The Co-operative Economy 2018 report states that 80% of co-operative businesses survive the notoriously challenging first five years, compared to 44% of other businesses.

But what’s behind this figure? Can co-operatives overcome the long-held “liability of newness” theorised in organisational research?¹ This report details the statistics for the UK and compares these with other co-operative economies internationally.

The data
First, a look at the numbers. The UK data shows that for co-operatives incorporated in 2011 (shown below in orange), the year on year attrition occurs as a much slower pace than for companies registered in the same year (shown here in blue).

The data for companies is derived from the business demography datasets from the Office for National Statistics (ONS)². Comparative co-operative survival rates have been calculated equivalently based on Co-operatives UK dataset, with data derived from a blend of sources including annual reports submitted to the Financial Conduct Authority, published financial information, Companies House data (where applicable), and direct correspondence with our co-operative members³.

³ Co-operatives UK release all datasets as open data, with corresponding documentation and metadata, which may be found at: <www.uk.coop/open-data>
Of course, there is always a chance that 2011-2016 could have been an anomalous moment in business survival for either co-operatives or companies. However, the chart below shows the data for three consecutive years of incorporation/registration dates, and their respective survival trajectories.

International co-operative survival rates
Is this just the case for the UK? Statistics on co-operatives vary greatly in availability and accessibility globally. Despite this, where equivalent research has been conducted the case for co-operatives demonstrating a greater chance of business survival has been supported.

Similar research conducted in Portugal found remarkably similar trends to our UK analysis. Monteiro and Stewart analysed the business longevity of producer co-operatives in Portugal with at least one

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Unlike the UK, there is a comprehensive system for classifying all businesses including co-operatives, by legal form in Portugal, with corresponding annual survey data from the Quadros de Pessoal.

This analysis found that the five-year survival rate in Portugal was 75% for co-operatives (compared to ~80% in the UK) and around 40% for companies (compared to ~44% in the UK).

A study of worker co-operatives in France between 1990 and 2009 echoes this statistic, where survival rates were between 81%-89% (the variation is dependent on means of formation as new or converted businesses). Again, consistency of co-operative survival around the 80% mark is notable. Eurostat data for France demonstrates similar overall company survival of around 40-50% for a five-year period between 2010 and 2015 (see chart 1 below).

Chart 1: Eurostat data for enterprises surviving a five-year period between 2010 and 2015

A study conducted in Italy found broadly similar trends but on a longer timescale. The research is relatively limited in scope and validity as it is reliant on historical data from a national industry census, but compares the number of co-operatives as a proportion of companies, at ten-yearly intervals between 1951 and 2001. This research also focused on worker co-operatives and employee-owned businesses across a number of sectors.

This analysis found that the proportion of worker/employee-owned firms has increased as a percentage of total businesses from 0.7% in 1951 to 1.2% in 2001, with much of this increase occurring during and after the 1970s despite wider economic stagnation. This trend is mirrored by the increased proportion of workers employed in co-operatives during this time, which remained consistently around 2% until the 1981 census increase to 2.8% and a marked acceleration in growth to 5.8% by the 2001 census.

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Looking beyond Europe, data from Canada further substantiates this trend. Business survival statistics from Alberta show a three-year survival rate of 84.6% for co-operatives incorporated in 2005, compared to an average of 48% for conventional firms in Alberta.

<table>
<thead>
<tr>
<th>Country/region</th>
<th>Survival rates (five years following incorporation, unless otherwise stated)</th>
<th>Data source and parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Co-operatives</td>
<td>Conventional</td>
</tr>
<tr>
<td>UK</td>
<td>80%</td>
<td>44%</td>
</tr>
<tr>
<td>Portugal</td>
<td>75%</td>
<td>40%</td>
</tr>
<tr>
<td>France</td>
<td>81-89%</td>
<td>40-50%</td>
</tr>
<tr>
<td>France</td>
<td>82.5% (3 yrs) 66.1% (5 yrs)</td>
<td>66% (3yrs) 50%</td>
</tr>
<tr>
<td>Belgium</td>
<td>80%</td>
<td>68%</td>
</tr>
<tr>
<td>Alberta, Canada</td>
<td>84.6%</td>
<td>45%</td>
</tr>
<tr>
<td>Italy</td>
<td>Increase in the proportion of total businesses that are worker owned, and proportion of total workforce employees employed in worker-owned businesses.</td>
<td>National industry census data taken at 10-yearly intervals. Worker owned businesses only⁸.</td>
</tr>
</tbody>
</table>

**Summary**

It’s worth noting that there are limitations to all these studies. All are inherently constrained by the quality and availability of data for their respective countries and co-operative economies, which varies significantly internationally¹³. In addition, individual research projects deliberately (and justifiably) select and refine data to analyse specific sectors, co-operative ownership types, time intervals, or precise geographical areas.

This heterogeneity makes the apparent consistency in survival rate differences, of around 80% for co-operatives and 40% for other businesses over the first 5 years following incorporation, all the more remarkable.

The answers, as ever, raise questions. It would take further data collection and statistical analysis to confidently ascertain the magnitude and statistical significance of these divergent survival figures, and

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³ CECOP CICOPA-Europe (2013), Business Transfers to Employees under the Form of a Cooperative in Europe – Opportunities and Challenges; available at: <www.cecop.coop/Business-Transfers-to-Employees>
to explore to whether these patterns are due to chance or variables extraneous to co-operative structure.

Finally, in the light of available statistics and consistency across co-operative and mainstream economies, perhaps the above report most emphatically begs the question ‘why?’. Why do co-operatives appear to be more resilient, both in overcoming the ‘liability of newness’ and in times of economic crisis? Such analyses could both better inform the narrative of co-operative resilience, and uncover the co-operative difference consistent across such a diversity of countries, economies and cultures.

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