

Industry and Services

Cooperatives can provide rewarding and fulfilling work

What is the Issue?

- The financial crisis and the consequent difficulties it has brought to business has resulted in people losing their jobs across Europe, whilst others have had to face stagnating wages
- In addition, it is estimated that 600,000 people around the EU unnecessarily lose work when business owners opt to seek new opportunities, and consequently no successor can be found to step in
- Cooperatives offer a way to remedy many of these problems that affect industry and services, but in many European countries, this potential is held back due to the lack of legislation, finance, and education available to facilitate the foundation of cooperative ownership

Why is this a problem?

- The loss of jobs not only presents difficulties for the individuals who have lost their livelihoods, but brings with it a number of other social and economic problems
- Unemployment places pressures on public resources, as the state has to step in to aid those who would otherwise be contributing to the economy as productive members of the workforce
- Not only this, but we have seen across the western world that when large scale loss of employment is concentrated on regions with a particularly strong industrial base, it can inflict considerable damage to communities

How can a Cooperative approach help?

- The people based approach of cooperatives can help to combat these problems, by channelling the talents of those who would otherwise be unable to fully participate in the economy
- The Italian 'Marcora Law', which provides a framework to support those workers who wish to buyout their firms when faced with redundancy, using money that would otherwise have been spent on unemployment benefits, is an example of how the cooperative sector can work with government to accomplish this
- This scheme has proven phenomenally successful, providing a return 6.8 times the amount of capital initially invested in these projects, whilst preserving businesses and jobs
- Industrial cooperatives also have the potential to empower employees by giving them democratic control of their workplace, which makes them more productive and engaged, demonstrated by the notably lower rates of absenteeism and labour turnover in the cooperative sector
- They can also offer the prospect of a stable, fulfilling employment across entire regions through the establishment of industrial 'clusters'
- This is the case in Emilio-Romagna in Italy, and the Basque Country's famous Mondragon cooperatives, an association of one hundred and forty seven cooperatives employing eighty thousand workers, each of whom hold a stake in the company they work for
- The cooperatives operate on an ethos of social solidarity, not allowing employees to make any more than 6.5 times the amount than their colleagues, regardless of the role they play within the business
- The principles on which these cooperatives are run has generated a strong sense of identity in their employees, giving them a feeling of pride in their work that is rarely matched in other sectors
- With the right government support, initiatives such as these have the potential to thrive across Europe
- Providing educational support at all tiers of learning would provide a boost to the sector, particularly among young people
- The fostering of a successful approach to cooperatives across the European industry and services sector has the potential to provide fulfilling, good quality work to those who would otherwise be without opportunity

