



**COPE**



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***Promoting innovation through cooperative  
model in entrepreneurship education for adults  
(COPE)***

***Intellectual Output 2:***

***GAP ANALYSIS***

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## ILO RECOMMENDATION 193

*The promotion of cooperatives should be considered as one of the pillars of national and international economic and social development.*



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## AIM OF THE GAP ANALYSIS

The GAP analysis is the initial part of investigation in the framework of the Erasmus + COPE project, aimed at contributing to strengthen a competitive social economy in Europe through the spread of new cooperatives. More specifically the specific objectives of the project are:

1. Strengthening the skills of entrepreneurship trainers promoting cooperative business
2. Exchanging experiences on social entrepreneurship education among trainers across Europe
3. Developing innovative tools and methodologies to assist trainers in their promotion of the cooperative model among adults

The seven project partners Coompanion Östergötland (Sweden), Bifrost University (Iceland), Consorzio Icaro (Italy), CARDET (Cyprus), SERN (Italy), Confcooperative Romagna (Italy) and Mikrofonden Väst (Sweden) developed and conducted a GAP analysis aimed at investigating the gaps in terms of tools and knowledge of advisors promoting the cooperative model.

## COOPERATIVE DEFINITION AND CHARACTERISTICS

The definition of cooperative given by the International Cooperative Alliance (ICA) is “an autonomous association of persons united to meet common economic, social, and cultural goals. They achieve their objectives through a jointly-owned and democratically-controlled enterprise.”<sup>1</sup>

The defining characteristics that distinguish the cooperative model from other business models according to the European Commission are:

- an open and voluntary association
- a democratic structure with each member having one vote
- an equitable and fair distribution of economic results according to the volume of operations made through the cooperative
- the fact that cooperatives are enterprises that serve the needs of their members who contribute to their capital.<sup>2</sup>

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<sup>1</sup> <https://www.ica.coop/en/cooperatives/cooperative-identity>

<sup>2</sup> [https://ec.europa.eu/growth/sectors/social-economy/cooperatives\\_en](https://ec.europa.eu/growth/sectors/social-economy/cooperatives_en)





## The history of cooperatives in Europe

Europe has a long history of cooperatives, the earliest record of a co-operative comes from Fenwick, Scotland in 1761 forming the Fenwick Weavers' Society.

During the 18th century, in the wake of the experience of the UK, cooperatives were also born in many other European countries. Focusing specifically on the four countries involved in the COPE project, Sweden, Iceland, Italy, Cyprus, we see that the first cooperatives are all born within a hundred years from 1800. The cooperatives then have developed over the years in different sectors depending on the country.

### Sweden

In Sweden in 1801 the first mutual insurance company was established and during the first half of the century, above all, producer cooperation grew. In 1923 Sweden's first tenant cooperative, HSB, was formed and extensive housing cooperation emerged in Sweden. Today, all the large, Swedish cooperatives have their roots from this time. During the 80s and 90s, the co-operation went through a revival of sorts and a "new co-operation" emerged. Parental cooperative preschools, rural schools as staff cooperatives and various forms of artists' and craft cooperatives gradually became more common. So-called work-integrated social enterprises / work cooperatives were also started, mainly to create meaningful jobs for people far from the regular labour market.

Despite the emerging new co-operation, compared to many other countries, the cooperative model is less in demand in Sweden. One explanation for this, can be found in the extensive welfare construction that the country underwent after the Second World War and until approx. mid 70s. The turnover for the 100 largest cooperative companies in Sweden in 2019 was € 44,2 billion. To this sum another € 21,4 billion can be added as turnover of the largest mutual companies that same year.

In total, the co-operation accounts for about 10% of GDP in Sweden. The number of full-time jobs in total, with the 100 largest Economic Associations and the Mutual Companies together was approx. 77,500 in 2019. However, it should be added that many employees were part-time and / or short-term employees and this means that cooperative and mutual companies together have an estimated close to 100,000 employees in total.

### Italy

The first cooperative in Italy, a consumer cooperative, was born in Torino in 1854 and was named "Magazzino di Previdenza". But it was in the last century, at the end of the Sixties and throughout the Eighties that the cooperation had its most significant development, favored by the political and social climate particularly attentive to the cooperative form and by the legislative interventions of those years. In the late 1970s Social cooperatives, a noteworthy and impactful experiment in itself, were invented in Italy, and then extended all over the world.





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Nowadays the cooperative movement comprehends the following numbers: 79.000 cooperatives, over one 1.800.000 employees and 131 billion € in turnover (data for 2019). The region with the highest number of turnover is Emilia-Romagna (40.680 million €).<sup>3</sup>

## Cyprus

In Cyprus co-operatives started being created in the early 1900s when Cyprus was under the British Empire, more specifically the first cooperative company was created in 1909 with the name “Χωρική Τράπεζα Λευκονοίκου”, initiating the cooperative movement in the country. The co-operative sector in Cyprus was flourishing, with Cyprus being a leading example for other countries. Co-operatives had a significant presence in the financial sector, as most towns had a co-operative credit institution. The fall of the co-operative credit institutions in 2013 has signalled the downsizing of the co-operative sector. Before the fall, the number of cooperatives had grown to 300, a significant number for a country with 1 million inhabitants but today, only 92 co-operative companies are registered, with a significant number of them being inactive or a holding company.

## Iceland

In Iceland, the first purchasing co-operative was founded in 1882, then more followed, and eventually the purchasing co-operatives mostly became all-around co-operatives – handling most everything the inhabitants of the relative region needed (Sigurðsson, 1978). Starting from around 1990, following heavy inflation in the 1980’s and social changes, most of these co-operatives folded or reduced their activities heavily. In 1990, there were 152 co-operatives in Iceland and they were down to 96 in the year 2000 (Jónsson, 2006). Currently there are around 30 co-operatives in Iceland.

The different level of turnover, the presence of cooperatives today, seems quite different according to the countries involved in the COPE project. On the one hand we see Cyprus and Iceland that after a moment of growth and development of cooperatives, we are witnessing a rapid fall of the cooperative business model. On the other hand we can see that in Italy cooperatives represent an interesting slice of the market: the last two decades, despite the recent crisis in some sectors and the global economic-financial situation of recent years, testify to a constant development of cooperation, which manages to link the challenge of business modernization and globalization with the recovery of the founding principles cooperation such as solidarity and the centrality of the member. In Sweden as well, cooperatives maintain a good turnover, a high number of employees in the sector and an interesting percentage an interesting percentage of national GDP

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<sup>3</sup> <https://mk0wwwaicconitmk98w.kinstacdn.com/wp-content/uploads/2021/01/Rapporto-Biennale-Cooperazione-2018-2019.pdf>





## DATA COLLECTION FROM STAKEHOLDERS

### Methodology

The GAP analysis was conducted on the basis of data collected through interviews, online questionnaires and focus groups in the 4 countries of the project partners. All the 7 partners Coompanion Östergötland (SE), Bifrost University (IS), SERN, Consorzio Icaro (IT), CARDET (CY), Confcooperative Romagna (IT), Mikrofonden Väst (SE) contributed to the collection of qualitative and quantitative data and to their analysis.

The interviews and the focus groups were all conducted with individuals who have experience with social entrepreneurship and the co-operative business model.

The interviews and focus groups have made and recorded with an online platform only a few of the interviews were done in person due to the Covid 19 restrictions.

## PROMOTION OF THE COOPERATIVE MODEL

### The advisors

All the interviews and focus groups involved consultants, advisors who in all countries examined, have a solid experience in the world of cooperatives or in the world of entrepreneurship education (on average over 10 years of experience for the majority of respondents).

One aspect that emerges from the various interviews in the four countries is that none of the interviewees has mentioned having formal education on the co-operative model. For what is concerning the way they accumulate their knowledge, the majority of the advisors involved in the interviews have some form of academic background, most of which are not within the entrepreneurial or business sector (Coompanion, Cardet, SERN). They have gathered their knowledge from their own experience, working in co-operatives, learning directly in the field and then working alongside experienced colleagues (peer-to-peer learning) and also attending training programs offered during the years. Some of the advisors interviewed in Italy specified that for those who are consultants on issues such as auditing, labor regulations, there are annual compulsory training they need to attend as to be sure to always be updated on new regulations and trends. But no one has received any particular training on how to be a “trainer”. They know the contents and topics to be addressed but have not received specific training on how to be a trainer. Among the advisors interviewed in Iceland,





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(half of them coming from CEO and Chairman of cooperatives) we can find a specific educational path as they were educated at the Cooperative College in Bifröst, and as such received co-operative education. Among the advisors interviewed by Mikrofonden we can see that a number of persons have a related background as business advisors or as financing and/or business developers

## The promotion of the cooperative model

Some of the interviewees work firstly individually and then in team with other colleagues. The counselling is provided free of charge for individuals, groups and start-ups.

The training opportunities for those who want to deepen their knowledge of the cooperative model and entrepreneurship education are varied. Most of the training related to cooperative themes is done in groups

In groups:

- entrepreneurship training courses (at University) based on agreements between organisation
- events as hackathons, workshops to attract new entrepreneurs.
- In some cases, the advisors/counsellors are being contacted by entrepreneurs, non-profit associations, business networks and other similar organizations that are in need support in the form of advice, business development and financing solutions.

One-to-one

- Offering counselling to individuals approaching the advisors because they have an idea they would like to develop.

## Target Group

People interested in following trainings are both employed and unemployed adults interested in entrepreneurship.

In Sweden and Iceland mentorship activities aimed at groups in the pre start up phase are less practiced among interviewed, considering that none of the respondents had worked with this specific group. It should be noted, however, that in Sweden, in the questionnaire online over the 60% answered that groups in pre-start-ups phase are the main target of the trainings and this suggests that support for start-ups is an important part of the advisors' work. In Iceland the biggest challenge for start-ups is not the lack of mentorship but is the legal framework, not favourable for co-operative entrepreneurship, which is why it becomes difficult to find pre-start-up groups that meet all the required requirements and have a real chance to become a start-up. This is the main reasons why mentorship to start-ups is very little practiced.

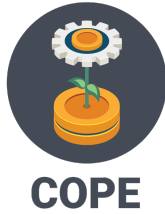
A lot of interviewees from Italy organise different mentoring activities such as specific meetings, training modules, specific projects and in some cases organize annual call. In Cyprus, the mentoring for pre-start-up groups is linked to the COOPathon, the two-day and a half hackathon that takes place



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every year. Some of the groups involved in the competition might take their ideas further and implement them after the competition.

It emerges that a fundamental aspect behind a mentor's credibility is the experience in managing established companies. The mentor has the task of supporting start uppers during the pre- start-up phase, creating conditions that lead to a decrease in the risk of failure, have a good ability to analyze and evaluate, a good knowledge of emerging trends and an in-depth knowledge of business tools.

For this it emerges that those who accompany the start-ups in the initial stages must have specific knowledge that goes beyond the general theoretical knowledge of business models.

### Existing trainings on cooperative entrepreneurship

In most cases, the existing trainings are tailored on the target group (cooperative associations, cooperative banks, trade associations, training institution, trade associations and training institutions and Universities) on the basis of available hours for the training. The programme is structured in training modules divided into units, each unit consists of a precise number of hours.

From the interviews it emerges how essential it is that the trainer adapts the modules to the target group, and that the language is also modulated according to the group.

For what is concerning the trainings, in Sweden the established cooperation in Sweden use mostly templates and materials developed on a national level. Advisors/counsellors within Mikrofonden Väst and Coompanion usually start out with their own templates and material together with modules and material from their respective national federations. The reason for these methods is, according to the advisors/counsellors, that each group is unique and that they adapt the training modules and material based on the group's level of knowledge and needs.

In Italy, for the interviewed that are part of organisations of representation of cooperatives ( Confcooperative, Legacoop,..) the modules and materials are developed on a national/regional level by the organisations.

### Training topics

The advisors who work directly with the target group, to increase the knowledge of the cooperative model and promote new cooperatives and start ups are mainly focused on business development, finance, marketing, law and knowledge regarding forms of associations (MIKROFONDEN)

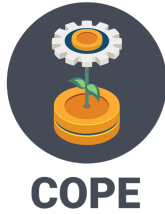
What emerged among the interviews by Coompanion, is that the most important topics are social entrepreneurship, social innovation and community entrepreneurship in the broadest sense. These areas include, for example, business development, board training, budget, financing, LEAN Startup, democratic methods, work integration, cooperative history, marketing and fundamental values.

In Italy, most of interviewees said that the main topics are: the differences between the cooperative model and the capitalistic model, values and principles of the cooperative model, governance, business plan, financial aspects, performance audit, internal and external communication. Certainly one reason why cooperative principles appear among the topics most dealt with in the trainings in



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Italy is related to the fact that most of the advisors interviewed already organize specific training courses on the promotion of cooperatives rather than general training on entrepreneurship education.

In Iceland and in Cyprus in trainings greater importance is given to the financial aspects and the business planning, market analysis, than values and principles. This depends on the fact that unlike Italy and Sweden, most of the interviewees in these two countries are not those who work directly in promoting the cooperative model, but more generally on entrepreneurship education.

### Cooperative principles and governance in trainings

As mentioned, according on the analysis of the National Reports, produced by the partners, this topic is the most dealt with in Italy.

The most identified themes are:

- Identifying and distinguishing the cooperative model from other enterprise model (social function, meeting individual and collective needs through the pursuit of its mutualistic purpose);
- Drafting of articles of association in the statute;
- Presentation of how the boards of directors are structured, through Simulations, trip simulations on boat (Confcooperative) and open discussion;
- Establishment of a work team;
- Opening bank account.

### Sustainability and Innovation in trainings

Sustainability is present in all activities and trainings for all interviewees, in all countries involved in COPE project, but particular insight emerges among the advisors' working in Sweden.

For example from the data collected by Coompanion appears that 6 out of 10 interviewees specifically mentioned sustainability as a basic prerequisite that permeates all counselling and training. The theme develops above all by presenting and discussing the Sustainable Development Goals and through Social Business Model Canvas.

Innovation is also a topic addressed, even if it depends a lot on ideas and on the sector in which entrepreneurship is promoted. There are of course contexts in which being innovative is more essential than others.

As example of innovation, brought by two advisors interviewed in Italy (SERN and Confcooperative Romagna) is the workers buyout cooperatives. The workers buyout cooperatives, which occur when workers acquire ownership and control of a company, are an innovative way through which employees can try to save companies facing closure, keeping their jobs and ensuring that the know-





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how acquired over years of employment is not wasted. The transformation of ordinary companies into cooperatives is increasingly relevant today, and monitoring this trend was the aim of this project<sup>4</sup>.

## Financial Aspects

In in three out of four countries where interviews were conducted result that financial aspects are a great focus in trainings, since they are both in specific training on the cooperative model and in any other training based on entrepreneurship education and business models.

In all 4 countries the Business Model Canvas BMC seems the essential element when it comes to financial aspects. In Italy the business plan is taught engaging students of the training in a simulation as the plan is considered the basis for the development of a cooperative.

## Training methods

The Advisors interviewed use several methods:

- Lectures
- e-learning platforms or APPs;
- simulation and practical assignments
- role play,
- storytelling
- testimony
- workshops,

Some of the interviewees, collected by Consorzio Icaro, showed that advisors, in order to promote the development of entrepreneurial skills (in particular creativity, imagination, strategic thinking, problem solving and critical and constructive reflection), adopt the teaching methodology of Problem-Based Learning (PBL) , a learner-centered teaching method, in which a problem is the starting point of the learning process. Learners search for the resources they need to understand and resolve the issue, summarizing the recovered information and returning to the group to return the captures each has arrived to.

What emerges absolutely from a need is that the training must be adapted to the target group:

*Advisors needs to read the group and adapting methods based on the specific needs of the specific group (Mikrofonden)*

*The main concern of all is to understand the background and the expectations of the participants (Confcooperative)*

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<sup>4</sup> <https://www.euricse.eu/projects/new-production-and-worker-cooperatives-and-the-employee-buyout-phenomenon/>





## Conclusions: Challenges and Gaps

From the analysis of the data collected, what are the greatest needs in promoting cooperation:

1. In all countries, regardless of the type of training carried out (specific on cooperative entrepreneurship or on entrepreneurship education more generally) advisors expressed a general lack of knowledge about cooperation in entrepreneurial education at large.
2. The cooperative principles and values also need to be better understood. Training should instil in the conscience of learners the mutual purpose of the cooperative and aim at the enhancement of human capital over financial capital. The cooperative model needs to have the same dignity than other business models - restore a more positive image to the cooperatives.
3. To harmonize counseling with the academia's methods for gaining acceptance and collaboration, as well as maintaining a scientific approach to the work
4. More practical trainings, to engage more who is attending (Bifrost). There is a need for trainings in which you can test yourself more with games and simulations (SERN)
5. Different approaches to counseling - fixed templates and structures are not suitable in cooperative counseling
6. The training must be "long life" and not end with a single course. There is a need to provide continuous training, which can be used even after the cooperative is formed. This is essential for the cooperative's values and principles to remain the founding pillar of the company.
7. More concrete collaborations between old / established cooperative and new cooperatives (Coompanion) also to develop cooperation among cooperatives (SERN) and create new synergies and business opportunities
8. Exchange good practices at European level to be inspire in improving the work done

The elements collected and discussed within the project partnership will be of great use in developing the learning model envisaged in the framework of the Intellectual Output 1 of the COPE project, on the basis of the needs that emerged in the various countries involved.

