

LASTING IMPACT

**Measuring the social impact
of worker and social cooperatives
in Europe: focus on Italy and Spain**

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Quoting this report: CECOP, 2021. **Lasting impact. Measuring the social impact of worker and social cooperatives in Europe: focus on Italy and Spain.** Brussels.

 This publication has received financial support from the European Union Programme for Employment and Social Innovation “EaSI” (2014-2021).

The information contained in this publication does not necessarily reflect the official position of the European Commission.

Foreword

Towards a cooperative view of impact assessments in the European context

The debate on social impact assessment has attracted great attention in Europe since the European Commission's presentation of the 'Social Business Initiative'. Amongst its 11 key actions, this Initiative provides for better access to financing for organisations in the social economy, thereby increasing their capacity to attract social impact investments.

At the international level, the debate received institutional importance in 2013 with the launch of the G8's Social Impact Investment Forum confirming the growing interest in social impact investments, for which the development of a taxonomy and appropriate assessment system became necessary.

Although a lot of progress has been made since then, a lot of work remains to be done to establish a recognised and effective framework for social impact assessment. The main reason probably being the absence of sufficient instruments and mechanisms to both collect and analyse data.

With this in mind, we prepared this publication to inspire the cooperatives in our network and spark a discussion with our members to gain a better understanding of the instruments used to assess the social impact generated by the activities of our cooperatives.

Cooperatives' financial and business assessments nowadays follow consolidated and standardised practices. However, it is still difficult to find consolidated methods and instruments for the measurement of social changes, notably those brought about by worker cooperatives and social cooperatives.

The social impact assessment should collect information on identity, reference values, and vision of social changes which underpin the mission of cooperatives. Although these are all aspects that cannot be described fully with data, efforts must be made to document and analyse them.

We can draw up trajectories that, starting from the economic dimension, closely relate resources and values, and capture their movements and changes. The measurement of social phenomena, and therefore also of the impacts of the related activities, can only refer to a given context and a given moment in time able to capture a transformative aspect.

Collecting data is important not as part of a 'cataloguing' exercise but rather because they are increasingly the driving forces through which the economic and social behaviours of cooperative enterprises are guided. Expanding the database is the most appropriate approach to maintain a continuous dialogue with the context in which the social activities take place.

Social impact measurement requires not only data availability but also an infrastructure to help collect them which must be established as soon as possible. We believe that the publication you are about to read represents the first movement in this direction. Certainly, in the coming years, our members and their cooperatives will be capable of creating increasingly appropriate measurement systems.

Measuring social impacts is a particularly complex exercise because the services provided are often aimed at people in need. The success of the measurement process is dependent on the resources, the flexibility with which they are adapted to variable circumstances, and the ability to ensure the continuity of the services. The use of a traditional approach on investment and market in the cooperative sector requires careful reflection to avoid generating negative impacts on the main beneficiary groups, namely the end users.

Therefore, it is important to make a clear distinction between the social impact generated by a cooperative as an organisation, which includes the improvement of the conditions of its members (for example by creating good working conditions), and the social impact generated by a cooperative's specific activity or programme (for example, the management of long-term care services for people who are not self-sufficient).

The social impact measurement is crucial, to illustrate the social dimension of all cooperative enterprises, not least of all as a demonstration of their full and complete belonging to the 'social economy and local services ecosystem', but is certainly a complex task, since it may be difficult to show the difference between the activity carried out and the effect generated. Often the positive effects are of a qualitative nature and sometimes they can only become clear in the long term. There is a significant risk that the information obtained doesn't sufficiently capture what needs to be measured.

An alternative, or complementary, approach of collecting information-rich 'stories' told from the beneficiaries' point of view is vital to assess the added value of the activities of a social enterprise. Furthermore, it must be made clear that measuring the creation of value does not necessarily mean obtaining definitive figures; instead, the results can be presented as a combination of figures and text.

Currently, the most well-known methods in Europe are the Social Return on Investment – SROI, a method that is based on the effects obtained and helps understand a company's creation of social, environmental and economic value; and the Social Report (or Social Balance Sheets), a method used to plan, measure and assess an organisation's social objectives. There are other examples of more generally applied methods to ascertain the social added value, such as the Global Reporting Index (GRI), a system for writing reports on sustainability that provides a framework for social, environmental, and economic reporting.

In this publication, we have chosen to present specific good practices which have been tried and tested by cooperatives. As you will discover, the element they all have in common is that they have been designed starting from the cooperatives' purposes. The measurement approaches presented here are part of a wider assessment process aimed at becoming an integral part of the company's corporate planning, as well as an important instrument to improve its internal organisation.

In recent years, thanks to the adoption by the European Union's member states in May 2021 of the action plan for the implementation of the European Pillar of Social Rights and then the recent adoption of the Social Economy Action Plan, social impact assessment has assumed further importance. As cooperatives, we must, therefore, improve and consolidate our instruments to measure the social value of our enterprise model. We can play a key role in the pursuit of the ambitious objectives set out in the Action Plan for the European Pillar of Social Rights with regards to employment, training, and poverty.

Our cooperatives wish to contribute to ensuring that: at least 78% of the population aged between 20 and 64 has a job, at least 60% of all adults take part in a training activity once a year, and the number of persons at risk of poverty or social exclusion is reduced by at least 15 million. To achieve these objectives, we must also create appropriate instruments to measure the progress achieved.

This requires all social actors to increase their own capacity to collect, process, and analyse data, to counterbalance the dominance of the traditional economic indicators which, for far too long, have been the main instrument used to guide policies. Using knowledge built upon measurable data and indicators to shape social policies is, therefore, a challenge that must be taken up to create a more social and inclusive Europe.

Giuseppe Guerini,
CECOP President

Introduction



This publication and analysis have been drafted during a period which continues to be challenging for humanity. Both 2020 and 2021 have been characterised by an unprecedented global pandemic that has affected the economic, cultural, and social dimension of people's lives. On the one hand, it has further exacerbated existing conditions of inequality and poverty, and on the other it has provided a stimulus to some existing trends, such as the green and digital transition, speeding up the process towards a society of the future.

In such a transformative and challenging context, it is important to provide democratic and collaborative mechanisms that can maximise people's well-being, promote societal cohesion and advance sustainable social and environmental solutions.

By definition, cooperatives strive to provide an answer to fundamental human needs and fulfil the economic, social, and cultural aspirations of their members. They do so by applying the cooperative values of self-help, self-responsibility, democracy, equality, equity, and solidarity that they put into practice through a series of guidelines, principles, and statutes. In addition, in the tradition of their founders, cooperative members believe in the ethical values of transparency, openness, social responsibility, and caring for others¹.

On this basis, it is reasonable for cooperatives to want to gain a better understanding of the results (and, more specifically, the impact) generated by their activities, to learn from this greater understanding and plan accordingly to improve their impact in society.

As part of a network and a movement, cooperatives are also interested in demonstrating to the outside world the importance of their activities and impact, thereby mobilizing members, customers, and potential funders, as well as meeting with external funders' (such as impact and philanthropic investors and public authorities) expectations regarding result-based accountability.²

While there are no standardized tools to assess the social performance of an enterprise, due to their dual nature (being both associations of people and business entities), cooperatives started to develop their own ways to assess their social performance before it became a trend in the business world. This is a process that dates to the early 20th century in countries like France, Italy, Germany, and Poland, where cooperative audits have a long history³.

Although the tools and practices to assess the understanding of the impact of worker and social cooperatives in the European countries are diverse and may not allow for a comprehensive assessment of social impact at the European level, it is possible to identify some well-developed initiatives and extract important data at the national level.

This publication is co-published by CECOP, and two of its members, the Italian, Confcooperative Federsolidarietà, and the Spanish COCETA. It provides insights on the social impact of worker and social cooperatives in Italy and Spain. In these two countries, two well-developed initiatives allow for an almost comprehensive analysis of the social impact of worker and social cooperatives in the communities where they are located and which they are helping to develop.

The *bilancio sociale* is a practice that some social cooperatives in Italy developed at their own initiative in the 1990s to better demonstrate the impact of their social mission. The practice has become compulsory for all social cooperatives in Italy since the reform of the social enterprise sector in 2017. To support social cooperatives in complying with this obligation, Confcooperative Federsolidarietà, a national federation of social cooperatives in Italy, has stepped in to provide its members with an online platform and necessary guidance.

The *bilancio sociale* platform of Confcooperative Federsolidarietà makes it possible to gather information in a consistent way throughout Italy.

The XES' *balance social* is an evaluation tool developed for Social and Solidarity Economy organisations (mostly cooperatives, but also other types of non-profit organisations) in Spain by the Catalan Network of Solidarity Economy (XES). In this publication, COCETA, the national federation of worker cooperatives in Spain, extracts and analyses the data provided by the worker cooperatives participating in the *balance social*, which have been collected annually since 2015 in a social audit report published by the Spanish Network of Alternative and Solidarity Economy Networks (REAS).

The main purpose of this publication is to highlight the positive impact that social and worker cooperatives are providing to the communities they are rooted in and to the people involved, such as workers, worker members, or the beneficiaries of the services they provide.

1 / ICA 1995, [The statement on the Cooperative Identity](#)
2 / CECOP 2020, [Measuring the Social Impact of Industrial and Service Cooperatives in Europe](#)
3 / *ibid*

The social impact of worker and social cooperatives in Europe

While this publication will focus mainly on the analysis of the Italian and Spanish context for the reason explained above, in this chapter we would like to provide a general overview of the economic and social impact of workers and social cooperatives in Europe based on the results of a survey that CECOP conducted with its members, gathering, where available, information on the affiliated cooperatives in its network.

As previously mentioned, in virtue of the principles and values that constitute their identity, all cooperatives have an impact on the economic, social, and cultural dimensions of the people that compose them and their environment. The contribution of cooperatives to social and environmental well-being and sustainability is also well recognized in the policy world.

At the global level, in 2002, the International Labour Organization (ILO) adopted Recommendation 193 on the Promotion of Cooperatives, advocating for the promotion of cooperatives 'as one of the pillars of national and international economic and social development'⁴.

Most recently, in 2021, the United Nations Secretary General published a report on Cooperatives in Social Development, highlighting the contribution of cooperatives in dealing with the COVID-19 pandemic and promoting a 'just recovery', overco-

ming societal inequalities, providing health services, generating employment, supporting victims of domestic violence, and more⁵. The report also calls on the governments to provide coherent, strong, and supportive legal and regulatory frameworks for cooperative development⁶.

On multiple occasions the Organisation for Economic Co-operation and Development (OECD) has highlighted the social impact of cooperatives and other social economy entities, notably their contribution to social inclusion, sustainability, and democratic participation⁷.

In the European Union, already back in 2004, the European Commission acknowledged 'the increasingly important and positive role of cooperatives as vehicles for the implementation of many Community objectives in fields like employment policy, social integration, regional and rural development', and the need to promote and facilitate the creation and functioning of cooperatives⁸.

The 2021 EU Social Economy Action Plan sees cooperatives, alongside other social economy entities, as being able to 'offer concrete and innovative solutions to key challenges we are facing', including quality jobs, social and labour-market inclusion of people at risk of poverty and social exclusion, revitalization of rural and depopulated areas, and fair green and digital transitions⁹.

As such, cooperatives and other social economy entities provide numerous contributions to the implementation of the Sustainable Development Goals¹⁰.

The following analysis is organised in 3 dimensions outlining information (through data or good practices) from 8 European countries¹¹ in the CECOP network about the social impact of cooperatives:

1. Work inclusion and quality of work

Worker and social cooperatives directly contribute to the sustainability of the community they inhabit through the creation and maintenance of long-term and locally embedded jobs, and the development of their workers' skills.

FAIR & BIO SOCIAL COOP

The [Fair & Bio Roastery](#) is a coffee roastery in Kostelec nad Labem (Czech Republic) that combines high-quality products with fair and social practices. The roastery provides employment for 12 workers, of which 75% are persons with some type of disability. Starting its business in 2013, the cooperative roasts fair trade organic coffee, thereby promoting social, economic, and environmental sustainability in the Czech Republic.

The primary purpose of worker cooperatives is 'creating and maintaining sustainable jobs and generating wealth'¹², while social cooperatives' core mission is to provide services of general interest to the community it belongs to, including labour market integration of disadvantaged or marginalised workers.

According to the latest CICOPA Global study on industrial and service cooperatives, worker and social cooperatives employ at least 15.5 million people in Europe, and 272 million people around the globe¹³.

In addition, the CICOPA's Global report on cooperatives and employment¹⁴ shows that working conditions (wages, other types of compensation, safety at work, social protection etc.) in cooperatives are often better than those found in conventional enterprises in comparable sectors. It also reveals that cooperative employment is generally characterized by a longer duration than the average.

The latter is confirmed by the latest available data from CECOP members¹⁵ where most workers in their affiliated cooperatives, if not all of them, hold long-term employment contracts.

INFACCT COOP AND COTECH UK

Creating a cooperative can be a useful strategy for young workers to build a business and take their career in their own hands. [InFACT Coop](#) in the United Kingdom is a small cooperative enterprise, founded by three young workers in 2019. With a small team of developers, InFACT COOP offers digital services and web development for a broad portfolio of clients, who are mostly non-profits, charities, and businesses. InFACT is also part of CoTech UK, a network of 45 technology-focused cooperatives across the UK.

Qualitatively, the CICOPA's Global report on cooperatives and employment¹⁶ discloses distinctive characteristics of cooperative employment with a combination of economic rationale, a quest for efficiency, shared flexibility, a sense of participation, a family-type environment, pride and reputation, a strong sense of identity, and a focus on values.

Cooperatives may provide not only long-term jobs but also additional benefits for their workers and families which further increases their impact.

In the Eurofound report on cooperative and social enterprises¹⁷, it emerges that cooperatives, and particularly worker cooperatives and social cooperatives, are delivering positive employment outcomes, such as 'a clear capacity for job creation and retention' as well as 'good-quality jobs'.

10 / Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Building an economy that works for people: an action plan for the social economy. Luxembourg: Publications Office of the European Union, 2021.

11 / The CECOP members who answered the survey are from Belgium, Bulgaria, Denmark, Malta, Poland, Romania, Sweden, United Kingdom. Italy and Spain were excluded from the survey since a more detailed focus on those countries is to be found in the report. Thus, the results of the survey have to be considered as illustrative and not representative of the whole CECOP network.

12 / CICOPA 2005, [World declaration on Worker Cooperatives](#).

13 / CICOPA 2017, [Industrial and Service Cooperatives: Global report 2015 – 2016](#)

14 / CICOPA and Desjardins Group 2014, [Cooperatives and Employment: a Global Report](#)

15 / Based on a survey of CECOP members conducted in Summer 2021.

16 / CICOPA and Desjardins Group 2014, [Cooperatives and Employment: a Global Report](#)

17 / Eurofound (2019), Cooperatives and social enterprises: Work and employment in selected countries, Publications Office of the European Union, Luxembourg.

4 / ILO 2002, R193 - [Promotion of Cooperatives Recommendation](#)

5 / United Nations, 2021, [Cooperatives in social development](#). Report of the Secretary-General

6 / *ibid*

7 / Noya, A. et E. Clarence (dir. pub.) (2007), [The Social Economy: Building Inclusive Economies](#). Local Economic and Employment Development (LEED), Editions OCDE, Paris; OECD 2021, [Social economy and the COVID-19 crisis: current and future roles](#).

8 / [Communication from the Commission to the Council and the European Parliament, the European Economic and Social Committee and the Committee of the Regions on the promotion of cooperative societies in Europe / "COM/2004/0018 final" /](#).

9 / Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. [Building an economy that works for people: an action plan for the social economy](#). Luxembourg: Publications Office of the European Union, 2021.

In Romania, for example, cooperators and their families benefit from a first, free year of studies in the network of pre-university and university education of the [National Union of Handicraft and Production Cooperatives Association](#).¹⁸

Cooperatives also provide a sustainable and decent response to the employment needs of young people, who often suffer from casualization and informalisation of work, especially in regions and countries lacking employment prospects for youth. A worker cooperative’ primary mission to provide decent jobs, for example, can be a direct solution to the formalization of informal employment, by giving workers a more active and autonomous place in society, providing young workers the opportunity to be in charge, and feel more responsible for their future¹⁹.

In Belgium, [SMART](#) is a cooperative of freelancers active in different sectors, from the artistic to the digital sector. Worker members are guaranteed the benefits of employee status, including a fixed salary, while maintaining their autonomy in building their business relations. Of its 26,000 members, the majority of which are worker members, 47% are women and 30% are young people²⁰.

By providing sustainable jobs, worker cooperatives aim to ‘improve the quality of life of the worker members, dignify human work, allow workers’ democratic self-management and promote community and local development’²¹.

CHERNOMORKA COOPERATIVE

The [Chernomorka Cooperative](#) in Burgas, Bulgaria, was created in 1950, and today provides employment to 44 workers. The cooperative has a long history of providing jobs to persons with disabilities: the founding members sustained injuries during the Second World War and aimed to build a business for themselves and others in vulnerable situations. Today, the cooperative employs 17 workers living with disabilities.

In worker and social cooperatives, worker members participate in the overall management of the organisation making business ownership possible for entrepreneurs of all backgrounds.

In Bulgaria, the cooperative affiliated to the [National Union of Worker Producers](#) have 2,521 members. Of these 2/3 are worker members, and 13% are people with disabilities. In addition, almost 70% of the members of the cooperatives are women²².

Worker members meet regularly, on average once a month through board meetings, and once a year in General Assemblies, to define their business strategies. Democratic decision-making legitimizes these decisions, giving priority to the defence of their jobs and to the economic activities of their enterprise. Cooperatives’ worker members embrace this opportunity: CECOP member organisations in Malta, Bulgaria and Belgium estimate an 85% average attendance rate in board and general assembly meetings²³.

By bringing democracy to the workplace, these cooperatives contribute to fighting social and economic inequalities. A good indicator of this is the pay ratio (defined as the difference between the highest and lowest paid worker, or sometimes highest and average paid worker) which is usually lower in cooperatives than in other businesses and is a good way to fight economic inequalities²⁴.

[Koperattivi Malta](#), an organisation representing and promoting the cooperative movement in the Maltese Islands, for example, estimates that the pay ratio in the cooperatives it represents is about 1 to 4, in other words the highest salary is approximately 4 times more than the lowest²⁵.

In addition, through the provision of constant education and training, which is ensured by compliance with the fifth cooperative principle, ‘Education, Training, and Information’²⁶, to their worker members on how to contribute effectively to the development of the cooperative, cooperatives prove to be more adaptable to the changing needs of their members and the work environment.

18 / Based on a survey of CECOP members conducted in Summer 2021.

19 / CICOPA 2018, [Global Study on Youth Cooperative Entrepreneurship](#).

20 / Based on a survey of CECOP members conducted in Summer 2021.

21 / CICOPA 2005, [World declaration on Worker Cooperatives](#).

22 / Based on a survey of CECOP members conducted in Summer 2021.

23 / Ibid

24 / CECOP 2020, [Measuring the social impact of industrial and services cooperatives in Europe](#).

25 / Based on a survey of CECOP members conducted in Summer 2021.

26 / ICA 1995, [The statement on the Cooperative Identity](#).

CERCINA COOP

The [CERCINA Cooperative](#) in Nazaré, Portugal, was created in 1981 as a collaboration between parents, therapists and teachers who provide education and vocational training for young people with disabilities. Beyond that, the cooperative provides learning spaces on computer literacy and support activities to support those who are at risk of addiction. The cooperative today has 187 members, of which 37 are worker members.

Data from CECOP members in Malta and Romania report that, respectively, 5% and 1.3 % of the affiliated cooperatives’ annual turnover serves to support local communities²⁷.

Cooperatives are particularly suitable for the sustainable use of internal resources, making them the appropriate formula for developing activities linked to the promotion of the local economy. In worker and social cooperatives, profits do not go to distant investors, but instead go directly to the workers and the beneficiaries. As a result, the money remains in the local economy and contributes to the building of community wealth.

2. Social commitment and impact on the community

By following the fifth cooperative principle, cooperatives further contribute to the empowerment of the local communities by providing information on the nature and benefit of cooperation to the people in the community. Often developing as grassroots organisations, worker and social cooperatives are characterised by a strong link with the territory in which they operate and its people, thus contributing to enhancing social capital locally.

By ensuring stable contracts for workers as well as non-discrimination and equity at work, worker and social cooperatives contribute to strengthening their communities.

The social commitment of cooperatives includes the services provided to beneficiaries, financial support to social events and collaboration with other organisations with social aims. Variables that can be monitored therefore include the demographics of beneficiaries, or the share of annual turnover that is invested in community-focused projects.

Another indicator of the role that cooperatives play in the social transformation of the territory is their capacity to work among themselves and to create horizontal networks. This capacity, which is based on the 6th cooperative principle ‘cooperation among cooperatives’²⁸ represents an important instrument for innovation and competitiveness of these mainly small and medium enterprises because it allows them to adapt to market challenges and the global economy, whilst staying rooted in their local communities, contributing to saving many jobs, activities, and skills that otherwise would be lost. The preservation of existing jobs and skills is also guaranteed through worker buyouts of closing enterprises that would otherwise disappear or being delocalized.

LOGIK & CO

[Logik & Co](#) is a Danish workers cooperative in the construction industry. Created in 2001, the cooperative set out to promote sustainable and green construction in its home city, Copenhagen. The cooperatives’ commitment to sustainability is not only reflected in the materials it works with, but also in how it works: all worker members receive the same salary, the cooperative provides opportunities for trainees and ensures that workers are not left vulnerable during winters, a season where there is less work.

27 / Based on a survey of CECOP members conducted in Summer 2021.

28 / ICA 1995, [The statement on the Cooperative Identity](#).

3. Environmental impact

While there are no aggregated data on the environmental impact of cooperatives at large, it can be stated that cooperatives have environmental sustainability as a core part of their strategy. According to our survey, most cooperatives not only develop mappings of the environmental impact of their activities, implement the environmental policies imposed by local regulations, improve their production processes to consume less water and energy, or improve their waste management systems, but also invest in promotional activities, such as providing education on the environment and sustainability or providing sustainable projects for the community.

Furthermore, since they are highly committed to the social, and environmental development of the territory where they are based, cooperatives can detect needs specific to the community where they are rooted and respond to them.

An example of the latter is the [call to action](#) launched by the UNICORN food retailer worker cooperative on the occasion of the COP26 summit in Glasgow, UK, engaging their community in some initiatives on climate change.

ENERCOOP

Born as a citizen-led initiative in 2005, [Enercoop](#) provides renewable energy to its members. With delocalized energy production, Enrecoop has over 300 producers of clean energy across France. Being owned by producers, consumers, workers and other members, this multi-stakeholder cooperative ensures both a democratic governance structure that serves local communities and takes a hands-on approach to a renewable energy market.

In the next two chapters, COCETA and Confcooperative Federsolidarietà provide a detailed social impact analysis of worker and social cooperatives across the above-mentioned dimensions. These analyses are organised according to their national categorizations, and it is based on data collected by worker and social cooperatives in the Spanish and Italian territory. The Spanish and Italian cases represent both valuable examples of how social impact can be measured, and important empirical data on how cooperatives contribute to the sustainable development of their communities.



2

Measuring the social impact of worker cooperatives in Spain

By Pedro Blazquez

Introduction to worker cooperatives and social initiative cooperatives in Spain

The social impact analysis presented in this publication will be based on the analysis of two types of cooperatives in Spain that participate in the social reporting of the *balance social* which we will explain further below. In this chapter, we introduce these two typologies, i.e., worker cooperatives and social initiative cooperatives.

Worker cooperatives are a business model for the present and the future based on people, their skills, knowledge, and dedication. They are characterised by integrating professionalism, flexibility, and participation in the workplace. Their democratic structure and functioning are based on cooperative principles and values.

Worker cooperatives are an instrument of economic and social development as they contribute to achieving the objectives of economic growth, as well as the Sustainable Development Goals of the 2030 Agenda, providing the added values of quality, through stable and indefinite employment, and equality, through democratic participation.

As a company, the worker cooperative must have a set of rules, set out in its Statutes, governing its relations, responsibilities, and rights, with its members and with third parties, both in the business and economic spheres.

The worker cooperative operates through the following governing and management bodies:

- » the Assembly, which sets the general policy of the cooperative,
- » the Board, which is responsible for the management of the cooperative.

The business organisation of the worker cooperative is established by means of an organisational chart appropriate to its size.

COCETA

The Confederación Española de Cooperativas de Trabajo Asociado, COCETA, is the representative organisation of worker cooperatives in Spain. Established in 1986 as a confederal, multi-sectoral cooperative association, it is made up of the worker cooperative federations/unions/associations of the different autonomous communities.

The average turnover is estimated at 1.3 million EUR/worker cooperative. Currently, there are around 17,300 worker cooperatives in Spain, which directly employ around 325,500 people (mostly as members and worker members).

Worker cooperatives in Spain are present in all productive sectors, with a more prominent presence in manufacturing industries and in services, especially in business, social services, health, care and education.

Women represent 49% of the people working in worker cooperatives, and it is worth highlighting the excellent balance between work and family and personal life, as well as the fact that 39.3% of management positions are held by women.

In worker cooperatives, it is the people who give meaning and essence to the cooperative, they are its guiding principle. A worker cooperative is created to provide jobs for the people who form it, voluntarily and freely, improving their quality of life. A worker cooperative is thus created as a company which is organised, from a business perspective, through the decisions taken according to the principle of one person one vote, by the people who manage the cooperative, at least three in number, as worker members. As such, cooperatives are true schools of democracy. From an economic perspective, the cooperative must be viable as a company, competitive on the market, generating wealth that is redistributed in the cooperative and among the worker members according to the work carried out and not according to the money invested as share capital.

There are currently more than 17,300 worker cooperatives in Spain²⁹, which directly employ more than 325,500 workers.

Social initiative cooperatives are characterised by a combination of three objectives: to be not for profit, to create jobs for their members and to offer social welfare services to people. Social welfare services include a wide range of activities, the main ones being social, cultural, support services for daily life, educational leisure and free time, and social and labour integration of disadvantaged groups.

These activities form part of sectors whose development leads to a substantial improvement in people's quality of life, as they initially satisfy unmet needs, as a result of changes in lifestyles and the emergence of new social and economic problems.

These cooperatives are part of the emerging concept of social enterprises, which is not yet legally developed in Spain, but which attracts a lot of attention due to the connection between social services and non-profit, which many people consider indispensable. Social enterprises also include other similar entities in terms of their purpose, with legal forms other than cooperatives (limited companies, labour companies, social action associations and foundations, etc.), in areas such as the employment of people with disabilities, and care for people at risk or in situations of exclusion.

On the other hand, cooperatives in Spain are generating new types of activities that respond to new social needs or the reformulation of existing ones. Thus, for example, activities related to environmental services, local distribution of agricultural products with greater social added value, are attempting to counteract the oligopolistic provision of electricity, gas, and telephone services, etc.

The cooperative model is thus applied to sectors of activity that until recently seemed unsuitable for it, either because of the low social demand, the coverage provided only by public institutions or from associations and foundations, or the lack of previous cooperative experiences. These cooperatives are often characterized by an anti-globalisation ideology, which seeks to explore anti-capitalist fields of action. However, the material and financial aspects of this type of cooperatives are generally underdeveloped.

As there is no specific census on social initiative cooperatives, we cannot give specific figures on the number of cooperatives and their workers, but it is estimated that in Spain there are more than 1,000 social initiative cooperatives employing around 50,000 workers³⁰. This represents 15% of the total employment generated by worker cooperatives in Spain. Furthermore, for these kinds of cooperatives, the most common way in which members are linked to their cooperatives is in their status as worker members.

An example of a worker cooperative in the environmental sector: Agresta

Upon finishing their degree at the Escuela Técnica Superior de Ingeniería de Montes of the Universidad Politécnica de Madrid, a group of 10 students decided to start a cooperative to contribute what they had learned to society, with the emphasis on technical quality and a friendly service.

Today, Agresta is a multidisciplinary and inter-territorial team of more than 40 professionals with experience in forest management and the application and development of new technologies and a passion to share: to seek forestry solutions that allow us to build a more liveable society.

Its mission is to improve the forest territory by making use of innovation and putting into practice the values of the cooperative model.

As a worker cooperative, Agresta provides a working space for personal and professional development, with a participatory and participative structure, framed in a productive proposal of the social and solidarity economy, which is efficient, innovative, and economically and environmentally viable.

More info: <http://agresta.org/>

In this context, the term social initiative cooperative refers to all social cooperative types that can be found in Spain, such as social integration cooperatives, community services cooperatives, or cooperatives with legal non-profit status.

The growing interest in recent years for this type of cooperatives can be explained by the increase in the needs of disadvantaged social sectors, the growing social resonance they awaken, the increased allocation of public budgets to meet these needs, the expansion of public procurement with external suppliers, and the consolidation of the professions that meet these needs, which encourages their professionals to explore different avenues of social entrepreneurship³¹.

An example of a worker cooperative in the social sector: ADEIA

ADEIA is a worker cooperative with 25 years of experience, specialising in people and entities in the legal, economic-financial, work and training fields. Its objective is the quest for fairer and more democratic economic relations, through the provision of a close, personalised, and professional service.

It offers an integral space of specialised advice, where it is possible to promote the social and solidarity economy and cooperative model. Its members believe in a way of working where efforts are focused on helping and improving their environment.

ADEIA promotes collective intelligence by using cooperation and nurturing the creation of networks with which to share tasks, interests, and emotions, understanding work as a search for flexibility, valuing diversity and promoting personal development, seeking spaces that facilitate the generation of ideas, providing informal meetings which allow information to be shared efficiently.

More info: <https://adeia.es/>

Obviously, any cooperative of any kind and sector of activity can decide to operate on a non-profit basis, but the non-profit status of cooperatives of this type is subject to the law. Article 106 of the 1999 Spanish Cooperatives Act regulates social initiative cooperatives and sets out their purpose and the rules applicable to them.

The law states that cooperatives are to be classified as social initiative cooperatives when, irrespective of their type and without any profit motive, they have as their business purpose either the provision of welfare services, performed by carrying out health, educational, cultural or other activities of a social nature, or the development of any economic activity whose purpose is to integrate people suffering from any kind of social exclusion into the labour market and, in general, to satisfy social needs which are not met by the market.

The necessary non-profit condition is attractive to many young professionals committed to the different formulas of social work. This condition, as set out in the first Additional Provision just mentioned, must be included in the statutes of social initiative cooperatives, and implies that:

- » Any profits made in a financial year cannot be distributed among the members;
- » Members' contributions to share capital, whether compulsory or voluntary, may not accrue interest at a rate higher than the legal interest rate;
- » The members of the Board are non-remunerated, without prejudice to the appropriate financial compensation for the expenses incurred by the directors in the performance of their duties;
- » The remuneration of worker members or of worker members and employees may not exceed 150% of the remuneration established by the collective bargaining agreement applicable to salaried personnel in the sector, depending on the activity and professional category.

Social initiative cooperatives in Spain can be considered worker cooperatives that offer social welfare services³². Therefore, for the sake of simplification in the following chapters, we will refer to both typologies described in this chapter as worker cooperatives.

29 / Source: Ministry of Labour and Social Economy Data 2019 and regional registers of cooperatives Data 2019.

30 / Source: Cooperative representative bodies at regional level (own elaboration)

31 / CIRIEC, Cooperativas de iniciativa social y nuevas formas de cooperativismo

32 / COCETA, Las cooperativas de trabajo asociado en la Iniciativa Social

The *balance social*: a tool to support the local development of cooperatives

The discussion around the concept of social audit, and its possible applicability to cooperative organisations, is part of the now hackneyed concept of Corporate Social Responsibility and the different ways of assessing it and communicating the results obtained, but with well-defined characteristics, mainly associated with ethical parameters.

Over the last 20 years, the concept of social audit has undergone many variations depending on the connotative value given to it in the different spheres of action of cooperatives, although the term and the measuring mechanism that has had the greatest impact in Spain is the *balance social*.

The most standardised *balance social* tool at present is the one developed by the Solidarity Economy Network of Catalonia (XES). In recent years, the XES's *balance social* has become a reference tool for accountability and impact measurement of the social and solidarity economy, not only in Catalonia, but also in other Spanish provinces.

The data collected in the *balance social* result in an annual report on the activity of the organisations and companies that participate in the campaign. The report then becomes part of a catalogue that forms the basis of the *mercado social*.

The *mercado social*³³ has been developed by the Network of Alternative and Solidarity Economy Networks (REAS³⁴) and is defined as 'a network of production, distribution and consumption of goods and services and common learning that operates with ethical, democratic, ecological and solidarity criteria, in a given territory, made up of both companies and entities of the social and solidarity economy and individual and collective consumers. Its aim is to cover a significant part of the needs of its participants within the network and to disconnect the solidarity economy from the capitalist economy as much as possible.'

The REAS *mercado social* is based on the idea of mutual support with three simple rules:

- » each component of the network commits to consume the maximum within it;
- » each component of the network commits to produce the maximum for it;
- » each component of the network contributes to create other initiatives linked to it, by depositing savings and surpluses in financial instruments of the network.

The catalogue of entities that make up the *mercado social* is determined by those entities that carry out the *balance social* and comply with the objectives related to the values of the social and solidarity economy.

Mercados sociales are currently organised by region. Some have opted for the *mercado social* to be managed and articulated by the alternative and solidarity economy network itself, such as the Basque Country, Navarre, and Catalonia. Other territories bring together, under different legal forms, all the entities of REAS and other social economy entities, such as the *mercado social* de las Illes Balears, constituted as an association, the *mercado social de Madrid* and the *mercado social de Aragón* (MESCoop Aragón), both constituted as cooperatives.

These *mercados sociales* include two types of members: members who supply goods, products and services and members who are consumers-collaborators. The worker and social initiative cooperatives are the main participants in these *mercados sociales*, with more than 350 cooperatives directly participating in the different *mercados sociales*.

In this context, the *balance social* plays a central role in the local development of the social and solidarity economy entities by providing a tool that they can use to make its internal practices visible and public. In this way, the *balance social* serves as a measure for monitoring the internal functioning of companies and organisations working towards democratic, socially inclusive, and sustainable economic activity³⁵.

The origins of the XES's *balance social* date back to 2008 and respond to the need to measure the real contributions in the field of socially inclusive and sustainable economic development promoted by the social movement of the social and solidarity economy in Catalonia, to give visibility and dissemination to the socially responsible actions of these entities, contributing to improving knowledge about the behaviour and evolution of the economic sphere of the social and solidarity economy, as well as to its cohesion.

The *balance social* has naturally prevailed as a simple and operational software that allows the measurement of the economic, social, and environmental impact of the economic activities of the entities that use it, as an alternative to the costly and complex tools used by traditional companies for environmental and corporate responsibility audits.

Currently, the *balance social* is defined as a tool for self-diagnosis and continuous improvement that makes it possible to measure the social and ecological contributions of companies and organisations throughout the financial year and is complementary to the financial audit that all entities draw up. It collects qualitative data through text fields and quantitative data on six areas of analysis: economy and profit policy, equity and democracy, environmental sustainability, social commitment and cooperation, quality of work and professional quality, as well as four questionnaires that evaluate the quality of work, professional quality, quality of volunteers and associative quality (answered anonymously by workers, users or clients and volunteers who participate in the organisation). The number of indicators that are calculated by the software tool varies depending on whether the full or basic modality of the *balance social* is used.

The indicators of the *balance social* correlate with some of the Sustainable Development Goals (SDGs).

Specifically, regarding goal 5 on 'gender equality', it highlights the gender pay gap or the presence of women in leadership positions within the company.

It also has a significant relationship with goal 7 on 'affordable and clean energy': measuring the monitoring of measures taken by companies and organisations in terms of environmental management, such as waste recycling, the promotion of energy saving and efficiency and the procurement of renewable energy suppliers.

Goal 8, which refers to 'decent work and economic growth', is also considered in the *balance social* as the reconciliation of family life, job stability, job insecurity and non-discrimination on the basis of gender or origin.

Regarding goal 10, which deals with the 'reduction of inequalities', the *balance social* indicators focus on the issue of the redistribution of the wealth generated in order to reduce social inequalities.

The *balance social* is clearly related to goal 12, which refers to 'responsible production and consumption', by evaluating a production process that broadens its scope to include the social and environmental aspects involved, in addition to economic profitability, in the value scale.

In relation to goal 13 on 'climate action', the *balance social* incorporates indicators that refer to CO2 emissions in terms of electricity, gas or diesel consumption with the aim of reporting the negative effects on climate change of the company or organisation evaluated.

We can say that the *balance social* is related to 6 of the the 17 SDGs' goals set to achieve sustainable development at a global level by the United Nations, although extrapolated to a local dimension of action.

Therefore, it is important to stress the role that the *balance social* plays as a driving force for the social and solidarity economy at a local level, favouring endogenous local development that strengthens the capacities of the territory and adapts them to its needs. The *balance social* allows the entities that contribute to this local development to create a diagnosis of their functioning, which gives rise to defining individual strategies to improve their quality in the social and environmental fields, making the importance and sustainability of the sector visible.

33 / <https://www.mercadosocial.net/>

34 / https://reasnet.com/intranet/wp-content/uploads/bp-attachments/10981/Informe_Auditoria_Social_Estatal_2020_REAS_RdR.pdf

35 / El Balance Social de la XES: [10 años midiendo el impacto de la ESS en Cataluña](#), Universitat de Barcelona/Xarxa d'Economia Solidària

To support organisations in the completion of the *balance social*, the XES created the software tool *ensenya el cor*³⁶.

The organisations using the *balance social* introduce the required qualitative and quantitative data through the application based on different sections:

- » general data
- » economy and profit policy
- » equity and democracy
- » environmental sustainability
- » cooperation and commitment to the environment
- » work
- » achievements and commitments for improvement

A user manual, a guide to questions, remote assistance and practical workshops are available through the tool to help the users. The time taken to fill in the requested data varies according to the number of times users have participated in the reporting, as well as to the *balance social* they choose (there is a basic and a complete one).

Whether or not an organisation participates in the reporting may depend on the availability of time and means to collect and enter all the data.

Once an organisation completes its reporting, a validation is undertaken to check that the data are technically correct. When possible, inconsistencies are removed by comparing the results obtained with the average results of previous years. Each indicator has a weight, and the score is calculated out of 10. If the user scores more than 4 out of 10, it passes the assessment. Users that score between 4 and 5 have one year to increase their score.

Not all indicators apply to all entities (e.g., if the entity has no employees, the indicators related to employees are ignored).

This report is produced annually by REAS and the results for worker cooperatives are shown in the next chapter.



36 / <http://www.ensenyaelcor.org/bs/login>

Analysis of the social impact of cooperatives in Spain

DEFINING THE OBJECT OF ANALYSIS

The REAS report aggregates the data of the 495 entities which are part of the network (cooperatives, integration companies, associations, etc.) using qualitative and quantitative indicators. The first report was carried out in 2015, while the report considered for this analysis was released in 2020.

The following analysis follows the structure of the REAS report, but exclusively concerns the data provided by the 154 worker cooperatives that have carried out their *balance social* and have participated in the *mercado social*.

Over the last 3 years, cooperatives represented 30% of the social enterprises that have completed the *balance social*. Following the pandemic experienced during the 2020 financial year, the number of social enterprises has fallen compared to the previous year, while the number of worker cooperatives has grown slightly by around 3.36%. (See Table A)

The data presented corresponds to the information provided by worker cooperatives during their reporting based on the following indicators: equity, work, environmental sustainability, cooperation, and not for profit.

The tool used for this reporting was the *ensenya el cor* tool mentioned above.

The results are presented in a basic descriptive way (frequencies, percentages, and average values).

SELECTION OF A GEOGRAPHICAL AREA OF REFERENCE

The cooperatives analysed are distributed territorially among the 17 provinces of Spain, excluding Ceuta and Melilla. However, given the origins of the *balance social* measuring tool, the majority of the cooperatives represented here are located in Catalonia.

Nonetheless, the participation of cooperatives based in Madrid, the Basque Country, Aragon, Navarre, the Canary Islands and Valencia is increasing.

DATA ANALYSIS OF SIX DIMENSIONS OF WORKER COOPERATIVES

1. Economy and no profit motive

Regarding the economic magnitude of the cooperatives audited, it should be noted that part of their income corresponds to public subsidies. Many of these cooperatives aim at defraying their social and labour insertion work or supporting the employment of people at risk of poverty and exclusion, among other purposes, for the benefit of society as a whole.

The rest of their income comes from their participation in conventional markets, providing services or producing goods for the ordinary market, which gives the organisations autonomy.

The aggregate income of the audited worker cooperatives is 101.92 million EUR, with subsidies representing 19.34% of this amount. (See Table B)

The most frequent sector of activity in which the cooperatives audited are active is education (24.68%), followed by consulting (19.48%), housing and environmental management (12.34%), culture and leisure (11.04%), communication (10.39%), food (6.49%) and health and care (5.84%).

	Year	Total number of social enterprises	Number of worker cooperatives	% of worker cooperatives
No. of audits	2020	495	154	31.11%
No. of audits	2019	530	149	28.11%
No. of audits	2018	446	131	29.37%

TABLE A: NUMBER OF AUDITED WORKER COOPERATIVES

	Social enterprises	Worker cooperatives
Income (M€)	526.24	101.92
Expenses (M€)	509.93	100.29
Subsidies (M€)	132.13	19.7

TABLE B: ECONOMIC DATA OF THE AUDITED COOPERATIVES

The other entities in the sample are active in diverse areas of activity: textiles, technology and electronics, catering and hospitality, social financing, supplies, and the production and sale of other manufactured products. (See Table C)

The number of workers (members and non-members) in the cooperatives audited is 4,076.

The percentage of female workers in these cooperatives is 63.29%, far higher than in the labour market as a whole or than in conventional companies in Spain. (See Table D)

Regarding the profit policies of the cooperatives in the sample, we observe that a large proportion of the worker cooperatives in the sample have a statutory or legal not for profit status.

In these cases, the surpluses generated by the cooperative are mainly used for reserves and, to a lesser extent, for internal training of workers and to compensate for losses from previous years.

It is estimated that 57% of the cooperatives generate surpluses, and only 4.2% are allocated to the cooperative’s members. The residue goes mainly to reserves and, to a lesser extent, to internal training and to offsetting losses.

2. Democracy and Equity in Governance

Within the principle of democracy³⁷, it is important to know to what extent the people who form part of the organisations participate in the drawing up of the organisations’ strategic plans and budgets.

It is estimated that in the worker cooperatives participating in the auditing processes, worker members account for more than 70%³⁸ of the membership and therefore participate directly in the decision-making bodies (Board and Assembly).

Sectors	Worker cooperatives	
	Number	%
Education	38	24.68%
Health and Care	9	5.84%
Housing and Environment Management	19	12.34%
Consulting	30	19.48%
Culture and Leisure	17	11.04%
Food	10	6.49%
Communication	16	10.39%
Other	15	9.74%
TOTAL	154	100%

TABLE C: SECTORS OF ECONOMIC ACTIVITY OF THE AUDITED COOPERATIVES

37 / According to the 2nd Cooperative Principle: Democratic Member Control: Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.
38 / This figure is based on internal reports carried out by COCETA and its associated territorial Associations and Federations.

Gender of workers	% in social enterprises	% in worker cooperatives
Female	64%	63.29%
Male	35.90%	36.36%
Non-binary	0.10%	0.34%

TABLE D: PARTICIPATION IN COOPERATIVES BY GENDER

Around 50% of the non-member workers in the cooperatives audited actively participate in the drawing up of the strategic and management plan and the budget. Therefore, we can estimate that more than 85% of workers participate in decision making. It is also important to highlight the high degree of participation of women (58.6%), which reflects their significant presence in positions of responsibility in the cooperatives (62%).

On the other hand, 83.09% of the cooperatives audited report workers’ salaries, which shows a high degree of transparency, guaranteeing the principle of equity in these enterprises.

Regarding non-sexist language³⁹ policies, 96.75% of workers use non-sexist language on a regular basis within the cooperative, a higher percentage than in other legal forms of the social and solidarity economy.

When assessing the existence of Gender Equality Plans⁴⁰ in the worker cooperatives analysed, we see that 48 of the 154 audited cooperatives have a Gender Equality Plan in place and the necessary resources to carry out the corresponding monitoring and evaluation.

Finally, when measuring the existence of a protocol for the prevention and tackling of sexual harassment based on gender identity or sexual preference, 25.32% of the cooperatives in the sample have such a protocol.

3. Environmental sustainability

The sample provides valuable information on the impact of worker cooperatives on the environment, in terms of the existence of environmental management systems and plans, providing more concrete approximations such as CO2 emissions, paper consumption, mobility or recycling practices within the organisations, among other elements.

Many cooperatives are making efforts to improve their consumption practices, with 95% of them indicating that they adopt a sustainable approach when purchasing products.

Extracting specific data from the report for the 154 cooperatives, we can see that:

- » **70.14%** carry out practices and procedures for energy saving and efficiency
- » **59.72%** carry out practices and procedures for saving and efficiency in water consumption
- » **75.34%** contract all or part of their electricity service with suppliers that generate energy from 100% renewable sources
- » **86.81%** use recycled and/or certified sustainable forestry paper on a regular basis and in the majority of cases
- » **84.72%** implement waste prevention practices and procedures
- » **39.58%** have an environmental management policy, action plan or system within the cooperative
- » **13.89%** of cooperatives have an internal control of CO2 emissions
- » **98.61%** consider responsible consumption criteria when purchasing a product
- » **79.17%** of our cooperatives incorporate, offer, or facilitate some alternative/ help in relation to transport

39 / According to the [European Institute of Gender Equality](#), non-sexist use of language means ‘avoidance of both an ambiguous generic masculine gender in the grammatical forms of nouns and discriminatory expressions which describe women and men in terms of their physical appearance, or the qualities and gender roles attributed to their sex’.
40 / According to the European Institute of Gender Equality, consist of a set of actions, which can have different degrees of complexity, meant to articulate a strategic view aimed at achieving gender equality. Read the full definition [here](#).

4. Quality of work

The cooperative values ensure that the conditions under which employment is generated are appropriate and promote quality employment.

Along these lines, 90.85% of the cooperatives audited apply measures, such as flexible work schedules, that improve the work life balance.

Moreover, 101 of the 154 cooperatives have an internal regulation or protocol that includes measures to improve the working conditions established in the implementation agreement, mainly for the promotion of health among workers within the framework of their occupational risk prevention policy (84.51%).

Finally, 80.99% of the cooperatives create spaces for psychological support and care for workers in relation to their situation in their working environment.

To conclude this brief analysis of the working conditions and personal development of the workers, practically all the cooperatives in the sample (99.35%) indicated that they have developed measures to encourage the training of their employees, mainly by providing a promotion and education fund, and that nearly 1/5 of the audited cooperatives (18.18%) are able to adapt their work schedules to these measures.

Furthermore, 57.14% of the cooperatives report that they provide training to workers during their working hours, covering its additional costs, while only 24.03% of them cover only one or the other. In this respect, the data for cooperatives are significantly better than the data provided by organisations with other legal forms.

5. Intercooperation

There are numerous social initiatives undertaken by the audited cooperatives which reflect the sixth cooperative principle⁴¹, with a variety of forms of collaboration in which they participate permanently and actively.

The report provides a breakdown of:

- » the amount of goods and services purchased from mercado social entities and/or REAS entities;
- » the amount of goods and services purchased from social economy entities.

In both cases, these are measured in millions of EUR of expenditure.

At an aggregate level, we can see that in the first case, 13.99 million euros are spent on purchases from the *mercado social* and other REAS entities and 22.61 million euros on purchases from other social economy entities.

It is worth noting that worker cooperatives allocate 7 million euros more funding than the other legal forms to intercooperation.

The active intercooperation of the entities leads them to become involved and participate in social transformation initiatives and networks, through 92.7% of the sample indicating that they do so. A majority indicate that they collaborate with other organisations by sharing knowledge (84.8%) or with common projects (72.3%), and it is common (41%) for organisations to share the spaces in which they carry out their activities.

6. Social commitment

The involvement and responsibility of numerous entities in the sample in initiatives that promote changes in the dominant economic and social system towards a more responsible, fair and egalitarian model, leads them to be closely linked to the ethical finance and insurance sector, with 68.7% of the Social and Solidarity Economy entities in the sample carrying out part or all of their banking operations through ethical and solidarity finance entities such as Fiare, Coop57, Oikocredit, CAES or Triodos Bank.

41 / The sixth cooperative principle, 'Cooperation among Cooperatives', states that cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Recommendations from the Spanish perspective

Analysing the responses of the 154 worker cooperatives mentioned in the REAS report, it is possible to draw the first conclusions on the measurement and evaluation of social impact in Spain. Although we believe that the number of worker cooperatives audited in relation to the total number of cooperatives in the sector is still low, we must continue to develop policies that promote the measurement of the social impact of cooperatives in order to measure and highlight the values and principles that support them.

Based on other data from the REAS report and its subjective comparison with other traditional enterprises, we can confirm that worker cooperatives are particularly sensitive to the principles of democracy, fairness, and quality at work, notably promoting the principle of cooperation and social commitment.

We believe that the high degree of participation of workers in cooperatives in decision-making should be emphasized, mainly due to the substantial

number of worker members in cooperatives who are members of the governing bodies, with special emphasis on the high participation of women in this decision-making process, supported by their higher percentage both in terms of representation and holding positions of responsibility.

Also notable are the improvements in working conditions in the worker cooperatives audited with respect to other business models, where a large majority of those audited stated that they have measures in place to promote health and well-being, work-life balance, and training opportunities.

The extremely favourable results with regard to participation in intercooperation and social and environmental commitment seem quite obvious, as such participation is associated with the principles and values of worker cooperatives.

Furthermore, the relevance of the *ensenya el cor* tool in providing aggregate data that highlights the uniqueness of cooperative values is confirmed.



Measuring the social impact of social cooperatives in Italy

By Vincenzo De Bernardo and Valerio Pellirossi

Introduction to social cooperatives and social enterprises in Italy

Before analysing the social impact of Italian social cooperatives, it is important to provide an overview of the history and features of these cooperatives in Italy. In this chapter, we will present the Italian context and introduce the recent reform of social enterprises and its consequences for the social report and social impact evaluation.

Social cooperatives are a very innovative type of cooperative enterprise that blossomed in Italy between the late 70s and early 80s. In that period, citizens – volunteers, social workers, activists, church, and community leaders – mobilized to assist people whose needs were not yet being met by the welfare system. These cooperatives emerged in the legal form of associations or worker cooperatives, but soon the phenomenon presented distinctive features that led to the creation of a new “business model”.

The milestone for the development of social cooperatives in Italy was the enactment of the Italian law No. 381/1991, the first of this kind globally. It represents a normative framework that soon became an example worldwide⁴², influencing the production of other legislative initiatives that wanted to encourage the intervention of the non-profit private sector in the field of assistance, healthcare, social inclusion, and the creation of jobs for disabled and disadvantaged people⁴³.

The Italian law on social cooperatives embodies the seven principles of the cooperative movement contained in the ICA Statement of Cooperative Identity⁴⁴, integrating them with innovations specific to this sector.

As we are writing this paper, social cooperatives are the “youngest element of the cooperative family” to have received legal recognition in Italy.

These features are described in the following paragraph.

42 / See also CICOPA 2005, [World Standards of Social Cooperatives](#)

43 / See also Fici https://www.euricse.eu/wp-content/uploads/2015/12/WP-82_15_Fici2.pdf

44 / See also the [ICA Statement of Cooperative Identity](#)

CONFCOOPERATIVE FEDERSOLIDARIETÀ

[Confcooperative Federsolidarietà](#) is the main Italian federation of social cooperatives, counting more than 6,200 associated members, with about 229,000 individual members and more than 240,000 workers, of whom 18,000 are disadvantaged workers (people with physical and mental disabilities, drug and alcohol addicts, prisoners, and ex-prisoners).

The aggregate turnover of the associated members of Confcooperative Federsolidarietà is about 8 billion EUR. Through their services, they provide assistance, and care to more than 4 million people, including 1 million persons with disabilities.

Federsolidarietà was the active promoter of the Italian law on social cooperatives approved in 1991 (law No. 381/1991), which has since become an international normative model for the sector and has been applied by several countries worldwide. Federsolidarietà also contributed actively to the Third Sector and Social Enterprise reform of 2017.



SOCIAL COOPERATIVES: MAIN CHARACTERISTICS

Social cooperatives aim at pursuing ‘the **general interests** of the community in the promotion of humankind and the social integration of the citizens’⁴⁵.

The law defines two distinctive areas of intervention to fulfil the general interest mission. In article 1, paragraph 1, letter a) it identifies those social cooperatives that manage social services, assistance, social-health services, education, and training, also referred to as social cooperatives of type A; and in letter b) those social cooperatives that promote work integration of disadvantaged people, also called social cooperatives of type B.

Over the years, the social services of general interest delivered by social cooperatives in the Italian context have evolved to cover almost all the areas of ‘welfare’ as described, for example, in the ILO definition: ‘support for those in old age, support for the maintenance of children, support in health and medical treatment and, in general, support to people who are not self-sufficient because of their age, of a disease, of disability, or a temporary condition (prisoners or former prisoners), or social and or economic condition that generates exclusion (refugees, migrants, minorities, persons living in suburbs or isolated areas), education and vocational training’.

Type A social cooperatives have developed home care services for people who are not self-sufficient, in particular people with severe disabilities or mental illness and the elderly; educational services managing kindergartens, nursery schools, primary schools and educational services to combat the phenomenon of young people dropping out of school, especially in suburbs; daycentres and home care for those who are not self-sufficient in general.

45 / As stated in the article 1 paragraph 1 of the Italian law of November 8 1991, No. 381

AN EXAMPLE OF A “TYPE A” SOCIAL COOPERATIVE: CENTRO PAPA GIOVANNI XXIII

Centro Papa Giovanni XXIII is a social cooperative founded in 1997 to create a centre to provide assistance for persons with disabilities in the city of Ancona.

The strong connection with the local community and the families of the assisted persons led to the development of new initiatives tailored to meet the needs of the beneficiaries.

Today, Centro Papa Giovanni XXIII runs:

- a day-care centre for persons with disabilities;
- two residential homes – Il Samaritano and Don Paolucci – where 16 people with mental disabilities are assisted to live a “normal” life. They live independently, grow and age in company of others;
- the innovative service Casa Solievo, where people with physical and mental disabilities are hosted for short periods to introduce them to an independent life.

Centro Papa Giovanni XXIII has also created some innovative side projects: the catering service Ristorazione Solidale, and the Bomboniere Solidali, a workshop that makes party favours.

It is worth highlighting the Centro Papa Giovanni XXIII’s homemade crowdfunding initiative, Sogni in costruzione. New projects, and the budget needed to carry them out, are presented to the local community to find donors, as are the results of already financed projects.

More info here: www.centropapagiovanni.it

Type B social cooperatives can carry out an activity in any sector – agriculture, industry, business, services and so on – to create work opportunities for disadvantaged people. At least 30% of the workforce of Type B social cooperatives must be composed of disadvantaged people as defined in article 4 of the 381/1991 law:

- » disadvantaged persons including people with physical or learning disabilities;
- » people with sensory difficulties;
- » people released from psychiatric hospitals or otherwise treated for mental illness;
- » drug and alcohol addicts;
- » prisoners and people who have been given an alternative to custodial sentences;
- » minors of working age in difficult family situations.

AN EXAMPLE OF A “TYPE B” SOCIAL COOPERATIVE: IL GIARDINONE

Il Giardinone is a work integration social cooperative active in the field of green area management, gardening, cleaning and sanitizing services.

Il Giardinone employs (2019) 34 workers, including 10 disadvantaged people and it is based in Locate Triulzi, near to Milan.

Il Giardinone’s most recent initiative is an example of the cooperative’s focus on social and environmental sustainability. The Fungobox is a kit for the home-production of edible mushrooms, created collecting coffee grounds from bars, thereby transforming waste into a resource.

During the Covid-19 pandemic, il Giardinone transformed a challenging situation into an opportunity for innovation, specializing its cleaning branch into sanitizing services.

In this case, it is worth mentioning the long-term experience of this cooperative in social reporting since its foundation in 1996. The last published *bilancio sociale* of the social cooperative is [available online](#) (only in Italian).

Type B social cooperatives have substantial activities in the HoReCa⁴⁶ industry, in cleaning and maintenance services, in waste management and maintenance of public green areas, and in social farming.

Social cooperatives can be active in both the areas of intervention (social assistance and work integration) described above, in which case they are commonly called *mixed* cooperatives or social cooperatives A+B.

In addition, social cooperatives can get together and establish a second-level cooperative or social cooperative consortium. Today, Confcooperative Federsolidarietà has about 250 consortia among its members.

One of the most distinctive innovations in the social cooperative model is the formal recognition of **multistakeholder** membership. This means that the governance can include representatives of consumers, producers, workers, volunteers, or community supporters, formally embracing a heterogeneous membership base, rather than being organized around a single category of members like other types of cooperatives (agriculture cooperative with farmers, cooperative banks with account holders, worker cooperatives with workers, consumer cooperatives with consumers and so on...).

Another important characteristic is that social cooperatives are **non-profit** enterprises: in other terms, profits must be used to pursue the general interest and be reinvested in the cooperative’s economic activity. This mechanism is closely connected with the guarantee of the purpose of the general interest.

Finally, social cooperatives are **democratic** and **substantially independent from the State or public authorities**. Even if health, social services, and assistance are often developed in the framework of public policies, and local authorities are sometimes partners of social cooperatives, a public administration cannot take control of social cooperatives.

The *bilancio sociale* tool: origins and evolution

Both economic and social dimensions inspire the activities of social cooperatives. However, the former is considered as an instrument to pursue the latter, and the ‘economic performance’ is the tool used to fulfil the general interest mission: social inclusion, care, and assistance to the elderly, education, creation of work opportunities for the disadvantaged.

Social cooperatives gradually developed the habit of publishing a *bilancio sociale* annually, together with the financial report, in order to disseminate information regarding the value created by the social dimension.

However, until May 2021 there was no national obligation for social cooperatives to assess the social dimension of their activities and report them in a *bilancio sociale* every year. This requirement was introduced in the framework of the Italian reform of the third sector in 2016-2017.

Before that, some Italian regions, such as Lombardy and Emilia-Romagna, had already introduced, between 2010 and 2014, the requirement to publish a *bilancio sociale* as a condition of operating legally in their territory.

THE 2017 REFORM OF THE THIRD SECTOR, REQUIREMENTS OF SOCIAL REPORTING

In 2017, the Italian Government performed a major reform of the third sector and one of the main consequences was the enactment of the Decree on Social Enterprise (approved on July 3, 2017, decree No. 112).

The decree recognizes some areas of innovation of cooperatives, associations, and foundations in Italy, expanding the list of sectors of potential intervention of social enterprises: protection of cultural heritage, microcredits, sustainable tourism, management of commons, social housing, social farming.

At the same time, the decree amends the law on social enterprises, expanding the list of activities considered to be of ‘general interest’: health, cultural heritage, services for the employment of disadvantaged people, training, especially as a tool to fight social exclusion.

The decree defines social enterprises as private entities whose main activities aim at creating civic, solidarity-based, and social benefits, which are managed in an accountable and transparent way. Social cooperatives are one of the most relevant forms of social enterprises in Italy and they are considered social enterprises ‘*ex lege*’.

One of the main consequences concerns the introduction of the obligation for all social cooperatives and social enterprises in Italy to complete and publish an annual *bilancio sociale*.

The implication of this decree is that every social cooperative in Italy must now complete and publish a social report annually. On July 4 2019, the Italian government finalized the ‘adoption of guidelines for the preparation of the social report of third sector entities’ (Ministero del lavoro e delle politiche sociali 2019)⁴⁷.

These guidelines state that ‘all social enterprises are required to write and publish a social report, including social cooperatives. Other bodies of the third sector with revenues higher than 1 million EUR and service centres for volunteers, regardless of the economic size of their activities, must also complete and publish a social report.’

The Decree lists the guiding principles for the preparation of the *bilancio sociale* as follows:

- » **completeness:** all the main stakeholders must be identified and the relevant information of interest to each must be included;
- » **relevance:** the *bilancio sociale* should be written without omission, and include all the information useful for stakeholder assessment;
- » **transparency:** the criteria used to collect and classify information must be clarified;
- » **neutrality:** information must be presented impartially, thus documenting positive and negative aspects;
- » **year of competence:** activities and results of the year of reference must be documented;
- » **comparability:** to the extent that it is possible, data must be provided that allows comparisons to be made in time (as a certain data varies over time) and space (comparing the data with that of other territories/bodies);
- » **clarity:** the use of language accessible even to readers without specific technical expertise is necessary;
- » **truthfulness and verifiability:** reference should be made to the sources used;
- » **reliability:** overestimation or underestimation must be avoided and uncertain data must not be presented as if they were certain;
- » **autonomy:** where third parties are required to collaborate in the preparation of the financial statements, they must be guaranteed to be autonomous and independent in making judgments.

46 / HoReCa is the Dutch, German, Italian, Romanian and French languages term for the food service and hotel industries. The term is a syllabic abbreviation of the words Hotel/Restaurant/Café

47 / Decree of the Ministry of Labour and Social Policy of July 4 2019 “Adozione delle Linee guida per la redazione del *bilancio sociale* degli enti del Terzo settore”. Italian official text available [here](#)

Moreover, a *bilancio sociale* should include the following sections:

- » **methodology adopted:** criteria for the preparation of the financial statements and any change in the criteria compared to previous years;
- » **general information on the entity:** personnel data, territorial area and scope of activity, mission, relationship with other entities and information on the context of reference;
- » **governance:** data on a social basis and direct and controlling bodies, aspects relating to internal democracy and participation, identification of stakeholders; social enterprises other than religious bodies and cooperatives characterized prevalently by mutuality are also required to describe the methods of involvement of workers and users; cooperatives characterized prevalently by mutuality (and therefore all social cooperatives) already fulfil this obligation through the mechanisms of involvement typical of the cooperative form;
- » **people:** consistent and detailed data on workers and volunteers, employment contracts adopted, activities carried out, structure of remuneration (including data on pay differentials, documenting that the highest remuneration is not more than eight times higher than the lowest) and methods of reimbursement to volunteers. In particular, specific forms of publicity are provided for the remuneration of directors and managers.
- » **activities:** quantitative and qualitative information on the activities carried out, on the direct and indirect recipients and, as far as possible, on the effects, indicating whether the planned objectives have been achieved and the factors that have facilitated them or made it difficult to achieve them. Factors that risk compromising the purposes of the entity and the actions taken to counteract this should be indicated;
- » **economic and financial situation:** separate source of resources for public and private sources, information on fundraising activities, any management problems and actions taken to mitigate them;
- » **other information:** litigation, environmental impact (if applicable), information on gender equality, respect for human rights, prevention of corruption.



THE LOGIN PAGE OF THE ‘FIRST GENERATION’ NATIONAL PLATFORM FOR *BILANCIO SOCIALE*

Since its opening, almost 2,000 organisations have registered an account on the first web platform. Some of these organisations used the tool to draw up a report for many years, and about 4,200 social reports were drafted on the first platform.

THE CREATION OF A NATIONAL WEB PLATFORM FOR THE *BILANCIO SOCIALE*

Social cooperatives started to develop social reporting and completed early versions of the *bilancio sociale* since the beginning of their activities. Following the granting of normative recognition of social cooperatives by the national law in 1991, the phenomenon gradually became widespread. Indeed, in the 1990s, the *bilancio sociale* already had a form and structure similar to the one it has today.

Social cooperatives used the *bilancio sociale* to present the results of the work inclusion of persons with disabilities and disadvantaged persons, as well as an instrument to analyse the assistance provided to users and the changes in their quality of life. The primary goal of that practice was to establish dialogue and engagement with the different stakeholders and cooperative members, as well as the reinforcement of the connection with the local communities and public administrations.

In the late 2000s, when some regional administrations (Lombardy and then Emilia-Romagna regions) required social cooperatives to prepare a *bilancio sociale* to legally operate in their territory, Confcooperative Federsolidarietà framed a common reporting tool and developed an online platform, available for free to all the members.

UPGRADE OF THE PLATFORM AND OPPORTUNITIES FOR THE COOPERATIVE SOCIAL IMPACT

In 2020, Confcooperative Federsolidarietà started the development of a new national platform, embracing a transformation of this tool as something

that could guide and assist social cooperatives and social enterprises in the fulfilment of the social reporting requirement, interacting with them and self-adapting to the specific characteristics of the different bodies, sectors and areas of intervention.

Moreover, the new platform has been updated to meet with the new normative framework and guarantees the fulfilment of the *bilancio sociale* with the legal requirements of the national guidelines, covering all the information that must be included in the social report.

The extensive use of the new web platform for the realization of the *bilancio sociale* creates an extensive dataset on the social dimension of social cooperatives and the impact of their activities. The platform paves the way for the integration and comparison of the data and information among the enterprises operating in the same territory or in a certain sector or production chain. At the same time, Confcooperative Federsolidarietà and its local branches will have the opportunity to use data collected through social reporting to reinforce advocacy and lobbying, as well as to promote research and stimulate innovation.

In March 2021, Confcooperative Federsolidarietà launched the new national platform for the *bilancio sociale* with a series of webinars that were attended by 3,000 social cooperatives. At the end of the month, about 1,200 social cooperatives had already started to draft their *bilancio sociale* on the new platform, bilanciosociale.confcooperative.it⁴⁸

In the following chapters we will use the terms ‘social balance report’ and ‘social report’ as the translation of the Italian term *bilancio sociale*.



THE LOGIN PAGE OF THE NEW NATIONAL PLATFORM FOR *BILANCIO SOCIALE*

48 / At the end of August, almost 3,000 social cooperatives had registered on the platform.

Analysis of the social impact of cooperatives in Italy

with the contribution of Sara Rago (AICCON)⁴⁹

As mentioned above, since 1991 mainly two types of social cooperatives have developed in the Italian context: *type A social coops*, delivering social, health, and educational services, and *type B social coops* or work integration social enterprises.

However, a new generation of social cooperatives, strongly rooted in forms of collective awareness, is emerging in innovative fields outside the traditional social service sector⁵⁰ in Italy. New areas in which social cooperatives are expanding include, for instance, the management of social housing and social tourism, the regeneration of areas and recovery of unused lands, and the marketing of organic and ethical products harvested by solidarity purchase groups.

Additionally, there are two more groups of social cooperatives: the *type A+B*, also called *mixed social cooperatives*, that combine operational elements from both *type A social coops* and *type B social coops*, and the *consortium*, a second level organisation having the role of an economic player and a key political interlocutor, engaged in the promotion and development of social cooperatives.

According to this representation of Italian social cooperatives, the analysis that follows is based on the information collected by the Confcooperative Federsolidarietà platform in **2018** and **2019**, taking into consideration **240 social balance reports**: more than a half are type A social coops, while more than one in three is a type B social cooperative (figure 1).

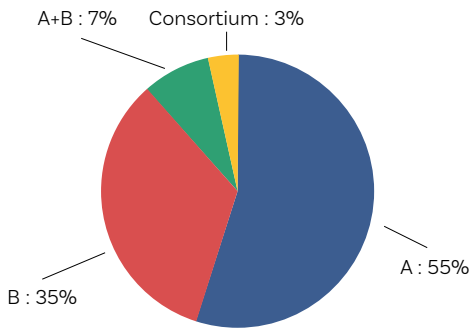


FIG. 1 – TYPOLOGIES OF SOCIAL COOPERATIVES

49 / AICCON – The Italian Association for the Promotion of the Culture of Co-operation and Non-Profit is the centre of studies promoted by the University of Bologna, the Alliance of Italian Cooperatives and several public and private organisations operating in the field of Social Economy, based at the School of Economics and Management of Forlì at the University of Bologna.

50 / European Commission (2020), Social enterprises and their ecosystems in Europe. Updated country report: Italy. Author: Carlo Borzaga. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/Qq64ny>

51 / Third Sector organisations (social cooperatives included) are recognised for their specific ability in producing an economic and social value (here referred to as the process of value production) whilst playing a social function through their activities (Italian Third Sector Code, art. 2). The social balance report is the tool designed to communicate and spread the value created by a social cooperative and to share it with its stakeholders (here referred to as the process of value sharing).

52 / Value dimensions are those characteristics connected to the organisational identity of social cooperatives that can be used as a lens to analyse their ability in value production that is peculiar to this type of cooperative.

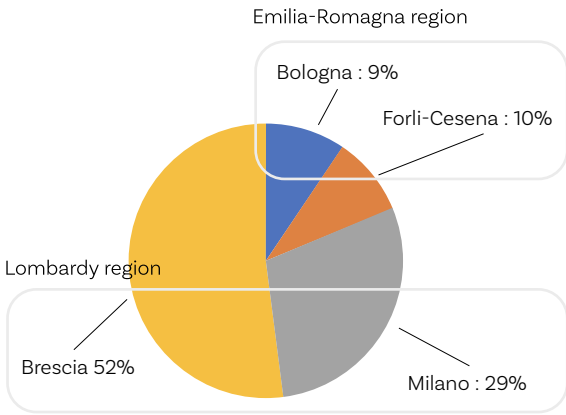


FIG. 2 – GEOGRAPHICAL DISTRIBUTION OF SOCIAL COOPERATIVES

The analysis is focused on **4 provinces of 2 regions** which are particularly representative of the social cooperative movement and, more in general, of the Italian third sector: Lombardy region (Milan and Brescia provinces) and Emilia-Romagna region (Bologna and Forlì-Cesena provinces) (figure 2). In both these regions, the mandatory drafting of the social balance sheet for social cooperatives preceded the provisions of the third sector reform law (2016) through the introduction of regional laws on the subject (in 2007 and 2014 respectively).

1. From value production to value sharing⁵¹

The process of value production by social cooperatives is closely connected to their identity characteristics, or value dimensions⁵². Common features of the different types of social cooperatives are certainly their private nature, the non-redistribution of profits, the pursuit of activities of general interest, the active participation in the decision-making process of the organisation and, therefore, the characteristic of democracy that distinguishes the governance bodies of these subjects. Additional elements that contribute to the process of value production are then more closely linked to the specific activities carried out and the sector of activity in which they operate.

Within this perspective, the value dimensions defining the identity of the social cooperative and contributing to the production of a positive transformation (**impact**) in the context of reference (area and community) make it possible to differentiate the social cooperative type from other organisational types (other non-profit organisations, public entities, or for-profit enterprises)⁵³. The value dimensions of social cooperatives are, in particular, the following:

1. Economic sustainability
2. Promotion of entrepreneurship
3. Democracy and inclusive governance
4. Workers' participation
5. Employment resilience
6. Relationships with the community and the territory
7. Ability in guiding public policy

The data collected by the Federsolidarietà platform on the social balance report focuses on four specific **value dimensions** of social cooperatives as referred to in the social balance report section above:

- » information on the organisation;
- » governance and strategies;
- » stakeholders;
- » social relations;
- » economic dimension.

On this basis, in the following chapters we will explore in detail the following value dimensions of social cooperatives:

CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF THE TERRITORY

- » Revenue composition (%)
- » Donations
- » Added value for workers (%)

DEMOCRATIC AND INCLUSIVE GOVERNANCE MODEL AND WORKERS' PARTICIPATION

- » Membership base (% of workers and volunteers)
- » Participation in the decision-making process (No. of BoD and GM and % of attendance)
- » Internal stakeholders (% of main categories)

WORKERS' INCLUSION AND EMPLOYMENT RESILIENCE

- » Workforce gender
- » Disadvantaged workers
- » Permanent job contracts
- » Employment length of service
- » Workers' age
- » Human resources training

IMPACT ON (DIRECT AND INDIRECT) BENEFICIARIES AND RELATIONSHIPS WITH THE COMMUNITY AND LOCAL DEVELOPMENT

- » Target and number of beneficiaries
- » External stakeholders (% of main categories)

FIG. 3 – SELECTED VALUE DIMENSION OF SOCIAL COOPERATIVES

2. Contribution to the economic development of the territory

Social cooperatives are enterprises engaged in pursuing the general interest through the implementation of economic activities. As such, a primary condition for the effectiveness of social cooperatives is to be found in their economic performance. For this reason, the economic sustainability of cooperatives should be taken in consideration to measure and evaluate the contribution of a social cooperative to the social sustainability of the territory where it performs its economic activity.

A social cooperative can be said to achieve a good level of economic sustainability when it manages to guarantee the production of goods and the provision of services over time, thus creating and maintaining jobs, and producing wellbeing for the community and areas where it is located.

Social cooperatives build their sustainability on **public** and **private economic sources**. Public resources are composed of income deriving from public entities and state-led healthcare companies, as well as non-repayable public funds. Private resources derive from the selling of goods and services 'on the market' directly to private entities or families and private donations.

Revenue composition (average, 2018-2019)

- » Public: 34%
- » Private: 66%

53 / Zamagni, S., Venturi, P., Rago, S. (2015), "Valutare l'impatto sociale. La questione della misurazione nelle imprese sociali", in Rivista Impresa Sociale, 6.

According to the data collected, social cooperatives base their sustainability more on private resources than on public resources. The latter contributed in 2018 to 44% of the income of type A social cooperatives and 38% in 2019, and 38% in 2018 and 24% in 2019 for type B social cooperatives.

Donations
(average, 2018-2019)

- » Type A: €24,000
- » Type B: €22,000

This can be partly explained by the fact that social cooperatives are community enterprises, that they involve the people in the community and a substantial part of their income is the result of the direct contribution of the community through **private donations**, corresponding to an average of 21,000 EUR in 2018 and 24,000 EUR in 2019 per cooperative per year.

The economic value created by social cooperatives in the community can be measured mainly through their capacity to provide employment in general and, particularly in the case of type B social cooperatives, to include disadvantaged people through stable and paid employment.

Added value to workers
(average, 2018-2019)

- » Type A: 77%
- » Type B: 76%

Therefore, most of the **added economic value** generated by the cooperative goes back to the **workers** themselves. On average, in 2018, around 75% of the income generated yearly by a social cooperative was invested in employment. This value increased to 77% in 2019.

3. Democratic and inclusive governance model and workers' participation

According to the second cooperative principle, 'Democratic Member Control', 'Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner'.

To conform with this principle, a social cooperative in Italy must have a General Assembly, a Board of Directors, and a supervisory body or an external auditor. Every member has one vote in the General Assembly, regardless of their contribution to the capital. Usually, different types of primary internal stakeholders are involved in the decision-making bodies of social cooperatives, such as worker members, volunteers, and other stakeholders.

Membership base (average, 2018-2019)

- » Type A: 54% workers; 24% volunteers
- » Type B: 53% workers; 32% volunteers

Data show that workers (54% on average in 2018; 53% on average in 2019) and volunteers (27% on average in 2018; 30% on average in 2019) compose most of the **membership base** of social cooperatives.

Each social cooperative defines its own categories of **internal stakeholders** (see Fig. 4). These are mainly worker members (22% on average in both 2018 and 2019), volunteer members (19% on average in 2018; 12% on average in 2019) and non-member workers (15% on average in 2018; 16% on average in 2019). Additionally, type B social cooperatives focus on disadvantaged worker members as their main internal stakeholder.

Internal stakeholders – main categories
(average, 2018-2019)

- » Type A: 11% worker members; 9% volunteer members; 8% non-member workers
- » Type B: 11% disadvantaged worker members; 11% worker members; 10% volunteer members.

Democratic participation in the cooperative governance 'ensures a greater level of efficiency in the use of resources, a strong ability to pursue institutional purposes, as well as qualitatively and quantitatively more consistent information flows, also creating useful opportunities for comparison, discussion and the exchange of points of view'⁵⁴.

As such, this participation contributes to the production of social benefits⁵⁵, reducing information asymmetries through a greater distribution of information among different actors and exercising greater capacity of control against opportunistic behaviours.

In addition, social cooperatives may also involve secondary **external stakeholders**, such as local institutions (public authorities) and the community (beneficiaries) in their governance. This allows social cooperatives to consider requests from different stakeholders, as well as to maintain direct and constant contact with the community and territories in which they operate to guarantee their inclusiveness dimension.

The values of democracy and inclusivity are also confirmed by the high level of **participation in the decision-making process**. According to the data collected in 2018 and 2019, social cooperatives convened the Board of Directors on average 8 times a year, with an average attendance rate of 95%. While the General Assembly was convened on average 2 times a year in both years, with an average attendance rate of 65% in 2018 and 64% in 2019.

Board of Directors (average, 2018-2019)

- » Type A: 6 times a year; 95% attendance
- » Type B: 10 times a year; 95% attendance

General Assembly (average, 2018-2019)

- » Type A: 2 times a year; 51% attendance
- » Type B: 2 times a year; 76% attendance

4. Workers' inclusion and employment resilience

The value produced by a social cooperative for the primary internal stakeholders (workers) is as fundamental as the value produced for the secondary (external) stakeholders (see below).

Workers employed in a social cooperative can exert an influence on the decision-making process, thereby influencing the quality of goods and services produced. Their direct participation can also help to identify the needs of the workers, as the beneficiaries of fringe benefits/welfare services⁵⁶.

To nurture the sense of belonging to the organisation, workers can be involved in specific training on identity issues or in the administration of surveys/research aimed at understanding their motivation and at highlighting the strengths and weaknesses in the relationships between workers and social cooperatives.

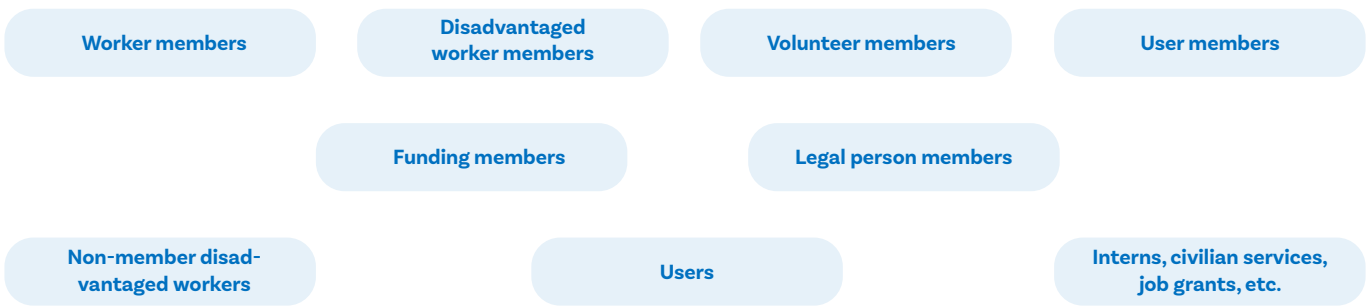


FIG. 4 - INTERNAL STAKEHOLDER MAP

54 / Pace, R. (2004), La creazione di valore nelle imprese sociali, Bologna, Pitagora Editrice.

55 / Propersi, A. (2011), "Governance, rendicontazione e fonti di finanziamento degli enti non profit", in S. Zamagni (eds.), Libro bianco sul Terzo settore, Bologna, Il Mulino.

56 / In Italy we are experiencing the growing presence of non-monetary fringe benefits, benefits assigned to workers in the form of additional healthcare and assistance services, insurance policies, work-life balance services, trainings, support for the education of children and family members, culture and leisure, etc.

In addition, the contribution to the generation of decent and stable employment in the community, both from a quantitative (number of employees) and qualitative (employment conditions) point of view, has always been a distinctive feature of social cooperatives. Even during the ongoing crisis, the employment levels of social cooperatives have remained almost stable, as they have continued to employ vulnerable people (women, refugees and migrants, young people).

According to the data available, social cooperatives employ a majority of **female workers**. This workforce representation is particularly prevalent in type A social cooperatives operating mainly in the health and social care and educational fields. In these areas in particular there is a majority of female workers due to the typologies of activities carried out (e.g., educators, social workers in health services, etc.)⁵⁷.

Workforce gender
(average, 2018-2019)

- » Type A: 77% female, 23% male
- » Type B: 62% male, 38% female

Data on type B social cooperatives instead reveal information on the work integration of **disadvantaged workers**. According to the Italian Law No. 381/1991 on social cooperatives, the number of disadvantaged workers employed in a cooperative should not be less than 30 percent of the workforce. Social cooperatives usually exceed this threshold, as confirmed by the data collected, showing 48% of disadvantaged workers employed on average in 2018 and 52% in 2019.

Disadvantaged workers
(average, 2018-2019)

- » Type B: 50% of human resources

When it comes to the quality of the work provided, in the two-year period 2018-2019, more than three in four **job contracts** in social cooperatives were **permanent**. In the same period, more than half of the **workforce** of social cooperatives had been employed for **over 5 years**, confirming the stability of the jobs that social cooperatives are likely to generate. At the same time, these figures also refer to a young workforce. Indeed, about one in three **workers** in social cooperatives are **under 35** years old⁵⁸, while one in seven is **over 55** years old.

Permanent job contracts
(average, 2018-2019)

- » Type A: 84%
- » Type B: 68%

Employment length of service
(average, 2018-2019)

- » Type A: 53% over 5 years
- » Type B: 47% over 5 years

Workers' age
(average, 2018-2019)

- » Type A: 39% under 35; 12% over 55
- » Type B: 16% under 35; 19% over 55

In addition, social cooperatives by nature contribute to the improvement of the workplace by investing in workers' levels of education and training. As stated in the fifth cooperative principle 'Education, Training, and Information' cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

In 2018 and 2019, social cooperatives provided an average of 520 hours of training to 26% of their human resources.

Human resources training
(average, 2018-2019)

- » Type A: 340 hours; 33% human resources
- » Type B: 174 hours; 18% human resources

57 / For more details, see: Confcooperative-Fondo Sviluppo, Atlante del sistema sociale e sanitario della Confcooperative, Studi & Ricerche, n. 121 - Settembre.

58 / In April 2021, the Italian youth unemployment rate is 33.7% (while the Italian unemployment rate in the same period is 10.7%) (source: Istat, the National Italian Statistic Bureau).

5. Impact on (direct and indirect) beneficiaries & relationships with the community and local development

The link with the territory and the dissemination of the cooperative culture are variables of fundamental importance for a balanced and lasting development of social cooperatives over time⁵⁹, in keeping with the seventh cooperative principle 'Concern for Community', according to which cooperatives work for the sustainable development of their communities through policies approved by their members.

The recognition and enhancement of a social cooperative are the results of the work it does to gain acceptance and credibility on its reference market and to develop an interaction with the various social and economic institutions in the territory.

Social cooperatives develop pathways of social innovation aimed at producing impact in the long term within the relationships with their ecosystem, represented by communities and territories. Social innovation is the application of innovative ideas in a product/process/organisational way that produce an outcome. In other words, social cooperatives modify the well-being level of a community or part of it in a stable and positive way through added value creation⁶⁰.

According to this definition, social innovation is transformative because it is connected to the production of a social value, in the dual sense of providing a solution to social problems and contributing to the regeneration of common goods. This represents a radical change that redefines the relationships between the actors collaborating in the regeneration of common goods, providing long-term sustainability of the actions implemented. In this sense, social innovation promoted by social cooperatives is not only aimed at increasing people's quality of life and the social cohesion within the community, but it can play a fundamental role in terms of competitiveness, by increasing the degree of efficiency of the resources used, and also in terms of sustainability.

In order to develop social innovation pathways, social cooperatives offer their services to a plurality of beneficiaries⁶¹.

Target and number of beneficiaries
(average, 2018-2019)

- » Type A: 2 targets; 206 beneficiaries
- » Type B: 3 targets; 23 beneficiaries

The data show how each social cooperative targeted 3 categories of beneficiaries on average in 2018 and 2 categories in 2019, for a total of 111 beneficiaries on average in 2018 and 97 in 2019.

In terms of relationships with external stakeholders, the data indicate that the social cooperatives' main connections are with other social cooperatives (11% on average in 2018 and 12% on average in 2019), local public institutions (11% on average both in 2018 and 2019), and clients (11% on average both in 2018 and 2019). More specifically, type A social cooperatives, which usually work in activity fields as health and health care or educational services, establish relationships mainly with public administrations (as an outsourcer of these services), other social cooperatives (in order to supply these services together), and representative associations (as general contractors). Whilst type B social cooperatives are characterized by direct relations with the market, so they are much more in connection with clients and suppliers as well as with other social cooperatives.

External stakeholders - main categories
(average, 2018-2019)

- » Type A: 12% local public institutions; 11% other social coops; 11% representative associations
- » Type B: 18% clients; 15% other social coops; 13% suppliers.

59 / Ibid.

60 / Lippi Bruni, M., Rago, S., Ugolini, C. (2013), Il ruolo delle mutue sanitarie integrative. Le società di mutuo soccorso nella costruzione del nuovo welfare di comunità, Bologna, Il Mulino.

61 / For type A social cooperatives, beneficiaries are users (minors, refugees, elderly, persons with disabilities, persons with mental illness, persons suffering from addiction, and so on), while for type B social cooperatives, beneficiaries are disadvantaged people employed in the cooperative (prisoners, persons with disabilities, persons with mental illness, minors of working age with a difficult family situation, as well as vulnerable people according to European Commission Regulation 651/2014)



FIG. 5 - EXTERNAL STAKEHOLDER MAP

Recommendations from the Italian perspective

In Italy, social cooperatives are extensively innovating their sectors of activity to respond to the social challenges of our times. Type A social cooperatives, for example, are deeply engaged in efforts to combat child educational poverty, while type B social cooperatives are more and more involved in fields of activity such as conservation, protection and environmental sustainability or regeneration of community assets.

During the COVID pandemic, social cooperatives confirmed their capacity to find entrepreneurial responses to new and unexpected social needs: starting social and technological innovation pathways and planning solutions with the public administration, other Third Sector organisations, and for-profit enterprises.

In this sense, the *bilancio sociale* has been used increasingly by social cooperatives and social enterprises in the last 30 years, proving awareness of, and commitment to, the social impact and demonstrating that they can play a critical role to mainstream sustainable business models.

Thanks to this, social reporting has provided the process of innovation with crucial information to make services more effective in meeting user and community needs and to extend the quality and reach of their activities.

According to this perspective, in the future, it will be essential to harness the value generated by social cooperatives and to closely observe, also through the *bilancio sociale*, some other areas characterizing social cooperatives, such as ‘technological development’, ‘entrepreneurial development and innovative processes’, and the ‘ability to influence and guide public policies’.

The introduction of the national obligation to submit a *bilancio sociale* yearly is a milestone. From this year on, there is the opportunity to permanently track the social dimension of social cooperatives and social enterprises in a wider sense.

However, it is essential that social reporting is used to interpret these innovations through suitable indicators, to capture and share the added value generated by its activities with the communities of reference. Social reporting and social impact evaluation should not overwhelm social cooperatives and social enterprises and nor should they divert significant resources away from primary activities; indeed, it is for this reason that we encourage the use of light tools and a tailored strategic approach.

In the broader context, metrics and measurement methods should not be allowed to channel the flow of resources towards those sectors that are easier to measure to the detriment of sectors where measurement is more complex or where quantitative data do not fit the purpose.

Public administrations should not use social impact evaluation to reduce funds or cut costs. Social impact evaluation must generate innovation and channel investments with additional and multiplying effects with respect to existing public policies.

Public administrations (central and local), investors (public and private), citizens, and stakeholders in general, are increasing their interest in social impact measurement, especially with a view to concentrating scarce resources on initiatives whose effectiveness can be demonstrated.

This means that social cooperatives can become frontrunners in the extensive use of social impact evaluation and become a driving force in attracting investments to increase the inclusiveness and sustainability of the economy and society.



Conclusions

Drawing on the two case studies of the *bilancio sociale* in Italy and the *balance social* in Spain, this publication illustrates how established frameworks can help to assess the social impact of worker and social cooperatives. Furthermore, it highlights the many different aspects of how cooperatives contribute to developing the economic activities of their workers and contribute to building prosperous and inclusive communities.

Cooperatives provide an innovative and democratic response to the challenges of our times. They answer to the needs and aspirations of people in various ways and provide a positive social impact for their members, clients, and the communities they serve. As cooperatives are often developed to respond to specific needs and within their country's respective frameworks, they may take many different forms and cover a large array of activities.

Worker cooperatives provide jobs and thereby secure the livelihoods of their workers. But they also empower workers, making them owners of their workplace. 17,300 worker cooperatives in Spain directly employ more than 325,500 workers.

By responding to the general needs of the communities in which they develop their activities, social cooperatives provide inclusion to marginalized groups through work, offer services to those in need, or help to develop community cohesion. For example, social cooperatives in Italy employ mainly a young workforce (1 out of 3 workers is under 35) and provide stable employment, with half of the workforce employed for over 5 years, and 3 out of 4 workers on permanent contracts.

The local and democratic nature of cooperatives makes them excellent institutions to provide a way for people and their communities to create their own responses to global and local challenges, for people to gain back control over their lives and give

them a sense of purpose, thus contributing to the social cohesion within the community. In this way, they promote more competitive and sustainable communities by increasing the degree of efficiency and resources used.

It is important to highlight the central role that people play in cooperatives. 70% of workers in Spain are members of the cooperative. People are active participants and decision-makers in the shaping of the answers to their needs and those of the society that surrounds them.

Putting people at the centre, especially those who are left at the margins of society, means helping them in the formation of their identity as workers by finding a position within society and standing up for their rights. In Spain, more than 85% of workers, the majority of which are women (58.6%), are actively involved in the decision-making processes of their cooperative.

The *bilancio sociale* is used by social cooperatives in Italy to present the results of the work inclusion of persons with disabilities and disadvantaged persons, as well as an instrument to analyse the assistance provided to users and the changes in their quality of life.

The provision of quality employment, work inclusion, democratic governance, social commitment to their communities and careful attention to their environmental impact are all aspects of the social impact of cooperatives in Europe.

In other analyses, we have argued that for worker and social cooperatives to achieve their full potential, legal and political systems need to offer favourable conditions for their development. To establish and review the legal frameworks around worker and social cooperatives, it is important to understand the Social Impact of worker and social cooperatives better.

Measuring the social impact of cooperatives, therefore, is important both to assess the effectiveness of their operations and to highlight the impact they have in their communities to develop the individual cooperative, but also to raise public visibility of the many cooperative success stories.

Social impact measurement is also a way for cooperatives to assess what needs to be improved. Due to their people's needs-centred focus, cooperatives are sensitive to the results of their actions and ready to question their efficacy and work towards their improvement.

The *balance social* in Spain is a self-diagnosis and continuous improvement tool for worker cooperatives that provides them with privileged access to a market where social values are a driving force in the exchange of good and services produced and consumed by cooperatives and other entities of the social and solidarity economy.

The objective of the *bilancio sociale* in Italy is to allow social cooperatives to dialogue and engage with the different stakeholders and cooperative members, as well as to reinforce the connection with the local communities and public administrations.

Providing cooperatives with the possibility to assess their impact on society can help to attract the attention and resources of public and private entities to what cooperatives are doing to promote sustainable and democratic societies.

Similarly, the development of policies for the promotion of the social impact measurement of worker and social cooperatives can help to highlight the values and principles that are at the core of the work of these cooperatives.

For example, the resulting analysis of worker cooperatives that submit their *balance social* in Spain makes it possible to assess where worker cooperatives stand vis-à-vis 6 of the 17 Sustainable Development Goals, namely goal number 5 – gender equality, goal number 7 – affordable and clean energy, goal number 8 – decent work and economic growth, goal number 10 – reduced inequalities, goal number 12 – responsible consumption and production, and goal number 13 – climate action.

We can expect this type of reporting to be applicable to cooperatives in other countries, thus reinforcing the idea that this approach can further support the recognition of the contribution of cooperatives to the society they belong to, not only at the national, but also at the global level, thus in turn encouraging the development of a political and legal framework favourable to the development of these organisations.

At the same time, it is important to recognise that social reporting can be a resource and time-consuming activity for cooperatives. While we believe that data are crucial to show the cooperative impact, the reporting activity must remain an easy task for cooperatives, to be achieved by means of light tools and suitable indicators that can support and facilitate the reporting work.⁶²

Nonetheless, as highlighted in the recommendations in the Italian chapter, social impact evaluation should not be a source of inequality, by failing to consider the different capacities of the sector and should not be used by public authorities to reduce funds or cut costs, but instead be of inspiration for the improvement and development of appropriate and supportive public policies.

62 / More social impact measurement practices in Europe, including the two mentioned in this publication, are analysed in the [Measuring the Social Impact of Industrial and Service Cooperatives in Europe](#) toolkit, published by CECOP in 2020.



About CECOP

CECOP is the European Confederation of Industrial and Service Cooperatives. It represents the voices of worker cooperatives, social cooperatives, and independent workers' cooperatives. CECOP works to create a supportive environment for cooperatives, so that they can operate to their full strength and fulfil their mission of providing sustainable jobs and high-quality services to communities. Our aim is to build a fairer Europe and contribute to sustainable economic growth, to bring democracy and solidarity to the workplace.

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