

ASIA-PACIFIC RESEARCH ON WORK AND OWNERSHIP

STUDY OF INDUSTRIAL AND SERVICE
COOPERATIVES IN ASIA PACIFIC REGION





BACKGROUND

The Study of Industrial and Service Cooperatives in the Asia-Pacific region is the result of a one-year joint research between the **International Cooperative Alliance Asia and Pacific (ICA-AP)** and **CICOPA, the International Organisation of the Industrial and Service Cooperatives**, the sector organisation of the International Cooperative Alliance (ICA). The research project was conducted in collaboration with local partners from different backgrounds (ICA member organisations, research institutes, cooperatives and researchers). The Study was also fed by the previous collaboration between ICA-AP and CICOPA around field research in India, Malaysia and Sri Lanka.

WHAT ARE COOPERATIVES IN THE INDUSTRIAL AND SERVICE SECTORS?

Cooperatives in Industrial and Service Sectors (CIS) are primarily formed to serve members' employment or business activities. CIS have developed in the form of worker cooperatives and shared service cooperatives since the beginning of modern cooperatives. In recent times, new forms of cooperatives, such as social cooperatives, community cooperatives, platform cooperatives are also collectively represented under this umbrella domain.

WHAT IS THE STUDY ABOUT?

CIS are present in significant numbers in the Asia-Pacific region; however, they have received relatively less attention, when compared to other types of cooperatives such as agricultural cooperatives, consumer cooperatives, credit unions, etc. This has led to weak conceptualization of CIS in the region, as well as subsequent difficulties in identifying and working with such organizations. The importance of CIS cannot be undermined because they are an important source of sustainable livelihoods in many parts of the region.

Objectives

Identifying different models of cooperatives in industrial and service sectors in the Asia-Pacific Region.

Understanding different aspects of the CIS, particularly different forms of work, employment, ownership and governance structures.

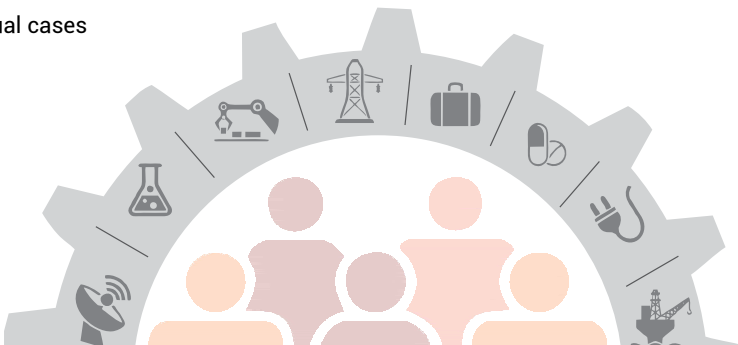
Understanding ecosystems and institutional settings around the CIS.

BREAKDOWN OF IDENTIFIED COOPERATIVE TYPES IN INDUSTRIAL AND SERVICE SECTORS

The Study identified 41 cooperative types in 12 Asia-Pacific countries, which are or might be considered as CIS.



*Individual cases



PROPOSED CIS MODELS IN THE ASIA-PACIFIC REGION

14 target types of cooperatives from the Philippines, Korea, Japan, India and Australia and 5 individual cases from Indonesia, Iran, Hong Kong - China and Malaysia were deeply analysed with questionnaires. The analysis shows that three analytical dimensions are important to define different CIS models. These dimensions are combined in five different ways in producing five different CIS models.

Who pays for members' work?	What is the form of payment? (in cooperative financial account)	Who supervises members' work?	Proposed CIS models	Prevalence*
Cooperative	Labour cost of cooperative	Under supervision of cooperative	Worker coop A model	Japan, Korea, Australia, India and The Philippines
Cooperative	Expected surplus paid in advance	Under supervision of cooperative	Worker coop B model	The Philippines
Others (clients) or cooperatives as purchasers	Purchase of goods and services provided by members	Other employers (service users) and/or no supervision (total autonomy)	Shared service coop model	Korea and Australia
Mixture – cooperative and/or others (clients)	Mixture – labour cost of cooperative and/or purchase of goods and services provided by members	Mixture – under supervision of cooperative, other employers (service users) and/or no supervision (total autonomy)	Mixed model	Korea and India
Structured mixture	Structured mixture	Structured mixture	Multi-stakeholder coop model	Korea

*only among analyzed types

ECOSYSTEM

An ecosystem in this context is a community of cooperatives in industrial and services sectors in conjunction with the Institutions, financial tools and education and training, interacting as a system.



I. Institutions

Public authorities, public schemes, & cooperative movements



II. Financial Tools

Members' capital investment, indivisible reserves, financial instruments managed by the cooperative movement, specific financial tools for providing equity capital mainly to worker cooperatives, financial instruments with public intervention, investor-member and members' loan to their cooperative.



III. Education & Training

Education and Training Institutes and Program specialising in cooperative management, starting cooperatives, marketing, and self-sufficiency.

POLICY RECOMMENDATIONS

1. Recognize cooperatives, including CIS, as enterprises.
2. Improve legislations for CIS with a clear definition of CIS in line with international conventions and standards.
3. Respect cooperative autonomy and independence and reform heavy control.
4. Legislations should include social protection and rights at work. Decent work should be at the centre.
5. To facilitate start-ups of young cooperative by reducing the minimum number of founding members. The following table shows the minimum number of founding members required for CIS across countries.


Country	Target types	Legislation	Requested minimum number of founding members
Korea	WC _{KR} , SC _{KR} , EC _{KR} , MSC _{KR}	Framework act on cooperatives	5
	SSE _{KR}	National Basic Living Security Act	2
Japan	WC _{JP} , WL _{JP}	NPO law	10
		SME cooperative law	4
Australia	WC _{AU} , SSC _{AU}	Co-operative National Law	5 (If there are less than 5 members, they may seek approval from the Registrar of Co-operatives)
		Corporation Act	2
Iran			7
Hong Kong			10
Philippines	LSC _{PH} , WC _{PH}	Cooperative Code	15
India (Delhi)	IC _{IN} , LCC _{IN}		15
Indonesia			20
Malaysia		Cooperative Act 1993	50 (For certain types of cooperative, it can be lower)


IC - Industrial cooperative; LCC - Labour contract cooperative; EC - Entrepreneur's cooperative; LSC - Labour service cooperative; MSC - Multi-stakeholder cooperative; SC - Social cooperative; SSC - Shared-service cooperative; SSE - Self-sufficiency enterprise; WC - Worker cooperative; WL - Workers' collective; WOE - Worker-owned and managed enterprise; WC - Worker and worker-focused social cooperative.


6. Introduce conducive policies for CIS - financing cooperative start-ups with worker-members' unemployment benefit, promotion of worker buyout, indivisible reserves, etc.
7. Promotion of cooperative enterprise model by authorities in charge of cooperatives across other Ministries.
8. Closely monitor violation of labour and tax regulations by those who instrumentalise CIS.


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 9, Aradhana Enclave
Sector-13, R. K. Puram
New Delhi-110066


 +91-11-26888067

 +91-11-26888250

 info@icaap.coop

 ica-asia and pacific

 icaapac

 ica-ap.coop

