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# The Worker Co-operative Sector in Ireland: Current Status, Future Prospects

**Michael Gavin, Aisling Moroney, Bridget Carroll and Michael Ward**

The worker co-operative sector in Ireland is undeniably small and arguably underdeveloped. There has been limited research to date on the sector and much of what does exist is somewhat dated. This study addresses this gap in the literature and the knowledge base. Through a combination of secondary and primary research, it identifies the number and location of Irish worker co-operatives; ascertains the key industries within which they are located; and explores their economic and societal impact in terms of turnover, wages and disbursements and number employed. This phase of the research suggests that the sector is very small from what was in any case a very modest position in past decades. The study explores why the sector in Ireland is as apparently small as it is. It also offers a number of recommendations for policy-makers, the worker co-operative sector and the broader co-operative movement which may help to energise and develop the sector in the future.

## Introduction and Background to the Study

Curl (2009: 8) defines the worker co-operative as a firm which is “owned and operated only by its worker-owners”. While on a global scale worker co-operatives account for a small proportion of economic activity, in certain jurisdictions — notably Italy, Spain and France — they are a vibrant sector of the economy (Birchall, 2011). This unique ownership structure is associated with a range of economic and social benefits not always found in conventional firms. These include the empowerment of members through internal democracy, greater control for workers over the conditions of their work (Linehan and Tucker, 1983; Curl, 2009; Restakis, 2010) and the provision of a “counterbalance to foreign-owned companies and to concentrated private economic power” (Carroll, 2009: 18). Studies suggest that companies with employee ownership generally out-perform the competition in terms of productivity, longevity and retention of employment (Bibby, 2009; COCETA, 2010; Erdal, 2011). A recent report by the International Organisation of Industrial, Artisanal and Service Producers’ Co-operatives also suggests that the impact of the global economic crises on employment seems to be weaker for worker co-operatives compared to conventional corporations, largely because workers have adapted employment practices and found innovative measures based on participation and sharing of responsibility to avoid severe job losses (CICOPA, 2011).

Overall, Ireland has a vibrant co-operative economy, particularly in the agricultural and financial services sectors. As researchers within the Centre for Co-operative Studies, UCC, the authors of this study were aware that the worker co-operative sector, by contrast, is comparatively small and arguably underdeveloped. Little has been written on the worker co-operative sector in Ireland and much of what exists is now somewhat dated. In their report on Ireland’s co-operative sector, Forfás<sup>1</sup> (2007) acknowledged that while worker co-operatives are viewed by some as a highly effective form of business organisation, there was a lack of quality data on the sector and that good robust up to date statistics were required if an accurate picture of the sector was to be presented.

This article, which draws on a study which was conducted in 2012, attempts to address this gap in the literature and the knowledge base. The central objectives of the study were: to identify the number and location of Irish worker co-operatives; to ascertain the key industries within which they are located; and to explore their economic and societal impact in terms of turnover, wages and disbursements and number employed. Given the potential of the sector to contribute to economic and social development described above, a further important objective was to explore why the sector in Ireland is as apparently small as it is and to examine how it might be encouraged to further develop and grow.

## Conceptual Framework

The literature on co-operative development indicates that a complex mix of factors create an environment conducive to the development of worker co-operatives. The work of Attwood and Baviskar which was developed in India in the 1980s, suggests that co-operatives tend to flourish when there is a sympathetic government, and a cultural and legal environment that supports co-operative development (Attwood & Bhaviskar, 1988). The success of the co-operative movement in the Italian region of Emilia Romagna is illustrative of this. Regional elections in 1976 saw a change in the power map of Italy and the installation of a leftist administration in the Emilia Romagna region. One of its first tasks was to create a mechanism through which the regional economy as a whole could be understood, its strengths and weaknesses diagnosed and a programme of development established. This process coupled with continuous political, legal and cultural reform has resulted in the co-operative movement building a powerful, autonomous co-operative economy alongside an advanced capitalist economy. According to Restakis (2010: 77), the process “provides a blueprint for how governments can play a catalytic role in analyzing, mediating and mobilising strategic interests in the building of a regional small-firm economy”. On the other hand, Shah’s 1996 study of Indian agricultural co-operatives undertaken in the early 1990’s (cited in Birchall, 2011) would suggest that a strong co-operative movement can itself mould the policy and development environment. He concluded that where co-operatives were successful and helped shape their own environment, governments were not strong enough to take them over or interfere in their running. The Mondragón co-operative system in Spain, which became self-sustaining through the development of its own supporting systems (such as the Caja Laboral, a university, training institutes and numerous research and development companies) in an otherwise repressive environment, is also illustrative of this phenomenon. The existence of a strong co-operative sector may also create a supportive environment for the development of other co-operatives; as Roelants (cited in Corcoran and Wilson, 2010: 33) puts it, strength breeds strength. He suggests that a key factor in the success of the Italian worker co-operative sector is the support from the other co-operative sectors for worker and social co-operatives (Roelants, cited in Corcoran and Wilson, 2010: 10). In Italy, each co-operative is obliged to place 3% of their profits into a fund that is used to create new or help existing co-operatives; such co-operative development funds have been instrumental in the rapid growth of the worker co-operative sector. The modern-day workers’ co-operatives in Emilia Romagna in Italy have been described as forming “a dense network of complementary business relationships that are mutually supportive” (Birchall, 2011; 174).

## Factors in Successful Co-operative Development

Key to the development of many co-operatives, including worker co-operatives, has been the presence of co-operative leaders. Birchall (2011) argues that leaders have emerged who do not seem to mind incurring the costs of organising. In some cases, they are relatively wealthy and can sustain the cost involved in promoting the co-operative, but most tend to be also motivated by political, religious or humanitarian convictions that seem to override notions of the ‘rational actor’ acting in pursuit of their own self-interest. Birchall (2011) also argues that people are more collectivistic in their attitudes than “rational actor” theory would suggest. Birchall and Simmon’s ‘mutual incentives theory’ predicts that when people are involved in organisations which represent their interests “they will be motivated by shared values, shared goals and a sense of community, as well as by more personal incentives” (Birchall, 2011: 28).

The substantial literature on social capital is also of interest in exploring the kind of social and cultural environment conducive to co-operation. Putnam (2000) suggests that high levels of social capital allow citizens to resolve collective problems more easily, greases the wheels that allow communities to advance smoothly, builds trust and connectivity, cuts transaction costs, and facilitates networking and co-operation for mutual benefit. Birchall (2011) argues that one of the key factors in co-operative development is the presence of social capital; the higher

the social capital the more likely it is that co-operative development will take place. Putnam's (1994) study identified Northern Italy as having a particularly large 'store' of social capital, combined with a strong civil society and a strong economy. As Restakis (2010: 73) notes, the co-operatives of Emilia Romagna have indeed succeeded in building a powerful autonomous co-operative economy alongside an advanced capitalist economy.

A range of studies (Ferragina, 2012; Van Hout et al, 2012) suggest that Ireland has high levels of social capital and a longstanding history of volunteer action. The development and significant success of organisations such as the Gaelic Athletic Association (GAA) and the credit union movement support this contention. However, it has also been noted that while Ireland has the highest levels of informal social networks in Europe, it ranks only 8th and 9th respectively for formal social networks and social trust (Ferragina, 2012). Might this at least partly explain the apparent lack of interest in forms of co-operation which are perhaps more demanding of the membership?

## Barriers to Development

It is clear that with the exception of a few notable regions such as Mondragón in Spain and Emilia Romagna in Italy, the worker co-operative form has made relatively slow progress compared to some other types of co-operative. Ireland is certainly not alone in having a healthy co-operative sector overall but with few worker co-operatives. Birchall (2011: 173) suggests that many employee-owned firms such as workers' co-operatives have "no particular organisational comparative advantages over the IOB (investor owned business) type". He also argues that "there are some knotty problems concerning the ownership and control of worker co-operatives that have inhibited their development" (Birchall, 2011: 174). The question of who owns the equity and the effect it has on the motivation of members, the (in) ability to raise capital and the likelihood of the co-operative being de-mutualised are further inhibiting factors. The success stories have also been accompanied by some notable failures which have perhaps given pause for thought. Birchall (2011: 174) cites the case of the worker self-management system in Yugoslavia in the 1970s which "turned out to be mostly a sham, permeated by party political influences and bolstered by a state banking system that eventually collapsed under the strain". He also notes the case of the movement for worker takeover of bankrupt businesses in Western Europe in the 1970s; "the problems with such takeovers are that they inherit a weak business proposition and need a profound cultural adjustment on the part of the workers, and so there is a high failure rate" (Birchall, 2011: 174). However, as Erdal (2011: 25) notes "when they [worker co-operatives] are well led, and when they have well-designed governance systems, employee owned companies do wonderfully well, and their employee-owners lead more productive and more satisfying lives than is possible in any other system".

As noted previously, Ireland has a vibrant co-operative economy, particularly in the agricultural and financial services sectors. In the agricultural and food sector, co-operatives and their associated companies account for total sales of €11bn and have some 150,000 members and employ 12,000 people. The credit union movement has over 2.9m members in Ireland with savings of close to €12bn, with over 9,000 volunteers and 3,500 employees. However, the concept of worker co-operatives appears to remain unfamiliar and according to Carroll (2009: 35), "the lack of familiarity with successful models means few people consider the option". Forfás (2007) identified a number of issues which impede the development of co-operatives in Ireland. These include: the lack of understanding of the co-operative form; the lack of data available on co-operatives; the need for a level playing pitch vis-à-vis other forms of enterprise; the administrative burdens faced by co-operatives; the need to develop managerial skills and entrepreneurship within the sector; and the need to recognise the value of the social contribution that co-operatives make.

## Methodology

Some difficulties were experienced in compiling a list of worker co-operatives and then in turn ascertaining location, industry, etc. The Industrial and Provident Societies Acts 1893-2005 (IPSA), contains no definition of a co-operative and at the time of the study the records of the Registrar of Friendly Societies did not include worker co-operatives as a distinct category. Hence, when it comes to finding out the official number of worker co-operatives in the country or in a specific industry, no definitive register exists. Therefore information had to be compiled from a range of sources, including the Registrar of Friendly Societies (RFS), the Companies Registration Office (CRO) and the knowledge of key informants on the sector.

The first step in compiling data on the sector was to return to the last list of worker co-operatives produced by the Co-operative Development Unit (CDU)<sup>2</sup> in 1998. Comprehensive figures for worker co-operatives in Ireland have not been available since the closure of the CDU in 2002. Of the 82 co-operatives in existence in 1998, 56 were set up with the help of the CDU between 1994 and 1998 (Hughes, 2000). As these enterprises were registered as limited companies, annual returns must be submitted to the CRO within nine months of the end of their financial year. Subsequently an examination of the online records of the CRO for each individual company provided details of the status of the 56 CDU assisted co-operatives in relation to their ongoing trading or not. In relation to the remaining 26 worker co-operatives in existence in 1998, a presumption was made that if they were not registered as limited companies with the CRO, they were registered with the RFS. A review of the latest version of the “Registrar of Friendly Societies Annual Report” (2010) identified those co-operatives that continued to trade. Since the year 2000, a number of worker co-operatives have been set up with the help of the Workers’ Co-operative Fund of the Irish League of Credit Unions (ILCU) and a list detailing names of recipients and the year the grants were issued was provided; this information was cross checked against RFS and CRO sources to confirm if these enterprises continued to trade. An advertisement was also placed on “Activelink” (a weekly e-letter which is the premier online network for non-profit organisations) seeking the co-operation of worker co-operatives previously unidentified.

While the above exercise identified a list of potential worker co-operatives, the status of each enterprise was confirmed via a telephone survey. After ‘cold calling’ and explaining the scope and expected benefits of the research the enterprises were asked to confirm their status. This opportunity was also used to confirm the number of members and employees in each co-operative and establish their willingness to participate in further interviews if necessary. Once the primary research had identified a list of worker co-operatives, the process of quantifying their economic impact could begin. The direct impact of this activity for the co-operatives in this study was measured relatively simply by examining: the revenue generated by selling output, income paid to owners and workers (wages, benefits and dividends), and the number of jobs (Deller et al, 2009). This information was compiled from a variety of sources depending on how the worker co-operative was registered.

The final objectives of the research — to ascertain why the sector is the size it is and to examine how it might be further developed — required a more qualitative approach. Semi-structured interviews were conducted with representatives of three worker co-operatives who fulfilled key criteria, such as having a majority of employees as members, being financially stable and being in business for at least two years. Interviews lasted between one to two hours and were recorded. Analysis of this data comprised of the identification of recurring themes and trends which chimed with the research objectives.

## Results

### Number of worker co-operatives in Ireland

The review revealed that of the eighty-two worker co-operatives in existence in 1998, forty-six were either dissolved, in the case of CRO registered businesses, or no longer registered as

co-operatives with the RFS. Of the remaining thirty-six enterprises, eight saw themselves as worker co-operatives, although of this eight, five did not comply with some of the core principles one would expect to find in a worker co-operative, ie minimum membership of three, with a majority of employees as members. For the purpose of this study all eight co-operatives were included in the findings. Of the remainder, twenty three had been privatised, four could not be identified by their trading name or address, and the status of the remaining one enterprise, while still trading, was not determined.

Since the year 2000, a number of worker co-operatives have been set up with the help of a grant from the Workers' Co-operative Fund of the Irish League of Credit Unions. A review of records shows that 26 enterprises were in receipt of this grant. Again CRO and RFS records were scrutinised to determine the current status of the co-operatives that availed of the fund and three had ceased to trade. A telephone survey revealed that at least seven of the recipients were worker co-operatives: five classified themselves as community enterprises, seven had been privatised and the status of the remaining four could not be confirmed. While the RFS annual report does not give a breakdown of specific types of co-operatives there are a number of broad headings under which co-operatives register. A review of the 2010 report was undertaken and a number of possible worker co-operatives were identified, primarily based on their name and section under which they registered. A telephone survey of these co-operatives was undertaken and a further four worker co-operatives were identified.

In summary, a total of nineteen worker co-operatives were identified in this study. However, due to the issues highlighted above in identifying worker co-operatives, this may not represent the full picture.

### **The economic impact of the Irish worker co-operative sector**

The direct impact of the economic activity for the co-operatives identified in this study was measured by examining the business turnover, income paid to owners and workers (wages, benefits and dividends), and the number of jobs (Deller et al, 2009)<sup>3</sup>.

Of the nineteen worker co-operatives under review, turnover information was obtained for 15 co-operatives. Turnover figures included sales from the co-operatives primary activity, grants received and other income. The latest filed set of accounts for each co-operative was used and Table 1 details the findings. Figures from 1994 showed worker co-operatives having an average turnover of under €126,000 (Carroll, 2005). Today, this has risen to €526,232 although it should be noted that the combined turnover of the three highest ranked co-operatives amount to €5,673,848.

**Table 1: Worker Co-operative Turnover**

<b>Year End</b>	<b>Number of co-operatives</b>	<b>Turnover (€)</b>
2008	1	588,049
2009	10	5,002,649
2010	4	2,302,793
<b>Total</b>	<b>15</b>	<b>7,893,491</b>

The wages and disbursements as recorded in the annual returns and accounts of the 15 co-operatives for which information was available do not necessarily reflect the total income of members. Some members of taxi, actors and food processing co-operatives are self-employed and only pay a fee to their respective co-operative which covers overhead expenses such as the running of offices or a radio base. While it may be argued that these co-operatives are producer co-operatives, as they classify themselves as worker co-operatives, they have been included in this study. In addition, the use of voluntary labour was confirmed via the phone survey and interviews in five of the enterprises. Table 2 presents the wages and disbursements figures for the 15 co-operatives for which information was available.

**Table 2: Worker Co-operative Wages & Distributions**

Year End	Number of Co-operatives	Wages (€)	Dividends (€)
2008	1	308,049	0
2009	10	2,446,428	0
2010	4	588,597	2,761
<b>Total</b>	<b>15</b>	<b>3,343,074</b>	<b>2,761</b>

The final factor in economic impact to be examined was the numbers employed in the sector. This information is contained in the accounts which accompany the annual returns. However, as these accounts were up to three years old, their accuracy in relation to the number of employees was questionable, not least because of the economic downturn in Ireland from 2008 onwards. When carrying out the phone survey, an attempt was made to verify current employee numbers. In a number of cases, co-operatives were unable or unwilling to confirm the numbers employed. As a result the figure for the numbers employed by worker co-operatives is an estimate. As alluded to above, a number of co-operatives in the taxi, actor and food sector have members who are not employees. Therefore, to present a true picture of the numbers involved in the worker co-operative sector, member numbers are also presented in Table 3. Hughes (2000) reported that there were 591 employees in worker co-operatives in 1998, the numbers now employed in the sector stands at 135. Employee and member numbers were available for 18 of the identified co-operatives.

**Table 3: Worker Co-operative Employee and Member Numbers**

Year End	Number of Co-operatives	Employees	Members
2008	1	12	120
2009	10	97	198
2010	6	26	82
No accounts filed	1	0	30
<b>Total</b>	<b>18</b>	<b>135</b>	<b>430</b>

### Industry and geographic dispersal of Irish worker co-operatives

In addition to identifying worker co-operative involvement in traditional areas such as restaurants, food production, printing, audio visual services and crafts, Carroll (2005) highlighted the growth in professional or knowledge intensive co-operatives such as computer services, computer software, research services and language tuition. Carroll also highlighted the role played by the ILCU in providing grants to various co-operatives including a number of actors' co-operatives: a newspaper, a mediation service and an education services co-operative.

Worker co-operatives are still involved in areas such as whole-food retailing and restaurants, food production, printing, crafts and the acting community. A number of worker co-operatives are also now involved in activities which could be described as promoting sustainable living. The growth in the professional and knowledge sector identified by Carroll (2005) did not sustain itself. Only one "knowledge based" co-operative, Nexus Europe Research (Ireland) Ltd, was identified in this study. The taxi sector has seen the largest growth in the number of worker co-operatives with two in Dublin and one each in Galway and Cork. Table 4 details the numbers of worker co-operatives operating in different sectors of the economy. Co-operatives involved in individual industries are included under "Other".

Table 5 details where the worker co-operatives identified in this study are located.

**Table 4: Worker Co-operatives by Industry**

Sector	Number of co-operatives involved
Other	7
Taxi service/radio base	4
Actors agency	3
Whole food sector	2
Crafts	2
Food Production	1
<b>Total</b>	<b>19</b>

**Table 5: Location of Worker Co-operatives in Ireland**

Location	Number of Co-operatives
Dublin	9
Cork	3
Offaly	2
Clare	1
Galway	1
Kerry	1
Westmeath	1
Kildare	1
<b>Total</b>	<b>19</b>

The above figures indicate that the worker co-operative sector in Ireland is very small and has in fact shrunk considerably since the late 1990s. Of the 82 worker co-operatives identified by the CDU in 1998 only 8 survive; 23 have been privatised and 46 no longer exist. While it is almost impossible to identify precisely the number of worker co-operatives that have registered in the intervening years, this study has only found 11 additional worker co-operatives. In addition the number employed in the sector has fallen substantially, from 591 in 1998 to approximately 135 today.

## Development of the Worker Co-operative Sector

As noted in the methodology section, the more qualitative objectives of the research — to ascertain why the sector is the size it is and to examine how it might be further developed — were explored through semi-structured interviews with representatives of three worker co-operatives who fulfilled a number of key criteria. Each co-operative is described briefly in the box below.

The mix of factors that are likely to contribute to co-operatives flourishing were discussed earlier. This study highlighted a number of areas in which the environment might be said to inhibit the development of co-operatives and which may account for the currently weak state of the worker co-operative sector. In Ireland, there is no legislation specific to worker co-operatives and the Industrial and Provident Societies Act is dated (Carroll, 2013<sup>4</sup>). When operational, the Co-operative Development Unit (CDU), encouraged organisations to register as limited companies and include co-operative principles and rules in their internal company rules. Since the demise of the CDU, organisations wishing to operate as worker co-operatives appear to have registered with the Registrar of Friendly Societies (RFS), and adopted standard co-operative rules. Under current legislation, a co-operative must have a minimum of seven members. While this is currently not an issue for a co-operative such as Castaway Actors Agency, which has thirty plus members, it has proved problematic for the other two

organisations involved in this study. In the case of Sustainable Ireland, changes in the operating environment such as the closure of their shop and a curtailment in income sources, have meant the operation could not sustain the original number of members. While the operation will continue in some form, it is believed that the enterprise may not be capable of supporting more than seven members. As a result Sustainable Ireland is exploring other options which may provide a better 'fit' with the new situation in which they find themselves. In the case of the Bridge Street Co-op, the seven member rule was also problematic. All of the interviewees believed that changes in legislation relating to the minimum number of members are needed if the worker co-operative model is to become an attractive option for would-be entrepreneurs.

Founded in 1988, **Castaway Actors Agency Co-operative Society Ltd** (Castaway) is a not-for-profit organisation aimed at increasing the influence of individual actors over the professional management of their careers. It is one of the premier theatrical agencies in Ireland and its 33 members possess over 400 years of collective experience in film, radio, television and theatre. As a worker co-operative, every member plays an integral role in the running of every part of the agency.

The **Sustainable Ireland Co-operative Society Ltd** (Sustainable Ireland) was established in 2000. Its main initiative is "Cultivate", which aims to equip people to respond to the twin issues of energy vulnerability and climate change by providing access to the knowledge and tools that cultivate sustainable lifestyles and resilient communities. In addition to providing educational courses and running "Convergence", an annual sustainable living festival, the co-operative also operated a retail outlet selling eco related products in Temple Bar, Dublin for a number of years. In later years, Cultivate has hosted and supported a number of community focused projects such as Community Resilience, The Network Directory, Sustainable Tourism, Education Directory, and the Living and Learning e-Bulletin. Cultivate decided on the worker co-operative model as it was seen as the most democratic, participatory and inclusive company structure which also offered a solution to the live/work gap allowing for seamless integration of life values and the working day. The changed economic environment, resulting in less public funding, has prompted the thirteen existing members of the co-operative to initiate a process which will explore the viability of the worker co-operative model going forward.

Established in 2008 with six members, the **Bridge Street Co-op** is the smallest and youngest of the co-operatives included in this study. Located in Kenmare, Co Kerry, it runs a whole food grocery store and at the time of writing, plans to open a café and book shop. The co-operative's aim is to supply nutritious wholesome food at fair prices, while also encouraging local growers and artisan production. The co-operative does not knowingly stock products which contain harmful food additives or genetically modified organisms. The co-operative favours local over national, national over international, organic over conventional and small companies and co-operatives over industrial corporations. They strive to minimise food waste by careful stock control and handling, recycle packaging where possible and strive in every way to reduce their environmental impact.

All co-operatives, irrespective of size, must submit audited annual accounts to the Registrar of Friendly Societies (RFS). Limited companies, with a turnover of less than €7.3 million, a balance sheet of less than €3.65 million and less than 50 employees can claim an audit exemption thus making a substantial cost saving over co-operatives. This issue is both a barrier to choosing this model and problematic for existing co-operatives, especially those who operate in the not-for-profit sector. Over the past number of years there has been increasing interest at European Union level in the "social economy" or "third sector", and more recently in social enterprises. By providing employment and (in many cases) working to creating a more democratic, sustainable and equitable society, worker co-operatives may be classed as social enterprises. In Ireland, with no specific legislation pertaining to worker co-operatives, they are seen in the same light as all co-operatives, and are thus treated as commercial enterprises. The interviewees in this study suggested that this legislation, combined with a lack of familiarity has meant that the social economy sector in Ireland has not pursued the worker co-operative model to the extent that it might otherwise have done. The worker co-operative legislative environment in Ireland is



in stark contrast to countries such as Italy, Spain and France, where legislators have provided supports, such as subsidies and tax breaks specific to the sector. These have contributed to the development and growth of large and dynamic worker co-operative movements.

A further important factor in the weakness of the sector highlighted in this study is the lack of direct support for worker co-operatives. Since the closure of the CDU in 2002, there has been no statutory provider of support or information specific to worker co-operatives in Ireland. The lack of a representative organisation which could both promote the model and provide information to existing and potential co-operatives has also had a negative impact. Interviewees in this study noted that while people may have an interest in worker co-operatives, the lack of a promotional or support body and the support and information it could provide results in most opting for a different operating structure. They also noted that members of worker co-operatives have to spend a lot of their own time and energy researching and formulating structures which ensure good governance and longevity. This is a burden not experienced by other organisational forms such as limited companies in Ireland and worker co-operatives in certain other jurisdictions. A high proportion of the worker co-operatives that set up with the help of the CDU, privatised after it closed in 2002. It is generally believed that the lack of knowledge among professionals, coupled with the closure of the CDU, contributed to many of these privatisations as there was no support for a sector which was in its infancy. It was also noted that “success breeds success”, and without a promoting body, successful worker co-operatives can slip out of the public consciousness.

It might be assumed that in a country with 1,063 co-operatives (RFS, 2010) and approximately 270,000 members, coupled with a further 2.98 million credit union members, that knowledge and understanding of co-operatives would be high among the general population. However, all interviewees in this study argued that this was not the case. They have found that identifying suitable members is often an issue and that they have to spend time and resources educating potential and existing members in the basic workings of co-operatives, a process which can be hampered by the lack of suitable support structures and materials. Interviewees also argued that while the provision of training and education is one of the principles by which co-operatives put their values into practice, Irish co-operatives and credit unions have not been always been as effective as they could be in delivering the co-operative message. They also noted that co-operatives are rarely studied in Irish education institutions or by professional bodies such as those of accountants or solicitors. Therefore, when seeking advice on a business, people are seldom advised on the options offered by the co-operative model. It was also suggested by the interviewees that the success of co-operatives in the farming sector has created the impression that co-operatives only operate in this sector. In Italy, Spain and France one finds significant federations which support, guide direct and help educate worker co-operatives and their members thus contributing to knowledgeable members and the development of the sector in these countries.

We noted earlier Birchall's (2011) contention that the higher the levels of social capital in a society, the more likely it is that co-operative development will take place. We also noted that Ireland is generally thought to have high levels of (some types of) social capital. However, practical barriers to harnessing the social capital which exists have been experienced by the participants in this study. In the original business model devised for the Bridge Street Co-op, it was envisaged that voluntary labour would be utilised, thus lowering overheads and passing the savings on to customers via cheaper food. Interest in the volunteer programme was initially high especially among social welfare recipients who, in addition to training, would receive a discount on food was offered. However, as the co-operative is not a registered charity, the former Department for Social and Family Affairs argued that participants on the programme were not available for work on the days or part days spent in the shop and proceeded to suspend welfare payments. As a result the scheme only continued in a limited manner as many of the participants who were claiming social welfare had to drop out. Such a scenario illustrates the fact that, while the level of social capital in Ireland may be high, the regulatory environment

can prevent organisations taking advantage of available resources. Overall then, it is apparent that the worker co-operatives in this study do not view the environment in Ireland as particularly conducive to the development of worker co-operatives at this time.

Notwithstanding the above, the experience of the worker co-operatives included in this study would also lend some support to Shah's notion that co-operatives can shape their own destiny, irrespective of the environment in which they operate. The success of Castaway — as an organisation in and of itself and as a worker co-operative — has led to the model being replicated by others who were in similar circumstances and wanted to gain similar advantages for themselves. A similar phenomenon appears to be developing in the taxi sector where a number of worker co-operatives have commenced trading in recent years. A viable business model has been developed, and others, seeing the success of existing operations, have been encouraged to replicate and modify it as necessary elsewhere. This would concur with Birchall's (2011) "evolutionary theory of co-operation" which contends that forms of co-operation which work will survive and be replicated, while others, irrespective of the conducive environment, will fail.

The importance of both strong co-operative leadership and co-operation for mutual benefit are both highlighted in this study. This is perhaps especially necessary in the context of limited external support. The leaders of Sustainable Ireland and the Bridge Street Co-op have contributed both time and financial resources in the effort to promote their co-operatives, motivated in their cases also by a desire to promote sustainable lifestyles and resilient communities. All three of the worker co-operatives included in the study see themselves as operating in the not for profit sector and in each instance members, to different degrees, contribute voluntary labour, or what is often referred to as 'sweat equity'. All of the interviewees believed that their organisations possess values and goals which mattered to members and as a result members identify with and cared about their co-operative. They also believe that the members give the co-operatives a competitive advantage over conventional corporations.

## Conclusions and Recommendations

This study finds that the worker co-operative sector in Ireland is weak and would appear to have contracted considerably since last official figures were produced by the Co-operative Development Unit in 1998. However due to the limited scale of this study and the nature of the difficulties encountered in verifying numbers further studies are required to ascertain a full picture of the sector. The lack of legislation specific to worker co-operatives, the uneven playing field (especially compared to limited companies), and the lack of targeted government and other support were identified as barriers to the sector's future development.

However, some 'green shoots' are also apparent. Since the fieldwork for this study was carried out, a Worker Co-operative Network has been established (June 2012). This network comprises representatives from a number of workers co-operatives and other interested parties from throughout the island of Ireland. The cross-border initiative broadly aims to improve networking and learning opportunities among worker co-operatives and to contribute to developing a greater understanding of the sector's benefits and opportunities. In time, this fledgling organisation may fulfil some of the needs for promotion, networking, support, and information highlighted in this study. Already, the network has made a submission to the Joint Oireachtas (Parliament) Committee on Jobs Enterprise & Innovation, detailing the case for a level playing field for competitive, innovative & profitable worker co-operatives.

This study has highlighted a number of actions which the Irish government and the co-operative movement could undertake to energise and support the Irish worker co-operative sector. There have been some recent reforms in relation to co-operative legislation<sup>5</sup>. Although the worker co-operative sector is currently very small, future legislative and regulatory actions could aim to provide greater clarity and direction with regard to important areas such as the mandatory indivisible reserve which might be suitable for some but not all worker co-operative initiatives.

A sector led development initiative with a remit to actively support and promote worker co-operative development, including worker co-operative development would help progress the sector. Co-operative Development Scotland (CDS) provides an interesting model. It was established in 2005/06 in recognition of the need for a distinct development agency for the sector and with the purpose of assisting in the formation and growth of sustainable co-operative businesses throughout Scotland. Reflecting the importance of integrating specialist and mainstream business support for co-operatives, CDS was set up as a wholly-owned subsidiary of Scottish Enterprise with its own Advisory Board and executive. In Ireland, the obvious equivalent 'parent' agency is Enterprise Ireland<sup>6</sup>. However, given the focus of Enterprise Ireland on export-oriented businesses, the newly constituted Local Enterprise Offices throughout the country might be a more suitable vehicle for such a development. A more realistic option may be for the movement to take the opportunity that arises from the moving of the remit of Forfás to the Department of Jobs, Enterprise and Innovation as well as Enterprise Ireland and the Industrial Development Authority (IDA) and to attempt to influence those entities in favour of worker co-operatives.

Regions such as Emilia Romagna also provide important learning for the Irish government and regional and local development authorities on the further potential of the co-operative sector to contribute to strong, indigenous regional economic and social development — and on how the sector might be supported further to do so. At least some of the facets of this enabling environment, such as greater incorporation of co-operative knowledge into mainstream education or funding of co-operative enterprise development, lie within the remit of government/statutory agencies.

As noted above, one of the main needs of the sector has been for a support body specific to its needs. The recent formation of the Workers Co-operative Network is a positive step towards the development of a stronger sectoral identity and presence. Organisations such as the Canadian Worker Co-operative Federation, the US Federation of Worker Co-operatives and Co-operatives UK demonstrate how the internet can be used to provide an effective and relatively low-cost means of sharing information, exchanging ideas and promoting the sector. In relation to the latter, social media provides another important tool for the promotion of worker co-operatives and for the success stories of the sector to be told and shared in an engaging way for contemporary audiences. Given the current size of the sector, it is perhaps particularly incumbent on existing worker co-operatives to promote the sector and the idea (and ideals) of worker co-operatives, while also promoting their own businesses.

Equally however, organisations such as ICOS, the ILCU and NABCo (the representative body for housing co-operatives) could continue to use their established scale and influence to lobby politicians and the government to ensure an environment in which all forms of co-operatives can grow and prosper. Their recent support of a very well attended seminar on the role of co-operative and community owned renewable energy supply is an example of useful support. Such bodies also have a significant ongoing role to play in explaining and promoting the 'co-operative advantage' to the wider public and highlighting the contributions that co-operatives have made and continue to make to Irish life.

## **The Authors**

Michael Gavin is a founding director of Bridge Street Co-operative and CEO of Kenmare Credit Union; Aisling Moroney is a researcher in the Centre for Co-operative Studies and Department of Food Business and Development, University College Cork (UCC); Bridget Carroll is a researcher in the Centre for Co-operative Studies and a lecturer in the Department of Food Business and Development, UCC; Professor Michael Ward is Director of the Centre for Co-operative Studies and Head of the Department of Food Business and Development, UCC.

## Notes

- 1 The former policy advisory board for enterprise, trade, science, technology and innovation reporting to the Department of Enterprise, Jobs and Innovation.
- 2 A unit of FÁS, the then national training and employment authority.
- 3 A review of the most recent submitted annual returns and accounts for the co-operatives identified in the previous section was conducted. As a result of co-operatives having different financial year ends, the accounts annexed to the annual returns cover different financial periods; for the sake of clarity, the different year ends are indicated where relevant. Of the nineteen co-operatives identified, two were incorporated over the proceeding twelve months, as a result annual return and accounts were not available at the time of writing.
- 4 At the time of going to print several relatively minor amendments had just been made to the Acts.
- 5 Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Bill 2014. A reduction in fees charged by the Registrar of Friendly Societies was introduced in October 2012.
- 6 Enterprise Ireland is the government organisation responsible for the development and growth of Irish enterprises in world markets.

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