

ENTERPRISES RECOVERED BY WORKERS AND THEIR NATIONAL SUPPORT SYSTEM IN ITALY

The number of enterprises recovered by workers organized in cooperatives continues to grow in Italy, together with a broad consensus for this innovative form of safeguarding jobs in front of various causes that generate the closure of companies.

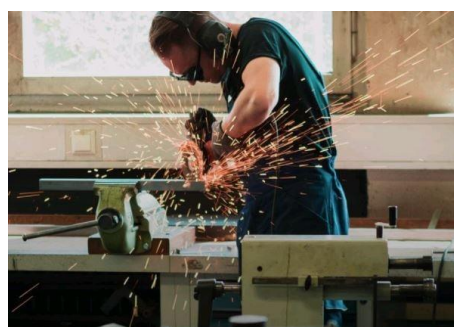
The practice of recovered enterprises, also called *Worker Buyouts (WBOs)*, indicates the initiatives managed by workers who, faced with the closure due to bankruptcy, relocation or problems of generational succession of the companies of which they are employees, transform them into owned enterprises generally in the form of work cooperatives, using severance funds, savings and public subsidies to tackle unemployment for purchase and start up. Faced with the loss of their jobs, thousands of workers have chosen to invest in a common share capital to take over and recover their enterprises.

The latest report on the impact of these practices [Mapping Worker Buyouts in Italy](#), was published in 2022 by LegaCoop, one of the main Italian cooperative organizations, identifying 323 enterprises recovered by workers cooperatives form across the country. The average lifespan of these *cooperative workers buyout* (more than 15 years), as well as the survival rate (about 71%) give evidence of the economic and social success of this form to manage and respond to company crises.

The report highlights that these practices were inspired by the *Workers Buyouts* experiences realized in the United States since the 1970s, the *Employee Share Ownership Plan ESOP-WBO*, characterized by the acquisition of company shares by workers who therefore become shareholders. In Italy these practices have in most cases adopted a different approach, based on the negotiation between workers and owners of companies in crisis, and on the choice of the cooperative form for their future management. The key role played by workers in the negotiations, the involvement of representatives of the cooperative sector, local governments and public institutions, their roots in the territory are all aspects that are considered crucial for their success today.

The practices of enterprises recovered by workers in Italy also multiply thanks to a complex national system that makes them viable. This system includes a specific national law and a public financial support for workers who choose to organize themselves in cooperatives, to buy the bankrupt company and relaunch the production.

Already in 1985, a specific law known as *Marcora Law*, was foreseeing a support in favour of the workers recovering bankrupted companies. Updated in 2001 and then in 2013 to adapt to European standards,



this law states that employees have *the right of preference in rent or purchase the companies subject to bankrupt, establishing a cooperative made by the same workers of the company subject to bankruptcy proceedings*. This Law allows workers to choose the option to recover the company and production as soon as the owners take the decision of bankruptcy. Avoiding long bidding times, negotiations and unemployment, workers can face the purchase process by investing their own funds and indemnities of the closing of their employment contract.

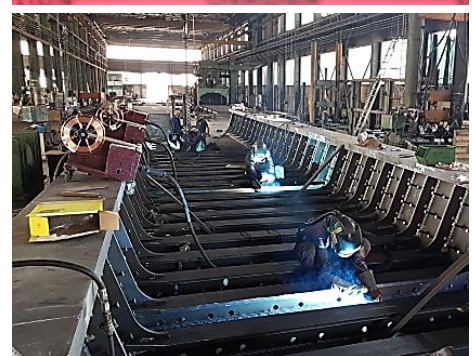
Another key public support from the Italian state is providing workers with capital funds to buy the enterprise and restart the production. Created in 1985 by the *Marcora Law*, the Fund managed by [Cooperazione Finanza Impresa \(CFI\)](#) with the Ministry of Economic Development as the main stakeholder and financial partner, uses its financial resources to give new cooperatives a contribution for the capitalization in terms of capital and social debt. The cooperative workers buyout supported by CFI [operate in various sectors](#) such as fashion, supermarket management, construction, wood processing, glass or ceramic production. Their small/medium size seems to have played an important role for their success, facilitating the decision-making process in setting up cooperatives, in negotiations and in the direct management of production by workers. CFI funds must be returned within 10 years, allowing all recovered enterprises to have an important financial and technical partner during the whole duration of the investment.

The third and fundamental pillar sustaining the recovered enterprises in Italy is represented by the cooperative's movement. The National League of Cooperatives *Legacoop*, for example, gives support to workers organized in a cooperative to recover a bankrupted enterprise through [Coopfond](#), financed with 3% of the profits of all members. Other national Federations of cooperatives have also provided workers buyouts with technical and financial assistance, investing funds of their members

Moreover, in 2021 an important [agreement was signed between the national cooperatives organizations and the three main Trade Unions](#) (CGIL, CISL, UIL) to joint efforts at national and local level to promote strategies supporting the implementation of cooperative workers buyouts as a possible response to the many crises of companies in the country and their consequences for workers in terms of unemployment. The governments of various Italian Regions are also progressively investing their funds to support the recovery processes of companies by workers.

The previous global report [published in 2015 by the EURICSE Research Institute](#) stated that 252 enterprises were recovered by their workers organized in cooperatives since 1979. The new study carried out in 2022 by Legacoop identifies 323 cooperative workers buyouts, showing a significant growth in these practices. In addition, all the information sources underline that the impact is even greater considering that these numbers only refer to cooperative workers buyouts that have request the national financial support.

These Reports and numerous papers published by universities, organizations and social economy journals agree in underlining that *cooperative workers buyout* have proved to be a tool for transforming serious crisis situations into new opportunities for development, keeping jobs and also creating new ones. Each one of the stories of these enterprises recovered, in fact, shows the great abilities of its employees in the technical management of the production and in the whole process necessary to become owners of a company in



bankruptcy. Moreover, their strong roots in the territories allowed to enhance the traditional economic resources and knowledge and to build new value chains for production and marketing as key components of their success.

Researchers and a growing number of policy makers consider that enterprises recovered by workers organized as cooperatives not only represent a temporary solution to save jobs, but are medium-term instruments to safeguard the employment, to improve the productive capacity of enterprises and to enhance the economies of their respective territories.

To know more

[Mapping Worker Buyouts in Italy - 2022](#)

[EURICSE Report 2015](#)

[Legacoop brief note 2020](#)

[Legge Marcora in cfi.it website](#)

[Workers Buyout map in Corrieredellasera](#)

[Articles in CFI website](#)

[Articles in CFI website](#)

[Workers owned enterprises - CIRIEC Congress 2022 Valencia Spain](#)

[Workers buyout in CGIL Union website](#)

[Rete italiana imprese recuperate website](#)

[News in cofcooperative.it website](#)

[Workers Buyout in Banca Etica website](#)

[CECOP- Business transfers to employees under the form of a cooperative in socioeco.org](#)

[Workers Buyout Case studies – in 4bte website](#)

[Workers Buyout in EURICSE website](#)

[Study Workers Buyout 2016 - uniroma3.it](#)

[Workers Buyout in researchgate 2017](#)

[Saving Jobs Public Policy Focus in coceta.coop](#)

[Empresas recuperadas por sus trabajadores in Facebook](#)

[Empresas recuperadas por trabajadores 2016 - Facultad Abierta - Argentina](#)

[Article in elsaltodiario.com Argentina](#)

[Fabricas recuperadas Argentina in Osera website](#)

[IDEASS brochure 2012](#)

