

Regional Workshop for the CIS countries “Developing National Systems of Tourism Statistics: Challenges and Good Practices”

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ILO and cooperative tourism: challenges and statistical measurement

By Igor Vocatch¹

Dear Participants of the Workshop,

It is a great pleasure for me to have been invited to this Workshop and to have the opportunity to share with you the ILO experience in relation with the *cooperative tourism* and our vision on how statistics should be better used by the Cooperative Sector.

Our meeting coincides with the upcoming celebration on 3 July 2010 of the *International Cooperative Day*². Therefore, I am happy to take this opportunity to tell you about cooperatives and their link with tourism.

Generally speaking, the notion of a *cooperative* itself is not very well understood and sometimes misinterpreted in the CIS countries. At the same time, globally, there are one billion members of cooperatives.

First of all, let me say very briefly some introductory words about the ILO and its history linked with cooperatives. The ILO recognizes the importance of cooperatives in Article 12 of its Constitution. In 1920, a Cooperative Branch was set up, as part of the organization. It is one of the oldest and most firmly established branches. Today, the ILO has the largest programme in the field of cooperatives within the UN system. The first ILO Director-General, Mr. Albert Thomas, was a famous French cooperator and a member of Central Committee of the International Cooperative Alliance.

In compliance with the overall goals of the ILO the activities of Cooperative Branch consists mainly in assistance in cooperative policy, legislation, training and education, business development and networking in the frame of the implementation of the 2002 ILO Promotion of Cooperatives Recommendation No 193. It is recognized by the Recommendation that cooperatives operate in all

¹ Mr. Igor Vocatch is a Senior Cooperative Specialist at the ILO Cooperative Branch, Job Creation and Enterprise Development Department.

² This is the annual event celebrated on the first Saturday of the month of July.

sectors of the economy. The Recommendation applies to all types and forms of cooperatives, including tourism. According to the Recommendation a cooperative is “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”

The ILO hailed the proclamation by the UN General Assembly of 2012 as *International Year of Cooperatives* as recognition of the fundamental role of cooperatives in social-economic development. The performance of cooperatives during the current crisis has renewed the interest in the subject. The 2009 resolution of the UN General Assembly also emphasizes the need for statistical data. Governments have requested assistance in the development of adequate methodologies in this field.

It is unanimously recognized that the quality of statistical data on cooperatives needs improvement. Nationally and internationally comparable and reliable statistical data on cooperatives in terms of membership, employment, turnover, contribution to GDPs, income generation etc. are hard to come by. Only very few countries collect and publish such data. Yet they are indispensable for the development of cooperative enterprises through national and regional policies.

In several countries where data are systematically collected, the systems used are not integrated within the national statistical systems of data collection. Furthermore, the data collected do not allow for reliable aggregation or cross-country comparisons.

However, even when data are collected and aggregated on the basis of registers of cooperatives, it is often of questionable reliability due to the fact that at times registered co-operative have, in reality become inactive.

Stemming from the above, the world of work in cooperatives, in general, and the economic value of cooperatives in terms of employment and income generation, as a source of productive labour in particular, remains inadequately measured and insufficiently studied.

Currently, not a single international organization collects socio-economic data characterizing the world of cooperatives in their pure sense. The existence of this problem through the entire 20th century was deplored by those trying to understand and fathom the cooperative movement in its whole.

Indeed, the *ILO Recommendation No 193 on the promotion of cooperatives* mentions that national policies should “seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies”.

The report of the UN Secretary General on *Cooperatives in social development* (2001) invites Governments to “...create or improve statistical databases on cooperative development...” The Annex of the same report states in more concrete terms in the paragraph 18 on Statistics: “Several measures may be undertaken to improve statistics for and about cooperatives in view of integrating statistics on cooperatives in regular programmes of the national statistical service and participate in international efforts to improve cooperative statistics, including the establishment of a uniform set of definitions for use by national statistical services”

Notably, the 57th Session of the International Statistical Institute (Durban, 16-22 August 2009) called on more intensive collaboration with the private sector and civil society on developmental issues. The cooperative sector is directly concerned.

For some time, the ILO Cooperative Branch has been requested to assist Governments in setting up a reliable cooperative statistics system geared towards the measurement of employment, wages and hours of work in this sector of the economy.

For example we received recently a high level request from the Russian Federation Council (Upper House of the Russian Parliament) signed by the Vice President of this body interested in the promotion of the cooperative sector in Russian Federation.

The Russian experience could be extended through the International Cooperative Academy based in Moscow to other CIS countries where the situation regarding the current status and perspectives of developing and measuring the cooperative sector seems to be more or less similar.

It should be noted that an international tripartite cooperative conference in Bishkek (Kyrgyzstan) in 2009 recommended that the National Statistic Committee develops a methodology for recording cooperative societies, employment and cooperative economic activities.

A positive experience in this regard exists in the Republic of Lithuania where the Department of Statistics of the Ministry of Social Security and Labour is already collecting and publishing data on cooperative employment and enterprises production.

Indeed, in the past our experience in statistical data was rather limited. Since 1921, the ILO Cooperative Branch has regularly published an international directory of cooperative organizations based on a world-wide inquiry. The last edition (the thirteenth) was published in 1988. I participated in this work. Since then, the publication has been interrupted because of the financial and organizational constraints.

The launch of the *International Cooperative Alliance's Global 300 Project* listing in 2006 was also the serious attempt to quantify and rank the largest cooperative and mutual businesses in the world. The top 300 cooperatives worldwide are responsible for an aggregate turnover of USD 1.1 trillion, equal to that of the world's tenth largest economy.

As part of the General Survey concerning employment instruments in light of the ILO *Declaration on Social Justice for a Fair Globalization (2008)*, ILO member states were asked to inform the Office also on the legal situation concerning cooperatives. In order to better assist ILO constituents and cooperative organization in further improving this situation, ILO is currently collecting data, also in collaboration with the Department of Statistics on the following issues:

- Part of the country GDP produced by cooperatives.
- Global turnover of cooperatives and Credit Unions per country.
- Cooperatives turnover per country.

- Credit Unions turnover per country.
- Population active in cooperatives.
- Number of cooperatives per country.
- Number of Credit Unions per country.
- Number of cooperative members per country.

These figures, based on audited accounts, shall increase the visibility of the cooperative business model, provide evidence to help argue the cooperative case and be a powerful communications tool to advance the cause of cooperatives. The data will also help us to have a more detailed macro economic analysis on the role cooperatives play in their respective economies, sectors and countries.

Definitely the ILO Department of Statistics and Cooperative Branch should produce a useful and valuable output using methodological guidelines on the measurement of employment in the cooperative sector and its decent work dimensions.

Now, few words about the ILO Hotels, Catering and Tourism (HCT) Sector. The ILO promotes Decent Work in the HCT sector by assisting ILO constituents in developing appropriate policies and programmes. They are guided by the *Working Conditions (Hotels and Restaurants) Convention, 1991 (No 172)* and associated *Recommendation (No179)*.

The ILO mission is to address employment and development challenges such as gender promotion, social dialogue opportunities, HIV/AIDS, child labour, safety and health, migrant labour in close collaboration with governments and employers' as well as with workers' organizations. All of these subjects are at the heart of the ILO's decent work agenda.

Employment issues are of greatest importance for all sectors of the economy. As for the Tourism sector, the travel and tourism economy creates (directly and indirectly) more than 230 million jobs, which represent some 8% of the global workforce. For comparison, cooperatives today provide 100 million jobs worldwide.

Last year, the 5th *UNWTO International Conference on Tourism Statistics-Tourism: An Engine for Employment Creation* was held in Bali (30 March-2 April 2009). The Conference was organized jointly with the ILO and provided a lot of information on the issue. As I informed you in my previous presentation, another joint ILO/UNWTO initiative was the preparation and publication of the reference issue entitled: "Source and Methods: Labour Statistics on Employment in the Tourism Industries".

Now, I would like to tell you about the link between the Cooperative Sector and of Tourism.

Very few people know that the modern concept of *tourism for working people* was conceived by the French movement of consumer cooperatives and promoted by the first ILO Director-General, Albert Thomas. In 1930 the congress of the French Federation of Consumer Cooperatives set up the "Comité national de loisirs" which represented a very new and huge social challenge for cooperatives. It was a

new challenge after the adoption in 1919 of the ILO *Convention Limiting the Hours of Work in Industrial Undertakings to Eight in the Day and Forty-eight in the Week No.* Later on, in France, statistical offices in some regions reported the increasing of consumption of alcohols by the workers and it was necessary to find an appropriate solution to stop or reduce this dangerous trend. A reply was found in the form of the organization by cooperatives of leisure activities including management of cooperative hotels, the set up of cooperative holiday villages and other related activities. Just before the death of Albert Thomas the International Leisure Committee (Comité International du Loisir) was created in the ILO on his initiative. It is considered by historical science like his last master piece.

A special chapter is devoted to the social cooperative services including the tourism cooperatives in the ILO report "*Promotion of cooperatives*" prepared in 2000 in expectation of the revision of the former Recommendation on cooperatives No 127 (1966).

Social tourism cooperatives first developed in France and constitute a strong movement, both in that country and Belgium. Later on, they were governed by special legislation in these countries and in Italy. Today, in Europe, we can also find them in Denmark, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

In four European countries, the United Kingdom, Spain, Denmark and Switzerland there are cooperatives, particularly of consumers, which have created networks of travel agencies such as Travelcare, Eroski Tour and Dansk Folke Ferie, COOP Voyage and M Travel.

In Europe, the European Council for Social Tourism (CETOS), founded in 1986, can make available some 3,300,000 beds for tourism and accounts for an annual turnover of about US\$7.2 billion. Its members, however, apart from consumer cooperatives, also constitute associations promoting family values, youth organizations, tourism departments of consumer cooperatives and consumers' organizations, service providers or a mixture of both. Although these organizations work along cooperative lines, they have not legally been registered as a cooperative society.

In Italy, Legacoop Tourism is a huge sector organization affiliated to Legacoop, the largest national cooperative structure. Legacoop Tourism counts some 350 associated cooperatives. It is the second largest group in Italy for the number of privately owned chains of retail agencies. Legacoop Tourism has fifteen consortiums of hoteliers and other tourism operators, both incoming and outgoing tour operators, numerous workers cooperatives which manage hospitality structures such as hotels, camp sites, holiday homes and mountain refuges. Legacoop Tourism also has as members farming cooperatives which offer farmhouse holidays, fishing cooperatives which offer hospitality in the fishermen's homes and offer opportunities to tourists of participating in professional fishing from fishing boats, cooperatives which operate in wildlife parks and offer eco-tourism, school trips, education for the environment and trekking. Some thirty Italian tourism cooperatives are members of Italian Association of Responsible Tourism.

In Belgium, there is a special financing agency for social tourism, the Caisse Nationale des Vacances Annuelles. Its reasons for promoting social tourism are many: it provides assistance to families, youth, handicapped and the elderly, it brings development to remote and economically weak areas. It

generates income for farmers to support their earnings and it creates employment by encouraging environmental protection and the preservation of local crafts and tourist attractions. Users are usually interested in a fair price, while local entrepreneurs, official bodies and the construction industry promote social tourism as a means to create employment, generate taxable income, attract demand and investment into their area and advertise and sell beyond their previous geographical horizon.

The European alliance for Responsible Tourism and Hospitality was established recently with the active participation of European cooperative tourism organizations. It is recognized by the European Commission and the UNWTO.

Tourism cooperatives exist not only in Europe. In Latin America, I would particularly like to mention Cooprena, in Costa Rica, a cooperative that has become a leader in the field of eco-tourism and community-based tourism.

In Asia, there are important companies that have their origins in cooperatives created to provide services for their members, in particular in Japan and Korea, there are also cooperatives operating in Malaysia, Sri Lanka, Nepal, Vietnam, India and China.

The Indian Government, for example, is now considering Rural Tourism as one of the thrust areas. Keeping into account the strength of Indian cooperatives it wants that cooperatives should come up in the field of Rural Tourism as the cooperatives cover 100% of the villages in the country.

In Africa, I can mention the cooperative of mountain guides of Kilimanjaro region in Tanzania.

In Canada, the cooperative tourism is a subject of serious university studies and workshops in relation with job creation, social cohesion and local economic development.

As we can see, the cooperative tourism is a world large phenomenon. It is necessary to say some words about the former International Association of Tourism Cooperatives (TICA), a sectoral organization of the International Cooperative Alliance. It operated since 1992 as an international network of about 90 cooperatives regrouping tourism cooperatives or companies owned by cooperatives in Europe, Asia and Latin America. TICA had a strong partnership with BITS (Bureau International du Tourisme Social) based on common values, principles and goals. BITS is the international association of social (or associative) tourism, including cooperative tourism. The ideals of sustainable and responsible tourism are very close to the ideals of the cooperative movement. BITS is a member of the World Tourism Organization which recently became an United Nations' official organization.

In our days TICA doesn't exist any longer as a sectoral ICA organization. International Cooperative Alliance itself has replaced TICA as a member of BITS and the ICA is represented in the Board and the Executive Committee of BITS. BITS organizers in September 2010 in Rimini (Italy) the World Congress of Social Tourism.

ICA might also play a very relevant role: relations with other cooperatives are of fundamental importance. It is essential to bear in mind the vast and significant phenomenon of diversification of activity in the field of tourism as represented by numerous cooperatives belonging to sectors that

include consumers, agriculture, banks and financial services, insurance, fishing, etc. The diversification of the cooperative different activities in the field of tourism is of great importance for the future of this sector.

As to the employment effects of cooperative activities in tourism, up to now the number of additional jobs created by tourism cooperatives cannot be assessed accurately. Because this would not only mean having to count the new jobs created in tourism cooperatives but also knowing how many jobs have disappeared in other sectors. However, judging by the growth in numbers of tourism cooperatives there must be positive net employment effects.

As a general rule, the quality of tourist services provided is contingent upon the employment and working conditions of the service staff. That is equally true for cooperatives providing such services. In most countries user-owned cooperatives are bound to comply with legally prescribed minimum standards and publicly agreed tariff structures when employing HCT personnel. Although cooperatives might offer their staff a greater opportunities to influence decisions which have repercussions on their working conditions, they might also create more uncertainty because of difficult financial situations or only employ lesser qualified personnel. The working and employment conditions in provider-owned cooperatives might vary significantly depending on the legal and financial situation they face. Minimum protection and working standards should always apply, but might be circumvented due to initial capital shortages.

As in all service industries one issue is crucial to cooperatives: their working members might find it more lucrative to work elsewhere.

Other activities in tourism are more difficult to define and are little represented at the institutional or associative level. As an example, communities in tourism destinations are very active in marketing as well as in running local public facilities for tourists. The community-based tourism involves the entire population, not just the tourism operators. These activities are not properly covered by tourism statistics, but they are very important for community strategies such as sustainable tourism development. The association of informal tourist agents in form of cooperatives and the formalization of their activities could improve considerably the situation with statistical data. It is hoped that the methodology embedded in the revised International Recommendations 2008, will help to generate better measures of these activities.

I would like to conclude my presentation by the following statement taken from a very remarkable book written by Mr. Johnston Birchall, a leading modern British sociologist and theoretician in social cooperatives, in *"Rediscovering the cooperative advantage"*:

"If cooperatives did not exist, they would have to be invented".

Thank you once again for your kind invitation to this Workshop and friendly attention.

