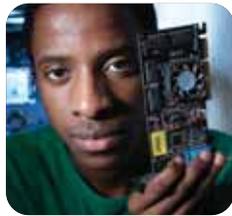




# Co-operatives in the Welsh Economy

Report by the  
Bevan Foundation for the  
Wales Co-operative Centre



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## FOREWORD

2012 is the United Nations International Year of Co-operatives as well as being the thirtieth anniversary of the Wales Co-operative Centre. To mark the year we are publishing a series of reports to consider different aspects of the co-operative economy from worker co-operatives to co-operative consortia. Our aim is to promote the potential of the co-operative model and to consider the place of co-operatives in growing the economy of Wales.

This report is the first in the series and considers the role of co-operatives in the economy of Wales today. It acts as a foundation for the year bringing together, in one place, the most up-to-date research and information about co-operatives in our country.

The Wales Co-operative Centre's vision is for Wales to be the international leader for co-operative thinking and action. We know we cannot achieve this on our own and invite you to let us know how we can work co-operatively towards this goal.

**Derek Walker, Chief Executive**

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# CO-OPERATIVE WALES



Co-operatives make a significant contribution to the Welsh, UK and global economy. They range from small-scale groups to multi-million pound businesses, employ more than 100 million people around the world,<sup>ii</sup> and deliver economic, social and environmental benefits for their members, communities and countries in which they are based. Co-operatives have played a key role in the transformation of the economies of several regions of the world, such as Emilia Romagna in Italy.

Altogether there are about 5,000 independent co-operatives in the UK,<sup>i</sup> with co-operatives and other co-owned organisations generating an estimated £25 billion in revenues – equivalent to 2% of UK GDP.<sup>ii</sup>

In Wales, co-operatives generate more than £1 billion in income a year, employ about 7,000 people, come in all shapes and sizes, and are found in almost all sectors of the economy and in all parts of Wales.

In 2012, the UN International Year of Co-operatives, it is time to take stock of the contribution of Wales' co-operatives to the Welsh economy, society and environment and look ahead to the role they could play in making Wales a prosperous, sustainable and fair place. With the outlook for the economy, public services and people's well-being looking very challenging, the unique contribution of co-operatives to changing Wales' prospects must be recognised.

This report draws on evidence from research about co-operatives<sup>1</sup> in Wales and the UK and finds co-operatives offer Wales seven key benefits:

- + Co-operatives in Wales are thriving, sustainable businesses
- + Co-operatives in Wales provide much-needed, high quality jobs
- + Co-operatives in Wales are delivering vital services to the Welsh public
- + Co-operatives in Wales benefit the community and their members
- + Co-operatives in Wales help to tackle inequality and disadvantage
- + Co-operatives in Wales help to protect the environment
- + Co-operatives in Wales are committed to Wales

## £25bn

UK co-operatives and other co-owned organisations generate an estimated £25 billion in revenues

## £1bn

In Wales, co-operatives generate more than £1 billion in income a year

## 7,000

In Wales, co-operatives employ about 7,000 people

<sup>1</sup> The evidence on co-operatives is relatively limited so research on social enterprises in general (which included co-operatives), mutuals and employee-owned businesses is also cited. The type of organisation to which the research refers is given in the text.

# CO-OPERATIVE WALES

## Profits

Profits generated by co-operatives are distributed to members or reinvested in the business

# 40%

By 2003 co-operatives accounted for 40% of the GDP of the Emilia Romagna region of Italy

# 10%

Emilia Romagna co-operatives also accounted for 10% of employment by 2003

### What is a Co-operative?

There is no legal definition of a co-operative but it is generally understood to be a business run by a group of people or businesses working together for the benefit of its members, which, in addition, adheres to seven internationally-agreed values and principles.

Members control the co-operative's activities and may be employees of the business, users of the business's services, or supporters of the business. Profits generated by co-operatives are distributed to members or reinvested in the business.

Co-operatives, along with mutuals, are part of the wider social enterprise family in that they have social as well as economic goals and distribute profits to members or reinvest them.

There are several different types of co-operative, including:

#### Worker co-operatives

Businesses which are wholly-owned and run by all the people who work there.<sup>iii</sup>

#### Consumer co-operatives

There are many different types of businesses which are owned by their customers, not all of which are sometimes recognised as co-operatives. Consumer co-operatives include:

- + **Credit Unions** – A consumer co-operative that provides financial services to its members
- + **Housing Co-operatives** – An organisation in which tenants or owners democratically control and manage their homes
- + **Supporters' trusts** – Organisations that own and control a sporting club or venue in whole or part
- + **Building Societies** – financial institutions that are owned and controlled by their members
- + **Mutual insurers** – financial institutions that share risk between members
- + **Membership societies and clubs** – groups that meet their members' needs

#### Consortia

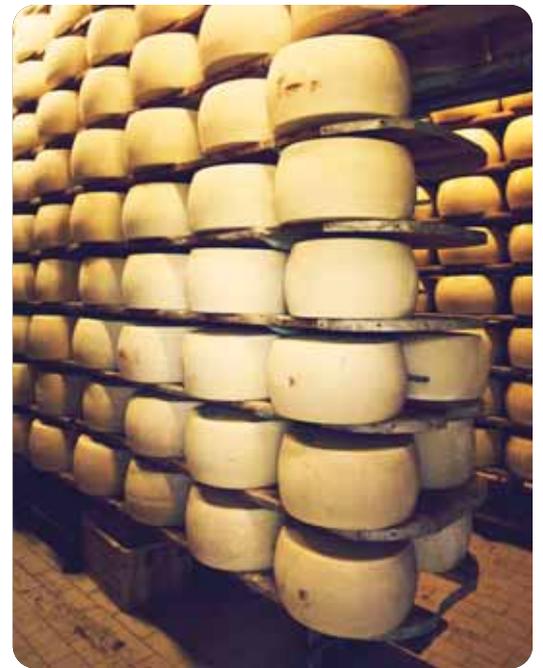
Sometimes called marketing or secondary co-operatives, these enterprises are formed by businesses which work together to gain a competitive advantage e.g. for purchasing or marketing.

#### Community Co-operatives

A co-operative or social enterprise that is owned by members of the community to provide goods or services to a specific community.

Sometimes a co-operative may include multiple stakeholders, for example both employees and customers.





## Italy – A Co-operative Success Story

**Number of co-operatives:** 70,400

**Employing:** 1 million people

Italy's co-operatives are a global success story. They have gone from playing a negligible role in the economy to a leading role today.<sup>iv</sup> They operate in a wide range of sectors: Italy's largest supermarket chain Coop Italia is a co-operative and includes 115 consumer co-operatives as part of the chain as well as 1,444 shops and 56,682 employees.

Producer co-operatives are important too – more than 40% of Italy's wines are produced by co-operatives' as is much of the output of parmesan cheese and other food and drink.

Social co-operatives were introduced more recently, and now cover a wide range of social activities. In 1985 there

were just 650, compared with an estimated 6,800 in 2002 with over 100,000 employees. There are an estimated half a million users of social co-operatives, which include some of the most vulnerable groups within society – the co-operatives also employ a relatively high proportion of disabled people.<sup>vi</sup> The collective turnover of social co-operatives is estimated to be around 1.3 billion euros today.<sup>vii</sup>

There are two legal forms of social co-operative: 'type A' which provides health, social or educational services, and 'type B' which attempts to integrate disadvantaged people back into the labour market. Together, they offer a solution for the growing number of people marginalized within society and who are unable to find suitable employment. Type B co-operatives are particularly effective at employing disabled people.

Key factors in the development of Italy's co-operatives have been availability of finance, preferential

relationships, favourable taxation, the role played by consortia of co-operatives working together to help others, a positive legal framework, a public enterprise agency and partnerships with others.<sup>viii</sup>

### Emilia Romagna

Within Italy, the formerly impoverished Emilia Romagna region has achieved truly remarkable growth for its 3.9 million people.<sup>ix</sup> Intensive efforts to create new co-operatives in the region resulted in thousands of co-operatives being created – by 2003 co-operatives accounted for 40% of the GDP of the region, accounted for 10% of employment and provided over 85% of the city's social services.<sup>xi</sup> Emilia Romagna is now one of Italy's most prosperous areas, as per capita income has risen from 17th to second among Italy's 20 regions. Success is attributed to intensive government support for small and medium sized firms including co-operatives, plus good relationships between co-operatives.

# CO-OPERATIVES MEAN BUSINESS

## £1bn

In Wales, co-operatives generate more than £1 billion in income a year

## £165m

Eight of Wales' co-operatives are in the top 100 by turnover of UK co-operatives; these eight alone have a turnover of more than £165 million

## Worker co-operative

Dulas Ltd is the UK's second largest worker co-operative

Co-operatives are a dynamic, thriving sector of the Welsh economy. Not only are many individual co-operatives doing well, the sector as a whole is outperforming other types of business.

Co-operatives operate in almost all sectors of the economy, from retailing and financial services to farming, pharmacy, renewable energy, arts, manufacturing and more.

By turnover, nearly three-quarters of co-operatives are in retail, 11% are in agriculture and related activities and 7% in housing.

About two-thirds of co-operatives in Wales were set up from scratch, with the remaining one-third being employee buy-outs.<sup>xii</sup>

Recently a number of mutuals have been set up following the transfer of housing stock out of local authority ownership.

Co-operatives are businesses – they trade like mainstream businesses and must ensure they are solvent, balance their income and expenditure and manage their assets just as an SME (small to medium-sized enterprise) or PLC.

### Outstanding trading

Co-operatives in Wales had a combined turnover of over £1 billion in 2010, up on the previous financial year.<sup>xiii</sup> The growth in turnover by co-operatives outperforms the UK economy as a whole, and this success is not just a one-off – turnover has grown faster in UK co-operatives than in the economy as a whole for at least the last three years.<sup>xiv</sup>

Eight of Wales' co-operatives are in the top 100 by turnover of UK co-operatives; these eight alone have a turnover of more than £165 million.<sup>xv</sup> Wales' co-operatives also feature at the top of specific types of co-operative, for example Dulas Ltd is the UK's second largest worker co-operative, and Cynon Taf Community Housing (2007) is the UK's second largest housing co-operative.<sup>xvi</sup>

The vast majority of co-operatives generate their income from trading. The main source of income for nearly four out of ten co-operatives is trading with the general public, with a further three out of ten trading mainly with the public or private sectors.<sup>xvii</sup> Very few co-operatives and social enterprises depend on grants and donations rather than traded income – just 14% do so.

The outstanding performance of co-operatives and social enterprises is reflected in their confidence about future growth: whilst 47% of SMEs expect to grow in the next 12 months, 57% of co-operatives and social enterprises expect to do so.<sup>xviii</sup>





## Calon Wen Organic Milk Co-operative Ltd

**Established:** 2000

**Business:** Processing of organic milk

**Members:** 25

**Turnover:** £10 million

Calon Wen prides itself on the quality of its produce – its milk is organic and undergoes minimum processing (and crucially is not homogenised) to retain its goodness and flavour. Payments to farmers reflect the quality as well as the quantity of milk they produce, which means farmers are not pushed towards high yielding systems, plus payments have been consistently above the market price. A sister company also produces butter and cheese.

Calon Wen has won numerous awards such as BBC Radio 4 Food and Farming Awards Producer of the Year, True Taste of Wales Winner, and it was the first dairy in the UK to receive the Soil Association Ethical Trade Symbol.

Calon Wen now supplies leading companies such as Rachel's and Caws Cenarth with all their organic milk requirements, as well as bottling milk for sale to supermarkets and supplying milk for Zizzi's new ice-cream range.

Calon Wen has a strong ethical focus, from fair contracts with members through to the employment of the people who pack the milk and the way it supports local communities and celebrates Welsh heritage.



## Shaw Health Care

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**Established:** 2006

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**Business:** Care homes, domiciliary care and hospitals

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**Turnover:** £81 million (UK)

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**Pre-tax Profit:** £3.2 million (UK)

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**Employees:** 1,400 employees own 70% – 30% owned by parent company Shaw Homes

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Shaw became a co-operative to be more entrepreneurial than its former charity status allowed. This entrepreneurialism has created the wealth that the company has today and enables them to develop the business to provide leading-edge and competitive services. Being entrepreneurial involves identifying a customer's needs and offering them a service they can afford. As a co-operative they can make the large economic and personal investment required at the beginning of developing a service, which they could not do in a more risk-averse organisation like a charity.

Shaw has a committed and motivated workforce, it comes up with business ideas and has a greater degree of personal investment in the company. The co-operative model maintains this committed and motivated workforce by adopting a more inclusive and respectful management structure. There is mutual respect between staff and a great deal of training and support given, which means they are more likely to get the best out of people.

# CO-OPERATIVES MEAN BUSINESS

## Co-operative profitability

2010 was also a bumper year for co-operatives' profits. Pre-tax profits of UK co-operatives amounted to £715 billion, up 24.7% from 2006, with all sizes and types of co-operative in the UK recording pre-tax profits in 2010.<sup>xxix</sup> Co-operatives in Wales for which records are available generated a total pre-tax profit of £19 million. The majority of Wales' co-operatives made a profit, with three generating profits in excess of £1 million and a further four generating profits of between £250,000 and £1 million:

Profit £1m plus	Profit £250,000 plus
RCT Homes	Shaw Healthcare
Bron Afon Homes	Clynderwen & Cardiganshire Farmers
Dulas	Glamorgan County Cricket Club
	Cynon Taf Community Housing

Source: Co-operatives UK data

In addition, the Co-operative Group and Co-operative Financial Services generated record pre-tax profits across the UK in 2010 of £546m, up nearly 50% on the previous year.<sup>xx</sup> It is the top pharmacy in Wales, a leading supermarket, one of the foremost providers of funerals and one of the top-rated banks.



## Sustainable employment

Co-operatives in Wales make a valuable contribution to employment in Wales, employing thousands of people in jobs. An estimated 7,000 were employed by Wales' co-operatives in 2010<sup>xxi</sup> – the same number as work in utilities industries<sup>xxii</sup> in Wales. Five out of seven co-operative employees were in retail and a further one in seven was employed in mutual building societies.<sup>xxiii</sup>

The track record of co-operatives and social enterprises in creating and sustaining jobs is outstanding. Social enterprises employ more people relative to turnover than mainstream small businesses,<sup>xxiv</sup> and co-operatives have been found to be amongst the best employers.<sup>xxv, xxvi</sup> Worker co-operatives have far lower levels of staff turnover compared with the average,<sup>xxvii</sup> and employee-owned businesses have lower absenteeism rates.<sup>xxviii, xxix</sup>

Employees in co-operatives, mutuals and social enterprises are much more likely to be involved in decision-making than in other types of business<sup>xxx</sup> and because of this and a greater sense of autonomy, trust and involvement in the organisation they work for, workers report much higher levels of job satisfaction than in privately-owned businesses.<sup>xxxi</sup> In the US workers in co-operatives have greater social protection than other workers, with benefits such as pensions, child care and flexible conditions of work.<sup>xxxii</sup>

Workers in employee-owned businesses are widely believed to work harder and be more productive than those in other types of organisation, because they have a stake in the business's success.<sup>xxxiii</sup>

# £715bn

Pre-tax profits of UK co-operatives amounted to £715 billion in 2010

# £19m

Co-operatives in Wales for which records are available generated a total pre-tax profit of £19 million

# 7,000

An estimated 7,000 were employed by Wales' co-operatives in 2010

# Decision making

Employees in co-operatives, mutuals and social enterprises are much more likely to be involved in decision-making than in other types of business

# CO-OPERATIVES MEAN BUSINESS

## Innovative

Co-operatives and employee owned businesses have an excellent track-record of innovation

## Resilient

Many studies show that mutuals and employee-owned businesses, including co-operatives, are more resilient than traditional private sector firms

## £2m

Aber Instruments a manufacturer of biomass measuring equipment for the brewing and biotech industry, has a turnover of £2 million

### Innovation and quality

Co-operatives in Wales are helping to create quality goods and services, as co-operatives and employee-owned businesses in general have an excellent track-record of innovation. Several surveys have found that employee-owned businesses are more creative than private companies, whilst other surveys have found that social enterprises are more likely to have introduced a new product or service in the previous year than SMEs.<sup>xxxiv</sup> Crucially, innovation by co-operatives is typically more effective than innovation in other forms of business,<sup>xxxv</sup> because employees are thought to be more confident during a period of change and uncertainty.<sup>xxxvi</sup>

The goods and services provided by co-operatives, employee-owned businesses and social enterprises are good quality. Co-operatives have immediate feedback from their members on what they need and want, and have an imperative to respond. In the case of housing co-operatives, tenants have much higher satisfaction levels than housing association or council tenants, and are more likely to say their landlord does a good job. Housing co-operatives also have significantly lower arrears and vacancies than other landlords.<sup>xxxvii</sup>

### Economic stability

Co-operatives in Wales are here for the long-term – they do not set up to secure grants and then leave. Many studies show that mutuals and employee-owned businesses, including co-operatives, are more resilient than traditional private sector firms.<sup>xxxviii</sup> Internationally, co-operatives tend to have longer survival rates than other types of businesses and bankruptcy amongst co-operatives is rare.<sup>xxxix</sup> The reason for this is that when business conditions are difficult employee-owned businesses tend to adjust pay rather than shedding jobs.<sup>xl</sup>

Co-operatives are, then, a vital part of the Welsh economy at present, not only generating income and profits and creating and maintaining jobs, but also providing innovative and high quality services and, crucially, offering much-needed economic stability.





## Aber Instruments

**Established:** 1988

**Business:** Manufacture of biomass measuring equipment for the brewing and biotech industry

**Turnover:** £2 million

**Operating profit:** 25%

**Employees:** 28 employee-owners

Aber Instruments is a spin-out from Aberystwyth University and is in the process of becoming employee-owned. The benefits of employee-ownership to Aber are the commitment employees show to their business, in particular the commitment to high quality workmanship. Aber employees are innovative, developing new ideas for products because of their ownership of the company.

Employees realise that this is their business and pull together in difficult times. This builds a great deal of resilience in the company. Employees are more likely to stay with the company because it is their business, whereas in other commercial organisations employees may leave to work elsewhere.

The co-operative model has allowed the company to realise its founding aim of being a sustainable business that would stay in the local area. As an employee-owned company they have resisted numerous take-over bids by larger companies and have stayed in Aberystwyth.

## Old Library Artists, Cardiff

**Established:** 1998

**Business:** Studios and galleries

**Employees:** 10 employee-owners



Old Library Artists were formed to provide purpose-built and secure studio space, providing the freedom to come and go as they pleased and a sympathetic environment with other like-minded people, with mutual respect for each other's space and working life.

Working together has brought significant benefits. They could apply for grants, securing £300,000 to purchase and renovate the building which would not have been possible as individuals. The artists share rent and running costs, saving the members at least 30% on commercially-available studio and gallery spaces. Members of the co-operative also pay substantially lower rates of commission on work sold in the gallery – 10% compared with the 50% typically charged by a commercial gallery.

The co-operative's presence in the centre of Cardiff gives them a high profile and has allowed them to build a client base, with customers returning to the gallery to view the latest works of the artists. They can offer interest-free loans (through the Arts Council for Wales) for the purchase their artwork, increasing sales and revenue. Other benefits include a shared website to showcase their work, a rota to share responsibility for looking after the gallery, and also people being in the building during the week to accept deliveries, answer the phone etc. Last, being a co-operative has given the artists greater freedom in their work, as it means they are not tied to a commercial organisation's demands.

## Bron Afon Community Housing

**Established:** 2008

**Business:** Registered social landlord

**Turnover:** £30.6 million

**Operating surplus:** £8.7 million

**Employees:** 448

**Members:** 1,393 of which 88% are tenants



Bron Afon was established as a community mutual with the transfer of housing stock from Torfaen County Borough Council. Tenants said they wanted a landlord that was democratically controlled with high levels of community involvement, so as well as tenants electing board members there are a number of other means of tenants having a say. Members contributed 4,380 hours of their time in shaping and developing Bron Afon's policies and services during 2009/10.

Bron Afon Community Housing provides more than 8,000 affordable rented homes to people in housing need in Torfaen. As well as aiming to manage its stock effectively, Bron Afon is investing £40 million a year in improvements such as new doors, windows, kitchens and bathrooms as well as clearing a backlog of repairs. In addition, Bron Afon actively develops communities through a 'team' approach. It has been involved

in developing youth and children's facilities in Blaenavon and Pontypool, operates a community café at its headquarters at Cwmbran, and is training 43 apprentices in addition to its staff. Bron Afon is also developing its environmental policies including a pilot recycling scheme and installing renewable energy in homes.

Tenant satisfaction is high – 83% are satisfied with their home and nearly the same proportion is satisfied with Bron Afon's services. Three-quarters of tenants were satisfied with the opportunities to shape decisions.

# CO-OPERATIVE ADDED ADVANTAGE

The hallmark of co-operatives is that they operate for collective benefit not individual profit. Whether that benefit is to customers, the community or the workforce, the evidence shows that co-operatives provide extra benefits compared with mainstream businesses.

## Community benefit

Co-operatives and mutuals in Wales have more than half a million members.<sup>xi</sup> Membership gives co-operatives strong roots in the community, which give them a competitive advantage as they are known within their communities and can develop positive reputations with local customers.<sup>xiii</sup> This gives co-operatives an advantage over private sector companies, which are required to maximize shareholder values.<sup>xiii</sup> For example, 82 per cent of employees in employee-owned companies felt that such companies acted with more social responsibility than others and that this was an advantage.<sup>xiv</sup>

Co-operatives and social enterprises typically re-invest some or all of their profits amongst their members and in the community. The Co-operative Group, for example, distributed £104 million of its 2010 pre-tax profits to members and communities.<sup>xv</sup> For UK social enterprises, 82% say they reinvest their profits to achieve their social or environmental goals,<sup>xvi</sup> whilst a survey of the co-operative and mutual sector found that they gave over 1.35 per cent of their pre-tax profits to directly support their local communities, as against an average of 0.8 per cent for the top 100 FTSE-quoted companies.<sup>xvii</sup>

In addition, co-operatives actively tackle social disadvantage in the community. Several studies have found employee-owned businesses have a greater impact on the wider community than mainstream businesses, as the 'corporate citizenship' engendered amongst employees extends beyond the workplace.<sup>xviii</sup> Similarly housing co-operatives have been found to encourage wider participation in the community by co-operative members.<sup>xix</sup>

Co-operatives and social enterprises can also help individuals to engage in their community, particularly by providing a route into employment.<sup>i</sup> More than half of social enterprises say they actively seek to recruit people who are disadvantaged in the labour market to some extent.<sup>ii</sup>

## Equalities

Co-operatives and social enterprises in general are more likely to involve women and minority ethnic groups than private businesses. The 2006 Global Entrepreneurship Monitor survey found that a greater proportion of women, young people and people from Black and Minority Ethnic communities are active in social enterprise than in mainstream business.<sup>iii</sup> Not only that, but women and Black and Minority Ethnic workers in social enterprises are more likely to reach positions of leadership than in other types of business,<sup>iii</sup> for example because they have opportunities to stand for election to a co-operative's board.

## Environmental impact

Co-operatives, mutuals and social enterprises are working for a greener Wales. About one in seven co-operatives in Wales<sup>iv</sup> make a direct contribution by operating in the environmental sector, for example in renewables. In addition, a quarter of UK social enterprises claim to contribute to environmental aims in some way.<sup>iv</sup> 88% of UK social enterprises seek to minimize their environmental impact – in comparison 44% of small businesses have taken no action at all.<sup>vi</sup>

## Involved

Co-operatives and social enterprises are more likely to involve women and minority ethnic groups than private businesses

## £104m

The Co-operative Group distributed £104 million of its 2010 pre-tax profits to members and communities

## 1.35%

Co-operative and mutual sector businesses gave over 1.35 per cent of their pre-tax profits to directly support their local communities





## Dulas Ltd

**Established:** 2003

**Turnover:** £22.3 million

**Pre-tax profit:** £1 million

**Business:** Renewable energy

**Employees:** 88 at end 2010

Dulas Ltd was set up by engineers from the Centre for Alternative Technology in Machynlleth to provide professional renewable energy services on a commercial basis. Dulas is owned by its employees, who elect the board of five directors on an annual basis. It has no external investors and is financed largely through sales.

Its turnover has increased rapidly – up by more than 100% in three years – and Dulas has featured in Wales's fastest growing 50 businesses for three years in a row. Its profits have also increased rapidly so that in the year ended 31st December 2010 dividends of more than £200,000 were paid to its employee shareholders. Dulas has won numerous awards for its outstanding performance and innovative products, including the 2004 Queen's Award for Enterprise, 2009 Renewable Energy Association Best Renewable Energy Company, 2009 Achievement Wales: Commercial Growth Award & Greenest

Company Award and 2009 The Green Apple Environmental Best Practice Award.

In 2010 Dulas had 80 employees at its headquarters in Machynlleth, making it one of the largest employers in the area, as well as an office in Scotland.

Dulas operates with a strong community ethos, and works with schools and community projects providing educational support and technical services. It offers trainee positions to new graduates, enabling them to get crucial work experience in renewable energy. The co-operative donates up to 3% of its profits each year to charity and invests heavily in staff welfare.

Source: [www.dulas.co.uk](http://www.dulas.co.uk); Abbreviated Accounts for year ending 31st December 2010; Ashden Foundation ([www.ashden.org](http://www.ashden.org)); Co-operatives UK.

# CO-OPERATIVE FUTURE

Wales has been hard hit by the recession and weak subsequent recovery. Too many of Wales' big businesses have closed down, leaving one in ten people unemployed, wages being squeezed and those in work concerned about their future. Constraints on public spending and services, coupled with welfare reform, will put further pressure on individuals, families and communities and the services – public and private – that they rely on.

Co-operatives offer a radical solution to these problems. They are unique in their three-fold economic, social and environmental benefits – the so-called triple bottom-line – of:

- + creating sustainable jobs,
- + generating community benefits
- + and, protecting the environment

Add to this that Welsh co-operatives are 'anchored' in Wales, are innovative and profitable, and meet real community needs and the case for further significant investment in co-operatives is overwhelming.

The potential impact of co-operatives is not just at the small, community, scale. Co-operatives can both individually and collectively make a big difference to the fortunes of regional and national economies as well. The experiences of Mondragon, Spain, inspired the foundation of the Wales Co-operative Centre thirty years ago. Today there is compelling evidence from around the world that co-operatives can offer a different way of developing the economy and tackling social inequality. For example 30 out of Italy's top 100 businesses are co-operatives whilst the region of Emilia Romagna has gone from one of the poorest to one of the wealthiest in less than 30 years. That success is attributed to its co-operatives and the vigorous support they have received from the Italian government.

Wales already has some superb co-operative businesses, varying from small to large, varying across economic sectors and with different forms of ownership. These co-operatives have one thing in common – a shared commitment to democratic ownership of the business and to achieving social and environmental as well as economic objectives. Wales' existing co-operatives show what can be done. With a Government commitment to developing co-operatives, a concerted effort to get more off the ground, and a realisation that co-operatives are a better way of doing business, Wales could be transformed.

# 30

30 out of Italy's top 100 businesses are co-operatives

## Shared

Co-operatives in Wales have one thing in common – a shared commitment to democratic ownership of the business and to achieving social and environmental as well as economic objectives



# NOTES

- <sup>ii</sup> UN (undated) *Background Paper on Co-operatives*. Available at: <http://www.un.org/ar/events/cooperativesday/pdf/more.background.info.pdf>
- <sup>i</sup> Co-operatives UK (2011) *The UK Co-operative Economy*, Manchester: Co-operatives UK
- <sup>ii</sup> Lampel, J., Bhalla, A. and Jha, P. (2010) *Do employee-owned businesses deliver sustainable performance?* London: Employee Ownership Association
- <sup>iii</sup> Not all employee-owned businesses are co-operatives, as employees may not wholly own the business or it may not operate on democratic principles.
- <sup>iv</sup> Camere di Commercio d'Italia, "Secondo rapporto sulle imprese co-operative"
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## Photography

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