

**Study on the Impact of Co-operative
Groups on the Competitiveness of their
Craft and Small Enterprise Members**

**Final Report to
European Commission D. G. Enterprise and
Industry**

**by
London Economics**

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Executive Summary

Introduction

London Economics were commissioned by EC DG Enterprise and Industry to undertake an in-depth study on the impact of co-operative groups on the competitiveness of their craft and small enterprise members. The analysis undertaken was based on extensive identification of both co-operatives and their members across the European Union; primary data collection of information on service provision using telephone surveys; and the collection of secondary data on key financial metrics using the Amadeus data set that covers approximately 10 million companies across the European Union.

Terms of reference of the study

According to Invitation to Tender Entr/05/06 *Open tender for a study on the impact of co-operative groups on the competitiveness of their craft and small enterprise members*, the four key tasks of the project were the following:

- Identification and examination of supply services offered by co-operative groups to their craft and small enterprise members in the EU-25, EFTA/EEA Member States, Acceding and Candidate Countries.
- Assessment of the quality and impact of support services offered by co-operative groups in terms of member satisfaction through standardised questionnaires.
- Identification of good practices of support services offered by co-operative groups to their craft and small enterprise members.
- Assessment of the economic performance of a sample of crafts and small enterprises, which are members of co-operative groups.

Definitions

For the purpose of this study, the term “co-operative group” was defined by EC DG Enterprise and Industry in the Invitation to Tender as “a legal entity which allows small and medium-sized enterprises to acquire some advantages of size, such as economies of scale, access to markets, access to finance, purchasing power, marketing power, management development and training capacity, whilst retaining their independence and flexibility”.

Benefits of co-operatives

Co-operatives present an alternative way of organising and carrying out business activities, help to enhance social cohesion and work for the benefit of society. Through their various activities, co-operatives are therefore

significant social and economic actors in national economies all over the world. Co-operatives provide an effective institutional framework with a blend of collective solidarity, viable economic activities and social mobilisation. Co-operatives may be particularly interesting forms of cooperation for small and medium enterprises (SMEs) and crafts persons, allowing these businesses to pool a number of fronts or back office activities to achieve scale and scope in such activities and raise their overall performance.

Policymakers at different levels are increasingly interested in alternative models for supporting SMEs and crafts persons, key contributors to the successful achievement of the Lisbon agenda. By virtue of being locally owned and controlled, with net profits distributed to members, many consider co-operatives to be an ideal structure for organising some form of cooperation between entities that in their normal business are competitors.

The main objective of the present study was thus to assess the impact of co-operative membership on the performance of crafts and small businesses members and compare such members' performance to that of similar businesses that are not members of co-operative groups.

Primary information sources

All the information used in this report draws on different surveys undertaken by London Economics in all relevant countries (namely the EU-25, EFTA/EEA Member States, Acceding and Candidate Countries) except in the cases of Germany and Cyprus. London Economics was assisted by the Zentralverband Gewerblicher Verbundgruppen (ZGV) in Germany and partly by the Co-operative Societies' Supervision and Development Authority (CSSDA) in Cyprus.

In the first stage of the work aiming at identifying co-operatives providing services to crafts and small enterprises, London Economics surveyed 2,391 different co-operatives, of which 1,362 were found to fall within the scope of the project. Some of the main results associated with this process of identification are presented below.

In the second stage of the analysis, London Economics undertook a more extensive survey of a sample of 230 co-operatives included in the set of 1,362 co-operatives identified during the first stage of the project. The main results of this more in-depth survey of relevant co-operatives are also presented below.

The third stage of the project focused on the co-operative members' satisfaction, London Economics surveyed directly more than 2,800 members of co-operatives providing business support services to their members. The ZVG of Germany provided results of a survey of 435 members for Germany and the CSSDA of Cyprus surveyed 391 members from Cyprus. We present the findings of the survey of co-operatives' crafts and SME members later below.

Identification of relevant co-operatives

The terms of reference of the study clearly specified that co-operatives in the agricultural sector and pure production co-operatives were outside the scope of the study. Consumer co-operatives and housing co-operatives were also outside the scope of the research project because their members are not businesses but individuals in their role as consumers.

In order to establish a clear separation between production co-operatives and co-operatives providing services to their members we defined a production co-operative as being one which owns the production tools and a co-operative providing services to its members as being one where the members own the production tools.

We encountered a number of cases where a co-operative provides a number of business services to doctors, lawyers, architects, artists, etc. We decided to exclude such co-operatives from the scope of the study because the services provided are to professionals and not to SMEs and crafts.

Another issue regarding the membership of co-operatives concerns the vast majority of financial sector co-operatives. Such co-operatives typically have individual, personal membership. Very rarely do they have SME or crafts people who are members in their capacity as registered undertaking/trader/crafts person. While such co-operatives may provide some services to a craft person or a SME, it is purely for commercial reasons and is not related to the membership status of the client. Such co-operatives were excluded from the scope of the study. However, financial sector co-operatives, which have explicitly as members SMEs and crafts persons, are considered within the scope of the project.

Identification of relevant co-operatives

Initially, London Economics administered a survey in over 30 countries to a total of 2,391 co-operatives. It was not possible to identify relevant co-operatives in all countries, so our relevant sample came down to slightly less than 1,400 co-operatives, located in 21 countries in Europe: 18 EU members and 3 non-members: Turkey, Iceland and Croatia.

Distribution by country

France has the highest representation in our sample with a total of more than 300 co-operatives, followed by a group of countries that includes Finland, Italy, Netherlands, Spain, Sweden and Turkey (ranging from 130 to 160 co-operatives).

Distribution by size

A considerable proportion of co-operatives that were surveyed have a membership base in the range 10 to 50. The incidence of co-operatives with

either fewer than 10 members or between 100 to 500 members was broadly similar. In only a few cases did we identify co-operatives with a membership base exceeding 500 (e.g., in France and Turkey).

Distribution by activity range

The majority of co-operatives (around 60%) included in the first stage survey are active locally or regionally. Approximately 30% of co-operative surveyed operate on a nationwide basis and 10% were found to be engaged in activities at an international level.

Distribution by sector

Our survey covered co-operatives active in a wide range of sectors of activity, with the most common industrial sectors relating to construction, transport, retail trade, and financial co-operatives providing services to business-members (not individuals).

Service provision

We asked co-operatives to indicate which services they provided to their members (out of a possible nine choices). Our findings indicated that Purchasing, Sales and Marketing services were found to be provided by between 38%-48% of the interviewed co-operatives. Co-operatives offering Accounting, Training and Business Advice services accounted for approximately 30% of co-operatives, whereas Public Relations and Financing services were found in around 22-25% of our sample. Our analysis of the replies showed that all services apart from Production Intermediation (12%) are available in at least 25-30% of co-operatives in our sample..

In depth survey of co-operatives

For the second stage of the project, i.e. the in-depth survey of a limited sample of co-operatives, we prepared a questionnaire whose purpose was to collect extensive information on various aspects of the co-operatives' provision of services. The various aspects we enquired about were, amongst others,

- the method of service delivery;
- the co-operative's degree of direct involvement in the delivery of services;
- the reasons behind the introduction of the offered service range;
- the objectives of the co-operative; and
- the funding patterns of the co-operatives.

Service provision

On average, we found that the vast majority of co-operatives offer services on their own premises, with the lowest incidence of on-premises service provision being associated with the supply of training (73%), which was often provided off-site, exclusively leased for this purpose.

The bulk of co-operatives we interviewed were found to actively market their services to their members.

In attempting to establish an overall picture of how co-operatives determine the range of services provided and the rationale for providing these services, we surveyed co-operatives on these two particular aspects.

Our findings indicate that, in most of the cases (sometimes reaching 100% of all co-operatives in our sample in certain countries), services were introduced only in response to demand from members. To a lesser extent, co-operatives also cited non-economic factors, such as social or political ones for the provision of some services. The main rationale for the supply of services to members, as our findings suggest, is to promote members' competitiveness in the wake of growing levels of competition.

The analysis of the data gathered through the in-depth survey also indicates that in the vast majority of countries where relevant co-operatives were found, the members are usually the sole funding source. The most popular funding patterns proved to be membership schemes (consisting of one-off payments) combined with annual fees or pay-as-you-go schemes for services used by each member.

Survey of relevant co-operative members

For the purpose of this part of our study, 3,639 members of co-operatives were interviewed, of which more than 2,800 were surveyed directly by London Economics. In addition, ZVG gathered information from a further 435 members (from various sectors) in Germany and the Cypriot Co-operative Societies Supervision and Development Authority (CSSDA) from another 391 members in Cyprus. Below, we present the main findings from this strand of work.

Findings

The analysis of replies from 3,639 co-operative members shows that average ratings of the value of co-operative membership and of delivery of co-operative services to members are relatively high across countries and across NACE sectors. In the vast majority of cases, ratings are above three, which, on a scale of one to five, implies that the level of satisfaction from services and the value of those services to members' businesses is high or very high.

The results of the survey indicate that members generally give higher ratings to various aspects of service delivery provided by the co-operatives than to the actual contribution of these services to their businesses.

Our findings also indicate relatively low dispersion of replies when averages across countries and across sectors of activity are compared.

Members have expressed a general view that, while there are few services that they find particularly unhelpful, there are many additional services that they would like to see provided by the co-operatives. The type of additional

services desired varies across sectors of activity but the most often mentioned one is assistance in the area of training.

Case studies

The co-operatives included in the set of cases studies were selected on the basis of both the members' satisfaction survey results and recommendations from national associations of co-operatives and national experts.

The selected case studies reflect a wide range of a) services provided by co-operatives to their SME and crafts members and b) sectors of economic activity in which these members are active.

Moreover, in some cases, the members of the co-operatives are crafts people and/or single traders whereas in others they are small businesses.

The general purpose of the case studies is to identify practices which are of clear benefit to the crafts and SME members of the co-operatives and which could be replicated elsewhere in the European Union.

Overall, the sample of the 15 cases studies in this report highlight the importance of joint purchasing, training, marketing, joint procurement of orders and finance as key activities that can be undertaken by co-operatives for the benefit of their SME and crafts members.

Econometric analysis of the impact of membership in a co-operative providing business services to its SME and crafts members

Combining the various sources of information, we undertook a detailed econometric analysis to establish the linkages between membership of co-operative organisations and a number of economic and financial performance metrics.

The indicators of economic performance used in the statistical analysis were:

- the compound annual average rate of growth of turnover over the period 2001 to 2005 (or a shorter period if only more limited data were available);
- the compound annual average rate of growth of labour productivity over the period 2001 to 2005 (or a shorter period if only more limited data were available) with labour productivity defined as turnover divided by employment;
- the annual average rate of profit over the period 2001 to 2005 (or a shorter period if only more limited data were available) with the profit rate defined as operating profit divided by operating revenue;
- the compound annual average rate of growth of employment over the period 2001 to 2005 (or a shorter period if only more limited data were available).

These indicators and the empirical models used in the econometric analysis are discussed more extensively in the main report. A brief summary of the findings is presented below.

Overall, members of co-operatives post a rate of growth in turnover that is on average more than 3 percentage points lower than businesses that are similar with the exception that they do not belong to a co-operative.

Members of co-operatives post labour productivity growth which is about 1.2 percentage points lower than businesses with similar characteristics with the exception that they do not belong to a co-operative

Members of co-operatives achieve employment growth, which is about 1.6 to 2.7 percentage points lower than businesses with similar characteristics with the exception that they do not belong to a co-operative.

However, members of co-operatives post a much stronger profit rate than non-members, about 5.8 percentage points higher than businesses with similar characteristics with the exception that they do not belong to a co-operative. Such a finding is not surprising as almost all business services provided by business service co-operatives contribute to reduce the cost bases of their members.

However, for this positive profit impact to materialise, the overall service quality of the co-operative has to be assessed as at least fair. Moreover, the size of the profit impact increases with the members' level of satisfaction with the quality of the service provision by the co-operative.

Policy recommendations

The data analysed and assessed in this report show that co-operatives providing business services to their members can make a significant contribution to economic well-being of these businesses. In this regards, five facts are worth recalling:

- There is a dearth of comprehensive, pan-European data on the co-operative sector as a whole, including co-operatives providing business services to their SME and craft members.
- The majority of members of co-operatives providing business services are very small businesses: 41% of the members of the sample of 230 co-operatives surveyed in greater detail were sole traders and 29% were firms with less than 5 employees.
- The members of co-operatives providing business services generally judge positively or better the impact of the membership with regards to increasing a firm's turnover, improving the firm's competitiveness, contributing to the stability of the business, increasing profits, developing the skills of the firm's human resources, decreasing costs and improving the credit rating of the business.

- While a number of business services are offered by co-operatives, not all co-operatives offer all services and the survey revealed a latent unmet demand for skills development through training, workshops and seminars.
- The econometric analysis found that firms belonging to co-operatives providing business services posted a higher profitability than firms that did not. Moreover, this impact was particularly large in the case of firms with less than 10 employees (and firms with more than 250 employees) and was directly related to the level of the quality of the services provided by the co-operatives.

These five key findings suggest a number of potential follow-up actions for policy-makers.

Policy recommendation 1

To allow policy-makers, and relevant stakeholders, to get a better view of the importance and contribution of the co-operative sector, including the co-operatives providing business support services to their members, national statistical agencies and Eurostat should regularly collect, and more importantly, publish information on the co-operative sector, distinguishing between the various types of co-operatives.

Policy recommendation 2

In light of the positive assessment given by members of co-operatives of the impact of membership in a co-operative providing business services and the positive impact on the profitability found in the econometric analysis, two communication strands should be pursued.

First, policy-makers at the EU level and in the Member States should, in their general information material targeted at SMEs and crafts, highlight the positive contribution a membership in a co-operative providing business service can make.

Second, policy-makers at the EU level and in the Member States should also encourage the co-operative sector, and in particular, co-operatives providing business services to their members, to spread the word more widely about the potential benefits of being a member of a co-operative providing business services.

Policy recommendation 3

In light of the positive assessment given by members of co-operatives of the impact of membership in a co-operative providing business services to its members and the positive impact on the profitability found in the econometric analysis, policy-makers at the EU level and in national capitals should actively encourage and promote to the SME sector and its business associations the development and expansion of such co-operatives as a means of providing self-financing SME support in countries where their presence is limited or non-existent. Perhaps, some seed funding for start-ups of new co-operatives providing business services could be considered.

Policy recommendations 4

To the extent that the positive impact on a member's performance depends on the overall quality of the service provision by the co-operative, the co-operatives providing business services should be actively encouraged by policy-makers to raise their games and strive for the highest quality possible. This could be facilitated through regular best practice, national and international workshops attended by such co-operatives, the development of a best practice network among such co-operatives in Europe to facilitate the exchange of ideas and practices, etc. Such a greater exchange of best practices among co-operatives could be further supported by a self-regulated quality standard system which could be used by participating co-operatives as a quality signal to attract potential new members. Such developments would also benefit from some type of seed finding to kick-start the process.

Policy recommendation 5

In light of the finding that turnover and employment growth is somewhat lower at members of co-operatives providing business services than at non-members, at least in our sample of members and non-members, co-operatives providing business services to their members should be encouraged to strengthen their provision of services targeted at helping their members expand their business and increase profitably their employment.

Policy recommendation 6

In light of the unmet demand for additional skills development and training, policy-makers at the national and EU level should a) examine with the co-operatives providing business services how they could expand their training offering to meet the needs of their members and the modern economy and b) actively encourage them to do so, possibly with financial incentives. Certainly, co-operatives providing business services to their members could be considered more widely than is currently the case as alternative delivery vehicles for a number of publicly-funded training programmes.

Final conclusion

Co-operatives providing business services make already a very valuable contribution to the development and sustainability of a vibrant SME and craft sector and the implementation of the policy recommendations set out above could contribute to raise significantly their contribution.

1 Introduction

This first chapter of the report provides background information on the present study, presents the structure of the report and addresses a number of definitional issues.

1.1 Background

Supranational authorities such as the European Commission, the UN and the ILO have repeatedly highlighted the important contribution made by co-operative societies in the creation of employment and in the mobilization of resources particularly at the local level.

Co-operatives present an alternative way of organising and carrying out business activities, help to enhance social cohesion and work for the benefit of society. Through their various activities, co-operatives are therefore significant social and economic actors in national economies all over the world.

Co-operatives provide a very effective institutional framework with a blend of collective solidarity, viable economic activities and social mobilisation. Co-operatives may be particularly interesting forms of cooperation for SMEs and crafts persons, allowing them to pool a number of front or back office activities to achieve scale and scope in such activities and raise their overall performance.

Policymakers at different levels are increasingly interested in alternative models for supporting SMEs and crafts persons, key contributors to the successful achievement of the Lisbon agenda.

By virtue of being locally owned and controlled, with net profits distributed to members, many consider co-operatives to be an ideal structure for organising some form of cooperation between entities that in their normal business are competitors.

Unfortunately, so far almost no studies have assessed the economic impact of co-operatives on members which are SMEs or crafts persons. One important reason for this state of affairs is a general lack of good data describing the co-operative economic activity.

With better data and economic impact analysis, policymakers could make more informed decisions regarding various models of SME support options.

The present study aims to fill this information gap and its main objective is to assess the impact of co-operative membership on the performance of crafts and small businesses members and compare such members' performance to that of similar businesses that are not members of co-operative groups.

1.2 Terms of reference of the study

According to Invitation to Tender Entr/05/06 *Open tender for a study on the impact of co-operative groups on the competitiveness of their craft and small enterprise members*, the four key tasks of the project were the following:

1. Identification and examination of supply services offered by co-operative groups to their craft and small enterprise members in the EU-25, EFTA/EEA Member States, Acceding and Candidate Countries.
2. Assessment of the quality and impact of support services offered by co-operative groups in terms of member satisfaction through standardised questionnaires.
3. Identification of good practices of support services offered by co-operative groups to their craft and small enterprise members.
4. Assessment of the economic performance of a sample of crafts and small enterprises, which are members of co-operative groups.

It is important to note that for the purpose of this study, the term “co-operative group” was defined by EC DG Enterprise and Industry in the Invitation to Tender as “a legal entity which allows small and medium-sized enterprises to acquire some advantages of size, such as economies of scale, access to markets, access to finance, purchasing power, marketing power, management development and training capacity, whilst retaining their independence and flexibility”.

1.3 General approach to the study

All the information provided in this report draws on different surveys undertaken by London Economics in all relevant countries (namely the EU-25, EFTA/EEA Member States, Acceding and Candidate Countries) except Germany and Cyprus.

In the first stage of the work aiming at identifying co-operatives providing services to crafts and small enterprises, London Economics surveyed 2,391 different co-operatives.

Next, London Economics undertook a more extensive survey of 230 co-operatives of interest. In addition, the Zentralverband Gewerblicher Verbundgruppen (ZVG) provided results of surveys of 100 co-operatives in Germany.

In the third stage of the project focusing on the co-operative members' satisfaction, London Economics surveyed directly more than 2,800 members of co-operatives providing services. The ZVG provided results of a survey of 435 members for Germany and the Cyprus Co-operative Societies

Supervision and Development Authority surveyed 391 members from Cyprus.

1.4 Structure of the report

Chapter 2 presents the findings of the work stream related to the identification of the co-operatives that are relevant for the present study.

Chapter 3 discusses the results of the detailed survey of 230 such co-operatives.

Chapter 4 presents the results of our survey of the members of co-operatives.

Chapter 5 presents a number of case studies on how co-operatives providing business support services to their SME and crafts members benefit their members.

Chapter 6 presents the results of the statistical analysis of the impact on performance of membership in co-operatives by crafts and small businesses.

Chapter 7 presents the conclusions of the study and a number of policy recommendations.

The report also includes a number of annexes.

Annex 1 provides the questionnaire used in a short survey of 1,362 co-operatives.

Annex 2 contains additional results of the survey of the 1,362 co-operatives.

Annex 3 provides additional country-specific information on the co-operative sector.

Annex 4 presents the questionnaire used for the more in-depth survey of the 230 co-operatives.

Annex 5 gives additional results of the survey of the 230 co-operatives.

Annex 6 provides the questionnaire used in the survey of members of co-operatives providing business services to their SME and crafts members.

Annex 7 gives additional results of the survey of the members of co-operatives.

Annex 8 presents the detailed results of an econometric analysis of the responses of members of co-operatives.

Annex 9 contains the detailed econometric results of the analysis of the economic impact of the membership in co-operatives providing business services on the performance of the members.

1.5 Definition of relevant co-operatives

According to most recent estimates, there are 256,000 co-operative enterprises and organisations in Europe, representing 5.4 million jobs covering all economic sectors and influencing the everyday life of more than 160 millions of citizens who are members in co-operatives.¹

However, the universe for the present study is a much more restricted one given that we specifically focus on co-operatives whose members are small businesses or crafts people outside the agriculture sector.

After consulting with the members of the steering group and participants in the meeting of experts held in Brussels on December 18th 2006, we have settled on the three conceptual definitions relevant for the identification of the co-operatives that are relevant to this study: the concept of co-operative group; the precise scope of the co-operatives of interest to this study; and the relevant membership of the co-operatives.

1. The concept of co-operative group

For the purpose of the study, a co-operative group should be understood as any co-operative providing different types of business services directly to its members.

2. Scope of relevant co-operatives

The terms of reference of the study clearly specified that co-operatives in the agricultural sector and pure production co-operatives were outside the scope of the study. Consumer co-operatives and housing co-operatives were also outside the scope of the research project because their members are not businesses but individuals in their role as consumers.

In order to establish a clear separation between production co-operatives and co-operatives providing services to their members, we defined a production co-operative as being one which owns the production tools and a co-operative providing services to its members as being one where the members own the production tools.²

¹ Presentation by Rainer Schluter at the ICA - Europe Regional Assembly, November 2006, Manchester, UK, http://www.coopseurope.coop/IMG/pdf/Perf_report_2006_version_final.pdf.

² For example, in the case of taxi co-operatives, we classified a co-operative which owned the taxis as being a production co-operative and a co-operative which provided a range of services (booking services, etc) to members owning their own taxi as a co-operative providing business services to its members. The latter co-operative falls within the scope of the study.

3. Membership of the co-operative

We encountered a number of cases where a co-operative provides a number of business services to doctors, lawyers, architects, artists, etc. We decided to exclude such co-operatives from the scope of the study because the services provided are to professionals and not to SMEs and crafts.

Another issue regarding the membership of co-operatives concerns the vast majority of financial sector co-operatives. Such co-operatives typically have individual, personal membership. Very rarely do they have SME or crafts people who are members in their capacity as registered undertaking/trader/crafts person. While such co-operatives may provide some services to a craft person or a SME, it is purely for commercial reasons and is not related to the membership status of the client. We have excluded such co-operatives from the scope of the study. However, financial sector co-operatives, which have explicitly as members SMEs and crafts persons, are considered within the scope of the project.

1.6 Acknowledgments

We would like to thank the experts who participated at the meetings organised by the EC DG Enterprise and Industry as well as the officials from CECOP and ZVG for the valuable advice and information they have provided during the project.

2 Identification of co-operatives providing business services to their craft and SME members

2.1 Introduction

The first stage of the project aimed to identify co-operatives in the EU27, Iceland, Lichtenstein, Norway, Croatia and Turkey whose members are crafts persons and SMEs, and which provide business-related services to their members. As already noted in the previous chapter, agricultural co-operatives and production co-operatives are outside the scope of the project as are consumer and housing co-operatives.

Co-operatives falling within the scope of the project were identified through desk research and consultation with national experts, national associations and chambers of commerce.

This initial research identified 2,391 potentially relevant co-operatives which were then surveyed (mainly by telephone) to verify that their activities were indeed within the scope of the present study. To that end, a short, one-page questionnaire was used. This questionnaire sought to gather key background information about each co-operative's main sector of activity, size (based on number of members) and range of services provided (see Annex 1 for details of questionnaire).

Upon consideration of the replies to this survey and taking account of the scope of co-operative services and activities pertinent for the present study, 1,362 of the 2,391 co-operatives across 21 countries³ were found to fall within ambit of the present study.

This chapter provides detailed information on this group of 1,362 co-operatives.

2.2 Sample of co-operatives and members

As already noted, these 1,362 co-operatives are spread across 21 countries, with significant variation across countries in both the number of co-operatives and the number of their members.

³ In total, 32 countries were included in our initial search. However, we were unable to identify any relevant co-operatives falling within the scope of the present study in the following eleven countries: Belgium, Bulgaria, Czech Republic, Denmark, Ireland, Latvia, Lichtenstein, Lithuania, Malta, Norway and Romania.

A full country-by-country breakdown of the relevant co-operatives and the number of their members is provided in Table 1 overleaf. In addition, to provide an indication of the prevalence of these co-operatives, e.g. the *relative* importance of co-operatives within the scope of the present study, Table 1 also presents the number of co-operatives and their members per 1,000 inhabitants.

In absolute terms, France has by far the highest representation of co-operatives in our sample, with 312 co-operatives. This is followed by a group of countries that includes Finland (152), Netherlands (144), Italy (138), Sweden (134) and Turkey (124).

In several countries, the number of co-operatives identified was very low, with fewer than five relevant co-operatives having been identified in Cyprus, Hungary, Iceland, Luxembourg and Slovakia.

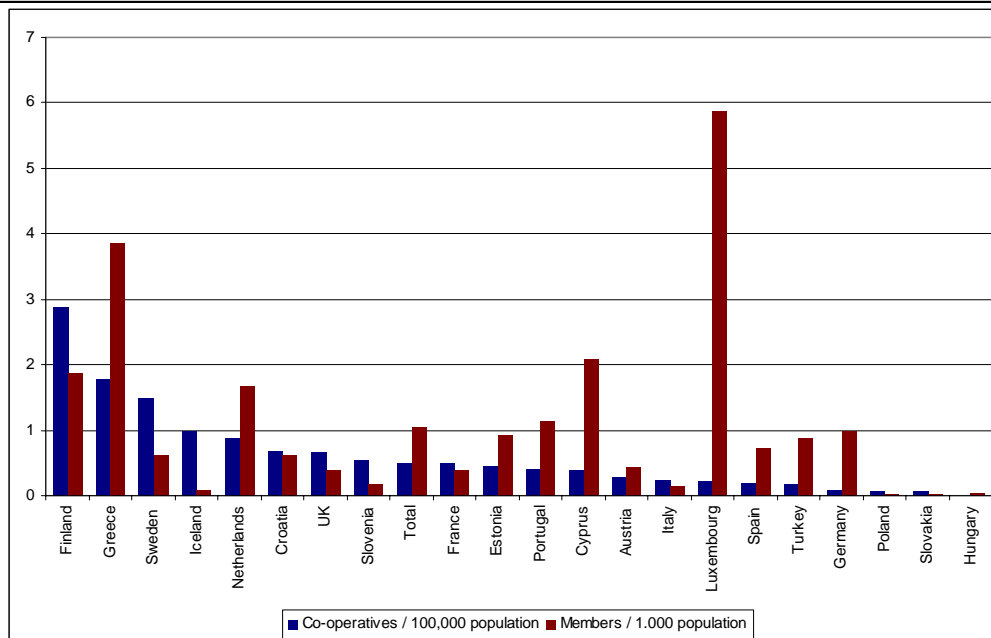
Germany is the country with the largest number (over 81,000) of members represented in our sample. France, in comparison, despite the larger number of co-operatives, accounts for only around 24,000 members.

Figure 1 places these numbers in the context of the size of each country, based on population. It is useful to consider both the number of members and co-operatives together, as the number of co-operatives alone can be misleading (particularly in countries with a small population, such as Iceland).

Table 1: First stage survey - sample of co-operatives and their members, by country				
	Number of co-operatives	Number of members	Number of co-operatives per 1000 inhabitants	Number of members per 1000 inhabitants
Austria	23	3,625	0.003	0.4
Croatia	31	2,729	0.007	0.6
Cyprus	3	1,606	0.004	2.1
Estonia	6	1,235	0.004	0.9
Finland	152	9,870	0.029	1.9
France	312	24,221	0.005	0.4
Germany	64	81,840	0.001	1.0
Greece	20	4,298	0.018	3.9
Hungary	1	500	0.000	0.0
Iceland	3	24	0.010	0.1
Italy	138	8,551	0.002	0.1
Luxembourg	1	2,700	0.002	5.9
Netherlands	144	27,572	0.009	1.7
Poland	22	623	0.001	0.0
Portugal	44	11,997	0.004	1.1
Slovakia	3	103	0.001	0.0
Slovenia	11	364	0.005	0.2
Spain	86	32,442	0.002	0.7
Sweden	134	5,584	0.015	0.6
Turkey	124	64,516	0.002	0.9
UK	40	2,291	0.007	0.4
Total	1362	286,691	0.005	1.0

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

Figure 1: Number of relevant co-operatives and size of their membership, per inhabitants



Source: London Economics' database of 1,362 co-operatives providing business services to their members.

Figure 1 shows the wide variety in business service co-operative "penetration" across countries. Finland has the highest number of business service co-operatives per capita, but Luxembourg, Greece and Cyprus have higher levels of co-operative membership (by level of population). In Luxembourg, only one co-operative falling within the scope of the present study but has 2,700 members.

Differences between countries are likely to be explained by a variety of historical, social, economic and legal factors. For instance, Finland has a high relative density of both co-operatives and members. In recent years the number of co-operatives has grown quickly following the collapse of the Soviet Union in the early 1990s, as a response to high unemployment.

On the other hand, the growth of co-operatives (relevant to this study) has been limited in many Eastern European countries, as under communist rule, co-operatives had responsibility for production rather than the supply of business services. In some cases also, co-operatives have a stigma attached to them due to their identification with the previous communist regimes.

Legal and financial factors are also likely to be important in determining the extent of business service co-operative development. In Estonia, for instance,

many former co-operatives are now registered as enterprises following legislative changes. Another example of the influence of legal and financial factors is Croatia, where tax changes have penalised the development of co-operatives. On the other hand, the number of relevant co-operatives in Italy appears low, despite a beneficial tax treatment, highlighting the complexity of the factors driving the development of co-operatives providing business services to SMEs and crafts members.

In assessing the information provided in Figure 1, it is important to remember that the study focuses only on co-operatives providing business services to their SME members and crafts. In other words, the study does not aim to provide a comprehensive picture of the totality of the co-operative sector. In many countries, we identified many co-operatives that were outside of the scope of the study because they were agricultural, production or consumer co-operatives and the snapshot of co-operatives would have been very different if we had included such co-operatives in our analysis.

2.3 Sectors of co-operatives

Through interviews with officials from the relevant co-operatives, combined with desk research, we identified the co-operatives' main sector of activity. In total, eighteen different sectors were identified (see Table 2).

Table 2: Sectors of activity of co-operatives identified as relevant for the study					
Sector	Number of co-operatives	% total	Number of countries	Largest country	% within largest country
Automotive	31	2.3%	6	France	58.1%
Business Support	122	4.5%	8	Finland	50.8%
Construction	271	10.5%	14	France	66.8%
Craft	39	1.7%	10	France	38.5%
Education	3	0.1%	2	UK	66.7%
Electricity	2	0.1%	1	Finland	100.0%
Financial	125	5.5%	8	Turkey	89.6%
Hairdressers	6	0.3%	3	France	66.7%
Health	3	0.1%	1	Netherlands	100.0%
Hotels And Restaurants	35	1.6%	7	Sweden	34.3%
Manufacturing	145	6.9%	14	Netherlands	25.5%
Member Organisations	8	0.4%	2	UK	75.0%
Mining	4	0.2%	3	Sweden	50.0%
Real Estate	13	0.7%	4	Italy	53.8%
Recreation	16	0.8%	6	Finland	43.8%
Retail	182	9.6%	12	Germany	31.3%
Transport	238	13.8%	15	Italy	30.3%
Wholesale	92	6.2%	11	Spain	40.2%

Note: *Number of countries* is a count of the number of countries with co-operatives in the relevant sector. (For instance, there are automotive co-operatives in six countries in the study.) *Largest country* represents the country in which the largest proportion of co-operatives in each sector is found. (For instance, 58% of automotive co-operatives are based within France.)

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

As the data in Table 2 show, the co-operatives which were identified in this first stage of the project are concentrated in a few sectors, with the top five sectors (including transport, construction, retail, manufacturing and financial) accounting for over 45% of the co-operatives having been identified. The single largest sector is transport (with 13.8%), followed by construction (with 10.5%).

The sector of activity tends to be strongly concentrated in particular countries – in only one sector (manufacturing) are fewer than 30% of the co-operatives in the sector based within any one country.

Furthermore, the spread of co-operatives within each sector across national borders is limited. No sector is represented in more than fifteen countries (transport), while most are present in fewer than ten Member States.

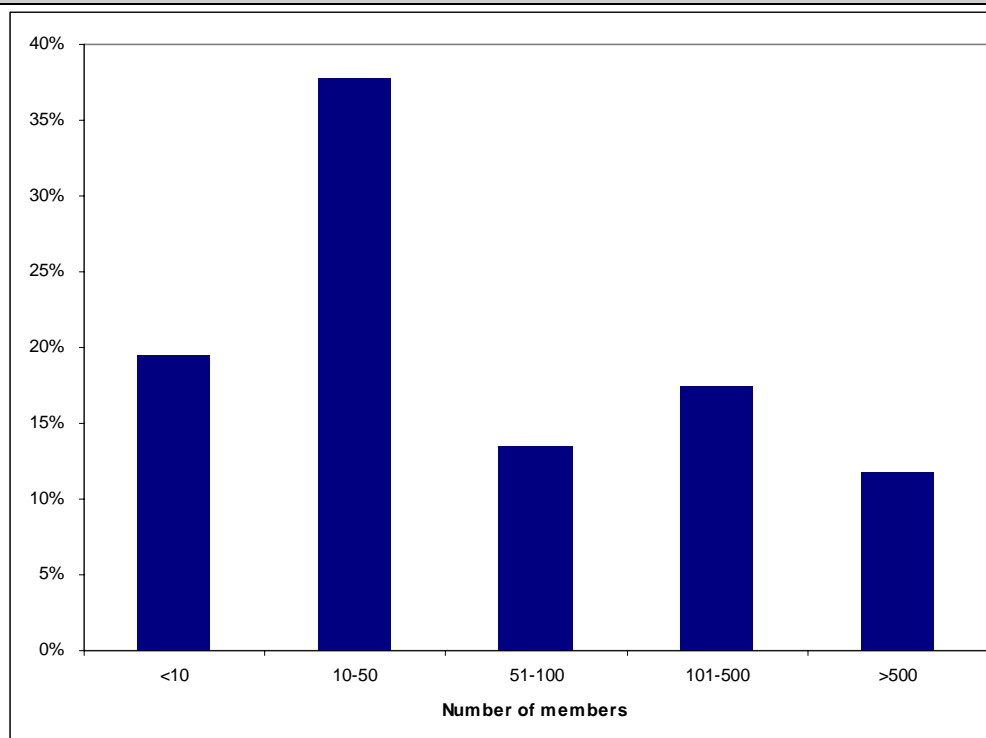
2.4 Size distribution of co-operatives

There is also a large variation in the number of members across co-operatives both within and across countries (see Figure 2 and Table 3).

The smallest co-operative in the sample reported having only one member at the time of the study (in Sweden), while the largest (in France) had 16,000 members.

As shown in Figure 2, the most common membership size for co-operatives providing business services to their SME and crafts members ranges from 10 to 50, with a median figure of 40 members. Next is a group of very small co-operatives, with fewer than ten members. This group accounts for 19% of the relevant co-operatives. The remaining co-operatives are spread evenly in terms of membership size between a membership ranging from 50 to 100, a membership between 100 and 500 members and a membership in excess of 500 members. Of note is the fact that large co-operatives (with more than 500 members) represent a significant proportion (12%) of co-operatives identified as falling within the scope of the present study.

Figure 2: Distribution by membership size of co-operatives identified as providing business services to their SME and crafts members



Source: London Economics' database of 1,362 co-operatives providing business services to their members.

Overleaf, we provide a similar analysis of the distribution by membership size of relevant co-operatives, focusing this time on individual countries and sectors. It should be noted that, in this country and sector analysis, we exclude those countries and sectors with fewer than twenty co-operatives, as otherwise the membership size analysis would be distorted by the small sample size of this group of co-operatives.

Table 3 Distribution by country of membership size of co-operatives identified as providing business services to their SME and crafts members

	No of co-ops	Members per co-operative								
		Max	Min	Mean	Median	% <10	% 10-50	% 51-100	% 101-500	% >500
Austria	23	1,200	9	158	80	4%	35%	22%	35%	4%
Croatia	31	1,800	3	88	18	32%	52%	10%	3%	3%
Finland	152	2,400	2	67	12	38%	47%	9%	3%	3%
France	312	16,000	2	260	20	28%	33%	14%	20%	4%
Germany	64	11,000	6	1,279	426	2%	8%	6%	36%	48%
Greece	20	1,300	17	215	118	0%	25%	20%	45%	10%
Italy	138	735	2	63	33	13%	51%	23%	12%	1%
Netherlands	144	2,300	2	191	39	24%	34%	15%	14%	13%
Poland	22	102	14	39	32	0%	81%	6%	13%	0%
Portugal	44	3,000	5	273	104	9%	27%	14%	36%	14%
Spain	86	8,848	3	396	78	9%	29%	18%	29%	15%
Sweden	134	550	1	44	19	33%	43%	16%	7%	1%
Turkey	124	4,250	8	520	280	2%	28%	3%	31%	35%
UK	40	500	3	57	25	23%	53%	15%	10%	0%
Total	1,362	16,000	1	256	39	19%	38%	14%	18%	12%

Note: Percentages exclude missing values – i.e. they represent the number of completed responses. There were 2 incomplete responses in Estonia, 4 in Finland, 219 in France, 2 in Italy, 6 in Poland, 4 in Spain and 7 in Sweden. Total includes co-operatives from all 21 countries.

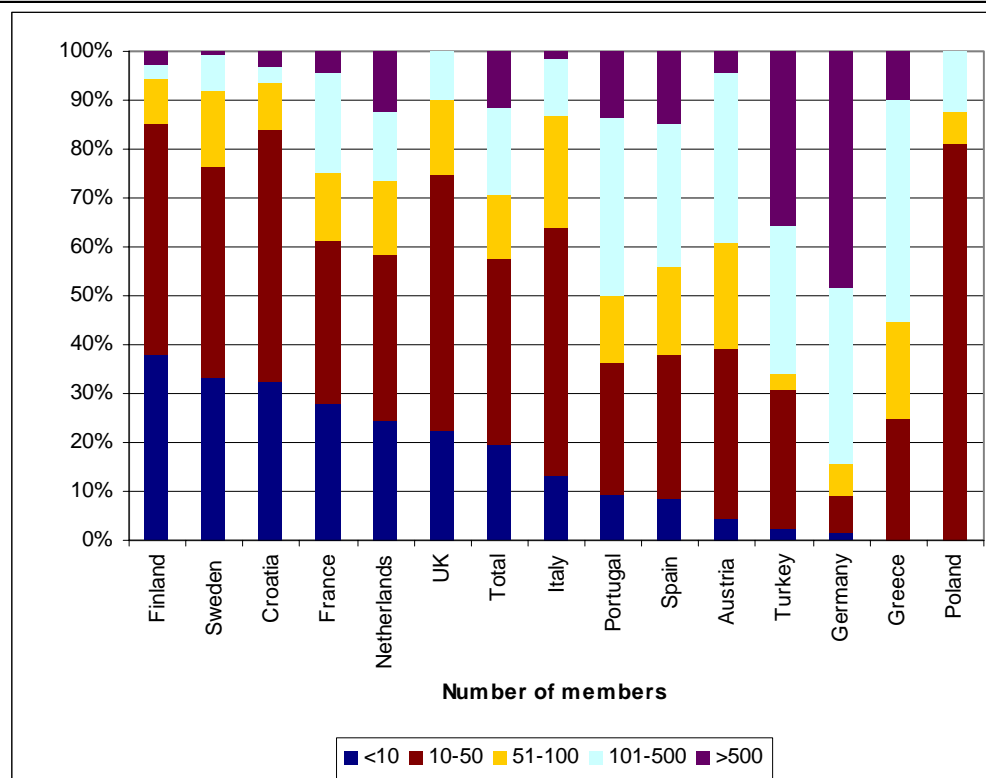
Source: London Economics' database of 1,362 co-operatives providing business services to their members.

As illustrated in Table 3, there are significant differences in the size of co-operatives across countries, with the median size ranging from 12 in Finland to 426 in Germany.

Notably, the mean is consistently significantly higher than the median, indicating that, although the majority of co-operatives are very small, larger co-operatives represent a significant proportion of members.

The size distribution of co-operatives by country is illustrated in Figure 3.

Figure 3: Distribution by country of membership size of co-operatives identified as providing business services to their SME and crafts members



Note: Countries with at least twenty co-operatives in the sample.

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

In nine of the countries of the 14 countries with at least 20 co-operatives in the sample and falling within the scope of the study, co-operatives with membership sizes of less than 50 members account for the majority of co-operatives. In contrast, in Germany, fewer than 10% of co-operatives have less than 50 members, and over 50% of co-operatives have over 500 members.

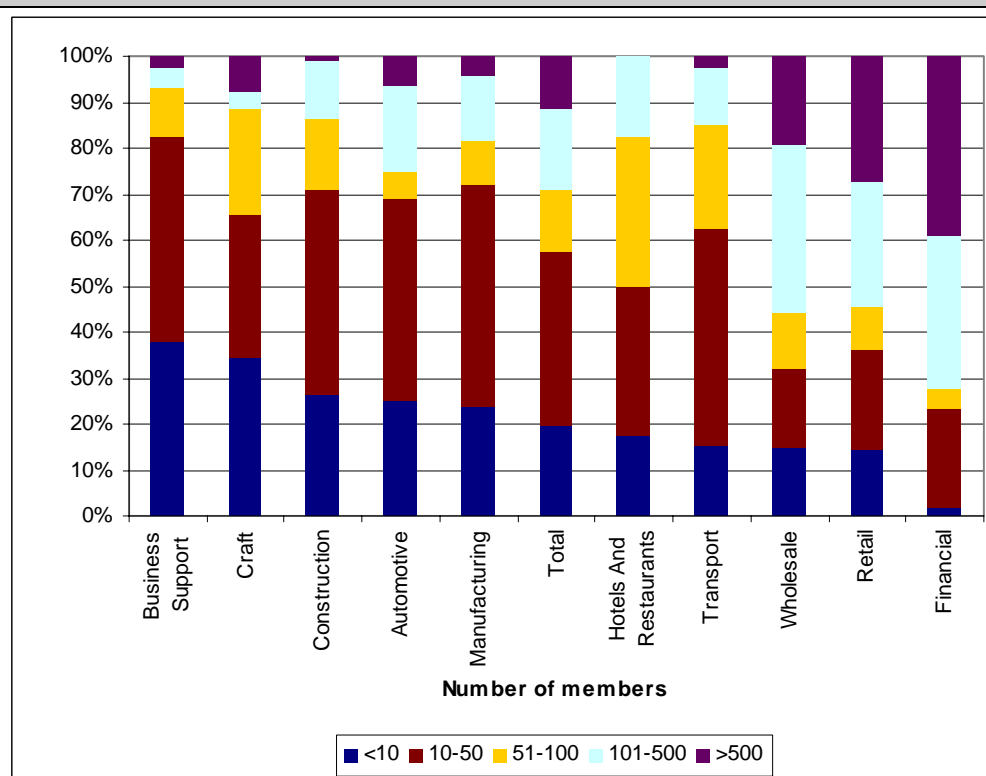
Overall, despite the general predominance of smaller co-operatives, a number of very large co-operatives are included in the sample of 1,362 co-operatives providing business services to their SME and crafts members. Indeed, 72 co-operatives reported membership sizes greater than 1,000, with ten co-operatives reporting more than 5,000 members. The largest co-operative identified within the study is active in the hairdressing sector in France, with a membership of 16,000.

The results of our survey suggest that there exists a certain correlation between the type of co-operative and its size. For example, in Poland, co-

operatives have historically served craft members and now focus on construction, which explains the domination of co-operatives with fewer than fifty members. While more detail on individual countries is provided in Annex 2 and Annex 3, we identify below a number of general features regarding the size distribution of co-operatives by sector.

In general, the pattern of the distribution of co-operative membership by sector is similar to the overall membership distribution, with over 60% of co-operatives having fewer than fifty members in most sectors. However, within the wholesale, retail and financial sectors, the majority of co-operatives have more than 100 members, with a significant proportion having more than 500 members. In the financial sector, fewer than 25% of the co-operatives identified as falling within the scope of the present study have less than 50 members.

Figure 4: Distribution by sector of membership size of co-operatives identified as providing business services to their SME and crafts members



Note: Sectors containing at least twenty co-operatives only.

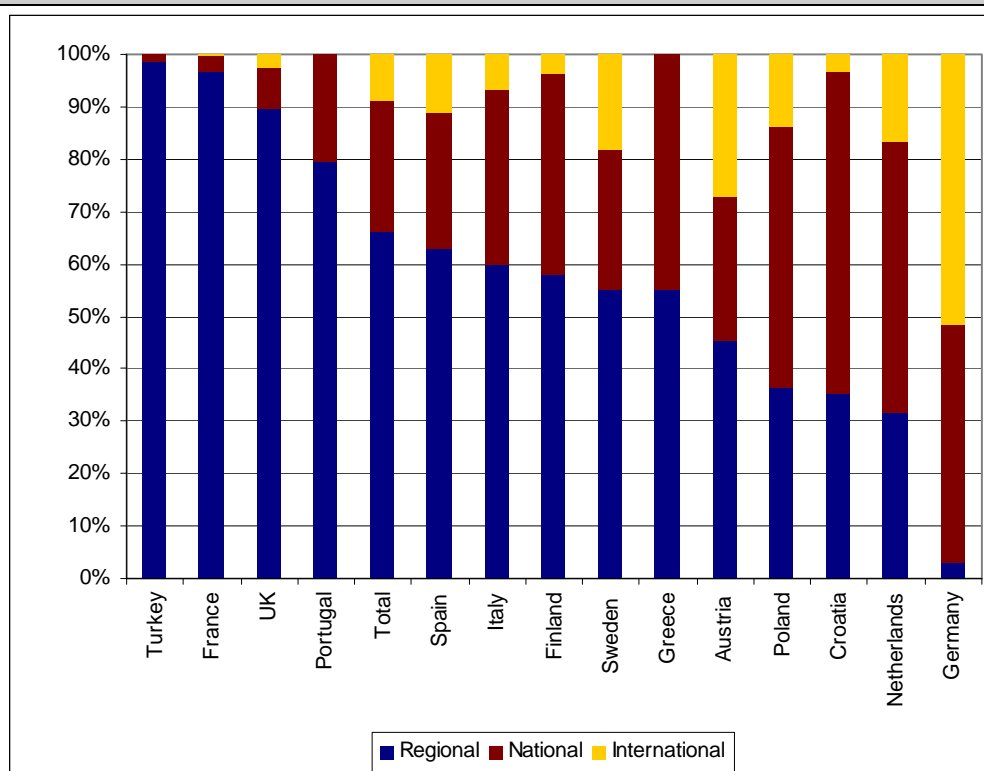
Source: London Economics' database of 1,362 co-operatives providing business services to their members.

2.5 Geographical scope of activities of co-operatives

As part of the survey of the 1,362 co-operatives identified as providing business services to their SME and crafts members, we also sought information about whether these co-operatives were active at a regional, national or international level. As illustrated in Figure 5, the majority of co-operatives are regional in scope. Germany is a major exception, with fewer than 5% of co-operatives being regionally focused, and a significant proportion of international co-operatives.

Interestingly, despite regional co-operatives being the most common (representing two thirds of all co-operatives), 119 co-operatives (approximately 9% of respondents) are internationally active.

Figure 5: Distribution by geographical range of activities of co-operatives identified as providing business services to their SME and crafts members



Note: Countries containing at least twenty co-operatives only.

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

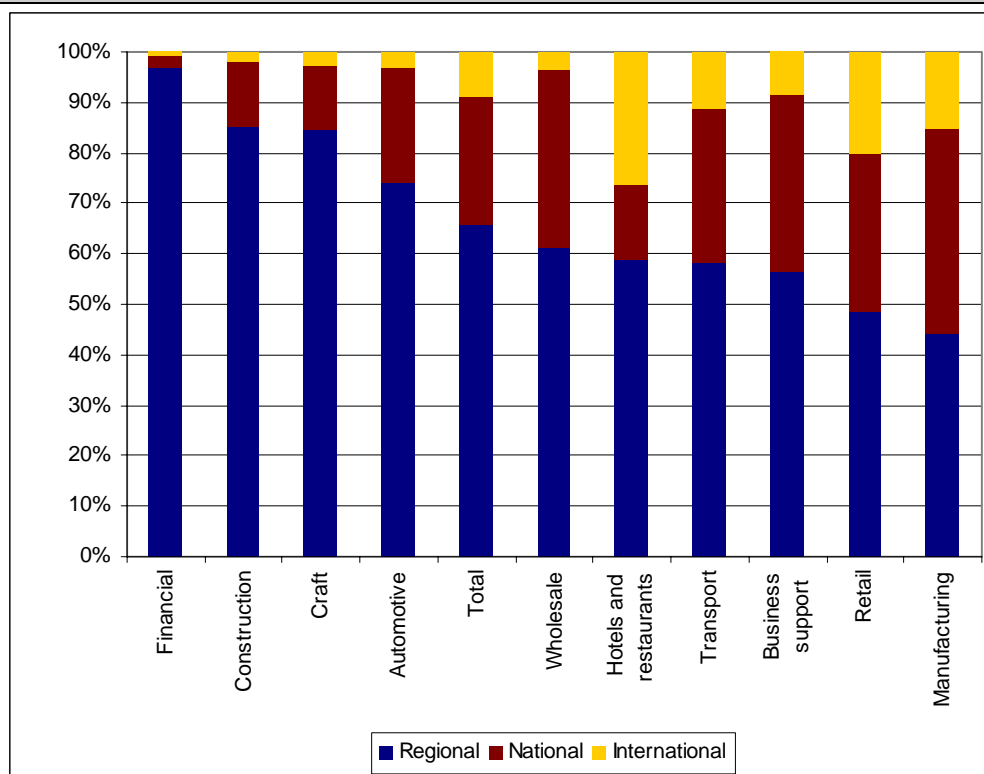
One might a priori expect that smaller co-operatives are mainly regionally focused, while larger co-operatives operate at the national and international level. However, as shown in Table 4, there is limited evidence of this in practice. Indeed, there is little difference between the proportions of co-operatives active regionally or nationally at different co-operative sizes. On the other hand, the data suggest that the largest co-operatives (with over 500 members) are more active internationally, with nearly 20% of such co-operatives operating across national borders. That being said, even some 9% of very small co-operatives (e.g., with fewer than ten members) are active internationally.

Table 4: Distribution by co-operative size of geographical range of activities of co-operatives identified as providing business services to their SME and crafts members			
Number of members	Regional	National	International
<10	60%	32%	9%
10-50	60%	32%	8%
51-100	58%	28%	14%
101-500	62%	27%	10%
>500	56%	24%	20%
Total	66%	25%	9%

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

There are, however, significant differences in the patterns of geographic activity between sectors. The majority of co-operatives are regionally based in all sectors. However, while in some sectors this is true of nearly all co-operatives (e.g., financial and construction), in other sectors national and international activity plays a much larger role. About 40% of manufacturing co-operatives operate at a national level, followed by around 35% of co-operatives in both wholesale and business support. Furthermore, 27% of co-operatives in the hotels and restaurants sector are active internationally, which reflects probably the nature of the industry. International activity is also relatively important in the retail (20% of co-operatives) and the manufacturing (15% of co-operatives) sectors.

Figure 6: Distribution by sector of geographical range of activities of co-operatives identified as providing business services to their SME and crafts members



Note: Sectors containing at least twenty co-operatives only.

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

2.6 Services provided by co-operatives to members

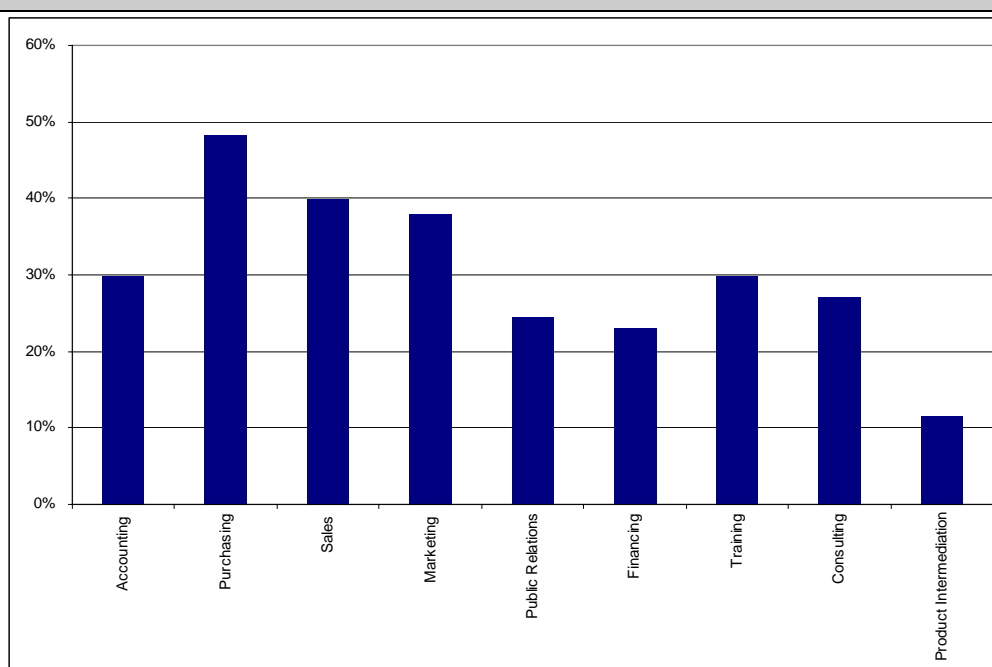
Finally, the last piece of information gathered from the 1,362 co-operatives relates to the range of services which co-operatives offer to their members. Co-operatives were asked to identify which of the following nine categories of service they provide:

- Accounting
- Purchasing services
- Sales services
- Marketing
- Public relations

- Training
- Business consulting
- Financial services
- Production intermediation⁴

As expected, it was found that all these services are offered to a different degree by the 1,362 co-operatives, as illustrated in Figure 7.

Figure 7: Percentage of 1,362 co-operatives offering different types of services to their SME and crafts members



Note: The figures above exclude co-operatives that did not provide any of the services listed above or did not provide any information about the size of their membership.

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

The most common single service offered is "purchasing", which nearly 50% of co-operatives provide to their members. Other services are provided by between 20% and 40% of co-operatives, with the exception of "production

⁴ Production intermediation involves the co-operative obtaining a contract (i.e. to produce a good or deliver a service) which it then passes on to its members.

intermediation" which is offered by only 11% of co-operatives. Detailed information about the proportion of co-operatives offering each service by country is provided overleaf.

Table 5: Percentage by country of co-operatives offering different types of services to their SME and crafts members

	Accounting	Purchasing	Sales	Marketing	Public Relations	Financing	Training	Consulting	Production intermediation
Austria	22%	74%	57%	78%	78%	22%	70%	57%	4%
Croatia	48%	87%	48%	71%	48%	55%	6%	13%	87%
Finland	57%	29%	24%	49%	1%	5%	30%	15%	13%
France	6%	47%	60%	11%	14%	5%	18%	15%	0%
Germany	11%	83%	67%	95%	31%	25%	28%	53%	2%
Greece	25%	90%	70%	50%	30%	15%	55%	70%	0%
Italy	52%	54%	15%	15%	16%	25%	15%	23%	62%
Netherlands	42%	74%	64%	70%	65%	19%	29%	43%	0%
Poland	86%	67%	90%	81%	19%	52%	76%	48%	0%
Portugal	11%	50%	23%	20%	18%	9%	36%	7%	36%
Spain	65%	78%	15%	14%	8%	9%	28%	37%	0%
Sweden	25%	36%	40%	68%	53%	20%	56%	45%	0%
Turkey	6%	0%	0%	0%	1%	96%	30%	10%	0%
UK	8%	23%	45%	70%	38%	13%	43%	18%	0%
Total	29%	47%	39%	37%	24%	23%	29%	27%	11%

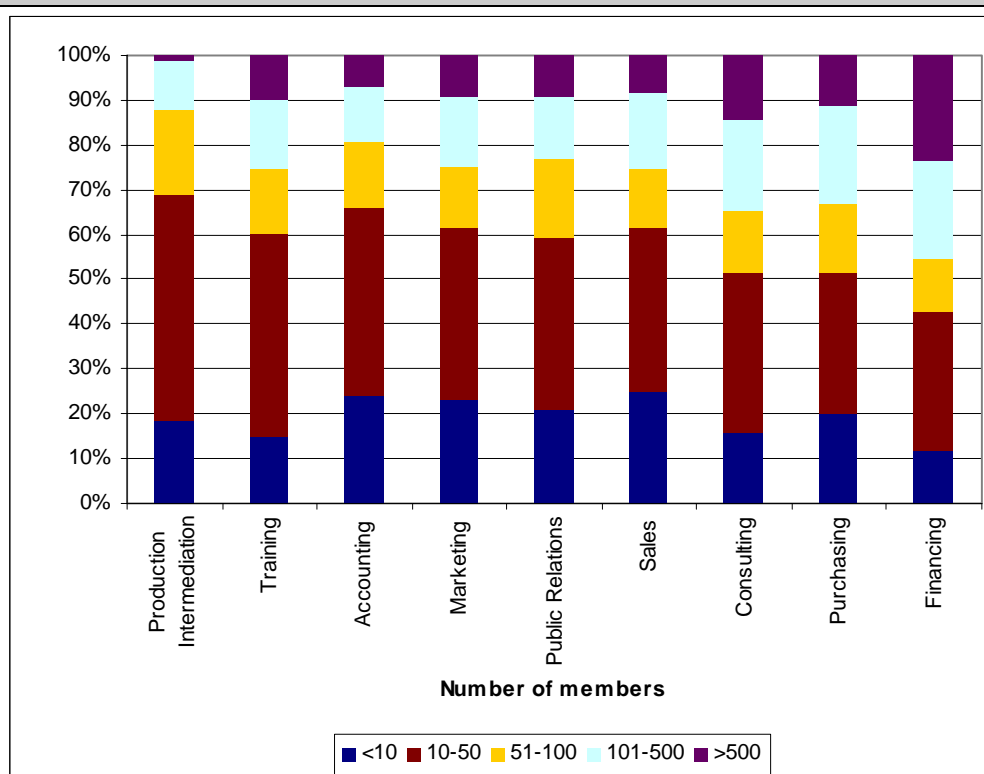
Note: Countries with a minimum of twenty co-operatives. The figures above exclude co-operatives that did not provide any of the services listed above or did not provide any information about the size of their membership.

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

The data in the table above show that the majority of services are offered in nearly all countries covered by our survey. The exception is “product intermediation”, which is offered by co-operatives in only a few countries.

The exact proportion of the types of services offered varies widely between different countries. “Purchasing”, for instance, is not offered at all in Turkey but by 90% of co-operatives in Greece.

Figure 8: Distribution by membership size of co-operatives offering different types of services to their SME and crafts members



Note: The figures above exclude co-operatives that did not provide any of the services listed above or did not provide any information about the size of their membership.

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

A clearer pattern is observable by looking at the proportion of co-operatives offering each service according to membership size as shown in Figure 8. This figure shows that a high proportion of the co-operatives offering “production intermediation” and “accounting services” are small (with fewer than fifty employees).

A higher proportion of the co-operatives offering “financing”, “purchasing” and “consulting services”, on the other hand, have more than 100 members.

Table 6 illustrates the variety in the services offered between sectors, depending on particular business needs. Within the financial sector, for instance, “financing” is extremely common. Across sectors, “sales”, “purchasing” and “marketing” are particularly widespread (being offered by over 50% of co-operatives in most sectors).

Table 6: Importance by sector of different types of services provided by co-operatives to their SME and crafts members	
Sector	Major services offered (% co-operatives)
Automotive	<ul style="list-style-type: none"> • Purchasing (79%)
Business Support	<ul style="list-style-type: none"> • Accounting (58%)
Construction	<ul style="list-style-type: none"> • Sales (62%)
Craft	<ul style="list-style-type: none"> • Sales (61%)
Financial	<ul style="list-style-type: none"> • Financing (96%)
Hotels And Restaurants	<ul style="list-style-type: none"> • Marketing (74%) • Public relations (57%) • Sales (51%) • Purchasing (51%)
Manufacturing	<ul style="list-style-type: none"> • Sales (71%) • Marketing (69%) • Purchasing (63%)
Retail	<ul style="list-style-type: none"> • Purchasing (80%) • Marketing (52%)
Transport	<ul style="list-style-type: none"> • Accounting (45%)¹
Wholesale	<ul style="list-style-type: none"> • Purchasing (82%)

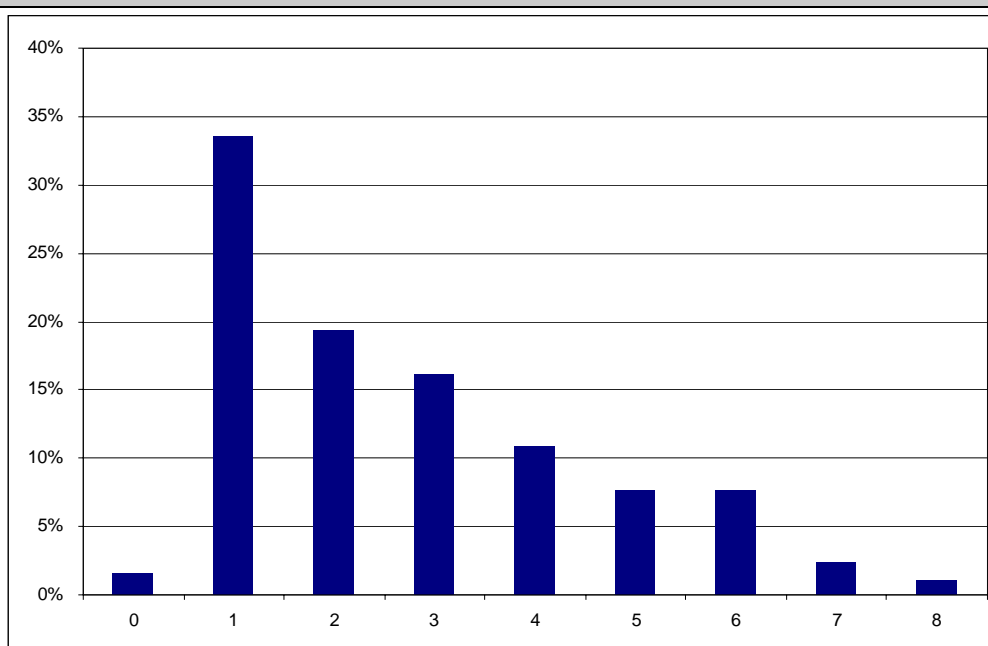
Note: Sectors with a minimum of twenty co-operatives. The figures above exclude co-operatives that did not provide any of the services listed above or did not provide any information about the size of their membership. “Major services” is defined as services being offered by over 50% of co-operatives within each sector.

Source: London Economics’ database of 1,362 co-operatives providing business services to their members.

As well as investigating which services are most commonly offered by co-operatives, the survey of the 1,362 co-operatives also allowed us to examine the set of services that co-operatives offer to their members.

The data indicate that co-operatives in general offer more than one service, as illustrated in Figure 9. Very few (fewer than 2%) co-operatives offer none of the services identified in our questionnaire.⁵ The majority of co-operatives offer more than one service, although co-operatives providing one service are by far the largest single group (33% of co-operatives). The median number of services provided is 2, with a mean of 2.7.

Figure 9: Number of services offered by co-operatives to their SME and crafts members



Note: Excludes co-operatives that did not provide any services, and did not provide number of members.
Source: London Economics' database of 1,362 co-operatives providing business services to their members.

⁵ In examining the number of services offered by co-operatives, we exclude co-operatives that did not provide any information about the size of their membership.

The survey information on the services provided can also be used to examine the range of services that co-operatives offer together. For example, the table below provides information on the share of co-operatives in our sample of 1,362 co-operatives that offer various pairs of services.

Table 7: First stage questionnaire - proportion of firms offering pairs of services									
	Product Inter-mediation	Consulting	Training	Financing	PR	Marketing	Sales	Purchasing	Accounting
Accounting	5%	11%	11%	8%	9%	14%	12%	17%	-
Purchasing	6%	16%	16%	10%	14%	23%	22%	-	
Sales	2%	13%	14%	7%	15%	23%	-		
Marketing	3%	16%	16%	8%	20%	-			
PR	2%	12%	12%	6%	-				
Financing	3%	8%	9%	-					
Training	2%	16%	-						
Consulting	2%	-							
Product Inter-mediation	-								

Note: Excludes co-operatives that did not provide any services, and did not provide number of members.

Source: London Economics' database of 1,362 co-operatives providing business services to their members.

As Table 7 illustrates, there is no "standard" package of services offered by co-operatives. The two most common pair of services, namely "marketing" and "sales", and "marketing" and "purchasing" is only offered by 23% of co-operatives across Europe.

2.7 Summary

The first stage of the project allowed us to develop a picture of co-operatives offering business services across Europe. A total of 1,362 co-operatives were interviewed, providing information on their sector of activity, size and services offered.

The survey results show a wide variety in the nature of co-operatives across countries and between different sectors of activity. In general, co-operatives have fewer than 50 members, and are regionally active. However, a large

number of co-operatives do not fit this characterisation, and are both much larger (up to 16,000 members) and active over a wider geographical area.

Similarly, in terms of services offered, we found that all the services included in the questionnaire are offered by more than 10% of co-operatives, with eight of the nine services offered by over 20% of co-operatives. "Purchasing services", which are offered by over 45% of co-operatives, is the most common type of services. Furthermore, no clear "package" of services is identifiable in the data, with the most common pairs of services, namely "marketing" and "sales" and "marketing" and "purchases" being offered by only 23% of co-operatives.

2.8 Representative directory of co-operatives that provide services to SME and crafts members

As part of the project, we constructed, as required by the terms of reference of the study, a directory, which includes extensive information about all relevant co-operatives that are covered by the analysis above. The information of this directory covers every aspect of our survey of the 1,362 co-operatives, namely:

- Name address and contact details for each co-operative
- Range of services each co-operative provides to members
- Size of membership
- Spatial activity range
- Sector of activity of member by NACE codes

This directory has been provided separately to DG Enterprise and Industry.

3 Results of an in-depth survey of a sample of the 1,362 co-operatives identified in the first stage of the project

3.1 Introduction

The second stage of the study involved an extended survey of a sample of the 1,362 co-operatives identified during the first stage. The questionnaire used for this in-depth survey focused on various aspects of the provision of services by co-operatives, including the method of service delivery, the co-operatives' degree of direct involvement in the delivery of services, the reasons behind the introduction of the offered service range, the purpose of the co-operative and methods of funding co-operatives. The complete questionnaire is provided in Annex 4. While an initial target of 200 completed survey responses had been set, in the end, this target was exceeded with 230 completed responses achieved.

Before discussing the survey results, we describe briefly below how the survey was undertaken.

Next, we provide some information on the size of the co-operatives included in this sample, the size of the co-operatives' members, the funding of the co-operatives and the range of services provided.

With regards to the latter, this chapter discusses:

- a. the type of services provided;
- b. the use of these services by the members of the co-operatives;
- c. the objectives pursued by the co-operatives in providing the different services;
- d. the factors that have lead to the provision of these services;
- e. the form in which the services are being provided;
- f. the locus of service delivery;
- g. the marketing of these services;
- h. the degree to which these services are tailored-made; and,
- i. the length of time over which these services are provided.

3.2 Background information on in-depth survey of smaller sample of co-operatives

The second stage survey was carried out primarily through telephone interviews with a range of co-operatives which had been identified during the first stage questionnaire. The total of 230 completed questionnaires is spread across 20 European countries (see Table 8).⁶

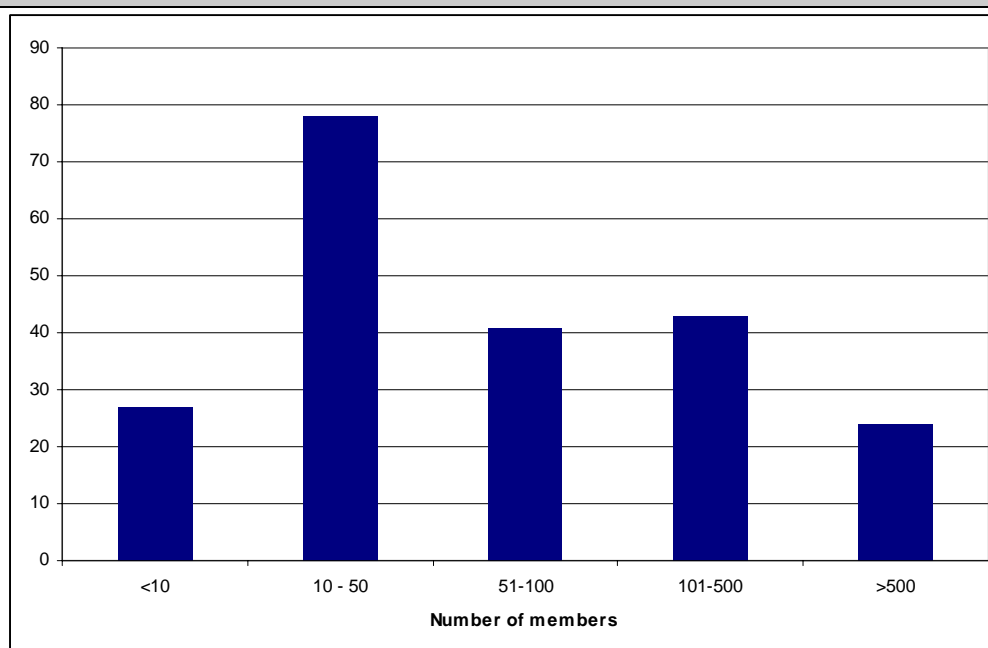
Table 8: In-depth survey – country distribution of co-operatives in the sample and membership size		
Country	Number of co-operatives	Number of members
Austria	15	2,359
Croatia	6	159
Cyprus	3	1,444
Estonia	3	41
Finland	25	616
France	15	1,642
Germany	10	13,390
Greece	15	3,719
Hungary	1	na
Iceland	3	24
Italy	28	2,141
Netherlands	21	7,031
Poland	10	339
Portugal	10	3,079
Slovakia	3	103
Slovenia	11	na
Spain	9	14,623
Sweden	20	795
Turkey	7	13,650
UK	15	959
Total	230	66,114

Source: London Economics' survey of 230 co-operatives providing business services to their members.

⁶ This includes all 21 countries with relevant co-operatives which had been identified in the first stage of the project, with the exception of Luxembourg, where the only relevant co-operative expressed a preference not to participate in the study.

The sample of co-operatives reflects the overall size distribution identified in stage one, with a predominance of small co-operatives, as illustrated in Figure 10.

Figure 10: In-depth survey – size distribution of co-operatives

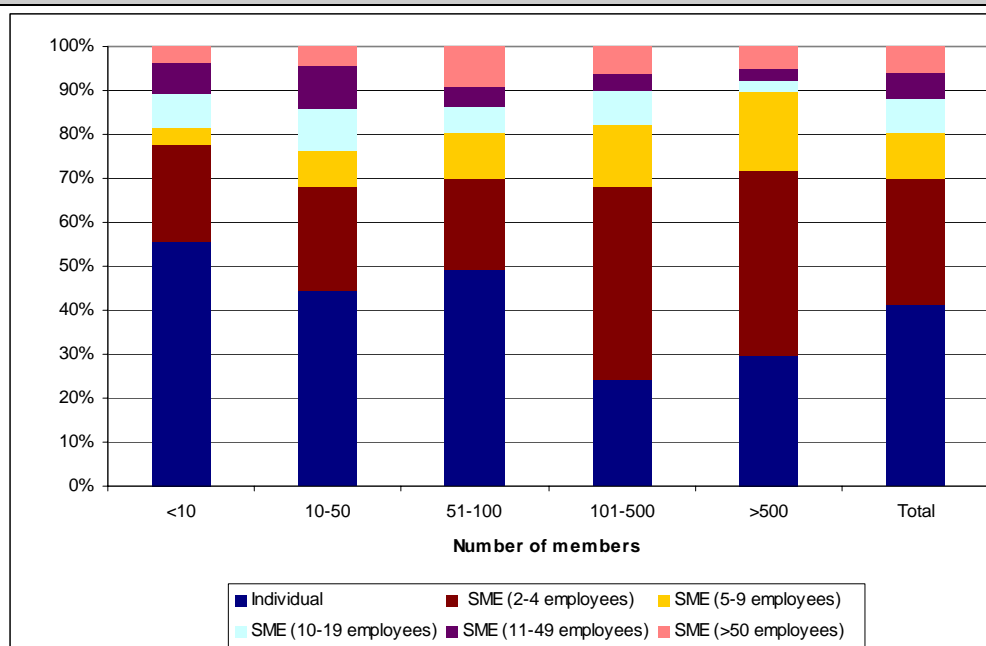


Source: London Economics' survey of 230 co-operatives providing business services to their members.

3.3 Size of co-operatives' members

The second stage survey provided more information about the size of the members (SMEs and crafts) of the co-operatives. As shown in Figure 11, most members of co-operatives are very small – either sole traders (41%) or enterprises with fewer than 5 employees (29%).

Figure 11: In-depth survey -size of co-operatives' members



Source: London Economics' survey of 230 co-operatives providing business services to their members.

Interestingly, the size of members does not appear to vary considerably with the size of the co-operative. Smaller co-operatives tend to have more individual members, but this is counterbalanced by fewer very small SME members. As a result, the combined proportion of individuals and small SMEs (with under 5 employees) is fairly constant (between 70% and 80%) regardless of the number of members. Further, the number of large members (with over 50 employees) is also broadly constant across the size distribution of co-operatives.

3.4 Funding of co-operatives

Next the survey sought to gather information about how co-operatives funded each service. This information is used to examine the sources of funding for different co-operatives and, in particular, whether co-operatives receive any external (i.e. non-member) funding.

We observe that, in the vast majority of countries where relevant co-operatives were found, the co-operatives' members are usually the sole funding source. External funding is a relatively small proportion of funding.

In addition, even where external funding is received by co-operatives, this is rarely the sole source of funding, as indicated in Table 9. The exception to this finding is in Turkey, where all seven of the co-operatives interviewed indicated external funding as the sole source of support.

Table 9: In-depth survey - funding of co-operatives			
	Number of respondents	% of co-operatives receiving external funding	% of co-operatives uniquely externally funded
Austria	12	25%	0%
Croatia	6	33%	0%
Cyprus	3	0%	0%
Estonia	3	33%	0%
Finland	23	30%	13%
France	15	27%	0%
Germany	10	20%	0%
Greece	11	27%	27%
Hungary	1	0%	0%
Iceland	3	0%	0%
Italy	28	14%	7%
Netherlands	19	11%	0%
Poland	10	10%	0%
Portugal	10	10%	0%
Slovakia	3	0%	0%
Slovenia	11	0%	0%
Spain	9	33%	0%
Sweden	20	60%	5%
Turkey	7	100%	100%
UK	15	27%	20%

Source: London Economics' survey of 230 co-operatives providing business services to their members

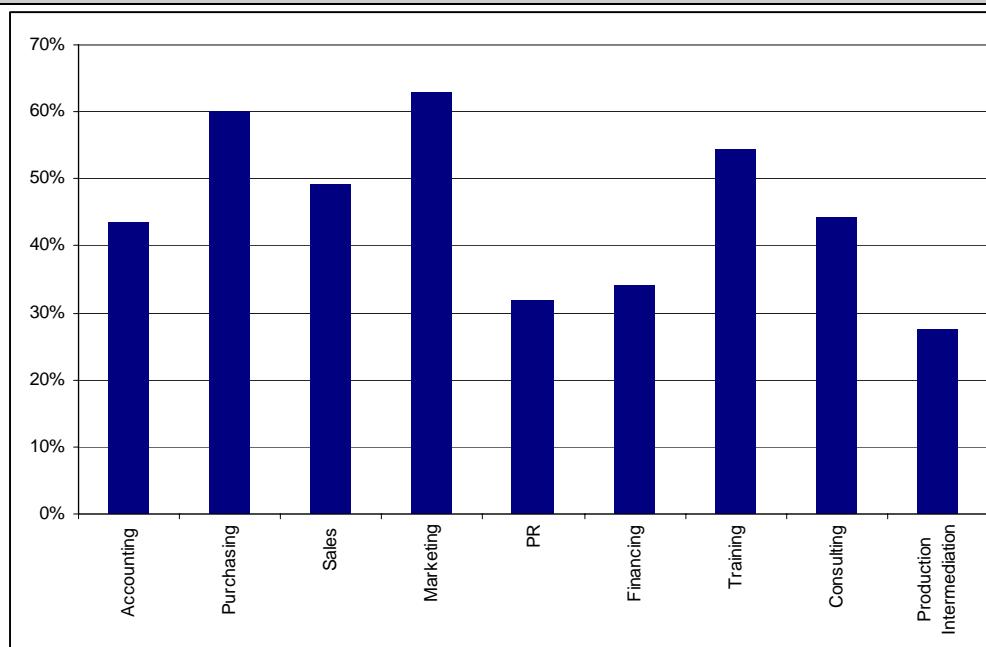
3.5 Provision of services by co-operatives

Type of services provided

Following the gathering of information about the size of the members of the co-operatives and the funding sources of the co-operatives, the survey aimed to collect additional information on various aspects of the manner in which co-operatives provide services to members. Co-operatives were asked a series of questions on nine types of service including “accounting”, “purchasing”, “sales”, “marketing”, “public relations”, “financing”, “business consultancy” and “production intermediation”.

Figure 12 illustrates the proportion of co-operatives’ services offering each of the nine services. The survey results confirm the findings of the less extensive stage 1 survey: “purchasing” is one of the most popular services. Co-operatives included in the more extensive survey are, however, more likely to offer “marketing services”, with 63% of the sample reporting that they offer such services to their members.

Figure 12: In-depth survey – proportion of co-operatives offering various types of services

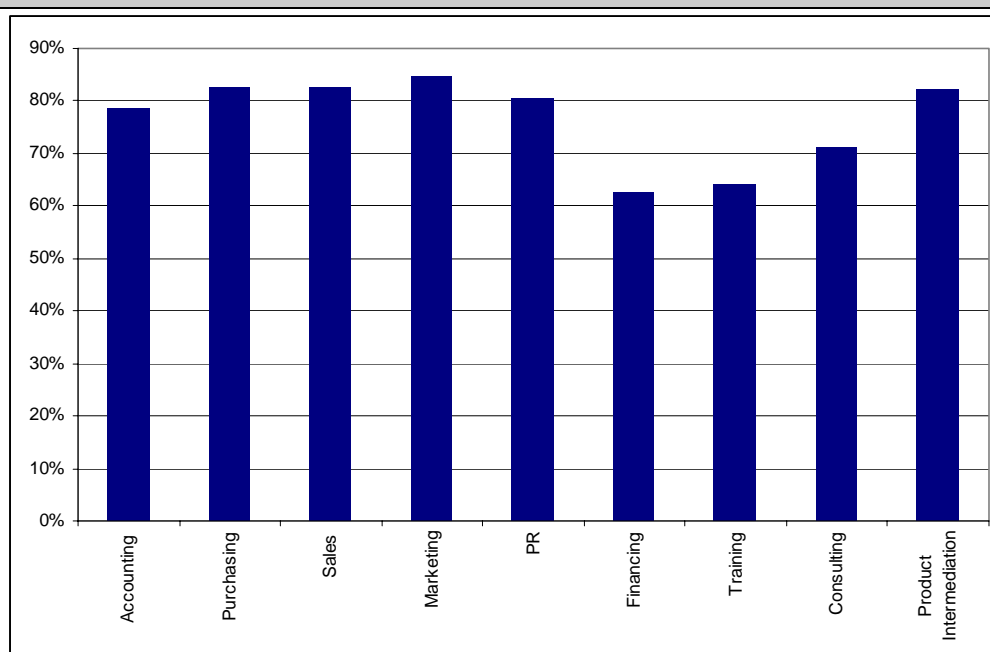


Source: London Economics' survey of 230 co-operatives providing business services to their members.

Use of services by members of co-operatives

The survey also identified what proportion of the co-operatives' members uses the different services. As Figure 13 indicates, the majority of members uses all nine categories of services. However, "Financing" and "training" are the least utilised services by members, even though more than 60% of members use such services.

Figure 13: In-depth survey - percentage of members using services



Note: Missing responses excluded.

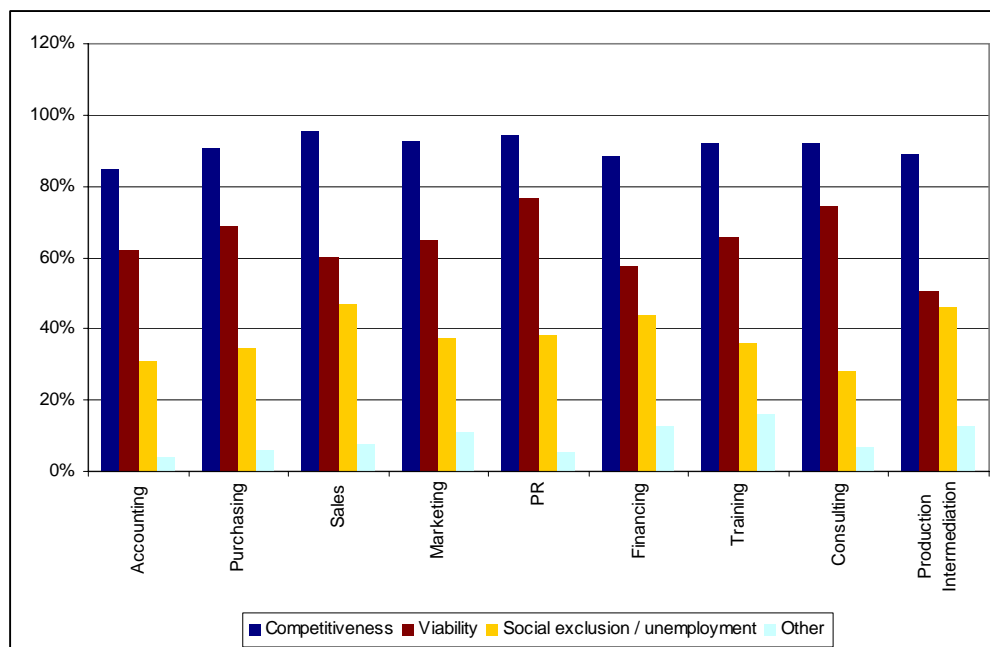
Source: London Economics' survey of 230 co-operatives providing business services to their members.

Objectives of different business services

The survey also examined the reasons for co-operatives supplying services to their members. This aspect of the survey involved two dimensions: the reason why a certain service is being provided (for example, supporting their members' competitiveness) and the factors that have led to it being provided (e.g., in response to members' demand, or otherwise).

As shown in Figure 14, the objective co-operatives pursue generally in supplying their various business services to their SME and crafts members is to make these members more competitive. From the replies we received, we can infer that being more competitive equates mostly into lower costs and an increasing volume of clients and business in general. Ensuring their members' viability is also a common objective, with around 30-40% of co-operatives mentioning it for a large number of services.

Figure 14: In-depth survey - objective(s) of business services provided by co-operatives to their SME and crafts members



Note: Totals do not add to 100%, as co-operatives could provide multiple responses. Missing responses excluded.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

Figure 14 also shows that other potential objectives, including promoting social inclusion and reducing unemployment, figure relatively rarely in the co-operatives objectives.

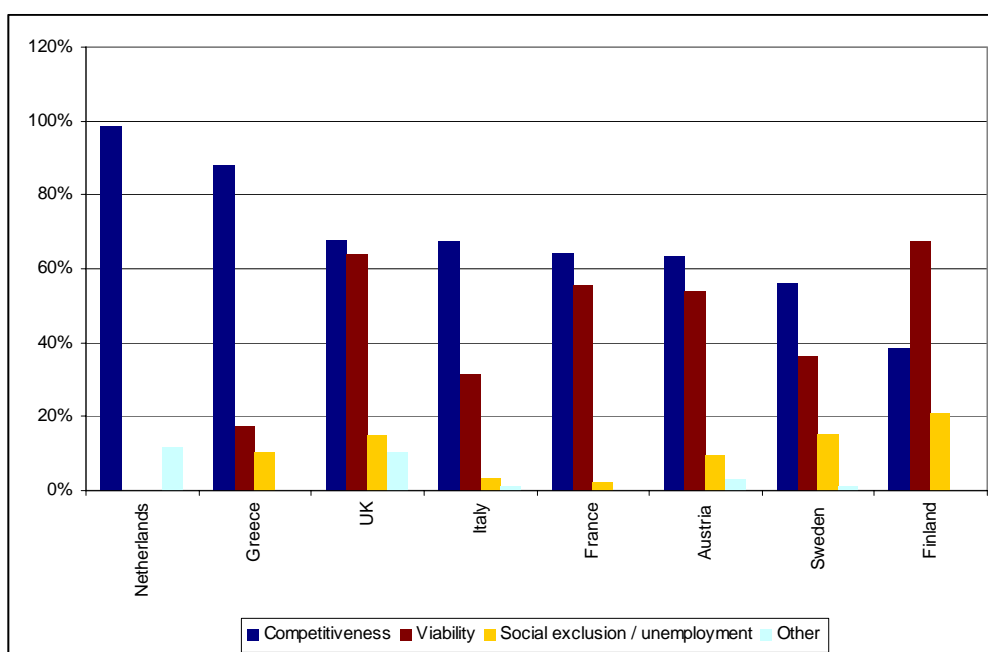
Even for services where such goals are most common (such, as for example, "training" programmes) they account for less than 20% of co-operatives offering the services. Furthermore, in general, such an objective is typically reported as a goal in conjunction with either the members' competitiveness and/or viability. Of all the services identified by the co-operatives participating in the extended survey, only 27 individual services (out of a total of over 900) were identified to have social factors as a unique objective.

This suggests that co-operatives providing business services to their SME and crafts members in general target their services at the economic needs of their members rather broader social needs.

Figure 15 provides a more detailed analysis by country of the objectives of the various business services provided by the co-operatives to their SME and crafts members. Given the limited size of the sample, for many countries, the

sample was too small to draw robust results. Therefore, in Figure 15, we undertake such an analysis only for the countries in which more than 15 co-operatives were surveyed.

Figure 15: In-depth survey - detailed country analysis of the objective(s) of business services provided by co-operatives to their SME and crafts members



Note: Totals do not add to 100%, as co-operatives could provide multiple responses. Missing responses excluded.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

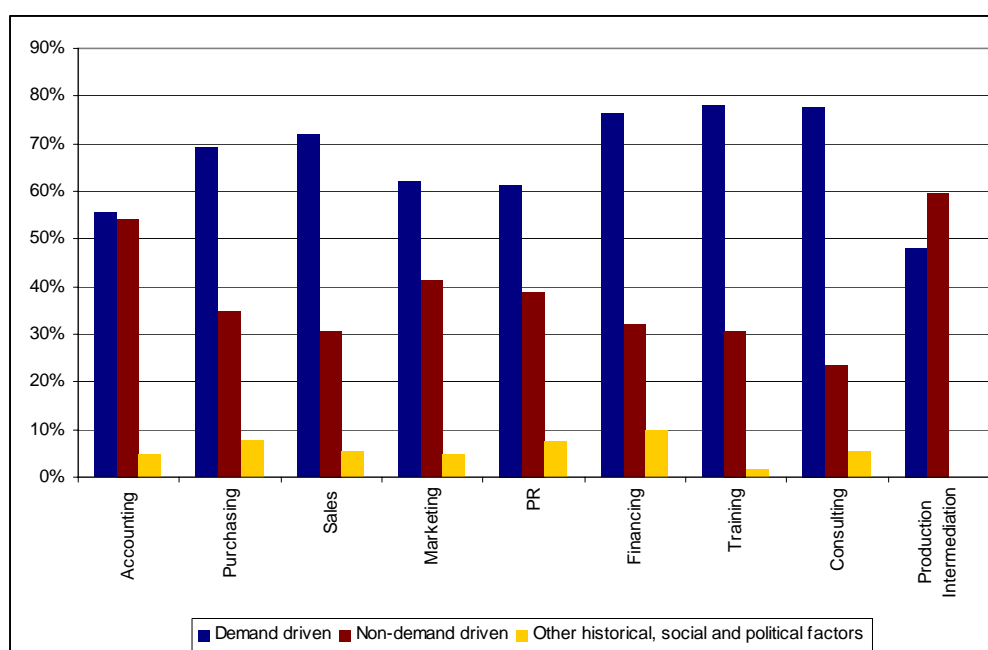
Figure 15 shows that the importance of social factors does not increase when the analysis of the objectives of the different business services provided by co-operatives is undertaken at the country level. Interestingly, however, some important differences across countries regarding the relative importance of "competitiveness" and "viability of members" are observable. In Italy, for instance, "viability" is not as important an objective for any of the co-operatives in the sample whereas, in Finland, it is more frequently cited than "competitiveness".

Factors that have led to the provision by co-operatives of different types of business services

Building on the findings above, the survey gathered information about the factors that co-operatives considered in introducing services. As Figure 16 shows, the demand emanating from the members of the co-operatives is the most important factor underlying the introduction of all services with the exception of “production intermediation”.

Some non-economic reasons were also put forward, including historical, political or social goals. However, such an answer was highly infrequent (fewer than 10% of co-operatives for all services).

Figure 16: In-depth survey -factors having led to the provision by co-operatives of the different types of business services.



Note: Totals do not add to 100%, due to multiple responses. Missing responses excluded.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

Form in which services are provided

The survey also addressed the issue of how different services are provided to members, including the location and method of delivery.

As indicated in Table 10, direct provision of services (by a co-operative's employees hired expressly for that purpose) is the most common form of service provision. The only exception is "training", for which outside training courses are used by 57% of co-operatives.

Although all forms of service provision are used by some co-operatives providing each service, non-direct provision does not generally appear to be an important part of co-operatives' services.

Published material (whether on electronic platforms or otherwise) is primarily used only in the provision of "marketing" and "public relations" (with around 40% and 20% of co-operatives using such methods respectively). Regular events on the other hand are used mainly in the provision of "public relations" (42% of co-operatives) and "training" (23%) services.

Table 10: In-depth survey -form of service provision

	Directly	Outside	Electronic	Publications	Regular events
Accounting	93%	12%	8%	5%	6%
Purchasing	95%	7%	15%	8%	6%
Sales	95%	10%	15%	11%	11%
Marketing	63%	6%	39%	39%	17%
PR	58%	8%	22%	18%	43%
Financing	95%	12%	5%	7%	8%
Training	43%	59%	13%	10%	24%
Consulting	89%	9%	13%	12%	7%
Production Intermediation	97%	3%	10%	5%	5%

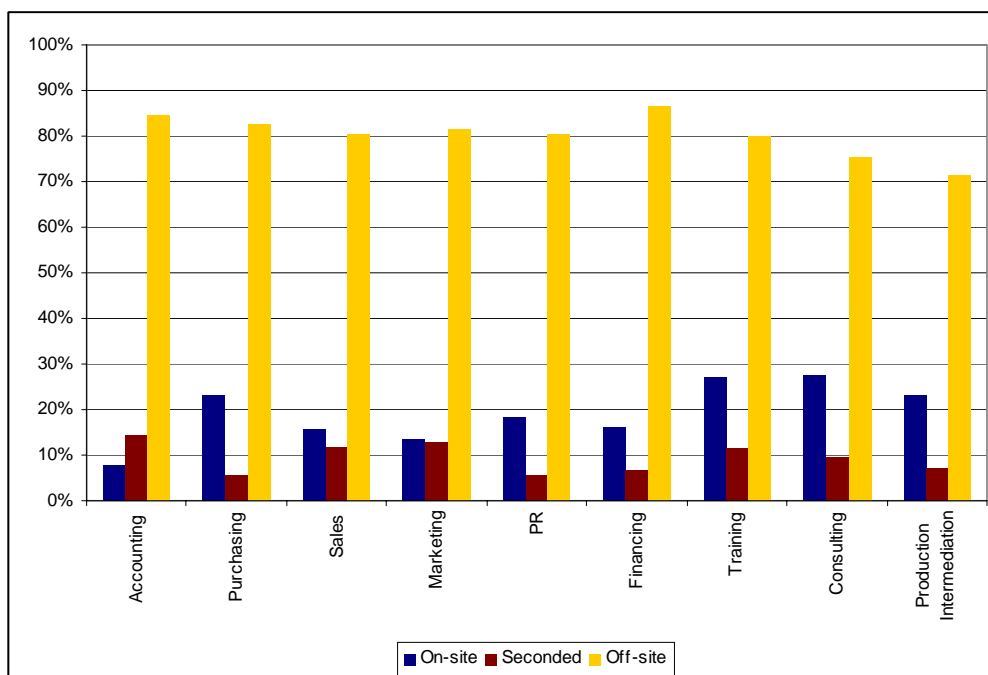
Note: Totals do not add to 100%, as co-operatives could provide multiple responses. Missing responses excluded. Percentages represent the proportion of co-operatives offering each service that indicated using each method.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

Location of service delivery

As indicated in Figure 17, services are primarily provided outside the members' location, such as at the co-operatives' own premises.

Figure 17: In-depth survey - location of service provision



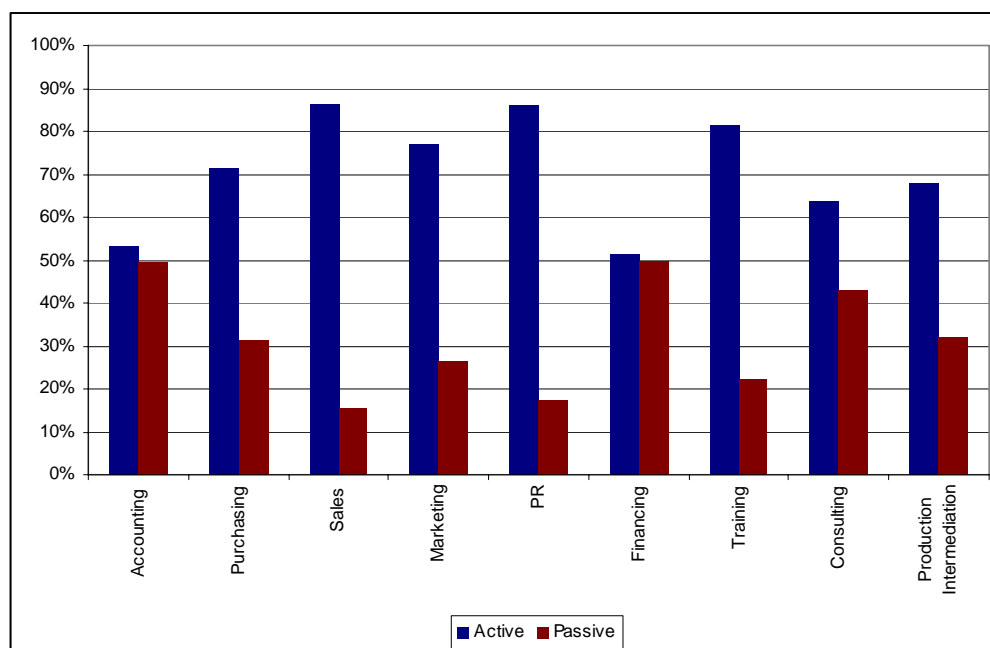
Note: Totals do not add to 100%, as co-operatives could provide multiple responses. Missing responses excluded.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

Marketing of services

The survey also sought to gather information on how co-operatives providing business services market these services to their members. Generally, co-operatives market their services actively such as through regular publications and mailings, as illustrated in Figure 18. However passive marketing (i.e. only upon request from members) is relatively important in the provision of financing and accounting services.

Figure 18: In-depth survey - form of marketing of business services by co-operatives to their SME and crafts members



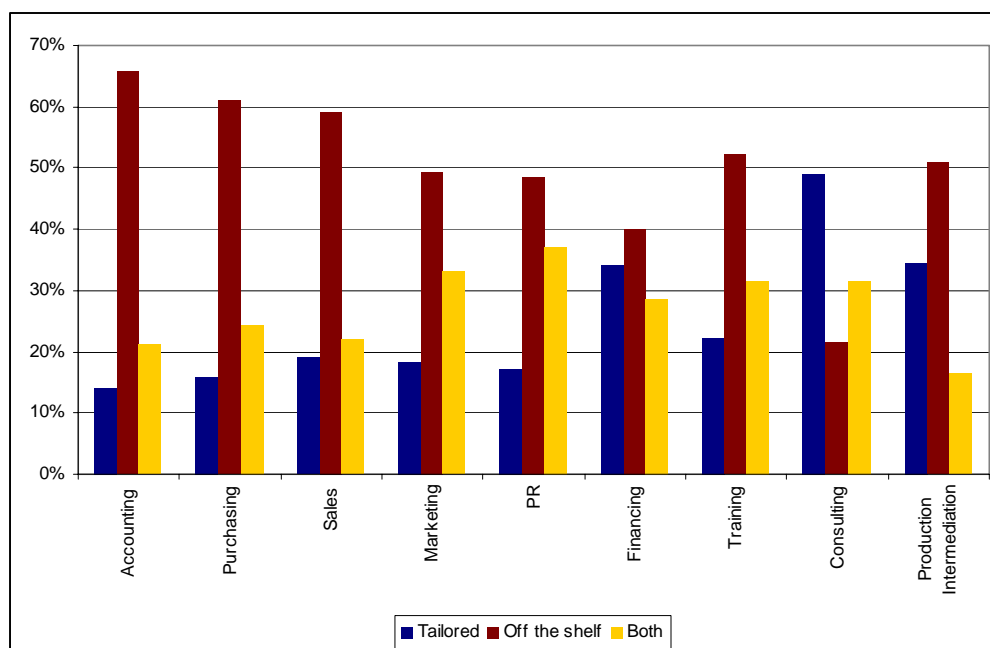
Note: Totals do not add to 100%, due to multiple responses. Missing responses excluded.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

Tailoring of services

Regarding the issue of whether co-operatives' services tend to be off-the-shelf services or tailored to members' particular needs, the survey found that these services tend to be mainly off-the-shelf. "Consulting" is a major exception which is unsurprising given the nature of the service. That being said, a number of co-operatives (almost 30% for a number of services) offer both tailored and off-the-shelf solutions.

Figure 19: In-depth survey - degree of tailoring of business services provided by co-operatives to their SME and crafts members



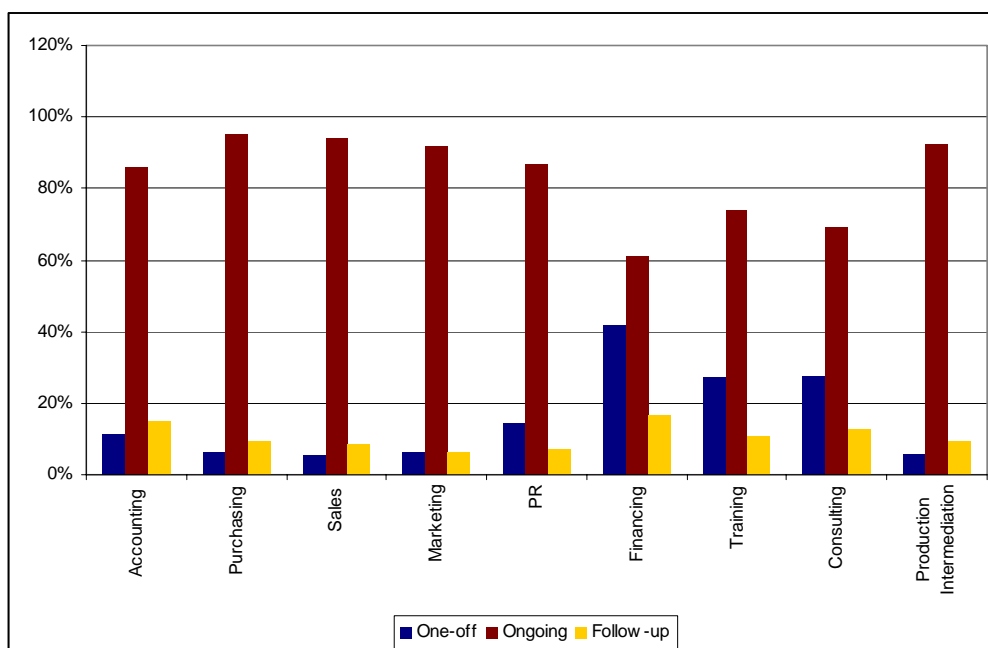
Note: Totals do not add to 100%, due to multiple and/or missing responses.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

Duration of service provision

Regarding the duration of services, the survey results show that the majority of services are offered overwhelmingly (over 70% of co-operatives in six out of the nine services) on an ongoing basis. One-off services are more important in the provision of "financing", "training" and "consulting services", but remain less common than on-going support.

Figure 20: In-depth survey - duration of business services provided by co-operatives to their SME and crafts members



Note: Totals do not add to 100%, due to multiple responses.

Source: London Economics' survey of 230 co-operatives providing business services to their members.

3.6 Summary

The results of the survey of 230 co-operatives show that most members of these co-operatives are very small. Sole traders represent 41% membership of these co-operatives and enterprises with less than 5 employees account for another 29% of the total membership. Moreover, the combined share of these two types of members does not vary much with the size of the co-operatives as it remains in the range of 70% to 80% regardless of the size of the co-operative's membership.

On the basis of the results of this survey, it is fair to conclude that membership in co-operatives providing business services is particularly sought by very small economic actors, i.e. sole traders and very small companies. That being said, a number of SMEs with more than 50 employees were also found to be members of such co-operatives.

This chapter also provided information on some important characteristics of the provision of business services by co-operatives to their SME and crafts members.

First, it appears that the business service provision by co-operatives is generally driven by economic factors. Services are provided most commonly in response to members' demands, and non-economic factors are relatively rare. Similarly, the objectives of services are focussed in general upon improving members' competitiveness or (less commonly) on ensuring members' viability. In contrast, other social reasons (such as providing employment) account for only around 10% of the services supplied (with an emphasis on training, financing and product intermediation services).

In the majority of cases, the funding of the co-operatives is primarily provided by members, rather than external sources. This again suggests that co-operatives are based upon economic criteria, for the benefit of members, rather than wider social goals subsidised by public funds.

The survey provided also more detailed information on the way in which services are provided by co-operatives. It is clear that there are some differences between different types of service – “marketing”, for instance, uses publications more than most other services. However, patterns are fairly constant across different types of services. In particular, services tend to be:

- Provided directly by co-operatives;
- Provided off-site (such as at the co-operatives' premises);
- Off-the-shelf (with the exception of consulting services);
- Actively marketed; and
- Provided on an on-going basis.

However, while such a generalisation provides a useful snapshot of the group of co-operatives providing business services to their SME and crafts members, it is important to bear in mind the wide diversity of co-operatives reflected in the study, both from a geographic and a sectoral point of view.

4 Survey of members of co-operatives providing business services to their SME and crafts members

4.1 Introduction

In this chapter, we report on the results of a pan-European survey of SME and craft members of co-operatives providing business support services to their members.

For the purposes of our study, 3,639 members of co-operatives were interviewed, of which more than 2,800 were surveyed directly by London Economics. In addition, ZVG gathered information from a further 435 members (from various sectors) in Germany and the Cypriot Co-operative Societies Supervision and Development Authority from another 391 members in Cyprus. Below, we report on the main findings from this survey of members..⁷

The questionnaire used in the survey of co-operative members is comprised of three main parts on which we report separately in each of the subsections of this chapter. The full questionnaire is provided in Annex 6.

The first part of the questionnaire asked members for general information about their business and their relation to the co-operative. This allows us to break down our sample by country and by sector of activity, and identify divergences across countries and across activity sectors.

In the second part, we asked members to rate the extent to which they considered that being a member of a co-operative had helped their business. We asked about different aspects of the business that may have been impacted to different degrees by the membership.

In the third part, in relation to most frequently used services, we asked how members rate several aspects of the co-operative's delivery of those services.

4.2 Sample of co-operative members

We offered our prospective respondents a number of alternative forms for participating in our survey: online, email, postal, fax, or telephone interview. However, we realised early during this phase of the work that co-operative

⁷ No members from Hungary, Luxembourg and Slovakia are included in this part of the study as the (very few) relevant co-operatives in those countries declined to provide us with contact details of their members.

members were reluctant to respond to a questionnaire in written form perhaps due to the impression that this would take too much of their time.

Telephone interviews were on the other hand more successful because our team of interviewers was better able to convey the importance of the study and to reassure potential respondents that the time requirement was minimal.

Of the 3,639 surveys completed in total, approximately 3,048 were in the form of telephone interviews, and 591 were carried out through the use of other means.

In addition, in some cases, we asked co-operatives for their participation in helping us reach their members. In a few cases, co-operatives agreed to pass our questionnaire on to their members. These efforts were however rarely translated into completed questionnaires. The reason may have been, again, that members were reluctant to complete a questionnaire in written format.

Given the need to contact potential respondents by telephone, we were constrained in our survey sample to co-operative members for whom we could find telephone contacts.

Most co-operatives, with some notable exceptions in particular countries, were unwilling to provide us with contact details for their members. We, therefore, had to identify these contacts on our own which proved a rather difficult task. In some cases, we were able to find members of co-operatives through business directories. This was less difficult when all the members' contact details of a particular co-operative can be found in just one place. This was often the case of retail and wholesale co-operatives where members are themselves retailers and therefore eager to let their contact details be known to the public. For some of these co-operative members, the co-operative "brand name" is an important reason for membership because it is a form of advertising.

Where this avenue did not yield co-operative member contact information we had to resort to general business directories and call thousands of businesses directly and ask them whether or not they were members of a co-operative. When the answer was affirmative, we would then proceed to ask the questions in our member satisfaction survey.

A downside to this strategy is that the probability of finding a co-operative member is much higher in sectors of activity with a high of co-operative membership.

Moreover, this strategy cannot identify co-operative members who are not registered as businesses or their contacts cannot be found in business directories, as is often the case with individual craft members.

The breakdown of the 3,639 responses by country is provided in Figure 21.

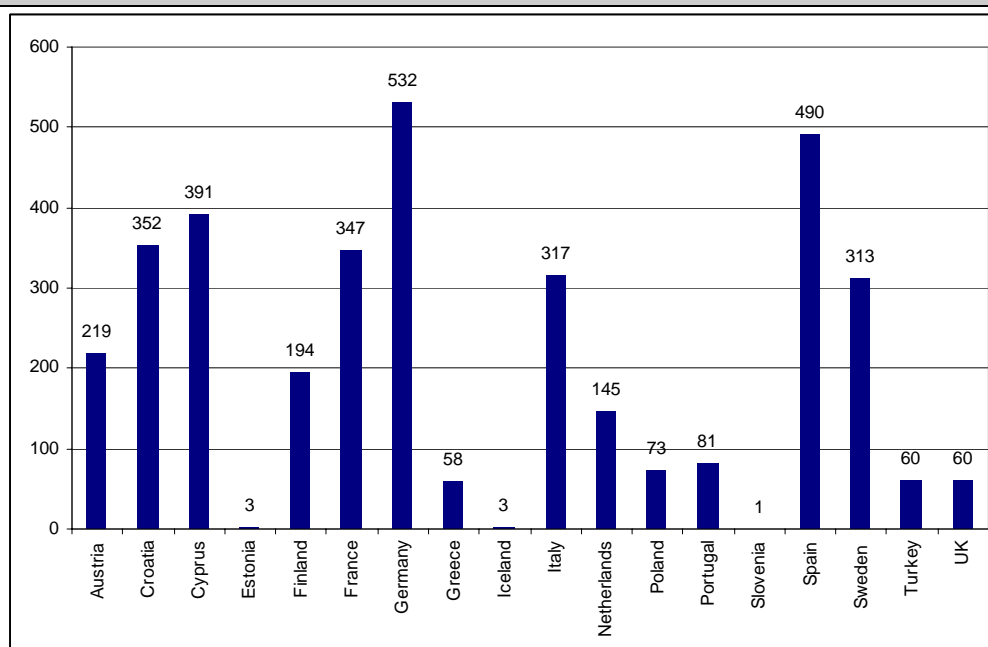
Ideally, we would like to have obtained a sample of members that gives more weight to the countries where membership appears to be higher, reflecting the information from the first stage questionnaire. This would have meant surveying co-operative members mostly from the countries with high

numbers of co-operatives (such as France). Unfortunately, this was not always feasible and some members were much more inclined to participate in the survey than others. There were also large differences in attitudes towards the survey across countries.

Responses achieved by country

The following figure provides a country-by-country breakdown of the number of survey questionnaires completed by members.

Figure 21: Members' questionnaire - number of member responses by country



Source: London Economics' survey of co-operative members.

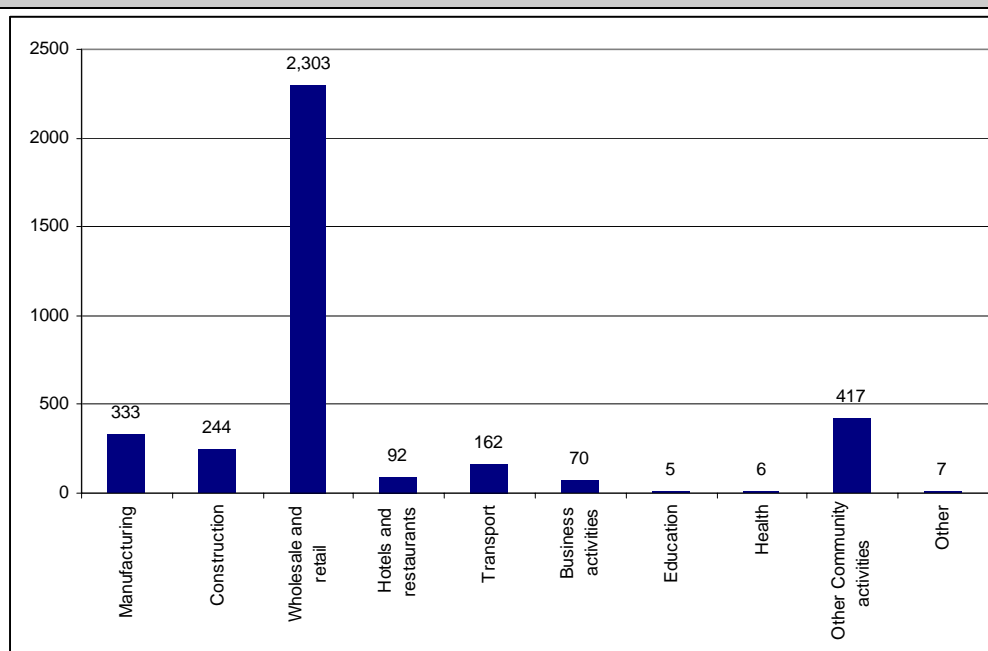
The most responses were achieved within Germany (with 532), followed by Spain (with 490). Very few responses were obtained in countries such as Estonia (3), Iceland (3) and Slovenia (1), which is unsurprising given the low number of co-operatives identified in those countries.

Of note is also the fact that, in light of the wide presence of co-operatives providing financial services to their SME and crafts, Turkey is under-represented in the sample. However, despite the physical presence for a while of a team member in Turkey, it proved next to impossible to obtain contact details of their members from relevant co-operatives in Turkey. As a result, a lower-than-originally-planned number of member interviews were carried out in Turkey.

Responses achieved by sector

As Figure 22 indicates, the members surveyed are predominantly based in the wholesale and retail sector, which accounts for 63% of those surveyed. The next most common sector is the other community activities sector⁸ with 417 replies (12% of the total). The co-operatives in the other community activities sector are overwhelmingly (93%) based in Cyprus.

Figure 22: Members' questionnaire - number of responses by sector



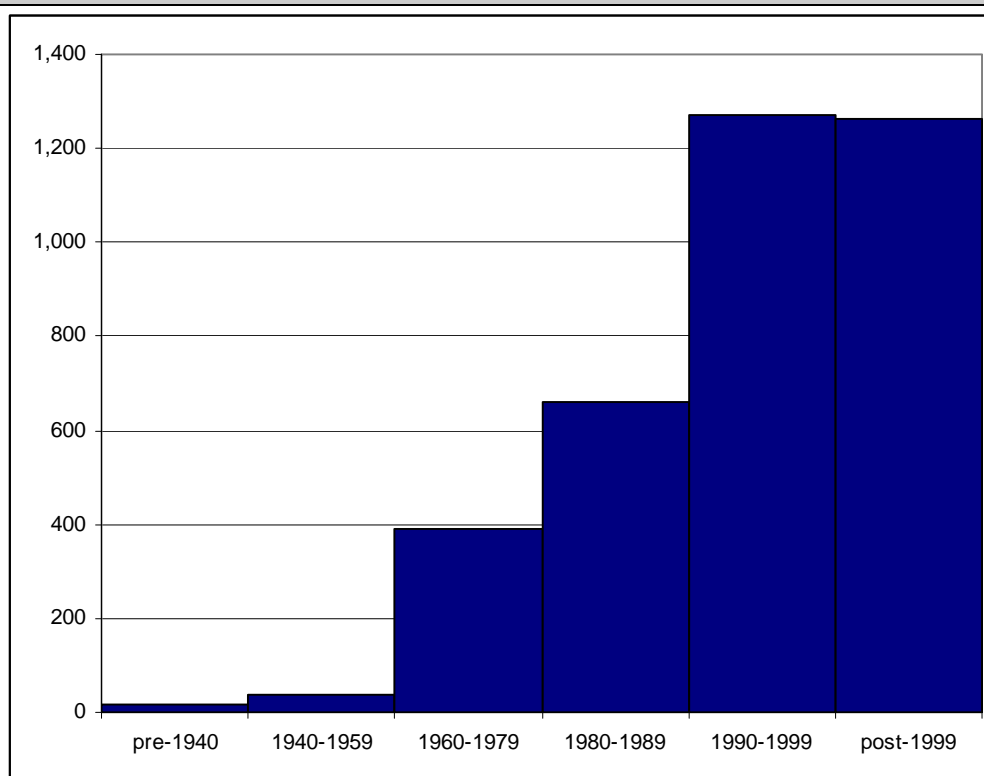
Note: * Other includes members active in the fishing, mining and agricultural sectors.
Source: London Economics' survey of co-operative members.

⁸ Co-operative members within the other community activities sector operate within either the "recreational, cultural and sporting activities" (17 members) or the "other service activities" (417 members) subdivisions. The latter incorporates various service activities, including washing and dry cleaning, hairdressing and beauty treatment, funeral and physical well-being activities.

Year of joining co-operative

We also asked members to report since when they have been members of the co-operative. As illustrated in Figure 23, slightly fewer than 35% of respondents have joined co-operatives since 2000, while a similar proportion joined during the 1990s and a further 18% joining during the 1980s. Very few members were members of co-operatives before 1960 (under 2% of the total) although one member (in Austria) reported that it had been a member since 1889.

Figure 23: Members' questionnaire - year of joining co-operative (number of members)



Source: London Economics' survey of co-operative members.

Significant differences in the pattern of membership can be observed across countries.⁹ Generally, Greece, Croatia the UK and Turkey have younger co-

⁹ For detailed data examining the differences between countries, see Table 84 in the annex.

operative memberships (with over 85% of members having joined since 1990). Poland, Italy, Cyprus and Spain have older memberships, with between 59% and 74% of members having joined before 1990.

4.3 Members' rating of the value of co-operatives membership

The questionnaire included seven questions asking members to rate the contribution of being a co-operative member to several dimensions of their business. We offered members the choice to rate, on a scale of 1 to 5, the contribution of co-operative membership to the following aspects of their business (where 1 is low and 5 high):¹⁰

- contribution to increase volume of business (i.e. sales, access to markets);
- contribution to increase business stability;
- contribution to decrease costs;
- contribution to improve credit rating;
- contribution to increase profits;
- contribution to development of skills and technical abilities; and
- contribution to competitiveness.

These are subjective ratings of the value of co-operative membership. Later on, in Chapter 6, we use statistical techniques to assess objectively and quantitatively the contribution of membership to measurable dimensions of the members' business performance.

As indicated in Table 11 and Figure 24, members generally feel that co-operatives have a positive impact upon their business. The mean rating is consistently between 3 (moderate effect) and 4 (a good deal of impact), for each question. On five of the dimensions, the median rating is 4 (the exceptions are decreasing costs and improving credit rating).

¹⁰ Specifically, the ratings were 1: "not at all", 2: "very little", 3: "moderately", 4: "a good deal" and 5: "a great deal".

Table 11: Members' questionnaire - rating of the value of co-operative membership								
	Average rating		Rating (% members)					
	Mean	Median	Not at all	Very little	Moderate	A good deal	A great deal	Not answered
Increase business volume	3.6	4	7%	9%	20%	38%	23%	3%
Stability	3.5	4	8%	9%	24%	36%	19%	4%
Decrease costs	3.3	3	12%	13%	24%	32%	15%	4%
Improve credit rating	3.2	3	15%	11%	18%	30%	13%	13%
Increase profits	3.4	4	9%	11%	24%	36%	16%	4%
Develop skills	3.4	4	11%	11%	20%	34%	19%	5%
Improve competitiveness	3.6	4	9%	8%	20%	37%	22%	4%

Source: London Economics survey of co-operative members.

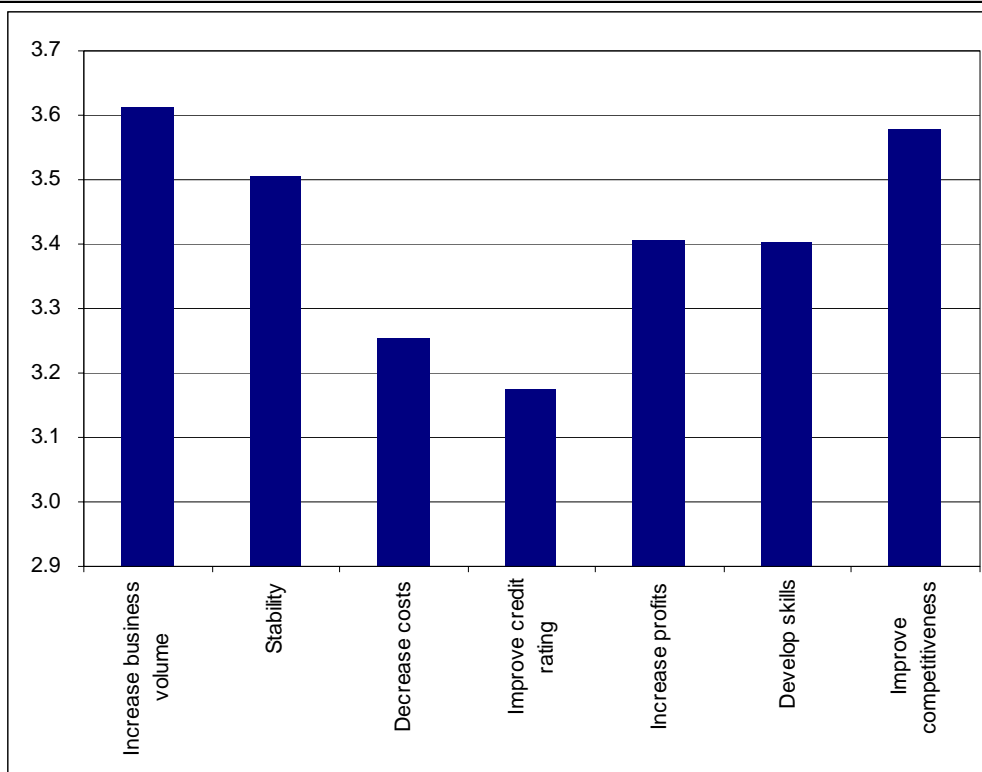
As indicated in Table 11, for each dimension “a good deal” was the single most popular response, eliciting at least 30% of responses in each case.

Improve credit rating was the area where most respondents felt that co-operatives had no impact at all, although this amounted to only 15% of members, and the average rating was still higher than 3.

There are notable differences between the different impacts, with the largest average rating for the effect on increasing business volume and improving competitiveness. On the other hand, lower impacts are evident with regards to improving members’ credit ratings and decreasing costs.

The effects on competitiveness are particularly interesting, as the results of the in-depth survey of co-operatives reported in the previous chapter indicated that improving competitiveness is the most common aim of co-operatives in supplying business services.

Figure 24: Members' questionnaire - rating of the value of co-operative membership (mean rating)



Source: London Economics' survey of co-operative members.

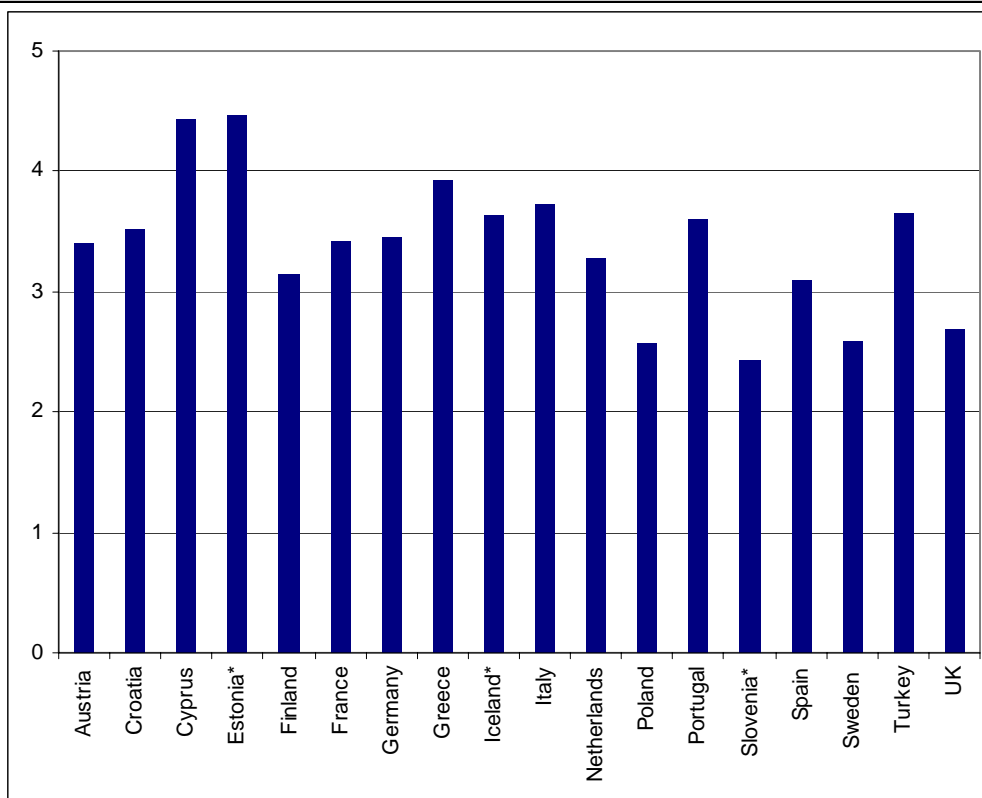
Rating of the value of co-operative membership by country

As Figure 25 shows, there are significant cross-country differences in members' ratings of the benefit from membership in a co-operative. This figure reports the average rating across the seven dimensions listed earlier.¹¹

Members in the majority of countries rate co-operative membership positively, with average ratings of between 3 and 4 across all seven dimensions of potential impact. The most positive ratings are found in Cyprus and Estonia, where the average impact is rated above 4. On the other hand, the members of co-operatives in the UK, Poland and Sweden are less positive, with average ratings of less than 3.

¹¹ Trends between countries are fairly constant between the different dimensions. More detailed country breakdowns are available in the annex.

Figure 25: Members' questionnaire - rating of the value of co-operative membership by country



Note: Graph displays average rating attributed by respondents to value of co-operative membership across the seven dimensions of impact rating.

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

While the figure above shows for simplicity the average impact rating (across seven dimensions), a number of inter-country differences are notable regarding the areas for which co-operative membership is viewed as having the greatest impact.¹² In the majority of countries, the effect of co-operative membership is rated the highest with regards to either increasing business sales or improving competitiveness, but there are some exceptions. In Croatia, for instance, the impact of co-operatives on skills development is rated highest, while in Turkey, co-operatives are seen to have the largest impacts in decreasing costs. In Spain, moreover, a large impact is noted on credit rating, although in general members view this business aspect as being very little

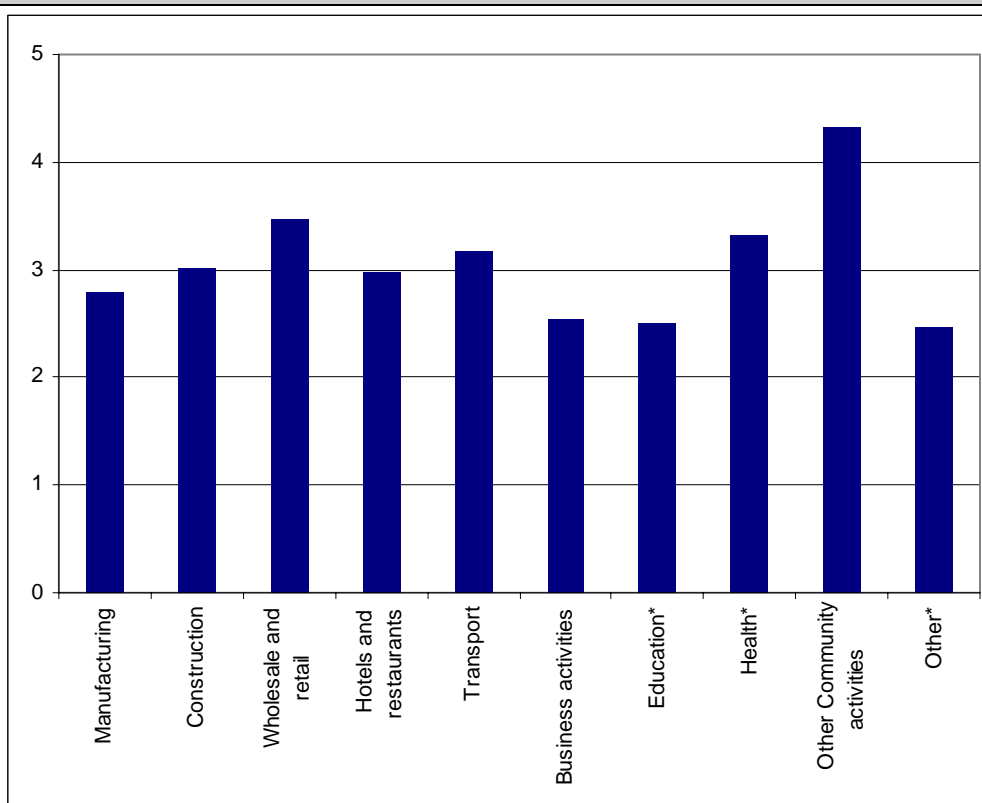
¹² For full ratings by country, see Table 85 in the annex.

impacted by membership in co-operative providing business support services..

Of note is also the fact that, while the effect on competitiveness is generally rated very highly, in Poland it is very low (only 2.3) and in Portugal it is rated as having the lowest impact among the seven business dimensions (with a rating of 3.3 on average).

Figure 26 reports the rating of the value of co-operative membership by sector. Similarly to the patterns observed for the sample as a whole, increasing business volume and competitiveness are generally the most highly rated impacts of co-operative membership. On the other hand, “help lower costs” and “help credit rating” are most often among the lowest rated impacts from co-operative membership.

Figure 26: Members’ questionnaire - rating of the value of co-operative membership by sector



Note: Graph displays average rating attributed by respondents to value of co-operative membership across the seven dimensions of impact rating.

Source: London Economics’ survey of co-operative members.

Businesses that belong to the 'other community activities' sector are by far the most satisfied with their membership, reporting an average rating of more than 4. However, it is important to note that these members are predominantly (93%) based in Cyprus, making it difficult to separate sectoral and country effects.

Members in both the manufacturing and business activities felt that co-operative membership was not very valuable, with average ratings of less than 3.

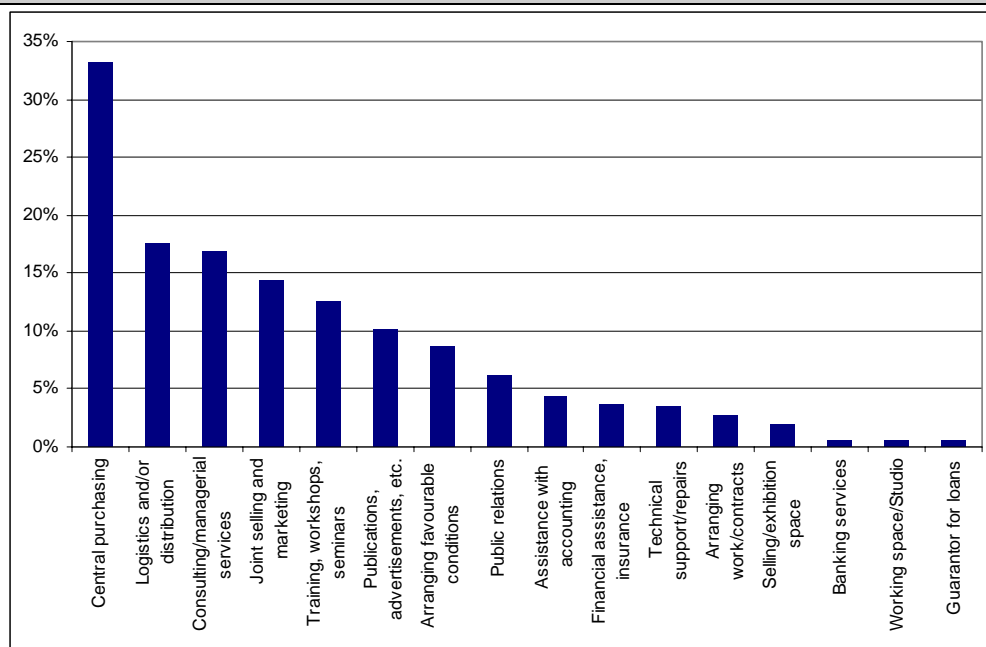
4.4 Value of different co-operative services

The discussion above indicates that, in general, membership in co-operatives providing business services is judged to have a range of positive (albeit sometimes modest) effects on the members' businesses. In this subsection, we complement the previous analysis with an reviews of which services members find most and least helpful, and identify which additional services members would be keen to see introduced.

Services members rate as "most helpful"

Figure 27 indicates that the service identified by members as most helpful most frequently is "central purchasing" (by 33% of members). This is followed by logistics and distribution (18%) and consulting services (17%).

Figure 27: Members' questionnaire - services which are most helpful to members (% members)



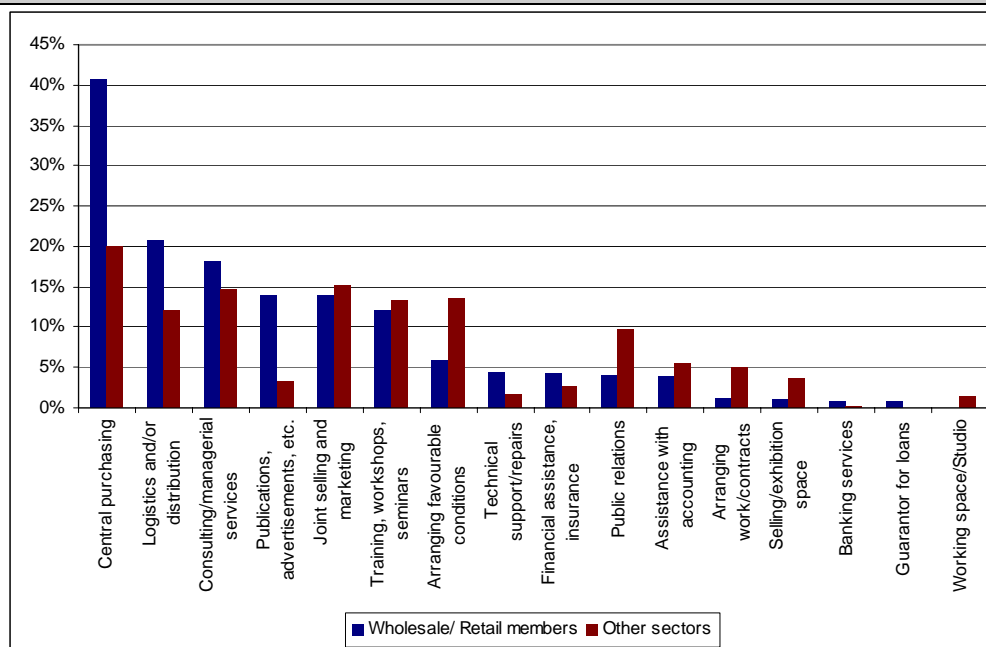
Note: Responses do not sum to 100%, as members were able to identify up to four services that were most helpful.

Source: London Economics' survey of co-operative members.

We can compare these findings with the results from the earlier stages of the study, which found that purchasing is one of the services most frequently offered by co-operatives. Similarly, the popularity of sales and marketing is indicated by the high proportion of members indicating "logistics and/or distribution" and "joint selling and marketing" as most helpful services.

In interpreting these results, it is important to bear in mind the predominance of members in the wholesale/retail sector in the sample. It may be that these members have much greater need for these particular services than other sectors. This is examined in Figure 28.

Figure 28: Members' questionnaire - services which are most helpful to members by sector (% members)



Note: Responses do not sum to 100%, as members were able to identify up to four services that were most helpful.

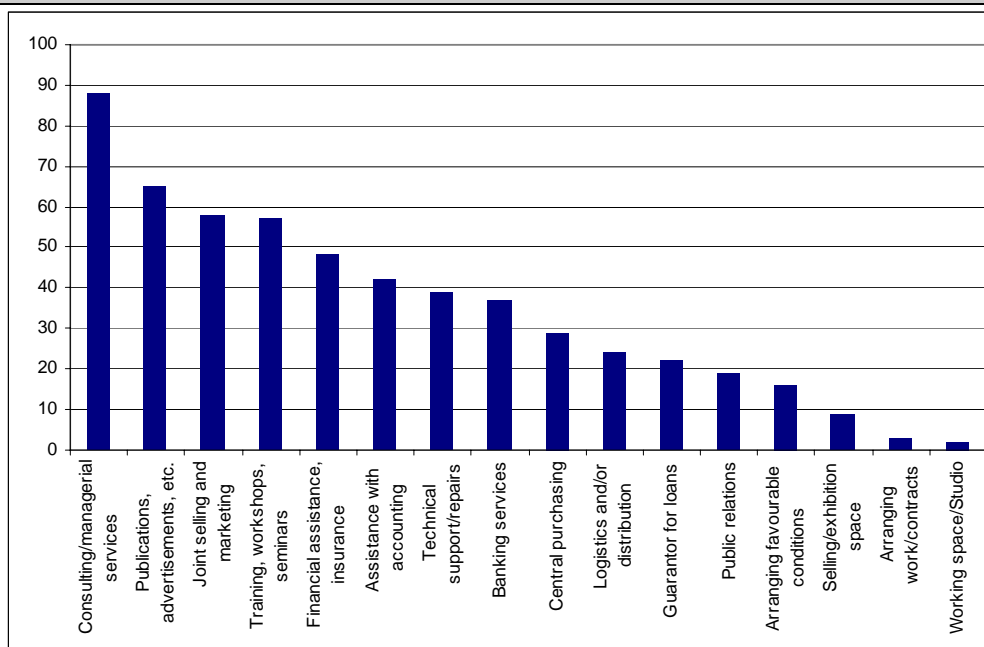
Source: London Economics' survey of co-operative members.

The figure above shows that members outside the wholesale/retail sector are much less likely to identify central purchasing (20% compared to 40%) and logistics/distribution (12% versus 21%) as the most helpful service they receive from co-operatives. However, central purchasing does remain the most popular single service. Members in other sectors also appear to place a greater emphasis on co-operatives' activities in arranging work and contracts for members (14% versus 6%).

Services members rate as "least helpful"

Regarding the question about which services the members find the least helpful we received much fewer answers, which in itself suggests that members do not generally feel that any of the services offered by their co-operatives are not particularly helpful.

Figure 29: Members' questionnaire - services that are least helpful to members (number of members)



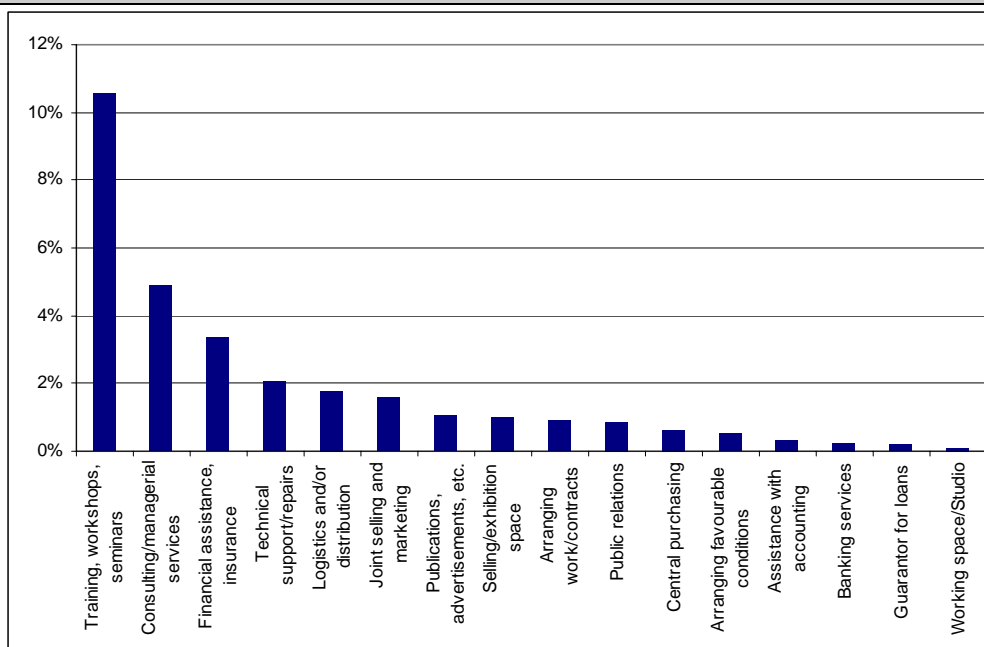
Source: London Economics' survey of co-operative members.

As Figure 29 indicates, very few replies were received for any service. Only one service was identified as being least helpful by over 2% of members, namely consultancy services.

Additional services desired by members

We also asked members if there were any services that their co-operative currently did not offer but that they would wish to receive. In response, over 30% of members identified at least one service that they would like to be introduced by their co-operative (see figure overleaf).

Figure 30: Members' questionnaire - number of members wishing to receive additional services, per service category (% members)



Source: London Economics' survey of co-operative members.

As indicated in Figure 30, the additional services most often cited by members as desirable are "training, workshops and seminars" (10%), "consulting/managerial services" (6%) and financial assistance (3%). This suggests that many co-operatives can improve member satisfaction by carefully selecting additional services to provide to their members.

4.5 Members' rating of co-operatives' service provision

The questionnaire also asked members to rate co-operative service delivery on a scale of 1 to 5 (where 1 is low and 5 high) in relation to those services which members use the most.¹³ Five different aspects were examined: overall service provision, the method of service delivery, value-for-money of

¹³ Specifically, the ratings were 1: "poor", 2: "mediocre", 3: "fair", 4: "good", and 5: "excellent".

services, tailoring of services to members' needs and the level of information provided about services.

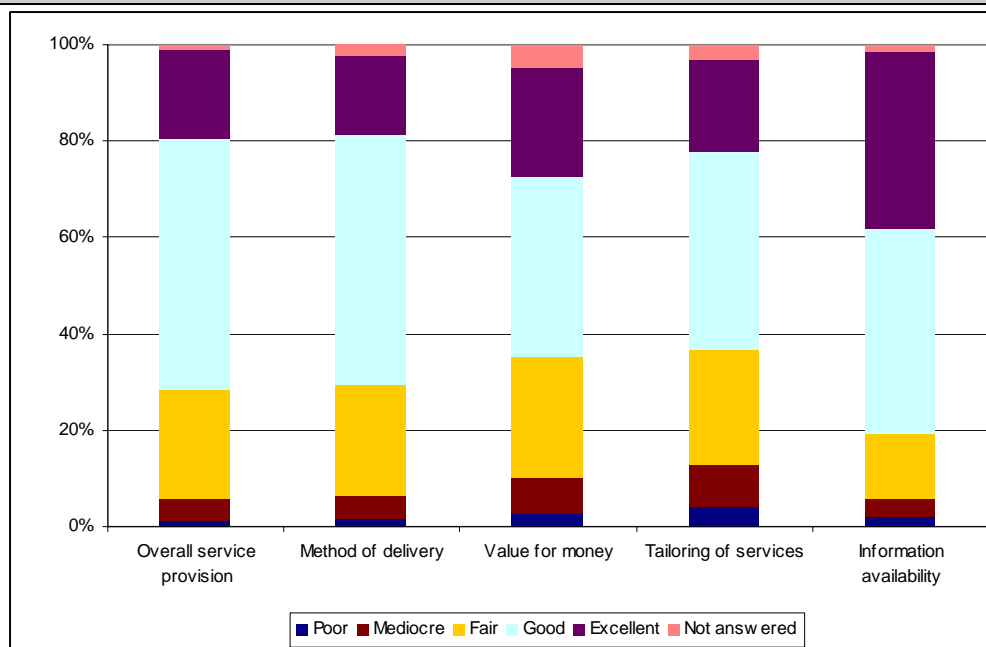
As indicated in the table below, the rating of all elements of service provision is consistently high, with a median rating of "good" in all respects. Mean ratings for each dimension of service provision are greater than 3.5 and, in the case of information availability, are consistently higher than good.

Table 12: Members' questionnaire - rating of co-operatives' service provision								
	Average rating		% members					
	Mean	Median	Poor	Mediocre	Fair	Good	Excellent	Not answered
Overall service provision	3.8	4	2%	4%	23%	52%	19%	1%
Method of delivery	3.8	4	2%	5%	23%	52%	16%	2%
Value for money	3.7	4	3%	8%	25%	37%	23%	5%
Tailoring of services	3.6	4	4%	9%	24%	41%	19%	3%
Information availability	4.1	4	2%	4%	13%	43%	37%	1%

Source: London Economics' survey of co-operative members.

Figure 31 displays this information graphically. "Good" is the most common response in each dimension, accounting for the majority of respondents in both overall service provision and method of delivery. Notably also, few (fewer than 15%) of the co-operatives services are rated as less than fair in any of the dimensions. Furthermore, for each dimension the proportion of co-operatives rated "excellent" exceeds those rated either poor or mediocre. In the case of information availability, 37% of members felt that their co-operatives are excellent at keeping them informed about available services.

Figure 31: Members' questionnaire – distribution of ratings of co-operatives' service provision (% members)



Source: London Economics' survey of co-operative members.

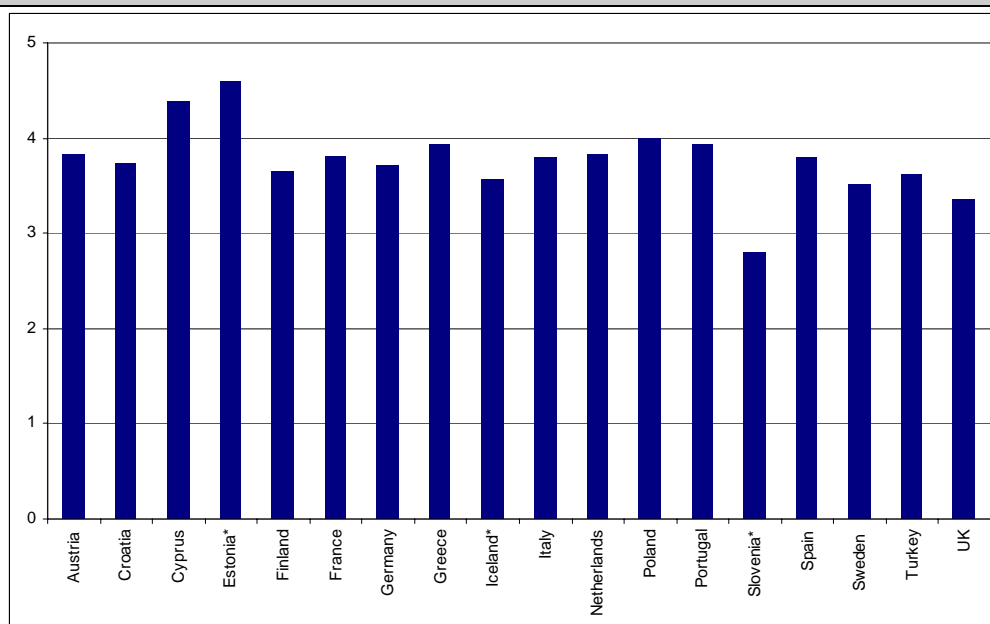
Rating of co-operatives' service provision by country

The positive rating of co-operative service provision is repeated across countries, as indicated in Figure 32. The figure shows the average rating by country across the five elements of service provision, in order to provide a clear picture of patterns across countries.¹⁴

in all countries, except Slovenia (in which few members were surveyed), members rate service provision as between fair or good (on average). Members in Estonia and Cyprus rated services as above good (on average). The countries in which the members have the least positive views of co-operatives' service provision are the UK and Sweden, with average ratings of less than 3.5.

¹⁴. For more details on individual dimensions by country and sector, see the detailed tables in the annex.

Figure 32: Members' questionnaire - rating of co-operatives' service provision by country (mean rating)



Note: Average across five elements of service provision.

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

Some additional points are worth mentioning. First, the overall patterns noted above were also found to prevail within individual countries – information availability tended to be the highest rated dimension, and tailoring of service the lowest rated. The major exceptions to this finding relates to cases where ratings were consistently high across all dimensions (such as in Cyprus and Greece), and in Portugal, where tailoring of service was the highest rated dimension.

Second, once one excludes those countries where fewer than five members were surveyed, only one country rated any dimension less than fair on average. (Within the UK the tailoring of services dimension received an average rating of 2.9.)

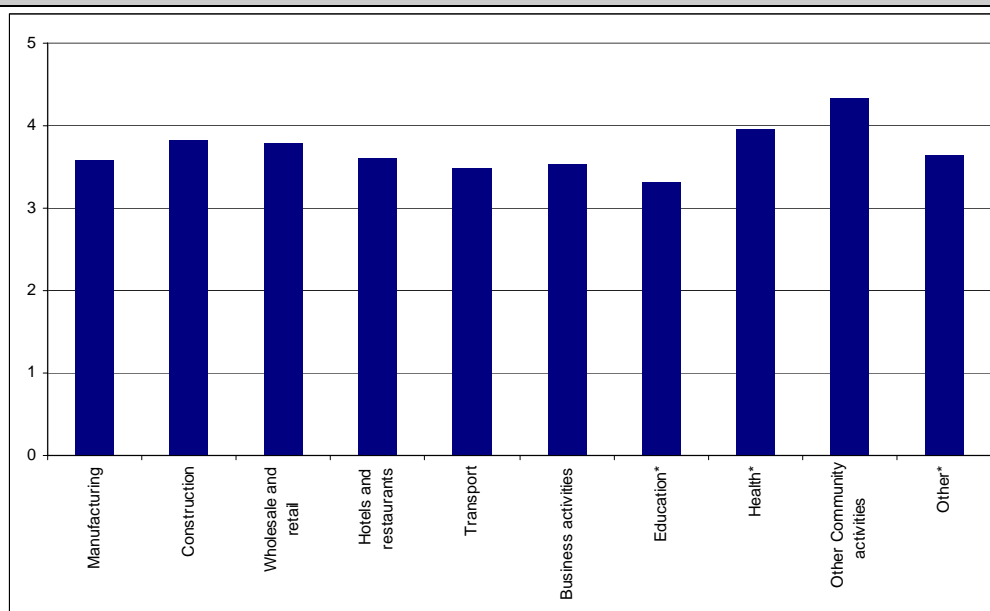
Rating of co-operatives' service provision by sector

There is also consistency in the positive ratings given to co-operative service provision across sectors, as illustrated in Figure 33.

Across the sectors with more than ten members, the rating of service provision is consistently between 3.5 and 3.8, with the exception of the other

community activities sector which has very high ratings (of 4.3). However, as discussed above, it is not possible to separate this sector effect from the Cyprus country effects.

Figure 33: Members' questionnaire - rating of co-operatives' service provision by sector (mean rating)



Note: Average across five elements of service provision.

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

Patterns across dimensions by sector are similar to those identified by country above. Information availability is the highest or second highest rated sector except in other community activities (where it is third, behind value for money and tailoring of services). Further, tailoring of services is either the lowest, or second lowest, rated dimension across all sectors.

4.6 Statistical analysis of the responses of the SME and crafts members of the co-operatives providing business services to their members

To complement the descriptive analysis of the survey results presented in the previous sections of this chapter, we undertook also a statistical analysis of the various views regarding the impact of membership in a co-operative on business performance, focusing in particular on how the assessments of the various dimensions of a potential economic impact and the overall assessment of the quality of the services provided by the co-operatives varied across countries or sectors.

The various potential economic impacts are:

- Increased volume of business;
- Stability of business;
- Decreased costs;
- Improved credit rating;
- Increased profit;
- Development of skills; and
- Improved competitiveness.

To that end, we estimated an ordered logit model where the dependent variable is the percentage of responses providing a “good” or “excellent rating” for the economic impact and the overall service-quality variables, and the explanatory variables are a set of country dummies or sector dummies.

The number of observations used in each model is shown in the table below and the detailed estimation results are provided in Annex 8.

Table 13: Number of observations of each ordered logit model

Analysis by country		Analysis by sector	
Dependent variable	Number of observations	Dependent variable	Number of observations
Logit model 1: percentage of responses rating the impact "increase volume of business" good or excellent	3,531	Logit model 1: percentage of responses rating the impact "increase volume of business" good or excellent	3,513
Logit model 2: percentage of responses rating the impact "stability of business" good or excellent	3,496	Logit model 2: percentage of responses rating the impact "stability of business" good or excellent	3,479
Logit model 3: percentage of responses rating the impact "decreased costs" good or excellent	3,496	Logit model 3: percentage of responses rating the impact "decreased costs" good or excellent	3,480
Logit model 4: percentage of responses rating the impact "improved credit rating" good or excellent	3,162	Logit model 4: percentage of responses rating the impact "improved credit rating" good or excellent	3,146
Logit model 5: percentage of responses rating the impact "increased profit" good or excellent	3,471	Logit model 5: percentage of responses rating the impact "increased profit" good or excellent	3,455
Logit model 6: percentage of responses rating the impact "development of skills" good or excellent	3,460	Logit model 6: percentage of responses rating the impact "development of skills" good or excellent	3,444
Logit model 7: percentage of responses rating the impact "improved competitiveness" good or excellent	3,486	Logit model 7: percentage of responses rating the impact "improved competitiveness" good or excellent	3,469
Logit model 8: percentage of responses rating the overall quality of the services provided by the co-operative good or excellent	3,589	Logit model 8: percentage of responses rating the overall quality of the services provided by the co-operative good or excellent	3,572

Source: London Economics

The key results of the estimation of the various ordered logit models are presented in the tables below where we report the probability that a certain criterion is rated as good or excellent.

The results reported in Table 14 and Table 15 focus on differences across countries while those in Table 16 and Table 17 highlight sectoral differences.

Country differences

The probability that a co-operative member would rate the impact of co-operative membership on the various aspects of economic performance as good or excellent is particularly high in Cyprus, and to a slightly lesser extent, in Greece. Other countries showing high probabilities (at least 60%) of achieving such ratings in at least two dimensions include Austria, Germany, France, Italy, Netherlands, Portugal, the UK and Turkey.

In contrast, countries showing generally the lowest probability of achieving the ratings of good or excellent include Poland, Spain and Sweden and, for some dimensions, the UK.

In terms of the relative ranking of the various dimensions of economic impact, "increased volume of business" and "improved competitiveness" have a probability of being rated good or excellent of 60% or more in 9 countries each, followed by "increased profits" in 8 countries, while the other dimensions are rated as highly in only 3 or 4 countries.

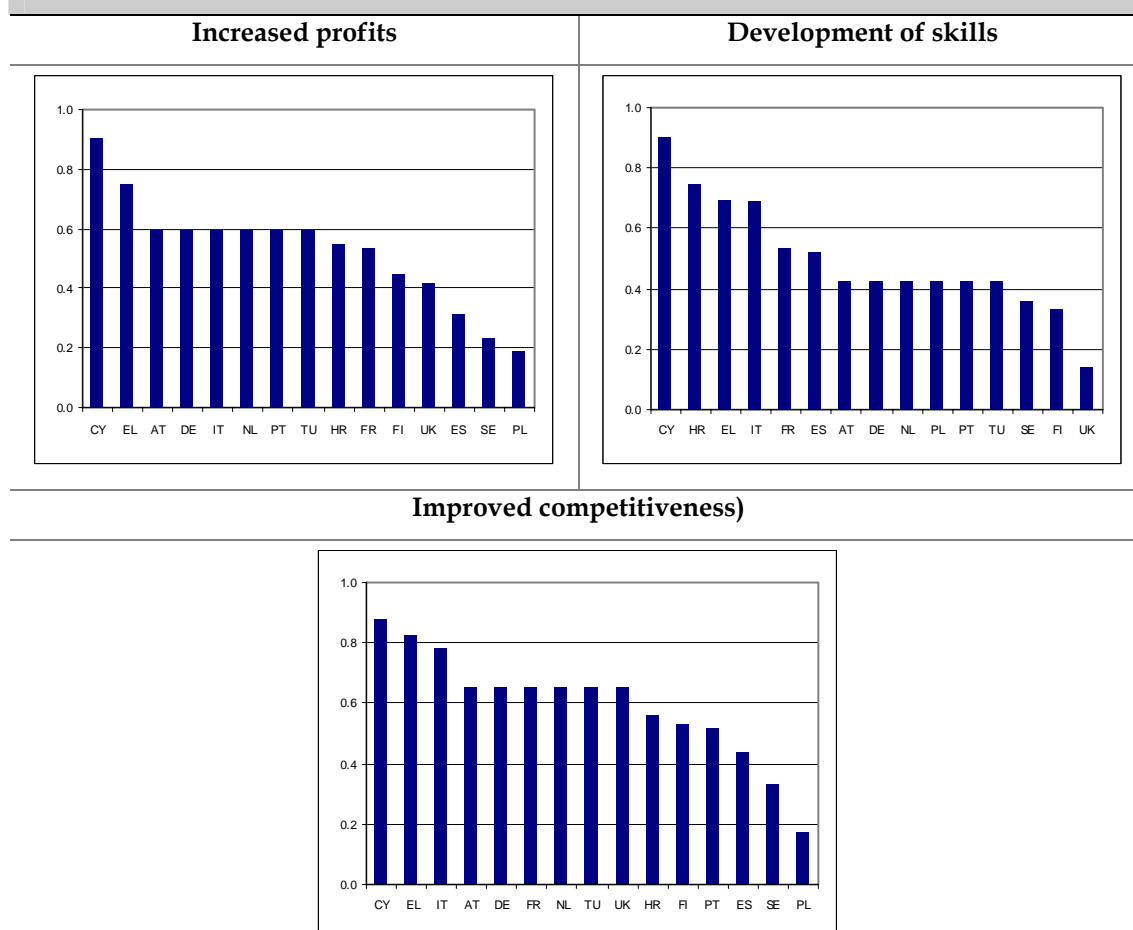
Table 14: Probability of good or excellent rating by area of value by country



Note: Excludes Estonia, Iceland and Slovenia due to small numbers of observations. Based on ordered logit model.

Source: London Economics' survey of co-operative members.

Table 15: Probability of good or excellent rating by area of value by country



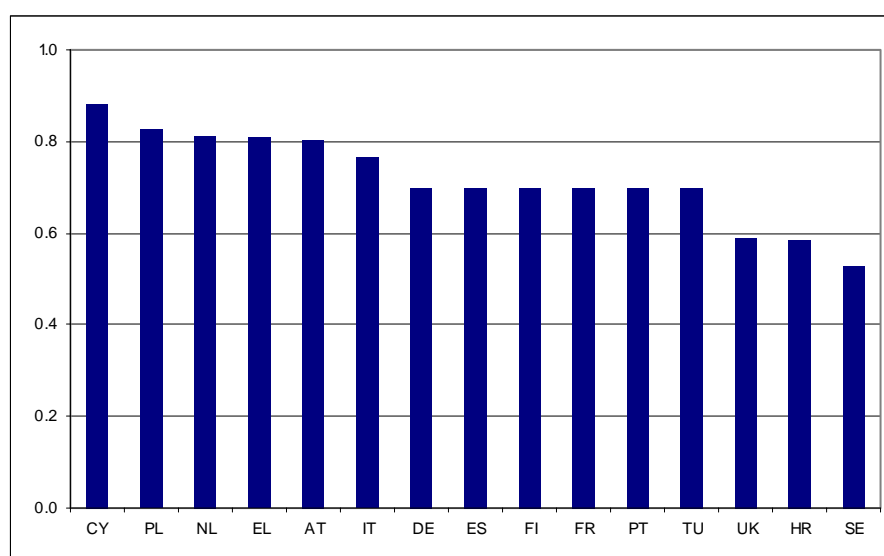
Note: Excludes Estonia, Iceland and Slovenia due to small numbers of observations. Based on ordered logit model.

Source: London Economics' survey of co-operative members.

In terms of country differences in the probability that the overall rating of service provision by co-operatives is good or excellent, very few substantial differences are noticeable.

While the probability of co-operative member providing such a rating is well above 80% in Cyprus and at about 80% in Austria, Greece, the Netherlands and Poland, all the other countries, with the exception of Croatia, the UK and Sweden, show a probability in the range of 60% to 80%. Furthermore, even in the last three countries, the probability stands at more than 50%.

Figure 34: Probability of good or excellent rating of overall service provision by country



Note: Excludes Estonia, Iceland and Slovenia due to small numbers of observations. Based on ordered logit model.

Source: London Economics' survey of co-operative members.

Sector differences

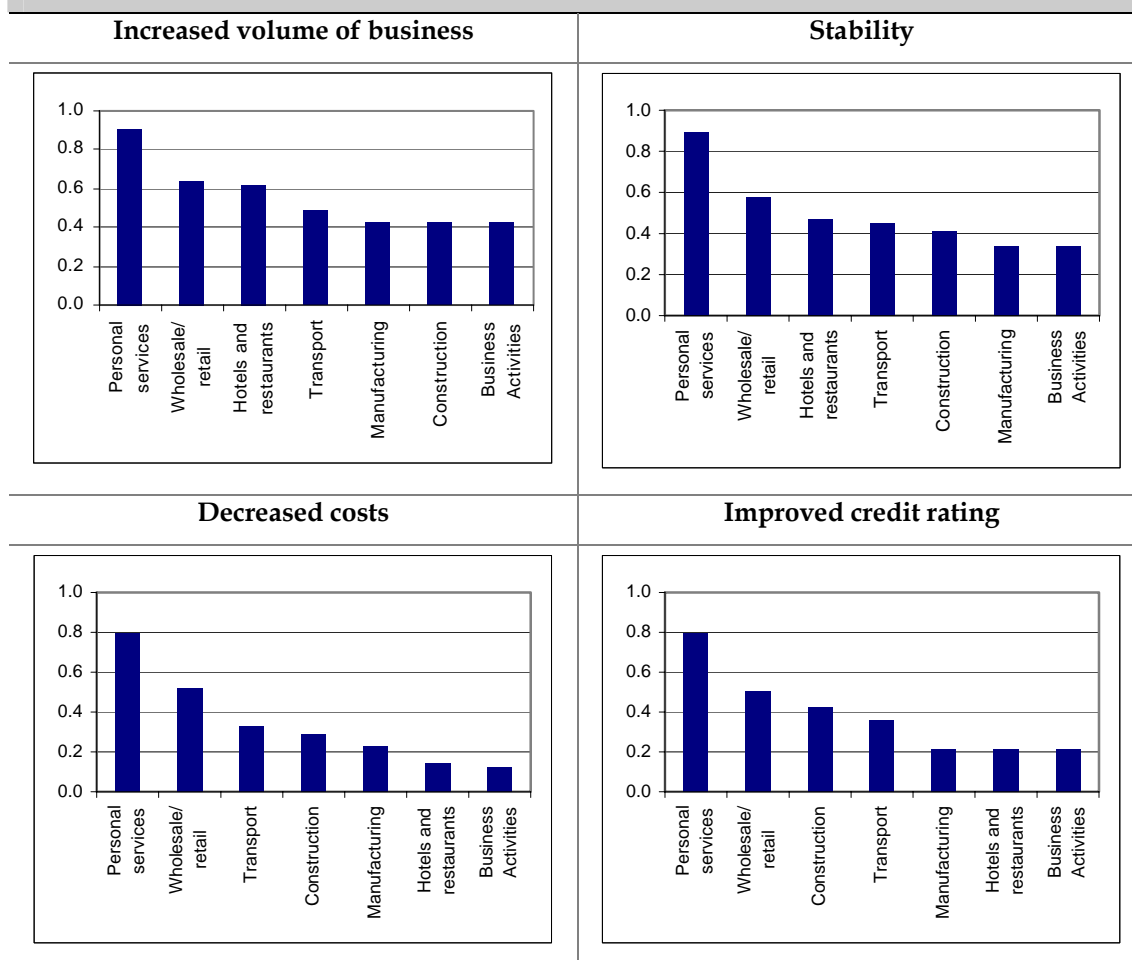
The differences across sectors are somewhat more marked. The sector "personal services" is the one whose co-operative members are most likely to rate the various economic impacts as good or excellent.

Co-operative members from the "retail and wholesale" sector are typically those likely to show the second highest probability of rating the economic impact as good or excellent, but much less so than co-operative members in the "personal services" sector.

Co-operative members active in other sectors are less likely to provide such a rating with those from business services, construction and manufacturing typically having the lowest probability to give such a rating across the various economic impact dimensions.

Finally, it is noteworthy that only two economic impact dimensions show a probability of 60% or more of rating an impact as good and excellent by more than one sector, namely "increased volume of business" and "increased competitiveness".

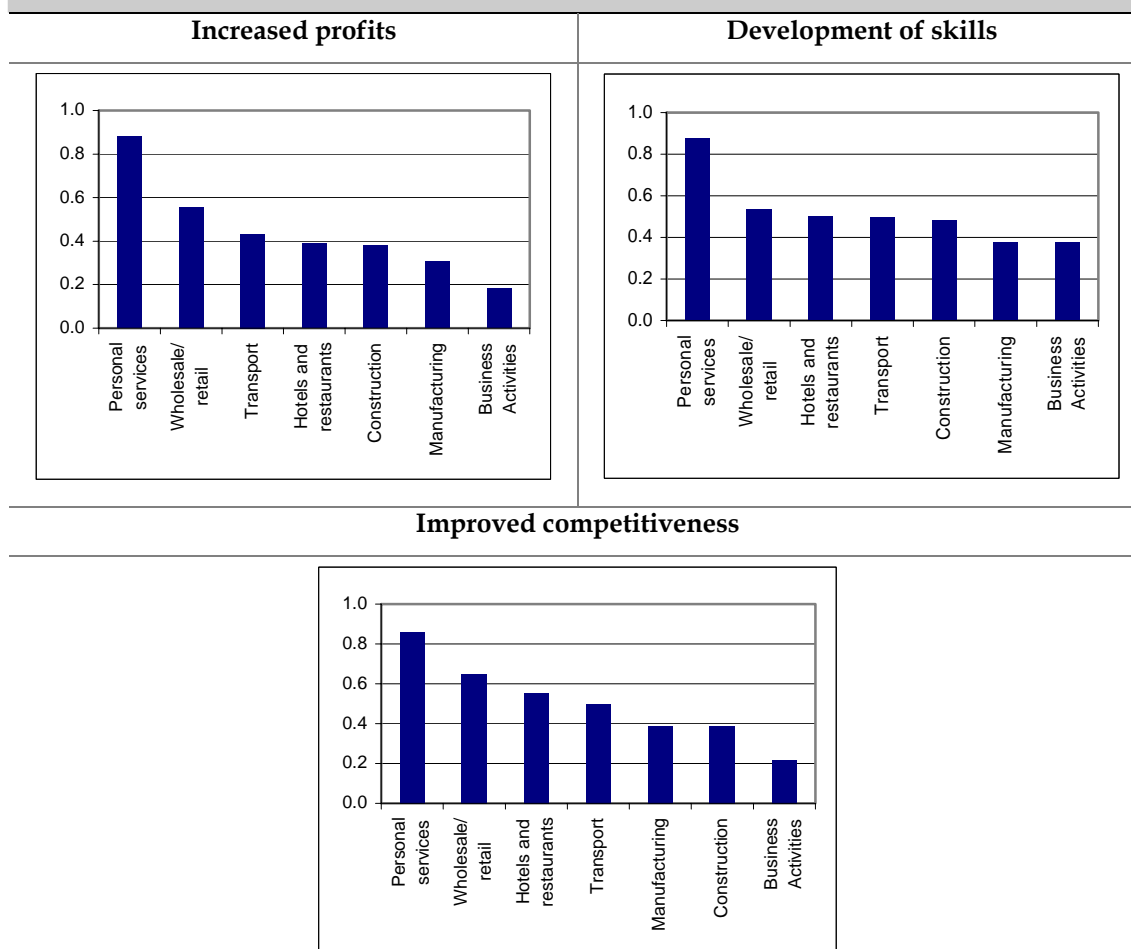
Table 16: Probability of good or excellent rating by area of value by sector



Note: Excludes observations from Estonia, Iceland and Slovenia, and the Education, Health and Other sectors due to small numbers of observations. Based on ordered logit model.

Source: London Economics' survey of co-operative members

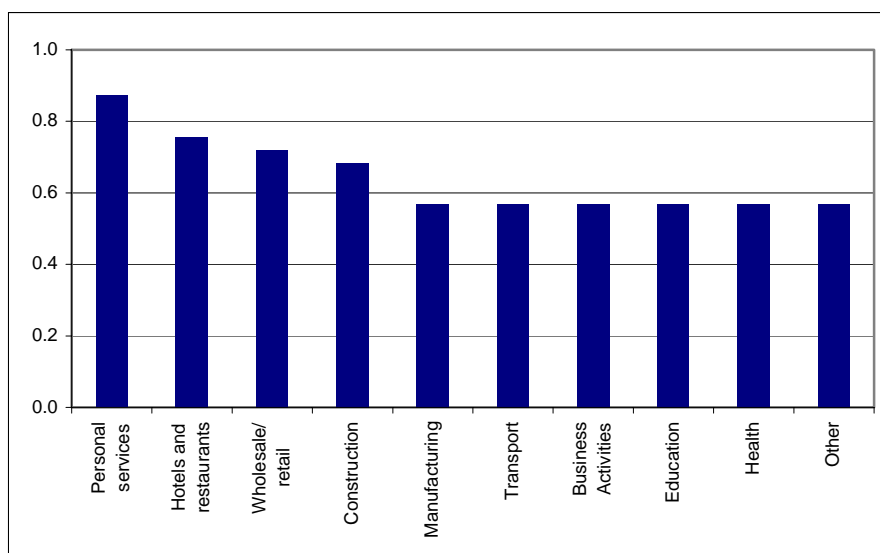
Table 17: Probability of good or excellent rating by area of value by sector



Note: Excludes observations from Estonia, Iceland and Slovenia, and the Education, Health and Other sectors due to small numbers of observations. Based on ordered logit model.

Source: London Economics' survey of co-operative members.

Figure 35: Probability of good or excellent rating of overall service provision by sector



Note: Excludes observations from Estonia, Iceland and Slovenia, and the Education, Health and Other sectors due to small numbers of observations. Based on ordered logit model.

Source: London Economics' survey of co-operative members.

Finally, members in all sectors are likely to rate the quality of the overall service provision by co-operatives good or excellent as the probability to do exceeds 80% in the "personal services" sector, 60% in the "hotels and restaurants", "wholesale and retail sale" and "construction" sectors and 50% in the other sectors.

4.7 Concluding remarks

The survey of members of co-operatives providing business services to their SME and crafts members focused on the value of co-operative membership and the effectiveness of co-operatives are in providing services to their members.

The findings indicate that members positively value co-operative membership highly. Across the seven dimensions of how membership may help the members' business, average ratings are above moderate, and the most common response indicates at least a "good deal" impact on a scale of 1 (not at all) to 5 (a great deal). These findings are generally repeated across countries, although with some exceptions. In particular, members in the UK, Sweden and Poland, or operating in the manufacturing and business

activities sectors, rate the economic impact of co-operative membership less highly.

Similar results are found for members' rating of co-operative service provision. Across five dimensions, ratings are consistently high with all averages standing above 3.5 on a scale of 1 to 5. Furthermore, few members identified service provision as worse than fair.

Overall, we also observe relatively little dispersion of answers when comparing averages across countries and across sectors of activity. There are neither many very high ratings nor many very low ones.

The survey suggests that "central purchasing" services are the most useful to members active in all sectors, particularly to those firms operating in the "wholesale/ retail sector".

Members have expressed a general view that, while there are few services that they find not particularly helpful, there would be additional services that they would like to see provided by the co-operatives. The type of additional services desired varies across sectors of activity but the most often mentioned relates to training, workshops, and seminars.

5 Case Studies

5.1 Introduction

The terms of reference of the present study specified that, on the basis of the examination and assessment of support services offered by co-operatives to their craft and SMEs, a number of support services should be selected as potential cases of good practices.

In this part of the report, we provide 15 case studies covering a wide range of co-operatives and services (see Table 18 below).

Table 18: Case studies				
Name of co-operative	Country	Sector of activity of co-operative members	Main activities of the co-operative	Overall member assessment of services provided by co-operative (on a scale of 1 (lowest) to 5 (highest))
Aliança Artesanal	Portugal	Crafts – embroidery	Marketing	4.0
BÄKO Österreich	Austria	Bakery and confectionery	Joint purchasing, technical advice, consulting, training	3.3
Centrale des Coiffeurs Artisans	France	Hairdressing	Joint purchasing, technical advice, training	
COFAC	Spain	Hardware and DIY retail	Joint purchasing, marketing	3.9
EDEKA Minden-Hanover	Germany	Food retail	Joint purchasing, marketing, training, finance	3.9
EK Servicegroup eG	Germany	Retail	Joint purchasing, technical advice, consulting, training, financial services	3.6
Farm Stay	UK	Rural tourism	Marketing and common booking platform	3.8
Hefame	Spain	Pharmacies	Joint purchasing	n.a.
Kipa Kirjakauput	Finland	Book retailing	Marketing, joint purchasing	3.9
Kyklos Toys	Greece	Toys retailing	Joint purchasing, marketing	3.8
Consortia trasporti	Italy	Goods road	Joint procurement	3.2

Table 18: Case studies				
Name of co-operative	Country	Sector of activity of co-operative members	Main activities of the co-operative	Overall member assessment of services provided by co-operative (on a scale of 1 (lowest) to 5 (highest))
Perugia La Freedom		transport	of contracts, joint purchasing, training	
Lerverk Ekonomisk Förening	Sweden	Arts, crafts	Joint marketing	3.3
Red Zac (Envirionics Austria)	Austria	Audio-visual and electronics retailing	Joint purchasing	4.3
REWE Dortmund eG	Germany	Food retailing	Joint purchasing, marketing, training, finance	4.2
Toerkoop	Netherlands	Travel agents	Joint purchasing, marketing, training	4.3

Source: London Economics' survey

The co-operatives included in the set of cases studies were selected on the basis of both the members' satisfaction survey results and recommendations from national associations of co-operatives and national experts.

The selected case studies reflect a wide range of a) services provided by co-operatives to their SME and crafts members and b) sectors of economic activity in which these members are active.

Moreover, in some cases, the members of the co-operatives listed in the table above are crafts people and/or single traders whereas in others they are small businesses.

The general purpose of the case studies is to identify practices which are of clear benefit to the crafts and SME members of the co-operatives and which could be replicated elsewhere in the European Union.

Overall, the sample of the 15 cases studies in this report highlight the importance of joint purchasing, training, marketing, joint procurement of orders and finance as key activities that can be undertaken by co-operatives for the benefit of their SME and crafts members.

5.2 Case Study 1: Aliança Artesanal

The "Aliança Artesanal" (Craft Alliance) is a Portuguese co-operative, created in Vila Verde (northern region of Alto Cávado) in 1988. The co-operative comprises craftswomen oriented in particular towards embroidery.



Its main craft production is derived from a Portuguese 18th century tradition called "lenços de namorados" (lovers' handkerchiefs). These are richly embroidered linen pieces which originally contained veiled love messages from a young woman to a particular young man. The scarf's embroidery often contained a poem which was also a declaration of love.

To mark their agreement, the chosen young men would then wear the handkerchief around the neck for the next few days, and couples were thus formed. This old tradition is still a symbol of the region's cultural identity.

Linen weaving and embroidery were very widespread female activities in the traditional societies of rural Portugal. This was a way of occupying one's free time and, from a very young age, girls produced items which had a social value. The "lovers' handkerchiefs" were finely embroidered items of linen with decorative motifs and poetic verses.

5.2.1 Background information about the co-operative

The co-operative operates in parallel with the "Covide Social and Crafts Centre". The Centre is more involved in the rediscovery of traditional linen processing and weaving. These two structures have benefited from several public aid schemes, which have enabled them to develop.

From the outset, members of the co-operative have particularly benefited from training courses financed by the European Social Fund. These have enabled the number of craftswomen to considerably increase. The tutors were women from the Co-operative and Social Centre. The main activity of the Craft Alliance soon became the recovery of designs and the manufacture of "lovers' handkerchiefs".

From 1993 onwards, the training actions became more targeted. The number of actions for young women was increased, whilst others were organised for already experienced crafts-women.

At about the same time, the co-operative started to broaden its product base to include also the design and production of "modern" linen clothes incorporating motifs taken from the lovers' handkerchiefs.

Since then, the co-operative has broadly diversified its market niches and its marketing methods, thus guaranteeing the viability of its members' activities. An operation to recover old drawings has been systematically carried out, in particular from photographs taken from ethnographic works. These motifs have been reworked and diversified, particularly in terms of colour.

New clothes and other articles of everyday use (curtains, tablecloths, carpets, etc.) are designed, integrating the traditional motifs of the "lovers' handkerchiefs". All of these products are presented in a permanent exhibition area within the co-operative.

Aliança Artesanal's main objectives are to:

- Participate in/support initiatives by individual crafts members or by crafts co-operatives that aim at preserving craft's cultural heritage;
- Participate in/support initiatives that help to create jobs and increase the income of crafts members' and their families;
- To market, in Portugal and abroad, quality crafts produced in the centres run by the co-operative, from other co-operatives or produced by individual crafts members;
- Participate in campaigns raising public awareness of the quality and tradition of craft production in the region;
- Promote training and skill acquisition and improve employability and personal and professional autonomy of its crafts members.

5.2.2 Background information about the members

An important part of the population in the rural north of Portugal, and particularly women, are generally ill-equipped to enter the job market. They are poorly-qualified and their chances of finding a salaried job are low, given the thinness of the local job market.

Self-employment is therefore almost always their only option and the crafts sector (notably the textile trade in this part of the country) is the area which seems to have the most to offer by bringing greater professionalism to the traditional activities carried out particularly by rural women.

The setting up of a viable crafts sector has been supported by local development agencies, by the Portuguese government (Committee for Conditions for Women, Institute for Crafts Employment, etc.) and by the European Union (including the NOW, ILE and LEADER programmes).

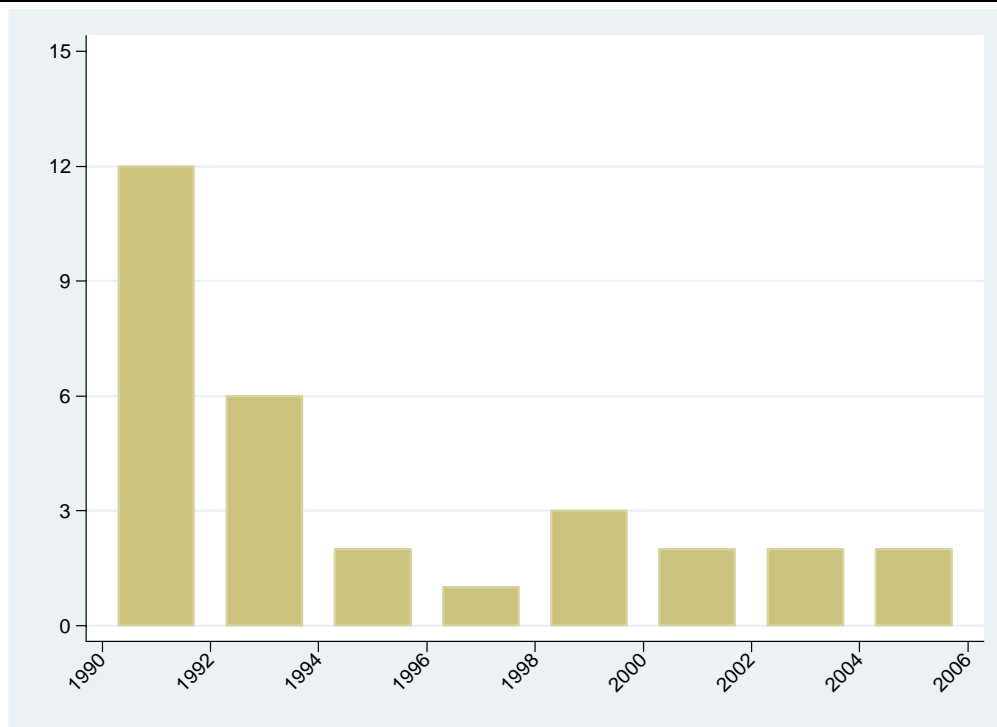
The Aliança Artesanal de Vila Verde, in Alto Cávado, is a co-operative involving around 100 individual craft workers. The origins of this organisation date back to 1948, when the "Women's Work for National Education", a governmental institution, encouraged women to do crafts work at home.

"In a way, this inherited association with former times turned out to be an obstacle to setting up our co-operative in 1988", recalls the current Director of the co-operative, Maria da Conceição Pinheiro. "Confined to their household and family chores, women in the region have been isolated from the job market for a long time. Motivated by their wish to spend more money as well as by government incentives, they were slow to enter the spirit of cooperation. Now the income generated by the co-operative has brought with it a feeling of confidence and solidarity. Training in the area of design and promotions that we organised under LEADER have also largely contributed to a spirit of solidarity that did not exist before."

The co-operative therefore succeeded in overcoming an important obstacle, since, as Teresa Lima points out, "as soon as an activity becomes profitable, it is taken up by many women and the local market becomes saturated very quickly. It is then necessary to market the craft activities outside the local area. This requires forming an association, which is very difficult given the lack of training and the associative traditions among the group of women in question."

The number of members has evolved slowly over time at a rate of only a few new members per year. While the success that the co-operative has achieved with marketing of traditional crafts products is substantial, the co-operative is of the view that the growth of these markets has to be managed somewhat conservatively in order not to hurt the strength of the image of the main offerings.

The slow pace of membership growth is also reflected in the survey responses regarding the length of membership, with the bulk of membership dating back to at least the early 1990s (see Figure 36).

Figure 36: Frequency of membership entry by year

Source: London Economics' survey

5.2.3 Description of the services provided by the co-operative to members

The co-operative focuses its service provision in the areas of research, marketing and training. In addition, the co-operative, aided by the Centre also maintains a permanent exhibition space where the production of craft members is displayed.

In the area of marketing and branding, the co-operative has gained an official certification of its "lenços de namorados". This is a certification of quality and origin given by the Portuguese National Institute for Industrial Property in 1995.

This was an important first step for the marketability and economic viability of the production of "lenços de namorados". The co-operative's vision to promote the traditional art of embroidery and the seriousness of the research dedicated to recover the traditional designs and manufacture of lover's handkerchiefs were major factors of success.

In addition, the Aliança Artesanal has promoted its “lenços de namorados” through initiatives such as themed fashion design competitions, achieving very significant participation by young Portuguese designers and strong media coverage for its products.

The Aliança Artesanal carries out, on an on-going basis, a large number of initiatives in the areas of skills development and specialised training. The co-operative partners with training centres such as the Centro de Formação Profissional do Artesanato (CEARTE),

In 2006 alone, for example, the co-operative, in partnership with CEARTE, carried out four separate training courses of about 70 hours each. The courses are generally focused on improving skills in the areas of embroidery and ceramics.

5.2.4 How does the co-operative manage its service provision

The co-operative benefits from external support for the funding of services provided to members.

The Social European Fund has contributed to the funding of training actions by the co-operative. This contribution covers about 2/3 of the total cost of the training action. The European Union has further contributed to the Crafts Alliance provision of services through programs like NOW, ILE and LEADER.

The Portuguese government also contributes to the funding of the co-operative's service provision through the Committee for Improvement of Women's Conditions and the Institute for Crafts Employment, among others.

5.2.5 Impact of co-operative membership on members

The impact that the Aliança Artesanal co-operative has had on its members is very significant. The co-operative has allowed its members to develop skills and to participate in the production of traditional crafts which have gained notable recognition.

Without the pro-active intervention of the co-operative in researching the traditional designs of the scarves, it is unlikely that a market for these crafts would have been created.

In qualitative terms, the impact of the co-operative on its members is even more substantial as the co-operative gave new opportunities to women who had never participated in the job market and had probably never felt that they had marketable skills. The value of this particular crafts production is also found in the recognition and increased self-esteem for the women that participate in the actions of the co-operative.

In other words, the Aliança Artesanal has created a market where no market existed and it has created economic value for the labour of a group of female workers.

A group of 30 members of Aliança Artesanal participated in our survey. These respondents also provided some information on the evolution of business turnover in the most recent four years. The latter information suggests sales of the members of this co-operative have grown at a very fast pace, on average by 22% in 2003, 12% in 2004 and 10% in 2005.

Such rapid growth in sales is quite unusual in the crafts sector in Portugal where the rate of growth is typically below or in line with overall economic growth of less than 2% over the same period.

It therefore can be concluded that the services provided by Aliança Artesanal have proved very valuable in enhancing the productivity of their craft members.

All aspects of business are judged to have been highly impacted by membership in the co-operative, and the two aspects that were judged to be the most significant are “increased sales” and “business stability”.

Table 19: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)			
Impact	Average Rating	Impact	Average Rating
Sales growth	4.27	Higher profits	4.07
Increased stability	4.30	Skills Upgrade	3.93
Lower costs	4.03	More competitive	3.97
Improved credit rating	4.00		

Source: London Economics' survey

In terms of the services provided by the co-operative, the great majority of respondents chose the maintenance of a selling/exhibition space as the most important services. Joint selling and marketing was the second most important service. Practically no other service was mentioned in the category of “most valued services”.

These survey results are significant because they clearly translate the fact that the co-operative's perceived contribution is the help given to members to market and sell their products.

Table 20: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing		Training, workshops, seminars	
Joint selling and marketing	7	Publications, advertisements, etc	
Logistics and/or distribution	2	Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members		Banking services	
Selling/exhibition space	21	Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs		Consulting/managerial services	

Source: London Economics' survey

The survey also sought information on additional services members would like the co-operative to provide. None of the 30 respondents pointed to any potential gap in the current service provision.

5.2.6 Members' assessment of services provided by the co-operative

Finally, respondents were also to rate several aspects of the co-operative service provision. The overall rating of the services provided by the co-operative is 4 on a scale of 1 (lowest) to 5 (highest).

Overall, the rating is very high (around 4) across all service aspects.

Table 21: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest))

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	4.03	Degree of services' customisation	3.97
Services' method of delivery	4.03	Information about services	4.10
Services' value-for-money ratio	3.97		

Source: London Economics' survey

5.2.7 Conclusions

The Aliança Artesanal is a good example of a co-operative helping its crafts members to develop and expand a market for their products by raising the profile and marketability of the "lenços de namorados." From an almost lost craft tradition, with practically no market value, the scarves now retail at over €150 a piece.

The development of this market has brought into the labour market a number of workers that would not otherwise have been able to participate.

5.3 Case Study 2: BÄKO Österreich

5.3.1 Background information about the co-operative

BÄKO Österreich is a commercial purchasing co-operative society of bakers and confectioners in Austria.

Founded by bakers and confectioners in the 1920s it aims at providing its members with raw materials. It also provides assessments of the business environment, thus helping members to better plan their business activities.

The co-operative's primary activity is wholesale trade and its main objective is to improve the competitiveness of its members through the provision of certain services.

BÄKO serves about 2300 customers a year, of which about 1230 are members of the co-operative.

The Headquarters of BÄKO are located in Linz-Pichling, but the co-operative also has regional offices in Wien, Graz, Salzburg and Tirol.

BÄKO employs about 150 staff, of which 12 are charged with the task of visiting the members/customers regularly throughout the year.

At the present time, BÄKO has almost 12,500 m² of warehousing facilities and the co-operative wholesales almost 19,000 different items, 9,000 of which are constantly in stock in their warehousing facilities. These items range from raw materials to semi-finished products and machinery and different specialised devices. Overall, the co-operative provides 37 categories of products, some examples of which are jams, canned fruit, paper and packaging products, sanitation products, etc.

5.3.2 Background information about the members

The co-operative has 1230 members, which are either bakeries or confectionaries. They use BÄKO to source their supplies and machinery though many will not rely exclusively on the co-operative to meet all their business needs.

5.3.3 Description of the services provided by the co-operative to members

The key services provided by BÄKO include:

- The provision of high quality supplies, in conjunction with a reliable nation-wide logistics system;

- Training and consulting;
- Marketing;
- Representation: BÄKO will also represent its members at different business events and exhibitions.

To deliver the supplies to its clients, BÄKO also owns 20 trucks that deliver the products door-to-door. BÄKO delivery vehicles always include two drivers.

In addition to supplying bakery and confectionary ingredients and products, many of which are own brand, BÄKO has also arranged for favourable electricity supply to its members and a cooperation scheme between BÄKO and VB LEASING provides members access to vehicle and production equipment leasing.

BÄKO also produces a free quarterly magazine which is exclusively distributed to its members. The magazine contains information about developments in the bakeries and confectioneries sector as well as case studies/presentations of particularly successful members/customers. Its main purpose is to improve communication between clients and to familiarise them with new products, as well as to inform about upcoming events. Also, BÄKO runs a Forum for its registered members, which serves for an exchange of market evolution ideas and opinions, as well as for an exchange of baking suggestions and recipes. BÄKO also helps its members remain up-to-date through frequent training courses and seminars which are complimentary for BÄKO clients and members. The fact that participation is increasing is encouraging the co-operative to carry on supplying these services to the members. BÄKO also offers marketing services to its members. The co-operative introduces on a regular basis promotional offers on its products. BÄKO also offers to its members and customers the option of obtaining their own promotion signs and labels.

Table 22 below displays information gathered through a survey of co-operatives on various aspects of the services provided by BÄKO. For example details of the form of provision are given for each service provided by the co-operative; that is the means through which each service is provided. We see that the co-operative provides their range of services in a variety of alternatives ways; many are provided off-site, however the most commonly used (purchasing) is provided onsite; further there is a variety in the level of tailoring between services, many are off-the-shelf but marketing is tailored to the specific needs of members.

All the services are actively marketed and on-going in duration. As noted, by far the most commonly used service provided is purchasing services which are used by all of the members. We can see that these are provided directly by the co-operatives' own staff, actively marketed and tailored to the specific needs of the members. The co-operative's objective in supplying this service is to ensure the viability of the members' business.

Table 22: Details of services offered by BÄKO.

Service	Form of provision ¹	Degree of involvement ²	Tailoring of service ³	Marketing of service ⁴	Drivers of service supply ⁵	Duration of service ⁶	Objectives of service ⁷	Members' use of service ⁸
Purchasing	Directly	On-site	Tailored	Actively	Demand based, Non-demand based	Ongoing	Viability	100%
Marketing	Electronic platforms, Regular events	Off-site	Off-the-shelf	Actively	Non-demand based	Ongoing	Competitiveness	10%
Public relations	Regular events	Off-site	Off-the-shelf	Actively	Non-demand based	Ongoing	Viability	5%
Financing/ funding	Electronic platforms, Publications	Off-site	Off-the-shelf, Both	Actively	Demand based, Non-demand based	Ongoing	Viability	3%
Training	Directly, Training programmes	On-site Off-site	Off-the-shelf, Both	Actively	Demand based, Non-demand based	Ongoing	Competitiveness, Viability	30%
Business advice and consultancy	Regular events	Off-site	Off-the-shelf	Actively	Non-demand based	n.a.	Viability	10%

1: **Directly** – the service is provided by personnel employed directly by the co-operative; **Training programmes** – the service is provided through a training programme; **Electronic platforms** – the service is provided through electronic platforms; **Publications** – the service is provided through non-electronic publications; **Regular events** – the service is provided through regular events.

2: **On-site** – the service is provided by co-operative staff visiting the premises of the members; **Seconded** – the service is provided by co-operative staff working as part of the businesses of the members; **Off-site** – the service is provided remotely from the co-operatives own premises.

3: **Tailored** – service are tailored to the specific circumstances of the members; **Off-the-shelf** – service are off-the shelf solutions; **Both** – the service can be offered as both a tailored service and an off-the-shelf service.

4: **Actively** – through regular advertisements in the group's publications, mailings etc; **Passively** – only upon request by members.

5: **Demand based** – Service created in response to demand; **Non-demand based** – Services created without prior assessment of demand.

6: **One-off** – Business service are provided on a one-off basis; **On-going** – Business services are provided on an ongoing basis; **Follow-up** – services are offered after the provision of business services to members has ended.

7: **Competitiveness** – Competitiveness of business; **Viability** – Viability of business; **Social objectives** – Combat social exclusion, provide employment, etc.

8: Estimated percentage of members that use the service.

5.3.4 How does the co-operative manage its service provision

The co-operative provides a considerable amount of services on the premises of its clients and members. As already noted, BÄKO employs 12 members of staff whose only functions are to visit customers to take orders and inform clients of new promotional events, new and/or discount products, seminars and public events etc. This 12-person team is also able to provide consultancy and tax advice solutions to clients.

The funding of the co-operative consists mainly of payments from members and non-member customers for the supply of products and services. In addition, there is also a one-off joining fee for each new member.

5.3.5 Impact of co-operative membership on members

The results of the survey of 10 members of BÄKO show that they judge, by a significant margin, the contribution of BÄKO to be most significant in terms of contribution to reducing costs.

To some extent, the ratings shown in the table below reflect the fact that a number of the members who responded to the survey were in more remote locations in which the co-operative does not provide the full range of services. Also, the small size of these more remotely located members limits the take up of advanced services such as marketing seminars and consulting.

Table 23: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)			
Impact	Average Rating	Impact	Average Rating
Sales growth	2.00	Higher profits	2.22
Increased stability	2.10	Skills Upgrade	1.80
Lower costs	3.10	More competitive	2.11
Improved credit rating	1.50		

Source: London Economics' survey

In terms of the most valued service, central purchasing was mentioned the most frequently. It should be noted that members could identify more than one service in their responses.

Technical support was identified as the second most valued service.

Table 24: Most valued services			
Service	Number of responses	Service	Number of responses
Central purchasing	6	Training, workshops, seminars	
Joint selling and marketing	1	Publications, advertisements, etc	
Logistics and/or distribution	1	Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members		Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	3
Technical support/repairs	3	Consulting/managerial services	

Source: London Economics' survey

5.3.6 Members' views on the value of co-operative membership

The findings from the member survey reported below show that, although the services did not have a major impact on the members' business performance, the co-operative is widely regarded as providing valuable services valuable to its members.

In general, BÄKO members are satisfied with the service provision by the co-operative, as well as with the services' method of delivery.

It was not possible for members to provide a quantitative assessment of the services' value relative to what they contribute to the co-operative, as BÄKO members only pay for the products they purchase.

The information disseminated through the Internet or the BÄKO field representatives satisfies members very much as practically all members responded that they were very pleased with this service.

Table 25: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest))

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.30	Degree of services' customisation	3.50
Services' method of delivery	4.11	Information about services	4.70
Services' value-for-money ratio	-		

Source: London Economics' survey

5.3.7 Conclusions

BÄKO is a good example of a co-operative whose core function is the wholesale supply of goods to its members and which has gradually expanded its services into complementary services for its members to training and development, marketing assistance and technical support.

The main impact is that the co-operative helps members to control costs, enabling them to be more competitive than otherwise against their larger competitors with greater buying power and scale such as supermarkets.

Of interest is also the fact that, among the 15 co-operatives covered by the case studies, BÄKO is the only co-operative providing access to its products and services to non-members as well.

5.4 Case Study 3: Centrale des Artisans Coiffeurs

5.4.1 Background information about the co-operative

The co-operative was created in 1908 and has grown since then through a mix of organic expansion and absorption of other co-operatives operating in the same sector.

While the expansion of the co-operative is an on-going process, at the present time it covers about 2/3 of France.

Its headquarters are in Metz and it has:

- Agencies in Mulhouse (covering the Alsace and the Franche-Comté regions), Chalon-sur-Saône (for the Bourgogne region), Metz (for the Lorraine, Ardennes and Champagne regions), Lille (for the Nord, Pas-de-Calais and Picardie regions), Nantes (for the Pays de Loire region) and Villurbanne (for the Rhône-Alpes region);
- Stores in Angers, Besançon, Dijon, Moulins, Nancy and Nevers; and,
- A strong presence in the Paris region through a number of subsidiaries including a laboratory producing basic hairdressing products.

5.4.2 Background information about the members

Its membership is very diverse, including:

- Hairdressers operating in clients' homes;
- Small independents (1 salon, small number of employees);
- Large independents (multi-salons operators (up to 15/20 salons) with up to 200 employees);
- Franchised salons (for example, Franck Provost, Jean Louis David, etc).

5.4.3 Description of the services provided by the co-operative to the members

Originally, the co-operative's only activity consisted of bulk purchases for its members.

However, while this activity is still very important, the co-operative has expanded considerably its offering, covering five broad areas of services:

- Supply of products and goods (including salon equipment) to its members;
- Logistics;
- Salon design;
- Business services; and,
- Training.

Supply of goods and services

The co-operative provides access to more than 12,000 different products. It is the largest supply platform in the sector in Europe and covers about 80% of all existing hairdressing products.

These products are delivered to the co-operative's members through two different channels:

- Stores owned by the co-operative where members can buy in person; and,
- Warehouses for distance sales to salons.

The approach is one of broad multi-product approach. In addition, the co-operative produces and sells its own-brand basic products and has entered in special partnerships with two major producers.

Logistics

The co-operative puts a heavy emphasis on excellent logistics to ensure permanent availability of the products to its members and speed of delivery. The objective is to deliver within 48 hours 90% of the orders received before 10 a.m.

While the co-operative owns and runs the warehouse infrastructures, the actual transportation from the warehouse to the members is outsourced but monitored in real time by co-operative staff.

Salon design

The co-operative has a team of nine interior architects and designers and the design activities range from very small salons of less than 16 m² to very large, multi-level structures.

The co-operative puts strong emphasis on not only physical salon design and realisation, but also needs assessments, innovative and attractive design sending a strong message to potential clientele and complementary salon launch /re-launch activities (such as public relations, special initiatives, etc.).

Business services

The co-operative provides a wide range of business services besides training, which is discussed separately below. In total, 52 different types of services are provided and include activities such as full business or activity audits (including the use of mystery shoppers), business advice, public relations and legal services.

Training

The co-operative puts strong emphasis on training and runs seven training centres which train more than 3,000 hairdressers annually.

It offers both bespoke training focusing on particular needs (which is especially necessary when staff turnover is high and a salon needs to recruit rapidly a significant number of new staff) and off-the-shelf training in latest hair fashion, general business management, etc.

5.4.4 How does the co-operative manage its service provision

Depending on the particular service provided to a member, the service is delivered either on the premises of the member or the co-operative.

Access to services is provided on a when-needed basis to off-the-shelf services or on a bespoke basis.

Quality of service delivery is monitored and checked regularly. Each services provided is subject to an evaluation by the client and each member is visited on a monthly basis by a representative of the co-operative.

5.4.5 Impact of co-operative membership on members

The results of the survey of 9 members of CAC Members show that they judge, by a significant margin, the contribution of the co-operative to be most significant in terms of contribution to reducing costs, skills upgrading and maintaining the competitiveness of the business.

Table 26: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest))

Impact	Average Rating	Impact	Average Rating
Sales growth	3.6	Higher profits	3.6
Increased stability	2.10	Skills Upgrade	4.2
Lower costs	4.3	More competitive	4.0
Improved credit rating	-		

Source: London Economics' survey

5.4.6 Members' views about the services provided by the co-operative

The findings from the member survey reported below show that the various aspects of service provision are highly valued.

Table 27: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest))

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	4.5	Degree of services' customisation	4.2
Services' method of delivery	4.6	Information about services	4.70
Services' value-for-money ratio	4.6		

Source: London Economics' survey

5.4.7 Concluding remarks

The example of the CAC shows how a multi-faceted, large scale co-operative can help its members remain competitive in an environment characterised by a rapid expansion of chains and franchises.

The supply and logistics activities allow members to benefit from keenly priced supplies which help the bottom line margin, hold less stock than otherwise, reducing thus the need for working capital, and providing an easy way to test new supplies through the provision of supplies in small quantities.

The salon design activities provide cost effective access to specialists while ensuring that the project is tailored to client's needs and likely business flow.

The provision of business services allow effectively members to benefit from economies of scale in both front and back office activities, and access a pool of specialised advice.

Finally, the provision of training services helps maintain and expand the skills base of the co-operative's members, a critical factor in a staff-dependent and highly competitive environment.

5.5 Case Study 4: Cofac Group

5.5.1 Background information about the co-operative

COFAC is a co-operative located in Parets del Valles, Spain, whose members are engaged in retailing of hardware.

The origin of the co-operative can be traced back to 1940, when a small number of Catalan hardware store owners came together to jointly purchase materials and products and exchange ideas and information.

Since then, other purchasing groups active in the hardware sector were established and they all adopted the legal form of a co-operative. From the beginning, two co-operatives stood out in the domestic market as leaders, COFECA and FAC. In 1981, the two co-operatives merged to form COFAC and achieve even greater efficiencies.

At the present time, COFAC is the biggest hardware co-operative of Spain. It owns a warehouse of 25,000 m², large enough to stock around 30,000 registered products and employs about 100 staff.

Its strategic location allows COFAC members to receive better and quicker delivery services, as most of them are located in adjacent locations to the warehousing premises in Catalonia.

COFAC is now a group of several companies, each responsible for a particular product range such as:

- Cofac, which covers most of the traditional retail hardware products; and,
- Bricofac, which mainly deals with do-it-yourself and industrial hardware products.

The Cofac Group recently merged with the Balearic hardware co-operative Ferba and in 2007 it acquired the Galician co-operative Unifersa.

Moreover, in July of 2005, COFAC and Cifec (another co-operative active in the same sector) created a big purchase group called Fergrup SL. The co-operatives engage in partial joint purchases but otherwise they operate totally independent from each other.

5.5.2 Background information about the members

At the present time, COFAC has about 220 members, which operate around 250 hardware outlets. Most of them are active in Spain but a few members are also located in Andorra and Portugal.

Most of the members are retail hardware product outlets. But, there are also a small number of stores selling do-it-yourself products. The majority of the members are small-size firms, employing around 5-20 members of staff. About 10% of members are medium-size firms with 20-50 employees.

5.5.3 Description of the services provided by the co-operative to members

The main service that the COFAC Group provides is the provision of supplies. Members mostly order through the Internet, but about 20% of the membership prefers to buy in-situ by visiting the purchase centre directly. Also, COFAC members can find online a catalogue of the products, which the co-operative trades. This catalogue is regularly updated, so that members stay in line with the latest products.

Last, but not least, COFAC has a team of sales representatives who periodically visit the members to take their orders. The members' purchases are then delivered in 2-3 days, depending on the distance between the member and the warehouse. The COFAC Group also employs professional staff to deliver all their products and services.

COFAC also offers marketing and training services. Their premises in Catalonia include a large showroom, where members have the opportunity to gain information on new products, upcoming marketing campaigns and promotional schemes.

The marketing department is in charge of providing advice to members on how they should best promote their hardware products to the public. The co-operative provides marketing courses to assist the members in organising their displays and make necessary changes to their stores so as to more effectively advertise their products.

COFAC also offers general IT courses and technological consultancy services. Also, to some extent, COFAC has the capacity to offer personalised accounting services and financial consultation if so requested by a member.

The co-operative also organises monthly meetings for all members where they are being informed about market trends and developments, the latest news about the co-operative's activities and several events related to advertising campaigns and offers.

COFAC, along with other co-operatives active in the retail hardware products sector, participate in regular events, where visitors have the opportunity to see the latest products of the sector and familiarise themselves with the latest technology.

5.5.4 How does the co-operative manage its service provision

The co-operative is funded through regular contributions from members, as well as monthly fees.

In addition, the co-operative makes a pre-set amount of profit on each sale to its members.

Communication between the co-operative and its members is viewed as critical. COFAC's website provides the opportunity for members to give feedback, suggest improvements and submit enquiries online.

In order to remain responsive to its members' needs, the co-operative undertakes regularly market research amongst its members, tracks and analyses the patterns of their orders and is in regular direct contact through its sales team.

5.5.5 Impact of co-operative membership on members

The 72 COFAC members surveyed for this study indicated that the co-operative has a significant positive impact on many aspects of their businesses such as sales growth (rating of 3.86 on a scale of 1 to 5), improved credit rating (3.85), increased competitiveness (3.72), greater business stability (3.55), higher profits (3.54) and lower costs (3.52).

The only area where members see less of an impact is in the upgrading of skills, which is not a core activity of the co-operative.

Table 28: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)			
Impact	Average Rating	Impact	Average Rating
Sales growth	3.86	Higher profits	3.54
Increased stability	3.55	Skills Upgrade	2.93
Lower costs	3.52	More competitive	3.72
Improved credit rating	3.85		

Source: London Economics' survey

All but 2 of the 72 COFAC members participating in the survey indicated that the co-operative's central purchasing activity is the most useful service.

Table 29: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing	70	Training, workshops, seminars	
Joint selling and marketing		Publications, advertisements, etc	
Logistics and/or distribution		Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	1
Arranging favourable conditions for members		Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	1
Technical support/repairs		Consulting/managerial services	

Source: London Economics' survey

Overall, members are rather satisfied with the range of services they receive from COFAC. But, a small minority of members indicated that they would appreciate receiving additional, more specialised IT advice, in particular as regards the co-operative's website and its applications.

5.5.6 Members' views on the value of co-operative membership

Members' satisfaction with the overall service provision and the various aspects of the service provision is high to very high with ratings on a scale of 1 to 5 ranging from 3.7 for "value for money" to 4.5 for the "provision of information about services".

The overall service provision is rated 3.9.

Table 30: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest))

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.86	Degree of services' customisation	3.75
Services' method of delivery	3.80	Information about services	4.54
Services' value-for-money ratio	3.68		

Source: London Economics' survey

5.5.7 Conclusions

COFAC is a good example of how small, independent retailers can band together to achieve large buying scale and hence buying power, and thus offset the competitive advantage enjoyed by larger organisations such as chains and supermarkets.

5.6 Case Study 5: EDEKA Minden-Hannover

5.6.1 Background information about the co-operative

EDEKA Minden-Hannover is a regional retailing co-operative that is part of a larger society called EDEKA-Gruppe, a commercial purchasing co-operative group of retailers in Germany.

The EDEKA-Gruppe was founded on October 21, 1907 with the merger of 23 commercial co-operatives. In 2005, the group acquired a share in the European purchasing co-operative Alidis, more recently took over rival Spar Handels AG and entered the lucrative segment of discount retailing through the acquisition of the company NETTO. Today, EDEKA-Gruppe consists of around 250,000 employees and 11,000 stores, making it not only the biggest co-operative food retail group in Germany, but also in Europe.

It is useful to look briefly at the overall structure of EDEKA-Gruppe since it influences, supports and to some degree regulates the activities of EDEKA Minden-Hannover.

The group consists of a three-level structure comprised of EDEKA ZENTRALE AG & Co. KG, the head company of the group, based in Hamburg and responsible for the strategic management of the EDEKA Gruppe; individual retailers who are grouped into ten EDEKA co-operatives (with 3,526 members in 2006); and seven regional companies which are directly responsible for operational aspects in each region. These regional companies are jointly owned by the ten co-operatives and EDEKA Zentrale AG. The regional companies undertake the purchasing for the whole group, manage product deliveries to retailers, direct market expansion, and promote customer specific provision of brand articles and regional product lines.



Source: EDEKA Gruppe

Among the seven regional co-operatives, EDEKA Minden-Hannover is the largest. The co-operative serves its members who are independent retailers

operating under EDEKA banners and owns and runs directly a number of retail stores as well.

Its territory runs through central Germany from the Dutch border to the Polish border with its markets being Lower Saxony, Saxony-Anhalt and Berlin-Brandenburg.

In total, 1,510 retail outlets operate under one of the EDEKA banners in EDEKA Minden-Hannover's territory, of which more than two-thirds are run by independent retailers. A variety of retail formats and brand names are employed by the co-operative (E center, E neukauf, E aktiv markt, aktiv DISCOUNT, NP Niedrig Preis, Otto rechart GmbH). The co-operative aims to steadily transfer own retail outlets to independent operators. In 2006, 62 stores were transferred.

The co-operative employs directly almost 24,300 people and its retail members employ a further 21,700 staff. In addition to the retail operation and the wholesale trade operation, the co-operative also supplies the hotel, restaurant and pub sector through the subsidiary C+C and operates bakeries and meat processing plants.

In 2006, EDEKA Minden-Hannover's operating income grew to €5.0 billion and the co-operative achieved a rate of return of 1.8. Total turnover was about €9.1 billion, of which 45% was accounted for by the retail operations, 48% by the wholesale operations and 7% by various production lines and services.

The supply logistic of the wholesale business is anchored on 8 warehouses, 4 depots and 2 drinks warehouses.

5.6.2 Background information about the members

The members are independent retailers of varying size. Among the 33 members of EDEKA Minden-Hannover having responded to the survey of the co-operative members, the number of staff employed ranges from 3 to 260 and the average number of staff employed is 41 (see table overleaf for additional information on the size distribution of the respondents).

Table 31: Distribution by number of employees of survey respondents

Number of employees	0 - 10	11- 20	21- 30	31- 40	41- 50	51- 60	61- 70	71- 80	81- 90	91- 100	101- 150	151- 200	>200
Number of respondents	3	4	6	5	1	1	4	1	2	1	1	1	1

Source: London Economics' survey

The average turnover of the members having provided information on this in their survey responses was €12 million in 2005 with the lowest standing at €0.7 million and the highest at €23 million.

Also noteworthy is the fact that an increasing number of EDEKA Minden-Hannover's members (16.6% in 2006) are multiple store owners.

5.6.3 Description of the services provided by the co-operative to members

As already mentioned, EDEKA Minden-Hannover is a regional wholesale co-operative. Core services provided by EDEKA Minden-Hannover include established and flexible distribution channels, a sophisticated logistics system and optimal purchasing terms. It is primarily responsible for the purchase and distribution of all retail products as well as for technical and managerial assistance of its members.

Qualified experts assist and advise individual members on all management issues. EDEKA Minden-Hannover personnel are also directly responsible for the handling of the members accounting. Through EDEKA 'Betriebsberatungs- und Kapitalgesellschaft' (EBK), regional companies and members are being offered professional consulting services in wholesale and retail trade as well as warehouse logistics.

EDEKA-MIHA Immobilien-Service GmbH, a subsidiary of EDEKA Minden-Hannover Holding GmbH, provides real estate administrative and management services, including complete administration of purchase and lease contracts, purchase and leasing of land and real estate for future retail projects, and the leasing of grocery stores to independent local retailers.

EDEKA Minden-Hannover also supplies its members with its own-produced brand products (fresh bakery and confectionary products and meat products) and a great variety of other own brand products in various categories such as frozen food, bio products, health food, etc.

EDEKA Minden-Hannover profits from an extensive education and training program, which is being run by EDEKA ZENTRALE's own training center, and the advantages of which it can then pass on to its members. For example, EDEKA Minden-Hannover was able to offer its members a seminar on bio-food, aimed at familiarising them with the increasing product variability and complexity in order to improve their bio-food product line and offer better service to their customers.

Marketing and public relations are also important services provided by EDEKA Minden-Hannover. Its members profit from general EDEKA-Gruppe commercials on national television, as well as national and regional advertising via other media channels. Sponsorship of big sport events has likewise benefited individual members. EDEKA's current and ongoing engagement as main sponsor of cycling events such as the 'Deutschland-Tour', Germany's biggest national cycling race, is aiming at reaching a maximum audience and enhancing their image as an authentic provider of quality and healthy food.

Quality management is another centrepiece of the service package provided to the members. The retailers do not have to be concerned with the safety and quality of their product since this is already being performed by the regional co-operative. Tight control of every step from the production, delivery to the final sale is a priority for the internal EDEKA quality management team, coordinated by both the EDEKA ZENTRALE and the respective regional company.

5.6.4 How does the co-operative manage its service provision

As the largest regional co-operative, EDEKA Minden-Hannover has to manage a great variety of services, as already listed above. The large number of people employed (around 24,500) reflects the scope of this task.

Most of the stock acquisition (internal and external) is done in coordination with the headquarters, EDEKA ZENTRALE. They have also set up a department for market research and customer management, thereby providing the regional co-operatives with all necessary and valuable data for the conduct of their operational business. A customer-hotline and a customer card program tied to certain marketing activities schemes serve as additional means of information gathering that can ultimately lead to concrete management or marketing advices to the regional co-operative and in the end to individual retailers.

The logistics and information technology for the complex system of product acquisition and distribution is provided by the IT-/logistics service GmbH. As an independent service provider it employs another 2.500 people. Besides organising delivery and transport for the whole EDEKA group it is also supporting all members of EDEKA Minden-Hannover with up-to-date

transport and delivery logistics such as track & trace technology. IT-/logistics service GmbH is operating on a decentralised structure with seven large storage facilities, four trans-shipment points and two depots for drinks.

With regard to marketing and advertising, the regional company has a lot of autonomy in deciding about its own marketing and public relations campaigns. As such, it can manage its own image campaign by implementing regionally specific themes into their forms of advertising. To a large part these measures take place directly at the point of sale. One example is the regionally developed campaign 'Natuerlich BIO', emphasizing the new trend towards healthy biological products. This campaign has been started on behalf of EDEKA Minden-Hannover in order to increase awareness as regards the retailer's presence and profile in the region and to highlight their competence in the segment of bio-food products.

In strongly promoting its home brand products, EDEKA Minden-Hannover actively encourages members to make use of the services provided by the regional companies and not only to rely on the general cost efficiency of the purchasing system. This has enabled EDEKA to progressively increase its own production capacities and become a leading supplier of bakery, meat, fruits and wines. At the same time, the 7 regional companies are supporting this process by putting much emphasis on the incorporation of regional enterprises active in the same sectors.

5.6.5 Impact of co-operative membership on members

As we saw beforehand, EDEKA Minden-Hannover is a co-operative that provides a wide range of services to its members-stores. All in all, the analysis of the data we obtained through our member interviews shows a clear benefit of the members from their membership with EDEKA. On average, the members believe that the co-operative's services (marketing, etc.) have boosted their sales volumes and their ability to extend their sales to new customers. We were able to confirm this through research on the financial performance of EDEKA members. In quantitative terms we observed an aggregate increase of 25-28% in the turnovers of the interviewed members. The most preferred services on average are central purchasing and delivery/logistics services.

According to the members, such services have helped their businesses achieve greater stability and operate more efficiently with lower costs. The last 4 years have seen an increase of around 7-8% in the profitability of the members. This has been confirmed in our interviews, as the vast majority of members stated that a part of the profitability is to attribute to the co-operative's supplies. According to members, the provision of services has rendered them more competitive in the sector.

Table 32: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)

impact	Average Rating	Impact	Average Rating
Sales growth	4.27	Higher profits	3.79
Increased stability	4.03	Skills Upgrade	3.66
Lower costs	3.62	More competitive	4.16
Improved credit rating	3.77		

Source: London Economics' survey

Table 33: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing	6	Training, workshops, seminars	1
Joint selling and marketing	1	Publications, advertisements, etc	2
Logistics and/or distribution	9	Assistance with accounting	2
Arranging work/contracts for members		Financial assistance, insurance	1
Arranging favourable conditions for members	1	Banking services	1
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs		Consulting/managerial services	5

Source: London Economics' survey

5.6.6 Members' views on the value of co-operative membership

Overall, the interviewed members have indicated that they are very satisfied with the service provision by the co-operative. The only request on the part of members was a call for slightly more focus on consultation services. On average, the members believe that the services they receive are good value for money. To a great extent the level of services' customisation is satisfactory and around 80% of members stated that they are happy with the frequent exchange of information between the co-operative and themselves.

Table 34: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest)

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.87	Degree of services' customisation	3.77
Services' method of delivery	3.95	Information about services	3.92
Services' value-for-money ratio	3.92		

Source: London Economics' survey

5.6.7 Conclusions

As in the previous case, Edeka is a good example of how a co-operative, in this case a very large scale co-operative, can help its independent retail members remain competitive (through bulk buying, provision of training, etc) and meet diverse client needs in the face of very strong competition from large supermarket chains.

5.7 Case Study 6: EK Servicegroup eG

5.7.1 Background information about the co-operative

EK Servicegroup eG is a leading German retail co-operative serving its retail store members who operate in the retail market segments of living, comfort, hobby, family and fashion. Founded in the mid-1920s, the co-operative started out its operations as EK Grosseinkauf eG and retained this name until 2004. Within its business segments, the co-operative is a market leader in the German domestic market. Throughout the years, either as EK Grosseinkauf eG or as EK Servicegroup eG, the co-operative has maintained its core purpose, which is providing its members with purchasing services, achieving lower prices on their behalf and thus making them more competitive in a market that is being densely contested.

The co-operative is internationally active and boasts as many as 2,500 members in 15 European countries such as Switzerland, France, Austria, Poland, the Netherlands and several other Western European as well as South Eastern European countries.

To manage its international operations, the co-operative has founded a number of national subsidiaries which each serving the domestic member stores.

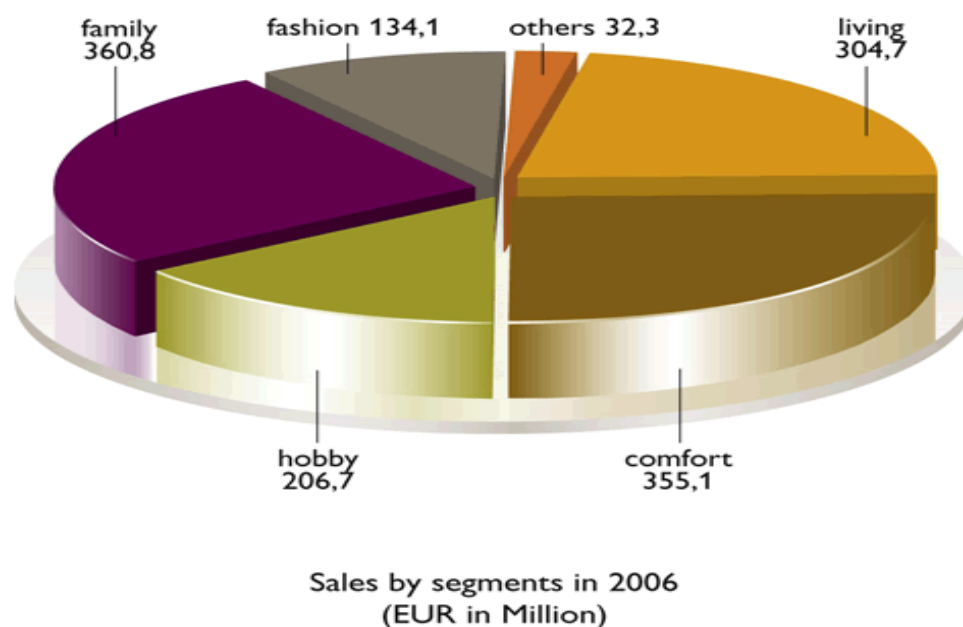
In total, the EK Servicegroup eG employs around 700 members of staff in its various locations.

When still operating as EK Grosseinkauf eG, the co-operative was engaged in cooperation activities with a very large company in Germany from the same activity sector, the Einkaufsbüro Deutscher Eisenhändler (EDE) GmbH. In 1997, EK Grosseinkauf eG merged a part of its storage facilities with EDE GmbH warehouses for efficiency reasons and to achieve lower operational costs. For the purpose of this cooperation, the two companies have transferred their activities in the do-it-yourself and the gardening sector. Moreover, for the joint administration of the warehouse and its functions, EK Grosseinkauf eG and EDE GmbH created ZEUS Zentrale für Einkauf und Service GmbH, a joint subsidiary in which both started out participating as equal shareholders. Although the relative equity participations have changed over time, this cooperation is still active as of 2007.

EK Servicegroup eG dedicates a significant part of its activities to identifying new trends and developments in its five business segments and one of its key tasks is to source for its members those products that would best meet current market preferences. For this purpose, it liaises with around 3,000 suppliers.

In 2004, the co-operative recorded an annual turnover of about €1,400 million in its various market segments.

Figure 37: Key market segments of EK Servicegroup eG



Source: EK Servicegroup eG

5.7.2 Background information about the members

EK Servicegroup has today around 2,500 members across Europe. Although the co-operative runs regional subsidiary companies to better manage its activities on a regional basis, the 2,500 members are directly registered with EK Servicegroup eG based in Bielefeld, Germany. Members include retail stores, medium-sized department stores, consumer centres, furniture stores and fashion boutiques.

Some stores offer products from the various market segments serviced by the co-operative while others have successfully specialised in specific market segments.

Regardless of the members' degree of specialisation and market segment, the membership structure is very diverse with sales floor space ranging from 200 m² to 10,000 m². Overall, the members' turnover was about €4,000 million in 2004/5.

5.7.3 Description of the services provided by the co-operative to members

As was already mentioned, the EK Servicegroup eG is a purchasing co-operative. To that end, the co-operative runs central warehousing facilities in Bielefeld of 40,000 m² with stock worth about €20 million.

The co-operative out-sources the logistics to and from the warehouse. In cases where the goods are not stored at the warehouse, the co-operative arranges for direct wholesaler-to-member transportation of goods.

The co-operative also assists its members in creating more attractive and efficient businesses, by providing professional shop services. From an advanced, IT-organised order, delivery and stock management system to professional shop floor space management advisors, the co-operative assists its members with several tools, which focus on shop quality and customer satisfaction.

The co-operative also offers a variety of marketing services to its members. Many times a year, the co-operative organises exhibitions for suppliers and producers from all across Europe. Members have the opportunity to visit the 30,000 m² trade fair facilities and see and/or discuss new ideas and concepts in the 5 business segments.

A regular practice in such events is that the members are given special savings from suppliers through special trade fair benefits, such as: extended payment periods, trade fair discounts, staggered discounts and package offers.

The co-operative also has its own 12,000 m² permanent exhibition space, open all year round with EK merchandise on general display.

The co-operative also offers a wide range of training services and options to its members. It runs seminars on sales promotion, team development, staff leadership and motivation, communication and visual merchandising and offers product training, sales training, decoration workshops and business administration seminars. In addition, the co-operative also provides consulting services in human resources management.

In the financial sphere, members benefit from a wide range of financial services and financial advice options. The co-operative operates a leasing scheme through which the members can lease store facilities, hardware, vehicles, etc. Also, when a member wishes to invest in their business and have to obtain a credit review for their bank, the co-operative provides preparatory assistance to ensure that the members will not run out of liquidity.

Not only does the co-operative provide financial services to its members, but it also provides a range of financial services to its members' customers. For example, customers of members of EK Servicegroup can obtain a credit (VISA or MasterCard) or cash card (EK Cash System) from the co-operative.

Apart from providing integrated financial consultation and services, the co-operative also offers insurance services, legal advice, taxation and audit consultation as well as risk assessment services to its members.

5.7.4 How does the co-operative manage its service provision

The services that the EK Servicegroup eG provides to its members are market-driven and aim to increase the members' competitiveness in a fiercely competitive business sector.

In addition, the co-operative strives to keep its members updated on the latest information and developments in their trade sector etc.

For this purpose, the co-operative has launched an online portal which is only accessible by members. The portal includes data (updated daily) about products and prices, customised news and topics about the members' sector of activity.

The co-operative promotes communication between the members and itself, but is also serves as a communication intermediate between suppliers and members. This is the reason why it organises trade fairs, working groups and group meetings, facilitating the exchange of ideas and two-way feedback on services and products. Members also have the opportunity to get information on the co-operative's activities through the co-operative's monthly publication called *CHEF*. The biggest event though is the Entrepreneur Convention. Once a year, the EK Servicegroup eG organises a convention for all its members where, apart from information about the various market segments, trends and products, members have the opportunity to attend lectures and workshops with high-ranking sector experts on mainly retailing- and entrepreneurship- related topics.

5.7.5 Impact of co-operative membership on members

Those members who participated in the survey are of the view that the co-operative has helped them a good deal to increase their volume of business and attract more customers.

Due to the co-operative's central purchasing and stock management/distribution activities, members have been able to reduce their costs and increase stability in their businesses. The vast majority of the members we interviewed stated that the most useful services to them are central purchasing and logistics, along with consultation.

Table 35: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)

Impact	Average Rating	Impact	Average Rating
Sales growth	3.24	Higher profits	3.13
Increased stability	3.25	Skills Upgrade	2.84
Lower costs	3.08	More competitive	3.17
Improved credit rating	2.82		

Source: London Economics' survey

Table 36: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing	8	Training, workshops, seminars	
Joint selling and marketing	3	Publications, advertisements, etc	2
Logistics and/or distribution	8	Assistance with accounting	4
Arranging work/contracts for members		Financial assistance, insurance	1
Arranging favourable conditions for members	3	Banking services	
Selling/exhibition space	2	Guarantor for loans	2
Working space/studio		Public relations	
Technical support/repairs	2	Consulting/managerial services	17

Source: London Economics' survey

5.7.6 Members' views on the value of co-operative membership

In general, the EK Servicegroup eG members attach a great value to their membership. The range of services provided seems to be satisfactory to a large extent, as the vast majority of members stated that they were happy with the current range of services. Also, a large share of members believes that their membership provides good value for money. The co-operative uses a wide range of media to keep its members informed about services, products and events, and this was made evident by the large numbers of members reporting that they were satisfied with the information they receive.

Table 37: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest)

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.60	Degree of services' customisation	3.02
Services' method of delivery	3.50	Information about services	3.72
Services' value-for-money ratio	3.33		

Source: London Economics' survey

5.7.7 Conclusions

EK Servicegroup eG is another good example of how a large-scale co-operative can help its independent retail members remain competitive (through bulk buying, provision of training, etc) and meet diverse client needs in the face of very strong competition from large non-food retail chains.

5.8 Case Study 7: Farm Stay UK

5.8.1 Background information about the co-operative

Farm Stay UK (Farm Stay) provides marketing and sales services to farming families around the UK who wish to increase their income by opening their properties to paying guests. The purposes of the co-operative are to promote the concept of farm tourism in the UK, to help members expand their businesses through marketing and sales support and assist farmers in broadening their income base through diversification.

Farm Stay was established in 1983 as The Farm Holiday Bureau, with 23 local groups. Early leadership and support was provided by ADAS (which at the time was fully financed by the Ministry of Agriculture, Fisheries and Food), the Royal Agricultural Society of England, the National Tourist Boards and the Farmer's Weekly.

The co-operative is a farmer-owned consortium, registered under the Industrial & Provident Societies Act. The company finances its entire operation through membership fees boosted, wherever possible, by income from sponsorship or advertising.

Farm Stay are also members of EuroGites, the European Federation for Farm and Village Tourism.

5.8.2 Background information about the members

Farm Stay currently (22nd June 2007) has over 1,157 members co-ordinated in 94 groups across the UK, whilst in 1990 this figure was around 800. Yearly turnover of members is about 10% as some retire, with a small net increase overall each year. Members are typically family businesses with some interest in the farming industry.

Most members actively operate in various capacities in the farming sector, with activities ranging from small holdings keeping just a few hens to large scale farms rearing a variety of live stock. All the members also operate in the hospitality sector offering a range types of holiday accommodation both catered and self-catering.

Originally the primary source of income for members was farming, but now hospitality has on average surpassed this. There are some members who no longer make any income from farming activities but these are all retired former farmers. Farm Stay does not actively recruit ordinary 'country side properties' and there is a joining criteria that members must make at least some income from farming activities. However, it is the members' activities in the hospitality sector, which are of concern to the co-operative.

5.8.3 Description of the services provided by the co-operative to members

The services offered by Farm Stay are marketing and sales support. This has two facets: the co-operative provides customers with a convenient source of information and positive advertising of its members both collectively and individually.

The co-operative gives tourists easy access to relevant details on the accommodation provided by its members through its website. It also enables potential visitors to search the available accommodation according to their preferences, before presenting appropriate contact information.

Farm Stay undertakes general marketing for all of its members. This is done by presenting the concept of farm tourism in the UK as an enjoyable break, and the high quality standards to which all its members adhere. Further, the co-operative also markets the services of its individual members through positive testimonies of the facilities and experiences they provide. This provides a degree of tailoring of services to the specific circumstances of individual members.

Further to their core marketing services, Farm Stay also provides members with a quarterly magazine which gives relevant information on the industry and legislation as well as any promotional events.

Farm Stay provides marketing and sales services to their members primarily through their website. The website provides potential visitors with access to a database of all their members. Finding accommodation is made easy for customers through a search available on the webpage. This categorises accommodation by location, accommodation type and standard denoted by official national tourist board grading systems.

The website is also used to deliver advertising material to customers, both generally on all members and through specific descriptions of the services and facilities provided by individual members.

Farm Stay UK also publishes a variety of guides, maps, leaflets and advertisements all relating to the accommodation being offered by their members. The main publications are the annual Farm Stay UK Guide and the national map, both of which have details of all members.

Farm Stay undertakes some regional tailoring of its services. The co-operative has developed a network of websites catering for members in specific regions of Great Britain such as Scotland, Northern Ireland and Wales at the national level, five different regions in the UK and seven different UK counties¹⁵.

¹⁵ The five regional Farm Stay websites are 'North West Country', 'East of England', 'North Wales', 'Heart of England' and 'The South West'; the seven county Farm Stay websites are Lincolnshire, Yorkshire, Wiltshire, Worcestershire, Wye Valley, Sussex and Surrey.

These regional websites provide locally tailored sales and marketing services. The advertising material contained therein refers specifically to the benefits of visiting that particular area and the search function returns only members in the region.

5.8.4 How does the co-operative manage its service provision

The purpose of Farm Stay is relatively specific – to improve the business turnover of members by providing a common marketing and sales platform. The services provided are thus focused and limited in their range in comparison to many other co-operatives, and hence the management is comparatively simple.

The operations of Farm Stay are financed entirely through fees paid by the members boosted, wherever possible, by income from sponsorship or advertising. The fees follow a sliding scale depending on the amount of bed space each member has available for guests, with a maximum of £386 and a minimum of £252 per year. As a non-profit making co-operative owned by its members, there are no agency fees and all income is re-cycled for the benefit of its membership.

Farm Stay's own staff produces the materials on the website and in the guides which is general to the each area and the members provide their own personal marketing 'blurb' and contact details which they can update through the website using a password.

Members are free to contact the co-operative of their own accord at any time by phone, email or fax. Further contact is provided through the quarterly magazine with industry information on relevant legislation and information on up-coming promotional events. Members also have the chance to meet their fellow members and express their opinions at the Annual Conference whilst each region meets separately in spring and autumn. Local groups meet more often depending upon requirements.

The range of services provided has always remained very similar and there is no intention to expand beyond the core principal of sales and marketing services. There is to be a full review of the services early in the New Year, due to a change of chief executive. Proposals already put forward for this review involve a movement further towards internet marketing, including the development of an online booking system.

At present, as bookings are still made directly through the proprietors, no system for visitor feedback is in place. Nor is there any indication as to the number of guests who choose their accommodation as a result of Farm Stay's marketing. For this reason, there has been no development of the services as a result of evaluation or impact assessment, although there has also been very little change in the services generally.

5.8.5 Impact of co-operative membership on members

The assistance given by Farm Stay to its members is well focused on specific business issue – that of sales and marketing. By increasing the members' exposure and accessibility to customers, the co-operative aims to raise the overall income of the members. Those members who participated in the survey responded that the marketing services, including the marketing publications, were the most useful provided to them.

This service is provided on an individual basis by giving space for each member to exhibit personalised marketing material on the web site run by the co-operative. In addition, the co-operative also works for the benefit of the industry as a whole by promoting the concept of farm holidays in general.

Similar services are available through local tourist boards and Visit Britain. These agencies collate information on tourist services and make it available to visitors in the same way as Farm Stay. However, they are less focussed than Farm Stay and lack its specific theme. The co-operative's members may be in danger of being 'lost' amongst the wide variety of types of accommodation advertised by these agencies.

The survey reported below shows that members are of the view that the co-operative is highly successful in helping members increase profits and turnover.

This is consistent with the main objectives of the co-operative which are to increase the income of members through more extensive marketing. It clearly follows, given the very particular and focused set of services provided, that these should be the areas in which members benefit the most.

Table 38: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)			
Impact	Average Rating	Impact	Average Rating
Sales growth	3.58	Higher profits	3.64
Increased stability	3.43	Skills Upgrade	2.35
Lower costs	1.82	More competitive	3.77
Improved credit rating	1.95		

Source: London Economics' survey

Table 39: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing		Training, workshops, seminars	
Joint selling and marketing	16	Publications, advertisements, etc	5
Logistics and/or distribution		Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members		Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	1
Technical support/repairs		Consulting/managerial services	

Source: London Economics' survey

Other areas in which the co-operative was identified as being effective were in providing stability and competitiveness. Farm Stay was found to have less impact in terms of reducing cost and improving credit ratings. However, given that the services of the co-operative are in no way designed to address these issues, this is not surprising

When asked, members replied that useful additional services would include technical services and one member requested some financial assistance.

5.8.6 Members' views on the value of co-operative membership

The co-operative scores well both in terms of delivery method and the value of services relative to the fees paid, and the overall rating of services by members is good. The tailoring of services to personal requirements was rated lowest among the second set of characteristics, suggesting that members feel the level of personalised marketing could be expanded. However this may conflict with the objective of keeping the service as simple as possible so as to maintain accessibility for potential visitors. Farm Stay was rated well in terms of keeping members updated on available services, however this is not a difficult task because the range of services provided is simple.

Table 40: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest)

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.78	Degree of services' customisation	3.00
Services' method of delivery	3.62	Information about services	3.87
Services' value-for-money ratio	3.50		

Source: London Economics' survey

5.8.7 Conclusions

Farm Stay provides a good example of a well focused co-operative that provides its services simply and effectively.

The work of the co-operative is based on clearly defined objectives – promoting the farm holidays industry and increasing the income of members through diversification. This leads to a solid core of marketing and sales services aimed directly at fulfilling these objectives.

The simplicity of the work leads to efficiency in the delivery of services, financed by membership fees which are re-cycled for the intended benefit of the members. This could be expected to lead to good value for money for the co-operatives members, an idea which is supported by the survey.

Possible improvement may lie in better evaluation mechanisms in order to monitor the effectiveness of services in practice. However this is being addressed to some extent with the introduction of the online booking system. Generally the co-operative appears to be succeeding well in its comparatively simple remit.

5.9 Case Study 8: HEFAME

5.9.1 Background information about the co-operative

HEFAME (HErmandad FARmaceutica del MEditerraneo) is a co-operative located in Spain which was founded in 1950 by 51 drugstore owners. Its sector of activity is Pharmacy and Para-pharmacy. Currently HEFAME is one of the leaders in the sector of distribution of pharmaceutical and para-pharmaceutical products nationally as well as internationally, providing thousands of drugstores with drugs through the use of warehouses located throughout the Spanish Mediterranean borders.

In addition to supplying pharmaceuticals, HEFAME has expanded its product range with the introduction of specialised sections in veterinarian, homeopathic, orthopaedic, optical, herbal products, dietetic, cosmetic, chemical products and para-pharmaceuticals in general. The co-operative also supplies its own brand of body hygiene products, cosmetics and sanitary products called INTERAPOTHEK.

HEFAME supplies the national as well as the international markets, although it is in Spain that their largest number of members is found. Within the international market it maintains its prominence as a drug supplier through its international branch called UNYEXPORT which has a strong presence throughout the world. Today UNYEXPORT is active in more than 40 countries, spread all across the 5 continents.

The co-operative's main objective is to achieve greater competitiveness of its members and keep them up-to-date in with the latest products in the market. There are many similar co-operatives to HEFAME in Spain. Two of them are COFARES, which is located in Madrid and COFARAN, which is located in Andalusia. Almost each region in Spain has its own co-operative.

HEFAME employs around 800 employees. The co-operative's brand products are being developed in laboratories, which belong to the co-operative and which employ 650 staff.

HEFAME belongs to UNYCOP, which was the first group to specialise in the distribution of pharmaceutical products. It was created in order to optimize the management of its member-companies and foster the achievement of economies of scale.

5.9.2 Background information about the members

HEFAME groups more than 5,300 pharmacies throughout Spain as well as internationally. The main sector of activity of the members is the retail sale of pharmaceuticals, general para-pharmaceuticals, herbal products, cosmetics, optical goods, veterinarian and homeopathic drugs. The members are usually small firms, either sole traders or businesses with 1-10 employees.

5.9.3 Description of the services provided by the co-operative to members

HEFAME offers purchasing services and products can be ordered daily. The product delivery schedule depends on the amount of orders placed by the member-drugstores. The co-operative has currently a selection of over 25,000 products (pharmaceuticals and para-pharmaceuticals, cosmetics, etc) at the disposal of its members. HEFAME has also taken over the distribution part. The co-operative stores its stock in 15 different warehousing facilities all across Spain. So as to cover all its members, the co-operatives organises deliveries in more than 270 delivery routes. For this purpose, it uses 235 delivery trucks, owned by the co-operative, which transport the stock directly to the members within one to two days after an order has been placed.

In every warehouse and/or regional office of the co-operative, there is a manager and a qualified pharmacist. More than 80 pharmacists in total are available to help all members individually with their order and the products they choose to purchase. HEFAME sales representatives also visit HEFAME member-drugstores regularly. The representatives market the products that the co-operative trades or produces and offer to the members the best products and promotions of the market. This team is composed of 33 specialised professional marketers with experience in the pharmaceutical field.

HEFAME also has a special department for sales and orders over the telephone. Its aim is to inform all members about supply possibilities and provide any information about products that members may be interested in. This service is particularly helpful to member drugstores that are extremely busy and cannot afford to visit one of the warehouses or regional offices to place an order personally.

Members can also benefit from marketing services. So as to create a more unified look of its member-pharmacies, HEFAME provides them with universal advertising and display material: the co-operative distributes to all its members display stands for advertisement purposes and pricing labels so that the overall look of the store becomes familiar to customers and thus, enhance HEFAME's collective image.

HEFAME also provides promotional merchandise along with the display stands. Five times a year, the co-operative provides its members with discount items or new products, which have to be introduced to the consumers, as well as with instructions on the proper use of these items. The own-brand products are available exclusively to HEFAME member-pharmacies and the co-operative advertises these products as being best value for their money.

Through the co-operative, the members have access to exclusive financial schemes and services. HEFAME has placed at the disposal of its members, two different kinds of current and savings accounts, in cooperation with certain banking institutions in Spain.

HEFAME also offers IT services to its members. For optimal stock management, the co-operative has developed a special software application called UNYCOPWIN, which is distributed by the respective department within HEFAME, HEFAME Informatica. Its main aim is to facilitate the placing of orders for members so that they never run out of stock. The co-operative is also able to monitor the stock of its members and provide them with solutions through the telesales service.

Table 41 below displays information gathered through a survey of co-operatives on various aspects of the services provided by HEFAME. We see that the full range of services are utilised by 100% of the membership base. The co-operative provides all their services off-site and services are mostly 'off-the-shelf' although some (Financing and Training) are tailored to the needs of members. There is some variety in the form of provision, although all services use staff directly employed by the co-operative. In particular Training services are provided through a number of mediums. All the services are actively marketed and ongoing and the majority (all except Financing) are intended to promote the competitiveness of the members.

Table 41: Details of services offered by HEFAME¹.

Service	Form of provision	Degree of involvement	Tailoring of service	Marketing of service	Drivers of service supply	Duration of service	Objectives of service	Members' use of service
Accounting	Directly	Off-site	Off-the-shelf	Actively	Non-demand based	Ongoing	Competitiveness	100%
Purchasing	Directly	Off-site	Off-the-shelf	Actively	Non-demand based	Ongoing	Competitiveness	100%
Marketing	Directly, Training programmes	Off-site	Off-the-shelf	Actively	Non-demand based	Ongoing	Competitiveness	100%
Financing/funding	Directly	Off-site	Tailored	Actively	Demand based	Ongoing	Viability	100%
Training	Directly, Training programmes, Electronic platforms, Publications, Regular events	Off-site	Tailored, Off-the-shelf	Actively	Demand based, Non-demand based	Ongoing	Competitiveness	100%
Business advice and consultancy	Directly	Off-site	Off-the-shelf	Passively	Non-demand based	Ongoing	Competitiveness	100%
Production intermediation	Directly	Off-site	Off-the-shelf	Actively	Non-demand based	Ongoing	Competitiveness	100%

Source: London Economics' survey

1: See footnotes to Table 22

5.9.4 How does the co-operative manage its service provision

The administration of service provision in HEFAME contains heavily the notion of subsidiarity. HEFAME encompasses different companies, charged with the task of carrying out the supply of services to its members. For example, one HEFAME section (which also operates as a company-part of the HEFAME Group) deals with the IT infrastructure (HEFAME Informatica) whereas a different one arranges the transportation and delivery of products (OLMED) and again, another one is responsible for the promotions door-to-door. (PropaMed). All these companies (around 10 in total) belong to HEFAME.

The co-operative is funded through contributions from the members. They pay a monthly fee, which is dependent upon the length of time of membership for each member. The longer the length of membership, the less the payable fees to the co-operative. Also, another way of funding is through the profits it makes from selling its products to the members. Nevertheless, a fraction of the profits is being redistributed to members each year.

HEFAME is running a website (www.hefame.es) through which it informs its members just by logging in with a member password about their services and also gives them the latest news about conferences. For this purpose, the website is updated very often. The HEFAME Groups sends to all its members and clients a monthly 'HEFAME al dia' magazine. The magazine contains details about several activities of the HEFAME Group as well as the latest news on the market. The members can publish free advertisement about job offers. Hefame and other pharmaceutical co-operatives sometimes organise events jointly, that relate to health science. These meetings also serve as forums for the exchange of ideas between members.

5.9.5 Conclusions

HEFAME is a good representative example of many co-operatives active in the pharmacies sector in Europe which by pooling the supply needs of their members are able to exercise some countervailing buying power vis-à-vis the very large and oligopolistic pharmaceutical producers.

5.10 Case Study 9: KIPA Kirjakaupat

5.10.1 Background information about the co-operative

Kipa Kirjakaupat is a co-operative founded in 1984, which groups bookstores around Finland. Kipa was originally set up to serve the marketing needs of the members and initially consisted of around 75 participating bookstores. Since the mid-1980s, the market has changed significantly, with the overall number of individual bookstores decreasing considerably. This is especially the case because of the concentration of the market and increasing power of chains such as Suomalainen Kirjakauppa. Despite the fall in member bookstores, the proportion of Kipa bookstores out of the total number of bookstores in the country has increased and this shows the significance of the co-operative for this particular market. At the moment, there are no similar co-operatives operating in Finland. The closest similar entity is the Info Kirjakaupat, which operates partly according to the principles of a co-operative, but is not as developed as Kipa.

In general, Kipa has had an impact on the market due to its large member base and increasing visibility. Even though the impact of being part of the co-operative for individual bookstores depends on the location and its commercial features, it has been found to increase the competitiveness of its members.

5.10.2 Background information about the members

Kipa has about 65 members today, all of which are independent, retail bookstores active throughout Finland. The members of Kipa are small-scale bookstores which have 'friendliness to the consumer' as their motto. That is why the co-operative tries to keep the stores user-friendly and relatively small in size. The vast majority of member-bookstores do not employ more than five assistant-employees to generally help with the store and customer services.

5.10.3 Description of the services provided by the co-operative to members

The main service provided for the members is marketing. Kipa runs centrally organised and administered marketing campaigns throughout the year, distributing catalogues and marketing material to the media, especially newspapers. Due to the small size of the members, it would be difficult for independent bookstores to run campaigns of similar size. The main campaigns are Christmas, fall and spring book campaigns, in addition to stationery campaigns a few times per year. At the end of the year, members inform the co-operative of which campaigns they intend to participate in during the coming year. The participation rate varies according to the

individual stores. For example, not all stores provide a wide enough range of stationery for participation in stationery campaigns to be worthwhile. Generally the participation rate for the campaigns is 50-70%, with the exception of stationery campaigns (around 30%) and the Christmas campaign (around 98%).

Kipa also provides purchasing services to its members and thus, books are purchased centrally from the publishers. This facilitates the business of members in two ways: firstly, it decreases bureaucracy and delays in negotiating and eventually signing separate agreements with suppliers. At the same time, the large quantities bought by Kipa guarantee lower buying prices which are then passed on to the end-bookstores. Simultaneously, Kipa receives part of its funding through the commission paid by the publishers for the products sold in Kipa bookstores.

The main volume of training is carried out within the scope of Kipa Days, which take place twice per year. The attendance rate for the Kipa Days is around 40%, and during the few days of the event, Kipa organises training focused mainly on marketing. Publishers and other partners often cooperate with Kipa in the organisation of the Days and the development of subjects for the event. Members normally have enough professional experience not to need guidance on the day-to-day running of their business. It therefore has not been seen necessary by the co-operative to provide general business training.

Table 42 below displays information gathered through a survey of co-operatives on various aspects of the services provided by Kipa. As for HEFAME, we see that the full range of services are utilised by 100% of the membership base. A notable point is that this co-operative is the only one who reported to provide any services through seconded staff; that is the co-operatives own staff working within the businesses of member companies. All services for which there is information have both tailored and off-the-shelf elements and all services are on-going in duration. The objectives behind the provision of services are to increase the competitiveness and the viability of the members' businesses.

Table 42: Details of services offered by KIPA¹.

Service	Form of provision	Degree of involvement	Tailoring of service	Marketing of service	Drivers of service supply	Duration of service	Objectives of service	Members' use of service
Purchasing	Directly	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	100%
Marketing	Directly	Seconded	Both	n.a.	n.a.	Ongoing	Competitiveness, Viability	100%
Training	Training programmes, Publications	Off-site	Both	Actively	n.a.	Ongoing	Competitiveness	100%
Business advice and consultancy	Publications	Seconded	Both	n.a.	n.a.	Ongoing	Competitiveness, Viability	100%

Source: London Economics' survey

1: See footnotes to Table 22

5.10.4 How does the co-operative manage its service provision

Kipa Kirjakaupat is administered by three employees, who run the daily activities of the co-operative. The Board of the co-operative consists of six people, each of them a Kipa bookstore owner themselves. The Board decides on the strategies for the co-operative.

Members can participate in the administration and planning through working groups. These groups have a particular focus, e.g. books, paper/stationery and marketing, and meet around 3 times per year. There is no formal process for getting involved in a group, but interested individuals can freely join a working group. Word of mouth is also important, as recruiting an individual for a specific group might be initiated by Kipa in case a suitable person is known. The groups plan strategies and marketing for their given focus for the coming year.

There are therefore channels for the members to participate in the strategy planning of the co-operative. The Services provided are normally initiated by members and Kipa is flexible in adjusting to the needs of the members. After every campaign, a questionnaire is sent to participating members. The response rate is generally around 20-30% and suggestions given by members are taken into account when planning future campaigns.

In addition to funds received from publishers and other partners, Kipa is funded through membership fees and a separate marketing levy. Both depend on the turnover of the bookstore and are not tied to the utilisation of services provided. The marketing levy, for example, does not vary according to how many campaigns the bookstores decide to participate in.

Kipa is also set to expand the range of services provided for the members a lot beyond marketing. Recently, there have been efforts to create a more unified look through similar bookstore interior design. A common cashier system has also been introduced, although it has not been adopted by all members, yet. In addition, the members have a common loyalty scheme. Despite the changes made, Kipa aims to maintain the independent and personal look and feel of individual bookstores while promoting the visibility of the co-operative in the market.

5.10.5 Impact of co-operative membership on members

Kipa does not offer any consulting services for the members, even though the co-operative does operate as a point of contact for information. Non-members have also the ability to receive similar services such as marketing or business consultancy by registering with Kirjakauppaliitto (The Organisation of the Booksellers' Association of Finland) and paying a membership fee, customised according to their turnover.

On average, the members seem to be satisfied with the contribution of the co-operative and this has been obvious in several aspects of their business conduct: firstly, around 70% of the interviewed members stated that the co-operative has been considerably helpful in helping them expand their business range, attract new clients and increase their volumes of business. The vast majority of members believe that central purchasing of items and the joint marketing features are the most helpful services that Kipa offers to them. Due to the central purchasing service of Kipa, the members benefit from lower purchasing rates and this has led to lower overall operating costs and to some extent also to higher profitability. Among the members, there is a distinctive belief that, with Kipa's services, their businesses have become more competitive.

Table 43: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)

Impact	Average Rating	Impact	Average Rating
Sales growth	3.50	Higher profits	3.13
Increased stability	3.20	Skills Upgrade	2.60
Lower costs	3.28	More competitive	3.48
Improved credit rating	2.48		

Source: London Economics' survey

Table 44: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing	9	Training, workshops, seminars	
Joint selling and marketing	28	Publications, advertisements, etc	3
Logistics and/or distribution		Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members		Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs		Consulting/managerial services	

Source: London Economics' survey

5.10.6 Members' views on the value of co-operative membership

Overall, there exists a distinctive satisfaction on the side of the members as regards the provision of services from Kipa. On average, Kipa members are satisfied with the services' method of delivery and around 76% of them believe that they receive good service value in comparison to the fees they pay to the co-operative.

Table 45: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest)			
Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.88	Degree of services' customisation	3.63
Services' method of delivery	3.82	Information about services	3.93
Services' value-for-money ratio	3.83		

Source: London Economics' survey

5.10.7 Conclusions

The joint marketing and the bulk buying by the co-operative helps small independent bookstores remain competitive in highly competitive environment.

5.11 Case Study 10: Kyklos Toys

5.11.1 Background information about the co-operative

Kyklos is the name of a Greek co-operative which groups retail toy and leisure stores. The co-operative was founded in 1992 by 11 members (all of them retail toy stores) and its main function was central purchasing of toys and goods for its member stores.

The objective of the co-operative was to bring small-scale retail toy stores together in the light of strong competition from large firms. Apart from that, the co-operative's aim is to present the right and safest toys for kids at the right age group. A core feature of the co-operative is that it (and its retail members) has become synonymous with high quality toys.

Today, the co-operative has maintained its objective in fostering the competitiveness of its members. The competition that similar local retail stores are facing is fierce, especially since big chains have made their appearance in the domestic market. In the recent years, many toy supermarkets have been created with local store sizes reaching as much as 6,000qm, constituting a core threat to local retailers, such as Kyklos members.

Competition in this sector in Greece has driven more than 60% of local toy retail stores out of the market during the nineties. The biggest rivals at the domestic level are JUMBO (a very successful domestic retail toy and leisure store chain holding about 30% of the domestic market), Moustakas, Zaharias and Kou-Kou (a Northern Greece-based retail stores chain specialising in toys and games).

Having enhanced its central purchasing services and expanded its general services range towards marketing and advertisement, the co-operative now liaises with suppliers at an international level, in an effort to secure the best deals in the market for its members. Recently, the co-operative has been in strong cooperation with big brand names in the sector in France and in Germany (Vedes, which is a co-operative). There are no other known co-operatives similar to Kyklos, either at a domestic or at an international level.

5.11.2 Background information about the members

In 2007, the co-operative's membership stood at 24 members throughout Greece, covering areas from Drama (North) to Rhodes and Crete (South). Most of Kyklos members are small, local toy and leisure retail stores. A small share of members though also sells stationery and office items. They amount to as much as 10-15% of the members. The vast majority of the stores are family-owned and family-operated, with some employees on-site for assistance. Usually the number of employees tends to fluctuate between one and four.

The members are long-standing retailers who have been active in the same sector of activity for years now, some of them long before the co-operative was established. Most of the times, the main volume of products they purchase goes through the co-operative. It is possible, sometimes even obligatory, as we will explain later, that they buy from external suppliers and companies. But, regardless of the supplier, the members are committed to only marketing these items, which are of best quality in the toy sector.

5.11.3 Description of the services provided by the co-operative to members

As was already mentioned earlier on, the first essential service, which the co-operative has been supplying its members with, was the central purchasing of goods. Kyklos establishes contacts with national and international suppliers of toys and leisure goods and then it is up to the members to decide what it is exactly that they wish to bring in their stores. The co-operative takes orders from members, gathers them up and then places a collective order to each supplier, on behalf of all members. It is also possible that the member-stores negotiate and buy directly from certain suppliers. This is the case when some suppliers do not wish to use the co-operative as an intermediate party, but rather trade straight with the members. The rate of purchases from the co-operative fluctuates between 40%(rarely) to 70%(mostly) of total purchases, depending on the need for certain products which cannot be bought through the co-operative.

The co-operative has permanent or temporary collaborations with logistics companies, whose main task is the distribution of ordered items to members. The contracted logistics companies collect the goods that have arrived in the co-operative and then split them by member. Then, individual orders are being delivered to the members separately.

Kyklos also provides its members with marketing and advertisement services. On a regular basis, the co-operative places advertisements of the group and its latest products in magazines. Mostly, these magazines would appeal to new parents or parents with young children. The co-operative uses two patterns so as to place advertisements. In some cases, Kyklos places a full-page list of its retail sale points, so that interested consumers can find the nearest retail branch to them. In other cases, the co-operative produces a marketing brochure with its latest product range and offers, which is then distributed as a slip inside various magazines. All the members support and participate in the marketing campaigns.

It is very often the case that new or existing member-stores require some guidance and advice on how to operate and manage their business. Whenever it is being asked for, Kyklos is prepared to provide consultancy services to a new member in many aspects and at no extra charge. The members can consult the co-operative as regards the location of their store if

it is not opened yet, what kind of products they should preferably trade (according to latest trends, quality, etc.) and how they should design the interior of the store, decoration, shelves and others.

Table 46 below displays information gathered through a survey of co-operatives on various aspects of the services provided by Kyklos. We can observe that most services provided are utilised by the entire membership base. There is a mixture of on-site and off-site and tailored and non-tailored services provided, and whereas some services are provided directly by the co-operative staff, some are provided through electronic and non-electronic publications. The co-operative is consistent across all the services it provides in terms of the drivers of supply, which are all demand based; the duration of services, of which all are ongoing; and the objectives behind the service, for each the aim is to increase competitiveness.

Table 46: Details of services offered by Kyklos toys¹.

Service	Form of provision	Degree of involvement	Tailoring of service	Marketing of service	Drivers of service supply	Duration of service	Objectives of service	Members' use of service
Purchasing	Directly	Off-site	Off-the-shelf	Actively, Passively	Demand based	Ongoing	Competitiveness	100%
Sales	Directly	Off-site	Both	Actively, Passively	Demand based	Ongoing	Competitiveness	100%
Marketing	Publications	On-site	Both	Actively, Passively	Demand based	Ongoing	Competitiveness	100%
Public relations	Electronic platforms, Publications	On-site	Off-the-shelf	Actively, Passively	Demand based	Ongoing	Competitiveness	100%
Business advice and consultancy	Directly	On-site	Tailored	Actively, Passively	Demand based	Ongoing	Competitiveness	25%

Source: London Economics' survey

1: See footnotes to Table 22

5.11.4 How does the co-operative manage its service provision

Kyklos is only being funded by applying a commission scheme on its members' orders. The co-operative purchases and pays for all the products that members order through it. Then, upon reception the members pay the value of the ordered goods to the co-operative with a surcharge of 10-11%. The surcharge rate is fixed and does not fluctuate with the value or amount of ordered goods.

Kyklos is in constant contact with all its members. On a weekly or biweekly basis, the co-operative sends out e-mail and regular post newsletters to its members, informing them about new products, developments in the market and the co-operative's news. Furthermore, the co-operative also organises in-store visits so that members can have the opportunity to get to know new products and potentially place orders or give their feedback. There are also daily follow-ups on the members via telephone, email, in person visits and fax. The co-operative takes its members' opinion very seriously and their feedback is essential for its further development. Once or twice a year, general meetings take place, which the members can use as a full-house forum for the exchange of ideas and opinions on services.

5.11.5 Impact of co-operative membership on members

The vast majority of members stated that the co-operative has had a very positive effect on their businesses. A significant share of the members believes that the co-operative has been of great help to them so as to expand their sales and attract more clientele. Due to the central purchasing scheme, the co-operative has also helped the members lower their operational costs and achieve higher profits. On average, the members are of the view that with the co-operative's assistance they have managed to expand their skills and knowledge in the sector. But the most striking finding is their certainty that with the co-operative they have become much more competitive than before. In some cases, we also received opinions stating that if it were not for the co-operative, competition would have driven them out of the market in the light of the expansion of big superstores and chains etc.

Table 47: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest))

Impact	Average Rating	Impact	Average Rating
Sales growth	3.83	Higher profits	4.25
Increased stability	4.00	Skills Upgrade	3.91
Lower costs	3.50	More competitive	4.50
Improved credit rating	3.33		

Source: London Economics' survey

According to the survey, the service offered that the members found most useful is central purchasing.

Table 48: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing	7	Training, workshops, seminars	
Joint selling and marketing	1	Publications, advertisements, etc	2
Logistics and/or distribution		Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members	1	Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs		Consulting/managerial services	1

Source: London Economics' survey

5.11.6 Members' views on the value of co-operative membership

Kyklos members on average seem to be satisfied with the co-operative. On average, a rating of 4 out of 5 was given to the aspect of overall service provision, which indicates that members are highly satisfied with the services offered to them and their method of delivery. Due to the frequent meetings and exchanges between the members and the co-operative, Kyklos members express a high level of satisfaction about the information regarding available services from the co-operative.

Table 49: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest)

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	4.00	Degree of services' customisation	3.42
Services' method of delivery	3.75	Information about services	4.00
Services' value-for-money ratio	4.00		

Source: London Economics' survey

5.11.7 Conclusions

Like in many of the previous case studies, by pooling the members' orders, the co-operative exercises countervailing power, achieves better buying prices and thus helps its members to remain competitive in the face of growing competition from toys super-retailers.

5.12 Case Study 11: Consorzio trasporti Perugia “LA FREEDOM”

5.13 Background information about the co-operative

“Consorzio trasporti Perugia LA FREEDOM” is a logistics/transport co-operative located in the city of Perugia (middle Italy). It was founded in 1973 by thirteen people, who had a special interest in engaging in commercial activities relevant to transport and delivery. After 34 years of operation, only three of the founding members still have an active membership in the co-operative.

In the last five years, La Freedom established a partnership with two other Italian transport national companies, the C.I.M.M. (Compagnia Italiana Movimentazioni Merci) and the S.I.L.T.I. (Societa' Italiana Logistica Trasporti Integrati), which allowed the co-operative to increase its share in transport activities and to successfully expand its geographical activity range from national to international. In particular La Freedom is now operating even in Germany, France, Spain and in the Eastern Europe. Some of the principal La Freedom's Italian clients include Acqua Vera, Saiwa, Sangemini, Exportex and Kraft, as well as multinational companies such as Lever and Procter & Gamble, which are leading brand names in the consumers' products sector.

At the beginning, the only service provided to the customers was the transportation of goods but then, gradually, La Freedom started to offer its clients a wider range of logistics-related services, such as warehousing, stocking, rewrapping, packaging, labelling, special waste disposal, direct and priority delivery. In 2000, the co-operative changed its legal status from co-operative to consortium mainly for legal reasons and economic benefits that accrued from this change, but it maintained its product and service range as it was before.

The main service of the co-operative, i.e. transportation of goods, is based on advanced IT infrastructure, which allows the co-operative to be in touch with their customers and members on a daily basis and to cater immediately for stocking orders. In respect to the members, the main purpose of the co-operative is to arrange jobs and contracts. Customers usually get in touch with La Freedom with assignments and sign contracts directly with the co-operative. It is then up to the co-operative to distribute the work to the members through sub-contracting.

5.14 Background information about the members

The co-operative consists of 36 members; all of them are small or medium enterprises working in the transport and delivery sector and mostly located in the same region where the co-operative is based. These small/medium enterprises use professional truck drivers who also put their own trucks and vehicles at the availability of the co-operative.

Before being able to join the co-operative, the members have to go through six months trial at the end of which their performances are being evaluated, partly also against the clients' feedback. Most of the members are long-time members and the co-operative came to their knowledge through either the Chamber of Commerce (where it is a member) or personal contacts.

As far as the vehicles are concerned, each member owns their means of transportation and in total, the co-operative's vehicle pool and equipment consists of more than 100 trucks, articulated lorries and the respective containers.

5.15 Description of the services provided by the co-operative to members

In addition to procuring work, the co-operative also provides purchasing services to its members (e.g. the co-operative purchases fuel for its members centrally), thereby achieving lower prices for them. Apart from this, an essential aspect of service provision to the member-companies is technical support and repairs of vehicles, which LA Freedom also arranges for its members.

The co-operative offers a broad array of financial or finance-related services, such as assistance with accounting, direct financial assistance by granting loans to members, insurance services, banking services, as well as it intermediates as a guarantor whenever a member wishes to apply a loan from a banking institution. For newcomers, the co-operative provides start-up support so that they can set up their businesses under the co-operative's guidance and standards.

The co-operative provides also warehousing facilities, where raw material/stock is stored. In addition, these co-operative facilities also provide services such as availability of vehicles for special deliveries, (24-hour sometimes) controlled parking space and offices for the operation of the members' businesses. In total, La Freedom has more than 38,000m² of warehouses and 2,450m² of offices spread throughout Italy. In more detail, the principal storage and facilities points are located in:

- 1) PERUGIA – This is where the co-operative is based. This facility boasts about 400m² of office space, 4,000m² of storage space, 18,000m² of

24 hours a day controlled car parking as well as facilities for special delivery vehicles.

2) POMEZIA – RM. This site is specialised in stock holding operations. They provide 200m² of office space, 6,000m² of warehousing facilities and controlled vehicle parking space.

3) CODOGNO (LO). This site is specialised in rewrapping. Here the members have 400m² of office space, the largest storage facilities within the co-operative (10,000m²), controlled vehicle parking space and availability of vehicles for special deliveries.

Other regional warehouse (non-specialised) facilities can be found in Nembro (BG), Guardaregia (CB), Cecina (LI), Catania and Terni. These depots across all Italy allow La Freedom to take advantage of the Italian highway networks and infrastructure with easy access to all the major cities and towns.

As already noted earlier on, one of the most important services provided by the co-operative to their members consists in arranging jobs and contracts, either nation-wide or international. In more detail, La Freedom employs specialised staff that only has as its purpose to advertise the co-operative's performance by visiting the customers' premises (especially for very important contracts) and internal employees specialised to arrange international contracts.

Table 50 below displays information gathered through a survey of co-operatives on various aspects of the services provided by La Freedom. We see (where the information is available) that each service is utilised by all of the members. We can observe that the co-operative are consistent across services in all aspects of the services they provide. All are provided off-site and directly through co-operative employed staff. None of the services are tailored to the specific needs of the members and all are marketed passively. Most are not driven by demand and are ongoing in their nature.

Table 50: Details of services offered by La Freedom¹.

Service	Form of provision	Degree of involvement	Tailoring of service	Marketing of service	Drivers of service supply	Duration of service	Objectives of service	Members' use of service
Accounting	Directly	Off-site	Off-the-shelf	Passively	Non-demand based	Ongoing	Competitiveness	100%
Purchasing	Directly	Off-site	Off-the-shelf	Passively	Demand based, Non-demand based	Ongoing	Competitiveness	100%
Financing/ funding	Directly	Off-site	Off-the-shelf	Passively	Non-demand based	Ongoing	Competitiveness	n.a.
Production intermediation	Directly	Off-site	Off-the-shelf	Passively	Non-demand based	Ongoing	Viability	100%

Source: London Economics' survey

1: See footnotes to Table 22

5.15.1 How does the co-operative manage its service provision

The relatively small size of the co-operative enables members to daily communicate amongst themselves and with the Executive Board; this makes it easier for the co-operative to fully understand the needs of its members, to inform them about new available services, to have a clear feedback of what they think and, eventually, to resolve any type of problems they might have with their work.

The supplied services do not have a specific duration but are always available and almost every member uses all of the services provided.

There is no need to encourage/promote the use of services because the members themselves were involved in the creation of the services. The co-operative is aware that an interest in communication aspects is fundamental to make the co-operative itself more competitive, so they are planning to increase the advertising and public relations services in the future.

5.15.2 Impact of co-operative membership on members

On average, the members believe that La Freedom has proven to be a great help to them in increasing their volume of business and gaining access to new markets and greater shares of customers. To a great extent, members also seem to believe that due to the services provided to them by La Freedom, they have been able to become more competitive in the market. A general highly positive reply rate was also observed in respect to the members' ability to successfully apply for credit.

The member-companies also seem to believe that the increase in their profits is also attributable to the co-operative's services. On the other hand, the members do not believe that the co-operative has helped them to decrease their operation costs. The two services that are of great importance to La Freedom members are logistics and joint marketing of the members' companies. To a lower extent, some members stated that occasional accounting assistance provided by la Freedom has also been very helpful.

Table 51: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest))

Impact	Average Rating	Impact	Average Rating
Sales growth	3.78	Higher profits	3.78
Increased stability	3.57	Skills Upgrade	2.52
Lower costs	3.18	More competitive	3.70
Improved credit rating	4.50		

Source: London Economics' survey

Table 52: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing		Training, workshops, seminars	
Joint selling and marketing	7	Publications, advertisements, etc	
Logistics and/or distribution	9	Assistance with accounting	3
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members		Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs		Consulting/managerial services	

Source: London Economics' survey

5.15.3 Members' views on the value of co-operative membership

Overall, the data we have collected from our member surveys has indicated a fair degree of satisfaction from the service provision. The members seem to be relatively satisfied with the value of the services they are offered compared to the fees they have to pay to the co-operative.

Table 53: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest))

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.22	Degree of services' customisation	3.26
Services' method of delivery	3.39	Information about services	2.57
Services' value-for-money ratio	3.09		

Source: London Economics' survey

5.15.4 Conclusions

La Freedom is a good example of a production intermediation co-operative which effectively pools the members' productive assets to gain scale and thus offer clients a more attractive business proposition. In the case of La Freedom, this pooling has been enhanced by the development of supporting infrastructure (e.g. warehouses) owned directly by the co-operative and the provision of a wide range of supporting services which increase the members' competitiveness and hence the competitiveness of the co-operative's offer itself.

5.16 Case Study 12: Lerverk Ekonomisk Förening

5.16.1 Background information about the co-operative

Three craftsmen in Göteborg founded the co-operative Lerverk, back in 1980. Lerverk Ekonomisk Förening is a co-operative located in the city of Gothenburg, Sweden, which groups craftsmen (artists). The co-operative only comprises members at a regional level, and all its members are active in craft and creation of art objects. The co-operative's main sector of activity consists in retail sales by operating a store, through which the craftsmen/artists can exhibit, promote and sell their work.

The purpose of the co-operative has since the beginning been to facilitate the promotion of the members' creations. There exist many similar co-operatives to Lerverk in the region. Relevantly, we mention 'Sintra', founded in 1984, with 21 members today who are also active in the same region; 'Blås och Knåda' with just over 50 members which is based in Stockholm but active at a national level and 'Format Art', which is located in Bergen, Norway. Recording as many as over 14,000 customers last year, Lerverk was voted the co-operative of the year 2006 in the region. Administration is exerted by the co-operative's Executive Board, which is elected on a yearly basis by the members and consists of members alone.

5.16.2 Background information about the members

After 27 years of operation, only one of the three founding members still has an active membership in the co-operative. Gradually, Lerverk has managed to increase its membership size and today, it comprises as many as 30 creators. In more detail, the co-operative consists of 30 craftsmen who are either individual (i.e. one-man) businesses or in some cases also small/medium businesses. Most of the members are women and about 80% of them have their own occupations; therefore, for most members, craft is not their primary form of employment.

The co-operative categorises the members into regular members and guest members. A regular member needs to be a fairly experienced ceramist, potter, etc, who could normally express their interest to join the co-operative only in 'recruitment' events which the co-operative organises every May on a yearly basis. To do so, prospective members must leave a representative sample of their creation with Lerverk, where they will then be assessed and a voting procedure among current members will suggest whether the new member is to join or not. The new members are then set to start in October of the same year. Guest members on the other hand, need to be highly experienced craftsmen and they are required to present outstanding pieces of work, so as to gain membership in the co-operative. Guest members have the chance to present their work to existing members, only again, there has to be a voting procedure before they can join. Another difference between regular and guest

members will be explained further down, and regards the obligations of members vis-à-vis the co-operative. For both regular and guest members, the first membership year is a trial one, at the end of which their work is being re-evaluated and their membership is either becoming permanent or cancelled.

5.16.3 Description of the services provided by the co-operative to members

In a nutshell, the co-operative provides a fair range of services to members, such as training services, public relations and organisation of events, marketing and sales services, as well as it intermediates for the purpose of finding work for its members. It doesn't provide the members with any purchasing services, as all members have to buy raw materials etc. individually. The services are provided either on the co-operative's premises (store) or remotely, with regular exhibitions taking place.

The main function of the co-operative is the store (boutique). Here, all members have their corner where they can set up individual exhibitions, advertise and also sell their creations. The co-operative provides the selling and exhibition space to the members, albeit the members have to contribute to the expenses of these activities. For the purpose of running the store on a daily basis, the co-operative employs two assistants who only deal with the sales. Regular members are obliged to spend 20 days in the store, whereas guest members do not have to participate at all.

Marketing services sometimes can take the form of publications. So as to inform the local public about upcoming events and happenings, the co-operative posts advertisements in the local press. Lerverk has created in cooperation with local artisan co-operative 'Sintra' a label called Sintra, for which they sometimes issue joint marketing brochures with the various products under the particular label.

Another way of marketing the members, their creations and fostering public relations with the public are exhibitions. Many times a year, the co-operative organises or participates with a number of members in several exhibitions. There are several exhibitions that the co-operative takes part in, and they occur about 4-5 times a year. Also, some times they are open and people are asked to exhibit their own creations. That way, the public gets to know better the work of the co-operative and people with interest or talent in craft-making can consult the experts (members) during these exhibition and exchange valuable knowledge and ideas. One such notable event is the Craft Biennial of Gothenburg.

In 2001, 3 crafts co-operatives in Gothenburg, Konsthantverkshuset, Lerverk and Sintra, invited all members of the craft-co-operatives in Sweden to enter a jury-selected exhibition at Röda Sten, with the aim of showing contemporary and experimental Swedish craft. 28 exhibitors presented unique and experimental works in ceramics, metal, textile and glass. The exhibition became a success and The Craft Biennial of Gothenburg was born. Usually,

apart from the members of staff, regular members of the co-operative are also expected to assist in the participation preparations as well as help on-site in the exhibitions. Guest members have the right of derogation. Also, although individual exhibitions are allowed, they are not supported by the co-operative whatsoever.

Training had also been a membership feature in Lerverk until recently, when it was abandoned. The only workshop that was available regarded the burning of ceramics. Nevertheless, the co-operative still organises the participation of its members in certain training sessions/events. For example, 'Lerverk' organises trips to special exhibitions in Stockholm and Copenhagen for training purposes, on a yearly basis. Last but not least, the co-operative also offers intermediation services between customers and the craftsmen. It happens many times that customers, who are looking for certain products, contact the co-operative that, in turn, assigns various tasks on behalf of customers directly to its members.

The craftsmen create objects that are based on the manufacture of glass, pottery and ceramics. These are also the materials that similar co-operatives in the area mainly use. Since 2006, Lerverk also introduced the manufacture of metal in its range, with jewellery being the main product. According to the co-operative, there are plans for further broadening of the range, which is set to add textile manufacture to the existing materials. As it was mentioned before, the main purpose of the co-operative is to help members to promote their work to the outside. The following paragraphs will explain how this takes place.

5.16.4 How does the co-operative manage its service provision

The co-operative funds the provision of services through contributions from the members, but also receives local and government funding. Individual donations from natural persons are not very frequent. Each regular member has to contribute about 540 Swedish krone to the co-operative for the purposes of having a place within the store on a monthly basis. They are also obliged to return 25% of the total values of sold items to the co-operative for maintenance purposes. Guest members only have to pay 250 krone for the rent, but then again, they are charged a 40% commission rate on the value of their sold items.

The local community and the Cultural Centre of Gothenburg sponsor the activities of the co-operative, exhibitions, etc. Apart from that, the Swedish Ministry of Culture regularly supports the co-operative with funding. In fact, Lerverk is the second biggest beneficiary of state funding after 'Blås och Knåda'. Despite its vitality to the co-operative, state funding has been declining in the past years. In addition to that, it is provided on a conditional basis. In more detail, Lerverk has to report regularly to the Ministry of Culture on their spending and any remaining unused funds have to be returned.

The general management of the co-operative is left to the Executive Board which, as mentioned earlier, consists of members in the co-operative, both regular and guest ones. The Board meets on a monthly basis and topics it broadly deals with are either related to the store/in-store exhibitions or to organisational issues. It is the Board's obligation to inform the rest of members about changes in the Protocol (mostly via e-mail or post), as well as any decisions regarding the store.

Apart from the Executive Board meetings, normal member meetings also take place, although not as often. The members (including the ones in the Board) meet up four times a year to discuss possibilities to take up projects, ways to manage the co-operative's income and invest resources, and last, but not least, they arrange and schedule the co-operative's participations in various exhibitions. That way, all the members are instantly informed about the co-operative's plans, as they all take part in the members' meetings.

The co-operative's plans for the near future relate to the expansion of their volume of business. Although no progress has been yet made, Lerverk plans to expand its store, increase the number of exhibitions and exhibits in-store and therefore, boost the sales of the members' creations.

5.16.5 Impact of co-operative membership on members

The main feature of the service provision from Lerverk is the operation of the store. This is the only way for the craftsmen to gain substantial access to the market and achieve high sales. Indeed, from the feedback we received from Lerverk's members has indicated that the co-operative boutique has been a great help to them. The majority of members stated that through the store, their membership with Lerverk has helped them to achieve higher sales rates and gain relatively easy access to clientele, something which would otherwise require a lot of advertisement from each member and thus, higher expenses.

The processing of the data we collected from our member surveys also indicate that the majority of members have observed an increase in their profitability ever since each of them joined the co-operative. This is to a large extent due to lower operating costs, a result of the joint exhibitions and galleries they run under the co-operative umbrella. This is supported by the members' opinion that selling and exhibition space is the most useful service offered by the co-operative.

Table 54: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest))

Impact	Average Rating	Impact	Average Rating
Sales growth	4.14	Higher profits	3.33
Increased stability	3.33	Skills Upgrade	2.57
Lower costs	3.29	More competitive	2.40
Improved credit rating	3.00		

Source: London Economics' survey

Table 55: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing		Training, workshops, seminars	
Joint selling and marketing	1	Publications, advertisements, etc	
Logistics and/or distribution		Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members		Banking services	
Selling/exhibition space	4	Guarantor for loans	
Working space/studio		Public relations	1
Technical support/repairs		Consulting/managerial services	

Source: London Economics' survey

5.16.6 Members' views on the value of co-operative membership

A scope for improvement of their technical skills has also been observed, albeit low, as craftsmen who wish to register with the co-operative as members have to be either already very experienced or prove outstanding capabilities and achievements in their field of activity. However, on average, members seem to believe that the value of the services they get can only fairly justify the fees they pay to the co-operative. All in all, no member believes

that the services they receive are not useful and in fact, some of them mentioned that they would require some additional services to counterbalance the contributions they pay to the co-operative, such as more exhibitions.

Table 56: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest)

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	3.29	Degree of services' customisation	2.67
Services' method of delivery	3.17	Information about services	3.57
Services' value-for-money ratio	3.43		

Source: London Economics' survey

5.16.7 Conclusions

Lerverk clearly shows how individual crafts people involved in independent creation of art work can benefit from pooling front office activities such as showrooms and sales space.

5.17 Case Study 13: Red Zac (Euronics Austria)

Red Zac is an Austrian co-operative of specialist consumer electronics and white goods retailers associated with the European wide Euronics network. Euronics Europe is headquartered in France. It has 5,000 members across Europe, 9,000 retail stores, 40,000 employees and a combined annual turnover of almost €10 billion.

5.17.1 Background information about the co-operative

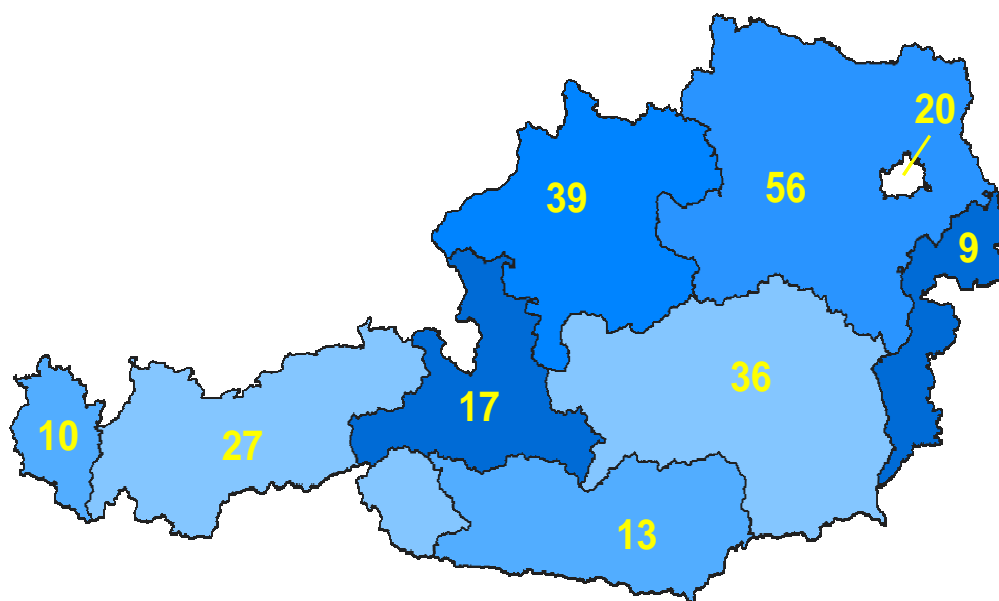
The co-operative was created in 1970 under the name Funkberatung, joined the European retail chain Euronics in 1990 and changed name to Red Zac in 1997.

Red Zac has 191 members with about 250 outlets, giving the co-operative a market share in the region of 12-14%, the largest co-operative in the consumer electronics sector in Austria.

The total turnover of the members of Red Zac is estimated at €450 million and total employment is in the range of 3,000 employees. Red Zac is considered the strongest co-operative brand in Austria with a brand recognition rating of 80%.

Red Zac stores can be found in practically every region of Austria as the figure below illustrates.

Figure 38: Red Zac stores in Austria



Source: Euronics Austria

The main objectives of the co-operative can be summarised as:

- Strengthening the competitiveness of their members;
- Promoting the sustainability of members' long term business models;
- Promoting fair, mutually advantageous business relationships with suppliers; and
- Fostering the sense of belonging and loyalty among members.

In terms of its overall strategy, Red Zac aims to optimise the product range for each store-type through dedicated category management. There is also a major focus on the optimisation of purchasing channels according to product category. Red Zac believes in the concentration on the core product range.

Background information about the members

The average store surface is 260m² but there is wide variation across members. Red Zac has four distinct store concepts which are tailored to members' specific needs and to members' vision of the market segment where their stores fit:

- Service Point (<100m²); close to customers, service-oriented;
- Shop (100-250m²); central location, high quality profile, in-store repairs/service;
- Store (250-800m²); specialist orientation, innovative product range, competitive price structure; and
- Market (>800m²); out-of-town locations, full product range, aggressive pricing strategy.

Red Zac currently has 45 Service points, 98 Shops, 75 Stores and 8 Markets.

The majority of businesses that are members of Red Zac are thus typically small electronics retailers with a focus on consumer service.

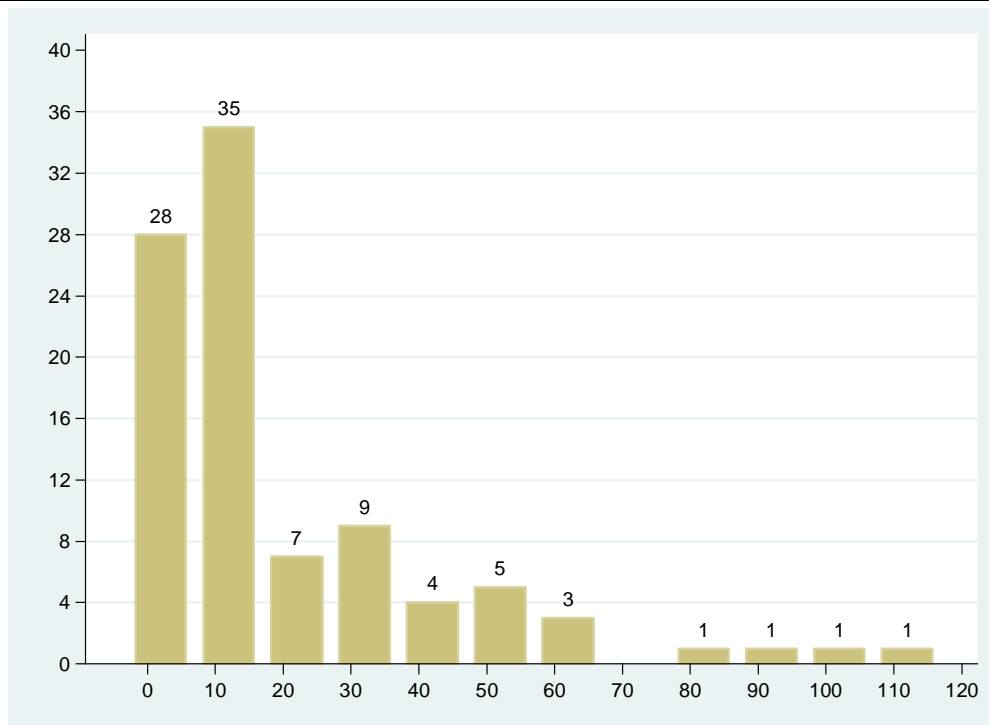
In the Amadeus dataset, we have a sample of 95 observations that contain complete information of employment and turnover over a period of 4 years. For these observations, the average number of employees per Red Zac member is 20¹⁶. This average has shown no significant movement over the sample period.

This number, however, hides significant variation as the number of employees per member range between 2 and over 100. Over the period covered by our study, we do not detect a clear trend in terms of the size of the membership. In relation to the sample of 52 members interviewed by London Economics, we have looked at the evolution of the size of members in relation to the year in which they have joined the co-operative. We note, in every point in time, significant variation, with both very small and relatively large firms joining as members, but no clear trend can be detected.

In the sample responses summarised below, we observe that members with less than 20 employees are more than two-thirds of the overall sample.

¹⁶ Overall, the average number of employees per member is closer to 16 (191 members for a total of 3,000 employees), which may imply that smaller companies are somewhat underrepresented in the Amadeus dataset.

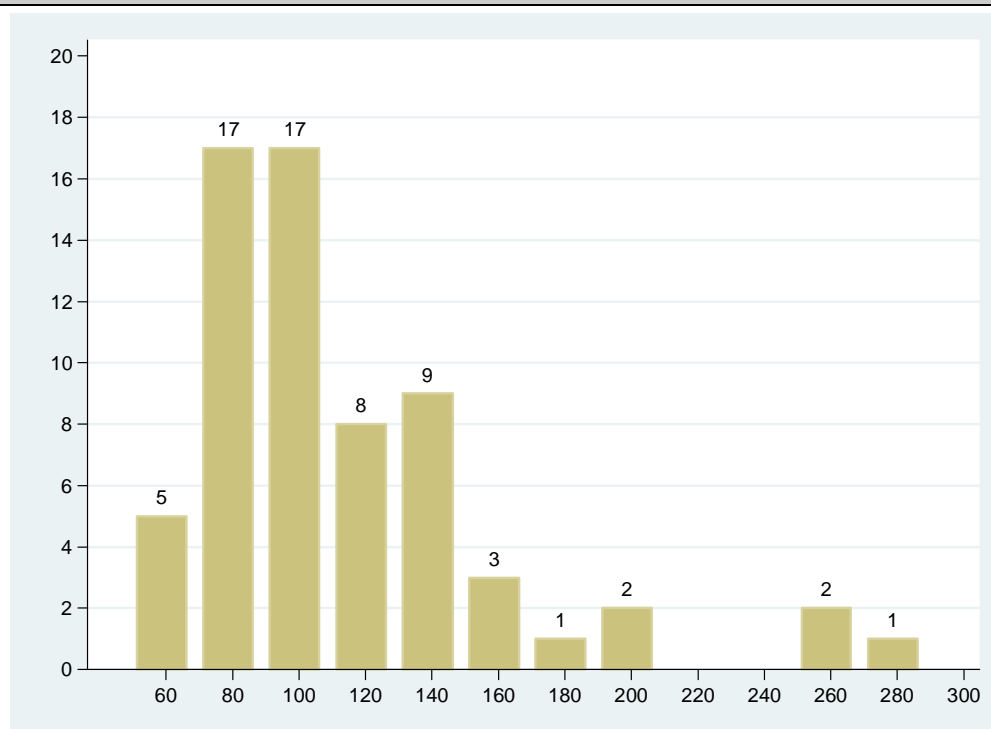
Figure 39: Distribution of number of employees per member – Amadeus sample, 2005



Note: horizontal axis depicts number of employees and vertical axis depicts number of observations in each range.

Source: London Economics' survey

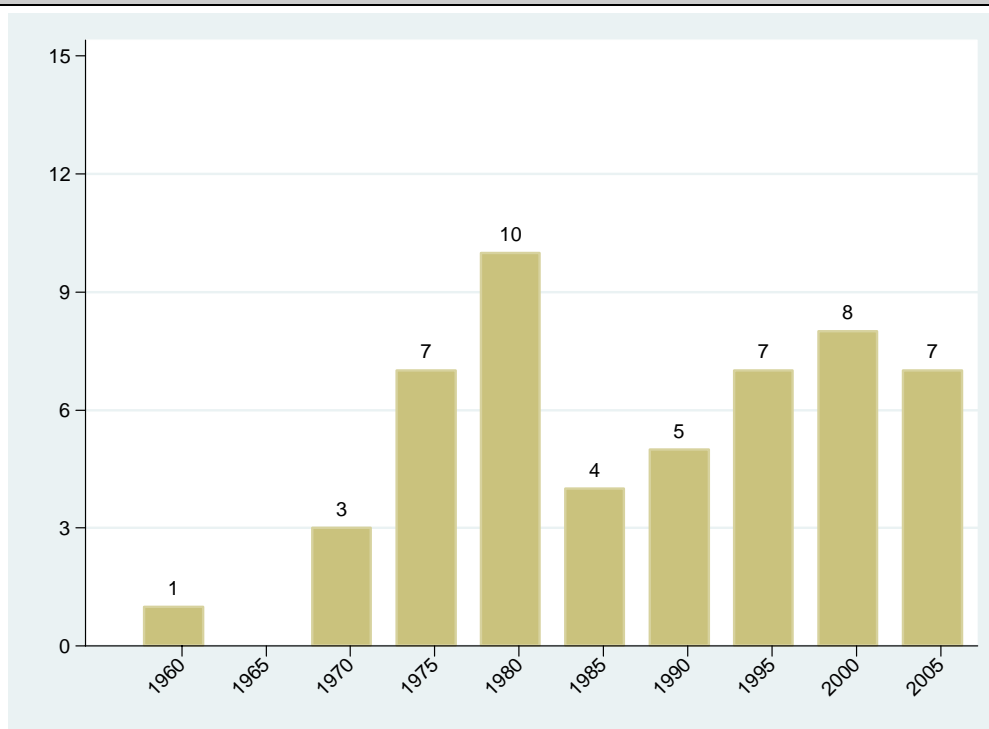
In our sample of Red Zac member companies from the Amadeus dataset, we observe quite significant variation of productivity across stores. The distribution of turnover per employee is summarised in the graph below.

Figure 40: Distribution of "turnover per employee", Amadeus sample, 2004

Source: London Economics' survey

The horizontal axis represents different ranges of "turnover per employee" while the vertical axis represents the frequency of each range in the sample. It is remarkable that while the average turnover per employee is about €100,000, we observe that the range varies between €60,000 and €280,000.

The London Economics survey of 52 of Red Zac's members also asked a number of questions in relation to the service provision by the co-operative which we discuss in section 5.17.4. We have also asked these members to tell us since when had they been members of Red Zac. The summary of responses is given below.

Figure 41: Frequency of member entry by year

Source: London Economics' survey

We note that the sample indicates that the membership of Red Zac is quite dynamic; a significant proportion of respondents have only recently joined the co-operative.

Our conclusions as a result of the study of the members of Red Zac are the following:

- The majority of the members are small electronic retailers;
- The productivity levels of members vary within a wide range; and,
- The membership of Red Zac is dynamic with new members joining in recent years.

Description of the services provided by the co-operative to members

The main activities that the co-operative provides as services to members are:

- Retail support activities – help members with sourcing, stocking, and category management;
- Central ordering and stock management systems to optimise supply chain (currently being tested and to be introduced later this year); and,
- Central processing of data on sales and stocks per store to optimise distribution along the supply chain.

Red Zac offers members a comprehensive central warehouse with roughly 1,500 articles by 25 suppliers in the areas of consumer electronics (e.g. LCD/Plasma screens, HiFi, portable audio); appliances, electronic household goods; mobile telephones and accessories

The central warehousing services guarantee 90% average availability and 90% of articles delivered within 24 hours. Online ordering is widely available and it is incentivised with a 2% extra rebate.

Red Zac's aggregation of buyer power which its wholesaling function entails, translates into better prices for its members. A particularly important benefit to members arising from Red Zac's wholesale function is its increasing importance in obtaining supply. As suppliers raise their turnover requirements for retailers, the role of the co-operative in allowing members to access certain brands becomes determinant.

The aggregation function is not only seen in relation to purchasing of goods but is also reflected in the pooling of buyer power in relation to energy, telephone services, fuel, car leasing and freight/delivery services.

The cooperation with the German Euronics branch extends to shared warehousing, logistics, internet-based ordering services, and joint purchasing which gives members additional buying power with suppliers.

Red Zac supports members with a wide range of advertising and marketing activities. In the area of marketing, Red Zac has promoted its brand through sponsorships (e.g., since 2002, sponsorship of Austria's first division football league); customer loyalty programmes; its comprehensive online shop; direct mailings; Red Zac-branded merchandise; and advertising (TV, radio, print media).

Red Zac offers its members a wide range of IT services, including online product information, online ordering, EDI (electronic data interchange), data warehouse, Enterprise Resource Planning, and e-commerce platform.

Red Zac also offers its members other services in a number of business areas such as consulting, advice, store design, location analysis, mystery shopping, and training.

Focus on brand

Specialist electronics stores such as the Austrian members of Euronics are threatened by the increasing ease of price comparison and availability of products at discount prices from sellers who provide little or no consumer service and support services. To counter this trend, Red Zac members participate, under their umbrella brand name, in the Austrian price comparison web site Geizhals, giving credibility to their advertised prices and enhancing their image as competitive sellers.

While the traditional business model of a retail co-operative was more fundamentally related to the centralisation of buying activities and the ability to provide rebates to members, the present market conditions call for a stronger focus on brand.

According to Peter Osel, Red Zac's managing director, Red Zac's main objective is the introduction of a more uniform branding across their members.

One facet of this has been the co-operative actively looking for uniformity in their outlet layouts, within each store type.

The co-operative is offering its members a variety of store concepts with distinctive facia and design. While the focus on small inner city outlets has continued, the store concept offerings have recently been expanded to include the out-of-town larger scale retail centres, under the Mega Company brand, a store concept which has been imported from the German sister co-operative.

Table 57 below displays information gathered through a survey of co-operatives on various aspects of the services provided by Red Zac. We can see that the co-operative reports providing all its services through directly employed staff, often but not always from off-site premises. Most services are available 'off-the-shelf', however public relations and training services can be tailored to the needs of the members. For those with the relevant information we see that the services are ongoing. Purchasing, marketing and public relations services are utilised by all of the co-operative members whereas training and business advice services are utilised by half of the co-operative members.

Table 57: Details of services offered by Red Zac¹.

Service	Form of provision	Degree of involvement	Tailoring of service	Marketing of service	Drivers of service supply	Duration of service	Objectives of service	Members' use of service
Purchasing	Directly	Off-site	Off-the-shelf	n.a.	Non-demand based	Ongoing	n.a.	100%
Marketing	Directly	Off-site	Off-the-shelf	Actively	Non-demand based	Ongoing	n.a.	100%
Public relations	Directly	Off-site	Tailored	n.a.	Demand based	Ongoing	n.a.	100%
Training	Directly	On-site, Off-site	Tailored, Off-the-shelf	n.a.	Demand based, Non-demand based	n.a.	n.a.	50%
Business advice and consultancy	Directly	On-site Off-site	Off-the-shelf	n.a.	Non-demand based	n.a.	n.a.	50%

Source: London Economics' survey

1: See footnotes to Table 22

5.17.2 How does the co-operative manage its service provision

Funding of services provided to members

Membership fees are about 1% of turnover. The main source of financing for the co-operative services is rebates and bonuses from suppliers. In the event of surpluses, these are passed on to members.

Management of service provision

The co-operative has field agents that visit members regularly and this is an important element for maintaining a common set of goals for each member. These field agents help the members with sourcing, stocking and store design.

The co-operative holds a general assembly of members twice a year. At shorter time intervals there are regional meetings of members.

Every few years the co-operative performs a survey of members to enquire of the general satisfaction with service provision.

Training

The co-operative conducts sales training for their members. Roughly 150 members have participated in training courses so far. This fits with the general strategy of positioning the brand as a leader in the areas of customer service and advice, which has been the focus of recent advertising campaigns.

The co-operative provides members with a software template that allows them to design their own online stores and tailor them to their local client base.

5.17.3 Impact of co-operative membership on members

Our analysis of Red Zac's provision of services to members has led us to conclude that the value of the provision centres on the strategic direction that the co-operative provides to members.

In this sense, the co-operative is much more than a buying central that uses its aggregation power to lower costs to members. Rather, the co-operative has a strong vision in respect to value of the brand and the value of customer service in the market of specialist consumer electronics retailers.

This vision is implemented with very tight control of the members' performance in relation to these two main aspects. One important facet of this "control" is uniformity of store design and predictability of store offerings.

Competition based on price has proved a dangerous strategy in the market of small consumer electronics where prices have been falling rapidly in recent years. To succeed in this market thus requires a business model that does not rely on prices alone.

The main contribution of Red Zac to members is therefore to provide them access to a business model based on a strong brand, which is something that businesses would never be able to implement on an isolated basis. Red Zac offers its members the ability to benefit from a strong brand without at the same time having to forego their independence. However, albeit remaining independent, the members of Red Zac understand that a strong brand requires the participation of all members in providing high standards of customer service as well as reliability and adequate range of product offerings.

5.17.4 Members' views on the value of co-operative membership

We have interviewed a sample of 52 members from Red Zac and we have asked the members for their views on the contribution of co-operative membership to different aspects of their business.

Table 58: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)			
Impact	Average Rating	Impact	Average Rating
Sales growth	3.98	Higher profits	3.60
Increased stability	3.60	Skills Upgrade	4.25
Lower costs	3.44	More competitive	4.04
Improved credit rating	4.29		

Source: London Economics' survey

We received the most positive replies in respect of contribution to competitiveness and to increased sales. This is a positive result because indeed these are the two areas of the members' business where Red Zac most aims to contribute.

The somewhat lower rating in relation to contribution of the co-operative towards lowering of costs is perhaps surprising. However, it matches with

the overall strategy that the business focus should be put on brand value and customer service rather than too heavily on competitive pricing.

In relation to the objectives of the co-operative, members' ratings thus suggest a very positive performance.

The next question to members asked them to provide an indication of which co-operative services they valued the most.

Table 59: Most valued services			
Service	Number of responses	Service	Number of responses
Central purchasing	15	Training, workshops, seminars	32
Joint selling and marketing		Publications, advertisements, etc	
Logistics and/or distribution	3	Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members		Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs		Consulting/managerial services	

Source: London Economics' survey

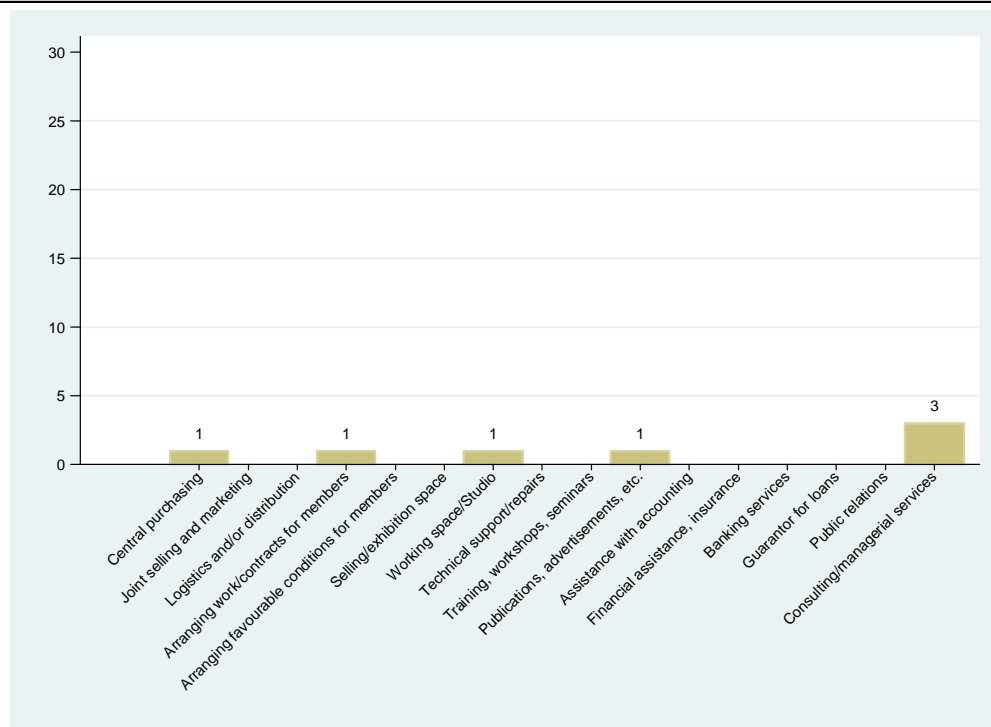
It is interesting to note that services in the area of training were the most highly rated by respondents. This is significant because it shows that Red Zac members understand the importance of delivering high levels of customer service to their clients.

It is perhaps surprising that none of the respondents choose services in the area of marketing as the most valued. We suspect that this may have to do with the phrasing of our questionnaire, where marketing appeared together with joint selling.

The second most highly valued service was that of central purchasing. Clearly, this is an important function of the co-operative that has immediate benefits to members. As we have explained, these benefits materialise not only in terms of lower prices but also in terms of a wider range of products that members can access.

On the question of what additional services members would like the co-operative to provide, only seven members expressed a desire for any such services.

Figure 42: Additional services that would be valued



Source: London Economics' survey

The figure above can be interpreted as a positive result for the range of services provided by Red Zac to its members. We observe that only a very small minority of members considered that there was a need for additional service provision. Among the additional services that were mentioned by respondents, only services in the areas of management and consulting received more than one response.

Finally, we asked members to rate the services provided by the co-operative in relation to different aspects of service delivery. The responses are shown below.

Table 60: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest))

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	4.33	Degree of services' customisation	3.56
Services' method of delivery	4.15	Information about services	4.67
Services' value-for-money ratio	3.88		

Source: London Economics' survey

Red Zac members attribute high ratings to both the overall service provision, the methods of service delivery and the information about services provided to members. Areas that receive somewhat smaller ratings are the degree of tailoring of services and the value for money of services.

5.17.5 Conclusions

Red Zac's success is apparent in the high level of brand recognition. This is a particularly significant measure of success given the strategic direction of Red Zac.

Red Zac's value-added strategy has enabled its members to benefit from the brand name and gain market share through offering high levels of customer service in conjunction with attractive pricing. Members have thus been able to avoid having to compete based purely on price. This is a particularly important strategic element in a market such as consumer electronics where consumers' ability to price compare has increased exponentially.

Red Zac maintains relationships with the big electronics brands. These brands impose thresholds below which they do not deal directly with members. Thus Red Zac allows even the smaller retailer members to access supply from the most sought after brands when they would not, on their own, be able to.

An additional facet of Red Zac's success is measured by the high ratings that members attribute to both the service provision and to the impact of membership on business. This result was apparent from London Economics' survey of 52 Red Zac members.

5.18 Case Study 14: REWE Dortmund eG

5.18.1 Background information about the co-operative

REWE Dortmund eG is an independent, regional, food and beverage retailing co-operative in Germany. Twelve independent retailers from the city of Dortmund have founded the co-operative in 1912, under the original name of 'Krone'. It was only in 1926 that 'Krone' joined the newly founded REWE (**R**evisionsverband der **W**estkaufgenossenschaften), a merger of several larger food wholesaling co-operatives in the region. Although evolving within the structure of the larger REWE Group, REWE Dortmund has never given up its large degree of autonomy with regard to its own business decisions.

Over the years, the co-operative has been consistently expanding its membership base through repeated mergers and acquisitions, the most significant being the merger with REWE Rhein-Lippe in 1982 which added another 200 stores to the co-operative, and more recently the acquisition and integration of 53 retail stores of Bremke and Hoerster in 2003. At the same time, REWE Dortmund has extended and improved its logistics, transport, and warehousing network and it has enhanced its product line by repeatedly adding own production and supply capacities in fresh and perishable products (such as meat, fruit, vegetable and dairy products).

The company structure of REWE Dortmund is a three-tier system, divided into retail, wholesale and the management headquarters. Individual retailers constitute the membership base not only of the whole co-operative but also of an independent sub-co-operative, the REWE Dortmund Grosshandel eG, which is in charge of all REWE Dortmund wholesale activities. With the support of its almost 1,500 employees and experts, this co-operative (REWE Dortmund Grosshandel eG) is responsible for the business operations of REWE Dortmund, that is, for its administration, logistics, product supply, financing, consulting, marketing, public relations and training.

REWE Dortmund Grosshandel eG is also running the subsidiary co-operatives 'DOEGO' and 'BUBI', which manage the provision of markets with fruit/vegetable and dairy products, respectively. During a restructuring programme of REWE Group in 1990, REWE Dortmund Grosshandel eG has been the only REWE wholesaling co-operative not to join REWE Zentral AG, the management company of REWE Group, thus maintaining its independence on important strategic and operational decisions.

Today, the co-operative is made up of more than 300 independent retailers operating 617 stores. The headquarters and two main warehouses are located in Dortmund. The main market covered by its members is the province Nordrhein-Westfalen, Germany's most densely populated region. As part of the REWE Group, REWE Dortmund belongs to the second largest retail group in Germany, and the third largest in Europe. The number one position

in the German and European retailing business, and thus the main competitor of REWE Group, is currently held by another co-operatively structured company, the EDEKA Group.

5.18.2 Background information about the members

REWE Dortmund has over 300 members, almost all of which are in the food and beverage retailing business. All REWE retail stores are being managed by independent members; however, some of them are partially owned by REWE Dortmund. This is a result of an important element of the REWE partnership model, which grants prospective members financial support in exchange for part ownership in the member-company (or member-store), while leaving the operational business of the store completely in the hands of the member.

Members vary in size, activity (food or beverage retail) and number of employees. Store sizes begin below 200m² and go up to over 2,000m², with the majority of the stores in the range of 1,000 to 1,500 m². The largest individual member of REWE Dortmund in terms of the number of retailing outlets is the Freidank EH oHG, which joined the co-operative in 1949. Today, it is managing nine retail stores and employing around 300 people.

The co-operative operates an acquisition scheme of retail points of sales so as to increase its presence in the domestic market. In more detail, REWE Dortmund buys off independent convenience stores, with the purpose of selling them to businessmen who would agree to operate them as REWE members. Initially, the co-operative would mainly supply such members with products and services without focusing on the external homogeneity of all its member-stores. This is believed to have led to a suboptimal performance in company recognition and public image. Thus, a project of more visible integration and convergence towards a common co-operative profile has been initiated last year, with the consequence of the name and logo 'REWE' now being used identically by all retailing stores. By 2007, the same is to be achieved for all the different home brands that are currently on the market.

5.18.3 Description of the services provided by the co-operative to members

REWE Dortmund's primary objective is the support and efficient management of the retailing stores. The core service is the provision of members with low-cost products. Furthermore, it is offering its members technological and practical solutions for distribution and product provision as well as retail management consulting, in order to allow store managers to concentrate on the efficient conduct of the day-to-day business.

Pursuing a low-cost purchasing strategy is the main rationale of REWE Dortmund's wholesaling activities. In order to capitalise on this cost advantage and to pass it on to the retailer and in the end to the customer, REWE Dortmund is offering its members a variety of additional services. These include start-up consulting for entrepreneurs, store location analysis,

customised financing, training and information resources, store design, advertising and marketing, and finally, provision of high quality perishable goods and the provision with home brand product lines.

REWE Dortmund is putting high emphasis on the quality of its products. This is being done through a quality management programme that is covering the complete process chain and which has been designed in cooperation with a highly recognized and credible national monitoring organisation (TÜV).

Recognising the value of high quality service personnel in its overall retailing concept, REWE Dortmund is also offering its members in-house workshops and seminars on improvement of employee qualifications and on the implementation of efficient human resources management.

In the highly competitive food retailing market, advertising and public relations constitute an important tool in consolidating and improving the market position. Especially the competition from discount retailing constitutes a major threat for traditional retailers. As a consequence, REWE Dortmund supports its high quality/ low prices/ large selection approach by actively promoting its own products. It is offering a whole variety of international specialties, bio products, trend food, etc. Some are designed to compete with discount chains (e.g. the 'Ja!' product line), others are catering specific market segments (e.g. bio and health products). All of these products are being widely used among REWE Dortmund's members.

REWE Dortmund also supports the public image of its members by advertising its regional identity. This is being implemented through cooperation in product purchasing with small and medium-sized regional companies. The subsidiary co-operatives for dairy and meat, DOEGO and BUBL, are offering especially ample opportunities for this form of regional integration. The implementation of this approach has then been supported accordingly with the marketing campaign 'Wir in NRW', a slogan which is highlighting the regional roots of the co-operative and its products. It has been started in 2005 and is aiming at reinforcing the identification of REWE retailers with the region.

A further service now being offered is the direct provision of fresh and perishable products via the central warehouses. Earlier, general availability of these products was restricted and central warehouses only kept dry food and frozen food. Retailers were therefore dependent on the delivery of fresh and perishable products along fixed schedules and transport routes, which made the timely provision more difficult.

The overall objective of these services is twofold: on the one hand, the co-operative aims at offering increased availability of variable, low-cost, and quality products along with rising customer awareness and recognition of REWE as a regional company and, on the other, provide a more efficient management of individual retail stores.

5.18.4 How does the co-operative manage its service provision

Responsible for the strategic management is REWE headquarters in Dortmund. As mentioned above, the business operations are largely managed by REWE Dortmund Grosshandel eG. It employs nearly 1,500 people and has its own board of directors and board of supervisors. REWE Dortmund is relying on several different subsidiaries to provide optimal services to its members. In addition to the purchasing of products and the provision of fresh and perishable products through its subsidiaries BUBI and DOEGO, it also promotes a wide range of other home brand products of various characteristics.

REWE/BUBI Logistik und Speditionen eG supports a large part of the REWE Dortmund transport and delivery system. Whereas many other large retailing co-operatives rely on fully integrated production and supply capacities, REWE Dortmund is carrying the concept of co-operatives even further by also using it for the provision of home brand products such as fresh and perishable food. For systematic quality assurance, REWE Dortmund is cooperating with independent QS Qualität und Sicherheit GmbH, a relatively young but already well established company in the business of quality monitoring of food and feed products.

5.18.5 Impact of co-operative membership on members

The services, which REWE Dortmund provides, seem to have had a great impact on its members. Indeed, 90% of the members mentioned that they saw their sales volumes and numbers of customers grow significantly in the wake of their joining REWE Dortmund. Central purchasing services are the single most important ones and their effects were reflected on the members' degree of confidence that they now face much lower operational costs than before. Internalised storage and distribution services have also proven to be very useful. To a considerable extent, this has also led to increased profits, as reported by about 70% of the interviewed members. All in all, the variety of services is believed to have increased the members' ability to compete with similar companies within their sector (retail points of sale of foodstuffs), with more than 80% of members confirming this development.

Table 61: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest))

Impact	Average Rating	Impact	Average Rating
Sales growth	4.69	Higher profits	3.82
Increased stability	4.12	Skills Upgrade	3.94
Lower costs	4.12	More competitive	4.47
Improved credit rating	4.25		

Source: London Economics' survey

Table 62: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing	6	Training, workshops, seminars	
Joint selling and marketing		Publications, advertisements, etc	2
Logistics and/or distribution	1	Assistance with accounting	1
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members	1	Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs	3	Consulting/managerial services	2

Source: London Economics' survey

5.18.6 Members' views on the value of co-operative membership

As regards the extent to which members value the services they receive from the co-operative, the general conclusion is that members are satisfied with most aspects of service provision. Around 80% of members stated that the service provision overall is satisfactory. Membership in REWE Dortmund is perceived as beneficial and effective, as most members argued that the services they receive are good value-for-money and that the services' method of delivery is in general terms good. Potential issues for improvement consist in the expansion of the degree of service's customisation.

Table 63: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest)

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	4.18	Degree of services' customisation	3.41
Services' method of delivery	4.00	Information about services	4.24
Services' value-for-money ratio	4.24		

Source: London Economics' survey

5.18.7 Conclusions

REWE Dortmund is another good illustration of how pooling of supply acquisition allows a co-operative to help members achieve better supply prices, and with the provision of a wide range of accompanying services, remain competitive in the highly competitive food retail market in Germany.

5.19 Case Study 15: Toerkoop

5.19.1 Background information about the co-operative

Toerkoop is a service co-operative in the Netherlands, which groups travel agencies. It was created in 1966 with originally 25 members who had a very original idea as regards the purpose of the co-operative. Initially, what these 25 businesses were trying to do was to establish a forum for the easy exchange of ideas and knowledge, as well as discussions on market trends and turnover evolution. The co-operative remained relatively stable in terms of membership size for quite a few years and it was not until the early 1980s that it actually started to grow.

In the 1990s, Toerkoop reached its membership size peak, counting around 70 members but the last 10-12 years have seen many members exiting the sector altogether, thus reducing the co-operative membership size as well, by about 20%. Today, and since the 1980s the purpose of the co-operative has also developed from a discussion forum to an initiative to enhance the competitiveness of the members through the provision of a set of services. Toerkoop main activity is to liaise with tour operators and therefore, secure beneficial deals for its members. The most recent data indicate that the members of Toerkoop hold a share of about 11-12% of the Dutch travel business.

Although similar co-operatives to Toerkoop have not been easy to identify at an international level, there are at least two other co-operatives to our knowledge at the national level, which are active in the same sector as Toerkoop. In more detail, operating within the Netherlands are the Veluwe Groep and ITAC (Independent Travel Agencies Combination). A key difference between Toerkoop and its two rival co-operatives consists in the range of services offered to the members as in contrast to Toerkoop (whose service provision we describe further down), the Veluwe Groep and ITAC only offer purchasing services and negotiations on contracts.

5.19.2 Background information about the members

Due to the fact that a wave of members chose to exit the sector in the 1990s, the co-operative has been left with 53 members. All of the members are independent businesses (travel agencies) active in the travel services sector. The member businesses mostly employ 1 to 4 employees. Although the co-operative only has 53 members, the travel agency branches under the Toerkoop umbrella number about 170 throughout the country as the number of branches run by a member ranges from 1 to 25.

5.19.3 Description of the services provided by the co-operative to members

Apart from arranging favourable deals for members, the provision of services within Toerkoop includes sales and wide-covering marketing services, training courses, public relations, technical support through advanced intra-Toerkoop network offering integrated services as well as the ability to consult the co-operative on certain business-related issues.

In the last 3 months of every calendar year, the member-businesses (travel agencies) have to agree and sign new contracts with tour operators and organisers for new holiday and/or entertainment packages, accommodation abilities and deals as well as cooperation with airlines, etc. Here is where Toerkoop comes in. Toerkoop engages in talks with the various tour operators, etc. and negotiates on behalf of all its members on favourable deals and packages. However, members buy directly from the suppliers as the co-operative does not purchase or pay on behalf of its members, neither does it provide any financial services to accommodate their members' financial needs. Tour operators quite often apply a payback reward scheme through which they reward their cooperating parties, as Toerkoop. Toerkoop then shares these proceeds among its members according to their turnover.

Although Toerkoop evolved from a forum to a proper service co-operative in the 1980s, it was not until the early 1990s that the co-operative introduced its full range of marketing and sales services. About 15 years ago, Toerkoop decided to apply a universal retail formula at its headquarters and branches by employing a 'franchising' approach. Ever since, the different branches carry the co-operative's name distinctly next to the individual branch's name (usually the entrepreneur's name), so that the co-operative umbrella can be recognised as a brand name in the Dutch market. What is more, under the concept of 'franchising', all branches that are associated with Toerkoop are designed to have the same colours, similar interior spaces, the same facilities, etc. That way, the co-operative is hoping to establish itself as a popular leading brand name. Extensive marketing campaigns are also included in Toerkoop's service provision basket. Regularly, Toerkoop organises advertisement campaigns throughout the media, on radio, television and the Internet. Also, it facilitates the sales of its members by offering branch-special promotions as well as nation-wide promotions on holiday packages, etc.

Toerkoop also helps its members in that aspect with public relations. The co-operative operates a customer care/customer services call centre where clients can convey their complaints or explain why they were unsatisfied with the service they received or a product they purchased from any Toerkoop branch.

Last but not least, Toerkoop provides the employees of its branches with extensive training courses, so as to keep them up-to-date with the market and maintain certain standards of service quality.

5.19.4 How does the co-operative manage its service provision

At the disposal of all Toerkoop members and branches is an integrated network which serves for many purposes of service provision. First of all, it is the main route of communication between the branches and the co-operative. The frequent exchange of e-mails (weekly newsletters, etc.) between the 'Toerkoop Centraal' (Toerkoop headquarters) and the individual branches allows for the members to be always up-to-date with any developments within the co-operative and/or the sector. The Intranet also hosts the transaction system, through which the end customers are served. All bookings and orders that are made by Toerkoop branches will be processed centrally by the Intranet. Still, here there is the option for members to opt out and use different order processing platforms.

The Advisory Board (within the co-operative) is responsible for all managerial duties. It consists of experienced managers who are specialised in various disciplines. The Board has the final word on the contracts that Toerkoop is negotiating with tour operators.

The Advisory Board meetings, the co-operative's annual general meetings, the Committee and the Intranet are means through which members can provide feedback to the co-operative on the service provision. Also, these are all vehicles through which members can make suggestions to the co-operative for new services. When a new service is being considered and proposed, a member majority greater than 50% is required for the service in question to be approved and finally, offered to members.

Toerkoop provides business advice and consultancy services through its Board members. Sometimes, the co-operative also needs to hire the expertise of the Business Advisory Board in the Netherlands (MKB Netherlands) for consultancy on specific issues. When it comes to a general issue, which the co-operative addresses on its own initiative, then it also pays for the service. It is possible though for members to request the MKB's intervention to assist them with a particular issue. Then, it comes down to the particular member to pay for the service it has requested.

Due to the high level of service provision, services are not free to the members. In addition, each of the 53 members has to contribute with an annual membership fee which for a member's headquarters is priced at €5,000 and €1,300 for each extra branch. The co-operative actively promotes its services and the benefits of their use to its members. In particular, the services are marketed as being cheaper than alternative solutions (outside Toerkoop) and more effective.

Table 64 below displays information gathered through a survey of co-operatives on various aspects of the services provided by Toerkoop. Each of the services are utilised by all of the co-operative members. All the services are provided off-site through directly employed staff. Only business advice

services are tailored to the needs of members. An interesting note is that the supply of all the services provided is driven by demand. This is one of only two co-operatives (with Kyklos) to have reported this to be the case. The objective behind all of the services is to increase the competitiveness of the members.

Table 64: Details of services offered by Toercoop¹

Service	Form of provision	Degree of involvement	Tailoring of service	Marketing of service	Drivers of service supply	Duration of service	Objectives of service	Members' use of service
Purchasing	Directly	Off-site	Off-the-shelf	Passively	Demand based	Ongoing	Competitiveness	100%
Marketing	Directly	Off-site	Off-the-shelf	Passively	Demand based	Ongoing	Competitiveness	100%
Training	Training programmes	n.a.	n.a.	Actively	Demand based	One-off	Competitiveness	100%
Business advice and consultancy	Directly	Off-site	Tailored	Passively	Demand based	One-off	Competitiveness	100%

Source: London Economics' survey

1: See footnotes to Table 22

5.19.5 Impact of co-operative membership on members

Toerkoop members seem to be overall very satisfied with the service provision from the co-operative. To a large extent, members believe that the effect of Toerkoop has been significant as regards their sales growth and their capability to attract more customers. The co-operative is also believed to have helped its members stabilise their businesses and also to have rendered them more able to predict and cater for varying business volumes throughout the year. Around 80% of the interviewed members mentioned that their ability to reduce their operational and general cost as well as to increase their profitability is attributable to Toerkoop. As the co-operative offers a variety of training courses and seminars, almost the same percentage of members stated that their membership with Toerkoop has helped them to upgrade their skills and compete with similar businesses more efficiently.

Table 65: Impact of membership on business performance on a scale of 1 (lowest) to 5 (highest)			
Impact	Average Rating	Impact	Average Rating
Sales growth	4.33	Higher profits	3.89
Increased stability	4.11	Skills Upgrade	4.00
Lower costs	3.89	More competitive	3.89
Improved credit rating	4.25		

Source: London Economics' survey

Toerkoop members seem to be very satisfied overall with the service. According to the Toerkoop members we interviewed, the most important service that the co-operative supplies them with is the co-operative's intermediation in negotiating contracts and terms with tour operators as well as the advertisement campaigns in a variety of media.

Table 66: Most valued services

Service	Number of responses	Service	Number of responses
Central purchasing	4	Training, workshops, seminars	
Joint selling and marketing		Publications, advertisements, etc	4
Logistics and/or distribution		Assistance with accounting	
Arranging work/contracts for members		Financial assistance, insurance	
Arranging favourable conditions for members	1	Banking services	
Selling/exhibition space		Guarantor for loans	
Working space/studio		Public relations	
Technical support/repairs		Consulting/managerial services	

Source: London Economics survey

5.19.6 Members' views on the value of co-operative membership

All in all, as regards several aspects of the co-operative's service supply, a high degree of satisfaction has been observed among Toerkoop members, who seem to be particularly satisfied with the service provision overall, as well as the methods and the extent to which Toerkoop keeps them informed about available services. Also, the members appear to be content with the services' method of delivery and also, they seem to put significant value on the services they receive, which easily covers their expenses (yearly membership fee) giving access to the services.

Table 67: Member satisfaction with various service provision aspects on a scale of 1 (lowest) to 5 (highest))

Aspect	Average Rating	Aspect	Average Rating
Overall service provision	4.33	Degree of services' customisation	3.00
Services' method of delivery	3.67	Information about services	4.78
Services' value-for-money ratio	3.78		

Source: London Economics' survey

5.19.7 Conclusions

Toerkoop is an interesting example of pooling of purchases in the service sector and accompanying marketing support, brand image development and training by the co-operative. In contrast to the previous cases studies involving goods, the co-operative only negotiates collective terms and conditions with suppliers and individual members then transact directly with these suppliers according to the negotiated terms and conditions.

6 Co-operative membership and economic performance

6.1 Background

In the previous chapters of this report, the co-operative sector was shown to provide a wide range of business services to their crafts and SME members. These services include:

- Accounting services
- Purchasing services
- Sales services
- Marketing
- Public Relations
- Financing and funding
- Training
- Business advice and consulting
- Production intermediation

These services may benefit the co-operative members in a number of different ways.

- First, some of the services, notably accounting services, marketing, public relations, training and business advice and consulting may reduce members' operating costs related to activities that are not core to the members' primary business activity. By pooling such activities in co-operatives, members can achieve economies of scale¹⁷, and possibly of

¹⁷ Economies of scale refer to a situation where the per-unit cost of production decreases as the volume of production increases. Many business activities are characterised by economies of scale over a wide production range.

scope¹⁸, that would be impossible to achieve if each undertook such activities in-house at a low scale level. Obviously, such services can also be bought in the market place from professional service providers. But these service providers aim to make a commercial profit whereas any profits a co-operative makes is either re-invested in its services and activities or redistributed to members.¹⁹

- Second, by pooling supply purchases of a number of members, co-operatives providing purchasing services to their members may exert some countervailing buyer power²⁰ in sectors where suppliers are very large relative to the size of the co-operative members. Such co-operatives thus help reduce the cost of supplies faced by their member. If, in addition, these co-operatives have efficient and quick response logistics system, they may also help reduce the cost of supply stocks held by their members as the latter can hold less stock as a result of the central purchasing and stock holding activities of their co-operative. While one could argue that, effectively, the core business of wholesalers involves also a pooling of purchases by many businesses, a key difference is that wholesalers operate as a for-profit commercial entity whose interests may not be fully aligned with those of their clients.
- Thirdly, in the case of production intermediation activities, co-operatives pool the productive capacity of their members and thus help them gain larger sales contracts than they would be capable of winning individually. Members of such co-operatives may achieve a higher turnover than they would otherwise and also possibly realise scale economies. Furthermore, such production intermediation activity may help reduce the members' operating costs as the cost of gaining a new contract is spread across all the members of the co-operative or all the members of the co-operative who will undertake part of the contracted work.

In this chapter, we provide the results of an econometric analysis of the impact on economic performance of membership in a co-operative providing business support services to its SME and crafts members.

The indicators of economic performance used in this statistical analysis are:

- Growth in turnover

¹⁸ Economies of scope refer to a situation where the per-unit cost of producing two goods or services jointly is lower than the sum of the per-unit costs of producing the two goods or services separately.

¹⁹ This abstracts from contributions to a financial reserve co-operatives are required to build up in a number of countries to ensure the financial viability and sustainability of the co-operative.

²⁰ Countervailing buyer power is the scope purchasers of a good or service have to offset the market power of suppliers in sectors with only one or a limited number of suppliers.

- Growth in labour productivity
- Profitability
- Growth in employment

These indicators and the empirical models used in the econometric analysis are discussed more extensively below. However, before doing so, we provide a brief summary of the findings of the only statistical study, at least as far as we are aware, focusing on the impact of membership in co-operatives providing business support services.

6.2 Membership in a co-operative and riskiness of business

As far as we are aware, there exists only one empirical study, which focuses on the impact of membership in a co-operative on some aspect of business performance.

This particular study undertaken for the Zentralverband Gewerblicher Verbundgruppen E.V. (ZVG) analysed the impact of a firm's membership in a co-operative on the firm's riskiness.²¹

Using the default risk data from the Creditreform E.V. in Germany for a group of 16,299 businesses that were clearly members of a co-operative and for a group of 15,230 businesses drawn randomly from the databank, the authors estimated a model relating the class of default risk (among 13 classes) of a business to a number of variables such as membership in a co-operative, the industrial sector of the business, the number of employees, the legal form of the business, the postal code of the business, the age of the business, the payment means of the business and the creditworthiness assessment of the business.

They found²² that, everything else being equal, membership in a co-operative is associated with a default risk class that is about one class lower than for a business that is not a member of a co-operative.

In other words, the authors found that there is a very high probability that a business member of a co-operative is less risky than a business that is not a member.

²¹ P. Ebertz and T. Heiman (2005), *Verbundgruppenmitgliedschaft und Risiko: Die Auswirkung der Verbundgruppenmitgliedschaft auf die Risikolage der Mitgliedsunternehmen*, Eine Studie im Auftrag des ZVG.

²² Using an Ordered-Logit model estimated with a maximum likelihood method.

Such findings could potentially reduce financing costs for businesses which are members of a co-operative relative to non-members if the financial sector and lending institutions were to take account of the lower riskiness associated with membership in a co-operative.

6.3 Sample used for the analysis

To undertake the empirical analysis, we constructed a sample of businesses which are members of a co-operative and a sample of businesses which are not members of co-operatives but otherwise are very similar to the businesses that are members.

Business that are members of a co-operative

A survey by London Economics of members of co-operatives was the primary source of information.

Essentially, using member contact details provided by some co-operatives and publicly available information on co-operative membership together with the detailed business information in the Amadeus database, the large company information database published by Bureau Van Dijk, we were able to construct a sample of:

- 1,070 businesses for which we had both a response to the satisfaction survey and comprehensive economic and financial information;
- 410 businesses for which we had a response to the satisfaction survey and only partial economic and financial information; and
- 2,650 businesses for which we had only partial economic and financial information.

In total, then, the sample of businesses which are members of a co-operative stands at 4,130 from Austria, Croatia, France, Finland, Germany, Greece, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden, and United Kingdom.²³ However, depending on the business indicator of interest, not all these businesses are included in the empirical analysis as, in some cases, economic and/or financial information is missing.

Businesses that are not a member of a co-operative

Using the Amadeus databank, we identified for each business that is included in the sample of members of a co-operative, a number of businesses which were very similar to the co-operative member in terms of country, region

²³ No economic and financial information was available for members from Cyprus, Estonia, Iceland, Hungary, Luxembourg, Slovakia and Turkey. In fact, Hungary, Luxembourg and Slovakia were not even included in the general survey of members because of lack of member contact details.

within a country, sector of activity and size in terms of number of employees. The businesses thus identified were then contacted by telephone to verify whether they were or not a member of a co-operative. If they were not a member, they were included in the sample of businesses that are not a member of a co-operative. Altogether, 1,790 such businesses in the countries listed above could be identified and for which complete economic and financial data were available in the Amadeus databank.

6.4 The different models to be tested

Our empirical analysis focuses on four quantitative business performance indicators, namely:

- The compound annual average rate of growth of turnover over the period 2001 to 2005 (or a shorter period if only more limited data were available);
- The compound annual average rate of growth of labour productivity over the period 2001 to 2005 (or a shorter period if only more limited data were available) with labour productivity defined as turnover divided by employment;
- The annual average rate of profit over the period 2001 to 2005 (or a shorter period if only more limited data were available) with the profit rate defined as operating profit divided by operating revenue (i.e. extraordinary income and profit is excluded from the analysis); and,
- The compound annual average rate of growth of employment over the period 2001 to 2005 (or a shorter period if only more limited data were available).

Table 68 compares the sample averages of the four indicators. Businesses in the sample of co-operative members, on average, post lower turnover growth, lower productivity growth, lower employment growth and higher profit rate.

Table 68: Sample means: co-operative members and non-members

Sample	Average compound growth rate in turnover	Profit rate	Average compound growth rate in productivity	Average compound growth rate in employment
Non-members	6.2%	2.2%	3.1%	3.7%
Members of a co-operative	2.5%	5.7%	1.7%	1.0%

Source: London Economics' databank of co-operative members and non-members

However, while the sample mean differs across the two samples, the distribution of the various observations within each sample is broadly similar across the two samples (as shown in Figure 90 to Figure 93 in Annex 9).

We investigated in greater detail the difference in employment patterns by examining the employment growth record of members and matching non-members at the country level and the sectoral level.

At the country level, we observe that, contrary to the pan-EU results, members of cooperatives providing business services post stronger employment growth than non-members in Finland, Croatia and Spain, and similar employment growth in Italy.

In terms of sectors, members active in the construction sector, retail chemists and sales of medical goods sector, and the business services sector post higher employment growth than non-members.

More generally, at issue whether the differences in indicator means across samples is truly associated with membership in co-operatives or reflects some other factors. The next section of this chapter addresses this point in detail.

To determine whether membership in a co-operative is associated with any quantifiable impact of the economic performance of an SME or crafts person, the following eight models relating the given performance indicator (growth in turnover, profit rate, productivity growth and employment growth) to a series of explanatory variables were estimated econometrically using simple linear regressions.

The first model simply relates the performance indicator variable to a constant and a dummy variable which takes the value of 1 when the business is a member of a co-operative.

*Model 1: performance indicator = constant + a * dummy variable for membership in a co-operative*

The second model relates the performance indicator variable to a constant and a dummy variable which takes the value of 1 when the business is a member of a co-operative, the size of the business in 2001 proxied by the level of employment in 2001, and a number of country dummies to control for country-specific effects.

Model 2: performance indicator = Model 1 + β number of employees in 2001 + $\Sigma \gamma$ dummy variables for country of business + $\Sigma \delta$ dummy variables for sector of business

A third model adds a second firm-specific control variable, namely capital intensity defined as total turnover divided by total balance sheet assets. This model can be used only for a limited subset of firms as in many cases total assets are not available in the databank.

Model 3: performance indicator = Model 1 + β number of employees in 2001 + θ capital intensity + $\Sigma \gamma$ dummy variables for country of business + $\Sigma \delta$ dummy variables for sector of business

Of interest for the present study is whether the coefficient α is statistically different from zero, which would imply that businesses that are members of a co-operative exhibit statistically different effects from those of non-members.

To provide further insights into the impact of membership in a co-operative on the economic performance of its SME and crafts members, Model 2 was modified and re-estimated by replacing the co-operative dummy variable with three dummy variables representing different levels of member satisfaction with the overall services provision by the co-operative. The purpose of this analysis is to determine whether the impact of membership in a co-operative depends on the level of satisfaction about the provision of these services by a co-operative. Three different levels of satisfaction are used in our econometric analysis, namely²⁴:

- poor: if the service provision is rated by the member as “poor” or “mediocre”.
- fair: if the service provision is rated by the member as “fair”.
- good: if the service provision is rated by the member as “good” or “excellent”.

In other words

²⁴ Each dummy variable is analysed with respect to companies not belonging to a co-operative, which is the omitted dummy.

*Model 4: performance indicator = a_2 * dummy variable for poor + a_3 * dummy variable for fair + a_4 * dummy variable for good + β number of employees in 2001 + $\sum \gamma$ dummy variables for country of business + $\sum \delta$ dummy variables for sector of business*

To assess whether the impact of membership in a co-operative varies across countries, model 2 was modified and re-estimated by allowing the co-operative dummy variable to differ across countries. In essence, instead of using a single variable to represent membership in a co-operative, we included country-specific co-operative membership variables in the model.

*Model 5: performance indicator = Model 1 + β number of employees in 2001 + $\sum \gamma$ dummy variables for country of business + $\sum \delta$ dummy variables for sector of business + $\sum \lambda$ dummy variable for membership in a co-operative * dummy variables for country of business*

As we also wished to explore whether the impact of membership in a co-operative varies across sectors, model 2 was further modified and re-estimated by allowing the co-operative dummy variable to differ across sectors. In essence, instead of using a single variable to represent membership in a co-operative, we included sector-specific co-operative membership variables in the model.

*Model 6: performance indicator = Model 1 + β number of employees in 2001 + $\sum \gamma$ dummy variables for country of business + $\sum \delta$ dummy variables for sector of business + $\sum \mu$ dummy variable for membership in a co-operative * dummy variables for sector of business*

A further model was developed to test for differences in economic impact of co-operative membership by the size of the firm. To that end, model 2 was once more modified and re-estimated after incorporating four dummy variables representing different sizes of members. The four size categories used in the analysis were:

- Micro-firms: firms with less than 10 employees (omitted dummy),
- Small firms: firms with 10 or more employees but less than 50,
- Medium firms: firms with 50 or more employees but less than 250,
- Large firms: firms with 250 or more employees.

Each of these dummies is interacted with the variable for membership in co-operative to allow for different effects according to firm size.

*Model 7: performance indicator = Model 1 + β number of employees in 2001 + $\Sigma \gamma$ dummy variables for country of business + $\Sigma \delta$ dummy variables for sector of business + $\Sigma \nu$ dummy variables for size of business + $\Sigma \nu$ dummy variable for membership in a co-operative * dummy variables for size of business*

Finally, we also investigated whether the economic impact of membership in a co-operative on its members depended on the type of services provided by the co-operative. To that end, we modified model 2 by including the various types of business services listed earlier on in this chapter as explanatory variables in the model, allowing thus each service to potentially have a different impact.

Model 8: performance indicator = Model 1 + β number of employees in 2001 + $\Sigma \gamma$ dummy variables for country of business + $\Sigma \delta$ dummy variables for sector of business + $\Sigma \mu$ dummy variable for business service provided by the co-operatives

The estimation method used was ordinary least squares with robust t-statistics. For each of the models, a backwards-stepwise selection of variables²⁵ using a significance level for removal from the model of 0.1. The detailed estimation results are presented in Annex 9 and overleaf we present the key findings.

6.5 Results of the econometric analysis

The effect of co-operative membership

In Table 69 we report for each indicator and for each model, the estimated value of the coefficient of the co-operative membership variable (depicted by symbol α in models 1 to 3) and its statistical significance. The complete detailed estimation results of each model for each indicator are provided in Annex 9. As can be seen, the results vary very little across the three versions of the basic model aiming to assess the economic impact of co-operative membership. To recap, model 1 uses only a co-operative dummy variable as

²⁵ Stepwise selection is a method used to drop or add variables at the various steps. Backward selection starts with elimination of the least significant variable from a regression model that includes all co-variables (a full model).

explanatory variable, model 2 includes in addition country and sector dummy variables and controls for the size of the firm while model 3 in addition controls for the capital intensity of the firm.

Overall, members of co-operatives post a rate of growth in turnover that is on average more than 3 percentage points lower than similar businesses which do not belong to a co-operative.

Table 69: Co-operative membership and economic impact (estimation results Models 1-3)				
Model	Growth in turnover	Profit rate	Growth in labour productivity	Growth in employment
1	-0.038 (9.56)**	0.044 (8.50)**	-0.015 (3.67)**	-0.022 (6.49)**
2	-0.031 (6.97)**	0.042 (9.65)**	-0.013 (2.87)**	-0.015 (4.34)**
3	-0.026 (5.51)**	0.044 (9.72)**	-0.014 (3.07)**	-0.012 (2.87)**

Note: Robust t statistics in parentheses. * significant at 5%; ** significant at 1%

Source: London Economics' econometric analysis of economic performance of co-operative members and non-members.

Members of co-operatives also post labour productivity growth which is about 1.3 percentage point lower and employment growth which is about 1.2 to 2.2 percentage points lower.

However, members of co-operatives post a much stronger profit rate than non-members, about 4.4 percentage points.

These empirical results shed a slightly different light on the economic impact of membership in a co-operative providing business services than the subjective assessment of members reported in Chapter 4.

To recall, on average, members rated the impact of co-operative membership on increasing the business volume, improving competitiveness and contributing to the stability of the business slightly more highly than the impact on profits (see table below).

Table 70: Average rating by members of co-operatives providing various business services on different dimensions of economic performance

Economic performance	Average on a scale of 1 to 5	Economic performance	Average on a scale of 1 to 5
Increase business volume	3.6	Develop skills	3.4
Improve competitiveness	3.6	Decrease costs	3.3
Stability	3.5	Improve credit rating	3.2
Increase profits	3.4		

Source: London Economics' survey of co-operative members. See details at Table 11

The main difference relates to the impact on turnover. Neither employment nor productivity were addressed in the survey of members of co-operatives. It is possible that, in the absence of membership in a co-operative, the turnover of firms belonging to such co-operatives would have grown even less than otherwise. In other words, the econometric assessment captures only the difference in performance between firms belonging and not belonging to co-operatives, and this impact may differ somewhat from the impact of membership on those firms that actually are member of a co-operative.

The last finding that firms belonging to a co-operative show a higher profitability is not surprising as practically all the business services provided by co-operatives in one way or another contribute to reduce costs that firms have to incur as part of running their businesses (see discussion at section 6.1 of this chapter).

The finding of higher profitability is crucial because strong profitability is a prerequisite for the survival of businesses over the longer term, especially in the SME segment, which is characterised by a high business mortality rate.

Membership in a co-operative providing business services to its SME and crafts members thus appears to be highly beneficial to these members.

At issue is whether this finding holds generally or is function of a number of factors such as the level of satisfaction of the members of co-operatives, the country or sector the members operate in, the size of the members and the type of services provided by the co-operatives. These points are explored in greater detail in the section below.

Does the economic impact vary with the level of satisfaction?

In model 4, the estimated coefficients α_2 , α_3 and α_4 indicate to what extent the performance of the co-operative members differs from that of non-members, depending on the level of satisfaction of members.

For example, the estimated coefficient α_2 indicates to what extent the performance of members rating the co-operative's service provision as poor or mediocre differs from that from non-members while α_3 indicates to what extent the performance of members rating the co-operative's service provision as fair differs from that of non-members.

This approach allows one to examine whether the quality of service provision, as assessed by the members of co-operative, matters in terms of impact of membership on members' performance.

If the α_2 , α_3 and α_4 coefficients are statistically not different, then no differential impact is present whereas if the three coefficients are statistically different, then one can conclude that the quality of service provision matters in terms of its impact on the performance of the co-operatives' members.

Regarding the growth in turnover, in productivity and employment indicators, one observes that, whenever the estimated α are statistically significant and negative, the negative differential performance of members relative to non-members decreases with the level of satisfaction (see Table 71 and Annex 2 for detailed estimation results.).

In other words, the higher the level of satisfaction, the smaller the negative difference in performance between firms belonging and not belonging to co-operatives.

Regarding the positive impact of membership in a co-operative on the members' profitability, one observes that such a positive impact is only found for members with a fair, good and excellent assessment of the quality of service delivery. Moreover, the estimation results indicate that impact on profitability is larger the higher the assessment of the quality of service provision is.

**Table 71: Effect of satisfaction with services provided
(estimation results Model 4)**

Model	Growth in turnover	Profit rate	Growth in labour productivity	Growth in employment
"Poor " or "Mediocre"	-0.039 (3.94)**	0.017 (-1.31)	-0.026 (2.40)*	-0.015 (-1.35)
"Fair"	-0.027 (4.29)**	0.041 (4.77)**	-0.01 (-1.48)	-0.02 (3.56)**
"Good" or "Excellent"	-0.025 (4.41)**	0.052 (8.31)**	-0.016 (2.94)**	-0.012 (2.45)*

Note: Robust t statistics in parentheses. * significant at 5%; ** significant at 1%

Source: *London Economics 'econometric analysis of economic performance of co-operative members and non-members*

The key finding from this part of the empirical analysis is that the quality of service provision by the co-operatives matters significantly. The quality of services needs to be fair or better for an impact on the profitability of members to materialise, and the higher the quality, the larger the impact on profitability is. A poor or mediocre quality level of services has no impact on profitability.

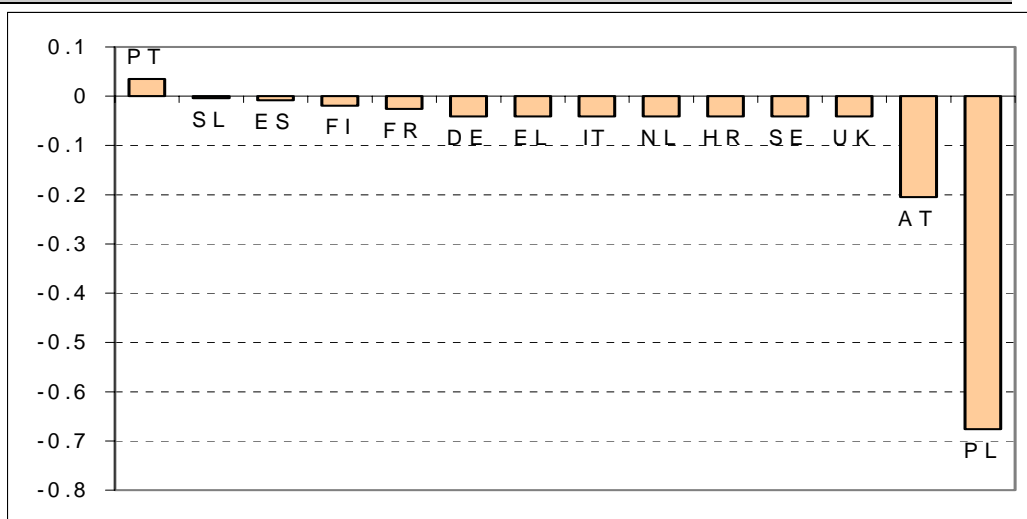
The effects of co-operative membership by country

Significant differences emerge in the impact of co-operatives in different European countries.

While across all countries together, members of co-operatives were found to have a lower growth rate in turnover, the estimation results of the model allowing for country variations in the effect of membership in a co-operative show that Portuguese firms belonging to co-operatives actually post a higher rate of growth turnover than non-members (see Figure 43 overleaf). In contrast, very large negative differential in turnover growth are estimated in the case of Austria, and particularly Poland.

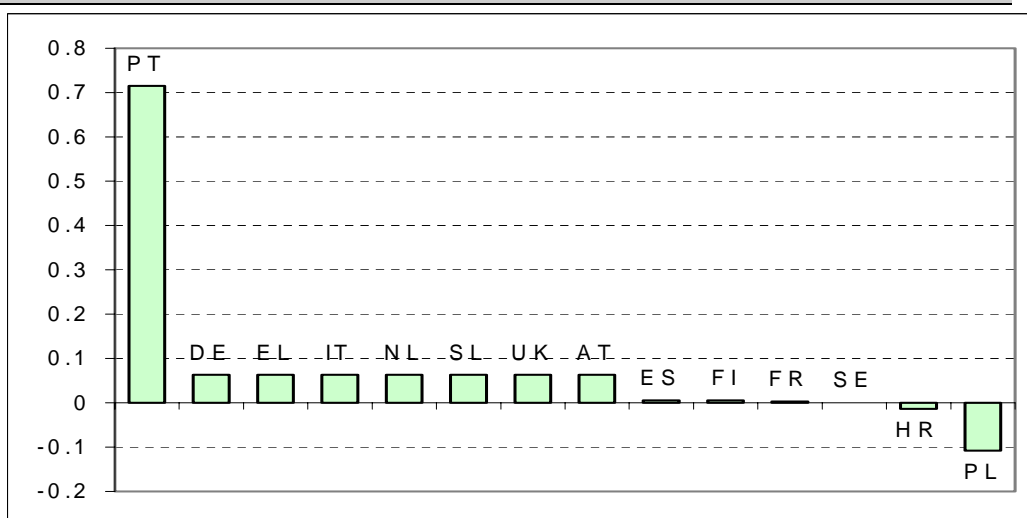
Regarding the impact on profitability, the effect is particularly pronounced in Portugal. Moreover, members of co-operatives in two countries, namely Croatia and Poland, do not share in his positive profitability impact (see Figure 44 overleaf).

**Figure 43: Estimated difference between firms belonging and not belonging to co-operatives by country:
Growth in turnover**



Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

**Figure 44: Estimated difference between firms belonging and not belonging to co-operatives by country:
Growth in profit rate**



Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

Regarding the potential impact on labour productivity, Portugal is again the only country showing a positive differential²⁶ in contrast to the general findings presented earlier.

**Figure 45: Estimated difference between firms belonging and not belonging to co-operatives by country:
Growth in labour productivity**



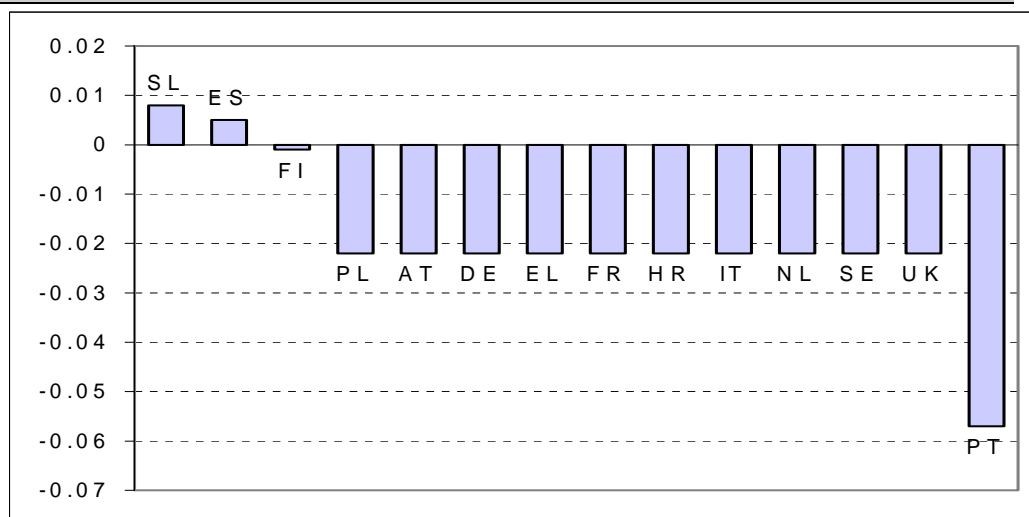
Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

Finally, regarding the impact on employment, contrary to the general finding of a negative employment growth differential between firms which are members and non-members of co-operatives, firms in Slovenia and Spain which are members of a co-operative show a positive employment growth differential (see Figure 46).

At the other end of the spectrum, it is interesting to note that Portuguese firms which are members of a co-operative post a much larger negative employment growth differential than firms in any other country.

²⁶ The impact on Finland and Sweden is positive but very small.

**Figure 46: Estimated difference between firms belonging and not belonging to co-operatives by country:
Growth in employment**



Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

The difference in employment patterns may reflect a somewhat more conservative and prudent approach by members for developing their business. The German study cited earlier in this chapter (Ebertz and Heiman, op. cit.) have found that, in Germany, that business which are members of a cooperative are typically less risky and a better credit risk, and our results reported earlier in this chapter showed that business which are members of co-operatives record a better profit performance. These two pieces of evidence, together with some information provided by some experts, suggest that businesses which are members of co-operatives providing business support services are primarily focused on ensuring a sustainable and profitable business and less on increasing employment for the sake of simply expanding their business.

In this regard, it is important to recall that members of co-operatives providing business support services did in fact increase their employment over the period 2000-2005, but somewhat less rapidly than non-members.

The effects of co-operative membership by sectors

A number of sectoral differences are also noteworthy.

First, regarding the turnover growth differential which had been estimated to be negative for firms belonging to co-operatives when the analysis is

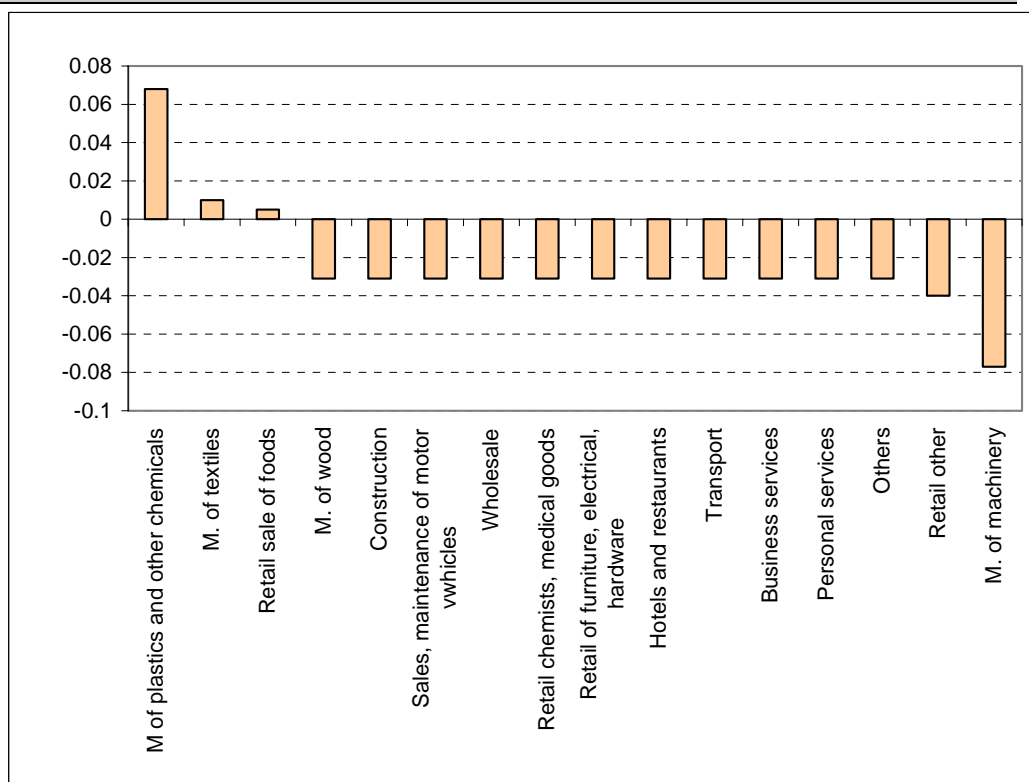
undertaken across all sectors, members in the sectors “manufacture of plastics”, “manufacture of textiles” and “retail sales of food” show a positive turnover growth differential (see Figure 47).

Second, the profit rate differential is positive across all sectors except the sector “sales and maintenance of motor vehicles”. The profit differential is particularly large in the case of the sector “manufacture of textiles” (see Figure 48).

Third, regarding the labour productivity growth differential, all sectors but two show a negative growth differential as was the case in the analysis focusing on all sectors together. The only two exceptions are the sectors “personal services” and “manufacture of textiles (see Figure 49).

Finally, regarding the employment growth differential all sectors but “manufacture of plastics and other chemicals” and “retails sales of foods” show a negative growth rate differential as was the case in the general analysis (see Figure 50).

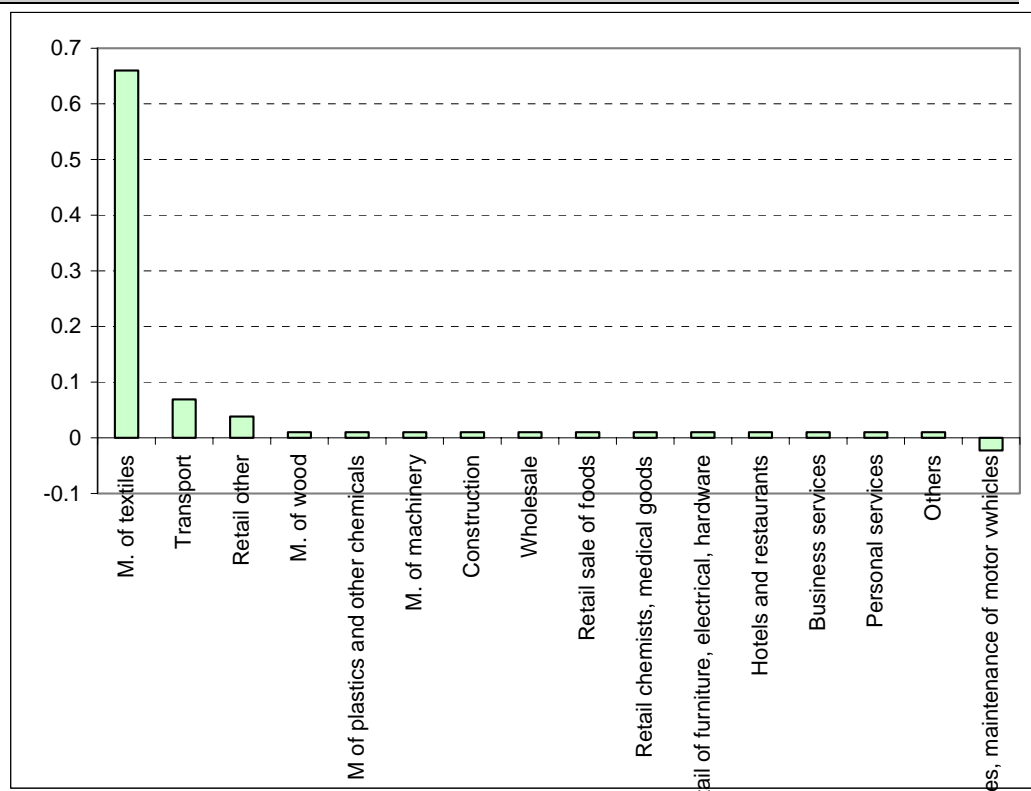
**Figure 47: Estimated difference between firms belonging and not belonging to co-operatives by industry sector:
Growth in turnover**



Note: * "M. of textiles" (NACE code groups 17, 18 and 19); "M. of wood" (20 and 21); "M of plastics and other chemicals" (groups 2413 and 25); "M. of machinery" (28, 29, 30, 31, 32, 33 and 34); "Construction" (45); "Sales, maintenance of motor vehicles" (50); "Wholesale" (51); "Retail sale of food" (sub-groups 521 and 522); "Retail chemists, medical goods" (sub-group 523: sale of pharmaceutical and medical goods, cosmetic and toilet articles); "Retail sale of furniture, electrical, hardware" (sub-group 5244, 5245 and 5246); "Retail other" (all 52 except sub-groups 521, 522, 523, and 5244, 5245 and 5246); "Hotels and restaurants" (55); "Transport" (60 and 63); "Business services" (70, 71, 72 and 74); "Personal services" (80, 85, 90, 92 and 93); "Other" (01, 05, 11, 14, 15, 26, 27, 36, 40 and subgroup 642).

Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

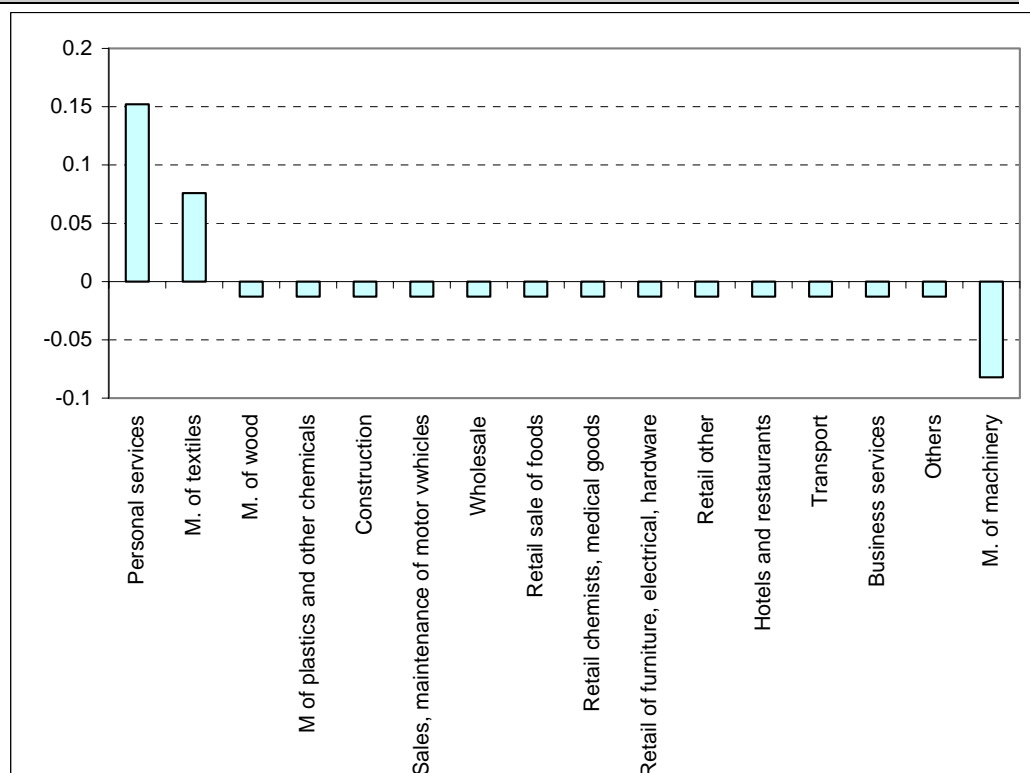
**Figure 48: Estimated difference between firms belonging and not belonging to co-operatives by industry sector:
Growth in profit rate**



Note: * "M. of textiles" (NACE code groups 17, 18 and 19); "M. of wood" (20 and 21); "M of plastics and other chemicals" (groups 2413 and 25); "M. of machinery" (28, 29, 30, 31, 32, 33 and 34); "Construction" (45); "Sales, maintenance of motor vehicles" (50); "Wholesale" (51); "Retail sale of food" (sub-groups 521 and 522); "Retail chemists, medical goods" (sub-group 523; sale of pharmaceutical and medical goods, cosmetic and toilet articles); "Retail sale of furniture, electrical, hardware" (sub-group 5244, 5245 and 5246); "Retail other" (all 52 except sub-groups 521, 522, 523, and 5244, 5245 and 5246); "Hotels and restaurants" (55); "Transport" (60 and 63); "Business services" (70, 71, 72 and 74); "Personal services" (80, 85, 90, 92 and 93); "Other" (01, 05, 11, 14, 15, 26, 27, 36, 40 and subgroup 642).

Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

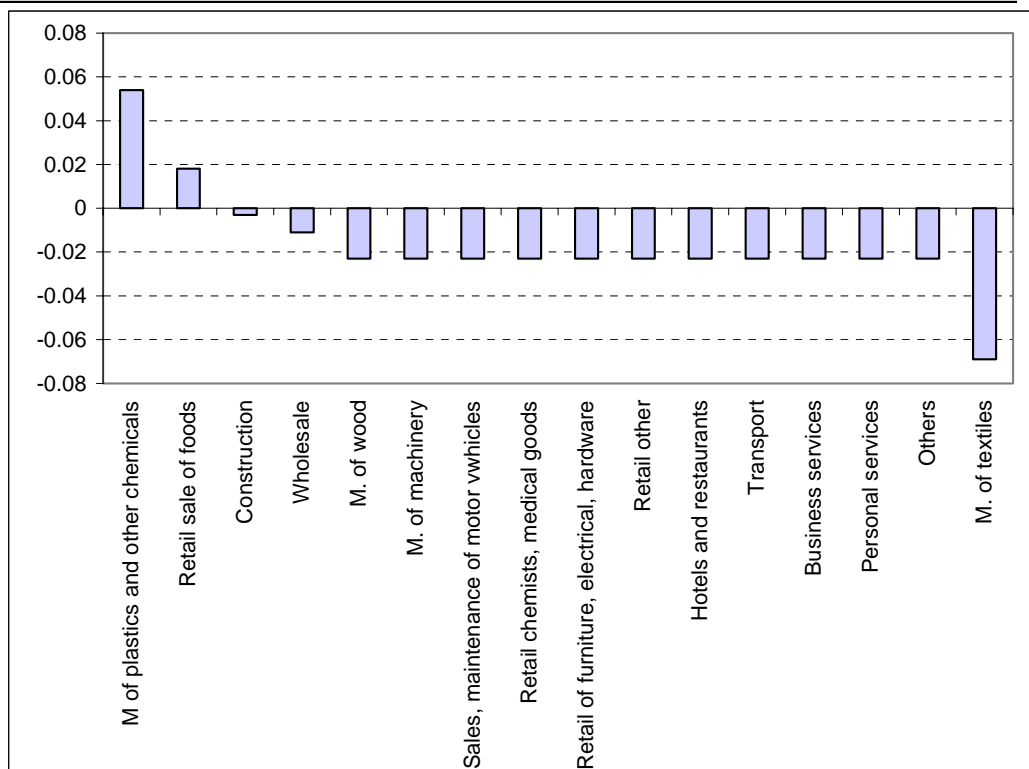
**Figure 49: Estimated difference between firms belonging and not belonging to co-operatives by industry sector:
Growth in labour productivity**



Note: * "M. of textiles" (NACE code groups 17, 18 and 19); "M. of wood" (20 and 21); "M of plastics and other chemicals" (groups 2413 and 25); "M. of machinery" (28, 29, 30, 31, 32, 33 and 34); "Construction" (45); "Sales, maintenance of motor vehicles" (50); "Wholesale" (51); "Retail sale of food" (sub-groups 521 and 522); "Retail chemists, medical goods" (sub-group 523: sale of pharmaceutical and medical goods, cosmetic and toilet articles); "Retail sale of furniture, electrical, hardware" (sub-group 5244, 5245 and 5246); "Retail other" (all 52 except sub-groups 521, 522, 523, and 5244, 5245 and 5246); "Hotels and restaurants" (55); "Transport" (60 and 63); "Business services" (70, 71, 72 and 74); "Personal services" (80, 85, 90, 92 and 93); "Other" (01, 05, 11, 14, 15, 26, 27, 36, 40 and subgroup 642).

Source: *London Economics' econometric analysis of economic performance of co-operative members and non-members*

**Figure 50: Estimated effect of co-operative membership by industry sector:
Growth in employment**



Note: * "M. of textiles" (NACE code groups 17, 18 and 19); "M. of wood" (20 and 21); "M. of plastics and other chemicals" (groups 2413 and 25); "M. of machinery" (28, 29, 30, 31, 32, 33 and 34); "Construction" (45); "Sales, maintenance of motor vehicles" (50); "Wholesale" (51); "Retail sale of food" (sub-groups 521 and 522); "Retail chemists, medical goods" (sub-group 523: sale of pharmaceutical and medical goods, cosmetic and toilet articles); "Retail sale of furniture, electrical, hardware" (sub-group 5244, 5245 and 5246); "Retail other" (all 52 except sub-groups 521, 522, 523, and 5244, 5245 and 5246); "Hotels and restaurants" (55); "Transport" (60 and 63); "Business services" (70, 71, 72 and 74); "Personal services" (80, 85, 90, 92 and 93); "Other" (01, 05, 11, 14, 15, 26, 27, 36, 40 and subgroup 642).

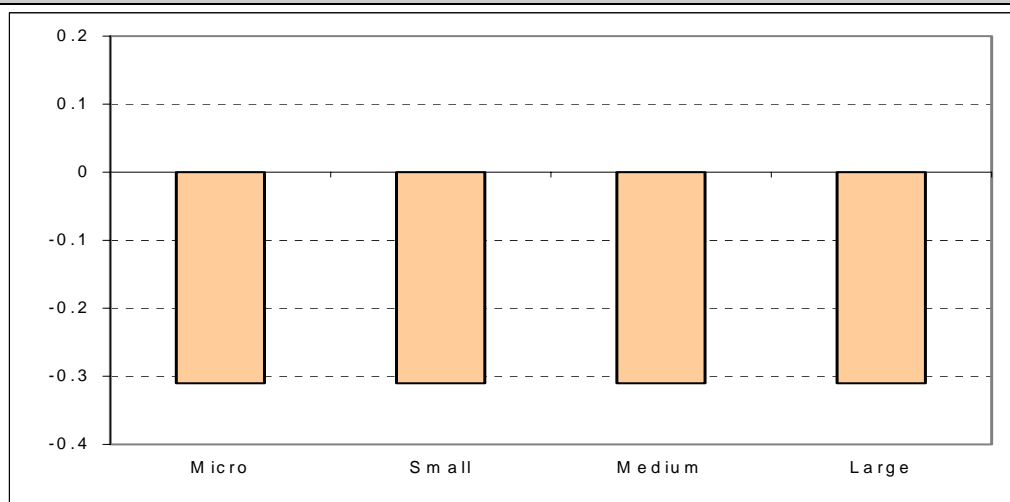
Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

The effects of co-operative membership by firm's size

The estimation of the model investigating whether an impact varies with firm size shows a number of interesting results.

First, as already noted, members of co-operatives post a rate of growth in turnover that is on average about 3 percentage points lower than businesses that do not belong to a co-operative. The impact is not statistically different for micro, small, medium or large companies (see Figure 51).

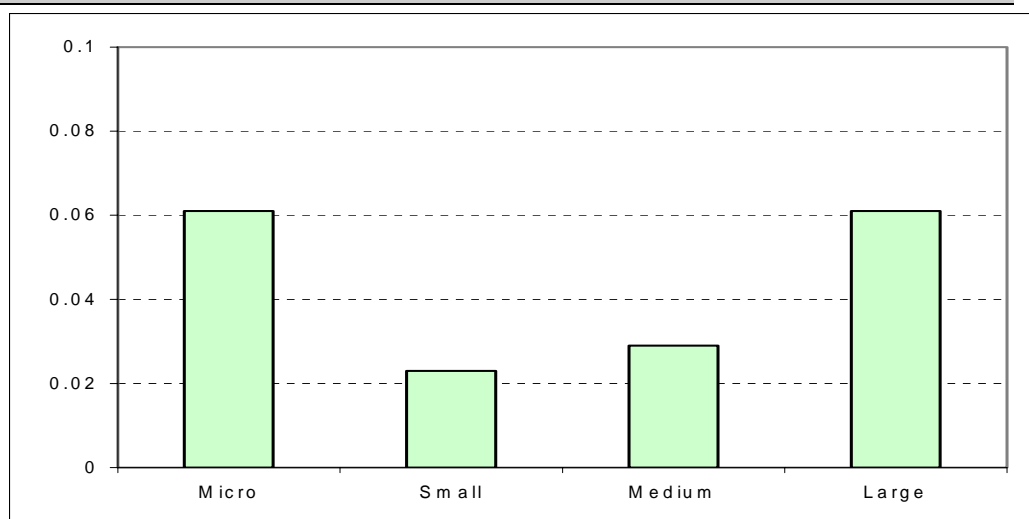
Figure 51: Estimated effect of co-operative membership by firm size: Growth in turnover



Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

Second, with regards to the differential in profit rate, it is interesting to note that the profit rate differential of micro and large companies belonging to a co-operative is about 6 percentage points higher than of companies that do not belong to a co-operative. However, the same effect is only about 2.5 percentage points for small and medium enterprises (see Figure 52).

**Figure 52: Estimated effect of co-operative membership by firm size:
Growth in profit rate**

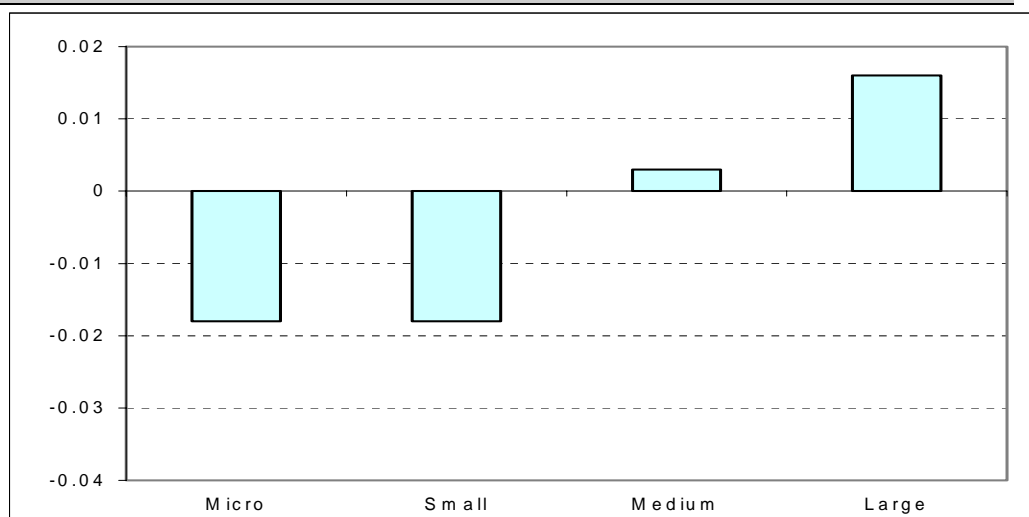


Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

Thirdly, regarding the impact on employment, the growth in employment is about 2 percentage points lower for members of co-operatives than for non-members, but without significant differences between size types.

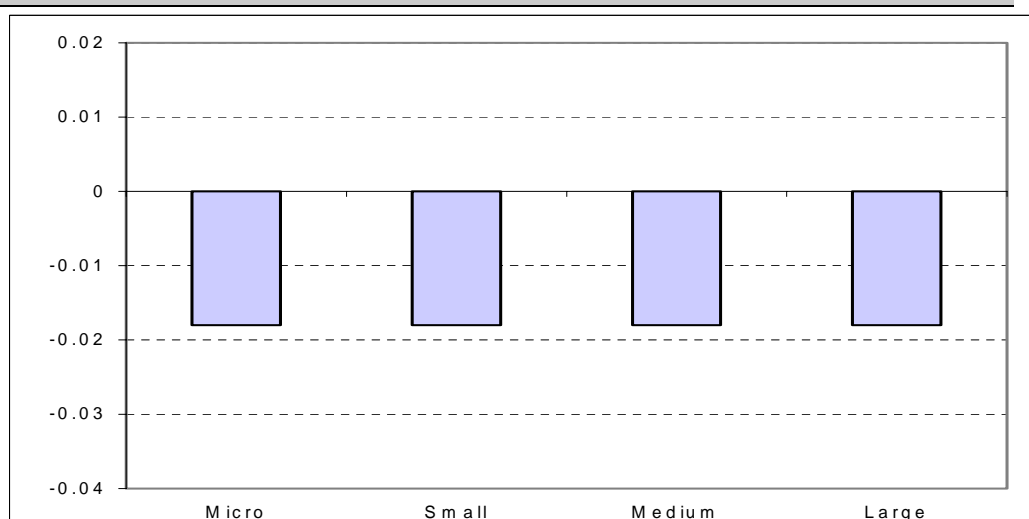
Finally, as for the differences in productivity growth, the estimation results shows that micro and small companies belonging to a co-operative experience 2 percentage points less growth than those who do not belong to one. However, a negligible effect is found for medium and large firms belonging to a co-operative.

**Figure 53: Estimated effect of co-operative membership by firm size:
Growth in labour productivity**



Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

**Figure 54: Estimated effect of co-operative membership by firm size:
Growth in employment**



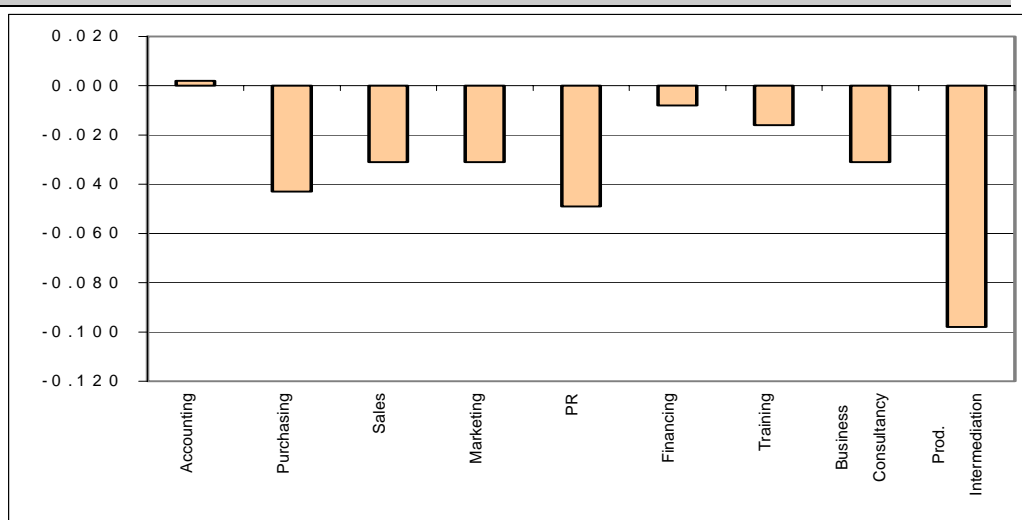
Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

The effects of co-operative membership by different types of services provided

Regarding the various business services provided by co-operatives to their SME and crafts members, none appears to yield results which differ markedly from the general results in the case of turnover (see Figure 55), profitability (Figure 56), labour productivity (Figure 57) and employment growth (Figure 58).

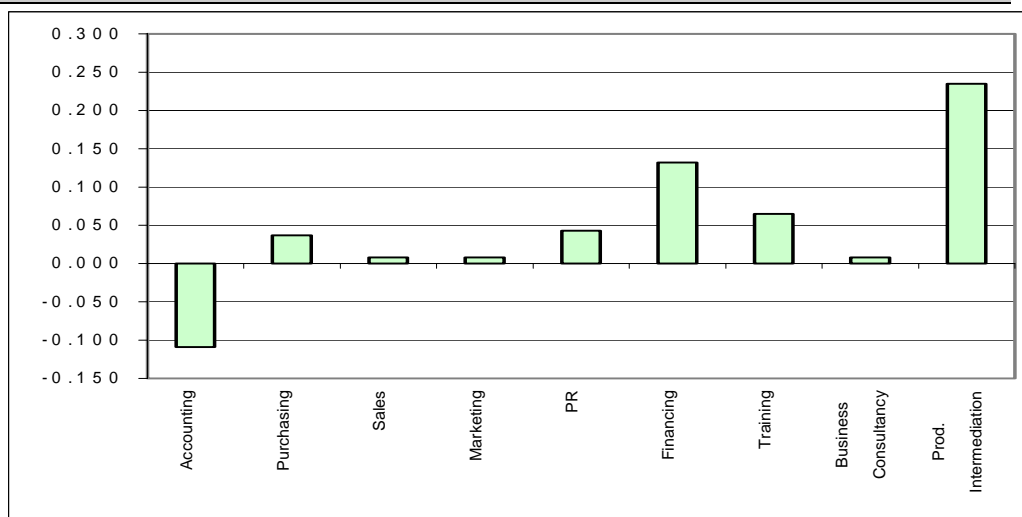
That being said, the greatest contributor to profitability is “production intermediation”, followed by “finance”, “training”, “public relations” and “purchasing”.

**Figure 55: Estimated effect of co-operative membership by service provided:
Growth in turnover**



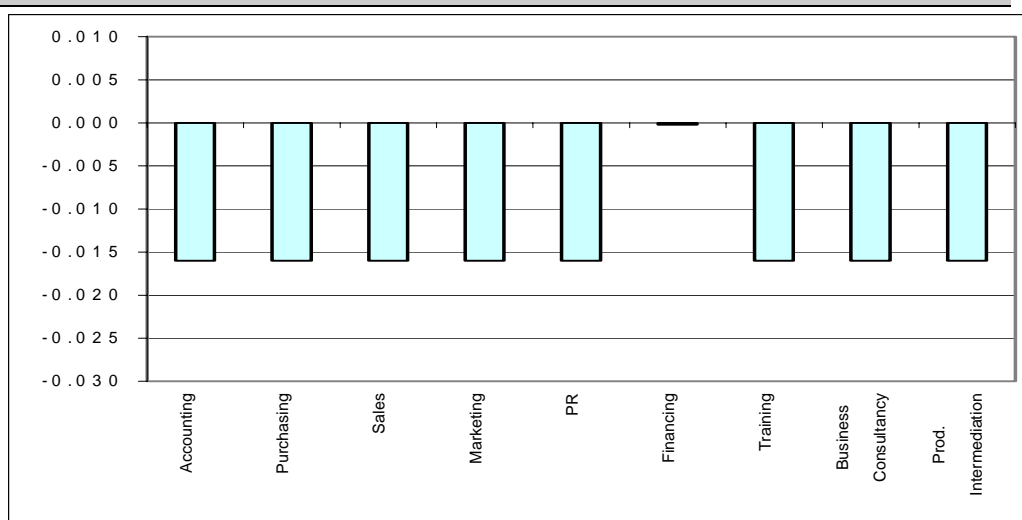
Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

**Figure 56: Estimated effect of co-operative membership by service provided:
Growth in profit rate**



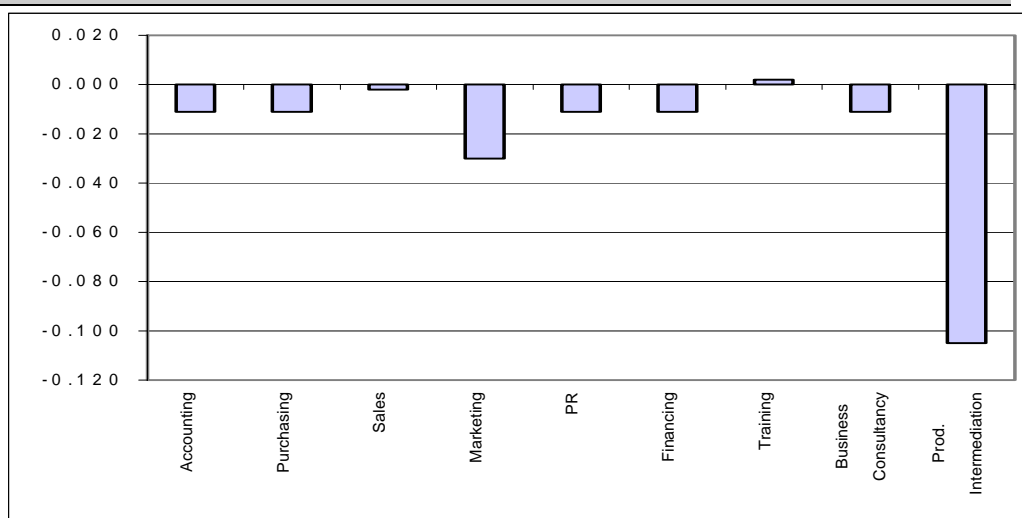
Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

**Figure 57: Estimated effect of co-operative membership by service provided:
Growth in labour productivity**



Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

**Figure 58: Estimated effect of co-operative membership by service provided:
Growth in employment**



Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

6.5.1 Concluding remarks regarding the empirical analysis

This chapter reviewed the differences in economic performance between members and non-members of co-operatives providing business services to their SME and craft members.

In general, the main positive impact of membership by a SME and craft business in a co-operative providing business services is on the profitability of the members judging the quality of service provision to be at least fair and the size of the impact increases with the members' level of satisfaction with the quality of the service provision by the co-operative. Moreover, this impact is particularly pronounced for micro enterprises (less than 10 employees) and large SMEs (more than 250 employees). This positive contribution of co-operative membership is largely explainable by the fact that most, if not all, services provided by business service co-operatives *de facto* reduce the operating costs of their members.

In general, firms being members of co-operatives providing business services to their SME and craft members show lower growth in turnover, labour productivity and employment than firms which are not a member of such co-operatives, although there are a few exceptions summarised in the table

overleaf. This may reflect a more cautious attitude vis-à-vis an expansion of their labour force and a preference for ensuring primarily profitable and sustainable businesses.

Table 72 Key finding from the empirical analysis and exceptions to general findings				
	Growth in turnover	Profitability	Labour productivity	Employment
General findings across all countries, sectors and firm size	Negative differential	Positive differential	Negative differential	Negative differential
Exceptions when co-operative effect is allowed to vary by country	Portugal	Croatia, Poland	Portugal, Finland, Sweden	Slovenia, Spain
Exceptions when co-operative effect is allowed to vary by sector	Manufacture of plastics and other chemicals, manufacture of textiles, retail sales of foods	Sales, maintenance of motor vehicles	Personal; services, manufacture of textiles	Manufacture of plastics and other chemicals, retail sales of foods
Exceptions when co-operative effect is allowed to vary by size of co-operative members	None	None	Medium and large firms	None
Exceptions when co-operative effect is allowed to vary by type of service provide by co-operative	Accounting, but very small positive effect	Accounting	None	Training, but very small positive effect

Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

7 Conclusions and policy recommendations

7.1 Background to the study

The project comprised several stages, namely:

1. The identification of relevant co-operatives, and some of their key characteristics, in the EU27, Iceland, Lichtenstein, Norway, Croatia and Turkey;
2. A more in-depth survey of a sample of the co-operatives identified in the first stage of the project to gather more details on the business services provided by such co-operatives and their members;
3. A survey of the members of co-operatives providing business services to their SME and crafts members;
4. A number of cases studies to identify good practices of business service provision by co-operatives; and,
5. An empirical analysis of the impact of membership in co-operatives providing business services to their SME and craft members on the economic performance of these members.

Below, we discuss the key findings and conclusions emerging from these different strands of work and offer a number of policy recommendations.

7.2 Key conclusions emerging from the various strands of analysis

Identification of relevant co-operatives

As there exists no comprehensive pan-European data about the segment of co-operatives offering business services to their SME and crafts members, the first stage of the project aimed to develop a snapshot of this sector. A total of such 1,362 co-operatives were identified in Austria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Luxembourg, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and Turkey. No relevant co-operatives falling within the scope of the study were identified in Belgium, Bulgaria, Czech Republic, Denmark, Ireland, Latvia, Malta, Norway and Romania.

These 1,362 co-operatives were surveyed to gather information on their sector of activity, their membership size and the range of business offered.

The survey results show a wide variety in the nature of co-operatives across countries and between different sectors of activity. In general, co-operatives have fewer than fifty members and are regionally active. However, a large number of co-operatives do not fit this characterisation, and are both much larger (up to 16,000 members) and active over a wider geographical area.

Similarly, in terms of services offered, the survey results show that all the services listed in the questionnaire, namely accounting, purchasing, sales, marketing, public relations, finance, training, consulting and production intermediation, are offered by more than 10% of co-operatives, with eight of the nine services offered by over 20% of co-operatives. "Purchasing services", which are offered by over 45% of co-operatives, is the most common service. Furthermore, no clear "package" of services is identifiable in the data, with the most common pairs of services, namely "marketing" and "sales" and "marketing" and "purchases", being offered by only 23% of co-operatives.

In-depth survey of sample of co-operatives

The results of the survey of 230 co-operatives show that most members of these co-operatives are very small. Sole traders represent 41% of the membership of these co-operatives and enterprises with less than 5 employees account for another 29% of the total membership. Moreover, the combined share of these two types of members does not vary much with the size of the co-operatives as it remains in the range of 70% to 80% regardless of the size of the co-operative's membership.

On the basis of the results of this survey, it is fair to conclude that membership in co-operatives providing business services is particularly sought by very small economic actors, i.e. sole traders and very small companies. That being said, a number of SMEs with more than 50 employees were also found to be members of such co-operatives.

The provision of business services by co-operatives is generally driven by economic factors. Services are provided most commonly in response to members' demands, and non-economic factors are relatively rare. Similarly, the objectives of services are focussed in general upon improving members' competitiveness or (less commonly) on ensuring members' viability. In contrast, other social reasons (such as providing employment) account for only around 10% of the services supplied (with an emphasis on training, financing and product intermediation services).

In the majority of cases, funding is primarily from members, rather than external sources. This again suggests that co-operatives are based upon economic criteria, for the benefit of members, rather than wider social goals subsidised by public funds.

The survey provided also more detailed information on the way in which services are provided by co-operatives. It is clear that there are some differences between different types of service – “marketing”, for instance, uses publications more than most other services. However, patterns are fairly constant across different types of services. In particular, services tend to be:

- Provided directly by co-operatives;
- Provided off-site (such as at the co-operatives’ premises);
- Off-the-shelf (with the exception of consulting services);
- Actively marketed; and
- Provided on an on-going basis.

However, while such a generalisation provides a useful snapshot of the group of co-operatives providing business services to their SME and crafts members, it is important to bear in mind the wide diversity of co-operatives reflected in the study, both from a geographic and a sectoral point of view.

Survey of member of co-operatives providing business services

The survey of members of co-operatives providing business services to their SME and crafts members focused on the value of co-operative membership and how effective co-operatives are in providing services to their members.

The findings indicate that members positively value co-operative membership highly. Across seven dimensions of how membership helps their business, average ratings are above moderate and the most common response indicates at least a “good deal” impact on a scale of 1 (not at all) to 5 (a great deal). These findings are generally repeated across countries, although with some exceptions. In particular, members in the UK, Sweden and Poland, or operating in the manufacturing and the manufacturing and business activities sectors, rate the economic impact of co-operative membership less highly.

Similar results are found for members’ rating of co-operative service provision. Across five dimensions, ratings are consistently high with all averages above 3.5 on a scale of 1 to 5. Furthermore, few members identified service provision as worse than fair.

Overall, we also observe relatively little dispersion of answers when comparing averages across countries and across sectors of activity. There are neither many very high ratings nor many very low ones.

The survey suggests that “central purchasing” services are the most useful to members active in all sectors, particularly to those firms operating in the “wholesale/ retail sector”.

Members have expressed a general view that, while there are few services that they find particularly unhelpful, there would be additional services that

they would like to see provided by the co-operatives. The type of additional services desired varies across sectors of activity but the most often mentioned relates to training, workshops, and seminars.

Case studies

The co-operatives covered by the 15 cases studies were selected on the basis of both the members' satisfaction survey results and recommendations from national associations of co-operatives and national experts.

The selected case studies reflect a wide range of a) services provided by co-operatives to their SME and crafts members and b) sectors of economic activity in which these members are active. Moreover, in some cases, the members of the co-operatives are crafts people and/or single traders whereas in others they are small businesses.

The general purpose of the case studies was to identify practices which are of clear benefit to the crafts and SME members of the co-operatives and which could be replicated elsewhere in the European Union.

Overall, the 15 cases studies highlight the importance of "joint purchasing", "training", "marketing", "production intermediation" or "joint procurement of orders" and "finance" as key activities that can be undertaken by co-operatives for the benefit of their SME and crafts members.

Empirical analysis of the impact of membership in co-operatives

This final part of the project reviewed the differences in economic performance between members and non-members of co-operatives providing business services to their SME and craft members.

In general, the main positive impact of membership by a SME and craft business in a co-operative providing business services is on the profitability of the members judging the quality of service provision to be at least fair and the size of the impact increases with the members' level of satisfaction with the quality of the service provision by the co-operative.

Moreover, this impact is particularly pronounced for micro enterprises (less than 10 employees) and large SMEs (more than 250 employees). This positive contribution of co-operative membership is largely explainable by the fact that most, if not all, services provided by business service co-operatives *de facto* reduce the operating costs of their members.

In general, firms being members of co-operatives providing business services to their SME and craft members show lower growth in turnover, labour productivity and employment than firms which are not a member of such co-operatives, although there are a few exceptions summarised in the table

overleaf. . This may reflect a more cautious attitude vis-à-vis an expansion of their labour force and business, and a preference for ensuring primarily that their business is profitable and sustainable.

Table 73 Key finding from the empirical analysis and exceptions to general findings				
	Growth turnover	Profitability	Labour productivity	Employment
General findings across all countries, sectors and firm size	Negative differential	Positive differential	Negative differential	Negative differential
Exceptions when co-operative effect is allowed to vary by country	Portugal	Croatia, Poland	Portugal, Finland, Sweden	Slovenia, Spain
Exceptions when co-operative effect is allowed to vary by sector	Manufacture of plastics and other chemicals, manufacture of textiles, retail sales of foods	Sales, maintenance of motor vehicles	Personal; services, manufacture of textiles	Manufacture of plastics and other chemicals, retail sales of foods
Exceptions when co-operative effect is allowed to vary by size of co-operative members	None	None	Medium and large firms	None
Exceptions when co-operative effect is allowed to vary by type of service provide by co-operative	Accounting, but very small positive effect	Accounting	None	Training, but very small positive effect

Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

7.3 Policy recommendations

The data analysed and assessed in this report show that co-operatives providing business services to their members can make a significant contribution to economic well-being of these businesses. In this regards, a five facts are worth recalling:

- There is a dearth of comprehensive, pan-European data on the co-operative sector as a whole, including co-operatives providing business services to their SME and craft members,
- The majority of members of co-operatives providing business services are very small businesses: 41% of the members of the sample of 230 co-operatives surveyed in greater detail were sole traders and 29% were firms with less than 5 employees,
- The members of co-operatives providing business services generally judge positively or better the impact of the membership with regards to increasing a firm's turnover, improving the firm's competitiveness, contributing to the stability of the business, increasing profits, developing the skills of the firm's human resources, decreasing costs and improving the credit rating of the business,
- While a number of business services are offered by co-operatives, not all co-operatives offer all services and the survey revealed a latent unmet demand for skills development through training, work shops and seminars, and,
- The econometric analysis found that firms belonging to co-operatives providing business services posted a higher profitability than firms that did not. Moreover, this impact was particularly large in the case of firms with less than 10 employees (and firms with more 250 employees) and was directly related to the level of the quality of the services provided by the co-operatives.
- The data collected for this study also show that, in general, employment (and turnover) at members of co-operatives providing business services grew somewhat less rapidly than at non-members, reflecting possibly a more cautious attitude vis-à-vis business expansion and growth.

These five key findings suggest a number of potential follow-up actions for policy-makers.

Policy recommendation 1

To allow policy-makers, and relevant stakeholders, to get a better view of the importance and contribution of the co-operative sector, including the co-operatives providing business support services to their members, national statistical agencies and Eurostat should regularly collect, and more

importantly, publish information on the co-operative sector, distinguishing between the various types of co-operatives.

Policy recommendation 2

In light of the positive assessment given by members of co-operatives of the impact of membership in a co-operative providing business services and the positive impact on the profitability found in the econometric analysis, two communication strands should be pursued.

First, policy-makers at the EU level and in the capitals should, in their general information material targeted at SMEs (especially small firms) and crafts, highlight the positive contribution a membership in a co-operative providing business service can make.

Second, policy-makers at the EU level and in the Member States should also encourage the co-operative sector, and in particular, co-operatives providing business services to their members, to spread the word more widely about the potential benefits of being a member of a co-operative providing business services.

Policy recommendation 3

In light of the positive assessment given by members of co-operatives of the impact of membership in a co-operative providing business services to its members and the positive impact on the profitability found in the econometric analysis, policy-makers at the EU level and in Member States should actively encourage and promote to the SME sector and its business associations the development and expansion of such co-operatives as a means of providing self-financing SME support in countries where their presence is limited or non-existent. Perhaps, some seed funding for start-ups of new co-operatives providing business services could be considered.

Policy recommendation 4

To the extent that the positive impact on a member's performance depends on the overall quality of the service provision by the co-operative, the co-operatives providing business services should be actively encouraged by policy-makers to raise their games and strive for the highest quality possible. This could be facilitated through regular best practice, national and international workshops attended by such co-operatives, the development of a best practice network among such co-operatives in Europe to facilitate the exchange of ideas and practices, etc. Such a greater exchange of best practices among co-operatives could be further supported by a self-regulated quality standard system which could be used by participating co-operatives as a

quality signal to attract potential new members. Such developments would also benefit from some type of seed finding to kick-start the process.

Policy recommendation 5

In light of the finding that turnover and employment growth is somewhat lower at members of co-operatives providing business services than at non-members, at least in our sample of members and non-members, co-operatives providing business services to their members should be encouraged to strengthen their provision of services targeted at helping their members expand their business and increase profitably their employment.

Policy recommendation 6

In light of the unmet demand for additional skills development and training, policy-makers at the national and EU level should a) examine with the co-operatives providing business services how they could expand their training offering to meet the needs of their members and the modern economy and b) actively encourage them to do so, possibly with financial incentives. Certainly, co-operatives providing business services to their members could be considered more widely than is currently the case as alternative delivery vehicles for a number of publicly-funded training programmes.

Concluding remark

Co-operatives providing business services make already a very valuable contribution to the development and sustainability of a vibrant SME and craft sector and the implementation of the policy recommendations set out above could contribute to raise significantly their contribution.

Annex 1 Questionnaire used in the survey of the 1,362 co-operatives

Study on the impact of co-operative groups on the competitiveness of their craft and small enterprise members

General questionnaire to co-operatives

Contact details	
Name of co-operative	
Address of co-operative	
	Street and number
	Town
	Postal code
Name of person completing the questionnaire	
Address of person completing the questionnaire if different from address shown above	
Telephone number of person completing the questionnaire	
E-mail address of person completing the questionnaire	

Background information on the co-operative	
Number of members	
Geographical activity range	Please tick one of the three choices below
	Regional
	National

	International	
Does the co-operative provide any of the following services to its crafts and small enterprise members	Please tick one of the two choices below	
	Yes	No
Accounting		
Purchasing		
Sales		
Marketing		
Public relations		
Financing/funding		
Training		
Business advice and consultancy services		
Other (please specify)		

Please send back the completed questionnaire by e-mail to co-operatives@londecon.co.uk or by regular mail to London Economics,
11-15 Betterton Street, London, WC2H 9BP, United Kingdom

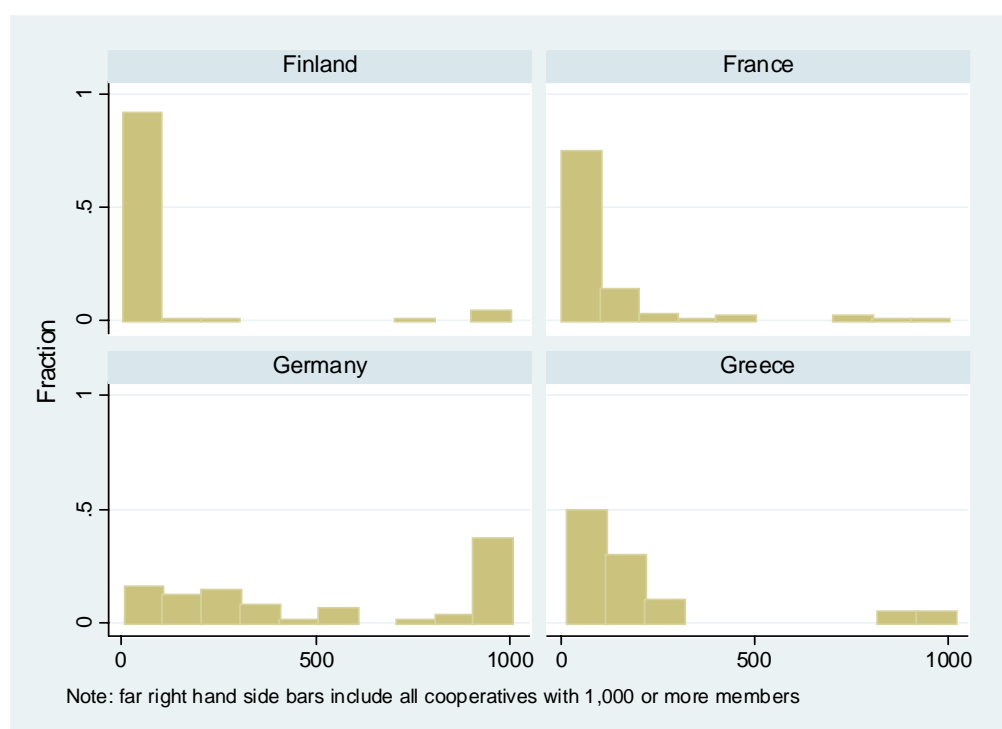
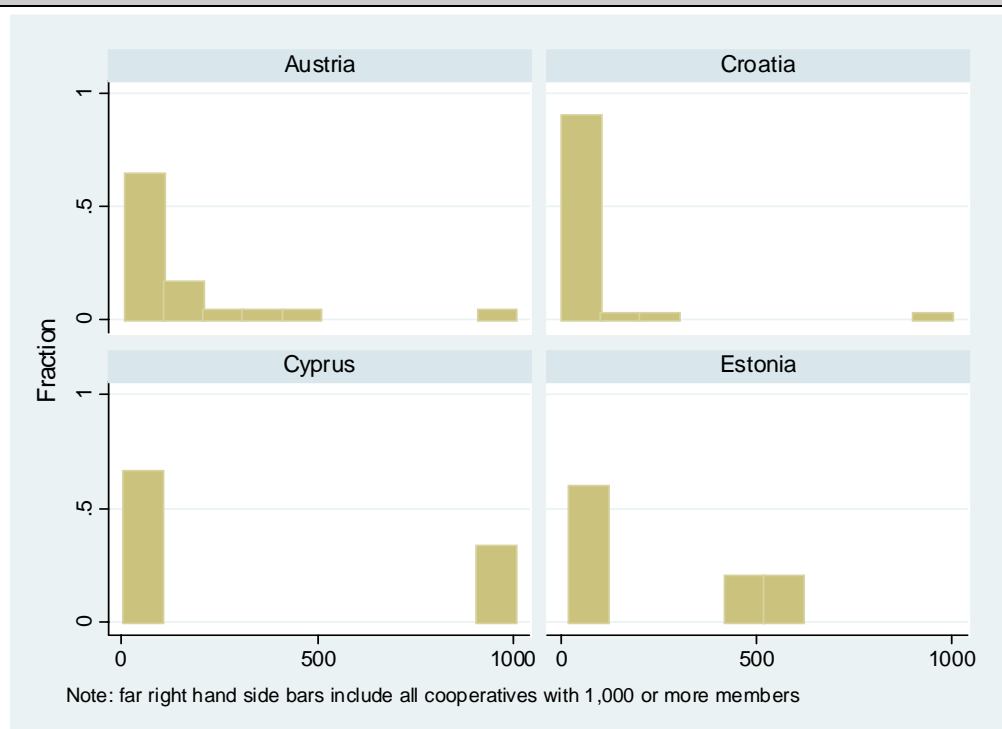
Annex 2 Additional results of survey of 1,362 co-operatives

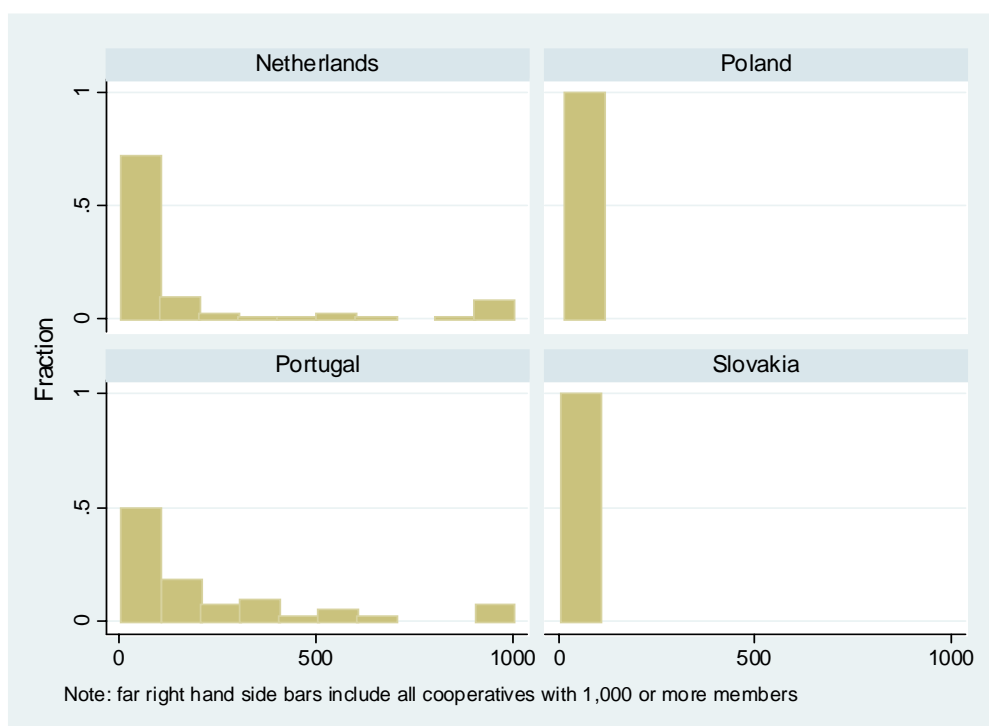
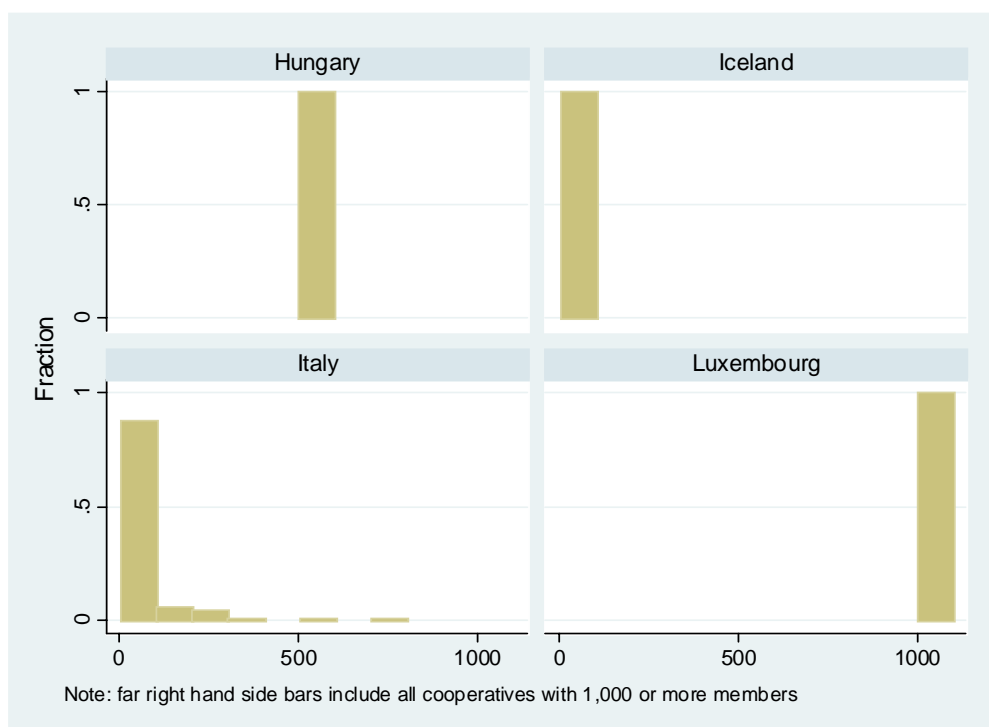
Table 74: First Stage Questionnaire: Size of Interviewed Relevant Co-operatives – Number of Members

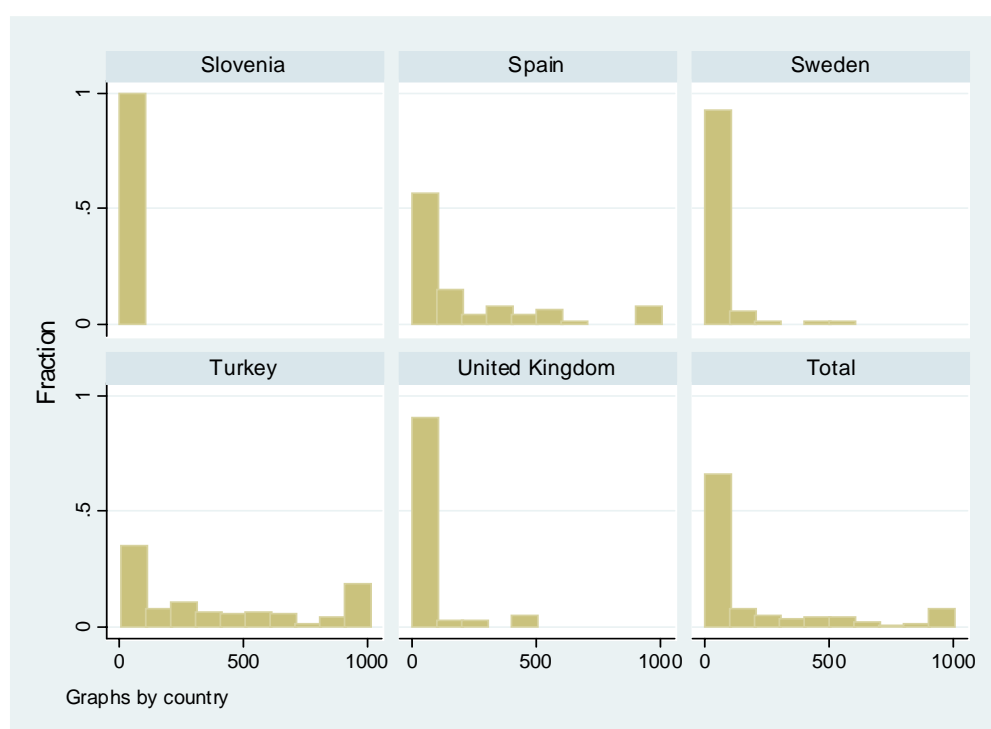
Country	Below 10	10 to 50	50 to 100	100 to 500	More than 500
Hungary	0	0	0	1	0
Estonia	3	2	0	2	1
Greece	0	5	4	9	2
Spain	11	23	15	23	14
France	26	33	7	20	4
Italy	18	69	31	20	2
Cyprus	1	1	0	0	1
Luxembourg	0	0	0	0	1
Austria	1	8	5	8	1
The Netherlands	42	42	24	23	20
Poland	0	16	3	2	0
Portugal	4	10	5	19	6
Finland	57	70	12	6	8
Sweden	43	50	22	12	2
United Kingdom	9	19	8	3	1
Croatia	10	14	5	2	1
Turkey	3	36	4	38	43
Iceland	2	1	0	0	0
Slovak Republic	1	1	1	0	0
Slovenia	2	6	2	1	0
Germany	1	5	4	23	31

Note: The only relevant co-operative found in Luxembourg has expressed its desire not to participate further in our survey and thus, will not be included hereafter.

Source: London Economics' survey of co-operatives

Figure 59: Membership size, by country





Source: London Economics' database of 1,362 co-operatives providing business services to their members

Table 75: Duration of services: % of co-operatives providing services on an ongoing basis

Country	Accounting	Purchasing	Sales	Marketing	PR	Financing and Funding	Training	Business Advice and Consultancy	Production Intermediation
Estonia	80%	-	-	-	-	67%	-	100%	-
Greece	100%	100%	100%	100%	100%	66%	100%	92%	-
Spain	80%	100%	100%	83%	100%	0%	100%	75%	100%
France	100%	100%	100%	67%	0%	100%	38%	78%	-
Italy	94%	100%	50%	67%	50%	60%	100%	100%	100%
Cyprus	-	100%	100%	-	-	-	100%	100%	-
Hungary	-	-	-	-	-	0%	-	-	-
Austria	100%	71%	100%	100%	100%	100%	67%	0%	100%
The Netherlands	100%	91.7%	50%	90.9%	100%	75%	57.1%	25%	100%
Poland	89%	56%	67%	71%	100%	50%	44%	86%	67%
Portugal	100%	100%	100%	100%	100%	50%	100%	100%	100%
Finland	100%	100%	100%	100%	-	-	100%	100%	-
Sweden	100%	100%	100%	100%	67%	50%	50%	80%	-
United Kingdom	100%	100%	92%	93%	87.5%	67%	100%	50%	-
Croatia	100%	100%	100%	100%	100%	100%	100%	100%	100%
Iceland	-	-	100%	100%	100%	-	-	100%	-
Slovak Republic	-	100%	100%	100%	100%	-	100%	100%	-
Slovenia	100%	100%	100%	100%	-	67%	100%	33%	-
Turkey	75%	-	-	50%	50%	72%	100%	-	-
Germany	50%	100%	100%	90%	100%	57%	100%	78%	100%

Note: Percentages are calculated as the ratio of co-operatives providing a given service on an ongoing basis out of the total number of co-operatives actually providing the service

Source: London Economics' survey of 230 co-operatives providing business services to their members

Table 76: Funding of services (% of interviewed co-operatives)

Country	Co-operative fully funded by members	Co-operative receiving external funding (EC, national, regional or local funds)
Estonia	67%	33%
Greece	100%	0%
Spain	67%	33%
France	93%	27%
Italy	87%	11%
Cyprus	100%	0%
Hungary	100%	0%
Austria	69%	31%
The Netherlands	83.3%	16.7%
Poland	100%	0%
Portugal	90%	10%
Finland	83%	17%
Sweden	45%	55%
United Kingdom	87%	13%
Croatia	67%	33%
Iceland	100%	0%
Slovak Republic	100%	0%
Slovenia	100%	0%
Turkey	0%	100%
Germany	90%	10%

Note: Percentages refer to the number of co-operatives mentioning a specific way of funding themselves divided by the total number of co-operatives interviewed. Occasionally the sum per country might be lower or higher than 100%, indicating that the co-operatives have either not responded (e.g. Estonia) or provided more than one answer (e.g. Italy).

Source: London Economics' survey of 230 co-operatives providing business services to their members

Table 77: Methods of funding among co-operatives funded by members only (% of interviewed co-operatives)				
Country	Membership fee only	Membership fee and annual/monthly fee	Membership fee and pay-as-you-go scheme for received services	Membership fee and fixed percentage of outgoing services
Estonia	33%	-	-	-
Greece	11%	42%	14%	33%
Spain	-	78%*	11%	11%
France	27%	14%	52%	7%
Italy	11%	18%	46%	25%
Cyprus	-%	67%*	33%	0%
Hungary	0%	0%	0%	100%
Austria	-	-	25%	75%
The Netherlands	0%	53%	47%	0%
Poland	0%	10%	70%	20%
Portugal	10%	40%	50%	0%
Finland	30%	41%	0%	33%
Sweden	-	-	65%	-
United Kingdom	7%	60%	-	-
Croatia	-	50%	-	50%
Iceland	0%	0%	100%	0%
Slovak Republic	0%	0%	0%	100%
Slovenia	0%	0%	73%	27%
Turkey	-	-	-	-
Germany	-	70%*	10%	20%

Note: Percentages refer to the number of co-operatives mentioning a specific way of funding themselves divided by the total number of co-operatives funding themselves independently. * This percentage reflects the ratio of co-operatives that pay a membership fee with or without an extra annual/monthly fee, as the identification of those that only pay a membership fee was not possible.

Source: London Economics' survey of 230 co-operatives providing business services to their members

Annex 3 Additional country-by-country information

In this annex, we provide a brief country-by-country overview of the main characteristics of the co-operative sector with a particular focus on the type of co-operatives that are the object of the present study.

7.3.1 Austria

Co-operatives in Austria are spread over many different sectors, from plumbers to retail of consumer electronics. Size equally varies, although there is a tendency towards larger co-operatives with more than 50 members.

The most common service provided is purchasing. All but one co-operative stated that economies of scale from shared purchasing were one of the main reasons for having a co-operative. Similarly, marketing is usually done by the co-operative on an ongoing basis for all members. Some training or consultancy is provided by all but one of the 11 co-operatives.

Most co-operatives are somewhat established institutions having generally been founded more than 20 years ago. One co-operative which exists since the 1950s claimed that it had received State support up to the 1970s and that this was a common practice then, but that State support stopped for co-operatives sometime in the 70s.

7.3.2 Croatia

The majority of Croatian co-operatives of relevance for the study were found in the sectors of construction, craftsmanship, metal industry, and mechanics. A few co-operatives were found in the sectors of art, fishing and boating, and stone mining.

All of the co-operatives interviewed offer basic service of production intermediation, helping the members sign work contracts and find jobs. The majority of co-operatives offer purchasing and sales services, offering their members to buy material in bulk through the co-operative, or they offer a place through which members can sell their products and services. Furthermore, the majority of co-operatives offer PR services, as well as marketing services.

On average, Croatian co-operatives have small number of members, ranging between 3 and 50. Some co-operatives have higher numbers; however, they are few and far between. The average number of members is 89 but when an **outlier** (i.e. the savings co-operative, grouping 1,800 members) is excluded from the calculation, the average falls down to 33.

Co-operatives in Croatia appear to lack State support in legal and financial aspects. In 1996, the Croatian government started to tax co-operatives an extra 10%, while providing incentives for the creation of small and medium companies. Henceforth, many of the co-operative members went 'independent' and only recently some of the small companies have started joining back the co-operatives, in part in response to the pressures from European companies entering the Croatian market.

Furthermore, there is still a stigma attached to the term co-operative, often related to the old socialistic form of self-management under the Yugoslavian regime.

7.3.3 Cyprus

The co-operative movement in Cyprus has been active since the early 1900s, but was particularly developed in the 1960s and 1970s. The first co-operatives were founded to help people to cope with the harsh living and economic conditions of the time.

As such, the majority of co-operatives in Cyprus are credit and savings societies (CCSS) or co-operative funds. Along with those, we found many consumer co-operatives, and agricultural, as well as manufacturing co-operatives (using agricultural products). Co-operatives active in the services sector were found to exist on a very small scale and this applies to crafts' and SMEs' co-operatives as well.

The size of the co-operatives varies widely. In general SMEs' co-operatives range from 3,000 to 8,000 members, CCSSs from 100 to 275 members, and crafts and services co-operatives have a very wide range of members. The main services that are offered are financial services, purchase/distribution of goods and training, consulting and accounting services.

7.3.4 Estonia

Upon the beginning of perestroika and finally independence from the Soviet Union, the Estonian co-operative movement was back into full swing, after a period where co-operative structures were pushed aside by the communist regime.

Initially, co-operatives were the only possible form of private enterprise. By the beginning of 1990 there were already 2,000 co-operatives in Estonia and this grew to over 3,000 by August of 1993. Thereafter, the majority of co-operatives were re-registered as other judicial forms of enterprise as a result of legislative changes.

The actual number of relevant co-operatives encountered is low because most co-operatives are in the agricultural sector, or are consumer co-operatives or legacies from the Soviet days, where the co-operative was responsible for the

production directly rather than being formed to support other (private) businesses.

The relevant co-operatives come from three different sectors: namely meat wholesaling, savings & loans, and fishing sectors. The fishing co-operatives engage in research of the Estonian fishing waters and communicate to individual firms as to where fish stocks are most healthy, etc.

7.3.5 Finland

A large number of new co-operatives were created in the 1990s after the deep recession in Finland that followed the collapse of the Soviet Union, its main trading partner.

In the presence of very high unemployment, the concept of co-operatives was initially and primarily linked to ensuring jobs and pooling risk. The importance of co-operatives for regional economic and social development is immense due to the fact that not only do they create more jobs but also enable existing entrepreneurs to strengthen their position and mainly pool risk.

Whereas a large number of co-operatives exist in Finland, it is not always easy to categorise them in terms of their range of activities. Most co-operatives consist of members from a very diverse background. Thus, a very common category of co-operatives is the so called 'labour provision', where craftsmen, cleaners, cooks, builders, etc. have come together to form a co-operative with the co-operative operating as an employment centre. These co-operatives usually consist of 8 to 40 members and also offer some services to their members. For instance, the most common services are accounting that is either conducted by members who have undertaken this responsibility or it is outsourced to an accountancy, as well as training that usually takes the form of short courses or events (e.g. in conjunction with pub nights, sauna nights, trips, etc.) organised if and when needed.

There are also, albeit fewer, co-operatives that are involved in wholesale/retail and transport. Members usually pay a joining fee and a membership fee, thus no extra costs are incurred for training or other services. The main aim of offering extra services is to improve the employability of the members and the viability of the business.

7.3.6 France

While the importance of agriculture in the French economy results in a very high prevalence of co-operatives in that sector, we have also been able to find a large number of co-operatives of relevance to the study. Among these are co-operatives in retail and wholesale sectors, construction, automotive, and crafts of different sorts.

The number of members varies across different types of co-operatives. Most have in the neighbourhood of 100 members but there are also specialised craft co-operatives with lower membership numbers as well as large co-operatives encompassing many thousands of members (e.g. hairdressers).

The services that French co-operatives most often offer to members are in the areas of both purchasing and sales. There is also a significant percentage offering training and business advice/consultancy services.

7.3.7 Germany

For the identification of co-operative groups in Germany, we have collaborated with the main association of business groups in Germany, the ZGV (Zentralverband Gewerblicher Verbundgruppen). The association groups genuine co-operatives, franchise enterprises and business groups (non-franchised).

Co-operative activities in Germany have a rather different notion than in most of the countries, which this survey took into consideration. The existing number of relevant co-operative societies with the respective membership structure (business members of craftsmen) and legal form (co-operative society) is limited. This is due to the fact that companies with a financially and operationally independent membership structure, as well as service provision schemes similar to those of co-operatives, also understand themselves as co-operatives. The distinction is easier to express in the German language, where genuine co-operative societies use the term “Genossenschaften” to describe themselves and the purely business groups with independent members are called “Kooperationen”. The reason why both legal forms are taken into account is the similarity they have to each other, as in both cases the service provision, the interaction between the “Zentrale” and the “Mitglieder” (members) and the organisational structure is very similar to that of a genuine co-operative. The actual difference is in the legal form. For practicality reasons, we do not distinguish between Kooperationen and Genossenschaften and simply refer to both as co-operatives.

We have been able to identify co-operatives and co-operative members in various sectors of activity, such as construction, retail sales of a variety of goods, automotive repairs, wholesale trade, manufacturing of machinery, equipment and fabricated metals as well as hotels and restaurants. Generally, the range of services in offer encountered, span the whole spectrum of services suggested by LE, with the main ones being purchasing services, marketing and consultancy services. A service that constitutes common practice in Germany is “Zentralregulierung”, that is the centrally administered settlement of supplies and order repayments. Here, the co-operative intermediates between suppliers and members, with the purpose of clearing payments and debts on the part of the members.

7.3.8 Greece

Roughly more than half of the co-operatives listed by our Greek contacts are either engaged in pure production or are in the agricultural sector.

The relevant co-operatives encountered were supply, craftwork and transport co-operatives. Their main sectors of activity are passenger transport, retail sales, plumbing, electrician services, carpentry and pharmacies. The services mostly offered are central purchasing and/or distribution, training courses, call centre, marketing and advertisement services, set-up guidance as well as business advice and consultation. The sizes differ as follows: the crafts' co-operatives have generally about 100 or more members, pharmacies' co-operatives have around 1,000 members, taxi co-operatives around 200 to 300 members and retail co-ops have from 20 to 200 members.

7.3.9 Iceland

In Iceland, it was not possible to identify a variety of relevant co-operatives. The small size of the country and therefore, the limited share of SMEs, are not conducive to the building up of co-operative societies.

After engaging in talks with the Icelandic Chamber of Commerce, we were told that the Chamber was not aware of the co-operative status in Iceland and they referred us to the Federation of Icelandic Industries. The Federation was also unable to assist us with our request for information about co-operatives in Iceland and we were asked to contact the Confederation of Icelandic Employers. After persistent attempts for information, the Confederation never returned any information to us.

The institution 'Crafts and Design' (Handverk og Hönnun), which is a private, government-subsidised, non-for-profit institution in Iceland promoting the domestic craft sector and craftwork, replied positively and indicated a few local crafts co-operatives. Through them, we were able to identify 3 relevant co-operatives with members active in craft, which are all of small size (less than or around 10 members). The main services that are provided are sales and marketing services, public relations and business consultancy. A common element in all 3 co-operatives is the regular organisation of exhibitions.

7.3.10 Hungary

As is the case in many of the Eastern European countries, there are many co-operatives in Hungary but they function as production co-operatives.

Furthermore, the number of these co-operatives is falling over time because these have not proved profitable.

It is possible that the type of co-operatives that are relevant for this stage will develop in the near future. At present, there is only one co-operative that roughly falls into the category of co-operatives that provide services to members. This is a credit co-operative but it is organised from above and was initiated by one national association of co-operatives. The co-operative's main objective is to help small businesses obtain access to funding.

7.3.11 Italy

Relevant co-operatives belong to different sectors: manufacturing, crafts, wholesale and retail, both general and in specialist sectors such as pharmaceuticals, construction, heavy and light transport services, cleaning or administrative services, shipping, hairdressing, and tourism services.

Generally speaking, about two thirds of co-operatives provide a service of production intermediation for their members. This "intermediary role" is probably best described as the *raison d'être* of many co-operatives and a vital mean to preserve the viability of members' businesses, rather than a service provided to members strictly speaking.

Purchasing and sales assistance are also relevant services offered, especially in relation to retail and crafts co-operatives.

Apart from tourism-related co-operatives and a few heavy transport ones, funding or financing activities are rarely offered. Yet, many entities mentioned the possibility of lending small amounts of money to members, in case of emergency, drawing from common reserves.

Marketing services are provided by a small number of interviewed co-operatives, mainly concentrated in the services and crafts sectors. Almost the same can be said for public relations activities, exercised particularly by parking co-operatives that entertain regular relations with local authorities. Finally, around 50% of the interviewed co-operatives support their members with accounting services.

Co-operatives, as legal entities, are a convenient way of setting up businesses for several reasons: until a few years ago, co-operatives were subjected to a different, lighter, tax regime. These benefits are gradually decreasing but some advantages are still in place.

Co-operatives are thought to be "slimmer" in the organisational sense than more traditional business forms. Furthermore, businesses belonging to the same co-operative are less competitive with each other and allow greater sharing of information. Many interviewees, especially in traditionally leftist regions, mentioned historical-political and social factors among the reasons for being registered as a co-operative. In fact, a co-operative can often be seen as a large family business that ensures an equal allocation of work.

7.3.12 Luxembourg

For Luxembourg, we attempted to contact various authorities for the purpose of gathering information as to the existence of relevant co-operatives for our study but had no success. We contacted the Ministry of Finance and the Ministry of Economy who referred us to the Ministry of Middle Classes, Tourism and Housing, which has administrative and legislative duties over the small-medium enterprise and crafts sector in the country. With the latter being unable to provide us with information on co-operatives that group SMEs or crafts, we contacted the National Bureau of Statistics (Statec) who provided us with a list of societies registered as co-operatives in the country.

The number of co-operatives has been declining over the past four years in Luxembourg, with a decline in the region of 35-40% taking place between 2004 and 2005. In more detail, in 2003, there were 84 co-operative societies in Luxembourg, in 2004 this declined to 82, then dropped to 53 in 2005 and finally, the country ended up having 51 co-operatives in 2006 and 2007. Still, for the ones that are still active, we have observed a wide dispersion in their sectors of activity. About a third is active in agriculture and as such, they have been strictly excluded from this study. A small number of co-operatives were found in a wide range of sectors, such as manufacturing of various goods, trade, passenger transport, development of public institutions and credit unions. The majority of non-agricultural co-operative societies were found to have highly specialised objectives and/or membership bases such as active, retired civil servants, etc.

The only relevant co-operative found, is a financial co-operative called 'Mutualité d'Aide aux Artisans', which was included in the study because it groups craft enterprises. The co-operative, which was created in 1949, has as its sole purpose the provision of financial assistance to small and medium size craft enterprises in Luxembourg. It groups more than 2,700 businesses and acts as a guarantor for its members vis-à-vis banks and other financial institutions, aiming to acquire funds for the development and expansion of its member businesses. The co-operative's financial base relies on the members and grows proportionally to the membership base. Today, its financial capacity has grown up to more than €2.5 mil.

7.3.13 Malta

In Malta, there were found 60 co-operatives all in all. A large share of them is active in the agricultural sector, which by default is out of the scope of this study. Malta boasts a number of unique co-operatives, which although they fall out of the study, are nevertheless still worth to mention. We encountered a Linen co-operative of ex-Government workers who provide the country's hospitals with laundry services. Another unique case is a co-operative providing transportation services to persons with disabilities.

These cases seemed interesting for the purposes of this study and were investigated, but after engaging in talks with Mr. Emanuel Zahra from CoopsBoard (Maltese Board of Co-operatives), we decided to leave all Maltese cases outside. Mr. Zahra reassured us that there would be no other co-operatives in Malta, which are eligible to our study.

7.3.14 Netherlands

The word *rompslomp* is often used by the Dutch to explain why the co-operative does exist. Membership in a co-operative takes a lot of *rompslomp* away: it takes a lot of administrative burdensome work away from the members, so they can focus on their actual business. For instance, fishermen or consultants use the cooperation to do the accounting or a central payment system for them, which is *rompslomp* for them.

Interesting is the fact that almost no co-operative cited as primary reason for their existence the potential benefits for their competitive position. *Rompslomp* and knowledge are much more often used.

In the Netherlands it was often the case that co-operatives started being a co-operative, because members wanted to organise a 'central payment system' or 'central accounting system' together. Later they expanded to offering other services.

7.3.15 Poland

Most of the co-operatives in Poland were established either in the 60s or in the mid 80s.

At the beginning they were designed for small craft members – one of few private activities which were allowed by the State. Today most of them are focused on construction where since 2002 profits are growing faster than in other sectors, at a pace that has accelerated after Poland's accession to EU. Another frequent feature is that the range of members' activities is very wide (e.g. everything linked with construction: gas installation, electricity installation, renovations, etc. or pharmacy together with construction firms).

Apart from the "production intermediation" role, demand for co-operatives' other services is low. Most members are small firms for which delegating all activities except production to co-operative is justified, but on the other hand co-operatives face increasing competition from a growing number of private firms offering accounting, marketing and other services at competitive prices. Also some firms are large enough and simply do not need external help. About 40% of all co-operatives offer all services (except PR which is not really useful in crafts or construction) and 30-50% of members use those services. The remaining 60% of co-operatives provide only sales, marketing and purchases.

Co-operatives provide training but this in most cases is only the training that is required by law in terms of workers' safety. Only 2 co-operatives in our sample provided training about new technologies in the construction sector.

The number of members varies between 20 and 100, with average at about 40 members.

The reasons for existence of co-operatives are as follows:

1. they have an experience in providing services (most of them are more than 20 years old),
2. their prices are lower as they have additional sources of funding (usually subsidised rent for office space),
3. they are able to provide all services "in one place",
4. the size of the co-operative allows members better access to finance , and
5. the co-operative is "a community" – it provides an opportunity to exchange ideas, opinions, news in the market, and especially to older entrepreneurs it offers a feeling of "attachment" to an organisation.

Co-operatives play an important role in financing their small entrepreneur members who would otherwise have difficulty accessing finance. Co-operatives are able to pay advances to firms so that they can cover costs before they are paid by customers.

7.3.16 Portugal

Portuguese co-operatives can be found in all sectors of the economy and according to the Portuguese Co-operative Code are divided into the following categories: agriculture, handicrafts, trade, consumers, credit, culture, education, housing, fishing, industrial production, services and social welfare.

For the purpose of the present study, however, out of a universe of 3,184 co-operatives, only less than 200 are potentially relevant ones. The largest numbers of Portuguese co-operatives are to be found in the agricultural and construction sectors (accounting for about half of all co-operatives).

An important fraction of the relevant co-operatives can be found in the retail and wholesale sectors, in transport, and in traditional crafts.

The pharmacy co-operatives are large businesses in Portugal, as in other European countries. In the Portuguese case, the turnover of the pharmacy co-operatives (who are responsible for purchasing and distribution/logistics of about 40% of medicines sold in Portugal, according to recent estimates) puts the largest ones in the top ten of the Portuguese companies by volume of business. These co-operatives have more than 1,000 members.

In other sectors, the size of the membership is most often below 100 members.

The type of services provided depends on which type of co-operative we are looking at. In retail sectors, the most important service is the central purchasing and distribution/logistics. Here, centralised branding may also be an important service that the co-operative offers to members. In transport co-operatives, the most relevant and often unique service is that of a calling centre that distributes jobs among the members.

7.3.17 Slovakia

In the Slovak Republic, there do not appear to be many co-operatives relevant to the present study. Out of the 97 co-operatives called in total, only a small number had companies or entrepreneurs in their membership base.

Moreover, even in these few cases, the number of firms in a membership base was always very small and the co-operatives were never providing any services to them. As a rule, the only members that the co-operatives were providing services to were individual members.

There seem to be various factors underlying this result. The main one is that many co-operatives are not enabled by their charters or other institutional frameworks to have such members. In addition, other co-operatives have, according to their own words, not yet extended their activities to such a degree as to attract companies and entrepreneurs into their membership base, but are currently working on it.

7.3.18 Slovenia

Our attempts to identify co-operatives which provide certain services to their small/medium enterprises were initially not successful due to the apparent lack of relevant co-operatives. After speaking to the Slovenian Chamber of Commerce, we were told that the majority of co-operatives are active in the agricultural sector, thus, ineligible for the purposes of the current study. Following talks with Dr. Viljem Psenicny (Chamber of Craft of Slovenia), we found out that "Slovenia had a golden period twenty years ago when there were 8,600 enterprises associated in craft co-operatives. Since then, this number decreased very much, above all because they did not accommodate their activity to the new circumstances." Also, there is no particular law governing the conduct of craft co-operatives, as all legislation available refers to agricultural co-operatives.

Nevertheless, through the Slovenian Chamber of Commerce, we came across 23 craft co-operatives, 11 out of which were willing to reply. The vast majority of the co-operatives that were interviewed were active within a region-wide range and comprised of 5 up to 50 members. The services that were found to be offered most commonly are central purchasing and sales services.

7.3.19 Spain

Most of the co-operatives in Spain are not large and have been set up mostly for administrative reasons since it is an easier form to deal with regulatory issues. That is part of the reason why in some sectors co-operatives do not provide many services. On the other hand, there are some other sectors, such as light and heavy transports, where the aim of the co-operative is just to coordinate and distribute work acting as a “call centre”. Some other sectors, such as ironmonger or pharmacies, are much more organised and they provide specific solutions and training to their members. Below we summarise the main findings per sector:

- **Ironmonger Sector:** the average number of members is around 100, with values varying from 50 to 200. They provide a large variety of services but, generally speaking, all of them provide purchasing, production intermediation, logistics and warehouse. Some of them are involved in their members’ accountancy, sales and marketing issues.
- **Transports Sector:** the number of members varies between 10 and 120. They provide mainly logistics and accounting services.
- **Taxis Co-operatives:** they have between 10 and 1,700 members depending of the geographic area they cover. Some of them are just based in small towns and some others cover big cities, being the only one taxis’ association in there. The services are mainly call centre and accounting and purchasing in some cases.
- **Pharmacies:** most of them have a large number of members, above 1,000 in most of the cases. The services provided are mainly purchasing, production intermediation and consulting.
- **Catalonian Co-operatives:** this is the most varied group, with 20 different sectors in it. The number of members ranges from 10 to 300, but the average is around 50. Due to the diversity of this group, the services are also very different. Most of them provide purchasing and accounting, while sales are quite common in some sectors as well.

7.3.20 Sweden

The most common types of co-operatives in Sweden are:

- **Heavy transport (members are truck owners).** The co-operatives offer training (usually attainment of various certificates), some consulting, sales assistance and sometimes purchase service (special prices for tools, fuel and truck parts). Furthermore, some co-operatives provide marketing to members (through online, publications, local papers, etc.) and sometimes offer insurance deals or financial support through other contacts.

- Craftsmen (no plumbers and other handy men) but rather people involved in the “artistic” sector and in the textile, ceramics and wood sector. Usually, in these fields, co-operatives provide members with marketing, PR events and sales assistance. The main purpose of these co-operatives is often to share rent expenses.
- Co-operatives whose members are businesses/retailers who have very little in common. But they rely on the co-operative to obtain financial support from outside sources in order to provide members with consulting services and sometimes training, PR and marketing.
- Co-operatives within specialised retail sectors such as radios, office and stationary products. Members are retailers and the co-operative manages contracting with wholesalers.
- Sometimes the co-operatives’ representatives don’t even know the purpose of their legal status. They just “exist”.

7.3.21 Turkey

The co-operative movement in Turkey is organised in multiple layers of management. At the top there is the National Co-operative Union, which groups all co-operative groups and unions across the country. It is also the top institution dealing with all co-operative issues and communication with the government about policies related to co-operatives.

The next layer comprises seven Central Unions, which are each concentrated on a different sector of activity, including sectors such as Trades and Crafts, Construction and Transport.

Further down there are the Regional Unions, which group the so-called Unit Co-operatives. In turn, the Unit Co-operatives are where the individual craftsmen, businesses and enterprises have a membership. For the purpose of this study, we focused on two constituent elements of the co-operative movement in Turkey: The Central Union of Turkey’s Trades and Crafts Credit and Guarantee Co-operatives Unions and The Central Union of Turkey’s Motorised Transporters’ Co-operatives. Both operate at the national level and consist of regional unions of co-operatives.

The Central Union of Turkey’s Trades and Craftsmen Credit and Guarantee Co-operatives Unions is a national union of Trades and Craftsmen Credit and Guarantee Co-operatives, which has been founded to help in the provision of credit to trades and craftsmen acting as a guarantor for loans. It focuses on this particular type of co-operatives and provides the main services of public relations, financing and funding, training, business advice and consultancy services to its 32 regional unions. Unit Co-operatives have an average of close to 1,000 members and provide the same array of services to the bottom-level

members, including also low-interest rate loans from the Co-operative's own capital pool, computer courses and some social activities.

While the Trades and Craftsmen Union mostly helps its members in gaining access to credit from banks, the Motorised Transporters' Co-operatives Union assists its members via gaining access to work contracts and jobs. In some cases, the Central or Regional Union provides vocational services and some form of legal consultancy. The service of work and contract provision is vital to the members in the transport sector, as we found out during the interview process that most members are not able to get engaged in commercial activities without the Unit co-operative's involvement.

7.3.22 United Kingdom

The notion of co-operative seems to be very wide in the UK in comparison to other countries. In addition, some of the sectors where we have identified co-operatives in other countries exhibit similar types of undertakings (providing e.g. production intermediation services, logistics and distribution, central buying operations) but do not have the legal form of a co-operative; rather they are private companies.

The main sectors where we were able to identify relevant co-operatives were: crafts, artists and sculptors, potters and ceramists, sole traders and retail selling, woodcutting and wood manufacture, as well as transport.

The main services provided include the provision of working, trading and exhibition space, marketing services and advertisement as well as purchasing and consultation services. A very large share of our sample consisted of co-operatives of artists (crafts), which actually run shops or galleries to exhibit the artists' creations.

In terms of size of membership, we have found that artists' coops usually have around 10-50 members; sole traders and retail stores have from 30-500 members and transport co-operatives from 7 to 50 members.

Annex 4 Questionnaire used in survey of 230 co-operatives

Study on the impact of co-operative groups on the competitiveness of their craft and small enterprise members

Questionnaire to a selection of co-operatives

We thank you in advance for your co-operation in participating in this study.

We are interested in learning more about the characteristics of support services offered to crafts and small enterprises by co-operative groups based in Europe.

We are, at this stage, surveying 200 co-operative groups across European countries, from which we will select 6 or 7 for an in-depth case study of best practices.

Participation in this survey is voluntary and should take 15-20 minutes.

NOTE to interviewers: notes in purple are for you, you do not need to translate

NOTE to interviewers: Most of the questionnaires will in principle be completed over the phone but a copy of the questionnaire will be sent for completion by the co-operative if so requested.

NOTE to interviewers: **Contact details** to be confirmed relative to response to the general survey to co-operatives previously completed

NOTE to interviewers: **Background information on the co-operative** to be confirmed relative to response to previous questionnaire

Additional information on co-operative members		
NACE code(s) of members (ask respondent to describe sector, then interviewer fills in NACE code)		<input type="checkbox"/>
Please estimate the number of members that are		
Individual members (non-enterprise)		<input type="checkbox"/>
Small enterprise members according to number of workers		
	1 to 4	<input type="checkbox"/>
	5 to 9	<input type="checkbox"/>
	10 to 19	<input type="checkbox"/>
	20 to 49	<input type="checkbox"/>
	50 or more	<input type="checkbox"/>

Form in which services are provided to members					
With respect to each type of service provided could you specify the form in which services are offered?					
NOTE to interviewers: ask only about the services that you know that they offer from previous information – this comment is valid for all questions					
	Directly, by personnel employed for this purpose by the group	Through training programmes	Through electronic platforms	Through publications (non-electronic)	Through regular events (e.g. conferences/presentations)
Accounting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Degree of involvement (1)

Please describe the degree of involvement with respect to provision of services

NOTE to interviewers: please be aware that not all questions make sense for all services. So, please, use a bit of judgement before asking something that just cannot be. Example, a radio-taxi co-operative does not do any on-site services (meaning sitting in the taxi with the members...) rather, the booking service is done remotely or off-site (off-site in relation to where the members are doing their production)

NOTE to interviewers: the exact same comment applies to most if not all of the questions in this questionnaire – for some services you can just tick the right cell and confirm with the respondent that that is the case.

	Business services are provided by group staff visiting the premises of the members using the service (on-site)	Business services are provided by group staff working as part of the businesses of the members using the service (seconded)	Business services are provided remotely, i.e. from the co-operative's own premises (off-site)
Accounting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Degree of involvement (2)			
Please describe the degree of involvement with respect to tailoring of services			
	Our business services are tailored to the specific circumstances of the member using the service	Our business services are off-the-shelf solutions	We offer both tailored and off-the-shelf solutions
Accounting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

What is the degree of knowledge transfer involved in the group's provision of business services?	
Service is focused on training members in the methods necessary to perform the required business services	<input type="checkbox"/>
Service is focused on providing solutions to members' particular needs as they arise	<input type="checkbox"/>

How are services marketed?		
Please say how are services marketed to members		
	Actively, e.g. through regular advertisements in the group's publications, mailings etc.	Passively, i.e. only upon request by your members
Accounting	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>

What drives the supply of services?			
What, in your assessment drives the decision to offer particular services?			
	Services created in response to demand	Services created without prior assessment of demand	Other (please specify)
Accounting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Duration of support services			
With respect to each type of service provided could you specify the duration of the support provided, according to the following categories?			
	Business services are provided on a one-off basis	Business services are provided on an ongoing basis	Follow-up/review services are offered after the provision of business services to members has ended
Accounting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain further the nature of your follow-up of services provided. Do you monitor performance and do you revise the services you provide if appropriate?

--

Main objectives of services provided to members

With respect to each type of service provided could you specify the main objectives of the services offered?

	Competitiveness of business	Viability of business	Combat social exclusion, provide employment, etc	Other (please specify)
Accounting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Are there particular reasons why you offer these services as a co-operative rather than another legal form of enterprise?

--

Funding of services provided to members					
With respect to each type of service provided could you specify the type of funding sources of the services offered?					
	The co-operative is wholly funded by members	The co-operative receives funding from outside sources	The co-operative receives funding from outside sources but only training courses are subsidised	Members pay only for the services they use	Members pay membership fees and for services used
Accounting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fraction of members that use services provided	
With respect to each type of service provided could you estimate the percentage of your members that uses the services offered?	
Accounting	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>
Sales	<input type="checkbox"/>
Marketing	<input type="checkbox"/>
Public relations	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>
Training	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

If only a small fraction of members use the services offered, please explain why do you think that is?

What could you do for take up of services to increase?

What additional services would you like to be able to offer?
With respect to each category of service considered here or any other that you have considered, which services do you currently not offer to members but would like to be able to

offer in the future?	
Accounting	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>
Sales	<input type="checkbox"/>
Marketing	<input type="checkbox"/>
Public relations	<input type="checkbox"/>
Financing/funding	<input type="checkbox"/>
Training	<input type="checkbox"/>
Business advice and consultancy services	<input type="checkbox"/>
Production intermediation	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

**Please send back the completed questionnaire by e-mail to co-operatives@londecon.co.uk or by regular mail to London Economics,
11-15 Betterton Street, London, WC2H 9BP, United Kingdom**

Annex 5 Additional results of extended survey of 230 co-operatives

Table 78: First Stage Questionnaire: number of Co-operatives that provide certain services to their members

Country	Accounting	Purchasing	Sales	Marketing	PR	Financing and Funding	Training	Business Advice and Consultancy	Production Intermediation
Estonia	5	0	1	0	0	4	2	7	2
Greece	5	18	14	10	6	3	11	14	0
Spain	56	67	13	12	7	8	24	32	0
France	17	134	169	31	40	13	51	42	0
Italy	72	75	25	22	23	34	24	33	88
Cyprus	0	3	3	1	0	0	1	1	1
Luxembourg	0	0	0	0	0	1	0	1	0
Hungary	0	0	0	0	0	1	0	0	0
Austria	5	17	13	18	18	5	16	13	1
The Netherlands	64	112	97	106	98	29	43	65	0
Poland	18	14	19	17	4	11	16	10	0
Portugal	5	22	10	9	8	4	16	3	16
Finland	86	44	38	75	1	11	45	23	21
Sweden	33	49	54	91	72	26	74	60	0
United Kingdom	3	9	18	28	15	5	17	7	0
Croatia	16	28	16	22	16	17	2	5	28
Turkey	7	0	0	0	1	119	37	13	0
Iceland	0	0	3	3	2	0	0	2	0
Slovak Republic	0	1	1	2	2	0	3	2	2
Slovenia	4	7	9	5	0	5	3	3	0
Germany	7	53	43	61	20	16	18	34	1

Source: London Economics' survey of co-operatives

Table 79: Delivery of services: % of co-operatives providing the service at their own premises

Country	Accounting	Purchasing	Sales	Marketing	PR	Financing and Funding	Training	Business Advice and Consultancy	Production Intermediation
Estonia	100%	-	-	-	-	100%	-	57%	-
Greece	75%	93%	87.5%	80%	40%	100%	70%	64%	-
Spain	80%	87.5%	86%	83%	100%	80%	67%	86%	100%
France	100%	40%	28%	33%	50%	100%	44%	50%	-
Italy	94%	80%	100%	100%	100%	100%	75%	75%	87%
Cyprus	-	100%	100%	-	-	-	100%	100%	-
Hungary	-	-	-	-	-	100%	-	-	-
Austria	100%	100%	90%	100%	94.4%	100%	64.3%	83.3%	-
The Netherlands	100%	100%	100%	81.8%	100%	100%	57.1%	100%	100%
Poland	89%	89%	100%	100%	100%	100%	100%	100%	100%
Portugal	100%	100%	100%	100%	100%	100%	100%	100%	100%
Finland	53%	100%	100%	100%	-	-	37%	100%	-
Sweden	100%	100%	90%	88%	100%	50%	83%	70%	-
United Kingdom	100%	75%	77%	79%	75%	67%	40%	50%	-
Croatia	100%	50%	67%	67%	60%	80%	50%	50%	60%
Iceland	-	100%	100%	67%	-	-	-	67%	-
Slovak Republic	-	33%	100%	67%	67%	-	100%	67%	-
Slovenia	100%	71%	78%	100%	-	100%	100%	100%	-
Turkey	100%	-	-	100%	100%	86%	67%	-	-
Germany	100%	30%	28%	60%	30%	40%	70%	60%	0%

Note: Percentages are calculated as the ratio of co-operatives providing a given service at their own premises out of the total number of co-operatives actually providing the service.

Source: London Economics' survey of co-operatives

Table 80: Type of services: % of co-operatives providing standardized services to their members

Country	Accounting	Purchasing	Sales	Marketing	PR	Financing and Funding	Training	Business Advice and Consultancy	Production Intermediation
Estonia	100%	-	-	-	-	100%	-	100%	-
Greece	25%	93%	14%	44%	17%	100%	20%	33%	-
Spain	60%	75%	57%	83%	100%	20%	67%	29%	67%
France	100%	100%	100%	0%	0%	100%	75%	0%	-
Italy	93%	70%	0%	67%	33%	64%	57%	22%	86%
Cyprus	-	100%	100%	-	-	-	100%	100%	-
Hungary	-	-	-	-	-	100%	-	-	-
Austria	0%	71%	70%	78%	57%	100%	29%	33%	0%
The Netherlands	66.7%	50%	0%	77.8%	50%	0%	14.3%	0%	0%
Poland	44%	11%	22%	43%	100%	50%	67%	0%	11%
Portugal	100%	100%	100%	100%	100%	67%	100%	100%	100%
Finland	100%	100%	100%	50%	-	-	36%	0%	-
Sweden	100%	100%	50%	13%	17%	50%	0%	0%	-
United Kingdom	100%	75%	85%	93%	75%	33%	100%	0%	-
Croatia	100%	25%	33%	50%	60%	0%	50%	0%	17%
Iceland	-	-	67%	67%	100%	-	-	50%	-
Slovak Republic	-	100%	100%	100%	100%	-	100%	100%	-
Slovenia	67%	64%	67%	40%	-	40%	67%	16%	0%
Turkey	75%	-	-	50%	50%	64%	100%	-	-
Germany	100%	100%	100%	100%	100%	100%	100%	100%	71%

Note: Percentages are calculated as the ratio of co-operatives providing a given service in a standardized way out of the total number of co-operatives actually providing the service

Source: *London Economics' survey of co-operatives*

Table 81: Marketing of services: % of co-operatives actively marketing certain services in respect to their members

Country	Accounting	Purchasing	Sales	Marketing	PR	Financing and Funding	Training	Business Advice and Consultancy	Production Intermediation
Estonia	100%	-	-	-	-	67%	-	50%	-
Greece	50%	100%	100%	80%	100%	50%	100%	58%	-
Spain	83%	89%	86%	86%	100%	80%	86%	71%	100%
France	100%	90%	100%	100%	100%	100%	100%	83.3%	-
Italy	32%	0%	0%	50%	-	0%	80%	0%	0%
Cyprus	-	100%	100%	-	-	-	100%	100%	-
Hungary	-	-	-	-	-	100%	-	-	-
Austria	-	75%	50%	71%	75%	100%	60%	67%	50%
The Netherlands	33.3%	41.7%	100%	50%	25%	50%	57.1%	25%	100%
Poland	78%	67%	78%	57%	100%	63%	78%	71%	89%
Portugal	80%	60%	67%	75%	100%	100%	100%	100%	100%
Finland	0%	0%	0%	20%	-	-	86%	0%	-
Sweden	100%	0%	100%	100%	100%	0%	67%	80%	-
United Kingdom	0%	75%	85%	79%	75%	33%	100%	100%	-
Croatia	100%	50%	33%	50%	60%	20%	50%	50%	50%
Iceland	-	-	100%	100%	100%	-	-	100%	-
Slovak Republic	-	0%	67%	50%	50%	-	67%	50%	-
Slovenia	75%	71%	89%	60%	-	40%	67%	50%	100%
Turkey	25%	-	-	50%	50%	14%	0%	-	-
Germany	30%	100%	100%	100%	100%	70%	89%	80%	86%

Note: Percentages are calculated as the ratio of co-operatives actively marketing a given service out of the total number of co-operatives actually providing the service

Source: London Economics' survey of co-operatives

Table 82: Main reason behind the provision of services (% of interviewed co-operatives)			
Country	Services introduced after members' demand	Services introduced without prior demand	Others (historical, social or political factors)
Estonia	100%	0%	0%
Greece	87%	13%	0%
Spain	39%	50%	11%
France	100%	0%	47%
Italy	57%	89%	39%
Cyprus	100%	0%	0%
Hungary	100%	0%	0%
Austria	50%	30%	20%
The Netherlands	77.8%	22.2%	0%
Poland	89%	11%	11%
Portugal	74%	26%	0%
Finland	38%	49%	13%
Sweden	25%	25%	20%
United Kingdom	93%	7%	7%
Croatia	33%	67%	0%
Iceland	67%	33%	0%
Slovak Republic	67%	33%	0%
Slovenia	72%	14%	14%
Turkey	86%	100%	39%
Germany	100%	90%	0%

Note: Percentages refer to the number of co-operatives mentioning a specific reason divided by the total number of members of co-operatives interviewed. Occasionally the sum per country might be greater than 100%, indicating that the co-operatives have invoked more than one factor (e.g. France, Italy, etc.).

Source: *London Economics' survey of co-operatives*

Table 83: Objective of provided services (% of interviewed co-operatives)			
Country	Foster competitiveness of members	Preserve viability of members' business	Combat social exclusion and unemployment
Estonia	33%	100%	0%
Greece	77%	13%	10%
Spain	78%	22%	0%
France	60%	47%	7%
Italy*	86%	68%	14%
Cyprus	67%	67%	0%
Hungary	100%	0%	0%
Austria	52%	39%	9%
The Netherlands	100%	0%	0%
Poland	22%	100%	56%
Portugal	81%	11%	8%
Finland	46%	83%	25%
Sweden	75%	65%	20%
United Kingdom	60%	67%	13%
Croatia	67%	50%	33%
Iceland	100%	67%	33%
Slovak Republic	100%	0%	0%
Slovenia	73%	36%	0%
Turkey	100%	100%	28%
Germany	100%	20%	0%

Note: Percentages refer to the number of co-operatives mentioning a specific objective divided by the total number of members of co-operatives interviewed. Occasionally the sum per country might be lower or higher than 100%, indicating that the co-operatives have either not responded (Estonia) or invoked more than one objective (e.g. France, Italy, etc.)

* = The service of "production intermediation" (i.e. work distribution) is the reason of being for most co-operatives rather than a service strictly speaking (therefore it preserves the viability of members' business). All other services are normally provided to foster competitiveness of members

Source: London Economics' survey of co-operatives

Annex 6 Questionnaire used in survey of SME and craft members of co-operatives

Thank you for agreeing to take part on the survey of 2,000 members of European co-operative groups.

The purpose of this survey is to inform the European Commission on the quality and impact of support services offered to crafts and small enterprises by co-operative groups based in Europe, and to help identify best practices.

If you can, we would be grateful that you complete this survey online at www.londecon.co.uk/le/coops/index.html

Name of the co-operative of which you are member:	<input type="text"/>
Member since	<input type="text"/>
You/your enterprise main activity:	<input type="text"/>
Country:	<input type="text"/>

1. Being a member of a co-operative has helped you/your business...

Please rate 1 to 5 according to the following:				
1	2	3	4	5
Not at all	Very little	Moderately	A good deal	A great deal

a) ... to increase your volume of business (i.e. sales, access to markets, etc)

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

b) ... to increase the stability and predictability of your business

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

c) ... to decrease your costs

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

d) ... to improve your credit rating

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

e) ... to increase your profits

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

f) ... in the development/upgrading of skills/technical capabilities

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

g) ... compete with similar businesses

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

2. Of the services offered by the co-operative of which you are member,

a) the most helpful to you/your business are

b) and the least helpful to you/your business are

3. Preferred services have been offered since:

4. Can you think of other services you would like your co-operative to be able to offer?

5. With respect to those services which you have used most, please rate the following:

Please rate 1 to 5 according to the following:				
1	2	3	4	5
Poor	Mediocre	Fair	Good	Excellent

a) Service provision overall

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

b) Services' method of delivery

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

c) Value of services relative to total fees paid to co-operative

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

d) How services are tailored to your needs

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

e) How the co-operative keeps you informed about available services

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ n.a.

6. Please, could you give us some background information on your business?

Information is treated confidentially. Please provide as much detail as possible, but any available information is of great help to our research. Please provide monetary values in units of your country's currency

a) Number of persons employed	2002	2003	2004	2005
(including part-time and self-employed)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

b) Turnover	2002	2003	2004	2005
(i.e. total value of sales)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

c) Gross profit ratio	2002	2003	2004	2005
(i.e. sales minus costs divided by sales) (in percentage)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

d) Balance sheet total	2002	2003	2004	2005
(i.e. total value of assets)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Many thanks for your help.

Please send back the completed questionnaire to London Economics,

11-15 Betterton Street, London, WC2H 9BP, United Kingdom

or by fax to 00 44 207 866 8186, or by e-mail to drakitzis@londecon.co.uk

Annex 7 Detailed of results of the survey of SME and crafts members of co-operatives providing business services

In this annex, we provide in graphical form more detailed information about the responses to some of the questions in the questionnaire of the survey run by London Economics.

But, first we present tables detailing some additional country and sector breakdowns of the information presented in Chapter 5.

Table 84: Members' questionnaire - year of joining co-operative by country						
	pre-1940	1940-1959	1960-1979	1980-1989	1990-1999	post-1999
Austria	1%	1%	16%	20%	31%	32%
Croatia	0%	0%	1%	6%	61%	32%
Cyprus	0%	0%	10%	31%	28%	31%
Estonia*	0%	0%	0%	0%	33%	67%
Finland	0%	1%	9%	18%	24%	49%
France	0%	0%	4%	16%	40%	39%
Germany	1%	2%	15%	14%	31%	36%
Greece	0%	0%	0%	7%	72%	21%
Iceland*	0%	0%	0%	0%	0%	100%
Italy	1%	2%	11%	28%	37%	21%
Netherlands	0%	1%	17%	23%	39%	20%
Poland	0%	1%	30%	42%	18%	8%
Portugal	0%	0%	7%	16%	47%	30%
Slovenia*	0%	0%	100%	0%	0%	0%
Spain	0%	2%	18%	21%	28%	31%
Sweden	0%	1%	6%	8%	28%	57%
Turkey	0%	0%	5%	8%	38%	48%
UK	0%	0%	5%	7%	27%	62%
Total	0%	1%	11%	18%	35%	35%

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

Table 85: Members' questionnaire – rating of the value of co-operative membership by country (mean rating)								
	Business volume	Stability	Costs	Credit Rating	Profits	Skills dev't	Competitiveness	Mean
Austria	3.6	3.3	3.4	3.0	3.5	3.1	3.7	3.4
Croatia	3.5	3.5	3.3	3.4	3.5	4.0	3.5	3.5
Cyprus	4.6	4.5	4.3	4.3	4.5	4.5	4.4	4.4
Estonia*	4.7	4.7	4.0	5.0	5.0	4.3	4.7	4.5
Finland	3.4	3.3	3.1	2.8	3.2	2.8	3.3	3.1
France	3.6	3.5	3.3	2.9	3.4	3.3	3.7	3.4
Germany	3.7	3.6	3.3	3.1	3.6	3.1	3.7	3.5
Greece	4.1	4.1	3.5	3.7	4.0	3.7	4.2	3.9
Iceland*	4.0	4.0	3.0	4.0	4.3	2.3	4.0	3.6
Italy	4.0	3.8	3.6	3.4	3.6	3.8	4.0	3.7
Netherlands	3.5	3.3	3.4	2.7	3.4	3.1	3.5	3.3
Poland	2.9	2.6	2.3	2.8	2.4	2.7	2.3	2.6
Portugal	3.8	3.8	3.7	3.5	3.7	3.6	3.3	3.6
Slovenia*	3.0	1.0	3.0	3.0	2.0	2.0	3.0	2.4
Spain	3.1	3.1	2.9	3.3	2.8	3.3	3.1	3.1
Sweden	3.0	2.9	2.2	1.8	2.6	2.9	2.8	2.6
Turkey	3.7	3.7	3.9	4.0	3.6	3.2	3.7	3.6
UK	3.3	2.9	2.0	2.0	3.0	2.1	3.3	2.7
Total	3.6	3.5	3.3	3.2	3.4	3.4	3.6	3.4

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

Table 86: Members' questionnaire – rating of the value of co-operative membership by sector (mean rating)								
	Business volume	Stability	Costs	Credit Rating	Profits	Skills dev't	Competitiveness	Mean
Manufacturing	3.1	2.9	2.5	2.4	2.8	2.9	3.0	2.8
Construction	3.1	3.1	2.7	3.0	3.0	3.2	3.0	3.0
Wholesale and retail	3.6	3.5	3.4	3.2	3.4	3.3	3.7	3.5
Hotels and restaurants	3.6	3.2	2.1	2.2	3.0	3.2	3.4	3.0
Transport	3.3	3.3	2.9	2.8	3.2	3.3	3.3	3.2
Business activities	2.9	2.9	2.1	2.2	2.4	2.8	2.4	2.5
Education*	2.8	3.4	2.6	2.5	2.2	2.0	2.2	2.5
Health*	3.5	3.2	2.8	2.5	3.2	3.8	4.3	3.3
Other Community activities	4.5	4.4	4.2	4.1	4.3	4.4	4.3	4.3
Other*	2.9	3.0	1.4	2.0	2.2	2.8	2.0	2.5
Total	3.6	3.5	3.3	3.2	3.4	3.4	3.6	3.4

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

Table 87: Members' questionnaire - rating of co-operatives' service provision by country (mean rating)						
	Overall service provision	Method of delivery	Value for money	Tailoring of services	Information availability	Mean
Austria	4.0	3.9	3.6	3.3	4.3	3.8
Croatia	3.6	3.6	3.6	3.6	4.2	3.7
Cyprus	4.3	4.3	4.5	4.5	4.3	4.4
Estonia*	4.7	4.7	4.3	4.7	4.7	4.6
Finland	3.7	3.6	3.8	3.5	3.7	3.7
France	3.8	3.7	3.7	3.8	4.0	3.8
Germany	3.8	3.8	3.7	3.3	4.0	3.7
Greece	4.1	4.0	4.1	3.6	4.0	3.9
Iceland*	3.0	3.0	4.0	3.5	3.3	3.6
Italy	3.9	3.8	3.5	3.6	4.1	3.8
Netherlands	4.0	3.9	3.5	3.5	4.2	3.8
Poland	4.0	4.1	3.7	4.0	4.2	4.0
Portugal	3.9	3.9	3.8	4.0	3.9	3.9
Slovenia*	3.0	3.0	4.0	2.0	2.0	2.8
Spain	3.8	3.7	3.5	3.7	4.4	3.8
Sweden	3.5	3.5	3.7	3.1	3.9	3.5
Turkey	3.8	3.8	3.5	3.4	3.6	3.6
UK	3.5	3.3	3.4	2.9	3.6	3.4
Total	3.8	3.8	3.7	3.6	4.1	3.8

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

Table 88: Members' questionnaire - rating of co-operatives' service provision by sector (mean rating)						
	Overall service provision	Method of delivery	Value for money	Tailoring of services	Information availability	Mean
Manufacturing	3.6	3.6	3.5	3.4	3.9	3.6
Construction	3.8	3.8	3.7	3.7	4.2	3.8
Wholesale and retail	3.8	3.7	3.7	3.6	4.1	3.8
Hotels and restaurants	3.9	3.7	3.5	2.9	4.0	3.6
Transport	3.6	3.5	3.5	3.4	3.5	3.5
Business activities	3.5	3.6	3.6	3.2	4.0	3.5
Education*	3.2	3.4	4.0	2.6	3.4	3.3
Health*	3.7	4.0	4.2	3.7	4.3	4.0
Other Community activities	4.2	4.3	4.5	4.4	4.3	4.3
Other*	3.5	3.4	4.4	3.1	3.7	3.6
Total	3.8	3.8	3.7	3.6	4.1	3.8

* Contains fewer than ten survey responses, and so should be treated with caution.

Source: London Economics' survey of co-operative members.

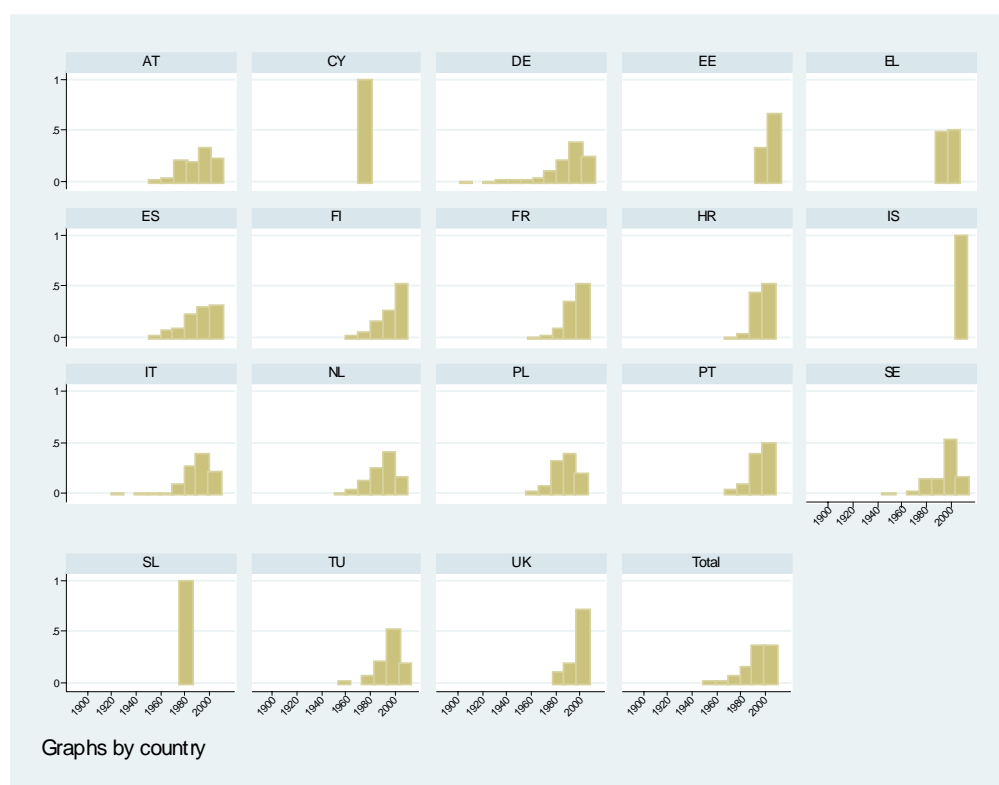
Figure 60: Business/craft has been a member of the co-operative since...



Source: London Economics' survey of co-operative members

As the figures above indicate, the concept of organised co-operative movement in some countries has been very recent. For example, in Greece, Estonia, Croatia, Turkey, Iceland and the United Kingdom, the businesses we interviewed started grouping into co-operatives/joining existing co-operatives in the 1980s or afterwards. We have noted very high numbers of members who became part of a co-operative especially after 1990 in all countries apart from Austria, Poland and the Netherlands. In bulk terms, around 70% of the member-SMEs we interviewed became part of a co-operative after 1990. Finally, in a small number of cases we encountered members who had been part of a co-operative since the early years or middle of the 20th century, as in France, Finland, Sweden and Spain.

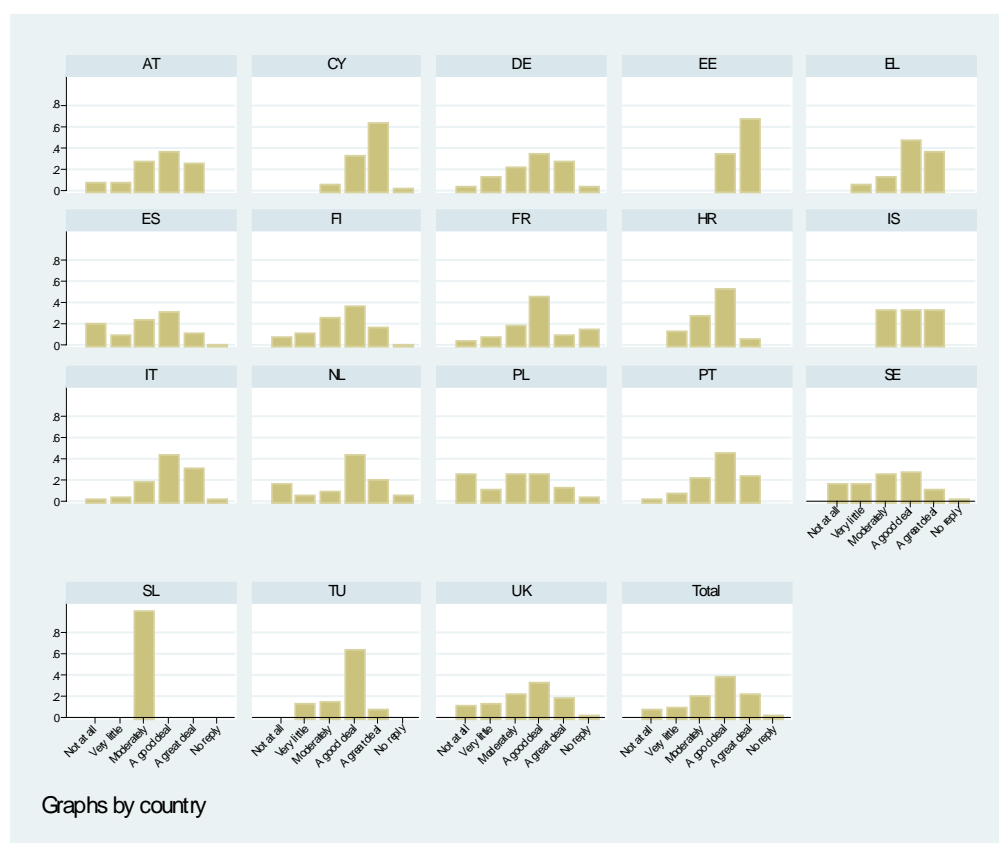
Figure 61: Preferred services have been offered since...



Source: London Economics' survey of co-operative members

In Finland, Greece, Germany, Estonia, Italy, Croatia, Portugal, Sweden, France and the United Kingdom, preferred services started being offered in the current or previous decade. In Poland, Spain the Netherlands and Austria, preferred services have been offered earlier. In total, an approximate 80% of the interviewed members have been receiving their preferred services since 1980 or later.

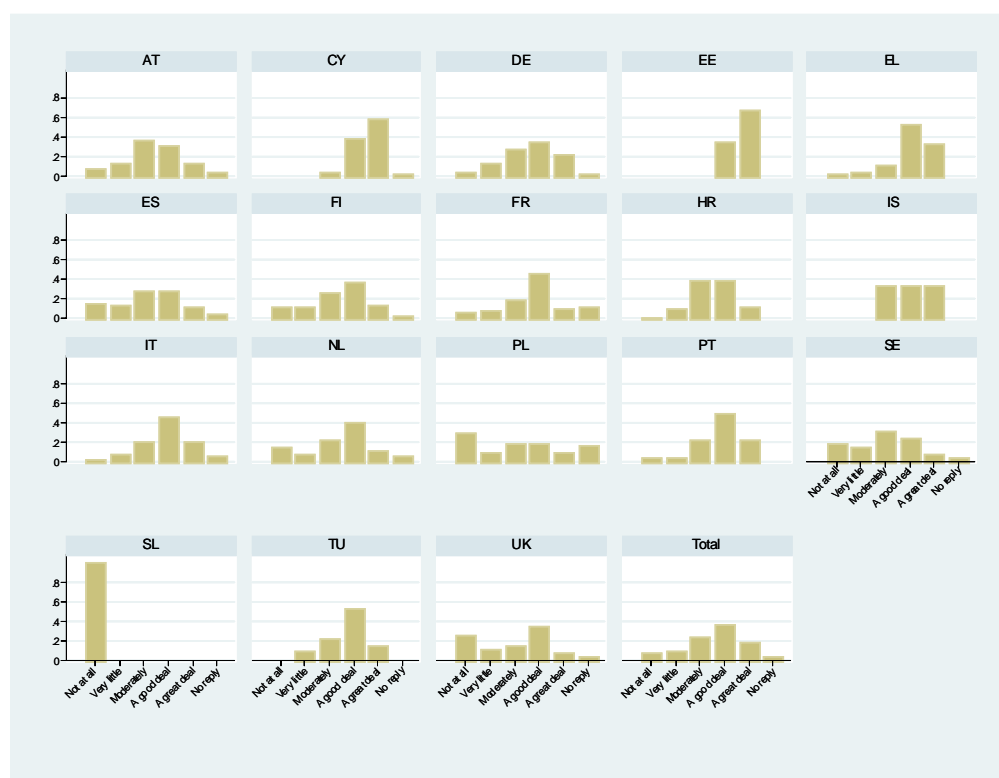
Figure 62: Rating of the contribution of membership on business volume increases



Source: London Economics' survey of co-operative members

The figures above depict the degree to which members believe that their membership has helped them to increase their volume of business. Under the term "increase in volume of business", we include the possibilities of increase in sales, expansion to other, new markets, attraction of a larger share of customers, etc. From the interviews we carried out, we observed that most members (around 40% on average) believe that their membership has helped their business grow to a considerable extent. About half this amount of members goes even further, arguing that the contribution of the co-operative in this sense was very significant. In more detail, we have observed the highest relevant ratings in Cyprus and Estonia, where they reached beyond 60%. The results in countries such as Italy, Greece, Sweden, Germany, France, Austria and the Netherlands also pointed out a positive impact on members' business volumes but to a lesser extent. The lowest ratings were recorded in Poland and Spain, where a considerable proportion of interviewees considered their membership as irrelevant to their business volume growth.

Figure 63: Rating of the contribution of membership as to achieving greater stability in business



Source: London Economics' survey of co-operative members

This question aimed to find out whether the members hold their co-operative membership as an important element for increased stability and predictability in their business practices. In total, the overall share of members who recognised a considerable or significant correlation stands a little below 60%. In particular, we recorded relatively high significance of co-operative membership in Cyprus, Greece, Italy and Portugal. On the other side, members who did not quite believe that membership helped them increase business stability originated from countries such as Poland, Slovenia and the United Kingdom.

Figure 64: Rating of the contribution of membership on cost decreases



Source: London Economics' survey of co-operative members

The services that co-operative groups provide can sometimes aim to decrease the operational and general cost of members' businesses, e.g. in the case of central purchasing of stock. In this question, the core tendency we observed was less pronounced than in the case of the previous questions. Around 50% of the total sample rather believes that their membership in a co-operative has helped them to decrease their costs a good or a great deal. If we break it down on a country-by-country basis, we observe that members in 8 countries (as the graph above indicates) noted at substantial rates a positive correlation between co-operative membership and decrease in costs, namely Cyprus, Estonia, Portugal, Greece, the Netherlands, Turkey, Finland and Italy. On the other hand, in the United Kingdom, 55% of survey respondents claimed that the services provided by the co-operative did not help them to decrease their business's costs. Sweden and Poland also show considerably high rates of membership not affecting profitability, with 40% and 30% respectively.

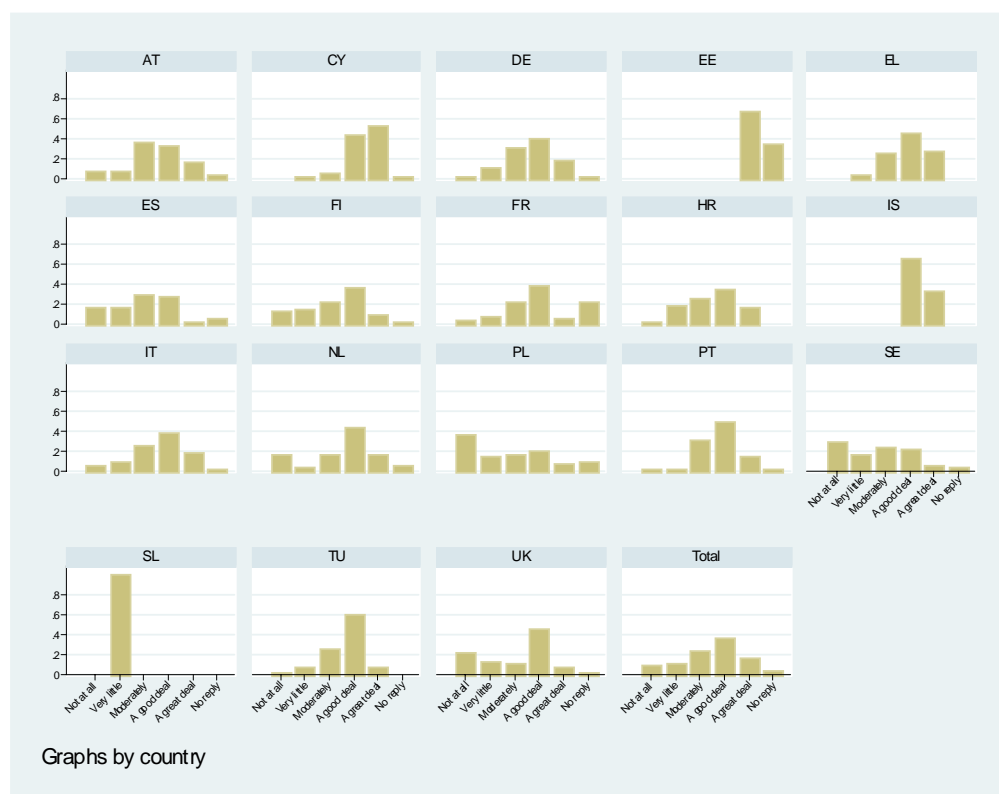
Figure 65: Rating of the contribution of membership towards achieving higher credit ratings



Source: London Economics' survey of co-operative members

It is often possible that the co-operative's intermediation can improve the credit and/or financial rating of a member, with respect to either suppliers or banks. In this question, it is not possible to draw a clear conclusion as to what impact this service has had on their credit ratings. The average of all given replies in our sample tends to fluctuate between 15 and 18%, a fact which does not allow for the identification of clear tendencies. Our results show that around 30% of our sample believes that their co-operative has helped them a good deal in improving their credit rating. Focusing our analysis on a country-by-country level, we can observe a high rate of negative assessment in Poland, the Netherlands, Finland and France. Substantial levels of non-replies were encountered in Austria, Sweden, Poland, Italy and the United Kingdom. In most of the cases, the co-operative's intermediation (or just the name) was not considered as being important for the improvement of credit ratings, often because businesses had already good credit rating on their own. The opposite is observed in Mediterranean countries such as Portugal, Greece, Spain, Croatia and Cyprus. Here, we note that a significant proportion of members believe that the co-operative's involvement (sometimes as a guarantor too) in their credit-related transactions had improved their ability to receive credit. Turkey makes a notable exception in this table, in that all respondent said that this question does not apply to them, due to the fact that credit ratings are not needed for members in financial co-operatives in Turkey and also, because the rest of co-operatives do not provide the particular service.

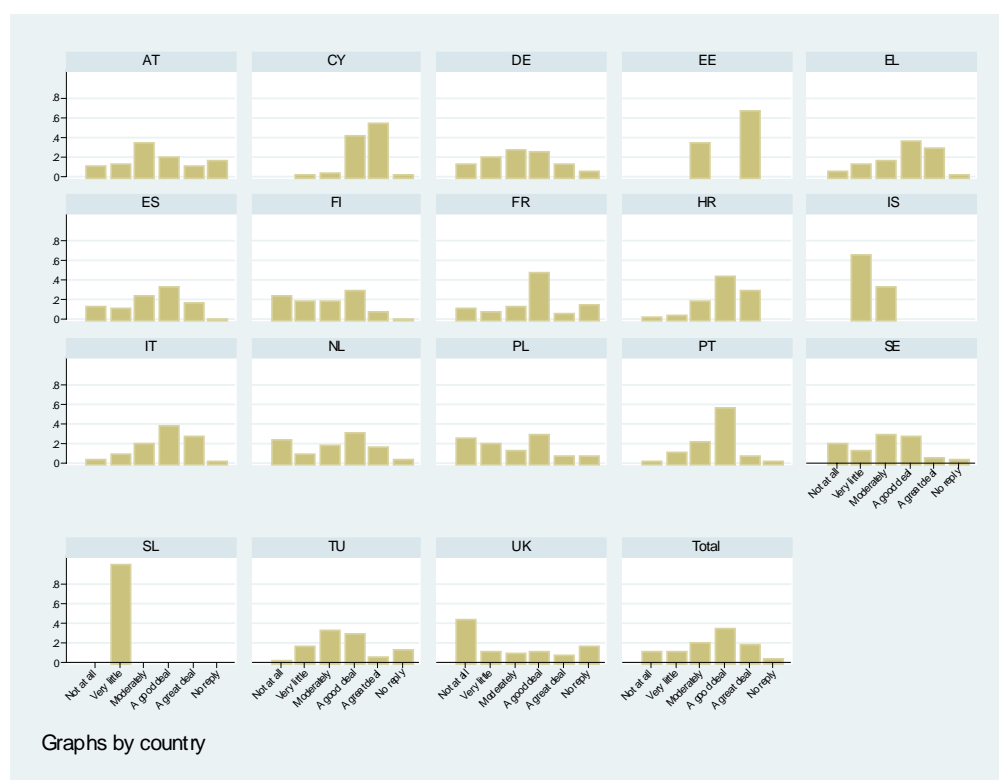
Figure 66: Rating of the contribution of membership as to the increase of profits



Source: London Economics' survey of co-operative members

In respect to the increase of profitability, membership in a co-operative seems to play a significant role. On average, more than 50% of our sample stated that the service provision from the co-operative has helped them to a good or to a great extent to increase their profits. Individual countries where this positive correlation was observed were in Italy, Cyprus, Croatia, Austria and the Netherlands, sometimes amounting for more than 60%, as in Portugal, Italy, Turkey and Greece. At the other end, a little less than 40% of Polish members we interviewed said that their membership with the co-operatives did not have any effect on their ability to make profits.

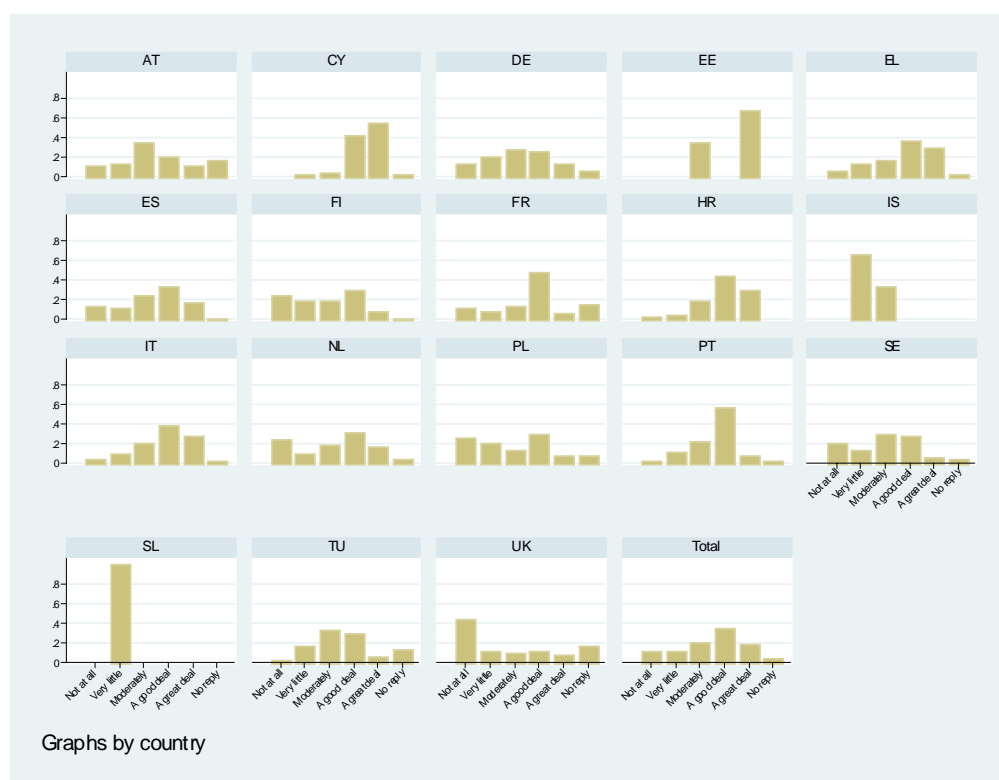
Figure 67: Rating of the contribution of membership on the expansion of technical skills and knowledge



Source: London Economics' survey of co-operative members

We found out during the course of our survey that many co-operatives provide education, workshops, seminars and other forms of training services. In our interviews, the notion that co-operatives contribute significantly to their members' expansion of skills was confirmed in more than half the cases on average. In particular, we were able to identify a high importance of the co-operatives' role as to the training of members in Cyprus, Croatia, Greece, Portugal, Estonia, France and Italy. Many members from Poland and the United Kingdom on the other hand, rather seem not to support this hypothesis, as they both comprised the highest percentages of responses for 'Not at all', stating that co-operatives do not assist them essentially with training services to develop their technical capabilities and knowledge.

Figure 68: Rating of the contribution of membership on the ability to compete with similar businesses



Source: London Economics' survey of co-operative members

This question (which also reflects straight the title of this study) provided us with a first-hand insight of how co-operative members in 15 countries across Europe evaluate the impact of their membership on their competitiveness in the market. In many sectors (as electronics, retail food and other stores) competition is rising sharply due to the expansion of large firms. On average, an aggregate percentage of a little less than 60% of the interviewed members believe that their membership in a co-operative has contributed in making them more able to compete with firms in their sectors. Individually, the most positive replies came from Cyprus, Greece and Italy (around or more than 80%), Croatia, France, Germany, Austria, the Netherlands and Portugal (around 60-70%). On the other side, Turkey holds the highest rate of negative replies, with slightly more than 40% of interviewed members suggesting that co-operative membership has not affected their competitiveness.

Figure 69: Rating of service provision overall



Source: London Economics' survey of co-operative members

Here, we asked members to assess their satisfaction from the overall provision of services provided by their co-operative groups. Speaking in general terms, we observe relatively high levels of 'good' and 'excellent' ratings (amounting to a total of around 70%). On a country-by-country level, in countries such as Estonia, Turkey, Austria, Greece, Spain, Italy, France, Germany and Portugal we encountered very positive rating levels from members for the service provision, reaching sometimes well above 60 and 70% up to 90% (Cyprus). For this question, our findings do not allow us to draw a clear conclusion as to whether there are members who are unhappy with the service provision from their co-operatives as relatively few interviewees replied 'poor' or 'mediocre'.

Figure 70: Rating of the delivery method of services



Source: London Economics' survey of co-operative members

As regards the satisfaction of co-operatives' members about the delivery method of services, the findings are similar to those reported above. Overall, we observe a high proportion of 'good' and 'excellent' replies, which indicates that the vast majority of co-operative members across Europe are happy with the delivery method used by co-operatives to provide business services. At a more detailed level, our findings suggest relatively high levels of satisfaction from the current delivery methods of services in Cyprus, Estonia, Turkey, Spain, Poland, Greece, Germany, Italy, France and Portugal. Again, we observe (as in the last question) no high levels of 'poor' and 'mediocre' satisfaction on the part of the members.

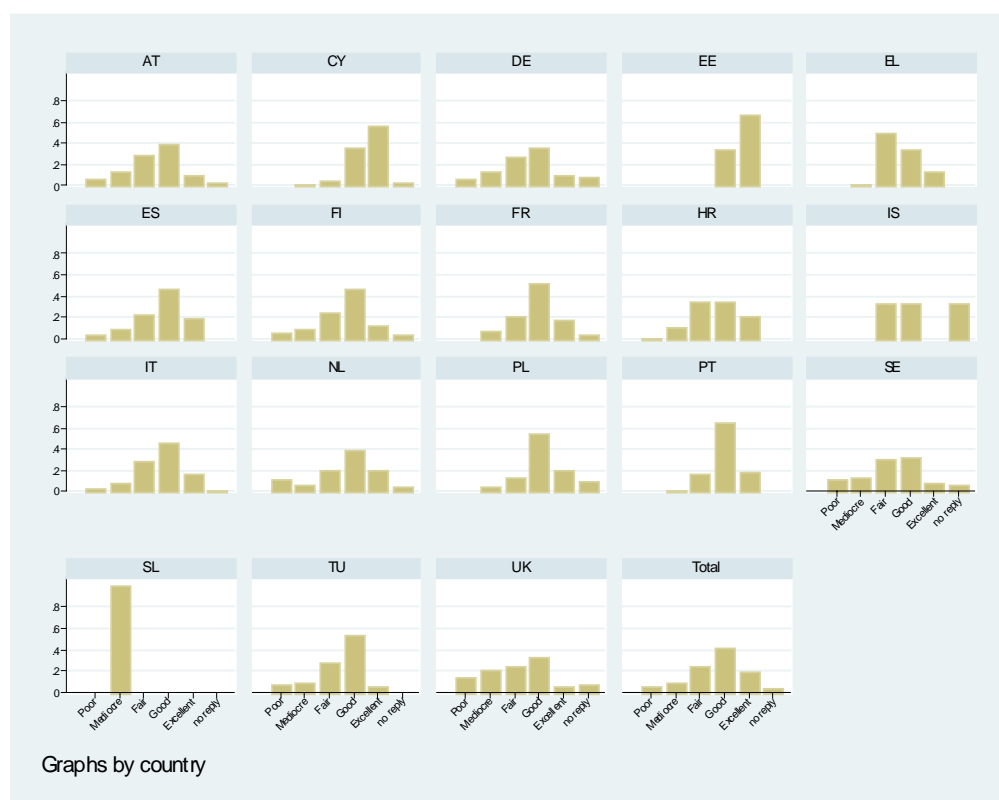
Figure 71: Rating of the value-for-money ratio of services



Source: London Economics' survey of co-operative members

Through this question, we sought to find out how satisfied members are with the services they receive, in direct comparison to the fees they pay to their co-operatives for these services. In other words, we tried to assess whether a good value-for-money ratio between the quality of services and the level of payable fees exists in general. On average, more than 58-60% of our total members' sample is either satisfied or very content with the value-for-money ratio of the services they receive. We observed the most positive replies in Greece, Cyprus and Estonia. In a wider array of countries, such as Italy, Portugal, France, Turkey, Spain and others, most replies indicated moderate or relative contentment with the current value of services-to-fees ratios.

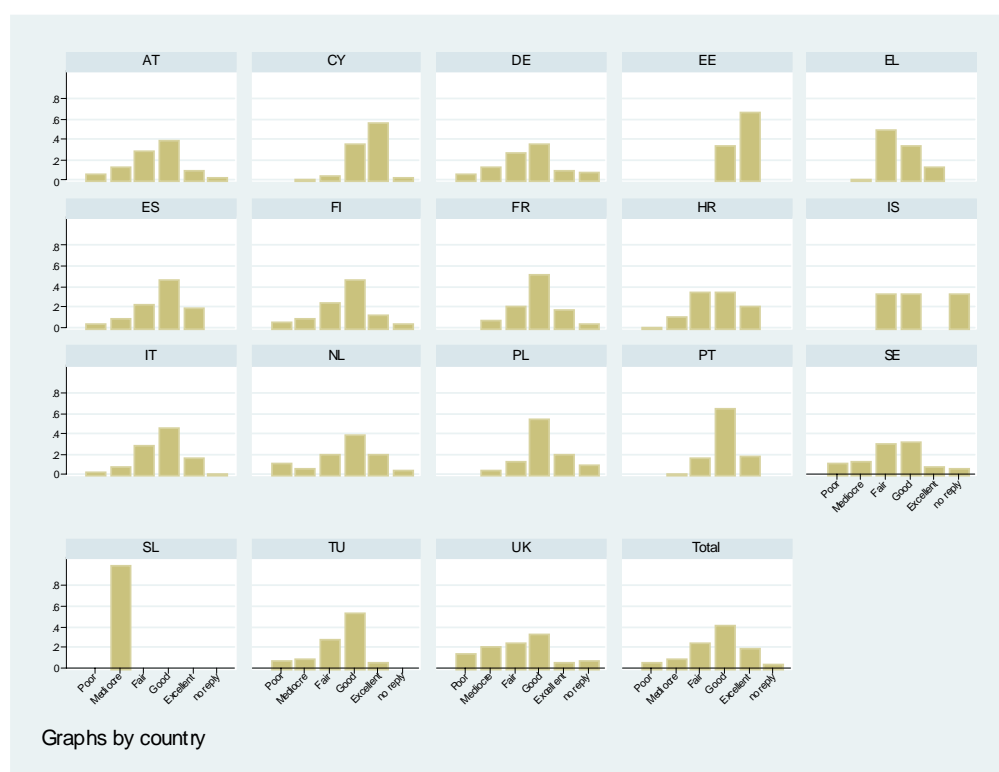
Figure 72: Rating of the degree to which services are tailored to the needs of members



Source: London Economics' survey of co-operative members

A tendency in the co-operative domain is the provision of tailored services to the members. In some co-operatives, the tendency for the provision of customised services is relatively high and in some others not very intense. Our sample showed relative satisfaction with respect to the level of tailoring of services, around 60% on average. Cyprus tops the list with around 90% of interviewed members being satisfied or very satisfied with the degree of customisation on the services they receive. In more detail, this rate was found to be similar in countries such as Spain, Finland and the Netherlands, but higher in countries such as Portugal, France, Turkey and Poland. For this question, our data do not allow us to draw robust conclusions about high levels 'poor' responses.

Figure 73: Rating of the extent to which the co-operative keeps members informed about available services



Source: London Economics' survey of co-operative members

Our last rating question regards the extent to which member are being informed by their co-operatives about the services available. This usually takes place through the dispatch of regular correspondence, emails, newsletters and with the use of electronic platforms. For the whole sample of respondents, we note a very high rate of members who are content with the level of information they receive. Members who opted for 'good' and 'excellent' account for close to 80% of the aggregate sample. The same rate was found to fluctuate around 90% in Cyprus. In general, we observed the highest percentages of members opting for 'excellent'. In countries such as Austria and Italy, the share of 'excellent' reaches close to or more than 50% of the total country replies. In other countries, such as Poland, Croatia, Turkey and the Netherlands, the proportions of 'good' and 'excellent' answers were also particularly high.

Annex 8 Detailed estimation results – members' views

Figure 74: Ordered logit model results by country - Question 1a

```
.          stepwise, pr(.1): ologit q1a dat dcy dee-duk if countrycheck~=1
                        begin with full model
p = 0.6207 >= 0.1000   removing dpt
p = 0.4214 >= 0.1000   removing dtu
p = 0.4635 >= 0.1000   removing dat
p = 0.4087 >= 0.1000   removing dnl
p = 0.1171 >= 0.1000   removing dfr
```

Ordered logistic regression

Number of obs	=	3531
LR chi2(9)	=	644.71
Prob > chi2	=	0.0000
Pseudo R2	=	0.0630

Log likelihood = -4791.1173

q1a	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
dse	-1.066536	.117052	-9.11	0.000	-1.295953 - .8371179
dcy	1.912231	.1173982	16.29	0.000	1.682135 2.142327
del	.8400437	.2467751	3.40	0.001	.3563734 1.323714
des	-.8849906	.0998803	-8.86	0.000	-1.080752 -.6892287
dfi	-.3790302	.1405293	-2.70	0.007	-.6544624 -.1035979
dpl	-1.205918	.2311476	-5.22	0.000	-1.658959 -.7528773
dhr	-.3594766	.1038505	-3.46	0.001	-.5630199 -.1559333
dit	.5808608	.1167389	4.98	0.000	.3520567 .8096649
duk	-.4881131	.2500109	-1.95	0.051	-.9781256 .0018993
/cut1	-2.742581	.0781645			-2.89578 -2.589381
/cut2	-1.809908	.0630378			-1.93346 -1.686356
/cut3	-.6135299	.0541899			-.7197402 -.5073196
/cut4	1.334684	.0592412			1.218574 1.450795

Figure 75: Ordered logit model results by country - Question 1b

```

.      stepwise, pr(.1): ologit qlb dat dcy dee-duk if countrycheck~=1
      begin with full model
p = 0.4536 >= 0.1000 removing dtu
p = 0.3346 >= 0.1000 removing dfr

```

Ordered logistic regression

Log likelihood = -4782.343

Number of obs	=	3496
LR chi2(12)	=	684.01
Prob > chi2	=	0.0000
Pseudo R2	=	0.0667

qlb	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dat	-.4937282	.1372332	-3.60	0.000	-.7627003	-.2247561
dcy	1.969053	.1204006	16.35	0.000	1.733072	2.205033
del	.9896415	.2474098	4.00	0.000	.5047272	1.474556
des	-.7861358	.1062329	-7.40	0.000	-.9943486	-.5779231
dfi	-.3934038	.1476315	-2.66	0.008	-.6827562	-.1040513
duk	-1.067248	.2656365	-4.02	0.000	-1.587886	-.5466101
dhr	-.2388378	.1110107	-2.15	0.031	-.4564147	-.0212608
dit	.3180077	.1214004	2.62	0.009	.0800673	.5559482
dnl	-.4021909	.1700698	-2.36	0.018	-.7355216	-.0688601
dpl	-1.525241	.2618044	-5.83	0.000	-2.038368	-1.012114
dpt	.4146291	.210787	1.97	0.049	.0014942	.827764
dse	-1.165136	.1225607	-9.51	0.000	-1.405351	-.9249218
/cut1	-2.723083	.0846697			-2.889033	-2.557134
/cut2	-1.763365	.0713608			-1.903229	-1.6235
/cut3	-.4133971	.0637959			-.5384349	-.2883594
/cut4	1.563689	.0711245			1.424288	1.703091

Figure 76: Ordered logit model results by country - Question 1c

```

.      stepwise, pr(.1): ologit qlc dat dcy dee-duk if countrycheck~=1
      begin with full model
p = 0.8505 >= 0.1000  removing dat
p = 0.5973 >= 0.1000  removing dfr
p = 0.3610 >= 0.1000  removing dnl
p = 0.1675 >= 0.1000  removing dhr
p = 0.1228 >= 0.1000  removing dfi

```

Ordered logistic regression

Number of obs	=	3496
LR chi2(9)	=	739.76
Prob > chi2	=	0.0000
Pseudo R2	=	0.0687

Log likelihood = -5014.2822

qlc	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
duk	-2.100708	.2587819	-8.12	0.000	-2.607911 -1.593505
dcy	1.575053	.1023167	15.39	0.000	1.374516 1.77559
del	.4120695	.2491144	1.65	0.098	-.0761857 .9003246
des	-.6205169	.0947738	-6.55	0.000	-.8062701 -.4347637
dpl	-1.469589	.2245172	-6.55	0.000	-1.909635 -1.029544
dtu	1.018859	.2567691	3.97	0.000	.5156004 1.522117
dpt	.6585106	.2000822	3.29	0.001	.2663566 1.050665
dit	.4243241	.1137888	3.73	0.000	.2013022 .6473461
dse	-1.779689	.118326	-15.04	0.000	-2.011604 -1.547774
/cut1	-2.214643	.0644714			-2.341005 -2.088281
/cut2	-1.18516	.0513571			-1.285818 -1.084501
/cut3	.0519401	.0466453			-.039483 .1433633

Figure 77: Ordered logit model results by country - Question 1d

```

.      stepwise, pr(.1): ologit qld dat dcy dee-duk if countrycheck~=1
      begin with full model
p = 0.5323 >= 0.1000  removing dat
p = 0.3291 >= 0.1000  removing dtu
p = 0.2610 >= 0.1000  removing dpl

```

Ordered logistic regression

Number of obs	=	3162
LR chi2(11)	=	735.21
Prob > chi2	=	0.0000
Pseudo R2	=	0.0753

Log likelihood = -4517.4231

qld	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
duk	-1.865404	.312142	-5.98	0.000	-2.477191 -1.253617
dcy	1.757072	.1180906	14.88	0.000	1.525618 1.988525
del	1.09146	.2623203	4.16	0.000	.5773218 1.605599
des	.3259299	.1092417	2.98	0.003	.11182 .5400398
dfe	-.3899766	.1559693	-2.50	0.012	-.6956708 -.0842825
dfr	-.213783	.1292821	-1.65	0.098	-.4671712 .0396053
dhr	.4209317	.1161622	3.62	0.000	.193258 .6486054
dit	.6655409	.1478938	4.50	0.000	.3756744 .9554075
dnl	-.5387921	.1711096	-3.15	0.002	-.8741608 -.2034234
dse	-1.910325	.1385154	-13.79	0.000	-2.18181 -1.63884
dpt	.5867611	.2083069	2.82	0.005	.178487 .9950352
/cut1	-1.642556	.0800419			-1.799435 -1.485677
/cut2	-.8056908	.073945			-.9506203 -.6607612
/cut3	.2026825	.0732704			.0590752 .3462899
/cut4	2.136581	.0856625			1.968686 2.304476

Figure 78: Ordered logit model results by country - Question 1e

```

.      stepwise, pr(.1): ologit qle dat dcy dee-duk if countrycheck~=1
      begin with full model
p = 0.9434 >= 0.1000  removing dit
p = 0.8635 >= 0.1000  removing dtu
p = 0.6466 >= 0.1000  removing dnl
p = 0.4913 >= 0.1000  removing dpt
p = 0.1032 >= 0.1000  removing dat

```

Ordered logistic regression

Number of obs	=	3471
LR chi2(9)	=	783.56
Prob > chi2	=	0.0000
Pseudo R2	=	0.0760

Log likelihood = -4764.9745

qle	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dpl	-1.855685	.2464609	-7.53	0.000	-2.33874	-1.372631
dcy	1.850987	.1132928	16.34	0.000	1.628938	2.073037
del	.6963541	.2471895	2.82	0.005	.2118715	1.180837
des	-1.185637	.0988573	-11.99	0.000	-1.379394	-.9918807
dfi	-.5898066	.1443	-4.09	0.000	-.8726294	-.3069838
dfr	-.2499526	.1181133	-2.12	0.034	-.4814505	-.0184547
dhr	-.1868085	.1102842	-1.69	0.090	-.4029615	.0293445
duk	-.7384302	.2566864	-2.88	0.004	-1.241526	-.2353341
dse	-1.593195	.1208485	-13.18	0.000	-1.830054	-1.356336
/cut1	-2.729016	.0757631			-2.877509	-2.580523
/cut2	-1.702422	.0611252			-1.822225	-1.582619
/cut3	-.3975573	.0528209			-.5010845	-.2940302
/cut4	1.680062	.0640813			1.554465	1.805659

Figure 79: Ordered logit model results by country - Question 1f

```

.      stepwise, pr(.1): ologit qlf dat dcy dee-duk if countrycheck~=1
      begin with full model
p = 0.8587 >= 0.1000  removing dat
p = 0.4807 >= 0.1000  removing dtu
p = 0.4726 >= 0.1000  removing dnl

```

Ordered logistic regression

Number of obs	=	3460
LR chi2(11)	=	747.36
Prob > chi2	=	0.0000
Pseudo R2	=	0.0712

Log likelihood = -4875.9864

qlf	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
duk	-1.533308	.2862489	-5.36	0.000	-2.094346 - .9722709
dcy	2.503068	.1204806	20.78	0.000	2.266931 2.739206
del	1.128299	.2591784	4.35	0.000	.6203183 1.636279
des	.3914574	.1034312	3.78	0.000	.188736 .5941788
dfe	-.4103506	.1455713	-2.82	0.005	-.6956651 -.1250362
dfr	.4535193	.1201479	3.77	0.000	.2180338 .6890049
dhr	1.391428	.116815	11.91	0.000	1.162475 1.620381
dit	1.084436	.1226159	8.84	0.000	.8441136 1.324759
dse	-.3012438	.1187099	-2.54	0.011	-.533911 -.0685767
dpl	-.5251793	.234432	-2.24	0.025	-.9846575 -.065701
dpt	.6691188	.201377	3.32	0.001	.2744272 1.06381
/cut1	-1.675959	.0725151			-1.818086 -1.533832
/cut2	-.8188558	.0642043			-.9446939 -.6930177
/cut3	.2967026	.0630314			.1731632 .4202419
/cut4	2.203469	.0757895			2.054924 2.352014

Figure 80: Ordered logit model results by country - Question 1g

```

.      stepwise, pr(.1): ologit qlg dat dcy dee-duk if countrycheck~=1
      begin with full model
p = 0.8962 >= 0.1000  removing dat
p = 0.2899 >= 0.1000  removing dnl
p = 0.2407 >= 0.1000  removing dfr
p = 0.3129 >= 0.1000  removing dtu
p = 0.1030 >= 0.1000  removing duk

```

Ordered logistic regression

Number of obs	=	3486
LR chi2(9)	=	597.92
Prob > chi2	=	0.0000
Pseudo R2	=	0.0589

Log likelihood = -4777.5239

qlg	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
dpl	-2.227453	.2541463	-8.76	0.000	-2.72557 -1.729335
dcy	1.358339	.1085234	12.52	0.000	1.145637 1.571041
del	.9426107	.257092	3.67	0.000	.4387197 1.446502
des	-.889741	.0995906	-8.93	0.000	-1.084935 -.6945469
dfi	-.5248545	.1437278	-3.65	0.000	-.8065558 -.2431531
dse	-1.358794	.1197247	-11.35	0.000	-1.59345 -1.124138
dhr	-.3980964	.1073209	-3.71	0.000	-.6084416 -.1877513
dit	.6407444	.1199735	5.34	0.000	.4056007 .875888
dpt	-.5723862	.2137278	-2.68	0.007	-.991285 -.1534874
/cut1	-2.678086	.0765542			-2.828129 -2.528042
/cut2	-1.848993	.0637874			-1.974015 -1.723972
/cut3	-.6481061	.05442			-.7547673 -.541445
/cut4	1.277602	.0589895			1.161985 1.393219

Figure 81: Ordered logit model results by country - Question 5a

```

.      stepwise, pr(.1): ologit q5a dat dcy dee-duk if countrycheck~=1
      begin with full model
p = 0.7402 >= 0.1000  removing dtu
p = 0.6019 >= 0.1000  removing des
p = 0.6102 >= 0.1000  removing dfr
p = 0.2121 >= 0.1000  removing dpt
p = 0.1431 >= 0.1000  removing dfi

```

Ordered logistic regression

Log likelihood = -4143.5082

Number of obs	=	3589
LR chi2(9)	=	259.07
Prob > chi2	=	0.0000
Pseudo R2	=	0.0303

q5a	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
dat	.5717668	.1449767	3.94	0.000	.2876177 .8559158
dcy	1.171342	.1073257	10.91	0.000	.9609881 1.381697
del	.5881409	.2540184	2.32	0.021	.0902739 1.086008
duk	-.4874094	.2629539	-1.85	0.064	-1.00279 .0279707
dpl	.6938139	.2331066	2.98	0.003	.2369333 1.150695
dse	-.739445	.1191869	-6.20	0.000	-.9730471 -.505843
dhr	-.5013088	.1073134	-4.67	0.000	-.7116391 -.2909785
dit	.3235038	.1188874	2.72	0.007	.0904887 .5565189
dnl	.6212452	.1714068	3.62	0.000	.2852942 .9571963
/cut1	-4.166436	.1405856			-4.441978 -3.890893
/cut2	-2.758491	.079167			-2.913655 -2.603326
/cut3	-.8446331	.0500247			-.9426797 -.7465865
/cut4	1.675279	.0575365			1.56251 1.788049

Figure 82: Ordered logit model results by sector - Question 1a

```

.      stepwise, pr(.1): ologit q1a dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dothercomm dother
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p = 0.3295 >= 0.1000  removing dconstruction
p = 0.1639 >= 0.1000  removing dbusactivities

```

Ordered logistic regression

Log likelihood = -4851.2772

Number of obs	=	3513
LR chi2(4)	=	469.85
Prob > chi2	=	0.0000
Pseudo R2	=	0.0462

q1a	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
dotherrcomm	2.591627	.1267809	20.44	0.000	2.343141 2.840113
dwholesale	.8736287	.0831937	10.50	0.000	.7105721 1.036685
dhotels	.7807749	.2070123	3.77	0.000	.3750381 1.186512
dtransport	.2649662	.155665	1.70	0.089	-.0401316 .570064
/cut1	-1.775862	.0867331			-1.945856 -1.605869
/cut2	-.8547121	.0763272			-1.004311 -.7051135
/cut3	.3109725	.0746766			.1646091 .457336
/cut4	2.190545	.0833655			2.027152 2.353939

Figure 83: Ordered logit model results by sector - Question 1b

```
.      stepwise, pr(.1): ologit qlb dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dothercomm dother
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p = 0.9928 >= 0.1000 removing dbusactivities
```

Ordered logistic regression	Number of obs	=	3479
	LR chi2(5)	=	508.19
	Prob > chi2	=	0.0000
Log likelihood = -4846.5019	Pseudo R2	=	0.0498

qlb	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dconstruct~n	.3035444	.1511813	2.01	0.045	.0072346	.5998542
dwholesale	.9858837	.1035728	9.52	0.000	.7828848	1.188883
dhotels	.5409876	.2159961	2.50	0.012	.117643	.9643322
dtransport	.4662457	.1676529	2.78	0.005	.137652	.7948393
dotherrcomm	2.805261	.1403741	19.98	0.000	2.530133	3.080389
/cut1	-1.584942	.1045042			-1.789767	-1.380117
/cut2	-.6429847	.0973736			-.8338336	-.4521359
/cut3	.6687917	.0974409			.477811	.8597723
/cut4	2.571312	.1059196			2.363714	2.778911

Figure 84: Ordered logit model results by sector - Question 1c

```
.      stepwise, pr(.1): ologit qlc dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dotherrcomm dother
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p < 0.1000 for all terms in model
```

Ordered logistic regression	Number of obs	=	3480
	LR chi2(6)	=	587.25
	Prob > chi2	=	0.0000
Log likelihood = -5060.4334	Pseudo R2	=	0.0548

qlc	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dconstruct~n	.2992683	.1580613	1.89	0.058	-.0105261	.6090627
dwholesale	1.276432	.1121616	11.38	0.000	1.056599	1.496265
dhotels	-.5650107	.2099605	-2.69	0.007	-.9765257	-.1534956
dtransport	.4869756	.1710057	2.85	0.004	.1518106	.8221406
dbusactivi~s	-.7670402	.2464315	-3.11	0.002	-1.250037	-.2840433
dotherrcomm	2.563842	.1401649	18.29	0.000	2.289124	2.838561
/cut1	-1.00566	.107504			-1.216364	-.7949556
/cut2	-.0169191	.1050944			-.2229004	.1890622
/cut3	1.203481	.1074897			.9928055	1.414157
/cut4	2.994858	.1159861			2.767529	3.222186

Figure 85: Ordered logit model results by sector - Question 1d

```
.      stepwise, pr(.1): ologit qld dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dothercomm dother
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p = 0.5325 >= 0.1000  removing dbusactivities
p = 0.4814 >= 0.1000  removing dhotels
```

Ordered logistic regression	Number of obs	=	3146
	LR chi2(4)	=	442.54
	Prob > chi2	=	0.0000
Log likelihood = -4639.177	Pseudo R2	=	0.0455

qld	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dconstruct~n	1.007577	.1502879	6.70	0.000	.7130178	1.302135
dwholesale	1.318998	.101549	12.99	0.000	1.119966	1.518031
dotherrcomm	2.655226	.1320116	20.11	0.000	2.396488	2.913964
dtransport	.7131606	.1733376	4.11	0.000	.3734252	1.052896
/cut1	-.4316856	.0931373			-.6142314	-.2491398
/cut2	.351336	.093073			.1689162	.5337557
/cut3	1.305151	.0958783			1.117233	1.493069
/cut4	3.161105	.1069167			2.951552	3.370658

Figure 86: Ordered logit model results by sector - Question 1e

```
.      stepwise, pr(.1): ologit qle dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dotherrcomm dother
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p < 0.1000      for all terms in model
```

Ordered logistic regression	Number of obs	=	3455
	LR chi2(6)	=	545.19
	Prob > chi2	=	0.0000
Log likelihood = -4857.1089	Pseudo R2	=	0.0531

qle	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dconstruct~n	.3256876	.1580653	2.06	0.039	.0158852	.6354899
dwholesale	1.034779	.1103642	9.38	0.000	.818469	1.251089
dhotels	.3705146	.2168455	1.71	0.088	-.0544948	.795524
dtransport	.5512596	.1747689	3.15	0.002	.2087188	.8938004
dbusactivi~s	-.6794297	.2464306	-2.76	0.006	-1.162425	-.1964346
dotherrcomm	2.813421	.1447056	19.44	0.000	2.529803	3.097039
/cut1	-1.431563	.1099102			-1.646983	-1.216143
/cut2	-.4352758	.1040977			-.6393036	-.231248
/cut3	.820723	.1048033			.6153124	1.026134
/cut4	2.81723	.1143596			2.59309	3.041371

Figure 87: Ordered logit model results by sector - Question 1f

```
.          stepwise, pr(.1): ologit qlf dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dothercomm dother
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p = 0.6857 >= 0.1000  removing dbusactivities
```

Ordered logistic regression	Number of obs	=	3444
	LR chi2(5)	=	429.58
	Prob > chi2	=	0.0000
Log likelihood = -5008.9689	Pseudo R2	=	0.0411

qlf	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dconstruct~n	.4369817	.1499553	2.91	0.004	.1430747	.7308888
dwholesale	.6384098	.1018206	6.27	0.000	.438845	.8379745
dhotels	.5157328	.2365288	2.18	0.029	.0521448	.9793208
dtransport	.490013	.1711991	2.86	0.004	.1544689	.825557
dotherrcomm	2.50213	.1369033	18.28	0.000	2.233805	2.770456
/cut1	-1.359669	.1004613			-1.55657	-1.162769
/cut2	-.5424833	.0962621			-.7311535	-.3538131
/cut3	.5023148	.0957885			.3145728	.6900567
/cut4	2.29514	.1034006			2.092479	2.497801

Figure 88: Ordered logit model results by sector - Question 1g

```
.          stepwise, pr(.1): ologit qlg dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dotherrcomm dotherr
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p = 0.9522 >= 0.1000  removing dconstruction
```

Ordered logistic regression	Number of obs	=	3469
	LR chi2(5)	=	430.11
	Prob > chi2	=	0.0000
Log likelihood = -4830.5891	Pseudo R2	=	0.0426

qlg	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dotherrcomm	2.272098	.123637	18.38	0.000	2.029774	2.514422
dwholesale	1.074396	.0880066	12.21	0.000	.9019057	1.246885
dhotels	.6712921	.2034691	3.30	0.001	.2724999	1.070084
dtransport	.4531254	.1578224	2.87	0.004	.1437991	.7624516
dbusactivi~s	-.8329564	.2378998	-3.50	0.000	-1.299231	-.3666814
/cut1	-1.529815	.0886238			-1.703514	-1.356115
/cut2	-.7124658	.0806697			-.8705756	-.5543561
/cut3	.4585749	.0794692			.3028181	.6143318
/cut4	2.327842	.0882107			2.154952	2.500732

Figure 89: Ordered logit model results by sector - Question 5a

```
.          stepwise, pr(.1): ologit q5a dconstruction dwholesale dhotels
dtransport dbusactivities deducation dhealth dothercomm dother
> if countrycheck~=1&deducation~=1&dhealth~=1&dotherr~=1
      begin with full model
p = 0.3345 >= 0.1000  removing dbusactivities
p = 0.4286 >= 0.1000  removing dtransport
```

Ordered logistic regression	Number of obs	=	3572
	LR chi2(4)	=	178.86
	Prob > chi2	=	0.0000
Log likelihood = -4165.1345	Pseudo R2	=	0.0210

q5a	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
dconstruct~n	.4932768	.1476205	3.34	0.001	.203946	.7826076
dwholesale	.6641495	.0902919	7.36	0.000	.4871806	.8411183
dhotels	.8600166	.2213667	3.89	0.000	.4261458	1.293887
dotherrcomm	1.643922	.1249041	13.16	0.000	1.399115	1.88873

/cut1	-3.569055	.1517613			-3.866502	-3.271608
/cut2	-2.163972	.0980984			-2.356241	-1.971703
/cut3	-.2763544	.0811495			-.4354044	-.1173044
/cut4	2.198029	.0903772			2.020893	2.375165

Annex 9 Detailed estimation results

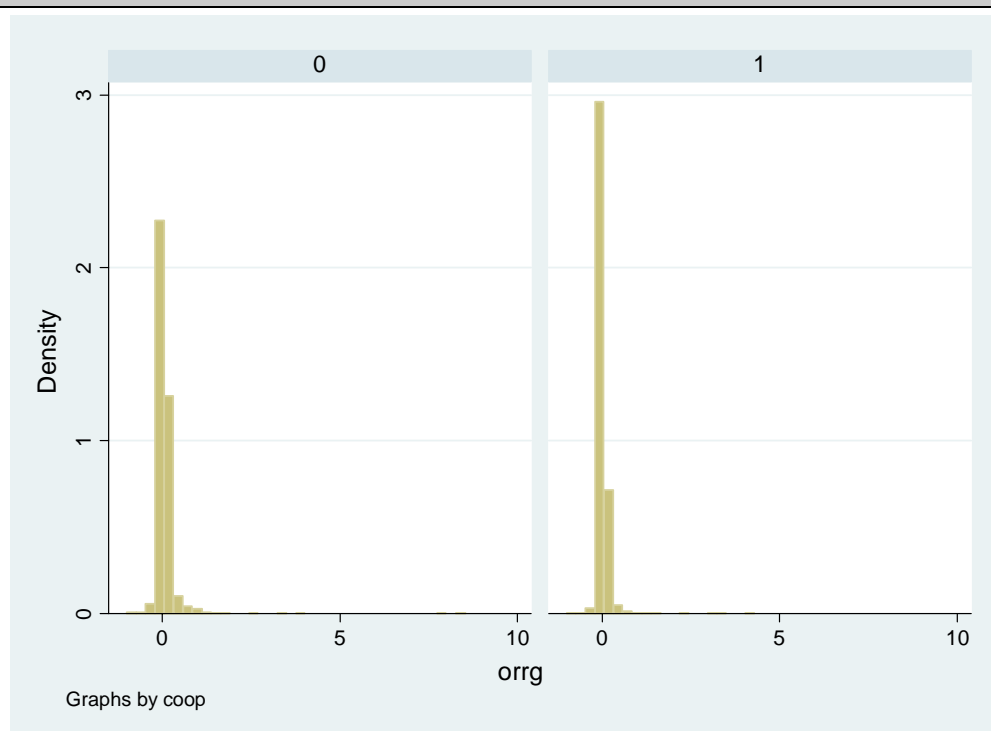
Below we provide the detailed estimation results of the various models presented in Chapter 6, section 6.4.

The definition of the different variables is as follows:

orrg	=	average annual compound growth rate in turnover
coop	=	dummy variable which takes the value of 1 when the business is a member of a coop
lnemp	=	logarithm of employment by the business in 2001
dcountryi	=	dummy variable which takes the value of 1 when the business is located in country i
dsectori	=	dummy variable which takes the value of 1 when the business is active in sector i
dyear05	=	dummy variable which takes the value of 1 when the data for a particular business are only available to 2004 and thus the growth rate of the indicator has been computed over a shorter period
dacc	=	dummy variable (1 if services provided by co-operative is accounting)
dpur	=	dummy variable (1 if services provided by co-operative is purchasing)
dsal	=	dummy variable (1 if services provided by co-operative is sales)
dmar	=	dummy variable (1 if services provided by co-operative is marketing)
dpub	=	dummy variable (1 if services provided by co-operative is public relations)
dfin	=	dummy variable (1 if services provided by co-operative is financing funding)
dtra	=	dummy variable (1 if services provided by co-operative is training)
dbiz	=	dummy variable (1 if services provided by co-operative is business advice)
dsfb2	=	dummy variable (1 if service provision is rated as "poor" or "mediocre" by the member)

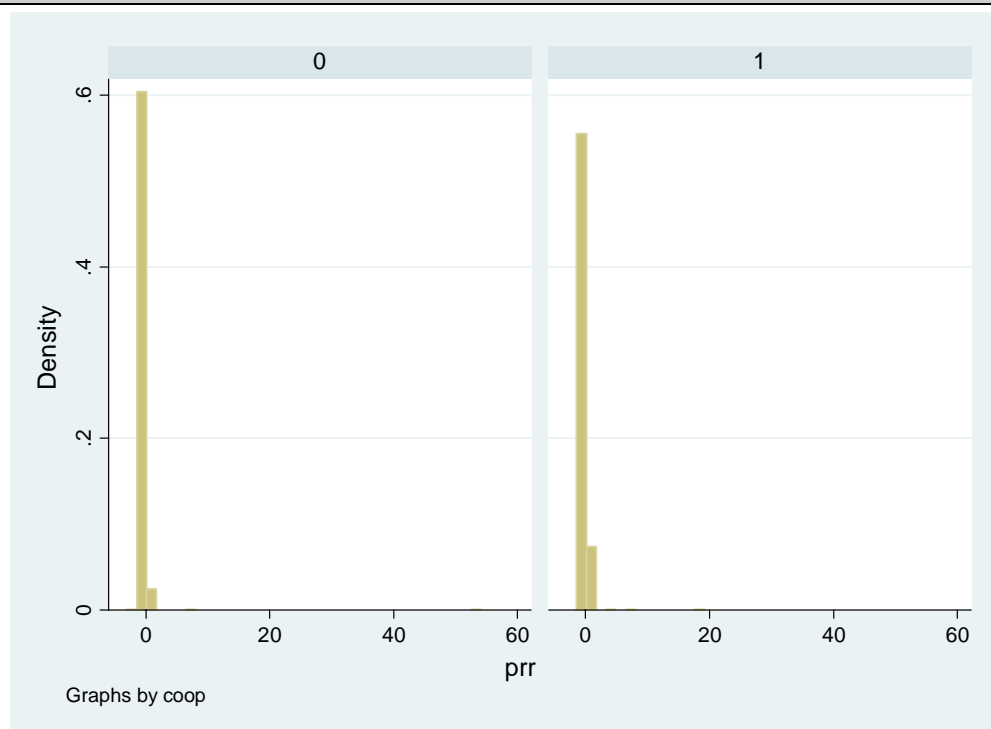
dsfb3	=	dummy variable (1 if service provision is rated as “fair” by the member)
dsfb4	=	dummy variable (1 if service provision is rated as “good” or “excellent” by the member)

Figure 90: Within sample distribution of turnover growth data – sample 0 = non-members, sample 1 = members



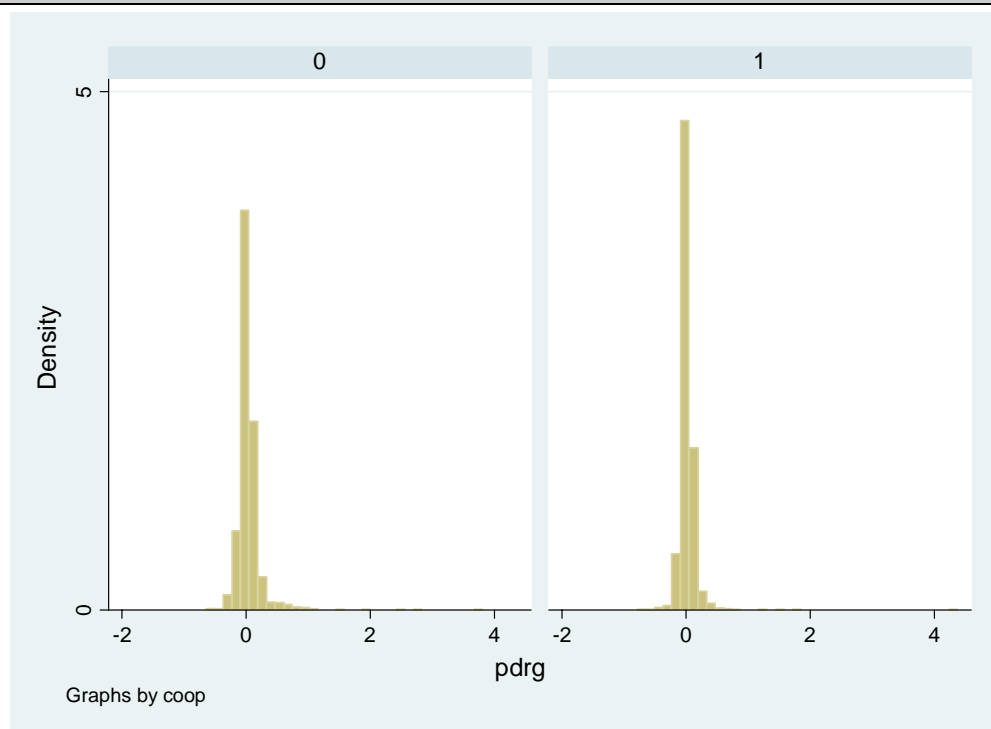
Source: London Economics' databank of co-operative members and non-members

Figure 91: Within sample distribution of profit rate data – sample 0 = non-members, sample 1 = members



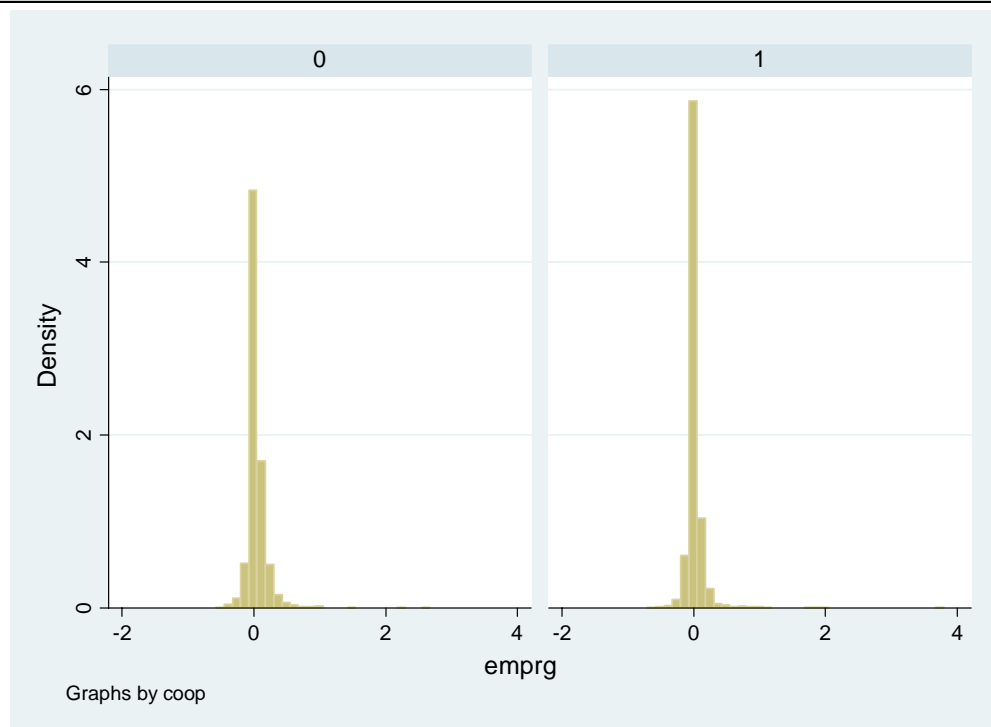
Source: London Economics' databank of co-operative members and non-members

Figure 92: Within sample distribution of productivity growth rate data – sample 0 = non-members, sample 1 = members



Source: London Economics' databank of co-operative members and non-members

Figure 93: Within sample distribution of employment growth rate data – sample 0 = non-members, sample 1 = members



Source: London Economics' databank of co-operative members and non-members

Table 89: Detailed results of models 1-4 (growth in turnover and profit rate)								
	Model							
	1	2	3	4	1	2	3	4
	Growth in turnover				Profit rate			
coop	-0.038	-0.031	-0.026		0.044	0.042	0.044	
	(9.56)**	(6.97)**	(5.51)**		(8.50)**	(9.65)**	(9.72)**	
llnemp	-0.011	-0.01	-0.012	-0.014	-0.014	-0.02	-0.019	-0.02
	(6.51)**	(5.29)**	(5.79)**	(6.23)**	(6.30)**	(9.78)**	(9.51)**	(9.04)**
llnci			-0.035					
			(5.90)**					
dsfb2				-0.039				0.017
				(3.94)**				(1.31)
dsfb3				-0.027				0.041
				(4.29)**				(4.77)**
dsfb4				-0.025				0.052
				(4.41)**				(8.31)**
dyear05	0.022	0.022	0.027	0.028				
	(3.11)**	(3.14)**	(2.64)**	(2.55)*				
Country dummies	no	yes	yes	yes	no	yes	yes	yes
Sector dummies	no	yes	yes	yes	no	yes	yes	yes
Constant	0.066	0.047	0.084	0.062	0.054	0.104	0.104	0.099
	(7.51)**	(4.63)**	(6.57)**	(5.03)**	(9.09)**	(11.59)**	(11.10)**	(10.93)**
Observations	4510	4510	2914	2821	2751	2751	2697	2547
R-squared	0.04	0.07	0.08	0.05	0.06	0.22	0.21	0.22

Note: Robust t statistics in parentheses. * significant at 5%; ** significant at 1%

Table 90: Detailed results of models 1-4 (Growth in labour productivity and employment)								
	Model							
	1	2	3	4	1	2	3	4
	Growth in labour productivity				Growth in employment			
coop	-0.015	-0.013	-0.014		-0.022	-0.015	-0.012	
	(3.67)**	(2.87)**	(3.07)**		(6.49)**	(4.34)**	(2.87)**	
llnemp	0.003	0.005	0.003	0.001	-0.017	-0.018	-0.016	-0.016
	(1.99)*	(2.85)**	(1.75)	(0.47)	(11.00)**	(10.65)**	(9.33)**	(9.13)**
llnci			-0.037					
			(6.74)**					
dsfb2				-0.026				-0.015
				(2.40)*				(1.35)
dsfb3				-0.01				-0.02
				(1.48)				(3.56)**
dsfb4				-0.016				-0.012
				(2.94)**				(2.45)*
dyear05			0.024	0.026				
			(2.53)*	(2.50)*				
country dummies	no	yes	yes	yes	no	yes	yes	yes
sector dummies	no	yes	yes	yes	no	yes	yes	yes
Constant	0.023	0.015	0.036	0.012	0.075	0.064	0.063	0.066
	(4.10)**	(1.93)	(3.08)**	(1.06)	(14.78)**	(11.55)**	(10.64)**	(11.38)**
Observations	4375	4375	2877	2801	4816	4816	2894	3064
R-squared	0.01	0.03	0.08	0.05	0.05	0.08	0.08	0.08

Note: Robust t statistics in parentheses. * significant at 5%; ** significant at 1%

Table 91: Detailed results of models 5

	Growth in turnover	Profit rate	Growth in labour productivity	Growth in employment
coop	-0.041	0.063	-0.025	-0.022
	‘(8.17)**	‘(7.02)**	‘(5.86)**	‘(5.65)**
llnemp	-0.01	-0.011	0.005	-0.019
	‘(5.35)**	‘(6.01)**	‘(2.68)**	‘(10.67)**
atcoop	-0.164			
	‘(1.65)			
escoop	0.033	-0.058		0.027
	‘(4.67)**	‘(5.92)**		‘(2.48)*
ficoop	0.022	-0.058	0.032	0.021
	‘(1.66)	‘(3.77)**	‘(2.08)*	‘(1.72)
frcoop	0.015	-0.06	0.017	
	‘(1.70)	‘(6.20)**	‘(3.10)**	
hrcoop		-0.077		
		‘(7.01)**		
plcoop	-0.635	-0.171	-0.641	
	‘(6.60)**	‘(18.31)**	‘(6.90)**	
ptcoop	0.076	0.652	0.104	-0.035
	‘(2.96)**	‘(47.80)**	‘(3.91)**	‘(3.42)**
secoop		-0.063	0.026	
		‘(4.98)**	‘(1.76)	
slcoop	0.037			0.03
	‘(4.89)**			‘(1.93)
dyear05	0.025			
	‘(3.55)**			
country dummies	yes	yes	yes	yes
sector dummies	yes	yes	yes	yes
Constant	0.053	0.062	0.029	0.075
	‘(5.77)**	‘(7.19)**	‘(4.80)**	‘(12.36)**
Observations	4510	2751	4375	4816
R-squared	0.07	0.44	0.04	0.08

Table 92: Detailed results of models 7

	Growth in turnover	Profit rate	Growth in labour productivity	Growth in employment
coop	-0.031	0.01	-0.013	-0.023
	(5.82)**	(2.52)*	(2.73)**	(5.71)**
lnemp	-0.009	-0.014	0.007	-0.02
	(4.72)**	(6.18)**	(3.84)**	(11.32)**
M. of textiles		-0.268		
		(3.47)**		
M. of wood			-0.029	0.024
			-1.88	(2.09)*
M. of chemicals	-0.074			-0.044
	(2.98)**			(3.13)**
M. of machinery		-0.027		
		(2.00)*		
Sales, maintenance of motor vehicles	0.014			0.027
	(2.04)*			(3.51)**
Wholesale		-0.021		
		(4.48)**		
Retail sale of foods		-0.04		
		(5.85)**		
Retail chemists, medical goods		-0.076	-0.04	-0.036
		(8.91)**	(2.11)*	(3.86)**
Retail sale of furniture, electrical, hardware		-0.027		-0.017
		(2.91)**		(3.92)**
Retail other		-0.03		
		(5.33)**		
Personal services	-0.097		-0.075	-0.062
	(2.75)**		(2.44)*	(4.06)**
Coop (M. of textiles)	0.041	0.65	0.089	-0.046
	(2.58)**	(17.30)**	(3.60)**	(6.96)**
Coop (M. of chemicals)	0.099			0.077
	(3.37)**			(2.94)**
Coop (M. of machinery)	-0.046		-0.069	
	-1.71		(2.39)*	
Coop (Construction)				0.02
				(2.53)*
Coop (Sales, maintenance of motor		-0.033		

Table 92: Detailed results of models 7				
	Growth in turnover	Profit rate	Growth in labour productivity	Growth in employment
vwhicles)				
		(4.92)**		
Coop (Wholesale)				0.012
				(2.45)*
Coop (Retail sale of foods)	0.036			0.041
	(3.72)**			(3.76)**
Coop (Retail other)	-0.009	0.028		
	(1.97)*	(3.07)**		
Coop (Transport)		0.059		
		(3.10)**		
Coop (Personal services)			0.165	
			-1.92	
dyear05	0.023			
	(3.09)**			
country dummies	yes	yes	yes	yes
Constant	0.026	0.341	0.026	0.074
	(2.30)*	(4.33)**	(4.36)**	(13.82)**
Observations	4303	2563	4170	4608
R-squared	0.07	0.42	0.04	0.08

Note: Robust t statistics in parentheses. * significant at 5%; ** significant at 1%

Table 93: Detailed results of models 7 (effect of co-operative membership by firm size)				
	Growth in turnover	Profit rate	Growth in labour productivity	Growth in employment
coop	-0.031	0.061	-0.018	-0.018
	(7.05)**	(9.04)**	(3.97)**	(6.05)**
lnemp	-0.05	-0.036	0.04	-0.097
	(10.75)**	(7.44)**	(8.02)**	(20.38)**
sizeb50	0.075	0.037	-0.081	0.161
	(9.79)**	(4.13)**	(9.30)**	(20.12)**
sizeb250	0.164	0.068	-0.147	0.309
	(11.65)**	(4.58)**	(7.88)**	(19.92)**
sizeb00	0.241	0.136	-0.231	0.48
	(10.38)**	(5.46)**	(8.02)**	(20.57)**
sizeb50_coop		-0.038		
		(4.23)**		
sizeb250_coop		-0.032	0.021	
		(2.41)*	(1.77)	
sizeb00_coop			0.034	
			(1.89)	
dyear05	0.02			
	(3.05)**			
Country dummies	yes	yes	yes	yes
Sector dummies	yes	yes	yes	yes
Constant	0.098	0.114	-0.014	0.153
	(8.41)**	(11.05)**	(1.58)	(19.73)**
Observations	4291	2693	4375	4816
R-squared	0.12	0.24	0.08	0.31

Note: Robust t statistics in parentheses. * significant at 5%; ** significant at 1%

Source: London Economics' econometric analysis of economic performance of co-operative members and non-members

Table 94: Detailed results of model 8
(co-operative membership by type of service provided by co-operative)

	Growth in turnover	Profit rate	Growth in labour prod.	Growth in employment
coop	-0.031	0.008	-0.016	-0.011
	'(6.42)**	'(2.19)*	'(3.53)**	'(2.39)*
lnemp	-0.011	-0.014	0.005	-0.019
	'(6.23)**	'(7.88)**	'(2.89)**	'(10.85)**
dyear05	0.021			
	'(2.97)**			
dacc_coop	0.033	-0.117		
	'(2.19)*	'(4.87)**		
dpur_coop	-0.012	0.029		
	'(2.72)**	'(2.18)*		
dsal_coop				0.009
				'(1.72)
dmar_coop				-0.019
				'(3.28)**
dpub_coop	-0.018	0.035		
	'(3.10)**	'(1.84)		
dfin_coop	0.023	0.124	0.016	
	'(3.61)**	'(5.29)**	'(2.50)*	
dtra_coop	0.015	0.057		0.013
	'(2.06)*	'(3.66)**		'(2.25)*
dbiz_coop				
dpri_coop	-0.067	0.227		-0.094
	'(2.67)**	'(3.38)**		'(5.52)**
country dummies	yes	yes	yes	yes
sector dummies	yes	yes	yes	yes
Constant	0.059	0.061	0.012	0.068
	'(6.60)**	'(7.71)**	'(1.55)	'(13.15)**
Observations	4509	2751	4374	4815
R-squared	0.07	0.33	0.04	0.08

Note: Robust t statistics in parentheses. * significant at 5%; ** significant at 1%

Source: London Economics' econometric analysis of economic performance of co-operative members and non-members