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# Measuring Co-operative Employment According to the New Statistical Guidelines

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The recently concluded twentieth International Conference of Labour Statisticians (ICLS) adopted guidelines concerning statistics of co-operatives, which is the first time that co-operatives feature so prominently in the development of international statistical standards. This paper highlights the main elements of the guidelines, including the definition and the classification of co-operatives. Work in co-operatives is discussed in light of the new international statistical standards concerning statistics on work relationships which were also adopted by the twentieth ICLS. This is followed by the application of the new standards, drawing on examples of the types of co-operatives that the guidelines identify. In this way, the paper demonstrates the relative importance of particular work relationships, which is dependent, among other factors, on the type of co-operative and commensurate membership. The paper also addresses some of the statistical challenges regarding data collection in the context of the new statistical standards.

## Introduction

The role of co-operatives in job creation, investment and the economy is widely recognised, for example in the International Labour Organisation's (ILO, 2002) Promotion of Co-operatives Recommendation, 2002 (No. 193) and the United Nations 2030 Agenda for Sustainable Development (UN, 2015). A series of (forthcoming) briefs, one for each of the Sustainable Development Goals, documents the contribution of co-operatives to the 2030 Agenda (Committee for the Promotion and Advancement of Co-operatives — COPAC, 2018). Despite their economic significance, international standards on labour statistics have paid relatively little attention to co-operatives. For instance, the International Classification of Status in Employment (ICSE-93) includes members of producers' co-operatives as one group of workers but does not provide a comprehensive definition of (producers') co-operatives (ILO, 1993).

Given the paucity of statistical standards on co-operatives, a need for guidance with regard to the measurement of co-operatives has emerged. The resolution concerning further work on statistics of co-operatives adopted by the nineteenth International Conference of Labour Statisticians (ICLS) in 2013 (ILO, 2013) recommended that the International Labour Office carry out further developmental work on the measurement of co-operatives, in particular on the number and characteristics of co-operatives, members of co-operatives, workers employed in co-operatives and value added generated by co-operatives. In line with the resolution, the ILO Department of Statistics, in collaboration with the Co-operatives Unit of the ILO Enterprises Department and the Committee for the Promotion and Advancement of Co-operatives (COPAC),<sup>1</sup> undertook a number of activities to prepare draft guidelines on statistics of co-operatives. The twentieth ICLS reviewed and endorsed these draft guidelines (ILO, 2018a).

This paper highlights the main features of the guidelines, including the definition and the classification of co-operatives. Work in co-operatives is discussed in light of the new international statistical standards concerning statistics on work relationships which were also adopted by the twentieth ICLS (ILO, 2018b). Following this, the paper examines the application of the new standards drawing on examples of the types of co-operatives as identified in the guidelines. The paper therefore aims to demonstrate the relative importance of particular work relationships, which is dependent on the type of co-operative and commensurate membership, among other factors. The paper will also discuss data collection in the context of the guidelines. The conclusions of the paper highlight the need for further testing of the guidelines.

## Guidelines Concerning Statistics of Co-operatives

The ILO Promotion of Co-operatives Recommendation, 2002 (No. 193), Paragraph 2, uses the definition adopted by International Co-operative Alliance in 1995 as part of its Statement on the Co-operative Identity, Values and Principles (ICA, 2015). Taking account of the definition of a co-operative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ILO, 2002, Section 1.2), the ILO developed a conceptual framework which aimed to define and classify co-operatives for statistical purposes. The conceptual framework informed the guidelines for statistics of co-operatives which were then endorsed by the twentieth International Conference of Labour Statisticians (see ILO, 2018c).

The guidelines consist of the following parts: Preamble; Objectives and uses; Reference concepts and definitions; Types of co-operatives; Statistical units; Operational definitions; Work in co-operatives; Data collection, tabulation and analysis; and Future work. In contrast to the definition in ILO Recommendation No. 193, the definition in the guidelines explicitly allows for legal entities to be members of co-operatives. It focuses on co-operatives as combinations of persons and enterprises which are linked by a set of principles that distinguishes co-operatives from other entities. For example, co-operatives differ from other corporations in that they are democratically controlled by their members, while non-profit co-operatives differ from other non-profit institutions in that in that members are the users of goods and services provided by co-operatives.

The economic, social and cultural needs of members are central to the understanding of co-operatives and also shape the classification of co-operatives in the guidelines (see Table 1). Such needs include, for example, access to markets and greater income stability for members who commercialise their production through a producer co-operative, or access to employment for members of a worker co-operative. The guidelines also make reference to the fact that co-operatives as institutional units are aligned to the System of National Accounts (European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development et al., 2009).

Table 1: Types of co-operatives

| Type of co-operative           | Interest of members    | Type of member                                                                                                                                                              |
|--------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Producer co-operative          | Production activity    | Producer-members: <ul style="list-style-type: none"> <li>• Enterprises such as small agricultural or craft producers.</li> <li>• May or may not be incorporated.</li> </ul> |
| Worker co-operative            | Work                   | Worker-members                                                                                                                                                              |
| Consumer/user co-operative     | Consumption            | Consumer-members: clients, family of clients, non-profit institutions, producers, corporations                                                                              |
| Multi-stakeholder co-operative | More than one interest | Producer-members<br><br>Consumer-members<br><br>Worker-members                                                                                                              |

Source: ILO (2018a)

According to the guidelines, work performed in co-operatives can be undertaken by members and non-members. The employment status of these workers depends on their position within each type of co-operative in accordance with the resolution concerning statistics on work relationships that was adopted by the twentieth ICLS (ILO, 2018b). For example, worker-members of co-operatives are considered dependent workers because they do not have

the same degree of control over the operation of their enterprise as, for example, a majority shareholder in a corporation. By contrast, owner-operators of enterprises that are members of producer co-operatives should normally be classified as independent workers, unless their enterprise is entirely dependent on the co-operative in terms of access to markets, organisation or pricing of work. In the classification of status in employment according to the resolution on work relationships, independent workers provide the best starting point for the identification of entrepreneurs in compilations of statistics (ILO, 2018b). Non-members may work as employees in co-operatives but can also serve as volunteers.

## Selected Co-operatives and Employment According to the New Guidelines

According to the guidelines (ILO, 2018a, paragraph 25), work within the scope of statistics on co-operatives consists of work in three different institutional settings, namely work performed by members and non-members in:

- Co-operatives.
- Economic units that are members of a producer co-operative or multi-stakeholder co-operative.
- Subsidiary enterprises owned or controlled by co-operatives.

Work in these settings can be illustrated if we consider some examples of the types of co-operatives that have been identified in the guidelines (see Table 2).

### Niscoo

Niscoo is a Dutch co-operative focusing on the sharing of knowledge between its members (and beyond). The membership of the co-operative consists of around 825 agricultural firms, and it facilitates exchange of information through presentations by experts on topics ranging from funding to farmland management. The co-operative also organises excursions and funds small projects (e.g. contributions to schools).

Table 2: Examples of co-operatives

| Name of co-operative       | Type of co-operative                                  | Number of members                 | Turnover (year)        | Country     |
|----------------------------|-------------------------------------------------------|-----------------------------------|------------------------|-------------|
| Agrifirm                   | Producer co-operative                                 | 17,000                            | € 2,170 million (2017) | Netherlands |
| Niscoo                     | Producer co-operative                                 | 825                               | € 200,000 (2017)       | Netherlands |
| Florida Centre de Formació | Worker co-operative                                   | 141                               | € 13 million (2018)    | Spain       |
| L'impronta                 | Multi-stakeholder co-operative or worker co-operative | 54 persons and two legal entities | € 4.7 million (2016)   | Italy       |

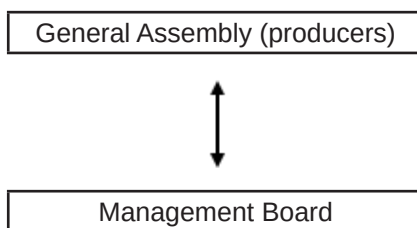
Sources: Agrifirm (2018); Florida (2018); Nationale Coöperatieve Raad (2017); L'impronta (2017)

Interviews with co-operatives:

- A. Leitjen, personal communication, 12 December 2018 (Communications Officer, NISCOO).
- G. Smeenk, personal communication, 3 January 2019 (Chair, NISCOO; Advisory Board member, Agrifirm).
- S. Rota, personal communication, 4 January 2019 (President, L'impronta).
- A. Estela, personal communication, 1 February 2019 (Director of Human Resources, Florida).

Given the relationship between Niscoo and its membership of agricultural firms, the co-operative can be classified as a producer co-operative, which generates limited work in the co-operative itself and does not own subsidiary enterprises. Niscoo does not have full time staff and is run by a board of five people and two additional persons in support functions (such as communication). Although the work of the members of the board constitutes a small, part-time (remunerated) job in the co-operative, this work is secondary to the main job of the board members in their own enterprises (see Paragraph 30 in the ILO (2018a) guidelines). Similarly, the two additional persons are not full-time engaged with the co-operative. Niscoo has adopted a 'basic' governance model, in which the board members are drawn from the membership of the co-operative (Figure1).

Figure 1: Governance model of producer co-operatives in the Netherlands: Niscoo

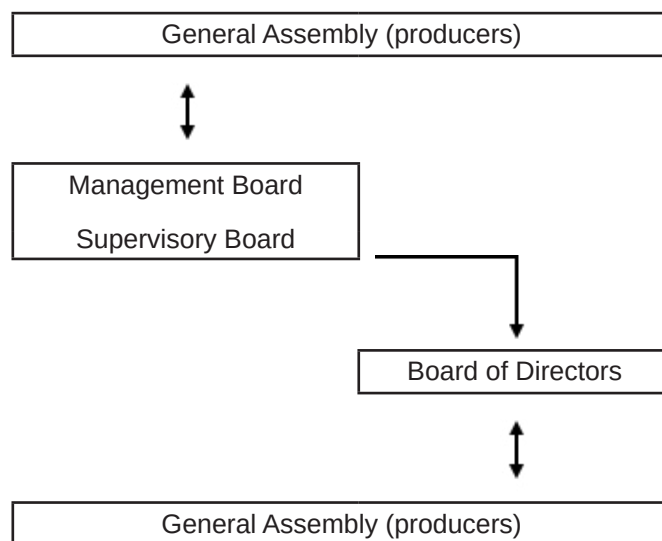


## Agrifirm

By contrast, the activities of another Dutch co-operative, Agrifirm, are more central to the activities of its membership. Agrifirm markets agricultural and animal husbandry products produced by its members, which are mostly agricultural firms, but also produces animal feed, fertiliser and other products, which are sold to its members. The co-operative helps to create value for farms as well as for industrial activities such as food processing, and ultimately aims to contribute to a sustainable food chain. Its membership amounts to around 17,000 producer-members (Table 2).

Agrifirm has adopted a governance model in which the activities are undertaken in a separate (incorporated) enterprise, which is run by a professional board of directors. The board of directors reports to a supervisory board, which consists of the same persons as the management board of the co-operative (augmented by external experts). The management board of the co-operative sets the overall strategy in accordance with the general assembly of producer-members (see Figure 2).

Figure 2: Governance model of producer co-operatives in the Netherlands: Agrifirm



The number of persons employed by the Agrifirm incorporated enterprise in 2017 was 2,954, including mostly workers in the Netherlands but also workers in subsidiary enterprises owned by Agrifirm abroad (Agrifirm, 2018). Information on employment in the enterprises

that are members of Agrifirm is not readily available. Employment within the scope of Agrifirm co-operative considerably exceeds this number, as this includes employment in the producer-members of Agrifirm co-operative.

Although producer co-operatives such as Niscoo and Agrifirm do not generate much employment in the co-operative as such, employment provided directly by worker co-operatives is likely to be a relatively more important part of all employment within the scope of this type of co-operatives.

### **Florida Centre de Formació**

Florida is a Spanish worker co-operative which is active at several levels of education. Florida has 141 members, most of whom are employed by the co-operative as teachers. In addition, Florida Centre de Formació employs 169 workers who are not members. Both the workers who are not members and those who are members of Florida will be classified as employees, which constitutes one group of dependent workers according to the resolution concerning statistics on work relationships that was adopted by the twentieth ICLS (ILO, 2018b). This contrasts with the members of producer co-operatives such as Niscoo, who will be classified as independent workers running their own business that is not dependent on the co-operative.

Florida Centre de Formació is part of a group of co-operatives and other entities, which are owned by Florida Centre Formació or with whom Florida has other business relationships. For example, Gescosa is a limited company owned by Florida, while Florida has capital invested in co-operatives such as Xúquer Centre Educatiu.

### **L'impronta**

L'impronta is an Italian co-operative, which has several types of members, and could therefore qualify as a multi-stakeholder co-operative. The co-operative was established in 1992 and focuses on the provision of education and health services to disadvantaged and vulnerable segments of the community, such as disabled individuals and their families, and single female-headed families with young children and little resources. In 2016, the co-operative had 54 members that were natural persons, and two members that were legal entities (including a co-operative). L'impronta provides employment for 38 worker-members, while the remaining 16 members that are natural persons are consumer-members whom the co-operative does not employ. In addition, the co-operative employs 230 workers who are not members, and engages 295 volunteers. Generally, work is organised in such a way that at least one worker-member is involved in the projects undertaken by non-member workers or volunteers.

According to the guidelines on statistics of co-operatives (ILO, 2018a), a multi-stakeholder co-operative is a co-operative which has more than one type of member with significant involvement in the activity of the co-operative and in which:

- More than one type of member is represented in the governance structure of the co-operative; and
- No type of member has a dominant position through a majority of votes in the governing body or an exclusive veto over decisions.

In 2016, the management board of L'impronta consisted of six worker-members, one consumer-member and one member representing volunteers. Given that both worker-members and consumer-members are represented on the management board of L'impronta, the co-operative could qualify as a multi-stakeholder co-operative. In fact, L'impronta aims to have a management board which can help identify local needs for services, and for this reason the board is not limited to worker-members. Nevertheless, the co-operative does not meet the second criterion in the guidelines as worker-members are dominating the board.



## Conclusions and Further Work

As the guidelines for statistics of co-operatives are new, they need to be tested particularly with a view to the variety of co-operatives that exist around the world. This variety is evident in terms of type of co-operatives, size of co-operatives, sector of activity, governance structure and use of subsidiaries. In addition, other fields of labour statistics such as statistics on work relationships are evolving, and statistics of co-operatives need to be consistent with the wider body of labour statistics.

The aim of this paper was to present examples of co-operatives which demonstrate some of the points that should be taken into account in the application of the guidelines. An important point concerns work within the scope of statistics on co-operatives, which includes work undertaken by members as well as non-members, and work undertaken in the co-operative itself as well as in economic units that are members of the co-operative and in economic units that are controlled by the co-operative. Data collection which would only cover the co-operative itself may be misleading (as illustrated by Agrifirm and Florida), while data collection covering all three institutional settings raises a number of statistical challenges. For example, Data collection should start with the identification of co-operatives, which can be based on the criteria listed in the guidelines. As also indicated in the guidelines, comprehensive statistics on co-operatives should preferably be based on a census of co-operatives, which would allow for the identification of co-operatives (and co-operative-like organisations), even if they are not registered as such. If a register of co-operatives exists, this would provide an important starting point for data collection on work within the scope of statistics on co-operatives. Apart from the information needed to identify co-operatives, it is important that information is collected with regard to the activities and governance structure of co-operatives, as such information is necessary to classify co-operatives by type and by branch of economic activity.

Once co-operatives have been identified, information should be obtained about economic units that are members of the co-operative, and the subsidiary enterprises controlled by the co-operatives. Information on economic units that are members may not be readily available in the co-operative beyond basic administrative data (e.g. names and addresses of firms). This means that data collection should include a second step to cover these economic units, or information on these units should be obtained from another source. For example, information on firms that are members of producer co-operatives should be available from economic establishment censuses.

In the case of subsidiary enterprises owned or controlled by co-operatives, the co-operative itself is likely to have information on work performed in these subsidiaries, and also likely to be able to obtain additional information on request. In addition, information from establishment censuses or other sources should be available on these subsidiaries.

Another point concerns the classification of co-operatives. If the membership of co-operatives is homogeneous, such as those consisting exclusively of producer-members or worker-members, the application of the guidelines should not give rise to major new issues with regard to classification. However, co-operatives with heterogeneous membership are by nature more complex in this respect. Furthermore, as illustrated by L'impronta, different types of members may be represented in the governance of the co-operative, but it may still be dominated by one type of member. This raises the question how many co-operatives in practice meet the criterion, stated in the guidelines, that in a multi-stakeholder co-operative no single type of member should have a dominant position in the governing body. Further investigation is needed to provide evidence on this point.

Finally, multi-stakeholder co-operatives may also become more important in view of the growth of co-operative-like economic units. In the guidelines, explicit reference has been made to the need for increased methodological work related to co-operative-like as well as non-registered units.

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For a full copy of the 20th International Conference of Labour Statisticians conference report, visit: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms\\_651209.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_651209.pdf)

## Note

- 1 COPAC is a partnership of public and private institutions that promotes co-operatives, whose members are the ILO, the United Nations (UN) Department of Economic and Social Affairs, the Food and Agriculture Organization of the United Nations (FAO), the International Co-operative Alliance (ICA) and the World Farmers' Organisation.

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