

COOPERATIVE VIRTUAL GENERAL ASSEMBLIES AND COOPERATIVE PRINCIPLES. A LEGAL AND EMPIRICAL ANALYSIS¹

*Deolinda Meira*²

Abstract

Cooperatives must achieve the digital transition in its various dimensions. New technologies must be put at the service of promoting democratic participation, supporting democratic management, and bringing cooperators closer to the cooperative. Virtual general meetings can be a way of consolidating the cooperative principle of democratic member control. In turn, the principle of education, training, and information may enhance the digital transition in cooperatives and promote virtual general meetings. The pandemic caused by COVID-19 forced social distancing to deal with health restrictions, which boosted internal digital-based organisational processes, including general assemblies. The results of the COOPVID Project show that in some cooperatives the general assemblies that were held via videoconference had more participation than when they were held in person and some cooperatives are already thinking about changing the model of how meetings will be held during the post-pandemic period. The project also highlighted that in general the cooperatives do not use the reserve for education and training to combat digital illiteracy.

Keywords: cooperative law, digital transition, virtual general assemblies, democratic member control, cooperative education and training, COOPVID Project.

Introduction

The pandemic generated by the SARS-COV2 virus represents one of the most significant challenges of recent decades posed to organisations, including cooperatives. The pandemic highlighted more intensely the centrality that communication and information have in current society, and it is in this digital society that today's cooperatives are positioned and operating.

Cooperatives necessarily have to achieve the digital transition in its various dimensions. New technologies must be put at the service of promoting democratic participation, supporting democratic management, bringing cooperators closer to the cooperative,

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² Associate Professor at CEOS.PP, ISCAP, Polytechnic of Porto, meira@iscap.ipp.pt, Orcid: <http://orcid.org/0000-0002-2301-4881>

transparency in governance, preventing conflicts of interest, communicating with the community, cooperative training, and information (European Commission, 2020).

In both larger and smaller cooperatives, this challenge implies significant adaptation. Incorporating new technologies into members' democratic participation, cooperative management, and supervision represents a challenge to cooperative principles and governance rules. Such examples are virtual general meetings or electronic voting of cooperators.

The exceptional circumstances experienced cannot fail to be considered by cooperatives' bodies, both the management and the bodies where the cooperative members sit.

Decree-Law No. 10-A/2020 was published in Portugal, establishing exceptional and temporary measures related to the aforementioned epidemiological situation.

The law allows general meetings of cooperatives to be held by telematic means "unless otherwise provided for in the statutes." Thus, this will be a possible "path" to be adopted in this period in which the intention is to avoid face-to-face meetings as much as possible.

It should be noted that holding general meetings electronically implies that the cooperative "ensures the authenticity of the declarations and the security of the communications, registering their content and the respective participants."

Moreover, article 5(1) of Law 1-A/2020 favours telematics means as a means of holding general meetings, establishing that "the participation by telematics means, such as video or teleconference of members of collegiate bodies of public or private entities in the respective meetings, does not prevent the regular functioning of the body, particularly concerning quorum and resolutions, although the form of participation must be recorded in the respective minutes."

Note that this practice was already allowed in the pre-covid period. In fact, since 2006, the use of telematic means for the meetings of the General Assembly of cooperatives has been allowed. However, the pandemic has made this option almost inevitable for most cooperatives.

In democratic organisations, all cooperative members must be involved in the decision-making process. Members must participate in the annual meetings (or general assembly) in which they elect the board of directors and (dis)approve the cooperative's financial statements. Some members are even more active, as they participate in the board of directors or supervisory bodies. Nevertheless, different scholars have highlighted a decline in members' commitment to their cooperative, reflected in an ever-decreasing participation in general assemblies (Fajardo, 2020).

It is in this context, in this paper we intend to reflect on the impact of virtual general assemblies on the functioning of cooperatives, particularly concerning the principle of

democratic member control by specifically answering the following questions: (i) Can virtual general assemblies be a way of consolidating this strategic principle of cooperatives, or, on the contrary, can they discourage cooperative members who do not have adequate equipment and training from participating in their cooperatives? (ii) How can cooperatives overcome possible difficulties of cooperative members in this area? (iii) Can the principle of education, training and information enhance the digital transition in cooperatives and, as a result, the holding of virtual general meetings?

The answer to these questions will be based on a legal and doctrinal reflection, complemented with some empirical data. We will therefore take into account the results obtained in the COOPVID Project, an interdisciplinary study on the impact of COVID-19 on Portuguese Social Solidarity Cooperatives, a study commissioned by CONFECOOP and CIRIEC Portugal and carried out by the Social Economy Unit of the Centre for Social and Organizational Studies of the Polytechnic of Porto (CEOS.PP)³.

The question of the binding or non-binding nature of the cooperative principles

In the doctrinal elaboration about the cooperative principles, two currents stand out: those who understand that the cooperative principles are mandatory rules of a binding nature for the legislator, who is obliged to adhere to such principles, and must implement them in legal rules (Vicent Chulià, 2002; Llobregat Hurtado, 1990; Namorado, 2005); and those who understand that the cooperative principles are soft law rules (Hiez, 2013, Sangen, 2014, Santos Dominguez, 2015).

In the Portuguese legal system, this issue has a substantial practical relevance, given that the cooperative principles are enshrined in the Constitution of the Portuguese Republic (CRP) (Meira, 2011).

Thus, article 61(2) of the CRP states that “everyone has the right to freely establish cooperatives, provided that the cooperative principles are observed”. In turn, Article 82(4)(a) of the CRP states that the cooperative subsector “encompasses the means of production owned and managed by cooperatives in compliance with the cooperative principles”.

The CRP does not identify the cooperative principles, there being an express reference to the principles defined by the ICA and which are described in art. 3 of the Portuguese Cooperative Code, approved by Law 119/2015, 31 August (PCC): voluntary and free membership; democratic member control; economic participation of the members; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for the community.

According to Namorado (1999, p. 20), this position adopted in the CRP places the shaping of the Portuguese cooperative sector at the mercy of the ICA’s decisions so that when the

³ - See <https://social-economy.net/coopvid/the-impact-of-covid-19-on-social-solidarity-cooperatives/>

ICA changes the principles, it will be the new option that will come into force in the Portuguese legal system.

In the words of Canotilho and Moreira (2007, 793) “The “cooperatives” which do not respect these cooperative principles are not true cooperatives in the constitutional sense, and therefore cannot enjoy the respective guarantees”.

In terms of ordinary legislation, the Portuguese Cooperative Code associates the notion of cooperative (Article 2 of the PCC) with the necessary obedience to the cooperative principles. According to Article 2(1) of the PCC, cooperatives are “autonomous legal persons, freely established, with variable capital and composition, which, through cooperation and mutual assistance among their members, in compliance with the cooperative principles, aim to satisfy their economic, social or cultural needs and aspirations on a non-profit basis”.

Therefore, the legal regime of cooperatives in Portugal shall be based on compliance with these cooperative principles set out in Article 3 of the PCC.

The cooperative principles thus constitute the limit to recourse to subsidiary law. Article 9 of the PCC, regarding the subsidiary law applicable to situations not provided for therein, establishes the possibility of recourse, “as long as the cooperative principles are not disrespected, to the Commercial Companies Code, namely to the precepts applicable to public limited companies” (Frada & Gonçalves, 2009).

In this context, in the Portuguese legal system, the legal-constitutional consecration of the cooperative principles in Articles 61(2) and 82(4)(a) of the CRP gives them a binding and conforming force typical of legal-constitutional rules. According to Canotilho and Moreira (2010, p.881), “As the Constitution is the supreme norm of the country, all other rules must respect it”. This means that the ordinary legislator is legally obliged to respect the meaning of the cooperative principles when producing legal rules concerning the legal regime of cooperatives. As a result, legislative acts of the ordinary legislator which disrespect the cooperative principles are unconstitutional (Article 277(1) of the CRP).

Along the same lines, the PCC provides that the non-respect of the cooperative for the cooperative principles in its functioning shall constitute grounds for its dissolution [Article 112(1)(h) of the PCC]. This is a cause for compulsory dissolution by judicial means.

The António Sérgio Cooperative for the Social Economy (CASES), a public interest cooperative that brings together the State and various social economy organisations, was created by Decree-Law 282/2009 of 7 October. In exercising its supervisory functions over the cooperative sector in Portugal (articles 115 to 118 of the PCC), it is responsible for supervising, following the law, the use of the cooperative form, respecting the cooperative principles and the rules regarding its establishment and functioning.

To this end, cooperatives are required to send CASES copies of the acts of incorporation and amendment of the bylaws, annual management reports, annual accounting documents and the balance sheet.

Through the Public Prosecutor's Office, CASES must request the competent court to dissolve cooperatives that do not respect the cooperative principles in their operations (Meira & Ramos, 2015).

The relevance of the General Assembly of cooperatives

The use of telematics means in the functioning of the general assembly may be an important means of facilitating and encouraging cooperators' participation in the meetings, thus contributing to the consolidation of the democratic and participative functioning that characterises these entities.

We must not forget that the general assembly is the organ in which all cooperators participate (art. 33 of the PCC). It is the supreme organ of the cooperative, and its decisions are mandatory for the remaining organs (Article 33(1) of the PCC).

The term "supreme organ" of the cooperative assumes a threefold meaning: (i) the most important and decisive issues in the life of the cooperative fall within the remit of the general assembly (art. 38 of the PCC); (ii) the members of the corporate bodies are elected by the general assembly from among the collective of cooperators (art. (iii) the resolutions adopted by the general meeting according to the law and the bylaws are binding on all the other bodies of the cooperative and all its members (Article 33(1) of the PCC) (Münkner, 1995; Henry, 2012).

Pursuant to Article 38 of the PCC, in addition to other powers set forth in the bylaws, the General Assembly has elective powers (election and dismissal of members of the bodies of the cooperative), strategic powers (amendment of the bylaws; approval of the voluntary merger, demerger or dissolution of the cooperative, voluntary membership of the cooperative in unions, federations and confederations), management powers (annual review and vote on the management report and accounts for the financial year; review and legal certification of accounts; review and vote on the budget and the business plan; fixing the interest rates to be paid to members of the cooperative; approving the form of distribution of surpluses; fixing the remuneration of members of the corporate bodies of the cooperative) and control (deciding on the exclusion of cooperative members and the loss of mandate of the corporate bodies; functioning as an appeal body in relation to the admission or refusal of new members and in relation to the sanctions applied by the management body; deciding on the exercise of the right to civil or criminal action against directors, managers and other representatives or members of the supervisory body).

The consequence of this rule is that cooperatives do not have a concentration of management powers in the management body, and General Assembly may decide on matters directly related to the management of the cooperative. Thus, in addition to the

powers mentioned in Article 38 of the PCC, the bylaws may add other management powers to be exercised by the General Assembly. Thus, a provision in the bylaws which grants the cooperative members the right to pass resolutions on other matters relating to the management of cooperatives or requires the management body to submit any of these matters to the cooperative members to obtain prior consent for the practice of certain categories of management acts shall be lawful.

In this context, the bylaws may reserve management powers for resolution by the cooperative members, similar to the regime provided for private limited companies (art. 246, no. 1 of the Commercial Companies Code) (Abreu, 2012) or provide for the possibility of the cooperative members passing resolutions issuing instructions on the general business policy of the cooperative or on certain matters. They may also provide for the possibility of the cooperative members passing resolutions issuing instructions on the general business policy of the cooperative or on certain matters, provided that the powers which are mandatorily attributed by law to the board of directors are reserved, with particular emphasis on the preparation of the management report and the proposal for the application of results [Article 47(a) of the PCC]. It should be noted, however, that in the Portuguese legal system, a provision in the bylaws granting the cooperative members practically all decision-making powers in management matters is not lawful, and the Board of Directors is responsible for the mere execution of such resolutions (we are talking about the management and not the representation of the cooperative). Taking into account the model provided for in the PCC, the board of directors is a necessary management body. Although there is a principle of dependence between the management body and the general meeting, this principle must respect the corporate structure that, by law, cooperatives must adopt based on differentiated bodies with specific powers (Abreu, 2012). Solutions are similar to those provided in the Italian legal system for the “Piccola società Cooperativa”, which may be managed directly by the members’ assembly, which must appoint a president who will be its representative before third parties (Frascarelli, 2006), or in the English legal system in which it is allowed that in small cooperatives the founding members choose a governance model based on a collective structure in which all decisions are taken directly by the General Assembly (Snaith, 2017), will not be admissible in the Portuguese legal system.

Furthermore, in cooperatives, the resolutions passed by the cooperative members shall be binding on the management body (“their resolutions, passed under the law and the bylaws, shall be binding on the other bodies of the cooperative” - Article 33(1) of the PCC). In a public limited company, by the combination of the provisions of section 373(3) and section 405(1), both of the Portuguese Commercial Companies Code, it is up to the bylaws to determine if and when the members’ resolutions on management issues are binding for the administration body.

The relevance of participation in the General Assembly of cooperatives

Participation in general assemblies is a right/duty of cooperative members. All cooperators and investor members fully enjoying their rights have the right to participate in general assemblies (Article 33(2) of the PCC).

This participation in the general assembly is not restricted to the right to express a statement of will by voting. The right to participate in the general assembly includes, in addition to the right to vote, other rights such as the right to be present (or represented) at the meeting of cooperators, to submit proposals and to participate in the discussion of proposals (Article 21(1)(b) of the PCC).

The right to participate in the general meeting and vote on the proposals on the agenda is the hard core of the right of participation of a cooperative member in a cooperative. It is one of the manifestations of the cooperative principle of democratic member control (Article 3 of the PCC). This principle particularly values the participation of cooperators in the functioning of cooperatives and underlines the responsibility of leaders towards the cooperators who elect them. From this principle, the members democratically control the cooperative. They should actively participate in formulating policies and taking fundamental decisions based on the one-member, one-vote rule (Article 40(1) of the PCC) (Fici, 2018).

Some specific operational features of virtual assemblies

When a virtual general meeting is held, the means chosen must ensure the following (i) the authenticity and security of communications; and (ii) the entire record of the meeting, its content, and the respective participants. Article 5 of the Law 1-A/2020 states that “the participation by telematic means, namely video or teleconference of members of collegiate bodies of public or private entities in the respective meetings, does not hinder the regular functioning of the body, particularly about the quorum and resolutions, although the form of participation must be recorded in the respective minutes.”

Therefore, holding these meetings cannot prejudice “the regular functioning of the body”, i.e. the collegiality of the General Meeting. If there is an interruption of the transmission due to technical problems or hackers, this may determine the invalidity of the resolutions taken at the meeting.

As for the notice of the general meeting, the most relevant aspect to note is that, since it will not take place in any physical location, but through the various applications available for videoconferencing, care should be taken to place in the notice the link that will allow participation in the general meeting.

In the course of the meeting, if sound and image recordings of the participants are to be collected, the Chairman of the Meeting Board shall inform the participants in such a way as to ensure compliance with the applicable provisions on data protection.

We have seen that, in the name of the principle of democratic member control, the members must be guaranteed full intervention in the assembly, allowing them to ask questions, make proposals, and vote.

The question of voting in a virtual General Assembly deserves special consideration. The realisation of a virtual General Assembly will only be fully ensured if it can guarantee that all members exercise the right to vote by telematic means. The cooperator member has two possibilities: the electronic vote, which is cast in real-time in the virtual assembly, and the electronic postal vote, which is cast before the General Assembly.

Although not expressly provided for in the Cooperative Code, by reference to article 9, the provisions of the Portuguese Commercial Companies Code shall apply, which allows cooperative members who participate by electronic means to exercise their right to vote, in real-time, by electronic means, provided that the cooperative guarantees the authenticity of the vote cast (article 384, paragraph 9 of the Portuguese Commercial Companies Code, by reference to article 9 of the PCC).

Suppose the cooperator is absent from the meeting. In that case, he/she may, unless such procedure is prohibited by the cooperative's bylaws, vote by correspondence (postal vote), which is an important mechanism to facilitate and encourage the participation of cooperators in the General Assembly thus consolidating the democratic functioning of cooperatives.

In addition to the traditional form of written correspondence, we now have electronic correspondence in this digital context. Therefore, in principle, this type of vote may also be exercised by email, using an advanced electronic signature. However, specific legal limitations should be considered. In effect, article 42 of the PCC requires that postal votes remain confidential until voting. This means that if it is impossible to ensure such confidentiality for electronic votes, the exercise of postal votes by email shall not be admitted, but only in the traditional written form.

In addition, for acts requiring secret ballots, namely roll call votes or elections, if confidentiality cannot be assured — e.g., electronic voting — the meeting cannot be held by telematic means.

The obligation to educate and train for full virtual functioning and participation in general assemblies

Meetings by telematic means may be online meetings (or mixed) and cyber meetings (or virtual meetings).

Regarding the first, not all cooperators may have access to telematic means to participate in the General Assemblies. This issue must be taken care of by holding a mixed General Assembly (face-to-face meeting for those cooperators who wish to participate in person at the registered office, namely because they do not have access to videoconferencing systems, coupled with the permission of the remaining cooperators to attend and participate in the assembly through a videoconferencing system). In virtual General Meetings, there is no face-to-face meeting of cooperative members, who participate exclusively through remote means of communication.

So, in the context of virtual participation, the cooperative shall ensure that all cooperative members have the means and training to fully participate in a virtual general assembly. If this is not the case, the cooperative shall develop the necessary education and training to enable such virtual participation.

The principle of education, training and information is described in Article 3 of the PCC as formulated by ICA in 1995, namely: “Cooperatives shall promote the education and training of their members, elected representatives, leaders and workers so that they can contribute effectively to the development of their cooperatives. They should inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation”.

Torres Lara (1983, p. 89) calls this principle the “golden rule of cooperativism”, being a condition for the applicability of the other principles and a factor of their validity and effectiveness (Namorado, 1995).

This principle highlights the vital importance of education, training, and information. The first two vectors have a predominant relevance in the internal scope and the third vector in the external scope (Gutiérrez Fernández, 1995).

Following MacPherson’s (1996, p. 33) thinking, “education will mean more than distributing information, engaging members’ minds, elected leaders, managers and workers in fully understanding the complexity and richness of cooperative thinking and action.” “Training will mean ensuring that all those involved in cooperatives will have the skills necessary to assume their responsibilities effectively. Information will focus on disseminating the specificities and advantages of cooperation to the community where the cooperative is located (García Pedraza, García Ruiz & Figueras Matos, 2018).

The cooperative movement has always been based on the paradigm of integral development of its members. Therefore, in addition to the civic component, cooperative education and training are aimed at the cooperative member to acquire skills and knowledge that reinforce their organisational culture based on cooperative principles and values, and adequate technical and professional tools and skills (Corberá Martínez, 2005).

The beneficiaries of cooperative education and training shall be the cooperative’s members, elected representatives, leaders, and workers. The beneficiaries of cooperative information shall be the community in which the cooperative operates.

According to the statement of the principle, education and training aim to “contribute effectively to the development of their cooperatives.”

The external dimension of the principle is evident in the duty to provide information “on the nature and benefits of cooperation”, aimed at “the general public”, that is to say the community and, within it, particularly young people and opinion leaders. Information will enable cooperatives to be dynamically inserted in the community, fostering a sense of

solidarity and responsibility among the general population, making them aware of the nature and benefits of cooperation, thus enhancing the social legitimisation of cooperatives (Namorado, 1995; Macías Ruano, 2015).

One of the internal projections of this principle is the recognition of the right of cooperative members to participate in cooperative education and training activities (Article 21(1)(f) of PCC).

It is part of the DNA of cooperatives to promote and foster education on the cooperative values and principles so that cooperators can fully live out their membership, be aware of their rights and duties, and the necessary participation in the activity of the cooperative. The cooperator or candidate cooperator must be fully aware that, among other relevant aspects: (i) the cooperative fulfils not only an economic function, reflected in the satisfaction of the needs of its members but also a social function, evidenced by the primacy of the individual and social objectives over the capital, the reinvestment of surplus funds in long-term development objectives, the conjunction of the interests of members with the general interest; (ii) the cooperative is a collectively owned and democratically managed enterprise by the members (Meira, 2012).

The recognition and internalisation of these cooperatives' specificities are essential for cooperators' adequate participation in the cooperative's activity, whether in its economic dimension, political dimension, or management and supervision dimension (Meira, 2017; Rodríguez González, 2018).

Cooperative education and training should provide the cooperative members with adequate knowledge about the cooperative principles and methods for them to actively and fully participate in their cooperative, properly decide in the assemblies, consciously elect their bodies, and control their actions.

Therefore, cooperative education and training are essential for this democratic participation to take place in all its breadth and depth (Meira, 2020).

In exchange for recognising this right, cooperatives are obliged to organise such education and training activities. To that end, they shall set aside a reserve fund for "the cultural and technical education and training of cooperative members, cooperative workers and the community" (Article 97(1) of the PCC). The organisation of these education and training activities is one of the specific competencies of federations and confederations of cooperatives. Article 108(1)(d) of the PCC states that federations and confederations are responsible for "fostering and promoting cooperative training and education and may manage the education and training reserves of members".

The reserve for cooperative education and training is regulated by art. 97 of the PCC and is mandatory by law.

According to Article 97, paragraph 2, of the PCC, the following shall revert to this reserve: the part of the fees that is not allocated to the legal reserve; at least 1% of the annual net surplus from transactions with cooperators (this percentage may be higher if the bylaws or the general meeting so decide); donations and subsidies that are specially allocated to the purpose of the reserve; and the annual net profits from transactions with third parties that are not assigned to other reserves.

The legislator establishes neither a minimum amount nor a maximum limit for establishing this reserve, after which reversals for the establishment of the reserve are no longer mandatory. Thus, during the entire life of the cooperative, the legal obligation to allocate the cooperative education and training reserve will subsist, regardless of its amount or the time elapsed (Meira, 2017).

The General Assembly shall be responsible for defining the basic lines of application of this reserve and for the subsequent control of its application, and the administration body of the cooperative shall have the duty to include an annual training plan in the business plan for the application of this reserve (Article art. 97(4) of the PCC).

The general meeting may allow the management body to deliver, in whole or in part, the amount of this reserve to a higher-level cooperative, provided that the latter pursues the purpose of the reserve in question and has a business plan in which that cooperative is involved. We must not forget that the powers of federations and confederations include fostering and promoting cooperative training and education, and, to that end, they may manage the education and training reserves of their members (Article 97(5) and Article 108(f) of the PCC).

The Cooperative Code also allows for the possibility of a part, or all of this reserve being allocated to education and training projects which, jointly or separately, involve the cooperative in question and: (i) one or more legal persons under public law; (ii) one or more legal persons under private law, non-profit; (iii) another cooperative or cooperatives (Article 97 (6) of the PCC) (Meira, 2017).

The virtual general assemblies during the pandemic. The COOPVID Project.

The COOPVID project started in December 2020 and will end in December 2022. The impacts on the internal and external practices of cooperatives resulting from the pandemic are subject to study, as well as the challenges for the post-COVID phase.

The Project covers four interdisciplinary work areas: law, management (financial and human resources), provided services, and information systems/digital transformation – that complement each other, to obtain, analyse and interpret the results, as well as the final considerations and recommendations necessary to anticipate and respond to the post-pandemic challenges, continuous improvement and innovation that these organisations must face (Meira et al, 2022).

The Project has as main goals: (i) the analysis of the legislative contribution to attenuate the adverse effects and solve the challenges identified in the context of the pandemic; (ii) the identification of the digital transition strategies that took place at the level of work organisation to face the challenges of social distancing and teleworking; (iii) the understanding of how the social solidarity cooperatives are positioned for the post-covid challenges, and (iv) the identification of recommendations for intervention at the internal and external level, to meet current and future needs.

The social solidarity cooperatives were selected to be as diversified and representative as possible of all the activities developed by this cooperative branch and the areas of activity to be studied were: a) Human resources management; b) Services provided; c) Financial resources management; d) Digital transformation.

The study of the impact caused by the pandemic in all these areas was supported by the legal framework due to the legal regime of the social solidarity cooperatives, as well as the legislation produced in the pandemic context.

The COOPVID project has three phases, and it was conducted using a qualitative and quantitative methodological approach. The activities of the first phase consisted of a literature review of the legislation that was put in place to overcome the difficulties created by the pandemic and the implementation of eleven exploratory interviews with cooperatives leaders.

The second phase: consisted of two stages of questionnaire surveys applied to social solidarity cooperatives:

- The first stage began in June 2021 and lasted until February 2022, through the presentation of a survey by a questionnaire containing a set of questions of an exploratory and extensive nature on the characterization of the cooperative, the impact of the pandemic on all the areas covered by the study, and how it was possible to cope with the pandemic period.
- To have a more comprehensive understanding of how cooperatives have dealt with the pandemic over the different waves, in March 2022 a new questionnaire was implemented to produce a further overview of the main changes caused by the pandemic and to allow a longitudinal study about the theme. This questionnaire was closed on the 30th of June, 2022.

Finally, in the third phase, different focus groups were held to discuss the sector's needs, strategies, and recommendations.

From the results of the interviews in phase one, we can conclude that regarding the virtual general assemblies some technical difficulties were experienced by some cooperatives and even some of those general meetings were either postponed or held through video conferencing, using Zoom or Teams. Participation increased in meetings involving

cooperative members or general meetings held by videoconference. Some cooperatives are considering holding meetings in a mixed format in the future to increase participation.

The cooperatives adopted digital technologies to face the pandemic, but not all at the same level. As far as we understand, this adoption is primarily due to the level of digital literacy of the target group of intervention. The situation forced leaders and workers to use digital tools as never before to work in collaboration at home. In addition, it built digital literacy of all cooperative's workers sent home because it forced workers to learn and develop a potential awareness of how things can be done differently.

The results of the eleven interviews show that during the covid-19 pandemic, the cooperatives' human resources were focused on continuing to fulfil the cooperative's mission and showed high adaptability to changes. They found strategies to deal with the situation by using tools to communicate at a distance, such as telephone and video conferencing. Both at the level of teamwork and institutional communication, where work meetings and general meetings were held by video conferencing, participation in general meetings was greater than when they were held in person. Many cooperatives are already considering changing the model of how meetings are held for the period post-pandemic.

In stage two, regarding digital assemblies, the results obtained indicate little change during the pandemic period about the use of the digital model.

From the results, most of the answers (over 65% in the first phase of the study and 58% in the second phase of the questionnaire survey to participating cooperatives) were: Not applicable; Did/do not have and still do not have/do not hold digital assemblies/digital voting. This may be explained by the need for the legal contextualisation of these instruments, as well as appropriate conditions free of subjectivity or, possibly, fraud, in a pandemic scenario that came as a surprise, evolved rapidly, and forced successive confinements.

As for the projection for the post-pandemic future, regarding the probability of holding remote general assemblies, we observe very varied results, in which 37.5% of the cooperatives refer that it is unlikely and very unlikely to use digital meetings, 32.5% refer that it is likely and very likely that they will be held and 30% still have no opinion on the matter. In this way, there is some uncertainty as to what is expected for the future in the sector of Social Solidarity Cooperatives in Portugal as regards digital assemblies.

Regarding the reserve for cooperative education and training, in the results obtained through the questionnaire presented in phase two of the project, we found that in the year 2020 this reserve fund was used by only 4.2% of the responding cooperatives and conversely, 79.2% responded that they had not used the reserve for training.

Spending on digital training for employees remained the same in 50% of the cooperatives and increased only in 12,5% of the cases, making a total of 63%, during 2020.

So, cooperatives make very limited use of the reserve for cooperative education and training.

Although only 12.5% of cooperatives increased spending on digital training, more cooperatives increased the allocation of some type of computer equipment to employees. This data raises the question of whether the expenditure on digital training was maintained because people already had a good level, or whether they were given the equipment, expecting them to learn by doing, without specific training.

Conclusions

Incorporating new technologies into members' democratic participation, cooperative management, and supervision represents a challenge to cooperative principles.

As democratic organisations, all cooperator members must be involved in the decision-making process. Nevertheless, different scholars have highlighted a decline in members' commitment to their cooperatives, reflected in ever-decreasing participation in general assemblies.

The use of telematics means in the functioning of the general assembly may be an essential means of facilitating and encouraging cooperators' participation in the meetings, thus contributing to the consolidation of the democratic and participative functioning that characterises these entities.

In the context of virtual participation, the cooperative shall ensure that all cooperative members have the means and training to fully participate in virtual general assemblies. If this is not the case, the cooperative shall develop the necessary education and training to promote members' digital literacy, using the reserve for cooperative education and training.

Digital transformation is considered one of the biggest side effects of the pandemic caused by COVID-19. The social distancing to deal with health restrictions drove not only virtual working but also digital-based internal organisational processes, among which the general assemblies.

The COOPVID Project revealed that some cooperatives that used virtual general meetings had greater participation of cooperative members than in face-to-face general meetings. Some cooperatives are considering holding meetings in a mixed format or virtual only in the future to increase participation. The Project also revealed that cooperatives make very limited use of the reserve for cooperative education and training, which is one of the privileged instruments for promoting members' digital literacy.

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Legislation

IRELAND'S PROPOSED CO-OPERATIVE SOCIETIES BILL 2022

Bridget Carroll

In November 2022 the government of Ireland published the General Scheme of the Co-operative Societies Bill, 2022. To date, co-operatives in Ireland have largely made use of the Industrial and Provident Societies Acts (1893-2021) which pre-date the state. The proposed new legislation, which is specific to co-operatives, is significant in scale, consolidating existing provisions and introducing new ones aimed at modernising co-operative governance in areas such as the legal duties of directors, compliance and financial reporting requirements. It follows an overhaul of the Companies Act and a public consultation exercise.

Changes proposed include reducing the minimum number of directors; permission for co-operatives to raise funding by public offering; the repeal of existing provisions for raising funds; provision for audit exemptions for smaller co-operatives and changes in the entities that may form a co-operative. In recognition of their distinctive characteristics such as their democratic nature, co-operatives registering under the proposed legislation will be “required to adhere to the co-operative ethos” (Department of Enterprise, Trade and Employment, 2022a).

Dáil (Parliament) debate and the policy response to the public consultation highlights a “balanced approach” (Department of Enterprise, Trade and Employment, 2022a) which aims to recognise the diversity of co-operatives in Ireland and seeks to refrain from restricting them unduly or being overly prescriptive. The aim is to place the co-operative model in a “more favourable and clearer legal basis” and to “create a level playing field” with companies which will in turn encourage the use of the co-operative form “for entrepreneurs and for social and community activities” (Joint Oireachtas Committee, 2022). The proposed legislation is intended to be “broad based” and confined to provisions that are “generally applicable” (Department of Enterprise, Trade and Employment, 2022a) thus allowing co-operatives flexibility around rules they adopt, for example, on whether to utilise an asset lock or legal reserve. It is proposed that existing Industrial and Provident Societies legislation largely be repealed with a transition period offered to existing societies to choose a legal structure.

While this Act is certainly the most comprehensive reform of co-operative-related legislation ever to take place in Ireland, previous efforts to modernise the legislation have not always managed to get through the political system. Parliamentary debate on the proposed bill raised the perceived need for dedicated promotion and support for co-operatives in Ireland. How co-operatives are promoted and supported and by whom and what “new capacities” (Joint Oireachtas Committee, 2022) will be required by enterprise development agencies and professional advisors for those activities are important related issues.