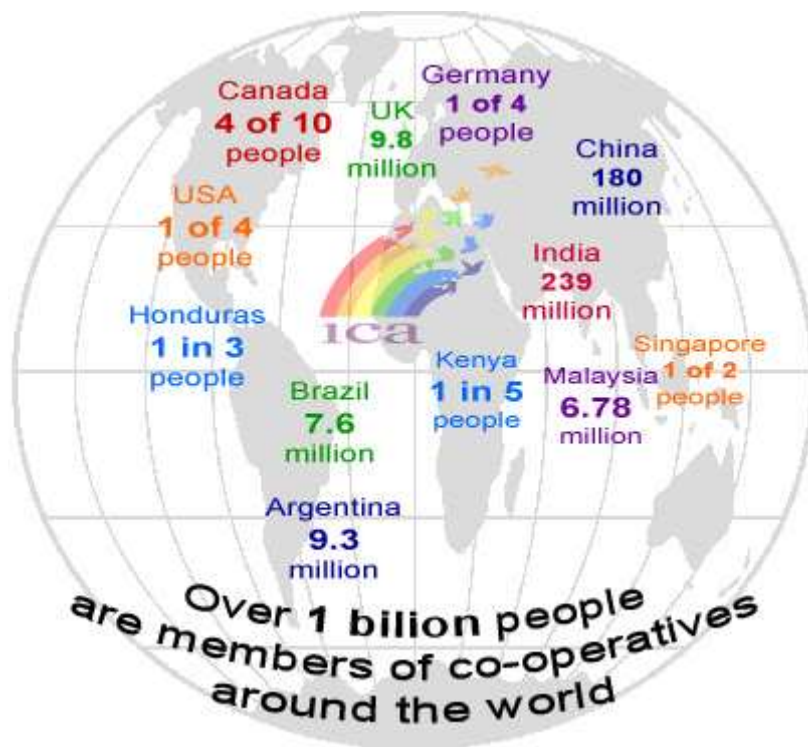


Co-operatives and employee-owned enterprises: size and status

Co-operatives

The co-operative model of enterprise plays a much bigger role in the world's economy than is generally recognised. Internationally, there are over one billion people who are members of co-operatives. In 1994, the United Nations estimated that the livelihood of nearly three billion people, or half of the world's population, was made secure by co-operative enterprises.

Figure 1-Global membership of co-operatives



Source: 'Statistical Information on the Co-operative Movement' ICA.

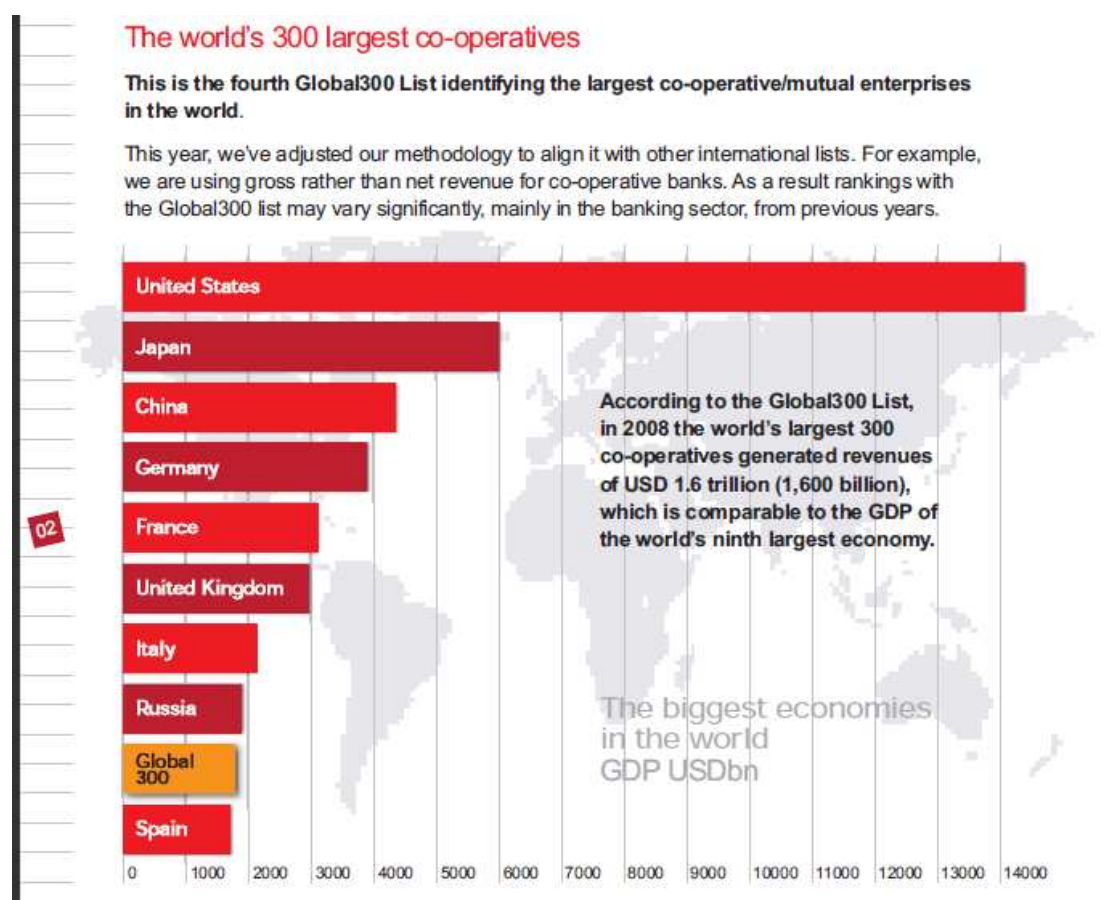
<http://www.ica.coop/coop/statistics.html>, accessed 29 September 2011.

The Global300 project

The Global300 project was initiated to capture the size of the co-operative movement globally, measured in terms of turnover. Analysis of the largest three hundred co-operatives and mutuals reveals that turnover was around \$1.6 trillion at the end of 2008, equivalent to the ninth largest economy in the world.¹



Figure 2-Global300 project



Source: International Co-operative Alliance. *Global 300: 2010 Report* (Geneva: International Co-operative Alliance), 2001. p. 2.

The UK co-operative sector

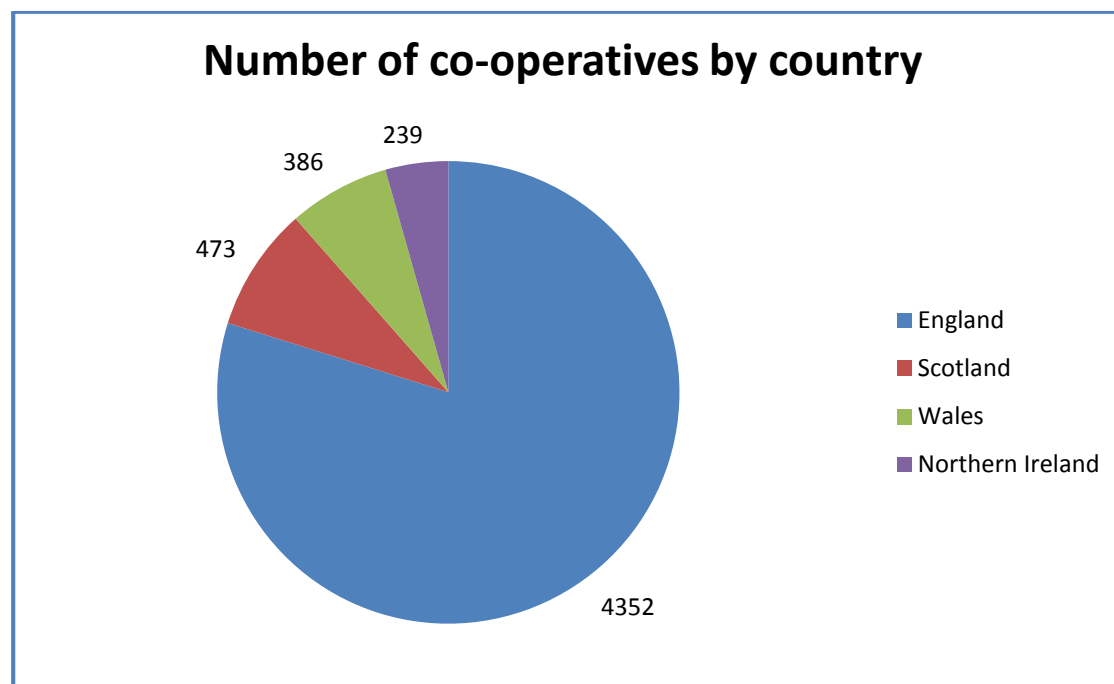
The latest figures released by Co-operatives UK show that almost one in five citizens in Britain are members of a co-operative. In economic terms the UK co-operative sector has performed strongly in recent years. There has been a 21 per cent growth in turnover for the co-operative sector between 2008 and 2010. This has been coupled with an 18 per cent growth in membership, and a 15.1 per cent growth in the number of co-operatives.

Table 1-Summary of co-operative sector in UK

No. of co-operative businesses in the UK:	5,450
No. of members:	12.8m
Turnover of co-operatives:	£32.2bn
No. of people employed by co-operatives:	236,000

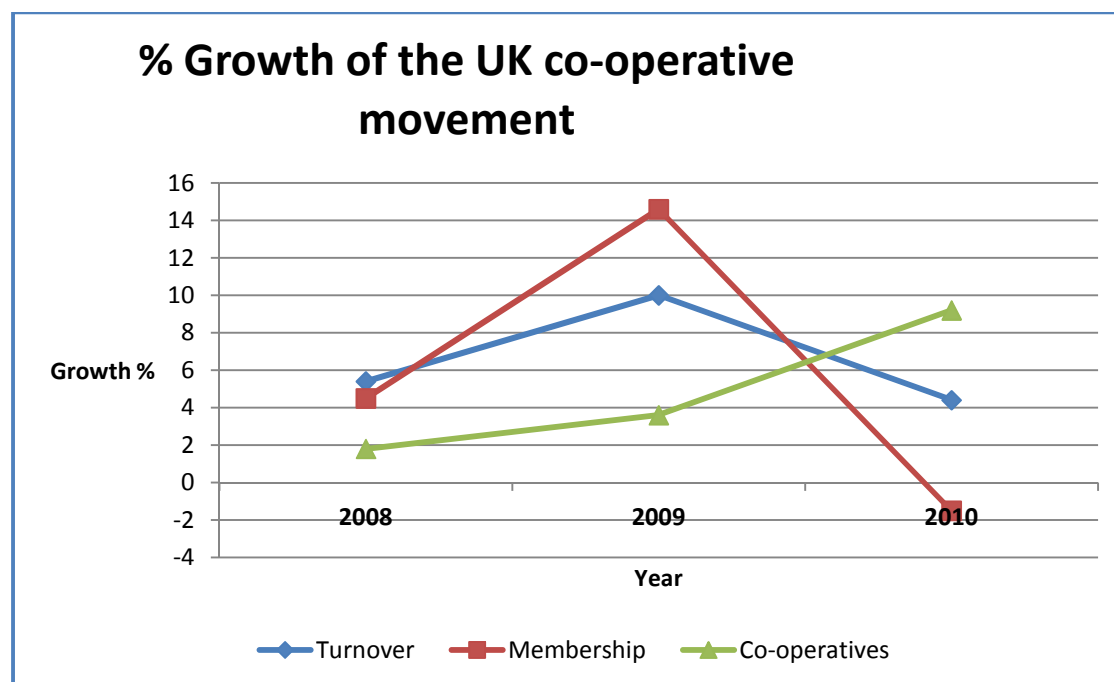


Figure 3-Number of co-ops by country (UK)



Source: Co-operatives UK. *The UK co-operative economy 2011: Britain's return to co-operation* (Manchester: Co-operatives UK, 2011), p. 23.

Figure 4-Percentage growth of the UK movement



Source: Co-operatives UK. *The UK Co-operative Economy 2011: Britain's Return to Co-operation* (Manchester: Co-operatives UK, 2011), pp. 20-2.



Worker co-operatives

The worker co-operative sector in the UK is quite small, particularly in comparison to other European countries and the US. It is estimated that there are around 450 worker co-operatives in the UK, of which perhaps forty to fifty are based in Scotland.² The number of members of worker co-operatives has risen from 2,048 members in 2009 to 5,234 members in 2010.³

By comparison, the Italian region of Emilia-Romagna is home to over 8,000 worker co-operatives operating in industries as diverse as ceramics, construction, fashion, social care and cheese production. The co-operatives survive and prosper through the formation of federations, the largest being Legacoop with one million members and turnover of almost \$8bn.⁴ A significant portion of these 8,000 worker co-operatives are known as 'social co-operatives', including some that are mainly focused on providing jobs for disadvantaged people.⁵

The worker co-operative sector in the US (known as 'democratic workplaces') is smaller, in part due to the proliferation of another form of employee ownership, the ESOP. It is estimated that there are over 300 worker co-operatives in the US, employing 3,500 people and generating over \$400m in revenue.⁶ The majority of these businesses are SMEs and operate in the retail and service sectors.

Employee ownership

According to estimates from 2010, the employee-owned sector in the UK is worth £25bn in revenue, accounting for two per cent of GDP.⁷ The Employee Ownership Association estimates that there are over one hundred companies with majority or significant employee ownership. One of the main reasons employee ownership is under-developed in the UK is the lack of understanding of the model amongst key support institutions such as banks, financial and legal advisors, and policy makers.

The employee ownership sector in the US is significantly better monitored and analysed than its UK counterpart. The National Center for Employee Ownership (NCEO) is a private, non-profit membership and research organisation that serves as the leading source of information on employee ownership in the US. The ideological beliefs underlying employee ownership in the US differ from those in other countries; industrial democracy is subordinate to the need to involve workers in capitalism through share ownership. This belief reflects the historical origins of employee ownership in the country, when the major national companies of the early twentieth century (such as Proctor and Gamble, or Ford) offered employees shares in the company at a discount. The table below summarises the volume and value of the various employee ownership share plans in the US.



Table 2-Estimated Number of Plans and Employees; Value of Plan Assets

Type of Plan	Number of Plans (as of early 2010)	Number of Participants (as of the end of 2008)	Value of Plan Assets (as of the end of 2007)
ESOPs, stock bonus plans, & profit sharing plans primarily invested in employer stock	11,300	13.6 million	\$901 billion
401(k) plans primarily invested in company stock	800	5 million	\$200 billion
Broad-based individual equity plans	3,000	10 million	(\$5 billion to \$10 billion in 2008, S&P 1500 only)
Stock purchase plans	4,000	11 million	(not realistic to estimate)

Source: *A Statistical Profile of Employee Ownership*, National Center for Employee Ownership, Updated April 2011, www.nceo.org.

Sociedades laborales is the Spanish term for an employee-owned company. Figures from the second quarter of 2010 highlight the scale and impact of employee-owned companies in Spain: 15,303 employee-owned companies; 87,651 workers; estimated turnover of 16 billion euros (in 2007).⁸

In Spain a company is recognised as employee-owned if the majority of the voting rights are held by permanent contract workers. There are also provisions in place to prevent large inequality amongst employee shareholdings (one employee cannot hold more than one third of the voting rights).⁹ CONFESAL is the umbrella body of Spain's employee ownership sector and has seventeen members, one for each of the autonomous regions in the country. Political support for employee ownership is quite strong, with specific legislation mandating government support of participation in the property of the enterprise and a requirement 'to facilitate access by workers to ownership of the means of production'.¹⁰

Employee ownership is not just confined to the three countries mentioned above. Across Europe, broad-based financial participation schemes are a feature of most public and large private



organisations. Since the late 1990s, the number of companies and employees participating in share schemes and profit sharing rose sharply. While such a development is to be welcomed, there remains much to do to promote and develop employee ownership in Europe.¹¹

¹ The assertion that the turnover of the top 300 co-operative enterprises is equivalent to the tenth largest economy by GDP is not meant to be taken literally; GDP and turnover are not comparable figures. The purpose of the Global300 project is to highlight the scale of co-operative economic activity around the world not act as a direct comparison with the GDP levels of countries.

² J. Birchall, *People-centred Businesses: Co-operatives, Mutuals and the Idea of Membership* (London: Palgrave MacMillan, 2010), p. 175.

³ *The UK Co-operative Economy 2011: Britain's Return to Co-operation* can be accessed at <http://www.uk.coop/resources>.

⁴ Birchall, *People-centred Businesses: Co-operatives, Mutuals and the Idea of Membership*, p. 174.

⁵ M. Hancock, *The Cooperative District of Imola: Forging the High Road to Globalization*. Progress Report, Research Project on the Cooperative District of Imola, Prepared for MUEC, 2004-5, p. 3.

⁶ US Federation of Worker Cooperatives. 'About Worker Cooperatives'.

<http://www.usworker.coop/aboutworkercoops>, accessed 25 June 2011.

⁷ *Employee Ownership Association (EOA)*. 'About Employee Ownership'.

<http://www.employeeownership.co.uk/employee-ownership/about-employee-ownership/>, accessed 7 May 2011.

⁸ Hancock, *The Cooperative District of Imola: Forging the High Road to Globalization*, p. 5. Note that these figures exclude the Mondragon co-operatives.

⁹ M. Millana, *Exercising Employee Shareholders' Rights in Employee-owned Companies: Sociedades laborales*. Presentation to the Spanish Business Confederation of Employee-owned Companies, Rome, 16 September 2010, p. 7.

¹⁰ Article 129-2 of the 1978 Spanish Constitution.

¹¹ For a detailed analysis of employee financial participation (EFP) in the European Union (EU), The PEPPER IV report (available at www.efesonline.org) is an excellent resource. The report contains statistics and analysis on the availability of EFP across Europe, as well as an overview of employee ownership from a legal, fiscal and governance perspective for 29 individual European countries.

