

# Co-operation in France, a Plural Reality

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This short paper presents the dynamics of co-operation in France. Co-operatives are part of the “social economy”, along with mutuals and associations, and represent a powerful set of enterprises with regards to their total number of members. They have a leading role in the banking sector and a major role in the agricultural sector and in the retail trade. The general law of 1947 on co-operatives is not sufficient to avoid a fragmentation in the legal conception of them. Moreover, new forms have emerged in the last twenty years. We emphasise the case of the co-operative companies of collective interest called SCIC and the business and employment co-operatives called CAE, both coming from the statute of workers’ co-operatives (SCOP). Eventually, one stress the risk of banalisation and isomorphism, and one conclude on the need of the general recognition of social economy in France as one major factor that could give a further impetus to co-operatives.

## From History to the Present State of Co-operation

Co-operation is one of the three families that comprise social economy in France, along with mutuals and associations.

While the first co-operative forms emerged during the late middle Ages, notably with associations of farmers, called *Fruitières*, which produced cheese in the Jura region, the contemporary co-operative movement dates back to the first third of the nineteenth century in France, with some founding experiences: especially, the “association of gilt jewellery workers” that started in 1834 in Paris (“Association ouvrière des bijoutiers en doré”, led by Philippe Buchez) and the “genuine and social shop” in 1835 in Lyon (“Commerce Véridique et social”, led by Michel Marie Derrion) (see eg Gueslin, 1998 and Ferraton, 2007). During the last third of the nineteenth century, the first co-operative banks were created, as well as agricultural co-operatives and housing co-operatives. Several distinct laws on specific aspects of co-operatives were passed from the year 1860, but an outline law on the statute of co-operation was only voted in 1947, under the leadership of Paul Ramadier’s government. This law served as the common legal basis for all co-operatives, acknowledging that “co-operatives operate in all branches of human activity”<sup>1</sup>.

In 2008, there were 22,800 co-operatives in France (Bisault, 2011). This ranks this country as the third one in Europe, after Italy (more than 41,000 co-operatives) and Spain (more than 24,000 co-operatives). However, France is the European leader with regard to the total number of members (23 millions). Co-operation also includes 535,000 enterprises as members. In the agricultural sector, 75% of farmers are members of one co-operative or more. In the banking sector, co-operatives hold 60% of the

market share of deposits, and three of the six remaining groups are led by co-operatives. In the retail trade, they hold 25% of the market (Conseil supérieur de la coopération, 2007). Excluding employment in non-co-operative parts of hybrid groups, they employed 308,000 people in 2008 (Bisault, 2011).

## Diversity of Co-operatives, Complexity of Co-operative Law

French co-operation includes five types of co-operatives:

- Users co-operatives: co-operatives for social housing, consumers co-operatives, flat co-ownership co-operatives and school co-operatives.
- Co-operative banking.
- Co-operative companies of collective interest (SCIC: Sociétés coopératives d’intérêt collectif).
- Workers’ co-operatives (SCOP: sociétés coopératives et participatives).
- Entrepreneurs’ co-operatives: agricultural, maritime, craftsmen, transport and retailers co-operatives.

As to its political and institutional representation, co-operation is organised in a vertical way, through representative movements of different co-operative sectors. A transversal organisation groups those movements: “Coop.fr Les entreprises coopératives”, formerly *Groupement national de la Coopération – GNC<sup>2</sup>*.

To some extent, the diversity of co-operatives is certainly related to the diversity of their activities. Yet, the complexity of co-operative law serves as a complicating factor. Some compare the co-operative law to a “co-operative mille-feuille”. The lower layer of the mille-feuille is the general

law of 1947, on which the French co-operative laws are built. Upper layers include specific laws related to particular types of co-operatives in particular activity sectors. Eventually, common juridical rules apply to co-operatives, depending on their activities: for example, workers co-operatives (SCOP) are submitted to the general provisions of the commercial law, which applies, generally speaking, to all commercial activities, co-operative or not. Hence, the co-operative movement has long identified the need for simplifying co-operative law. The GNC advocates the need for “tidying up the law of 1947 so as to ease its access and its use for entrepreneurs” (GNC activity report, 2010), so as to make co-operation more attractive since it will be easier to understand.

## **Innovating Responses to Social and Economic Issues**

In the last twenty years, new co-operative forms have emerged, some being linked to new juridical forms. Two noteworthy examples are that of co-operative companies of collective interest called SCIC (Sociétés Coopératives d'intérêt collectif) and the business and employment co-operatives called CAE (Coopératives d'activité et d'emploi). Both emerged from the statute of workers' co-operatives (SCOP), but in a different way: a specific derived statute for the SCIC on one side, the use of the existing statute for the CAE on the other side.

The statute of SCIC was created by the law of 17 July 2001. Two points make it a major innovation in the French co-operative field. First, the activity of a SCIC must be oriented toward social utility:

they aim to produce or to provide goods or services of collective interest that feature social utility characteristics<sup>3</sup>.

This emphasises the relationship between economic development and social development. This provision can be seen as the result of the debates, which have progressively developed in France since the mid-1990s, on social utility as a distinctive feature of social and solidarity economy; and it contributed to it in turn. Second, a SCIC is based on multi-membership, and thus widens the membership principle of co-operation. It associates at least three different stakeholders of the enterprise, including wage-earners and beneficiaries of the activity of the

SCIC. Moreover, one central feature of this new statute is the potential, for local governments, to become members of a SCIC; between one third and one half of the 190 existing SCIC (in 2011) include local governments as members. This emphasises the potential major role of such co-operatives in local development. In 2007, 68% of them worked for customers that were located between the very local scale and the regional scale. The SCIC especially develop in social services, environmental services and cultural activities. Multi-membership requires a dynamic management that constantly considers the need for maintaining the interest in the co-operative of every category of members. Eight years' experience shows the difficulties of creating and managing those co-operatives<sup>4</sup>.

The CAE emerged in the mid-nineties, outside any changes in law or new statutes. They first aim at supporting the implementation of individual entrepreneurs' business projects. They take the statute of workers' co-operatives, but their members are actually individual entrepreneurs whose earnings are transformed into wages and paid through the co-operative, allowing them to benefit from social protection, as well as a series of common services and positive externalities between entrepreneurs inside the CAE that make it a “shared enterprise”. Their major contribution to the co-operative movement and more generally to social and solidarity economy in France is then to provide individual entrepreneurs with a co-operative possibility, whereas co-operation usually only addresses collective projects. CAE has been structured around two main networks and includes today 91 different co-operatives and 4,500 supported entrepreneurs<sup>5</sup>.

## **Strength and Challenges for the Future**

The Co-operative Charter of Coop.fr, that establishes principles of reciprocal engagement between a co-operative and its members, emphasises that “the co-operative contributes to regional development and to local anchorage”. This declaration in principle is rooted in the reality of co-operatives, that are territorially anchored. This is especially true for agricultural co-operatives and workers co-operatives, including the derived statute of SCIC co-operatives because of the principle of multi-membership, which includes in the co-operative governance a series of local stakeholders.

Unsurprisingly when comparing the French

case to other ones, banalisation and isomorphism is a major risk for co-operatives. This evolution is triggered by new regulations, by collective agreements set up in branches of activities, and by the general competition co-operatives are facing for resources and markets.

It is thus all the more necessary to engage in critical assessments of co-operative management and governance, of decision-making processes and on subsequent choices in terms of strategies and practices. This is partly the reason why a “Chair of Entrepreneurship in Social and Solidarity Economy” has been created in the Lyon 2 University, so as to create spaces of critical dialogue between practitioners of Social and solidarity economy in general, and

co-operatives in particular.

The future of co-operation is partially conditioned to its capacity to go beyond its specificities. The future of French co-operatives certainly depends on specific dynamics, either concerning co-operative creations or concerning their development, on markets marked by an increasingly harder competition; but it also depends on a much larger issue: that of the recognition of social economy.

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## Notes

- 1 Excerpt from the subparagraph 3 of article 1 of the law of 10 September 1947.
- 2 The member organisations of Coop.fr are: FCA (Fédération des enseignes du commerce Associé), FFCSGA (Fédération Française des Coopératives et Groupements d’Artisans), Coop de France, CG-SCOP (Confédération générale des Sociétés coopératives et participatives - les SCOP), FNSCHLM (Fédération Nationale des sociétés coopératives d’HLM), OCCE (Office central de Coopération à l’Ecole), FNCC (Fédération Nationale des Coopératives de Consommateurs), CNCM (Confédération nationale du Crédit Mutuel), BPCE (Banques populaires – Caisses d’Epargne), Groupe Crédit Coopératif, CNMCCA (Confédération Nationale de la Mutualité, de la Coopération et du Crédit Agricoles), UNICOOPTRANS (Fédération Nationale des Coopératives et groupements du Transport).
- 3 Article 19 of the law of 17 July 2001.
- 4 The SCIC’s official website is [www.scic.coop](http://www.scic.coop). See Margado (2002, 2005).
- 5 The two networks are Coopérer pour entreprendre (<http://www.cooperer.coop/>) and COPEA (<http://www.copea.fr>). See Stervinou and Noël (2008) and Delvolvé and Veyer (2011).