

**Cooperatives in national accounting.
Conceptual framework and guidelines for
statistics on cooperatives**

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Introduction

Context:

- No agreed uniform statistical definition of co-operatives
- No single classification of co-operatives
- Need of similar data for international comparability
- Risk of misrepresentation of the co-operative world with few hard figures on the number of coops, workers, members, economic value
- Need of a better recognition of the economic and social impacts of coops by governments and people, improved policies for a model proved valuable (resilient to crises, countervailing market power, internalizing social costs...)

Major questions regarding cooperative statistical representation:

- ❖ Conceptual (size, scope, boundary)
- ❖ Classification (specific to countries)
 - Membership and employment
 - Measurement of the wealth (value-added) produced by coops

Defining:

- To capture the core nature of the coop
- Without expanding to much

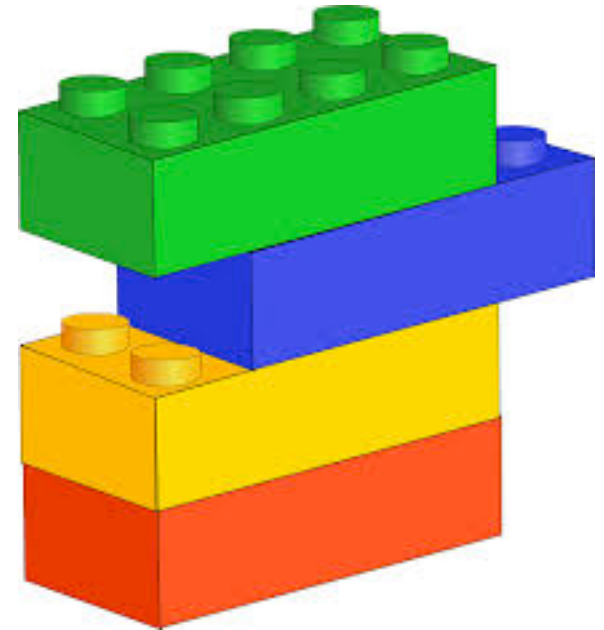
Classifying:

- In continuation with existing classifications
- While enabling translation between those

Measuring:

- Specificity
- Comparability
- Aggregation

Building blocks towards 20th ICLS



- **2002:** ILO's Promotion of Cooperatives Recommendation No. 193 : national policies should “seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies”.
- **2013:** ICLS Resolution on further work on the statistics of cooperatives
- **2016:** ILO Mapping of 70 countries (Galhardi 2016); Creation of the COPAC TWG after multistakeholder meeting in Rome
- **2017:** ILO 11 country case studies (Eum 2016; Carini, Borzaga & Carpita 2017); ILO Conceptual Framework (Bouchard, Le Guernic & Rousselière 2017) discussed at Geneva TWG meeting
- **2018:** COPAC Report on Proposed Classification (Eum, Carini & Bouchard 2018); ILO Report on Economic Performance and Contribution (Rousselière, Bouchard & Le Guernic 2018); ILO Report on Guidelines (Bouchard) and Guidelines to be adopted at 20th ICLS in Geneva, October 2018 (ILO 2018).

Major issues

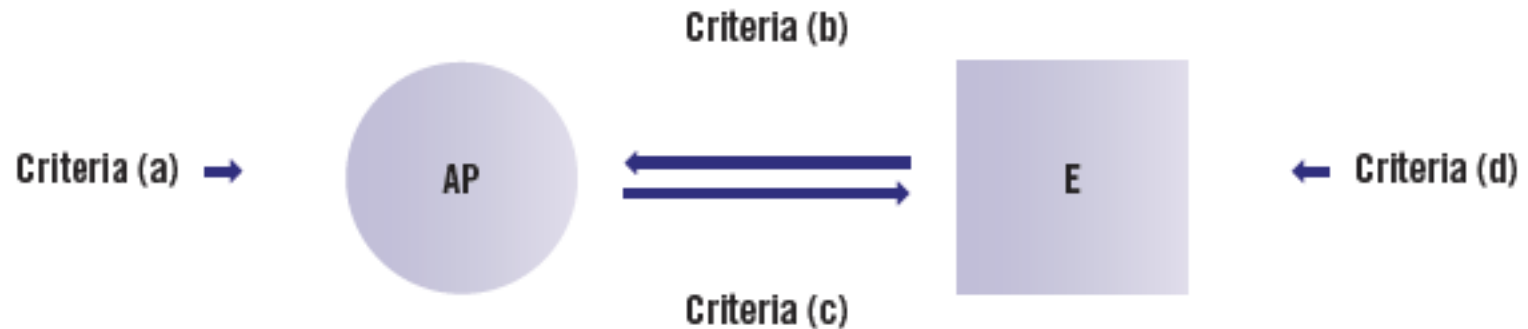
- Definition and classification
 - On the cooperative side: Various socially constructed definitions and classifications; not always a clear understanding of how national statistical agencies work
 - On the producers of statistics' side: Not always a clear understanding of what a co-operative is or how it differs from other for-profit or non-profit corporations
- Members
 - Issue of double counting in establishment survey; issue of misunderstanding of the notion in household surveys
- Work
 - All types of work and work relations apply to cooperatives
 - Difficulty with worker-owners
 - Difficulty in differentiating producer and worker cooperatives
- Economic contribution
 - Value added is not an appropriate measurement for some cooperatives (see Damien's following presentation)

Conceptual definition

Three general premises:

- A co-op is an organization with a legal identity that functions according to specific principles.
- It is a member-based organization, which implies the shared identity of members-users.
- Co-ops have specific economic objectives and functions.

Figure 1: Conceptual definition of cooperative

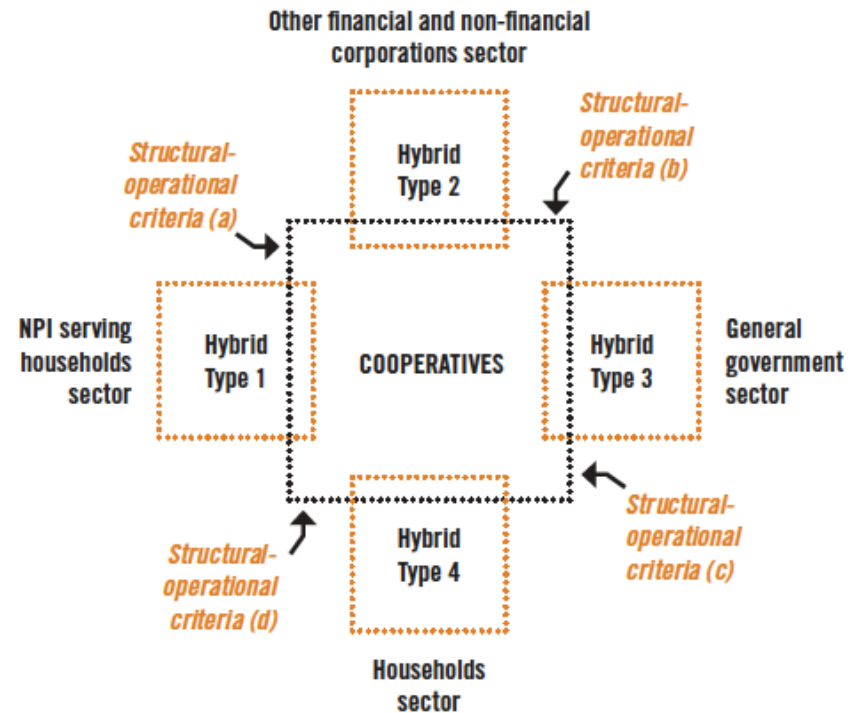


Sources: from Fauquet, 1935 and Vienney, 1980

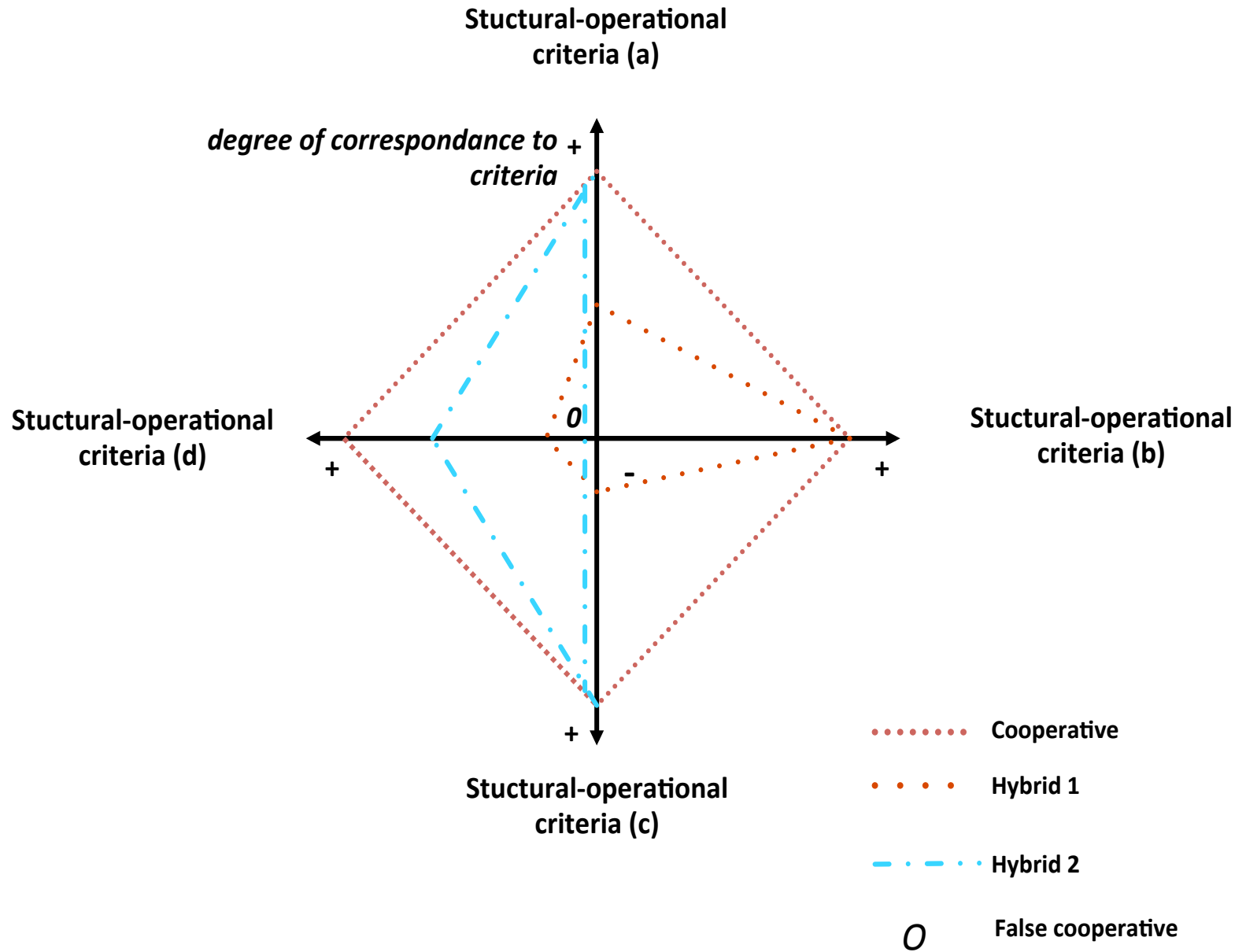
Set of 4 operational criteria

- i. A cooperative should be a formally established institutional unit (non-financial corporation, financial corporation or non-profit institution);
- ii. A cooperative should be controlled democratically by its members according to the principle that each member has an equal vote;
- iii. Membership of the cooperative should be voluntary and non-restrictive;
- iv. Distribution of profits or surpluses among the members is not directly linked to the capital or fees contributed by each member.

Figure 2: Qualifying cooperatives and hybrids



Sources: Inspired by Desroche, 1983 and Bouchard et al., 2008

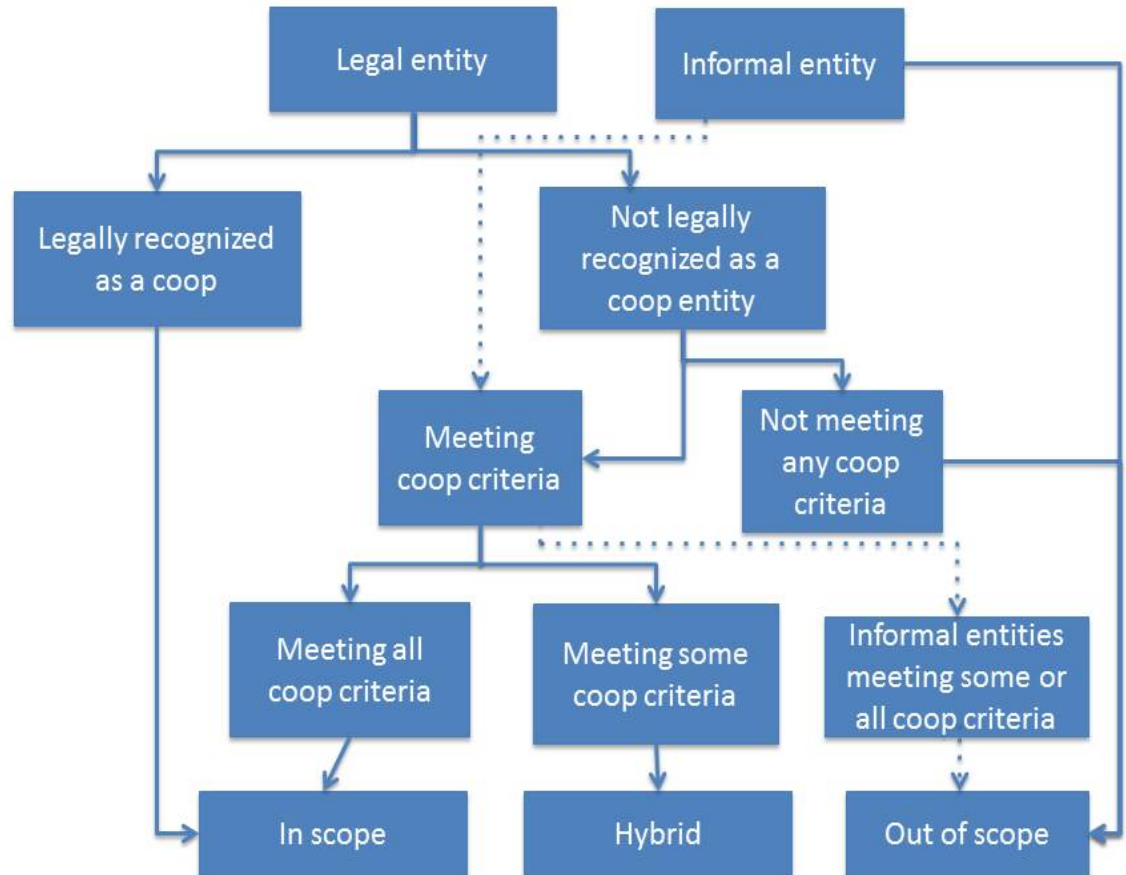


Screening decisions

- **SNA Institutional Units**

- S-11: Non-financial corporations
- S-12: Financial corporations
- S-15: NPI serving households

- **Co-op criteria**



Existing classifications

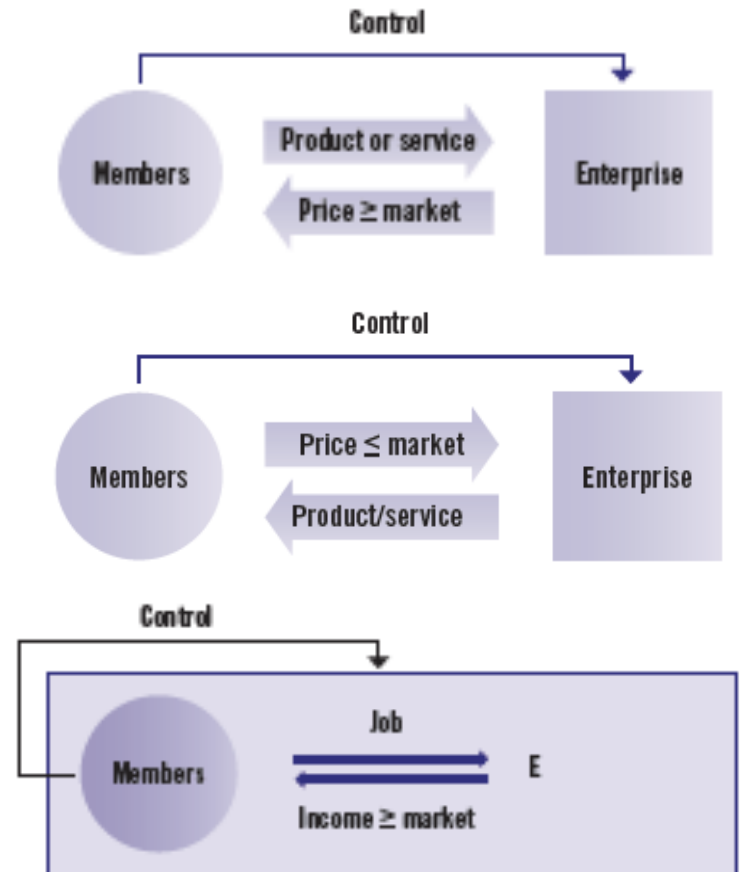
Comparability	Cooperative characteristics	Criteria for classification	Examples of categories
Comparability with other economic entities	Enterprise*	Main economic activity or industrial sector	Financial intermediation, construction, fishery
Comparability between different types of cooperatives	Member-based organization	Member's relation to coop	Consumer, user, worker
		Member's activity	Crafter, farmer, fisherman
		Number or types of members	Multi-stakeholder (including volunteer-members, community-members); enterprises (e.g. retailer-owned coops); cooperative federations (second-level coops)
	Serving a purpose other than maximizing profits for capital owners	Purpose of the cooperative	Purchasing, marketing, selling, providing work, managing assets

Member-based organization serving members' interest

Members-providers: *The co-op maximizes the value of members' products*

Members-clients: *The co-op minimizes intermediation costs for members' purchases of goods or services*

Members-workers: *The co-op maximises job creation and good work conditions*



Inspired by Malo 1980

Proposed classification for intl comparability: type of activity (ISIC) + members' interest

Type of cooperative	Members' interest	Type of member
Producer cooperative	Production activity	Producer -members: - enterprises such as small agricultural or craft producers - may or may not be incorporated
Worker cooperative	Work	Worker-members
Consumer/user cooperative	Consumption	Consumer-members: clients, family of clients, non-profit institutions, producers, corporations
Multi-stakeholder cooperative	More than one members' interest none having dominant control over another	Producer-members Consumer-members Worker-members

Subsidiaries

- Statistics of cooperatives should include statistics on the persons and enterprises that are members of cooperatives, and on subsidiaries that are not cooperatives, such as incorporated enterprises which are owned or controlled by cooperatives.

Membership

- Both persons and legal entities can be members of more than one cooperative. Cooperatives therefore have memberships that may not be mutually exclusive, but membership may be important for groups or types of cooperatives.
- **Membership is defined as the number of members of each cooperative.**

Work

- **Worker-members of cooperatives are dependent workers** as they do not have complete control over the operation of their enterprise. If these workers are paid a wage or salary for time worked or for each task or piece of work done in the cooperative, they should be classified as **employees of their own cooperative**; if they are paid only in profit or surplus, or paid a fee per service, they should be classified as **dependent contractors** according to the (draft) resolution concerning statistics on work relationship (to be) adopted by the 20th ICLS.
- **Owner-operators of enterprises that are members of producer cooperatives** should in general be classified as **independent workers**; they could be classified as **dependent workers if their business depends significantly or entirely on the cooperative** in terms of access to markets, organization or pricing of work (i.e., the cooperative implicitly or explicitly controls the activities of the members) and satisfy the criteria to be classified as dependent contractors specified in the current standards for statistics on work relationships.

Data collection

- To assess the economic contribution of cooperatives it is important to take the characteristics of different types of cooperatives into account. **Different measures of this contribution may be needed depending on the type of cooperative** (and thus the interest of the members). For this purpose, information should be collected on employment, value added, **the use of profits or surpluses**, investment and the earnings of workers within the scope of statistics on cooperatives. Information should also be collected on **the (share of) transactions with members and non-members**.
- Comprehensive statistics on cooperatives, members of cooperatives and jobs or work activities performed within the scope of statistics on cooperatives should be produced on a regular basis, if possible at least every five years. Such comprehensive statistics should preferably be based on a census of cooperatives.
- To the extent possible statistics should be **compiled separately for cooperatives, enterprises that are members of cooperatives, and enterprises that are owned and controlled by cooperatives**.

- Regular, preferably annual, monitoring of cooperatives can be based on administrative data and establishment surveys; **data on members can also be collected through household surveys.**
- Statistics of cooperatives should be systematically tabulated:
 - By **type; classification by sub-types** can be considered
 - By **main economic activity**
 - By region
- Statistics on natural members of cooperatives and on employment in cooperatives should be systematically tabulated by significant characteristics of the person, particularly sex, age group and by region.
- If possible, **inactive cooperatives** should be identified separately in statistics on cooperatives.

Future Work

- The ILO, in cooperation with interested countries and institutions, should arrange for testing of the concepts and definitions presented in these guidelines.
- The ILO should, in collaboration with interested parties, work on the development of measures to assess the economic contribution of cooperatives.



International
Labour
Office
Geneva

Conceptual Framework
for the Purpose of Measurement
of Cooperatives and its Operationalization



Thank you!



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