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Worker and social cooperatives tackling undeclared work in Europe

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Abstract:

Undeclared work remains a widespread phenomenon around Europe and despite a slow decline in the last 15 years it has proven itself to be resilient. The research aims to connect undeclared work and cooperatives in Europe and prove that cooperatives can effectively contribute to addressing the issue of undeclared work. Although cooperatives alone cannot be a turn-key solution to the phenomenon of undeclared work, the 11 case studies considered show that by joining or forming a cooperative, undeclared workers not only escape the undeclared economy but also gain more control when presenting themselves in the market and can also negotiate better work conditions.

Keywords: undeclared work, worker cooperatives, social cooperatives, cooperatives of independent workers, informal work

1. Introduction

Undeclared work involves, on average, 25% of all European workers. It has various negative impacts and consequences not only on them but on governments, welfare solidarity and businesses too. Thus, tackling undeclared work is a major challenge at both the national and European levels. Since the 2000s, the European Commission has put in place specific programmes to tackle it that requires a holistic approach, which is a combination of punitive and preventive measures that involve not only all social partners and key stakeholders but also needs the national authorities to be fully committed to implementing the measures.

In this context, cooperatives have shown that they can contribute in various ways to transforming undeclared activities into legally protected work and addressing related problems, as also recognised by the ILO Recommendation No. 193. Focusing on the qualitative analysis of 11 European cooperatives, this research explores how the cooperative model can offer concrete practices to support the transition of undeclared workers into the formal economy within the European context.

Although cooperatives alone cannot be a turn-key solution to the phenomenon of undeclared work, they do address it by bringing together people who are usually isolated and developing new strategies to extend social protection to undeclared workers and increase their awareness of the benefits of formalisation. We can find similar examples in many economic sectors, and the research focus is on the condition of migrants, including the irregularly staying ones, asylum seekers and refugees; arts, media, and cultural workers; unemployed people and vulnerable workers in rural areas; and gig workers. By joining or forming a cooperative, undeclared workers not only escape the undeclared economy but also gain more control when presenting themselves on the market and can also negotiate better work conditions.

The research was realized for CECOP, the voice of European cooperatives in industry and services and mainly worker and social cooperatives, as well as cooperatives of independent workers, and published in 2021 with the title *Lights On! Worker and social cooperatives tackling undeclared work*, and in 2022 also published in Italian and Spanish.

1.1. Research question and methodology

The research aims to connect undeclared work and cooperatives in Europe. Since it represents one of the first pieces of research dedicated to the relationship between cooperatives and undeclared work in Europe, there is not an extensive bibliography, and thus the main research method used has been a qualitative approach to better understand the cooperatives' mode of operation when it comes to undeclared work.

The theoretical background that describes the phenomenon of undeclared work in the European context and explains the definition, main data, and effects on workers, combines data published by major institutions (OECD, International Labour Organization, European Commission, Eurofound, etc.), analysis of undeclared work experts and the specific knowledge of interviewees about their working sector.

Starting from the theoretical background, the choice of the cases was based on the attempt to study sectors of activity and types of workers that are particularly affected by undeclared work practices, as well as a coherent geographical distribution among European regions. The 11 cases

identified are situated in 8 European countries, with the following geographical distribution: 2 in Northern Europe, 5 in Southern Europe, 3 in Western Europe, and 1 in Eastern Europe.

The main research methods used are qualitative in nature, specifically the text analysis of websites and resources suggested by interviewees (e.g., non-financial reports², dedicated articles or other kinds of reports) and semi-structured interviews. Interviews, which were conducted between November 2020 and February 2021 via video-conferences systems, have been held with the president, a board member, or a founding member of the cooperative in English, Italian, or French, and lasted between 50 and 80 minutes.

A second set of questions has then been prepared to obtain the perspective of CECOP members, federations, or support organizations for cooperatives in industry and services about the topic of undeclared work. The questionnaire was sent by CECOP's staff via Google Forms to its members in the first week of December 2020. The federations of Denmark, Malta, Slovenia, Poland, Spain, and Romania answered the questionnaire.

2. Undeclared work in Europe

2.1. Definition of undeclared work

Undeclared work is a predominant form of informal work where work is explicitly hidden, even if there are laws in the country that might recognize it, while informal work also includes economic activities that are not formally recognized by law, even if they are not criminal activities (ILO, 2013). Undeclared work refers to a lawful remunerated activity, which means a non-criminal activity (e.g., drug trafficking), that is hidden from the state for tax and social security purposes, although legal definitions if they exist, vary from country to country. Considering differences in the regulatory systems of the Member States, the European Commission defined undeclared work in the 2007 communication *Stepping up the fight against undeclared work*, as “any paid activities that are lawful as regards their nature but not declared to public authorities” (European Commission, 2007, p. 2). Consequently, the main difference between undeclared and declared work is that undeclared work is not declared to the authorities for tax, social security, or labour law purposes (Eurofound, 2013).

Undeclared work comprises a range of activities, from construction, renovation, or repair services to clandestine work by irregularly staying migrants and refers to many circumstances. It can indicate either work carried out by a worker who may be a national, migrant, including irregularly staying one, who avoids paying taxes, work given by an employer who avoids paying social contributions and taxes, or work undertaken by a worker for reasons other than financial reasons (e.g., undeclared work conducted for and by family members, neighbours, friends, and acquaintances). The worker may be in an employment relationship or self-employed, and the employer may be a regular firm or a private household (ILO, 2013). The employment relationship may be periodic or full-time, low-paid, or well-paid, conflictual, harmonious, non-voluntary or voluntary.

Considering these various features, undeclared work is usually classified into three major categories, namely employee work, self-employed work, and family work (Eurofound, 2013). In an employment relationship, undeclared work is within a formal enterprise, and it can be described as “undeclared waged employment.” In this case, the employee's work can be either fully undeclared (the worker's wage is entirely undeclared) or partially undeclared (a portion of the worker's wage is declared, while the remaining portion is undeclared). In self-

employment, the self-employed can perform own-account undeclared work for a formal enterprise or another client, who could be self-employed themselves. Family work is a form of socially embedded own-account undeclared work. In this case, a family worker delivers goods and services directly to consumers, who are neighbours, family, friends, or acquaintances, in an undeclared way.

Eurofound (2021) underlines that undeclared work can be related to three other conditions. The fraudulent contracting of work implies an employment or contractual relationship that does not correspond to the legal and/or formal requirement that qualifies that specific form of contracting work. Bogus posted workers and the misuse of posting practices can be a cause of undeclared work because posting is related to national and international specific obligations and rights that are difficult to keep under control due to the cross-border context. And the emergence of new forms of employment, such as casual work⁶ or platform work, implies the emergence of new forms of contracting work that can be related to undeclared work.

Undeclared work is measured with a combination of indirect and direct methods (European Commission, 2007). Indirect methods interpret observable phenomena as a sign of the invisible economy and thus are based on the comparison of macroeconomic aggregates (e.g., national accounts, electricity consumption, cash transactions, etc.). Direct methods are survey-based and thus are based on statistical surveys and offer more data for comparison and wider details about a phenomenon.

2.2. Undeclared work in Europe

The presence of undeclared work in Europe can be explained by current trends such as the move towards more flexible working relationships, the growth of self-employment, sub-contracting, and the ease of setting-up groups of enterprises that operate across borders (CICOPA, 2017; Eurofound, 2020). Nevertheless, in Europe, there are some differences in the average level of undeclared work if we consider Northern, Southern, Western or Eastern Europe. In Northern, Southern and Western Europe, undeclared work corresponds to 14.3%, which is below the regional average, while in Eastern Europe undeclared work is above the regional average, corresponding to 31.5% of total employment (ILO, 2018).

The sectors in Europe where undeclared work is most common are agriculture (71.6%), aviation, tourism, construction, security services, cleaning, provision of childcare, commerce, road transport, hotels, restaurants, and catering. Moreover, informality declines with the increase in the level of education, with 77.1% of total workers involved in undeclared work having no formal education. Moreover, in Europe undeclared work is a more significant source of employment for men (26.4%) than for women (23.6%), and for young workers (35.7%) than adults (21.8%). Additionally, informality is more present in rural (33.2%) than in urban (19.4%) areas. Finally, own-account workers and workers in non-standard forms of employment are the largest groups (68.8%) engaged in undeclared work (ILO, 2018).

If we focus on the European Union, the European Commission estimates that, on average, 11.6% of total labour input in the private sector of the Member States is undeclared and undeclared work constitutes on average 16.4% of gross value added (GVA) – this difference is due to undeclared labour being concentrated in sectors with higher labour productivity and the estimates exclude public sector and non-governmental organizations (European Commission, 2018).

Undeclared work in the Member States is not the same size everywhere. The countries with a major proportion of undeclared work are largely new EU member states (NMS). Two exceptions to this rule are: Italy, which has a large proportion of undeclared work even if it is one of the EU founding members, and the Czech Republic, which has a lower amount of undeclared work than the EU average, even though it is one of the NMS. The lowest share of undeclared work in terms of labour input is recorded for the United Kingdom, Germany, and the Netherlands, where less than 3% of the total labour input is undeclared.

In Europe, on average 61.8% of all undeclared work is within an employment relationship, 37.3% is in self-employment and 0.3% corresponds to family work. There are considerable national variations to consider when reading these numbers. Over 90% of undeclared work is within an employment relationship in Poland, Bulgaria, and Italy, while in Portugal, in Germany, the United Kingdom and the Netherlands, it is around 1-1.5%. On the other hand, most undeclared work in self-employment is in Cyprus, Netherlands, Portugal, Denmark, and Germany, while it is just 6.5% in Belgium, 5.3% in Bulgaria, 3.4% in Italy and 2.5% in Poland. Concerning family work, even though it is a small-scale phenomenon in most Member States, it is a major component in some countries, reaching 89.8% in Latvia, 69.4% in Estonia, and 68.2% in Romania.

3. Case studies

Worldwide, cooperatives are playing an increasingly important role in facilitating job creation, economic growth, and social development, and thus also have a role in work formalisation because they can transform vulnerable and fragile workers into legally protected workers who are fully integrated into the “mainstream” economy. This specific role of cooperatives has already been recognised in 2002 by the International Labour Organization within Recommendation No. 193 - Promotion of Cooperatives.

The research, among the various types of cooperatives, focuses on worker and social cooperatives, which are characterized by worker ownership, meaning that cooperatives are owned and controlled by their employees. In Europe, since the cooperative model has been developed under the modern employment relationship system, cooperatives prefer to establish full-time and permanent jobs instead of part-time and temporary jobs, aiming to offer employees quality jobs with rights, benefits, and social protection typical of the standard employment relationship (Eurofound, 2019b). Beyond this common feature, worker and social cooperatives and cooperatives of independent workers have some specificities.

In the following pages, which focus on 11 case studies, we will see how these specific cooperative features can be a concrete tool to support the transition of undeclared workers into the formal economy.

3.1. Migrants, including irregularly staying migrants, asylum seekers and refugees

The labour exploitation of migrants through undeclared work in Europe concerns mainly third-country migrants (Van Nierop, Schönenberg and Terziev, 2021), from countries where lower wages, limited job opportunities, and a higher rate of informal work are mostly spread. Their risk of being involved in labour exploitation grows if they are low-skilled workers and/or lack sufficient language skills. They are mainly employed where there is high demand for a flexible workforce and in labour-intensive jobs, such as in agriculture, construction, domestic work, and

transport. Migrants also work undeclared in hotels, restaurants, and beauty salons, while some of them are self-employed in small-scale and unregistered businesses (street vendors, car washes) and earn their income in cash. The following case studies explore how cooperatives can overcome the difficulties of third-country migrants belonging to one of the abovementioned groups.

3.1.1. Diomcoop

Diomcoop is a multi-stakeholder cooperative that was established in 2017 in Barcelona, Spain, between the Municipality of the city and a group of street sellers.

Street sellers from Sub-Saharan Africa wanted to find a solution to their condition of exploitation and vulnerability and asked for a solution from the Municipality of Barcelona. Among the solutions proposed by the Municipality, the group of street sellers chose to create a cooperative, since they believed in the ideals of social economy and solidarity that they had already encountered in Africa. Today, the cooperative provides logistics, cleaning, and catering services, and created its own fashion brand, Diambaar.

Diomcoop aims to fully address the basic needs related to the employment, training, regularisation, and rights of migrants who are in a situation of administrative irregularity and social vulnerability, through a cooperative. Concretely, Diomcoop covers the basic needs and rights of the project participants, including training for personal and professional development. Thanks to the training time in the cooperative, migrants obtain both work permits and professional certificates that they can then use to obtain a more stable job in another company. Through training and regular work, Diomcoop supports migrants' employment and their empowerment in the long term.

3.1.2. Nazareth

Nazareth is a social cooperative that was founded in 2001 in Cremona, Italy. At first, the cooperative carried out the planning, implementation and management of educational and assistance services aimed primarily at minors and families. In 2013, Nazareth also integrated the activity of job placement for disadvantaged people. Today, the Nazareth Cooperative pays particular attention to the world of migrants, specifically unaccompanied foreign minors, asylum seekers and refugees.

Over the years, Nazareth has chosen to strengthen its activity in job placement for disadvantaged people, such as former prisoners or current prisoners (they work outside but sleep in prison) people with disabilities and migrants, with the purpose of supporting people who have fewer job opportunities and are often forced into undeclared work.

To integrate disadvantaged people into regular work activities, Nazareth organises gradual training courses. Detainees or people with a disability begin with an internship of 3-6 months of training and then move on to a fixed-term contract and then eventually to an open-ended contract. Training and job activities consider both the freedom limitations of prisoners and the difficulties of people with disabilities. Workers employed by the cooperative carry out their work and at the same time are tutors of disadvantaged workers.

3.1.3. RCOOP

RCOOP is a cooperative that brings together hairdressing and beauty treatment professionals and was founded in 2018 in the Matongé district of Brussels, Belgium. RCOOP was created to provide an innovative solution to legalise the economic activity of hairdressers in the Matongé district, in a co-working space that is a beauty salon, thus supporting self-management and self-entrepreneurship.

By joining the cooperative, each hairdresser or beauty treatment specialist acquires the status of an active independent member (*indépendant associé actif*) and can start working formally under the umbrella of the cooperative using his VAT number. In this way, the cooperative guarantees access to the profession in Belgium. If people joining the cooperative do not have a diploma to work in the sector, the cooperative support them to obtain it.

In the RCOOP, members are considered self-employed workers who collectively participate in the cooperative, which carries out accounting, control, and management of VAT declarations for them. Members receive a monthly emolument from the cooperative, which is a kind of salary, based on the turnover of each activity. The cooperative offers customised entrepreneurial and commercial support (e.g., development of a business plan), and training to improve both entrepreneurial skills (social media communication, business, etc.) and financial and accounting skills.

3.2. Arts, media, and cultural workers

Europe, arts, media, and cultural workers experience higher levels of precariousness compared to workers in other sectors due to their atypical work patterns, which are characterised by intermittence, heterogeneity, and in-stability (Culture Action Europe and Dâmaso, 2021) often leading to low incomes and only restricted access, or even no access at all, to social protection schemes, such as unemployment benefits, sickness and maternity leave, and schemes covering accidents at work. Since most arts, media and cultural workers acting as atypical workers are usually isolated in the labour market, they also suffer from a lack of bargaining power. For this reason, they can be forced to work undeclared or with fraudulent contracts, such as bogus self-employment. In the following paragraphs, we focus on the practices of three cooperatives operating in the arts, media and cultural fields that use a collective approach to address the above-mentioned difficulties.

3.2.1. De Coöperatie

De Coöperatie is a cooperative of independent journalists founded in Amsterdam, the Netherlands, in 2016. The members of De Coöperatie decided to reverse the power relationship between the publishing company and journalists by transforming the publishing company into a cooperative owned by freelance journalists. In this way, the journalist is no longer dependent on the publisher, but the publisher is at the service of the journalist. Today, De Coöperatie has about 700 journalists throughout the Netherlands.

As a publisher, De Coöperatie has a publishing platform that supports three specific channels that are linked via a content database and journalists can publish the same article on several channels. The cooperative has established a new income model for journalists, which is no longer based on media advertising, but on crowdfunding. De Coöperatie offers a co-working space that can be rented as an office, training programmes and group accident insurance.

By working together, journalists have the opportunity, even if they are self-employed, to be better protected, to join a network and to become better journalists by focusing more on the quality of the content they create.

3.2.2. Doc Servizi

Doc Servizi was founded in 1990 in Verona, Italy, as a workers' cooperative. It was created by a group of musicians to obtain decent work, fight undeclared work, and collectively enhance their work as professionals in the performing arts (Martinelli, 2021). Today it is the largest Italian cooperative operating in the field of entertainment with more than 6,000 members working in all professions of the performing arts.

In the cooperative, artists acquire the double status of worker-members (Martinelli, 2017): as workers, they become employees of the cooperative and have access to its social protection systems; as members, they become entrepreneurs of the cooperative and, through democratic management, can choose how to run the business to achieve the goals they would not achieve on their own. In addition, the co-operative's professionals organise themselves to be free to manage their specific activity and at the same time be able to collaborate with others.

Over the years, members have organised themselves to provide more and more services to carry out their work in the best possible way (job management, business promotion, professional communities, specific business units, training) and find new job opportunities within the cooperative. Since 2012, Doc Servizi members have introduced an internal digital platform to manage all this activity and support their self-management (Martinelli *et al.*, 2019).

Regrouping workers usually fragmented in the market; Doc Servizi has begun to advocate for its members. Two examples where its expertise was involved are a decree dedicated to the safety of technicians delivered in 2014 and the first Italian collective bargaining agreement (CBA) for the professionals of the arts who work in a cooperative signed in 2014 (Chiappa, and Martinelli, 2019), and renewed in 2020 to protect all freelancers of the cultural and creative industry and regulate platform work.

Today Doc Servizi is part of a larger network, called "Rete Doc", made up of eight companies that together have more than 8,400 members and cover all sectors of the cultural and creative industries, communication, education, and technological innovation.

3.2.3. Soglasnik Language Cooperative

Soglasnik Language Cooperative (Slovenian: *Jezikovna zadruga Soglasnik*) is a cooperative of language workers, including translators, language teachers, proofreaders, and interpreters, founded in 2014 in Ljubljana, the capital of Slovenia.

It was founded in 2014 by a group of young language students who had just finished their studies and wanted to enter the labour market. They wanted to work for a fair wage and in a fair working environment that was not purely profit-oriented but based on personal participation and shared responsibility for management. Therefore, they discovered the cooperative model and in 2014 founded the Soglasnik Language Cooperative, the first cooperative in the language sector in Slovenia. The cooperative aims to ensure fairer payments not only for its members but on the Slovenian language market (against price dumping) by combating the precarious conditions of workers in the language field.

Most of the clients of the Soglasnik Language Cooperative are organisations that choose to support their model of fair prices, which are not the cheapest.

3.3. Unemployed people and vulnerable workers in rural areas

In Europe, most inhabitants of rural areas are more at risk of poverty or social exclusion than urban inhabitants. In 2014, 27.2% of the rural population of Europe Member States were at risk of poverty and social exclusion compared with 24.3 % of the population living in urban areas, with higher poverty levels in the Southern and Eastern Member States (Eurostat). Undeclared work in rural areas can appear in various forms (Bertolini, Montanari and Peragine, 2008): the unemployed seem reluctant to claim public benefits and prefer to seek a second or third job as an alternative, often in the undeclared economy sector; the higher reported unemployment rate might be partly due to a higher rate of undeclared work or under-employment in rural areas; seasonal workers often employed in the undeclared economy. The selected case studies illustrate how cooperatives in the rural areas of Eastern and Southern Europe tackle undeclared work.

3.3.1. BEC Družstvo

BEC Družstvo is a Business and Employment Cooperative (BEC) operating in the Olomouc and Moravian-Silesian region, which are the regions with one of the highest unemployment rates in the Czech Republic and was formally established in January 2012.

The main objective of BEC Družstvo is to support employment in rural areas through the implementation of the BEC methodology. The first BEC was created in France in 1994 (*cooperative d'activité et d'emploi*) to answer to the social need of isolated self-entrepreneurs in any sector by offering them a viable alternative to setting up a business individually, which is a cooperative where they can test their business (Bost, 2011).

BEC Družstvo focuses on supporting the development of micro-enterprises of disadvantaged people, especially the unemployed, but also people without a stable job and people who want to legalise their activities by getting out of the black economy. Today, BEC Družstvo is the leader of a network of five BECs in the Czech Republic and works to improve the ecosystem to develop other similar experiences in the country.

The cooperative acts as a non-traditional business incubator for new entrepreneurs, where disadvantaged people can test their business idea with the support of experts and a group of peers who are facing similar problems, while benefiting from adequate working conditions and a secure income, both provided by the BEC. For this reason, BEC participants are also called “paid entrepreneurs”, who are employees of the cooperative.

3.3.2. GOEL

GOEL was established in 2003 by a community of people, social enterprises, and social cooperatives in Locride, an area of Calabria, which is a region located in the southern part of Italy. The name GOEL has biblical roots, and it means “the redeemer”, which is the same liberating role that the Cooperative Group intends to play for the excluded and marginalised social groups on its territory. GOEL’s core goal, which is rather political and cultural than entrepreneurial, is “the redemption and true change of Calabria” through legal work, social promotion, and active opposition to the ‘Ndrangheta, which is one of the main Italian Mafia

organizations based in the region of Calabria, dating back to the late 18th century. GOEL was created to demonstrate that acting ethically is not only right but can also be effective in producing wealth and development.

To change and redeem Calabria, at the centre of GOEL's activity there are disadvantaged people, with a focus on tackling social exclusion, the common good of local communities and territories they belong to, respect for legality and formal correctness, especially for worker rights, the independence, transparency and nonviolence of collaborations among cooperatives and institutions, internal democratic participation and equity and mutuality among cooperative members, and the safeguarding of the environment and the ecosystem.

In the local development sector, GOEL has launched several entrepreneurial initiatives in different fields, from social and health services to sustainable tourism, agri-food, and fashion. GOEL also promotes projects to support entrepreneurship at the local level, including Campus GOEL, which is the first ethical-innovative business incubator in Calabria.

3.4. Gig workers

In the gig economy working model, gig workers experience a general lack of bargaining power and complain about non and low payment, income insecurity, the lack of compensation for their capital equipment, health and safety risks, blurred boundaries between work and private life, and lack of transparency regarding surveillance practices, rating systems and the task or job allocation (Vandaele, 2018). In most cases, company owners of digital platforms exonerate themselves from taking responsibility as employers and consider workers as self-employed, which could be considered an example of fraudulent contracting of work and of bogus self-employment. The three case studies coming from the cooperative world will offer three different perspectives related to the work of riders.

3.4.1. By-Expressen

By-Expressen is a bicycle courier cooperative operating in the logistics sector in the Copenhagen area, Denmark. The cooperative was founded in 2012 by three bicycle couriers, with the vision of spreading cargo biking as a solution to the challenges of the logistics industry within the green transition, through a local approach.

By-Expressen has not been influenced by the prospect of working on international platforms, nor has its business been affected by their arrival on the Danish market. In fact, the key element of By-Expressen's business is differentiation: the cooperative operates in the logistics sector at all levels. They deliver everything, and their business model is based on B2B relationships with customers operating in various sectors.

They use a teamwork approach, which is a non-hierarchical, horizontal, and tailor-made approach built around their work and personal needs. All workers are employed by the cooperative, with access to the relevant social protection systems, and paid the same hourly wage, regardless of the type of work they do or their responsibility in the cooperative. To organise their working time, By-Expressen has a scheduling team that ensures that each delivery person receives the timetable for the whole month a month or two weeks in advance.

3.4.2. CoopCycle

CoopCycle is a European federation of bike delivery cooperatives based in Paris, France, and today is composed of 37 riders' cooperatives present in seven countries and two continents.

The CoopCycle association was born as a group of volunteers that helps bikers to join forces and organize, and it is governed democratically by cooperatives. In the federation, cooperatives reduce their costs thanks to resource mutualisation and pooling of services (software, administrative, legal, insurance) or solidarity mechanisms (creation of a support fund and an aid fund). In fact, CoopCycle offers a platform, which is a full-fledged bike delivery software that enables workers to manage their deliveries and shops and restaurant owners to create their own page.

The CoopCycle federation is open to bike delivery professionals who respect the values of the social and solidarity economy. And also for this reason they introduced a new license, the Coopyleft, a free access code that can be only used by companies with a strong ethical code.

3.4.3. York Collective

York Collective is a bike courier cooperative founded in January 2020 in York, UK. The idea to found York Collective dates to meeting with the rider cooperative federation CoopCycle in 2018, but it took time to adapt the federation's platform to the UK system.

The co-operative was founded by four young people who had experienced working for gig economy platforms as riders and the associated lack of social security and safety. For this reason, the cooperative's aim is to offer a response to the exploitation of the gig economy perpetrated by irresponsible multinationals under the aegis of innovation.

To guarantee decent work York Collective pays by the hour and not by the drop and uses a higher benchmark than the minimum amount for gig economy workers. Riders have both insurance as members of the cooperative and a guarantee of safe working conditions.

4. Discussion

4.1. Common characteristics of case studies

Although each cooperative described in the report was established for different reasons and developed in different contexts, the 11 cases share some common characteristics in tackling undeclared work (Mshiu, 2019). Undeclared workers are usually isolated workers who experience fragile and precarious work in the labour market with few bargaining powers and are often exploited in the context of poor economies. The reasons for these conditions are several and various and consequently, the cooperative offers tailored answers.

For some workers, their difficulties are related to their administrative position, which can be irregular, for migrant workers, for example, the cooperative becoming a legal framework to access a declared and regular job position (Diomcoop, Nazareth, RCOOP). For arts, media, and cultural workers who have in common the experience of a strong discontinuity in their work activity, the cooperative offers the opportunity to obtain more stable contract conditions, develop networks to find new job opportunities and find a framework within which they practice new professions (De Coöperatie, Doc Servizi, Soglasnik Language Cooperative). Sometimes, difficulties are related to belonging to rural areas, where there are usually not only fewer, but even unfairer, job opportunities above all for unemployed people and/or vulnerable minorities. In these cases, cooperatives use the force of the collective to build tailored job

experiences and support disadvantaged people to enter the labour market (BEC Društvo, GOEL, Nazareth). Some workers have suffered from the pressure of multinational platforms that recently introduced the practice of gig work, and so established cooperatives to reaffirm their control of their job via the collective ownership of the company (By-Expressen, Coop-Cycle, York Collective).

Whilst most undeclared workers have no legal status, thus no legal recognition of protection, for cooperatives regular and declared work is the key to enhancing and emancipating fragile workers. Except for the experience in the Netherlands, all the cooperatives described aiming to offer decent working conditions in the context of a salaried employee relationship. According to the different circumstances and aims pursued, contracts can be temporary or open-ended, but in each case, workers are hired as employees to guarantee their access to related rights and social schemes. Moreover, removing workers from the “shadow economy” of the labour market means not only giving workers the rights they deserve, but even transforming them into contributing members of the community they belong to, through the payment of taxes and social contributions.

In addition to decent work, training and lifelong learning are key assets to empower members of the cooperative. On-the-job training, peer exchanges, mentoring or counselling, specialised training, and compulsory training, regardless of the form and the type of the training, are all present in the project of every cooperative. Training can focus on soft skills and/or hard skills, acquiring completely new skills or updating skills.

A feature particularly evident in cooperatives dealing with social issues, but even present in the other cooperatives studied, is that their management model integrates a dual nature: on the one hand, the cooperative offers services, support, and decent work to members and, on the other hand, the cooperative sells services on the market. Members are both beneficiaries of the cooperative services and providers of the services that the cooperative offers on the external market. Especially in the more socially focused cooperatives (BEC Društvo, Diomcoop, Nazareth, RCOOP), this model generates a positive turnover of members, with the purpose being to help a higher number of disadvantaged people.

In establishing the cooperative, members choose a business model based on a mutualistic approach, with decent work, rather than profit, at its core. The mutualistic approach of the cooperatives described in the report revolves around some key practices that are often integrated: sharing the management costs of the company (e.g. administration and accounting); increasing opportunities for members in terms of services (e.g. communication and marketing, specialized counselling) and job opportunities (e.g. e-commerce, marketplace); accessing specific funds or calls for tender at a public or private level to support the various project; ensuring regular incomes to guarantee stable jobs, via the establishment of long-terms contracts with clients in a B2B perspective (this is particularly important to eradicate the bad practices associated with gig work).

The described cooperatives are not only dedicated to members’ issues, but they give special attention to local problems and/or to the community or the field they belong to. This social vocation can be translated into economic support or participation in solidarity practices of the local community (Nazareth, Soglasnik Language Cooperative, York Collective, RCOOP), awareness-raising activities and/or lobbying at the national or international level (BEC

Društvo, CoopCycle, Diomcoop, Doc Servizi, GOEL), and commitment to global causes, such as climate change (By-Expressen, RCOOP).

4.2. Main contributions of cooperatives to the transition from undeclared to declared work

The first action of cooperatives in tackling undeclared work consists in the creation of formal job opportunities. The formal framework of the cooperative offers a suitable form for creating jobs for workers in the fields that are subject to precarious and informal work conditions, notably in very fragile economies or for very vulnerable workers (e.g., migrants) who cannot find jobs in the formal economy. Additionally, the low capital required to set up a cooperative can make it a viable option for those with limited resources.

Secondly, by overcoming isolation, undeclared workers can obtain better working conditions. By joining a cooperative, undeclared workers become part of a community and overcome the isolation which is often related to their condition. Moreover, being part of a collective, workers find both a concrete alternative to exploitation and a voice to defend their rights and to negotiate better working conditions when they enter the market (e.g., access to social protection, working in safety and security, better rates, etc.). If workers also become employees of a cooperative, they can exercise their representation and trade union rights and be protected by a collective agreement.

Thirdly, cooperatives focus on workers' empowerment. Meeting members' needs and aspirations, the cooperative becomes an opportunity for the empowerment of workers. In the cooperative, undeclared workers not only find opportunities to work legally and to enjoy all related rights at work, but as members, they are also directly involved in the company and through democratic governance ("one member, one vote") they build the cooperative according to their wishes and achieve goals they would not achieve alone. Being also engaged at the organizational level, members may experiment with new roles, develop new skills, and have access to leadership experiences.

Then, the entrance of an undeclared worker into a cooperative implies savings and contributions to the State. Undeclared workers who join the cooperative not only benefit from social protections and benefits to which they are entitled but also become active members in society and therefore pay social contributions which help to finance solidarity and social funds.

Cooperatives also offer opportunities for integration. For migrants, the cooperative can also become a tool for integration within the local community. The cooperative allows the migrant to enter the socio-economic system of the new country through work and offers opportunities to learn the local norms and rules of behaviour.

Finally, cooperatives explore new employment arrangements. To address the deterioration of working conditions accelerated by the recent technological developments, undeclared workers experiment with innovative models of cooperatives to collaborate and take control of their own work. These new forms of work communities introduce new legal frameworks and develop innovative ways of using existing institutional instruments by combining various forms of employment that allow both flexibility and security.

5. Conclusion

Cooperatives can effectively contribute to addressing the issue of undeclared work in Europe. For vulnerable and precarious workers who are forced into undeclared work due to their limited bargaining power, joining or forming a cooperative can provide an opportunity to work through formal arrangements. In this way, cooperatives become a concrete alternative for undeclared workers to formally enter the labour market.

Just as there is no one-size-fits-all approach to tackling undeclared work, cooperatives propose different solutions depending on the target group. Even if the primary purpose of the studied cooperatives is to provide formal and decent employment to their members, they seem to be particularly flexible and offer services and solutions tailored to the context and the problems to be solved. Thanks to this flexible approach, cooperatives tend to try to ensure good employment for workers, even during economic downturns such as the one caused by Covid-19. This is also one of the reasons why cooperatives have shown resilience in times of Covid-19 and thus experts expect cooperatives to become more commonplace in the economic and labour market crisis resulting from the Covid-19 pandemic (Eurofound, 2020).

However, all these positive features do not imply that cooperatives are the definitive solution to the problem of undeclared work or that they are particularly recognised and supported by the states to which they belong.

First, we must stress that even if the cooperative model is often mentioned as a good tool to address various social problems such as undeclared work, cooperatives are not directly designed to engage in these social problems, but rather to meet members' needs and aspirations (CICOPA, 2017). This means that the solutions proposed by them may not always completely fill the gaps encountered by undeclared workers in terms of quality of work, labour rights, social protection, or rights at work.

Moreover, cooperatives, as well as other lawfully acting enterprises, are unfairly disadvantaged due to competitors acting illegally. This unfair competition becomes even more difficult to address when cooperative members are mainly people in vulnerable conditions (CICOPA, 2017). Therefore, creating a cooperative can be an opportunity to tackle undeclared work, but is not a sufficient condition for success.

The development of cooperatives is also challenging because they often suffer from insufficient support at the national level. Although cooperatives bring workers out of unemployment and undeclared work, transforming them into active members of society and thus reducing the costs borne by the state, the interviewed cooperatives claim not to have proportionate access to support mechanisms for enterprises and funding, nor an adequate recognition and valorisation, from a regulatory point of view, of their organizational form, when innovative.

Cooperatives alone cannot address these problems. Therefore, it becomes crucial for public authorities at the national and European levels to support cooperatives and the difficulties associated with undeclared work.

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