have chosen; in fact the actors work at national level but also at European level.

They are members of European structures, they work on European topics, they have members in various European member states and they are keen to work at European level.

With this partnership we aimed at creating a multiplier effect to touch other European countries and to gain information, experience, good measures or practices from them.

The survey questionnaire for good practices at enterprise level concerned the involvement of workers (members and non-members). It provided a gathering of best practices. Its purposes were to contribute for the entire research on the implementation of three of the international cooperative principles: economic participation, democratic control and training, education and information of members. The guidelines for gathering these practices were three target groups: immigrants, unemployed and disabled people.

Each of the gathered questionnaires is a presentation of one best practice in one of the three target groups mentioned above. The questionnaire represents a qualitative research and each cooperative was helpful in providing information strictly connected with the question asked.

The questionnaire was based partly on an earlier project coordinated by CECOP, which focused on members' participation, inspired by Principles 1,2,3,4 and 7 of the international cooperative Alliance adopted with the "Statement on Cooperative Identity" (approved at the XXXI Congress in Manchester, 20/22 September, 1995 and included in ILO Recommendation 193/2002 on the Promotion of Cooperatives), and partly on the Involve project questionnaire sent to the national representative organisations of worker cooperatives, social cooperatives and participative enterprises.

This questionnaire focused on workers-members and the analysis has been made in three target groups in area where worker involvement (information, consultation, participation) is concerned.

After a brief gathering concerning the registered data on the enterprise, the questionnaire has been divided in seven macro-areas:

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1. Membership structure;
2. Participation to the governance;
3. Right to information and consultation;
4. Economic participation of workers (members and not members);
5. Education, training and information;
6. CSR
7. Description of practices about specific target groups (disabled, immigrants, long-term unemployed).

This is also the way the results of the analysis have been presented.

5.2. Social cooperative movement in Italy. A focus on the regional situation in Italy: the case of Lombardy and Emilia-Romagna.

5.2.1. The general situation of cooperatives in Italy

The first experiments with social cooperatives began in Italy in the late 1970's.

In the '70s in many parts of Italy there was quite a restricted supply of social services (both public and private) compared with other European countries. The limited supply of social services was due to the lower level of economic development, the larger role of the family in providing social support and the low efficiency of the public administration which was theoretically responsible for the management of such services.

The presence of social services within the social economy was quite under-developed. The only well developed organisations were large associations lobbying for invalid persons or with political ties and, on the other hand, cooperatives. They were regulated by a law passed in 1947 which, in spite of the "social aim" recognized by the Constitution, confined them to operate only in the interest of the members. There were few foundations: those that existed were small in size and were mainly operating foundations. The few non-profit organizations engaged in the production of social services (mainly for the elderly) were tied to the Catholic Church and depended on public subsidies:

In the late '70s the failures of this welfare model started becoming evident. The role of the family in providing social support declined, following also the growth of women participation in the labour market. At the same time, there was a growth of the aged population and the



emergency of new needs connected to disadvantaged categories as mental illness, homelessness, drug abuse, immigration and long-term unemployment.

There was a growing demand for both traditional and new social services.

Groups of people, sometimes connected with the catholic church and reliant on volunteers, in other cases young professionals in the field of health care or workers in public social services, citizens, trade unionists, families of people with disabilities started attempting to bridge from the bottom up the gap between the demand for and the supply of some social services by inventing new provisions and new organizational forms, which subsequently were legally recognized and spread.

One of the more famous experimentations started in the beginning of the '70s by public authorities but strongly linked to the development citizens' participation, well known all over the world is the dismantling of mental health hospitals and the development of an alternative network of services in the local area. The concrete work done in Trieste by Franco Basaglia and his team during the '70s was the start-up for the important psychiatric reform which became an example all over the world. All this is strongly connected to the development of social cooperatives.

Major growth followed the enactment of a law on social cooperatives. But that law, first drafted in 1981, was ten years in the making, as political parties and Italy's major cooperative groups debated its exact form. The law was passed late in 1991.

The legislative debate of the 1980's clarified a number of issues. First, that the preferred legal form for these organizations should be that of a cooperative, though not a cooperative in the traditional sense, namely with a primary aim of mutual benefit to its members. However, the cooperative movement had throughout its history also assigned itself a role in the broader community; and this aspect of cooperative philosophy had been recognized in the Italian Constitution of 1946, which provided that cooperatives may have a social or community function. On this clause could be based a legal recognition of social cooperatives. Second, the work of social cooperatives was to be oriented toward the local community and toward the segments of that community in greater need. Two distinct areas of need were identified, corresponding to social welfare services and to unemployment.

Third, to perform these services the new organizations were allowed, in fact required, to create a diverse membership structure, including: normally employed worker members;



special workers, handicapped in some way, required to comprise 30 percent of the cooperatives dealing with unemployment; volunteers, whose numbers and scope were limited; and user non-worker and non-volunteer members, or physical or legal persons providing financial support.

Therefore the Italian cooperative system has been recognized by the Italian legislation on November 8th, 1991, through the Law 381/91.

It affirms that “social cooperatives have as their purpose to pursue the general community interest in promoting human concerns and in the social integration of citizens by means of:

- a. The management of socio-health and educational services;
- b. The carrying-on of ordinary productive activities- agricultural, industrial, business or services- having as their purpose to find gainful employment for disadvantaged.

In so far as compatible with this law, the regulations regarding the sector in which the social cooperatives operate shall apply to those same social cooperatives.

The cooperative name, however it may be made up, must contain the indication that it is a “social cooperative”⁴¹.

The law regarding social cooperatives gave impetus to their expansion.

Following statistic data by ISTAT (Italian National Statistics Institute), at the end of 2005, in Italy there were registered 7.363 cooperatives.

They are divided in three main categories:

- A-TYPE: for socio-health and educational services (for a total of 4.345);
- B-TYPE: for work integration (for a total of 2.419);
- A+B TYPE: both activities of A and B Types (for a total of 599).

It is also important to underline the existence of Consortia which develop activities to support the capabilities and management activities of the member cooperatives.

The geography of the Italian social cooperatives is also of interest. Strongest development has occurred in the north of Italy.

B-type cooperatives and Consortia are more spread in the Northern regions; in Southern part A-type cooperatives are more widespread. In Central regions instead there are many “mixed type” cooperatives.

⁴¹ Law n°381 of November 8th 1991-Art.1 *Definition*



In the field of social cooperation, Consortia have a very important role: territorial Consortia, located in every single province and region, and national Consortia meet the needs of social cooperative to open new markets, to assume relevant contracts, to provide specialized services.

Workers employed in Italian cooperatives are 244.223 while the unpaid resources are 34.626. Compared with the data of 2003, the forces that operate in the cooperative system in Italy have grown by 26,2%. In Italy there are in average 12,5 cooperatives for every 100.000 inhabitants.

In Italy there are 278.849 workers involved in social cooperatives divided in the following categories: 211.307 paid human resources; 30.478 volunteers; 3.415 people involved in civil service programme; 733 ecclesiastic people; 31.629 collaborators and 1.287 temporary workers.

A-type cooperatives operate in the field of social care (59,1%) of education and research (21%), culture, sport and entertainment (10,7%) and health (9%) .

B-type social cooperatives propose innovative intervention for disadvantaged people who are offered real jobs opportunities within these companies. Not only do they become workers but also, in the overwhelming majority of cases, entrepreneurs. Therefore, we face a totally new actor that cannot be compared to other types of enterprises. Social cooperatives endeavor to perform a role of their own: they want to produce income, wealth and jobs while meeting social needs.

A B-type social cooperative is concerned with the implementation of:

- the formation of a product or a service to sell on the market (WISEs enterprises)
- the construction of an entrepreneurial group (a social enterprise) capable of creating well-paid, quality job opportunities and chances of a career for everyone.

The percentage of disadvantaged workers in this kind of cooperatives is 55.5% of the total workforce. The most numerous categories are disabled people (46,3%) and drug addicted people (16%).

Social cooperatives are considered as an instrument of counteraction to unemployment and their development is supported by National Consortia and other actions for social economy leading with basis in EU funds.



By the new law 155/2006 the definition of social enterprise is any kind of private organisation (associations, foundations, cooperatives, non-cooperative companies) which permanently and principally implements an economic activity aimed at the production and distribution of social benefit goods and services while pursuing general interest goals and it may not limit their goods or services to members only.

Social benefit goods and services are qualified on the basis of economic and social sectors (social assistance, healthcare, education, environment, cultural sector, social tourism, university education, research and cultural services, instrumental services for SEs), or the specific scope of the enterprise, namely the working integration purpose of the organisation (minimum 30% disadvantaged workers).

It is possible to obtain the qualification of Social Enterprise for all the social cooperatives whose Statute include dispositions about social accounting and about the involvement of workers and users (information, consultation and participation), for example the ONLUSs.

The regional situation of cooperatives in Emilia-Romagna.

The cooperative movement began to be organized at the end of XIX century. It was based on European experiences but, from the beginning it assumes characteristic tightly linked to particular conditions of the country. At this time born in Emilia Romagna the first consumer and worker cooperatives.

In the first fifteen years of the XX century, cooperatives grew up hand in hand with Italian economy: cooperatives as well as several thousands cooperative banks and “casse rurali” (agricultural banks) grew from 2000 in 1902 to 7500 in 1914. Members were about 2 millions.

Between 1904 and 1911 several laws allowing to constitute Consortia were approved. The conquest of municipalities by the Socialist and Catholic Movements gave full support to the cooperative movement, considered useful for economic and organisational targets; its initiatives were welcomed while at the national level born in 1913 the Credit National Institute for Cooperation.

At the end of World War I, the cooperative movement appeared strengthened. In the same period Catholic cooperatives established the Italian Cooperative Confederation Confcooperative.



Between 1914 and 1924, in Emilia Romagna, democratic cooperation was hard-hit: the cooperative organisation is dismissed and on 30th December 1926 the “National Fascist Organisation of Cooperation” was established.

The cooperative movement was reborn between 1945 and 1962. The Seventies were a period of further business and social development of cooperatives. Widespread hope was growing around the cooperative movement, particularly among the young unemployed and the South of Italy.

In the Nineties the Cooperative League (Legacoop) of Emilia Romagna committed reviving the presence of regional cooperation in society to play a role in the economy that does not look only at profit, but also gives everyone the opportunity to realize its existence completely.

This commitment is accompanied, in Emilia Romagna territory, by an important legislative action: the Regional Law 22 signed on 23 March 1990, whereby the State regulates the actions to promote, to develop and to qualify the cooperative enterprise, (it will be modified on 31 May 2006 with the Law on promoting and development of the mutual cooperation in Emilia Romagna).

Cooperatives are considered as an entrepreneurial system, established on their own ideals and values.

The members become fundamental in the cooperative system and they are central in the reform of Law on cooperative, concretized with the emanation of Law 142 on 3 April 2000.

The cooperatives in Emilia Romagna link the challenge of modernization and globalization with the principles of cooperation such as solidarity and the centrality of members, ensuring employment and solidarity to the classes that would otherwise be excluded⁴².

Currently in Emilia-Romagna 584 cooperatives are registered among which 56% are A-type cooperatives, 20% are B-type and 9,6% are A+B type. Consortia represent 4,6% of the entire system.

In Emilia Romagna 33.065 persons operate in social cooperatives whose 25.826 are paid human resources, 2.324 collaborators, 4.497 volunteers, 194 involved in civil service programme, 126 ecclesiastic people, 98 temporary workers.

⁴² <http://www.emilia-romagna.legacoop.it/New/storia.asp>



A-type cooperatives, as has already been said, offer social-health and educational services through management of social-health welfare and day-time residential structures for a variegated range of users and disadvantaged people.

A-type cooperatives are 324 divided as follows:

- Social work:55,3%
- Education: 24,2%
- Leisure: 11,2%
- Health: 9,3%

The main activities of A-type cooperatives in Emilia Romagna are the following:

- Assistance in care houses :43%
- Organisation of leisure activities: 29,6%
- Educational services for disabled people: 28,4%
- Educational services for children: 27,5%
- Aid and remedial teaching: 22,5%
- Home assistance: 22,2%
- Summer and winter heats for children: 16%
- Social inclusion: 14,2%
- Meal distribution: 11,7%
- Counselling and supporting Centres: 10,5%

The main issue of B-type cooperatives is job placement and social inclusion of disadvantaged people.

Until 2005, the users have benefited from services offered by social cooperative were more than 618.000.

A-type cooperatives offered services to 609.000 users of the Emilia Romagna territory.

About 35% of A-type cooperative in Emilia Romagna are users without specific discomfort.

The second largest category of users is represented by minors (22%), and the third category is represented by the mentally and physically ill people (approx. 14%).



The following categories are represented by immigrants (9,7%), elders, unemployed people (3,4%), disabled (1,8%), homeless, drug and alcohol addicted people, prisoners...

With regard to the inclusion of disadvantaged people in social cooperatives in Emilia-Romagna territory, (A-type and mixed cooperatives), the number of users is more than 4,500.

Considering only B-type cooperatives 8 out of 10 paid workers are disadvantaged people, above the minimum limit (30%) established by Law 381 of 1991.

The category most clearly represented by the B-type cooperatives is that of disabled people (49%); the second category is represented by drug addicted people and mentally ill.

The regional situation of cooperatives in Lombardy

The roots of the cooperative movement in Lombardy were based on practical motivations.

As already seen for the general situation in Italy, cooperatives were born to face some laws, for example the Basaglia Law on the end of mental houses because of it was impossible to find a placement for mentally-ill people. The social cooperative has attempted to respond to this kind of issues. The same situation was for drug addicted and disabled people. The cooperative movement aimed at the job placement of these social disadvantaged categories. Law 67 in Lombardy region officially recognizes the existence of the cooperative and considers "solidarity" as being the main principle to characterize them. The law also provided that the cooperatives have at least 20% among the employees as disadvantaged people. Thus an important feature was that cooperatives were able to reintegrate disadvantaged people into an active path of inclusion both work and social.

This gave a huge boost to the cooperatives movement.

In 1991 National Law 381 was approved, officially recognizing, also at the national level, the existence of cooperatives whose main objective is to improve the living and working conditions of disadvantaged persons. In that same year in Lombardy there already were almost 300 solidarity/social services cooperatives. Such cooperatives already adopted specific contracts for their own disadvantaged employees, within the framework of contractual forms locally defined with trade unions. Given the experimental nature of pre-existing cooperatives the Region of Lombardy can be considered as a precursor of the regulation to come.



In 1993 Lombardy approved its Law 16, which outlines the fundamental role played by cooperatives in social inclusion policies. In that year cooperatives had become 348 and 17% of them were B-Type, the type that more focuses on the employment of disadvantaged persons through the production of good/services for the market⁴³.

Throughout the years the direct collaboration between local administrations (Regions, Provinces and Municipalities) and cooperatives has enabled to carry out personalized employment projects leading to the creation of various forms of support organizations, such as consortium and entrepreneurial consortium networks.

Currently in Lombardy there are 1.420 registered social cooperatives divided as follows: 39.797 paid human resources; 10.687 volunteers; 238 employed in civil service programme; 8.030 collaborators; 177 ecclesiastic people; 118 temporary workers.

In Lombardy 55,1% of A-type cooperatives operate in the field of Social Assistance, followed by the education and research field (22,6%), Culture and sport (11,3% and health (11%).

The main activities are management of protected residences, nursery, halfway house, communities, and house assistance for wide set of users, mainly disadvantaged and social excluded people.

The B-type cooperatives operate for the work placement. The percentage of disadvantaged workers in this kind of cooperative is 38,81% of the total workforce⁴⁴. The most numerous categories are handicapped people (physical and psychical) (55,34%) and mentally-ill people (20,65%) followed by drug and alcohol addicted (16,49%), ex prisoners (7,16%) and minors (0,37).

The main activities concern agricultural, industrial, business or services and this type of cooperatives have to reserve work places for the disadvantaged people (alcohol and drug addicted, mentally ill, ex-prisoners....).

For A-type cooperatives the target groups are handicapped, elderly, minors, mental disabled persons, social excluded, drug addict people, children, immigrants, homeless,

⁴³ Data extracted from the First report on Social Cooperation, CGM Edition, 1994

⁴⁴ Data based on the 6° report on cooperative in Lombardy (2007)



The B-type cooperatives mainly supporting adult people excluded from society, disadvantaged persons (alcohol and drug addict, offenders, handicapped people, ex-prisoners, minors....).

5.2.2. Survey results

Italian cooperatives sample

Italian cooperatives involved in the research were eighteen. The following is a brief description of cooperatives sample which participated to the survey. They are divided in three regional areas (North, Centre and South of Italy).

Cooperatives of Northern of Italy

- + SOLARIS COOP SOCIALE: From about 20 years “Solaris Cooperativa Sociale” works for people with disabilities and young drug users, through daily and residential services and in agreement with civil services. The “Solaris Cooperativa Sociale” operates in two specific areas: assistance/education in favour of people with disabilities; assistance and rehabilitation of people with drug problems.

- + CITTA’ E SALUTE COOP. SOCIALE: “Città e Salute” is a social cooperative, established in Milan on 30th September 1998. It arises from the idea of making actions for environmental recovery and social integration. In particular, it applies to the world of psychic distress collaborating with several CPS (Psycho Social Centres), training and providing work placement to several mental suffering people. Currently employs 14 people of which 6 are social disadvantaged. In recent years the work has included 20 social disadvantaged.

- + KOINE’ COOP SOCIALE ONLUS: Koiné is a social type A cooperative. It works on the field of planning, management and evaluation of social services, social education, and welfare, promotion of wellness and empowerment of people who risk the social exclusion. The cooperative employs over 430 full-time workers; it develops an annual business volume exceeding 10.6 million €, manages more than 60 activities and services.

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- + G.P.II ONLUS: The purpose of G.P.I.I is to create spaces and opportunities for work for disadvantaged groups taking work as a tool for the acquisition of social skills as a means to achieve the maximum degree of autonomy possible.

- + COOPWORK: CoopWork is a social B-Type cooperative that achieves social integration and employment through the provision of quality services aimed to create job opportunities and to generate opportunities for social and economic welfare for the benefit of its members and the community, with particular attention to disadvantaged.

- + ECOSVILUPPO COOP. SOCIALE ONLUS: Ecosviluppo coop. sociale onlus was born in 1995 and is a B-Type cooperative. It operates in the counties of Bergamo and Milan by the realization of services for the community, in particular its aim is the recovery of waste materials while producing a project of social inclusion and employment of disadvantaged people.

Cooperatives of Centre of Italy

- + COOP SOCIALE ALIANTE: "Aliante" is a social cooperative type "B" (work placement) and Type "A" (Assistance).
It was born in 1993, as part of a project called "Arcisolidarietà" with the support of Legacoop. Its target is to create a new lead role practiced to combat the exclusion of the weakest citizens through the affirmation of the right to work and to socialize. From 1994 until today more than 60 people, after working as a disadvantage for the cooperative, have found employment.

- + COOPERATIVA SOCIALE APRITI SESAMO: Social cooperative "Apriti Sesamo" was born in December 1994. Many professionals work today in "Apriti Sesamo": psychologists, social workers, educators, social service technicians, teachers, doctors, athletes, actors, directors, art critics, graphic designers, business consultants, computer technicians. Projects of the cooperative are, for example, prevention of drug abuse, rehabilitation projects for children, services to persons with disabilities etc...

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- ✚ COOPERATIVA SOCIALE COOPSELIOS: Coopselios is a A-type social cooperative. It was founded in 1984 under the name of Helios, with the aim of providing public and private advanced solutions to socio-health and education, the elderly and children. In 1994, following the merger with two other cooperatives, COOP.SE Favrega of Piacenza and Reggio Emilia, Coopselios has consolidated its expertise in the field of psychiatry, the disabled and children.

- ✚ COOPERATIVA SOCIALE DELTA: Delta cooperative sociale was born in 2006. Its activities aim to improve the quality of life in particular of elderly and minors. Its activities are:
 - Cultural and sport activities;
 - Realization of aggregation among the population;
 - Fight against economic and social hardship;
 - Fight against child labour;
 - Children sponsorships.

- ✚ COOPERATIVA SOCIALE DLM: Cooperativa sociale DLM was born in 2006. It promotes social inclusion of citizens by the development of agricultural and industrial activities and by services aimed to the work inclusion of disadvantaged people.

- ✚ HERASMUS SOCIETA' COOPERATIVA SOCIALE: the cooperative was born in Formia in 1990 at the behest of AFDF - Association of Families of Disabled of Formia with the aim of providing a response to the needs of local mentally disabled adult, by managing partner of a day care centre - rehabilitation and integration services to the work of disabled and disadvantaged people. Operations, therefore, interacting in two areas: in "social" aspect for the rehabilitation and in "productive" for the work placement.



✚ I NAVIGANTI ONLUS: I naviganti onlus purpose is the realisation of activities aimed to socio-health assistance and educational services. Its target groups to whom the activities are addressed are disabled, elderly and minors.

✚ VIRTUAL COOP. COOPERATIVA SOCIALE ONLUS: The Cooperative is composed primarily of people with disabilities who are pursuing with great determination the goal of providing businesses and public authorities its professional services in the Web sector. It pays particular attention to the training of disabled staff professionalization.

Cooperatives of Southern of Italy

✚ L'ARCOBALENO ONLUS COOP. SOCIALE: Arcobaleno onlus is an A-type cooperative. It mainly deals of socio-health and educational services.

✚ SOCIETA' COOPERATIVA SOCIALE AZIONE SOCIALE: Cooperativa Azione Sociale was born in 1984. It operates in social services area. Azione Sociale also provides study activities and develops projects of public interest with reference to the various disadvantaged people categories (elderly, disabled, children, drug and alcohol addicted...).

✚ MEDICARE SOCIETA' COOPERATIVA SOCIALE: Medicare provides socio-health assistance service to disadvantaged people: elderly, mental and physical ill, children with disabilities. Its mission has always been to improve the quality of life of disadvantaged people, thus helping them maintain their independence and daily habits, in their own families.



✚ **SISIFO CONSORZIO:** Sisifo is a consortium of social cooperatives. It operates in the socio-health and assistance field from 1999. With the expertise gained by the member cooperatives since 1980, Sisifo is able to intervene in several critical areas of social and health assistance, including home, care disabled people, the activities of rescue and emergency services, the management of health care residences.

MEMBERSHIP STRUCTURE

From the analysis about the legal rules concerning the process of becoming a member of the cooperative and how the cooperative receive new members emerges clearly that all the cooperatives interviewed are based on rules contained in the Statute and in the National Civil Code.

The common legal rules contained in the Statute about how to become a member are the following:

- In order to become a member it is necessary to submit an application form to the Board. It must contain: name, surname, fiscal code, address and birth date; there's a minimum amount of the share, according to the law and to the Assembly resolution;
- In the voluntary membership application form (according to art. 2 L. 381/1991), together with all the data required for the worker members, must be clearly declared the voluntary and freely expressed intention to become a member;
- To become an effective member it is necessary that the application form is verified with a positive valuation, and that a decision is taken by the Board. After the admission as well as the communication of new members, the Board members will register the enrolment in the Worker Members' Book;
- In case of dismissal of the application form, the Board must motivate, within 60 days, the decision and communicate it to the aspiring members.
- If the Board of Directors refuses an application, the petitioner can appeal, within 30 days from the refusal, and demand that the Assembly, which decides on all rejected applications, reconsider the application at its next meeting, or at a purposely called meeting;



- To be admitted the aspirant member must declare to agree to the Statute's cooperative.

With regard to the National Civil Code, the legal rules concerning the cooperatives are included in the V book between art. 2511 and art. 2548. Principal rules concern the following arguments:

- Cooperatives: General Provisions;
- Establishment;
- Shares;
- Corporate bodies;
- Dissolution;
- Governmental control;

Four cooperatives mentioned Law 142 (on the position of worker-member) as a tool to become a new member. Most of the eighteen cooperatives also adopted internal rules in order to facilitate the process to become a member. Sometimes the process is very structured; e.g. the cooperative "Apriti Sesamo" developed the following path: who wants to be admitted as a member, must submit to the Board a written application; the Board, once established the existence of the requirements and conditions and the absence of the causes of incompatibility under this Statute, shall act within sixty days upon request on a non-discriminatory basis, consistent with the statutory purpose and the economic activity undertaken, and establish the modalities and terms for payment of the share capital comprising the amount of shares subscribed. The decision for admission should be communicated to the aspiring member and recorded by the directors in the member's register. In case of rejection of application for admission directors must justify their decision. The annual report Board illustrates the reasons for the decision taken with regard to the admission of new members.

About all the 18 cooperatives interviewed use some practices for recruiting new members: 12 cooperatives by a direct promotion (e.g. contact personnel, brochures, welcome book, information for workers, etc...) and 9 also by Media advertising (radio, TV, newspaper, internet, etc...).



Other tools are used in order to recruit new members; for example, sometimes the aspiring candidate became employed after a probationary period or others cooperatives utilize a criterion based on the judgement of the most senior members (e.g. “Delta”). “Azione Sociale”, instead, establishes an internal agreement between members and workers who decide to become members.

“Ecosviluppo” developed a structured path of admission: at the moment of the request of admission, an informal meeting takes place between the aspiring member and the Board, then a training meetings aimed to a mutual understanding also begin. Simultaneously the aspiring members undertake a training course in order to better understand the cooperative’s mission.

With regard to how workers in probationary periods become members involved in the enterprise, 6 of the eighteen cooperatives interviewed suggest the new candidatures directly to the Board that makes decisions about the request of admission; 5 of them prefer to give priority to the knowledge of cooperative’s mission; 3 believe that the attendance to the meetings and informal interviews is the best method to involve new members in order to increase a mutual understanding between the “oldest” and the “newest” members; “Coopwork” uses a mentor who leads each new member in a training path to understand the mission and the characteristics of the cooperative; “Arcobaleno”, finally, believes that a work probationary period is the best involvement method.

PARTICIPATION TO THE GOVERNANCE

Among the 18 cooperatives interviewed more Board meetings than Assemblies are usually held. In the last year 7 cooperatives held Assemblies once, 4 twice, 5 three times and 2 four times a year.

With regard to the Board last year 2 cooperatives held it three times, 2 six times, 1 seven, 1 eight, 1 nine, 1 ten, 5 twelve, 2 thirteen until the last cooperative (“Ecosviluppo”) held Board eighteen times a year.

The role of the Assembly and of the Board have to be distinguished.



The Board is a body which is usually entrusted with the management and has control functions.

Art. 2542 of the Civil Code lays down certain specific provisions relating to the Board, stating that:

- The majority of the directors must be chosen among the members or, if they are corporate bodies, among natural persons referred to by them;
- The articles of Statute may provide that one or more directors are appointed from different categories of members, in proportion to the interest that each category has in the activity. In any case, holders of financial resources cannot be given the right to elect more than one third of the directors;
- The appointment of one or more directors may be attributed, by the Statute, to the State or to other public bodies. In any case, the appointment of a majority of directors must be given to the Assembly.

The General Assembly is, in the cooperative, the highest level of democratic governance. It takes the most important decisions concerning the cooperative's organization.

Each cooperative's Statute contains rules about the Assemblies.

The main decisions that are taken by the General Assembly and monitored by the Board, according to the law and cooperatives' Statute are the following:

- Approval of balance of sheet: central topic of the agenda for 13 cooperatives;
- Discussion and solution of organisational/practical questions (e.g. opening care centres, activities' organization, opening of new structures for elderly or disabled....) is in high position for 10 cooperatives;
- The third position is occupied by the economic issues (for 5 cooperatives);
- Finally, 2 cooperatives mention the renewal of the Board.

It is interesting to underline how the involvement of the workers-members is closely linked to the cooperative's size: among the smallest cooperatives usually the involvement of workers-members concerns all the main topics of the cooperative's life and is higher than in the biggest ones. This aspect is relevant with regard to the various methodologies used by



the Assemblies and by the Board's transmission to the members. The transmission of information to the members is more informal and direct among the smallest cooperatives.

The main methods used for the dissemination of news relevant to the cooperative are the following:

- Verbally: 8 cooperatives;
- Internal newspaper: 7 cooperatives: as instance "Solaris" cooperative use an internal Newspaper distributed twice a year for both members and outside, consists of about 80 pages in which all the activities are presented. There is also an information sheet distributed with the monthly payroll for members and employees; "Coopselios" distributes free a Newspaper ("Coopselios Notizie") three times per year.
- Meetings and workshops (6 cooperatives) in which often the Minutes of Assemblies and Board are debated by all members (e.g.: "I Naviganti");
- E-mail or delivery mail: 3 cooperatives;
- Notice board: 2 cooperatives;
- Free access to the Minutes of the Board and the Assemblies: 2 cooperatives.

With the exception of a single cooperative that gave a negative response and 4 cooperatives which did not provide answer, the remaining 13 use tools to establish participative governance.

Many cooperatives use meetings to reinforce the participation among their members, many cooperatives are also equipped with internal regulations concerning participation to the governance. For example, "Solaris" cooperative in 2008 adopted a new system of governance that support executive level involving in particular the coordinators of services; Coordinator of services is a figure who belongs to the middle management of the cooperative enterprise. He handles operatively, the area of organizational competence, coordinates it internally and in relations with the outside. He also has a role in planning and reviewing activities and service charge. He is a key figure cooperative organization, he is the "glue" between the top management and the technical and operational personnel.

There are a number of possible developments for the role of coordinator based on the size of the cooperative enterprise and the type of services provided, thereby keeping its own



specificity in terms of independence, experience and responsibilities in relation to the organizational reality in which it finds itself.

The main activities and major tasks of the coordinator are the following:

- In general, he plays the role of coordination and management of the service, acting as a link between strategies and objectives set by management and operators;
- He coordinates and manages the group of operators which is the contact person for the cooperative;
- He organizes and verifies the organization of work;
- He contributes to the evaluation of internal staff and the definition of premiums / incentives;
- He is responsible for managing a budget in a more or less directly depending on the size of the cooperative.
- Usually he is the representative of the cooperative that interfaces with clients, in particular the contact persons within the public administration;
- In some cases he can maintain direct contact with customers / users, also to monitor customer satisfaction and new needs;
- He manages the organization and planning of services, known in great detail the technical aspects relating to the services offered;
- He carries out the monitoring and evaluation of services, being accountable to the direction for this;
- He establishes, in agreement with the Board, the operational guidelines and action plans for the improvement of services, if necessary by designing innovative services.

Two cooperatives also provide “coordinating bodies” (whose characteristics are the same as the

coordinators of services) to facilitate relationship between members as, for instance, “Aliante” cooperative organizes class meeting and manages their coordination and, periodically, draws up the rating of the progress in key economic indicators calculated by the association of political union representation.

In the smallest cooperatives the direct relationship among members, obviously, is predominant.



It is necessary to underline the case of the “Ecosviluppo” cooperative that utilizes a specific support organisation, Social Commission, whose purposes are to coordinate members and to enhance their participation to the governance. The Social Commission is a body of support to social inclusion activities undertaken by the cooperative. It’s composed by a range of workers members and volunteers’ members which representing various spheres of social structure (workers' representatives, social area, and board of directors, voluntary associations members of the cooperative).

Many different methods/tools have been adopted by cooperatives to regulate the election procedures for the member bodies.

Five interviewed cooperatives use electoral rules. For instance, “Solaris” cooperative provide to the members a periodical leaflet in which it explains the voting procedures, describes the candidates and informs about the renewal of institutional leaders; “Koiné” underlines that the electoral assembly is the place where members know each others and exchange ideas about the candidates. “Aliante” cooperatives, on the occasion of the total renewal of the Board (every three years) instituted a specific electoral commission which has the task of collecting the applications and submit them to the Assembly. The candidates’ *curricula* are exhibited in notice board, easily accessible to all. The majority of the cooperatives, instead, support free candidatures.

A democratic principle and the importance of dialogue and the mission are main issues for all the eighteen cooperatives interviewed. These two principles guarantee, in fact, a high level of participation to the governance.

Usually cooperatives also use practices to encourage voters (e.g. mail, discussions and debates, written rules, possibility commissioning...) but, anyway, the majority affirms that there is no necessity to encourage voters just because usually there is a high level of electoral participation. The “passive voters” issue is not relevant for the majority of the eighteen cooperatives interviewed.

RIGHT TO INFORMATION AND CONSULTATION



In the Directive 2002/14/EC, 'information' is defined as *the transmission by the employer to the employees' representatives of data in order to enable them to acquaint themselves with the subject matter and to examine it; 'consultation' is defined as the exchange of views and establishment of dialogue between the employees' representatives and the employer.*

Information

The topics of the information supplied by the management to the employees and how often the information is supplied by the employer are the following:

- Work organisation is considered the main topic of the information for 10 of the eighteen sample cooperatives. Usually the information is supplied monthly by the employees (4).
- The same importance seems to be attributed to the second topic that concerns the Economic information: the 10 above mentioned cooperatives also consider that the economic matters must be shared among the members. Here again, there is a difference between small and big cooperatives: among the smallest ones the information is supplied by employees daily, while in the biggest ones usually the information is transmitted predominantly once or twice a year.
- The third topic of information concerns the various cooperative initiatives (e.g. activities, projects, services...) and this topic occupies a central position for 8 of eighteen sample cooperatives.
- 4 cooperatives also mentioned problems concerning the security and the work's quality as topics of the information;
- Finally 1 cooperative thinks that the admission of new members could also be a topic.

With regard to the workers' representative body that usually receive the information, 5 cooperatives underline that there is no representative body; instead 4 cooperatives highlight the presence of trade union representative, in 2 there are coordinators (their role has already been mentioned above) and "Coopselios" mentioned the "Sezioni territoriali" (a kind of regional antennas or subsections). They are constituted by groups of members who pool their own initiative and in accordance with the provisions of the Statute of the Association, for:



- Enlarging the membership basis.
- Creating territorial community members;
- Comparing themselves, living the reality of association and promoting good practices;
- Developing in their own territories initiatives and events;

Besides “Coopselios” founded “Progettarezerosei” enterprise whose purpose is to set itself as partners for the franchising management of services for early childhood.

In the smallest cooperatives each member receives the information.

Only in a single cooperative (“Azione Sociale”) there are *ad hoc* Committees: representatives of various services offered by the cooperative, and workers’ representatives.

The procedure used to implement the right to information is the organization of meetings.

Other tools are notice board, mails, and meetings with workers’ representative bodies.

The follow-up that usually follows the implementation of the right to information concern the dissemination of the results of the information to workers and members; the negotiation and debates on the main argument treated. In the majority of cases the transmission of the information takes place by meeting and simply verbally among the smallest cooperatives.

Consultation

The topics of the consultation established between the employer and the employees’ representatives are similar to those of information.

Work organisation is the main topic of consultation for 9 of eighteen sample cooperatives; at the second place we can find, once again, the economic matters but for the consultation the topic is more specific than for the information: in fact, the economic topic focuses on a key issue: the wages.

The planning of activities and services provided by each cooperative, issues on safety at work and debates are also important topics of consultation.

With the regard to how long before the implementation of the company decision the consultation must take place, there are no general rules, except for four cooperatives that have precise timing of transmission of the consultation.

In many cases the workers’ representative body consulted is the Board but usually the consultation is given directly to the members and to trade union representatives where



there is a trade union representation. Sometimes it is transmitted to the workers' coordinators.

The procedure used to implement the right to consultation and the follow-up that usually follows the implementation of the right to consultation are the same described for the information, hence the dissemination of the results of the consultation to workers and members; the negotiation and debates on the main argument treated during periodical meeting.

ECONOMIC PARTICIPATION OF WORKERS (MEMBERS AND NON MEMBERS)

Third cooperative principle: Member Economic Participation Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership

The legal rules concerning the economic participation of members' among the sample of eighteen cooperatives interviewed are the following:

- Statutory rules dominate the economic participation for 13 cooperatives. They concern for example share fund (created from payments of members shares, deductions for shares from financial surplus...), reserve fund, payment for registration fee, instalments, distribution of rebates....;
- Italian Civil Code and its rules is central also for 8 cooperatives;
- Fiscal rules are also important planning the economic participation for 5 cooperatives;
- 2 cooperatives also mentioned the Law 142 previously explained;
- "Medicare" mentions also Law 59/1992 on cooperatives.



In most cases (exactly for 15 cooperatives of the sample analysed) cooperative returns have not been distributed in the last three years, this because there are no returns to be distributed or the cooperatives prefer to reinvest them to other activities. Their average percentage is 30% just because 3 cooperatives have a high level of redistribution:

- “Solaris”: 60%
- “Aliante”: 37%
- “Ecosviluppo”: 25%

There was any remuneration of share capital among the cooperatives sample. Hence its percentage is 0%.

With regard to the adoption of a system of member loans or workers’ loans the situation is the following:

- 10 cooperatives have not adopted a system of loans;
- 8 cooperatives have adopted a system of loans.

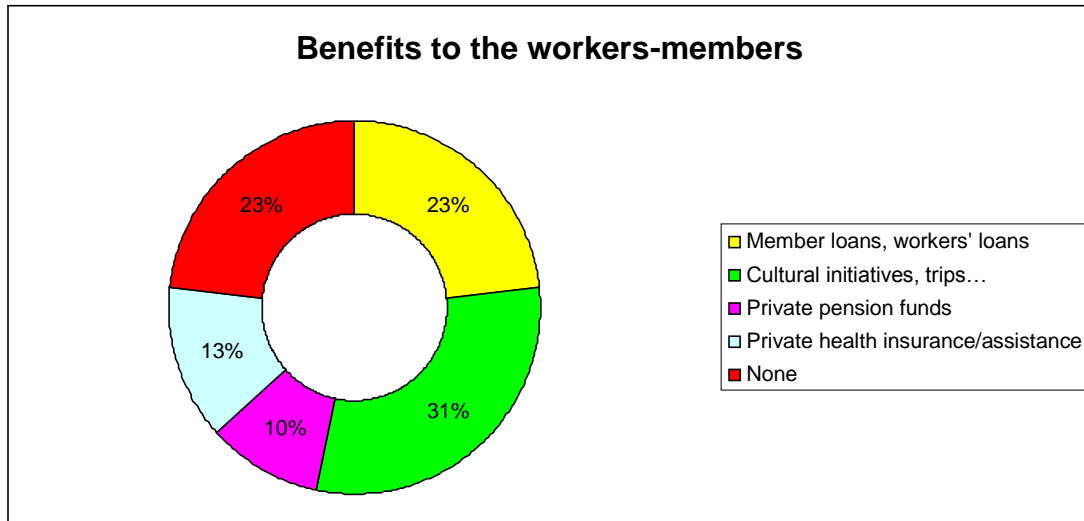
For 16 cooperatives (only 2 gave a negative answer) it is possible to pay the member shares in instalments; otherwise there is no standard regulation on the payment method to adopt for the instalments. The following are the most common methodologies applied by the cooperatives:

- 25% admission to the cooperative and the rest in three instalments by check or wire transfer;
- Informal agreements between Board and members;
- Instalments of 12,5€ each;
- With a monthly deduction from their pay packet;
- Monthly instalments;
- Within 34 months.

From the analysis of the sample it emerges that 11 out of eighteen cooperatives interviewed have tools to provide members and other workers with benefits. As shown by the following chart, the tools which cooperatives utilize to provide benefits to their members, from an economic point of view, are worker-members loans (7 cooperatives), and from a social-cultural point of view, we can find private health insurance/assistance (4 cooperatives),



private pension funds (3 cooperatives) and cultural initiatives, trips, courses (9 cooperatives).
7 cooperatives do not provide to their members any kind of benefits.



“Ecosviluppo” cooperative suggests others tools to provide benefits to its workers-members:

- Training;
- Access to cut rate for health services;
- Access to cut rate for insurance:
- Access to cut rate for credit;
- Legal assistance for foreign workers;
- Psycho-therapeutic support.

In order to enhance the economic participation of non-members workers (workers in probationary periods and others) 6 out of eighteen cooperatives interviewed have internal policies, for example to stimulate the participation by the involvement of non-members workers in meeting and events (5 cooperatives) or to enhance voluntary donation (1 cooperative); 6 cooperatives do not follow any kind of policies; 4 did not reply.

In 2 cooperatives there are no policies to enhance the economic participation of non-members workers just because all workers are members.



EDUCATION, TRAINING AND INFORMATION

Fifth Cooperative Principle: *Education, Training and Information. Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation*

Cooperatives usually use tools to help members understand their right, their duties, the governance etc. Except for “Virtual coop” which do not provide any kind of tools the other 17 cooperatives sample suggest these following tools to enhance the understanding of their members:

- Training on practices and techniques in company management (14 cooperatives);
- Cooperative training (history, principles, traditions) (14 cooperatives);
- Regular meetings on management actions (15 cooperatives);
- *Welcome book* (2 cooperatives).

With regard to education and training for workers under probationary period to become members in many cases there are no practices. The practices used by the cooperatives which provide some educational tools to workers usually addressed to enhance their involvement in cooperatives’ activities according, for example, to range of duties in frameworks of managing system, with whom the workers have to get acquainted (processes, procedures, and instructions) by attending training courses to better understand the cooperative’s mission and its activities. Informal interviews among members and workers under probationary period are often used as a training and educational tool.

“Medicare” cooperative, for example, often organizes internal meetings among for the members, to enhance knowledge on the Statute’s principles and rules, on good practices which the cooperative adopted. Regarding the practices utilised to enhance and stimulate education and training in the cooperative, the main purpose is to increase grow up the occasions in which workers, members, non members and all the people involved in the cooperative’s life could compare their opinions and exchange themselves good practices and information.



There is a huge range of tools use to obtain this target: some cooperatives usually organized parties or public events in order to disseminate its good practices and to inform people about its activities. It is very important that the workers (members and non-members alike) improve their understandings on the cooperative principles to feel completely involved.

Another example is furnished by “Coopselios”. Coopselios is a social cooperative type A which deals with personal services. It was built as Helios in 1984 with the purpose of providing for public and private advanced solutions to socio-health and educational services for elderly and children. Following the merger with two other cooperatives, COOP.SE of Piacenza (1994) and Favrega of Reggio Emilia (2002), Coopselios has consolidated its experience in the field of psychiatry, the disabled and children. To date, Coopselios, counts about 2,400 members and is present in 8 Italian regions with a total of 176 facilities operated. The policy areas in which it operates are: elderly, children, disabled, children and psychiatry.

In the smallest cooperatives informal meetings prevail to develop training and education during which workers members and non members could debate on the main topics of the cooperative and on matters linked to its organisational, economic and legal aspects.

“Ecosviluppo” cooperative provide an interesting example: it periodically organizes meetings in which other cooperatives are involved for a positive and mutual exchange of good practices.

This method is useful for establishing a network where, within a training and education path, members of cooperatives can reach a high level of involvement; this encourages greater participation within the cooperative and encourages its members to propose tools and to provide suggestions to improve the cooperative’s activities and to enforce the membership structure, enhancing the participation to the governance.

As already underlined many times, the interviewed Italian cooperatives, often refer to law 142 which also results crucial for the regulation of the educational and training path that the cooperatives provide to their workers.

The law 142, in fact, states how the participation is the prerogative of the worker who:

- Is committed to the cooperative’s management by participating in the training;
- Participates in the decisional process concerning the organisation of the cooperative’s activities;



- Gives his contribution to the share capital;
- Offers professional skills to improve the cooperative's quality.

Therefore, we can affirm that, rather than participation, there is a real coordinated cooperative management achieved by an educational and training path, whereby all workers (members and non members) give their active contribution to improve the activities and the services offered by their cooperative. One of the main purpose for Italian cooperatives is to highlights the value of human resources available.

The sample offered different suggestions about what kind of activities should be extended to understand the idea of democratic management and economic participation; the gathering of the different activities suggested is the following:

- Implementation of training courses on the cooperatives (its principles, activities, good practices...);
- Meeting on principles of Democracy;
- Probationary period of work by which an aspiring member could improve his knowledge on the cooperative for what concerns its activities and mission;
- Comparison with others cooperatives and debate on the different practices;
- Activate the resources for the training provided by the *Inter-professional National Fund for the continuing training of cooperatives* ("*Fondo nazionale Interprofessionale della formazione Continua delle Imprese Cooperative*"-FON.COOP). Fon-coop's mission is to promote continuing practices of training in agreement with the cooperatives, assigning, following specific rules, contributions to:
 - Corporate and individual training plans;
 - Measures to develop the bilateral system of continuing education: analysis of training needs, training of trainers, training services to small and medium enterprises.

CSR (Corporate Social Responsibility)

With the exception of a single cooperative that has not answered, 12 of the eighteen sample cooperative interviewed introduced CSR practices while 5 don't utilize any kind of CSR practice.



The most applied practices concern the adoption of ethical code or value card (12 cooperatives) and the use of social report (11 cooperatives).

4 cooperatives adopted the Standard AA1000 and 2 also practice membership to associations/entities/networks for spreading. Anybody uses Certification SA8000.

SPECIFIC TARGET GROUPS

9 sample cooperatives do not have legal rules concerning the specific target groups (disabled, immigrants, long term unemployed) in view of their involvement in the cooperative's activities but national law 381/91 regulates the absorption of disadvantaged persons in the enterprise.

The article 4 of the Law 381/91, with regard to disadvantaged people affirms that:

- I. In cooperatives.....those who are considered disadvantaged persons are physical, psychic and sensorial invalids, ex-patients of psychiatric institutes, those undergoing psychiatric treatment, drug addicts, alcoholics, minors of working age in difficult family situations and those convicted and sentenced for crimes who are admitted to the measures alternative to detention...;*
- II. The disadvantaged persons mentioned in paragraph I must form at least 30% of the workers in the cooperative, and, as far as it is compatible with their status, must be members of the cooperative itself. The status of disadvantaged person must be demonstrated by the documentation coming from the public administration, without prejudice to rights of confidentiality.⁴⁵*

Others legal rules that discipline the involvement of disadvantaged persons, mentioned by two out of eighteen cooperatives interviewed are Law 328/2000 or "Framework Law for the implementation of the integrated system of interventions and social services".

At chapter 3 point o) it defines that the National plan shows "guidelines for the preparation of the integrated programmes for protection and quality of life of children, youth and elders, for the support of their families, including compulsory education, for the social inclusion of people with disabilities (physical and mental), for the integration of immigrants and for the prevention, recovery and rehabilitation of drug and alcohol problems."⁴⁶

⁴⁵ Law 381/91-art.4 paragraph 1 and 2-

⁴⁶ Law 328/2000- chapter 3 point o)-



“I Naviganti” cooperative also mentioned Law 184 on “the discipline for the adoption and for the custody of minors” and the Law 286/98: it is the “text of provisions concerning immigration matter and the rules on immigrants’ condition”.

The “Herasmus” cooperative, located in the region of Lazio, also mentioned two regional legislative decrees: the first one is the L.R 9/87 affirming that the Region “*promotes and supports cooperatives with handicapped worker members, as effective tools for economic and social return to work of handicapped citizens*”⁴⁷; the second one is L.R. 24/96 on “the financing of social cooperatives and/or their Consortia”.

The cooperative also mentioned the DLGS 68 on protected categories and the Law 104/92 that regulate the assistance, social integration and rights of persons with disabilities.

In particular its aims are:

- a. *To ensure full respect for human dignity and rights of freedom and independence of disabled people and promote their full integration into family, school, work and society;*
- b. *To prevent and remove the disabling conditions that obstruct the development of the human person, the attainment of the maximum possible independence and participation of disabled people in community life and the implementation of civil, political and property rights;*
- c. *To have the functional and social recovery of the person with physical, mental and sensory disabilities and provide the services and benefits for the prevention, treatment and rehabilitation of disabilities, as well as legal and economic protection of the handicapped person;*
- d. *To develop interventions to overcome states of marginalization and social exclusion of disabled people.*⁴⁸

Some cooperatives also mentioned internal rules. For example “Aliante” provides that at least one disadvantaged worker is a Board member.

With regard to membership, generally there are no specific practices to encourage the membership of target groups but some cooperatives underline the importance to involve disabled people and their families and highlight the necessity to affirm the principle for the support of these groups. “G.P.I.I” and “Coopwork”, instead, alongside the new members

⁴⁷ L.R. 9/87

⁴⁸ Law 104/92-Chapter 1-

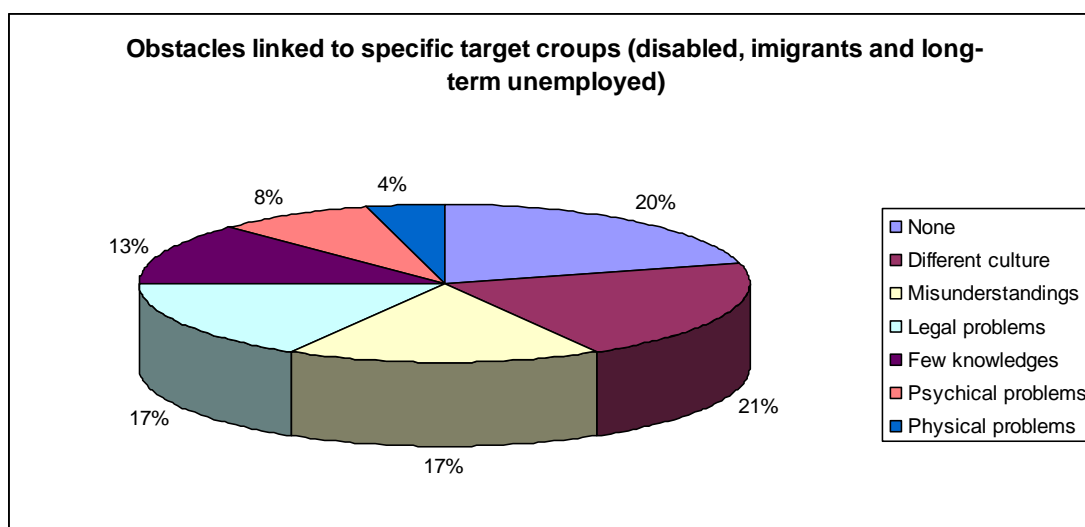


belonging to these target groups, with a mentor or coach who guides them in their process of integration into the cooperative, side by side from all points of view (work organisation, participation to the governance, economic problems and everything which concerns the cooperative's life and organization), providing support for a better understanding of all the cooperative's aspects and activities and supporting them in a path of social and working inclusion.

With regard to which are the obstacles for these specific groups to be a mature partner in the process of democratic government and economic participation, just 5 out of the eighteen sample cooperatives affirm that there are no problems concerning their involvement.

For the remaining 13 cooperatives the main problems to integrate the three target groups are the following:

- A different culture is the key issue for 5 cooperatives;
- Misunderstanding (because of a different language, different habits....) and legal problems are topics for 4 cooperatives;
- Little knowledge about what a cooperative is and what its specific characteristic are is the central topic for 3 cooperatives;
- Other obstacles that prevent these target groups to become a mature partner are linked to psychical and physical disabilities (for 3 cooperatives);





An interesting example is provided by “Coopselios”. During the year (2009) a project of international solidarity was started in support of children in severe difficulties and marginalization in Romania (Maramures and Moldova) since there is a considerable presence of workers coming from this country. The project has as its objective the promotion and development of resources on the territory with a view to overcoming the logic of purely charitable intervention. Specifically, the initiatives planned by the project include:

- The restructuring and the provision of buildings for care houses;
- To build up in the area of Sighet, a cooperative educational partner for the provision of educational services for children and young people in situations of hardship and difficulties;
- To increase and strengthen support for the acquisition of skills and methodological tools for skilled professionals.

Furthermore, within the same project, starting collaboration with Romanian citizens for the development of partnerships related to the territory of Sighet.

5.3. Social cooperatives in Central and Eastern European Countries

5.3.1. The general situation of the social cooperatives in CEEC's

There is an extremely long and rich tradition of employing disabled people in cooperatives in the Central and Eastern European countries.

Polish school of rehabilitation has over 80 years' tradition, since the beginning connected with cooperative movement. First cooperatives of handicapped people were launched after the First World War, on a wave of general care and anxiety of State for war veterans. Authorities tried to create special economical niches for them. A monopoly for disabled soldiers was for example the management of newsstands with newspapers and cigarettes. After the Second World War the situation repeated itself and the most utilised form of work organization became the cooperative one.

It was realized that for persons without capital and health, but willing to lead an economic activity, cooperative was the great solution, which allowed to complete social and occupational, and even medical rehabilitation. The disabled is not only a worker but a co-owner of his workshop. The International Labour Organization in the 80' recognized Polish



cooperatives of handicapped people as a model solution. At that time Sweden used Polish experiences. It showed that a transfer of effective social solutions to the market economy was not simple and not always possible.

At the beginning of the transformation in 1990, 454 cooperatives of handicapped and sightless people employed over 270 thousand people, among which 75% were handicapped. Plants of protected work according to those days' requirements were 162 cooperatives employing 72,5 thousands of handicapped persons.

Today, after the period of transformation, the number of cooperatives of handicapped and sightless people is decreasing. But those that survived undoubtedly tested themselves under the conditions of market economy. Systemic solutions still exist to compensate for bigger costs connected with employment of handicapped people, but they concern in identical measure the cooperative and the conventional private sector. The cooperative sector is less predatory, and more completely implements social and rehabilitative functions, which naturally prevents from obtaining high economical results.

Today in Poland there are over 200 cooperatives of handicapped and sightless people.

In Bulgaria there are 85 cooperatives employing handicapped people with 5620 individual members, 3070 of which are disabled. 31 of them are affiliated to the National Union of Worker Producers Cooperatives. They have 2500 individual members including 1180 disabled what makes NUWPC one of the biggest employer of disabled persons in Bulgaria.

In the Czech Republic, there is no legislation regarding social cooperatives specifically, but rather cooperatives with a social function – specifically cooperatives employing disabled people. Those employing more than 50 % of disabled people have a special status and the right to claim some state support, which is different in each region and is available to all such employers, not for cooperatives specifically. At present about 45 production co-operatives for the disabled are members of the SČMVD.

However in some of the Central and Eastern European countries a new trend to establish social cooperatives started. Those social cooperatives are meant to be a tool for social and professional re-integration of marginalized people (disabled, unemployed, especially long-term unemployed, immigrants, etc.).



This new trend brought biggest results in Poland, a little bit less in Czech Republic and almost not in Bulgaria. In Bulgaria there is no legal regulation concerning establishing social cooperatives. The same for Czech Republic, however there old regulations concerning worker's cooperatives are used to establish social cooperatives with new aims. The activities started especially together with the implementation of EQUAL Initiative.

The idea to create social cooperatives appeared in Poland around the year 2002 when the social economy term started to be more and more recognized.

Today in times of crisis, this new concept is becoming vital again.

This gives an answer to the question: how to get people back to working life before they really get unemployed and start their road towards social exclusion?

All the newly established social cooperatives faced the same problems:

- Negative attitude to the cooperative way of doing business;
- Negative attitude to socially excluded groups;
- Legal framework (lack of clear interpretations);
- Lack of financial instruments to start and develop business (especially those who teach how to do business and not how to get funding);

The above mentioned issues were and are discussed by different organisations trying to support people in establishing their own cooperative enterprise. However, there is also another extremely important as well as extremely difficult issue that not many organisations are taking care of. A big difficulty for newly established cooperatives is the lack of knowledge about how to manage an enterprise in a participative way – with all the consequences for management and for the employees. This is connected with a lack of proper understanding of the cooperative idea, common responsibility for undertaking, consciousness that workers are owners of the cooperative as well as ab understanding of the process of participative management.

5.3.2. Main results of the survey by countries

POLAND

MEMBERSHIP STRUCTURE



Legal rules to become a member of a cooperative in Poland are strictly described in the Cooperative Law from the year 1982 (with all the changes made from that date). There is a separate chapter in the Polish cooperative legislation deciding about members as well as their rights and duties. It defines:

- How many members the cooperative can have (minimum amount but sometimes also maximum);
- Who can be member of cooperative (generally);
- How one can become a member of cooperative (what kind of procedure has to be followed);
- Which organ of a cooperative can make a decision concerning the acceptance of new members;
- Rights and duties of cooperative members;
- How the member can be excluded from a cooperative;
- Economical duties and level of responsibility for the economical performance of the enterprise;

The Cooperative Law defines the general framework of the members of the cooperative. Some of the concrete decisions have to be taken in the statute of a particular cooperative, like the final decision if the new members are approved by the General Assembly or by the Supervisory Board.

One of the cooperatives presented an example of the part of its statute that stipulates the rules concerning members:

§ 7

The member of the Cooperative can be any person with a full ability to legal actions, which is able to work in the Cooperative and which has the possibility to be employed by the Cooperative.

§ 8

- I. A condition to become worker member is a declaration by the applicant in written form under rigor of nullity.
- II. The declaration should contain the name and surname of the applicant to the Cooperative, date of birth, position, residence, number of declared shares, data

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concerning shares, agreement to deduct installments of shares from wages list, date and place of signature and signature of applicant.

- III. Further shares and any change of data should also be declared in written form in the declaration.
- IV. The Member in the declaration itself or any other written statement can designate a person to whom the Cooperative will be obliged to pay shares after his death.

§ 9

The Supervisory Board engages the Cooperative member after a motion of the Management Board and after recognition of the supervisor's opinion.

The engagement should be certified on declaration by a signature of two Management Board Members or persons authorized by the Management Board, with the date of the decision of engagement. It also obliges to specify any change of data concerning the declared shares.

The decision of engagement should be made 30 days after the date of the declaration.

The person making the declaration should be informed by the Management Board in written form about the decision of engagement within 14 days after the decision. Notification about refusal of engagement should contain a justification and an instruction on the way and time of recall.

Any worker employed for at least 12 months on the basis of a labour contract for an indefinite period cannot be refused engagement as member by the Cooperative, provided he makes the declaration at least 30 days before expiry of this period, under condition that he fulfills the statutory requirements and provided the Cooperative has the possibility to employ him after that period.

Any person not engaged as Cooperative member has the right to challenge the negative resolution of the Supervisory Board to the General Assembly. The challenge should be delivered in written form to the Supervisory Board within 14 days after the notification of refusal and considered by the subsequent General Assembly. The General Assembly decision shall be communicated by the Management Board in written form together with the justification within 14 days after the date of the decision made by the General Assembly.



The Cooperative Law as well as the cooperative statutes describe the position of member in a cooperative in an extremely detailed way, so all the analyzed cooperatives declare that there are no differences between legal regulations and practice.

Cooperatives declare the existence of different practices used to encourage new members, among them: direct promotion, like brochures or contact personnel as well as media advertising.

It is extremely important to underline that according to Polish cooperative law, a worker who is employed by a cooperative for 12 months has the right to become a member of the cooperative if he applies for it. The cooperative does not have any right to refuse his/her application, provided that all the statutory conditions to become a member are fulfilled. However, this does not work the other way around: the cooperative cannot force the worker who is employed for more than 12 months if he does not apply for it.

The above mentioned rule is considered as a probationary period for a worker in a cooperative. The statute of the cooperative can shorten this period and some of them do so, for example down to 3 months. Another tool that cooperatives use to introduce a probationary period is using the Labour Law that makes it possible to employ a worker first for a definite period (twice at most) and the third employment agreement has to be for an indefinite period.

The existence of trade unions in Polish cooperatives is extremely rare. When it comes to social cooperatives there are no trade unions at all – not even one example. However we managed to analyze in our research two of the worker's cooperatives, in which the trade unions exists. What is really important to observe is the percentage of workers who are members of trade unions. In both cases the statistic shows that not only non-member workers belong to them but also workers who are members (this means owners) of a cooperative.

When it comes to workers that are not member of the cooperative, the Cooperative Law does not define their duties or rights at all. In no article of the law or statute of the cooperative we do have any information on how the non-member worker's can be involved in the decision-making process. Thus the only way to involve them is to create trade unions (which as we said are extremely rare) or, alternatively, to create work councils.



PARTICIPATION OF WORKER'S IN THE DEMOCRATIC GOVERNANCE

The democratic governance in a cooperative is defined very specifically in the Cooperative Law.

The highest level of members' participation is the General Assembly that meets at least once a year and takes the most important decisions in the enterprise. It includes all members that take part in the General Assembly personally, however **they can use the participation of an expert**, who is not a member of a cooperative but can be a support for them in order to take decisions.

In Poland there is also no exception (at least in the workers and social cooperatives) to the "one member – one vote" rule. Despite the amount of votes that the member can have, he is equal to any other member of the cooperative when it comes to the voting power.

The Cooperative Law defines the list of decisions that have to be taken by the General Assembly, which means that the statute cannot give this power to any other cooperative body. Among them we have:

- Approving the guidelines for economic, social and cultural activities of a cooperative;
- Approving reports from the Supervisory Board, management Board, financial reports as well as giving the approval of activities for the members of the Management Board;
- Discussing recommendations coming from the audit report and taking decisions on how to implement them;
- Taking decisions on how to divide the surplus of a cooperative;
- Taking decisions on selling the property;
- Taking decisions on joining other social or economical organizations as well as auditing unions;
- Taking decisions on the highest level of credits that can be taken by a cooperative;
- Taking decisions on merging another cooperative or dividing into two cooperatives;
- Taking decisions on changing the statute of the cooperative;

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Above mentioned decisions are obligatory power of the General Assembly in each cooperative. But the Cooperative Law gives also the opportunity to decide in the statute of a concrete cooperative other decisions that can be devoted for the decision of the General Assembly.

Normally the General Assembly is called by the Management Board. But there is also possibility to ask for the organization of General Assembly. This request can be made by the Supervisory Board or 1/10 of cooperative members. If they ask for it, the Management Board has the obligation to organize a General Assembly.

The minutes from every General Assembly is made open to all the cooperative members.

One of the most important decisions taken by the General Assembly is choosing the Supervisory Board, which constructs the representation of members on a daily basis **to work with the management Board and to control it.** Only a member of a cooperative can become a member of the Supervisory Board.

The Supervisory Board consist of at least 3 members but the final amount is decided by the General Assembly and the statute. The statute also decides the period of time for which the Supervisory Board will be elected.

In order to implement its control duties, the Supervisory Board can ask the management Board or every member to deliver relevant information. It also has the right to revise the whole documentation (financial, self – governmental, concerning workers, etc.).

The managing duties are implemented by the Management board of a cooperative which is elected either by the Supervisory Board or by the General Assembly. It runs the cooperative on a daily basis and represents it towards external partners.

Information and consultation

Among the topics that are subject to the information on workers and members of the cooperatives that took part in the survey are: financial results and more generally economical conditions of the cooperative, issues concerning marketing and sale strategy, social and labour issues, organizational issues, investment plans and more generally development plans.

This kind of information are given to the public very differently, depending on the topic as well as depending on the cooperative: at least once a year, during the General Assembly of a cooperative, but in some cooperatives twice a year, once in a quarter or even once a



month. The message receiver is mainly the Supervisory Board, which also in this case is perceived as being the representation organ of members and workers and also trade unions if they exist in the cooperative. Information is presented mainly during meetings, like the General Assembly, the Supervisory Board meeting, personnel meetings or is announced in other, written way, like reports or website.

Another issue are the topics for the consultation of members, especially if they have to take the decision (during the General Assembly or Supervisory Board). Topics for consultation, named by cooperatives are the following: rules on wages (with trade unions), work regulation , changes in the Statute of the cooperative, decision concerning the distribution of the surplus for the end of the year, organizational changes in the structure of the enterprise, investments.

There are different periods to carry out consultations. Some of them are defined in the Cooperative Law, like the change of the cooperative statute, some of them depend of internal procedures. They vary from 14 days up to 3 months.

Economic participation of members

The issue of the economic participation of cooperative members is also very strictly defined in the Cooperative Law.

There are three different ways of economic participation:

- Registration fee;
- Share
- Material input.

Registration fee is paid once when someone applies to the cooperative as a new member. The amount of the registration fee is defined in the statute and goes directly to the reserve fund (we can not take it back when we leave the cooperative).

The share is also defined in the statute (there is no indication coming from the Cooperative Law on how much the share should be – this depends on the economical possibilities of the cooperative members). Every member has to buy at least one share and those shares are gathered on the share fund – they can be removed from a cooperative when we stop to be a member. **It is extremely important to mention that the member is obliged to cover the losses of a cooperative up to the amount of shares he has declared.** The member can



declare a certain amount of shares but does not have to pay them straight away, he/she can use the possibility on paying them in installments.

The registration fee as well as shares are a compulsory way for members to participate economically in the cooperative assets.

There is also a voluntary way to participate economically in the cooperative, namely to make **material or financial input**. This can be an amount of money but this can be also a machine, a car, a land, a building. The cooperative member's input can be used by a cooperative on certain conditions declared in an agreement between the cooperative and a member but also can be given by a member to the cooperative as its property. The rules on how the inputs should be made by members have to be defined in the cooperative statute in a very concrete way.

Another way to participate economically in the cooperative is to take part in the distribution of the surplus. The decision is taken by the General Assembly and in the traditional worker's or handicapped cooperative it is totally up to members to decide whether they want to reinvest those funds or they want to distribute them between themselves.

In the new type of social cooperatives, acting according to the Social Cooperatives Law from 2006 and it's novelization from 2009, the surplus in the social cooperative has to be distributed in concrete way:

- At least 40 % should be earmarked for the Reserve Fund;
- At least 40 % should be dedicated to the aims of social and professional reintegration of cooperative members (this part is deduced from income tax);
- The rest can be earmarked for the Investment Fund.

Thus, as we can see, there is no possibility to distribute the profit among the cooperative members in a direct way. The surplus is re-invested in members development but by implementing activities aimed at their social and professional reintegration.

Education, training and information

Training of members is something very common in Polish cooperatives. However the quality of this training is something disputable.



The most frequent training targets are members of the Supervisory Boards, especially those who are newly elected. They are trained on how to take reasonable economic decisions (how to read and control the balance sheet, about economical factors, market issues, etc.).

A huge part of training activities concern the division of power between the Supervisory Board and the Management Board.

As the survey results show when it comes to training of the governance bodies there is a lot of activities taking place. But there is a huge lack of training for workers and members at the elementary level.

A matter of concern is that none of the cooperatives indicated that the training and educational activities for members comprised the democratic governance and economical participation.

CSR

Only one cooperative indicated activities concerning the CSR policy in its company. Some previous experiences of NAUWC show that cooperatives still do not understand the whole concept of Corporate Social Responsibility and thus are not able to use this concept to improve their social image. There is a need to support them in those activities.

BULGARIA

Membership structure

Bulgaria has a separate legal regulation for cooperatives, the Cooperatives Act, which indicates rules how to become a member of a cooperative. Some of the specific decisions are taken in the cooperative statute.

Bulgarian cooperatives also declare the activities implemented in order to promote membership in a cooperative. Among them they indicate media advertising and direct promotion. There is also one indication of recruitment of new members by contacting labour offices.

This can be really important when we see that there is an extremely high level of fluctuations of membership. There are many new members approved in the cooperatives but there are also withdraws that reach the amount of even 45 members in one of the cooperatives.



What should be particularly underlined when it comes to Bulgarian cooperatives and what comes out from the survey is that in all cooperatives that are object of the survey the total amount of workers is equal to the total amount of members, which means that 100 % of cooperative employees are members of the cooperative. This is a really high percentage that you do not even find in the new type of social cooperatives in Poland.

At the same time, some of them declare the existence of work councils in their enterprise. They are called Commission for Social Affairs and apparently they are another cooperative body where worker-members are able to co-decide about one of the cooperative activities aspects.

It seems that there is no legally regulated probationary period. The length of this period depends on the statutory regulations and vary between “no probationary period” up to 1 year. However none of the cooperatives is able to indicate what kind of activities are taken in those probationary period for potentially new members to:

- Participate in the decision making process in the cooperative enterprise;
- Understand what makes the cooperative different in comparison to other types of enterprises and what kind of duties and rights they will have as soon as they become a member;

Democratic Governance

The General Assembly, namely the meeting of all members, meets at least once a year. This is a regulation that comes out of the Cooperative Law. The general Assembly takes the most important decisions in a cooperative, for instance: it approves the annual balance sheet, accepts the annual reports of the Board of Directors, the Supervisory Board and Commission for Social Affairs, expels and accepts cooperative members, approves development guidelines for the subsequent year, buys or sells properties.

The Board of Directors meets every month and its decisions are usually given to the public (cooperative) knowledge by providing to members minutes from each session. One of the cooperatives indicates that these minutes are available in the cooperatives offices as well as in the workshops.

In order to establish and encourage participative governance, every meeting of the Board of Directors is attended by the Chairperson of the Supervisory Board as well as the Chairperson



of the Commission for Social Affairs. Also the Supervisory Board has the right to make inspections of the activities carried out by the Board of Directors.

Information

The cooperatives declare that the permanent contact with members and making them familiar with the decision taken by different cooperative bodies keeps them informed about the situation of a cooperative. They also declare that this information is indicated every week, sometimes directly by the management sometimes during regular meetings, sometimes through the information presented by the Commission for Social Affairs.

The right for information when it comes to cooperative members is indicated in the Cooperative Law as well as in the cooperative statutes. Every member has the right to ask for information. From the survey it comes out that this right is implemented directly in contacts with Chairpersons of main cooperative bodies, like Board of Directors, Supervisory Board or Commission for Social Affairs.

Consultation

The above mentioned procedure is also implemented concerning the process of consultation. The main topics that are consulted with members are connected with the labour law or wider, social issues. Consultation is made directly or through the Commission for Social Affairs. Decisions are taken by the Board of Directors and are published in the Board of Directors minutes that are free to access by each member.

No specific tools for the information or consultation process not only for non – members but even for cooperative members have been indicated and described.

Economic participation of members

The economic participation of members is described in the Cooperative Act and in the Statute of the concrete cooperative. The decision is made at the discretion of the General Assembly and according to the financial possibilities of the members concerning the amount of the inscription fee. This amount is as low as possible (10 to 50 BGN, or 5 to 25 EUR); this amount will be not reimbursed to the members. There is also share contribution serving to support the cooperative's activity using resources provided by the cooperators. Each individual cooperative can by itself determine this contribution, at specific amount, or it can



be determined within the range between minimum and maximum. This contribution shall be subject to reimbursement in case the membership is terminated.

Some of the cooperatives also underline that not only direct economic participation is taken into account, for example during the division of the surplus as well as during establishing the level of wages, but mostly the amount of work that the members devotes to the cooperatives. For one of the cooperatives where the survey was carried out this was the only basis to count the share in the dividend.

All the cooperatives indicated a wide range of different activities undertaken by the cooperative in order to better the life of their members in the economic way. The examples of different means to provide members with other benefits (economical, social, cultural):

- Member loans, worker loans;
- Cultural initiatives, courses, trips;
- Private pension fund;
- Private health insurance;
- Private work related insurance;
- Granting the financial aid of one salary in special cases (the Commission for Social Affairs is consulted);
- Help in financing kindergartens (up to 50 % of fees), etc.

Education, training, information

The cooperatives declare conducting training in area of practices and techniques of company management, cooperative history, rules, values. They also use a tool for regular meetings on management actions.

The training carried out for managerial staff take from short terms (5 days) up to longer ones (3 months).

CZECH REPUBLIC

1. Membership in a cooperative and trade unions

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Membership in a cooperative is regulated by Act no. 513/1991 Coll., Commercial Code⁴⁹, Vol. II. Inception and expiry of membership, § 227- 236.

In the sections general conditions of inception, duty to record a list of members, conditions of transferring the membership rights and obligations, and forms of expiry of the membership are described.

The Statutes regulate the more detailed conditions of membership; its inception and expiry. A duty to regulate membership in the Statutes is embedded in § 226 which instructs that the Statutes of a cooperative have to describe inception and expiry of membership, rights and duties of members towards the cooperative, and the cooperative towards the members.

From the questionnaire research among the cooperatives it was confirmed that in most cases the Statutes are the only legal regulation of conditions of inception and expiry of membership (except the cooperative Karko where the participation of members is defined by working regulations and regulations for awarding).

All the cooperatives recorded that **probationary period** is not a condition to become a member of a cooperative. Moreover, all the respondents answered that employees are allowed to become members of a cooperative. The employees are not usually interested to join the cooperative - they are led by an interest of labour-legal relationship and adequate wages. In case that encouraging a membership of other persons is in the interest of a cooperative, it is usually conducted by the form of direct advertising (contact personnel and information for employees) and advertisements in a regional press.

Cooperatives in the Czech Republic do **not constitute trade unions**. It is due to a relatively open membership for employees who can directly participate in managing a cooperative, and do not need to associate in trade unions.

2. Participation of members of cooperatives to the governance (Democratic governance)

According to information from the Union of Czech and Moravian production cooperatives (SCMVD) no national research concerning the participation of the cooperative members in general assemblies has been conducted in the Czech Republic to date.

The Statutes of cooperatives describe competence of the General Assembly (members' assembly) and the Board. The competence structure adapted by the cooperative Statutes can be different in particular cases. In general, the Members' assembly decides on the:

⁴⁹ In Czech Republic there is no special law devoted to cooperative cooperatives. Cooperative Cooperatives act on the basis of the Commercial Code that regulates the activities of all types of enterprises.



- acceptance/amendments of the Statutes
- changes of legal subjectivity and legal relations
- assets transactions of larger scale
- structure of cooperative bodies and their actions
- conditions of membership
- basic conception issues
- rules of economy and profit distribution
- dissolution, merger or division of the cooperative
- other things reserved by the members' assembly

The Board's competence is mainly the:

- preparation of the members' meetings
- inspection of the performance of its resolutions
- detailing the conceptual objectives and giving tasks to management
- monitoring of the economic - business activities
- membership and employee issues
- public relations.

The work of the Board often blends with management responsibilities or both functions are interconnected (the Board members are the line managers at the same time; the chairman usually executes the duties of a director).

Members are mostly familiarized with the Board's decisions at consultations with employees who also have the access to records of the Board's meetings. Right to information, working session and consultations and written information, tables and bulletin boards are the tools which encourage members' inspection on a managing level - in case of all the cooperatives. Four cooperatives specify the election procedures in the electoral regulations (except the Statutes). From the answers, it is possible to detect a high participation of members at members' assemblies, and therefore it is not necessary to encourage voters to vote. Members are always informed about dealings at members' assemblies, and they receive the programme of members' assembly in advance.

In all the surveyed cooperatives employees participate in managing the company - to a certain degree. In some cooperatives it is 100%, in others the ratio of worker members and



non-worker members is different. When workers are in a position to become members, they get the right to take decisions and they can influence the cooperative's activities. Senza is a typical example - two workers are members of the Board.

There are also other tools used to establish participative governance in the Czech cooperatives. By law, it is a duty of cooperatives to opt for a control commission (a controller in case of small cooperatives).

This committee is equivalent to the supervisory board of a joint stock company, in some situations it is superior to the Board, and accounts for the members' assembly directly. In critical situation it is its obligation to summon the members' Assembly.

In some cooperatives other committees are established, for instance "a care for members committee", which deals with social needs and extra benefits on behalf of the members (and employees).

3. Right to information and consultation

As already mentioned, there are no labour unions in cooperatives in Czech Republic. The function of the workers' representative body sometimes performs a social committee, as it is in case of cooperatives Druteva, Karko and Styl. It is an elected body, whose task is to defend interests of employees, especially employees with disabilities.

The most common way of communication between the management and employees is through master workers of individual workshops.

Most common topics of the information or consultation supplied by the management to employees are:

- the cooperative economy and future prospects,
- securing of orders – terms, quality, cooperative smooth operation,
- personal issues – benefits to employees, social dimension.

The consultations are held as needed, usually once a week and always in the spirit of open discussion and consensual agreement. If there is an obligation of confidentiality, it is usually related only to business and financial information, which could be misused in some way, e.g. by competition. Such information is made known only to a small group of employees' representatives. The results of consultations are usually communicated to all employees verbally by master workers and also by reports from the consultations, which are available to all employees usually on a notice board.



4. Economic participation of members

The Statutes are the only legal rules concerning the economic participation of the members.

The Statutes specify a minimum investment contribution of a member, the way of settlement in case of membership termination, profit distribution among members etc. All members abide the Statutes and have the same rights and obligations. In this respect a health handicap of employees does not affect their possibility of economic participation in a cooperative.

There have been 3 cases of distribution of cooperative returns and 4 remunerations of share capital in the interviewed sample of cooperatives in 2007. It is not possible to pay member shares in instalments, except in the case of the cooperative Druteva.

The gross wage level ranges between the minimum wage and the average wage in the Czech Republic (307 – 858 EUR, exchange rate 1EUR=26 CZK). The payment of wages is usually regulated by the wage schedule.

In order to raise motivation and work performance of employees the cooperatives usually offer cultural initiatives, trips and courses. Other forms of benefits vary and in the case of cooperatives Karko and Senza, there are no benefits at all.

5. Education and training, information

The most frequent tools to help members and employees understand their rights, their duties, the governance and cooperative principles are regular meetings on management actions, where they are acquainted with these issues. The cooperatives rarely offer other forms of activities in form of cooperative trainings (Druteva, Styl), training on practices and techniques in company management (Styl, Ergotep). Education and training for workers under probationary period to become members are not provided in the addressed cooperatives. The workers under probationary period are usually familiarized with the cooperative's operation by experienced employees or master workers.

During the period of creating cooperatives the understanding of ideas of democratic management and economic participation influenced the Union of Czech and Moravian production cooperatives. SCMVD provides education and training to its members free of charge and tries to keep record of required trainings. An interesting suggestion from the interviewed cooperatives was the training for cooperatives' managers and other employees on project management, especially for projects financed by the Structural funds. The



cooperatives have the opportunity to draw the funds till the end of the programming period in 2013. It is a great opportunity to improve skills and encourage professional growth of their employees.

Unfortunately, cooperatives do not create formal outputs focused on CSR. These manifestations are however supported and evolved in many cooperatives as a part of the company culture. SCMVD established a promotion company "Fair business" in the Czech Republic, the members of which are also some cooperatives.

6. Specific target groups

Within the framework of SCMVD a distinctive group of socially oriented cooperatives operates, which employ more than 50% disabled people, both members and employees.

Legal regulations, which concern the promotion of employment, are the same for all business legal forms (they are not different for the cooperatives). If the members of this target group are members of a cooperative, they participate equally to the cooperative operations, in many cases they are also members of cooperative bodies and participate on management.

SCMVD pays attention to the integration of this target group in the long term and systematically supports its members. SCMVD also implements a number of projects, focused on the development and establishment of new cooperatives.

There is no general answer to the question on obstacles which have the target group to become a mature partner in the process of democratic governance and economic participation. According to the experience of the SCMVD representatives the obstacles for people with disabilities are not systematic. They are virtually equal to problems of members and workers with no disabilities.

In a number of cases members themselves have "a consumption relation" to the cooperative. They have no motivation to participate in the governance and cooperative principles. Alike many workers, they do not aspire to become a cooperative members nor to participate in its management.

The reasons can be a lack of qualifications (low education level), lack of individual interest, motivation, way of life. In most cases the health handicap itself is not the main reason.



Recommendations, strategy for the future, what's envisageable from the different national coops federations to do in the future.

6.2.Recommendations on how to help the excluded develop cooperative potential, Kazimierz Nalepa (Eurofinance)

In the case of social cooperatives, people must only be helped to learn to use the fishing rod. Unless we do it, we will again be giving "the fish" away to the people who have already broken down the fishing rods that they used to have.

When I first time encountered the idea of social cooperatives, I thought "it is a good idea". There is a large need to introduce the excluded people into the social and economic life. Negligence in this scope are very costly, and at times also dangerous.

Yet doubts arose at a closer look at the solutions. A cooperative, as any firm, must have good employees and efficient management to stand the test of market conditions. The formula of social cooperatives fills both these roles with persons who are generally not well prepared or equipped to play them.

In its today's form, the social cooperative means a hurdle set up too high, as its efficient operation requires from the members of the cooperative five types of efficiency:

1. personal
2. social
3. efficient work
4. cooperative forms of operation
5. entrepreneurial.

Yet the very definition of exclusion proves that foreseeable difficulties will be encountered.

Ad. 1. Personal efficiency means that the person has no problems with himself and is usually in sufficiently good condition. Personal efficiency is the basis for long-term efficiency in other fields. Problems that crop up within this area will cast strong shadows on the efficiency of operation in the remaining fields, even though they do not have to be simply related. History knows plenty of efficient business people who had personal problems. Sometimes even major.



The persons who establish a social cooperative must belong to the following categories:

- unemployed
- disabled
- addicted to alcohol, drugs or psychoactive substances
- mentally ill
- persons leaving prisons, who have difficulties with social reintegration
- refugees participating in an individual integration programme.

Each of these groups consists of persons who carry strong personal burdens. They may be the driving force for a number of successes, yet at the same time, they may make it very difficult for these people to find themselves under conditions where help is not plenty.

The list of the problems concerning the broadly understood health and personal efficiency, which we perceive among the people who social cooperatives were developed for is a broad one. Most of these problems significantly decrease efficient operation in market conditions.

Ad. 2. Social efficiency is especially necessary, because cooperative is a type of organisation where social relations are crucial. Moreover, these should be relations focused on joint production of goods and services that the market shall buy. Social efficiency means a skilful finding of your own place and playing useful roles in the community. Every firm, including also cooperative, is the place where numerous interpersonal relations develop, both within their organisation and also outside it. These relations should positively influence both the work of the cooperative and its market results.

Ad. 3. Efficient work is necessary in every firm. It is worth mentioning that plenty of persons from for realm of exclusion find problems in this scope. They have already had in their lives periods without work/employment or periods of work of such quality that is not eagerly accepted by the market. Yet in the market, the cooperative will compete against businesses whose employees are efficient, if not highly efficient in this scope.

Good results at work origin when people have the proper qualifications and:

- want, or
- must

work.



One needs to learn efficient work. When there is no such habit, the process of reaching good productivity is not easy. If an excluded person has not yet acquired appropriate personal and social efficiency, difficulties with learning to work efficiently will be greater.

Ad. 4. Cooperative forms of operation pose clear and specific requirements. They are based on:

- self-help
- responsibility for own actions
- responsibility for the common good
- democracy
- justice
- solidarity.

I believe this set to be highly valuable and at the same time difficult to implement in business practice. Not every group of people can efficiently make use of such a set of competence, as it is rare. In many firms managed by the owner or professional managing staff, such a high level of morale is not necessary for the firm to operate efficiently. In a cooperative, it is.

Due to its construction and principles of operation, a cooperative is a harder way to conduct business activity. At the same time, due to the developmental and social reasons, it is a form of decidedly higher value. The problem is that what is better is frequently also harder to achieve.

Ad. 5. Entrepreneurial efficiency means efficient market orientation, understanding of the rules existing in that market, the skill of finding the way in the changing conditions. In the organisations based on the authority of the superior, it is enough for such orientation to be had by one or a few people. When they hold appropriate posts and have defined scope of power, they may efficiently lead others to success.

The scope of co-decision on a cooperative is far broader, while ownership and authority are not concentrated at the peaks of the organisation. Unless the members of the cooperative are really well prepared for co-deciding based on market reality, the cooperative will be significantly debilitated in the market.

The need for support for persons establishing cooperatives



As the remarks above prove, people from the realm of exclusion can hardly ever have at their disposal such a set of competences that are necessary for an efficient member of a cooperative. It is hardly probable that these people will develop such competences in themselves and other members of their cooperative sufficiently quickly and efficiently to be successful, personally and professionally. This is why this task must be made decidedly easier for them. Excluded people need competent support:

1. while preparing to establish the cooperative and begin operation
2. during the start-up phase
3. while discovering and preventing phenomena that threaten the efficient operation of the cooperative during its operation
4. when personal problems or problems with relations arrive.

If the state made it possible for people from the realm of exclusion to work in social cooperatives, by developing an appropriate legal construction, it is worthwhile for the state to empower them with a realistic chance to make use of this opportunity. For the time being, it seems that the hurdle is set too high. This means that there is little prospect for social cooperatives to develop – without an additional support – to a scale that would be clearly visible and going beyond social experiment

Jeopardising persons with a lower readiness for a successive start and further efficient activity due to excessive difficulties and failures is the unnecessary wasting of the doubtlessly great opportunity that social cooperatives pose. If enterprise incubators are developed for persons who have incomparably fewer problems with themselves and work, the more so such potential should be available to persons from the realm of exclusion, so that the people who find a potential to become a member of a cooperative could grasp at this opportunity.

It is worth taking into account the fact that people from this realm frequently have lower resistance to difficulties and failures. Instead of treating them as valuable challenges and guidelines for their development, they receive them as the corroboration of the axiom that they are not fit for ... – here come specific ways of thinking that support the phenomenon of exclusion. Such thinking in itself is a formula for self-exclusion, which must be even worse, and even more efficient in developing social isolation.



Certain amount of obstacles is necessary for everyone. It is thanks to them that the human develops and is strengthened. Yet, what is important is that these obstacles are distributed in a way that braces up the excluded and does not result in their repeated exclusion.

Burdens connected to exclusion

The excluded carry a vast weight of burdens. Each individual group of the excluded carry a different type of burdens characteristic for them. Most of them are really serious. I believe that a large group of the so-called “well-adjusted people” would not be able to cope with them. Besides the problems typical for each of the exclusion groups, each person has his or her own set of limitations.

It happens so with the limitations that:

- either you understand them and transform them into wisdom and power
- or you have them limiting you ever more.

These remarks concern not only the excluded but all of us, so-called healthy and socially adjusted. What is today an obstacle is also an opportunity for the future. The problem is that in excluded people, this burden is in most cases even greater. Additionally, they are excluded, which means that they do not enjoy such a powerful support from their community as persons who are not excluded do.

Thus, in the case of exclusion, the former and current problems of persons founding cooperatives social may be:

1. the source of power and a part of motivation to be successful, or
2. a barrier that renders the efficient operation within a cooperative impossible.

It is worthwhile to do whatever can be done so that the first cases become far more frequent than the latter.

Forms of support for people

It is worth supporting the excluded people in the following manners:

1. we should help the future members of cooperatives in discovering their level of a readiness for future professional roles; the so-called “opening balance”
2. it is worthwhile to design a series of training sessions, helping them to acquire the necessary skills and attitudes before they embark on starting a cooperative



3. it could be good to provide them with the possibility of contact (internship) with social cooperatives that already operate efficiently, as there they can quickly understand what this activity really is about
4. help in the (usually) difficult period of start-up of the cooperation is greatly needed
5. advisory support lasting until the cooperative has achieved its full efficiency would significantly increase chances for success of the cooperative
6. support is necessary for these members of the cooperative who need it in the given period, so that their problems do not last too long.

When it comes to the useful **forms of support**, the following may be listed:

1. training sessions introducing into the specific conditions of operation of social cooperatives
2. initial consultations
3. training
4. internship
5. mentoring
6. coaching
7. business consulting
8. therapy

| support of the individual stages of development of a social cooperative | 1. introductory | 2. initial consultations | 3. opening workshop | 4. internships | 5. mentoring | 6. coaching | 7. business consulting | 8. therapy |
|---|-----------------|--------------------------|---------------------|----------------|--------------|-------------|------------------------|------------|
| I trial runs in establishing a cooperative | +++ | +++ | | + | | | | + |
| II establishing a cooperative | | | +++ | + | + | + | + | + |
| III cooperative of start-up | | | | + | + | + | | + |
| IV reaching full efficiency | | | | + | + | + | | + |
| V normal operation | | | | + | + | + | | + |

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Ad. 1. Training sessions introducing into the specific condition of operation of social cooperatives.

People considering establishing a social cooperative fairly often have low knowledge of what awaits them, once they have decided for such a step. It would be good to design a training session that could introduce them into the specific conditions of what really awaits them in a most comprehensive manner possible. The training should include exercises that allow excluded people to “measure up” to the new tasks in launching the cooperative and in its operation. Thanks to this, the decision to embark on cooperative activity could be far more mature.

The introductory training should be present at the earliest possible stage, and should:

- encompass a simulation of all the significant stages and elements connected to the further path to success as a member of a cooperative,
- include least theory, and the one that will be present should be transformed into a language that is simple and understandable for the future members of the cooperative.

It would be best to have this training conducted in the form of a business game, whose participants establish a social cooperative and run it for a time. Even though such a form is harder to prepare, it is far more educational and attractive for its participants. I suggest that such a training session is prepared and made available to other organisations (for example, as a licence) who help the excluded in establishing cooperatives. In this way, the labour and outlay connected to the preparation of the training – game will generously pay back.

As a result of such training, the excluded will have far better understanding of what they are embarking on, and what they must do: individually and as a group. It is also possible to have a group of trainers trained for such a project.

Ad. 2. Initial consultations

They are necessary to define the potential at the disposal of the future member of the cooperative. To achieve this, you need to develop appropriate questionnaires and the manner of examining the start-up potential of the excluded person. At this stage, also the strategy for achieving full cooperative competence may be developed. It is not necessary to construct a detailed strategy for the future member of the cooperative. I consider rather



defining its main stages and requirements standing before the candidate for a member of a cooperative. Such a strategy would contain the definition of:

- the existing candidate potential
- the most important developmental needs
- the manner of filling in competence gaps
- realistic time scope (for a given individual)
- situations in which the future member of cooperative may count on further support.

Thanks to such an approach, the excluded person will focus his thinking about the future and will prepare better for the awaiting challenges. Attention must be paid so as not to crush the person down while helping the person, and support is to be provided in reasonable doses.

After the completion of the initial training (group) and initial consultations (individual), the future member of a cooperative will be much better prepared to make the good choice. He will:

- be more powerful and better oriented
- have far fewer misrepresentations and incorrect expectations, and a better understanding of this idea for professional life.

It is worth emphasising that after such a preparation, both the “yes” decision and the “no” decision open before the excluded person the further path in finding his place in the society.

Ad. 3. The opening workshop

Running a social cooperatives and working in it requires specific:

- knowledge
- skills
- attitudes
- and a definite amount and quality of daily work.

People who embark on establishing a social cooperative should have an opportunity to catch up with as much of what they lack as possible. Most effective will be training sessions that would have all the persons embarking on establishing the given cooperative as their participants. The training should be relevant to the potentially large amount of real issues that are important and applicable for this very cooperative (being established). At this stage it would no longer be a universal game, where establishing and running a new cooperative is



played. This training would refer to a specific group of people establishing a specific cooperative.

Thanks to the “opening balances” made, it would be known what the programme content of such a training should really be. It is to be emphasised that these training sessions should be prepared in a highly practical and simple way.

It is very significant that the first part of such a training includes the reconnaissance of opportunities for success in the area of business chosen by the founders of the new cooperative. If one looks into the statistics defining how many newly established businesses fail, the recommendation to recognise carefully the chances for success of what the cooperative is going to provide becomes very well understandable. Such a reconnaissance cannot be made by amateurs. It should be the work of persons who know the market and its mechanisms well. Social cooperatives are a special construct of social and economic nature, and they should be aided in learning this economic activities that other economic businesses learn “on their own hide”, incurring certain expenditure and risks. In the case of the excluded, allowing the market to conduct the selection at the stage of establishing the cooperative and in the first period of its operation, is too severe a test. People planning to establish social cooperatives are in most cases unprepared for good recognition of business opportunities for the firm they are planning to establish.

The opening workshop should be similar to what is done with the start-ups in business incubators. Such education is relevant to specific actions conducted for specific individuals, and a specific idea for business.

Ad. 4. Internships

One of the best ideas to understand the reality of future operation within a social cooperative is an internship held with a cooperative that has survived and operates relatively well. Such an option is one of the most valuable. It is best to teach swimming in a swimming pool. In this case, it would be a “pool” that was very successfully built and is used by a group of persons from a well functioning social cooperative.

Theory is always too poor when compared to practice. An internship allows possibility of contact with all the significant realities of the future operation. Moreover, time spent among the people who have already been successful strongly reinforces the faith in our opportunity



for success. It would be best if an intern devoted some time to studying the operation of such a cooperative, while spending the rest of the time simply working for it. In this way, he will be able to pay back for the possibility of watching the actual work of an cooperative and to test whether he really wants to work or is only considering it in an abstract manner.

The quality of the internship may improve radically when the intern has a tutor, leading him through a course of action appropriately designed for the intern.

Ad. 5. Mentoring

A mentor is a living example of success: an example you can learn from. It is one of the most valuable possibilities of transferring “success technology” from the person who has achieved this success to those who need it. A mentor of appropriate class very strongly increases the power of transmission of an idea and success strategy.

Besides the class of the mentor, the efficiency of mentoring depends on the learners’ motivation and learning ability. Yet this type of process can be efficiently managed to increase its efficiency.

In the days of the Internet and e-learning, one can successfully prepare custom-tailored meetings with mentors of social cooperative activity. Even though such a formula requires a greater outlay at the stage of preparation, yet it actually pays back many times in the successive stages. Appropriately prepared and recorded “meetings with the mentor” may be used in the form of e-mentoring on the stages of:

- a. promotion of the ideas of social cooperatives, and
- b. preparation to activity in the cooperative.

Ad. 6. Coaching

Coaching is a support tool on the path to achievement that is becoming more widespread in Poland. It may be a highly valuable way of support on the path to efficient and independent life of a cooperative member.

Coaching is based on a partnership relation between the coach, and the client (coachee). Both the parties are independent and have complementing resources:

- the client has a high readiness to achieve a high level of his skills.
- the coach knows how to increase the precision of choosing the necessary skills, and the pace of their growth.



The right and appropriate combination of these resources brings the effect of synergy, which makes the client develop his skills at such a pace and level that he could not achieve while working on his own.

In the case of social cooperatives, coaching should be valid for specific matters and activities.

The coaching should be composed into:

- preparation of the excluded to the role of cooperative members
- achievement of full efficiency in operation
- improving the quality of operation of the cooperative
- improving the quality of operation of the individuals.

Ad. 7. Business consulting

A cooperative is a business. As such, it must cope in the realistic world of business, where hardly anyone will be ready to care for its special status. To be able to act efficiently, it must understand the markets and its reality well. A competent consultant, being the protector of the business success of a cooperative may noticeably increase its opportunities. One may not count on there being a competent businessman among the founding members.

Many firms resort to consulting, drawing plenty of benefits from it. In most cases these are:

- a. firms were the strongest drive for success
- b. firms that have encountered serious problems.

It is worth considering whether social cooperatives could make use of this type of support. A professional business consultant easily discovers such limitations and opportunities that others become aware of far more slowly, and at times even too late. Because social cooperatives cannot afford professional consultants, the establishment of the support centre for social cooperatives is worth considering; cooperatives could reach it, to avoid many errors and to speed up their achievements.

Ad. 8. Therapy

Excluded people, though not all of them, will need the support of a qualified therapist. It may be of course assumed that they will manage to cope with their problems on their own, yet that would be too optimistic. It is to be assumed that they either have used or are still using this type of assistance. In our society, therapy is still something unique and at times even shameful. What is actually truly shameful is remaining with the problem longer than it is truly necessary.



For greater success in the personal and professional realm, it is advantageous to have cooperation of the personal therapist with persons who help to launch the business potential in the excluded people. Although it sounds somewhat on the idealistic side, it would be beneficial if the therapists of the excluded would be also focused on business efficiency, while the people who help them to win their business opportunity had competence at the level of basic therapeutics.

Critical factors necessary to achieve success

The foundation for efficiency is the individual's potential. The excluded need a decisive reconstruction of that potential to a degree that would allow them efficient operation in the society and effective work. Social cooperatives provide a good field for the increase of such an efficiency. The success of the cooperative depends to a large degree on the personal efficiency of its members.

Healthy efficiency in operation depends on a number of crucial factors. I call them "the pillars of success"⁵⁰. They are:

- I goals:** what you want
- II reasons for activity:** why you do/want it
- III energy,** personal fitness
- IV freedom:** lack of internal limitations
- V resources:** do you have what success requires
- VI strategies:** appropriate manners of operation.

For a human to be able to implement plans successfully and efficiently, he should make appropriate use of all the six components of success.

1st pillar of success: goals

Goals are a very convenient area to begin work with the excluded. Following that method, we do not enter immediately too deep into the determinants of their actual lives.

Much has been written about goals. This is a relatively well researched and strongly exploited field of influencing success. It does not mean on the other hand that people have well formulated goals that help them to achieve. Very often, the technology of working through goals is abused by their mechanical and superficial use, as it is a relatively simple

⁵⁰ The theory of six pillars of success was postulated by Kazimierz F. Nalepa. For more information, see: www.TMTgroup.pl



task. Working solely on the formula of goals is like making careful makeup in hope that it would improve your complexion.

Authentic goals are a proof of conscious acceptance of responsibility for one's success in life or in a specific field. This is the main reason why many people do not set goals for themselves. They simply do not want to take responsibility for a fragment of or their entire lives. If a given person avoids such a responsibility, he will work much more poorly than he theoretically could. Moreover, he would be very eager to encumber others with their own ducking and dodging.

While helping the excluded, it is worthwhile to work on providing them with a well-formulated package of goals. As many persons find it a problem, this is not a one-off job. Goals are worth being returned to and their formula – of being fine-tuned as long as the excluded persons have clarity about what they really want. The very formulation of what one wants brings him closer to success.

It is also important that the excluded are appropriately made aware of the need to assume responsibility for their lives. This area of working with the excluded will also mean working on such phenomena as:

- withdrawal
- claims attitude
- lack of faith in own potential.
- reluctance to the necessary social and organisational behaviours
- lowered or shaky sense of own value.

2nd pillar of success: reasons (intentions) for action

Another, far deeper way of reaching the secrets of human success and failure are the reasons why people want something, or do not want it, establish goals, act... It is worth noticing that reasons feed goals just like roots feed the rest of the tree. Healthy roots placed in appropriately fertile soil are the foundation for the success of the tree.

At this stage of work, we ask people the question “why do you want it”. This and other questions focus the client on his inside, on the search of true motivations. It is better for the client's goals to grow from his true needs, desires, and dreams. While searching answers to such questions, clients realise increasingly better why they actually want what they declare



they do. It often happens that the discovery of the true reasons for action revives an opportunity to reformulate goals and actions into ones that are more spot-on and prudent.

This area of work with the excluded is very important. The question “why do you decide to work in a social cooperative?” is extremely important. The idea is that the future members of cooperatives should know why they found a cooperative, and that they should find these reasons sufficiently strong.

3rd pillar of success: personal energy

To achieve something, one needs to involve an appropriate dose of energy into it, which consists of:

- the quality of personal energy
- amount of energy
- its appropriate placement in time.

If the client has too little energy for the given achievement, he will encounter difficulties. Energy is like fuel that feeds actions and leads to success. When there is too much of it, the client may waste it. Too much of unbridled energy makes people stop acting precisely: they act “on high”.

The quality of energy may be approximately defined with the help of feelings and emotions from which actions grow. These emotions may be healthy or toxic. Emotions are the “colours” of energy that allows our actions and life as such. Different types of energy have different creative value. They also provide for a variety of side effects. We act differently of love, differently of hatred, and differently in the atmosphere of uncertainty or boredom. Energy is also a resource (the fifth pillar of success). I examine it separately, as it is of fundamental significance for success.

There are plenty of methods and techniques of working with personal energy. It is good to make sure that the client copes efficiently in this aspect of “the technology of success”. It is worth mentioning that with correctly discovered reasons of actions and removed barriers, internal energy should launch spontaneously, in a healthy and natural manner.

The aspect of personal energy is very significant in the case of the excluded. Fairly often, these people have lowered vitality. It may also happen so that their personal energy manifests itself in a way that is not stable. Once they are on the wave of enthusiasm, and



then they experience a slump in the form. In such cases, efficient and professional organisational activity is strongly hampered.

4th pillar of success: freedom (space for success)

The municipal authorities decided to build a state-of-the-art and highly necessary junction close to the place where I live. The owner of one of the plots necessary for the investment “blocked” the investment for two years. There are also situations when, while digging the foundations, we encounter an “old unexploded bomb” or the building that has already been completed is settling down, as the “ground on which it is standing” is not sufficiently stable. This is the very nature of our personal blocks.

When blocks and limitations turn up on the path to our success, the matters that could be easy become markedly complicated. When blocks are encountered on the client’s path to success, difficulties arise, and achievements are either complicated or virtually impossible. Problems related to this pillar of success are discussed and defined in a vast literature connected to identification, analysis, and removal of human limitations. Plenty of schools, approaches, and methods exist here.

The idea of working within this pillar of success means that once you are following a path to the goal, you will reach it more easily, if your road is driveable, and even more so, if it is of good quality.

The other even more significant reason why blocks and limits should be removed is the love that finds its expression in the authentic care for yourself and others. Each block is a recorded testimony to the past problems, mistakes, difficulties, and slip-ups. By its existence, it lowers the quality of life, and pathologically limits or increases the potential in a single field, disabling others.

Every block and internal limitation is:

- an opportunity for a better life (once it has been solved).
- a hidden lesson of significant character for the client
- a lesson in coping with life and yourself.

Blocks and problems are treasures

in hardly attractive packaging.



This pillar of success is one of the most crucial areas in helping the excluded. Yet, it requires a highly competent people who can do something sensible here. In the case of deeper problems, worth considering is psychotherapy, or trying out the tested ways of going out of addictions, etc. Worth emphasising is the fact that it solving as many of your own problems by yourself is beneficial. It allows the greatest increase of power and wisdom. Activity within social cooperatives is a perfect manner to achieve this.

5th pillar of success: resources

Each achievement requires a specific set of resources. This can be: money (for the investor), belief in your abilities (for everyone), contacts with appropriate people (for the spy), power of the muscles (for the sportsman), the tone of the voice (for the newscaster), completion of studies (for the lawyer), the story of life (for the politician), the legs (for the model), etc...

The client's internal resources may be:

- spiritual
- intellectual
- emotional
- physical
- complex.

The external and relational resources frequently relate to:

- money
- power and influence
- contacts
- ownership of specific objects
- ...

We are not after a complete list of resources or other elegant division into categories here. I am keen on showing that resources may be of highly varied types, and even similar achievements may be achieved through a different set of resources and strategies. This is a broad field for action, as the clients are frequently fixated on their own versions of the set of means necessary to achieve success. And yet there can also be other variant options of resources that ensure better results.

The excluded have a lower level of the resources that are necessary for efficient operation within a cooperative. It is indisputable that they must be helped in quick and efficient



supplementing of these resources. First, however, it must be defined what they lack. One of the reasons may be the “opening balance” mentioned earlier in the article.

6th pillar of success: strategies

It does not often happen that the client who does not improve his own manners of operation regularly could have an optimum set of action strategies. In most cases, we follow strategies that we find sufficient, instead of looking for the best ones. This is a vast field for improvement connected to the potential of the client’s achievement.

Strategies, i.e. the means that we use for our actions, may be related to:

- construction of necessary competence (for example: efficient work, selected skills)
- using the competences had to achieve success
- improvement of own strategies.

Sometimes the client needs new resources, and sometimes is better to change the strategy of action. Yet in most cases both of the above are necessary. Work in these two directions is frequently very strongly connected.

The excluded, by their very definition, do not have sufficiently good strategies for the establishing, operation, and success of the cooperative. They must work them out. Unless we help them wisely in it, many of them will drop out in the process of market education that they find too difficult.

Why is it worthwhile to support people who establish cooperatives: balance of profits and costs

As I argued above, the people who make the decision to establish social cooperatives are in absolute need for support. There are a number of significant reasons for that:

- the phenomenon of social exclusion is an economic burden on the state; this means that we all pay for it: every efficiently operating social cooperative decreases this burden
- the excluded develop a number of problems in the environment they live in; and again, their success in pulling themselves together within a social cooperative liquidates some of these problems or at least significantly decreases them
- the excluded have problems with their functioning (health, intellectual form, family life); success within social cooperative may reinforce them significantly, adding forces to regenerate their own potential



- the excluded are in a difficult position, and general human considerations suggest that a helpful hand should be extended to them in a wise and efficient manner.

Efficient support of the people who establish social cooperatives will have its costs. Yet with correct planning and implementation of support programmes, this investment will pay back, practically in each of the following dimensions:

- economic (in the broad accounting for profits and losses)
- social
- personal.

A thorough study of profitability of individual forms of support must be performed.

Additionally, the idea not to give away “the fish”, but to help to reach for “a fishing rod” is as appropriate as it is wise. In the case of social cooperatives, people must only be helped to learn to use the fishing rod. Unless we do it, we will again be giving “the fish” away to the people who have already broken down the fishing rods that they used to have.

6.2. . Recommendations on professional inclusion of disadvantage people – Consorzio Light

PHASE 1: Start up

The project on the work integration social cooperatives refers to their mission and their organizational culture.

In order to achieve effective social integration results priority cooperatives work bearing in mind the two following different prospective:

a) Internal:

- Establishing and developing the debate on the meaning and motivations which underlie the job placement of disadvantaged people, in order to promote a process of sharing choices and responsibilities, having as target the social integration;
- Developing awareness on the complex and evolving discomfort. Consequently is essential, for what concerns the organizational processes, to identify "good practices".

b) External:

- Promoting its results;
- Strengthening the social network and the territorial ties;
- Promoting an integration culture;

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- Promoting new opportunities;
- Safeguarding rights;
- Applying institutional arrangements: e.g. The Convention (Art. 5 - L. 381/91) has pinpointed two qualifying aspects :
 1. It defines the tasks and the roles of institutional services of social cooperatives, their purposes and how the path of integration and social work must be applied;
 2. It defines the services to be used during the projects.

The success of the intervention in the field of social inclusion process depends on articulate agreement and on an efficient network of services. It must be aware that the discomfort is a complex matter and it needs to be analyzed from different points of view.

Important steps

Often the relationship with the services results difficult and nonlinear and to avoid confusion over roles or actions is due:

- Compare with services;
- Promote project targets and the available resources;
- Share the inclusion model, clearly identifying roles and responsibilities of each participant;
- Increase the collaboration in order to intervene to solve difficulties and crisis.

Selection Criteria

The cooperative's focus is work. Candidates must undertake a path of integration and social work that concerns the acquisition and the development of personal and social skills in order to achieve personal autonomy and social identity as a worker. They also have to respect working hours and work patterns; to keep relationships with colleagues and managers; to embrace rules; to manage conflicts and strains; to respect assigned responsibilities.

There are many reasons for which an accurate selection of potential workers is essential:

- Information on health, skills and competences sent by the social or health departments is often lacking and they is inadequate to the working situation.
- From the cooperative's point of view, it is very important to know the degree of autonomy, professional skills, expectations, prerequisites etc...

Particular attention must be given at the interview:

It is necessary to recruit an expert in human resources, able to interview in order to obtain information about the person who will be included.

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PHASE 2: MANAGEMENT OF INTEGRATION

a) Construction and sharing of individual projects

The standard model of cooperation should be structured as a flexible model in order to satisfy the personal characteristics, building an individual plan to define:

- Goals in their professional work in order to increase their autonomy;
- Most appropriate instrument for the integration path: stages, arrangements, time etc...
- People who intervene in the integration path and their role (team leaders, responsible for job placement, operator of the service)
- Tools used to check the progress of the course (interviews with responsible inclusion, with the services references, index cards, self-evaluation and assessment)

Important steps

During the integration path the following items are a priority:

- The project must be individual and it is necessary to clarify its content and aspects and its responsibilities;
- The person identified should be involved in its path in order to improve its awareness and self-esteem;
- Information on the role, workplace, project, relationship with the services must be clear and precise.
- Agreement between the parties.

b) Presentation of cooperative individual project

The objectives and procedures for entering into working groups must be clear; who is in charge of the integration refers to the team with whom he shared objectives, all relevant information for the success of the project.

Important steps

- Management and selection of information in order to identify who could be able to build a positive path and to establish positive relations;
- Sharing of the project, of its strategic objectives and details as widely as possible in spite of different levels of involvement;
- Defining precise moments to communicate each other.

c) Tools

A person who decides to undertake a path of work integration undergoes a very delicate phase.



He places in the integration path all his fears and expectations. It is important to understand what the person is willing to invest in the process of job placement, what resources he can offer and what are the difficulties as it emerges sometimes clearly during the interview.

Therefore, it is essential to be careful.

As far as the roles within the cooperative are concerned, it is important that everyone understands his/her role and responsibilities.

Responsible for placement

- *Inwards*: looking out for the network of relationships between persons engaged, supervisors and co-workers;
- *Outwards*: careful planning, relationship with the services, the evaluation of the overall project.

Foremen

- They protect both the business and individual professional skills; manage interaction within people, group dynamics and conflicts.

Important aspects

- Essential requirement is to plan a structured intervention that reflect the cooperative's organizational model to avoid providing answers based on gut reactions of foremen;
- Managing the integration path is important to involve employees in work processes, focusing on comparing both professional and relational and providing opportunities to gather and to verify workflow, enhancing teamwork strategies.

Cooperative's common pattern helps:

- To provide systematic moments of sharing and to give greater support to the foremen's role;
- To ensure a process of cultural elaboration; to improve learning; to better understand the various aspects of social and employment inclusion;
- To promote, within the organization, recognition of the competencies of the different actors involved and to identify intervention strategies shared.

Monitoring is configured as a moment of thought and reflection useful to observe the development of the process of integration and could be used to assess achievements, difficulties and weaknesses, redefining new targets and new strategies for the improvement of the Project.

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Important steps

- Continually monitor activities and arrange reflection and discussion moments to reflect and discuss without emergency;
- Involve and coordinate in the management of the project all services and operators.
- Create the conditions to redefine the objectives and to verify its effectiveness, analyzing the elements which could change the original context.

PHASE 3: CLOSURE

a) Evaluation

The final assessment is not just an opinion about what you have done, on the outcomes and achievements but is also an opportunity to test procedures and processes being developed.

It is a priority to recognize which strategies, methods, tools have been important for the project and have helped to achieve positive goals; it is also necessary to analyze whether the targets were fully achieved or only partly.

Important steps

- During the planning phase, it is necessary to investigate problems and review each of these with measurable indicators, methods of detection, appropriate instruments easily useable.
- An objective evaluation is not effective when it concerns quality issues, related to relations, because the emotions and relationships are difficult to measure; The meaning for each indicator chosen should be drawn together and shared by all people involved in the assessment;
- It is important to develop specific moments of assessment;
- Finally it needs to involve the majority of actors in the evaluation: workers, team leaders, persons in charge of placement, services and cooperative members.