Saving Jobs and Businesses in Times of Crisis: The Italian Road to Creating Worker Cooperatives from Worker Buyouts

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Abstract

This paper summarizes the key findings from the report *The Italian Road to Recuperating Enterprises and the Legge Marcora Framework: Italy's Worker Buyouts in Times of Crisis* (Vieta, Depedri, & Carrano, 2015). This research homes in on worker-recuperated enterprises (*imprese recuperate dai lavoratori*) in Italy, specifically focusing on Italy's worker buyouts (WBOs)—the form of worker-recuperated enterprises predominating in Italy—facilitated by its Legge Marcora (Marcora Law) framework. Reviewing the key sections and findings of the full report, this summary paper first offers a definition of WBOs as a subset of worker-recuperated enterprises. It also addresses the most common scenarios from which WBOs emerge globally. It then overviews Legge Marcora's legal and financial framework, and situates the emergence of Italian WBOs since the early 1980s as direct responses to market failure, business closures, rising unemployment, and, with the most recent WBOs, coinciding with the Great Recession and subsequent austerity measures that continue to negatively impact the country. The paper finally discusses key findings from our research on WBO creation in Italy, touching on their most salient demographic and geographic particularities. Throughout, the paper distinguishes Italy's WBOs as exemplar because of their resilience in times of crisis, and the inclusion of multiple stakeholders in its WBO framework, namely: *workers*, *the cooperative sector*, and *the state*.

Keywords

Worker buyouts; worker-recuperated enterprises; worker-recovered companies; business conversions; business transfers; worker cooperatives; Legge Marcora; legal framework; enterprise entry and exit rates (birth and death rates); enterprise survival rates; organizational change; SMEs; Italy

JEL codes

J01; J52; J53; J54; K2

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1. Introduction

Since the early 1980s in Italy, worker-recuperated enterprises[1] have mostly emerged from worker buyouts (WBO).[2] Almost all are transformed into worker cooperatives under employee management and ownership. While present throughout the national territory (Figure 1), worker-recuperated firms have particularly taken root in the Centre and the Northeast, in the "Made in Italy" regions where the majority of the country's speciality-based manufacturing industry consisting of intricately connected SMEs is located. Since the mid 1980s and the passing of Law 49/1985, known as Legge Marcora, WBOs in the country have continued to emerge, especially surging again after 2008 with the lingering negative effects of the Great Recession and austerity on Italy's GDP and labour markets, and the overall shrinking of its SME-based manufacturing sectors (Sforzi, 2007; Triglia & Burroni, 2009; Tridico, 2012). Italy's Legge Marcora national legislation for WBOs has been an especially promising mechanism during times of crisis for saving a community's jobs and businesses.

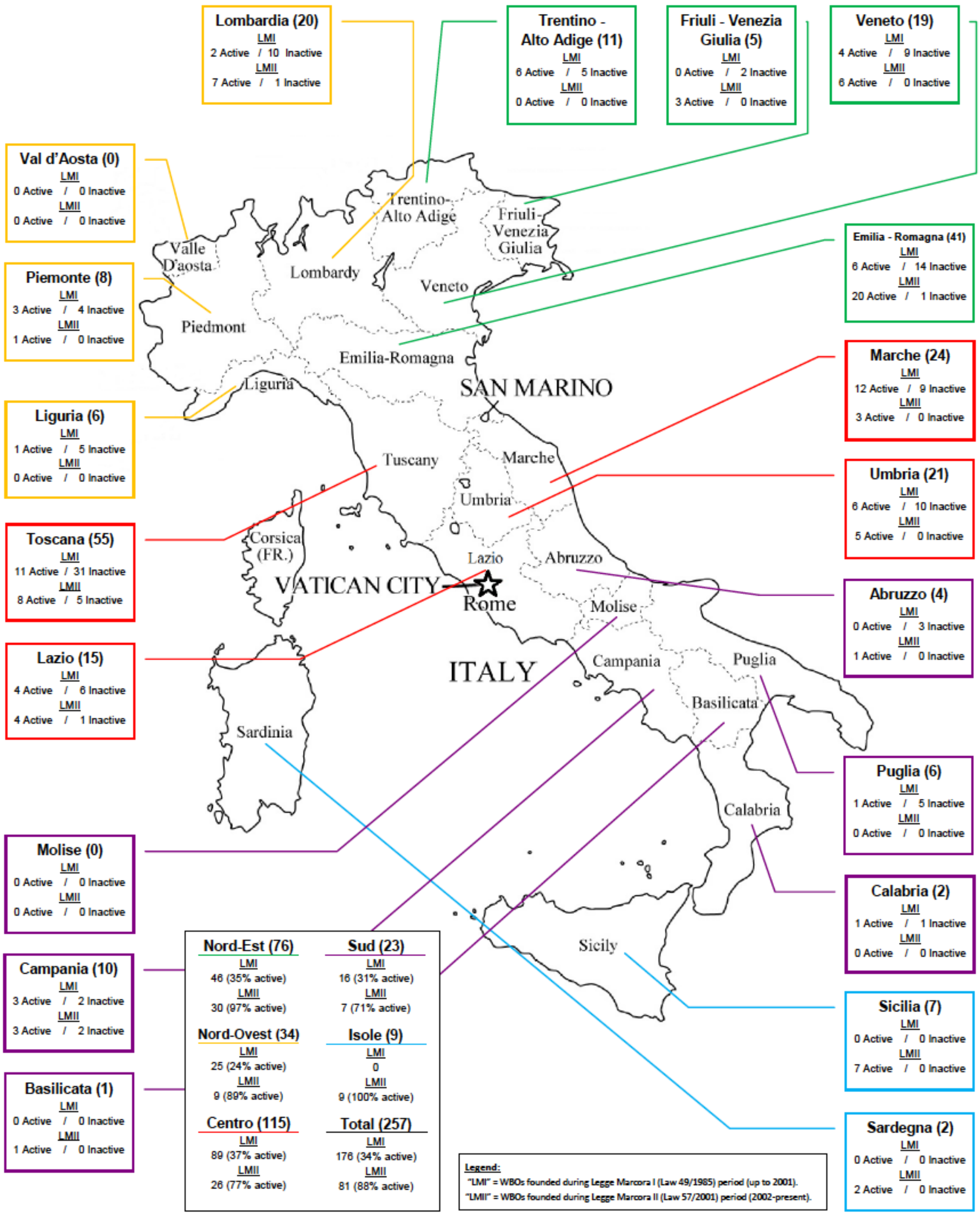
This paper summarizes the key findings from the report *The Italian Road to Recuperating Enterprises and the Legge Marcora Framework: Italy's Worker Buyouts in Times of Crisis*, which marks the completed first phase of a broader research program at the European Research Institute on Cooperatives and Social Enterprises (Euricse) focusing on worker-recuperated firms, business conversions to cooperatives, and worker buyouts (Vieta, Depedri, & Carrano, 2015).[3] Section 2 of the paper offers a definition of worker buyouts and reviews the most common scenarios out of which WBOs emerge. Section 3 discusses the details of what we believe to be an exemplar legal, financial, and policy approach for WBO creation—Italy's Legge Marcora framework. Section 4 reviews the most salient macro-economic, geographic, and demographic trends for these worker-recuperated firms in Italy. Section 5 discusses the resilience of Italy's WBOs and their seven main characteristics. Throughout the paper, we distinguish Italy's WBOs as exemplar because of their resilience in times of crisis, and the inclusion of multiple stakeholders in its Legge Marcora framework, namely: *workers*, *the cooperative sector*, and *the state*.

1 Workplaces in trouble or experiencing succession issues that are taken over and converted to labour-managed firms by employees.

2 Our research to date, in a collaborative project between Euricse and Cooperazione Finanza Impresa (CFI), has identified 257 confirmed worker-recuperated enterprises in Italy that emerged from experiences of WBOs. Most of these conversions have been facilitated by the Legge Marcora framework that we will outline in section 3.1. We have also found other WBOs and worker-recuperations that were not financed or in contact with CFI via other cooperative movement sources and journalistic accounts, verifying all WBO cooperatives in our dataset with the Italian Chamber of Commerce's data. Detailed in our report (Vieta, Depedri, & Carrano, 2015), our WBO database is emergent. While there have been other WBOs in Italy, our database captures most of the country's known worker-recuperated firms to date and is representative of trends in WBO formation that have existed in the country since the early 1980s.

3 For details of the research, the methodology used for gathering data on Italy's worker-recuperated firms and worker buyouts, and the full database of Italian WBOs (the IRL (*imprese recuperate dai lavoratori*) Database), see the full report in Vieta et al. (2015).

Figure 1: Mapping Italy's WBOs by region and Legge Marcora periods [4] [5]



4 N=257 (as of 31 Dec. 2014).

5 Note: Fourteen known but failed WBO attempts in the Legged Marcora II period (of which there are undoubtedly many others which are difficult to locate or identify) were left out of the N=257 count. Legge Marcora I period WBOs also encompass a small group of WBOs created before the passing of the L. 49/1985 that we term as "Pre-Legge Marcora I WBOs," and the 11 Province of Trento WBOs in our database that did not use the Legge Marcora framework (see below). For more on our WBO sample and the specifics of active and inactive and Pre-Legge Marcora and Legge Marcora I and II WBOs, see Vieta et al. (2015, Chapter 4).

1.1 Worker cooperatives, worker-recuperated enterprises, and resilience to economic downturns

The empirical evidence confirms that during economic downturns worker cooperatives, in particular, fail less than conventional investor-owned firms (Bentivogli & Viviano, 2012; Zanotti, 2011), experience much less job loss (Pérotin, 2006), and respond more resiliently to economic troughs (Zevi et al., 2011). The resilience of worker cooperatives is linked to the intrinsic motivations of self-management for worker-members, and the positive externalities they bring to local communities (Blasi, Kruse, & Berstein, 2003; Oakeshott, 2000; Theorell, 2003). Factors that contribute to their robustness as business models are often linked to the democratic decision-making responsibilities of members, in how worker-members take on flexible work hours and adjust salaries rather than reduce jobs during market downturns, how members will often decide to look for other business opportunities to redeploy the firm's capabilities for local needs or subcontracting, and in how they are businesses often committed to the wellbeing of members and other social objectives rather than the sole pursuit of profits (Artz & Kim, 2011; Burdín & Dean, 2009; CECOP-CICOPA, 2012, 2013; Pérotin, 2012; Zevi et al., 2011).

One source for the recent growth in worker cooperatives has been the conversion of conventional capitalist businesses via worker buyouts (WBOs).[6] Spikes in new WBOs in recent years in jurisdictions hardest hit by the most recent economic crisis, then, is no coincidence; France, Spain, and Italy have witnessed in the last six years a growth in both cooperative start-ups and new worker cooperatives emanating from WBOs of troubled companies (Jensen, 2011, 2012; Soulage, 2011; Zanotti, 2011). While they are perhaps less well-known than their South American cousins, the *empresas recuperadas por sus trabajadores* (ERTs), in the current economic crisis, Southern Europe's WBOs are equally promising for saving jobs, businesses, and even local communities from further depletion.

2. Worker buyouts: definitions and scenarios

A worker buyout (WBO) is part of a business restructuring or conversion process whereby employees purchase an ownership stake in the entire business that employs them, or in a division or subsidiary of the business. A WBO often also includes workers' participation in the running of the firm.[7]

Through a variety of legal mechanisms that vary according to the national jurisdiction, employees involved in a WBO may first form a new entity, termed a "newco" by accountants, in order to engage in the legal and purchasing requirements for buying all or part of the original business interest, which in turn is known as the "target company" (Bernstein & Hodge, 2008). In simpler WBO procedures, the newco can be a transitory employee

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[6] Most simply, a WBO is an employee-led acquisition or rescue of a conventional company that has employed them (Quarter & Brown,1992; Jensen, 2012).

[7] In most WBOs, employees both co-own all or part of the firm and are involved in its management, either directly or through the appointment of management (Quarter & Brown, 1992).

association of some sort or employees can form a trust, whereby the target company is then most usually converted into a worker cooperative or other form of labour-managed firm (Kruse, Freeman, & Blasi, 2010). The newco may either fuse with the target company or form a new company and dissolve the target company (Borsa Italiana, 2008; Mraz, 2012).

2.1 The three types of worker buyouts

Generally, today's WBOs consist of three types: the "labour conflict WBO," the "Employee Share Ownership Plan (ESOP) WBO," and the "negotiated WBO."

Recent years have witnessed a rise in the "labour conflict WBO" (Vieta, 2015). These types of WBOs have been particularly visible recently in countries and communities hardest hit by market failure and economic crises. These WBOs emerge in situations with some degree of conflict between workers and owners, management, and/or local and regional authorities, as witnessed for instance in Latin America in the past 20 or so years[8] and with many new WBOs in Southern Europe today. Often, local unions, community activists, or social movement groups become involved in assisting workers in their struggle to save the firm and their jobs. Part of the resolution of these conflicts and the conversion of firms to workers' control includes transitioning them legally into worker cooperatives or other forms of employee ownership. In these scenarios, as has occurred in Argentina since its economic crisis of 2001-2002, and more recently in Greece, Turkey, and Italy, the WBO process happens after the employee collective's occupation of the business, which can sometimes last weeks or months. The newco is formed during this period of conflict. Part of resolving the conflict also involves the remaining workers' collective negotiating the control or purchase of the firm's assets with bankruptcy courts and/or local authorities (Ruggeri & Vieta, 2015; Vieta, 2013, 2016).

The "ESOP WBO" is based on the Employee Share Ownership Plan model. This model was created in the US in the 1950s and was legislated formally in the US in the early 1970s with reforms to its pension laws (Freeman, 2007). Growing in numbers throughout the 1970s and 1980s, ESOPs have seen a re-emergence in recent years in the US, Canada, and the UK, in particular (NCEO, 2014). ESOPs are a mechanism whereby employees of the target company, usually via an "ESOP trust," purchase shares of the target company. Retiring owners gain tax advantages for selling part or all of their company (Kruse, Freeman, & Blasi, 2010) and ownership of the target company is usually shared between employees and other types of more traditional shareholders (Vieta, Quarter, Spear, & Moskovskaya, 2016). Often the ESOP purchase is financed via the use of workers' pension plans, but can also be financed by employees' personal savings or via loans (Freeman, 2007). Today in the US, over 7,000 firms have ESOPs involving over 13.5 million employees (NCEO, 2014), including companies such as Publix Supermarkets, Price Chopper, W.L. Gore, and Austin Industries. While a minority of ESOPs have the structure of a worker cooperative, usually ESOPs do not include employees' direct control of the target company's assets or management rights. Thus, the "ESOP WBO" is only a partial WBO.

[8] Especially in Argentina, Uruguay, and Brazil (see Vieta, 2010, 2013, 2016).

In between the two extremes of the labour conflict and ESOP WBO is the "negotiated WBO." These are WBOs that are negotiated between owners and workers, at times with the mediation of local, regional, or national authorities. Most often in the negotiated WBO, workers have already established a newco with the intent of buying or even renting part of or all of the business that employs them. As with Italy's Legge Marcora framework, the negotiated WBO model is further facilitated by clear legislation for such buyouts and works with various stakeholders.[9] In some instances, such as in Quebec's worker shareholder cooperatives, Spain's *Sociedades Laborales* (SALs), or France's *Société Coopérative Ouvrières de Production* (SCOPs), employees of an existing company may form a worker cooperative and purchase a majority portion of the stock of the target company, entering into an agreement with the other shareholders (Jensen, 2011; Soulage, 2011; Vieta et al., 2015). In this scenario, the worker cooperative may or may not also participate in the management of the firm, depending on the agreement reached with the target company's original owners and administrators. Other negotiated WBOs include business succession plans initiated by retiring owners, or converting conventional sole proprietorships or investor-owned firms into already-existing labour-managed company structures.[10]

3. Worker buyouts in Italy: a collaborative approach

The Italian method of creating WBOs is, in the main, a negotiated conversion and business restructuring mechanism with a unique set of supportive policies and a financing structure facilitated by a collaborative approach between workers, the cooperative sector, and the state. The Italian experience of WBOs serves to illustrate some of the most salient conditions undergirding the emergence of WBOs.

3.1 Italy's Legge Marcora framework for worker buyouts

WBOs in Italy particularly took off after the passing of Law 49/1985 on 27 February 1985. Officially called the "*Provvedimenti per il credito alla cooperazione e misure urgenti a salvaguardia dei livelli di occupazione*,"[11] L. 49/1985 is more commonly known as Legge Marcora, named after the Minister of Industry who sponsored it, Giovanni Marcora. Since it came into effect in 1986, the Legge Marcora framework has promoted and assisted the consolidation, refurbishing, and start-up of employment-generating work and production cooperatives and, in particular, the conversion of firms that were in crisis or with succession issues into worker cooperatives.

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[9] Community experts, lawyers, businesses, the cooperative sector, or unions, as well as with local, regional, or national authorities (Vieta et al., 2015).

[10] Again, such as France's SCOPs or Spain's SALs (where the majority of share capital must be owned by employees), or, most usually, as worker cooperatives as with Italy's Legge Marcora-based WBOs.

[11] "Provisions for credit to cooperation and urgent measures to safeguard employment levels."

3.1.1 Major stakeholders and processes

The "Italian road" to worker-recuperated enterprises under the Legge Marcora framework and other complementary legislation and norms is a collaborative and negotiated WBO approach between the following stakeholders:

1. Workers. Employees in Italy can begin to consider a WBO project as soon as they: (a) anticipate the closing of a firm or (b) if part of or all of a firm is offered to employees by its owners (such as in a succession conversion), (c) if a group of employees have been or will be laid off due to the closing of a business,[12] and (d) after a group of workers from the closing target company form a newco cooperative. During this initial process, employees will find out about the WBO possibility most often after consulting with their local unions, the regional offices of one of Italy's cooperative federations, from local business experts, or from other contacts in their social networks. Once employees form into a worker cooperative they can begin the process of acquiring part or all of the target company via share capital[13] contributions financed by their personal savings, severance pay,[14] or advances of their cash transfer-based unemployment insurance benefits.[15] Workers can also pursue debt capital[16] financing from either the cooperative sector or an institutional financier (see points 2, 3, and 4 below). If they do so, the funds can be secured by projections on future revenues of the worker cooperative and/or by the collateral offered from the acquired assets of the target company. The minimum contribution per worker to the start-up capital of the WBO can be no less than €4,000 (€1,000 if starting a social cooperative, which is also permitted by the law).

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[12] Either due to market-failure, bankruptcy, strategic downsizing, or owner retirement.

[13] *Capitale sociale*.

[14] At times from workers' *Trattamento di fine rapporto* (TFR). The TFR is severance pay given to employees upon termination of the employment contract. It is based on a percentage of deferred salary at source and is managed by private sector employers by law on behalf of employees.

[15] Besides using their personal savings and TFR, employees who have become redundant due to company crisis, restructuring, or closure can contribute to the initial start-up capital of a new work-related cooperative by tapping into their cash transfer-based unemployment benefits. Before reforms to Legge Marcora in 2001 (see section 3.1.2), this was primarily done through the use of their *Cassa integrazione guadagni straordinaria* (temporary lay off benefits, CIGS). Laid off workers who decided to use their CIGS allowance for financing the start-up of a new cooperative could not subsequently draw on their CIGS for three-years thereafter. After the 2001 reforms to Legge Marcora (and also based on the provisions of Article 7, paragraph 5 of L. 223/1991), use of unemployment insurance for the creation of new cooperatives are primarily drawn from advances on redundant employees' *Indennità di mobilità* benefits. Both the CIGS and *Indennità di mobilità* are cash transfers by the Istituto Nazionale della Previdenza Sociale (National Institute of Social Security, INPS) for workers suspended from work, unable to work, or for those workers forced to work part-time due to company crisis or closure. The *Indennità di mobilità* (mobility allowance) is an unemployment benefit that is given to workers after they have received their CIGS and who are registered on national "mobility lists." While workers on CIGS must be hired back by their employers should the company's outlook change, workers on *Indennità di mobilità* insurance are formally considered unemployed (*licenziato*). Today, unemployed workers from the manufacturing, services, and commercial sectors, as well as workers from the cooperative sector, can request a lump-sum advance of their *Indennità di mobilità* payments for starting a new cooperative (either *de novo* or for a WBO). With the recent reforms to Italy's labour laws, known as "Legge Fornero" (L. 92/2012), Italy introduced on 1 January 2013 a new, universal, and streamlined unemployment benefit system for the involuntary loss of employment called the Assicurazione Sociale per l'Impiego (Social Insurance for Employment, ASpI). As of 1 January 2017, the Fornero reforms will replace the *Indennità di mobilità* with the requirements established by the simplified ASpI, which will inevitably also affect the Legge Marcora WBO provisions.

[16] *Capitale di debito*.

Moreover, virtually all WBOs in Italy under the Legge Marcora provisions convert firms into limited liability cooperatives, thus protecting participating workers from risking personal assets should the cooperative venture fail.

2. The cooperative sector. Employees involved in a WBO most often will eventually also work with one of the Italian cooperative federations: the Lega Nazionale delle Cooperative e Mutue (Legacoop), the Confederazione Cooperative Italiane (Confcooperative), or with one of the other smaller federations. The members of the newco can access technical assistance and know-how and/or secure share capital or debt capital financing from the federations' portion of the cooperative movement's *fondo mutualistico* (mutualistic fund), the national fund for cooperative development made up of 3% of all Italian cooperatives' yearly net income that, by legislation, must be contributed to the fund on an annual basis (most of the remaining proceeds from dissolved Italian cooperatives also go to the *fondi mutualistici*) (Fici, 2010, 2013). The entities that control the *fondi mutualistici* are arms length agencies responsible for autonomously managing each federation's *fondo mutualistico*, such as Legacoop's Coopfond and Confcooperative's Fondosviluppo.

3. The state. Complimented by numerous laws and provisions guiding Italian cooperative societies, the Italian state, via L. 49/1985 and its subsequent amendments and reforms, has made available two funds for the start-up, development, or consolidation of work-generating cooperatives in order to promote and secure levels of employment in times of crisis and for the conversion of businesses in crisis into cooperatives. Title I of L. 49/1985 sets out the provisions for the "*Fondo di rotazione per la promozione e lo sviluppo della cooperazione*",[17] also known as Foncooper, a rotating fund consisting of soft loans. Title II of L. 49/1985 details the "*Fondo speciale per gli interventi a salvaguardia dei livelli di occupazione,*"[18] or the "Special Fund," a risk-capital fund dedicated to the development of work-generating cooperatives. The Special Fund is made available to the institutional investors that are mandated to subsequently carry out investments in employment-generating cooperatives. Foncooper has been used extensively to, among other objectives, "increase productivity or employment" via cooperatives and for the "restructuring and conversion of firms" to cooperatives. Foncooper has been managed by the Banca Nazionale del Lavoro's (BNL) "*Sezione speciale per il credito alla cooperazione*"[19] (Zevi, 1990) and, in recent years, Italy's administrative regions[20] in collaboration with financial institutions such as BNL, UniCredit Banca SpA, regionally based banks (i.e., Banca Popolare dell'Emilia Romagna, Banca Popolare di Verona e Novara, etc.), and Cooperfidi Italia (an institution that facilitates favourable credit to cooperatives through accessible terms of repayment and loan guarantees on the financial resources provided to co-ops). In turn, the Special Fund is distinguished in that "the financial institutions able to [deploy] its resources" and assist new cooperatives (see

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[17] "Rotating loan fund for the promotion and development of cooperativism."

[18] "Special Fund for Initiatives to Protect Occupational Levels."

[19] "Special Section for Credit to Cooperation" (see: http://www.bnl.it/SupportingFiles/_scheda_prodotto_agggiornata_gennaio_2009.pdf) (BNL, 2009).

[20] The involvement of Italy's administrative regions in co-managing Foncooper in conjunction with BNL emerged out of the broader process of decentralizing public policy to the regions in the late 1990s (Mori, Belletti, & Cioni, 2002, pp. 79-80).

point 4 below) "in fact, share in the corporate capital of the worker cooperatives in proportion…to the amount their worker-members invest" (Zevi, 1990, p. 358). Differentiating the strategy undergirding both funds, while Foncooper is offered as debt-capital financing to new and established work-generating cooperatives, the Special Fund contributes risk-capital financing to cooperatives by institutional investors that take on a temporary stake (or shares) in the cooperative as a financial member. And while both funds are initially provisioned from the state budget, they have been set up to minimize burdens on state coffers by placing the onus for repayment and fair return on investments on the beneficiary cooperatives. Moreover, Legge Marcora financing contributes to the capitalization of a new cooperative in proportion with workers' initial start-up or capital investments (see point 1 and section 3.1.2) (Zevi, 2012). These two funds, the backbone of the Legge Marcora framework and Italy's enabling environment for WBO and other forms of employment-generating cooperative creation, are ultimately overseen by the Ministero dello Sviluppo Economico (Ministry of Economic Development) in agreement with the Ministero dell'Economia e delle Finanze (Ministry of the Economy and Finance) and the Ministero del Lavoro e delle Politiche Sociale (Ministry of Labour and Social Policy) (Article 7 of L. 49/1985).

4. Institutional investors. Much of the Legge Marcora process for WBOs has been managed by two national institutional investors: Cooperazione Finanza Imprese (CFI) and Società Finanza Cooperazione (SOFICOOP). Both CFI and SOFICOOP have been subsequently mandated by the Italian state, via the auspices of the Ministry of Economic Development and within the Legge Marcora framework, to coordinate and facilitate the financing of cooperative start-ups, the consolidation of established work-generating cooperatives, and WBOs.

CFI, the larger of the two institutional investors and at the vanguard of financing and supporting Italy's WBOs, is a "limited liability" second-tier cooperative formed in 1986 as an initiative of Italy's three largest cooperative federations (Legacoop, Confcooperative, and AGCI). To date, CFI has intervened in over three-quarters of the 257 Italian WBOs in our database (Vieta et al., 2015, Chapter 3, Part 3), often also partnering with Coopfond, Fondosviluppo, Italy's three major unions (CGIL, CSIL, and UIL), local authorities, or other national and regional consortia that finance and support new cooperatives and WBOs. As a second-tier cooperative, CFI's members include the Ministry of Economic Development, Invitalia SpA (an agency of the Ministry of the Economy and Finance that was established to promote the development of enterprises in Italy), and 270 cooperatives (including some of the co-ops they have helped fund). CFI also collaborates "in pool" with a plethora of other economic and business development authorities, agencies, and financial institutions. Providing technical assistance, SWOT-type business analysis, business feasibility studies, and participating with risk-capital or debt-capital financing of WBOs, CFI works closely with the employees of its beneficiary cooperatives, local labour and business representatives, cooperative associations and consortia, and other "territorial experts" before deciding to invest in or assist in the start-up or further consolidation of its WBO and cooperative development projects.[21]

Most often, institutional investors such as CFI will temporarily "participate" in the newco as a "financial member" ("*socio finanziatore*") of the worker coop as allowed by Italian legislation after reforms to cooperative law in 1992 and the Civil Code in 2003 (see next section). As of 31 December 2014, CFI had intervened in 202 WBOs (for more details, see Vieta et al., 2015, Chapter 3, Part 3).[22]

3.1.2 "Legge Marcora I" (L. 49/1985) and "Legge Marcora II" (Article 12 of L. 57/2001)

Controversially, the Legge Marcora framework for WBOs was suspended in the late 1990s due to an infraction ruling by the European Union shortly before Italy entered the Eurozone. The ruling stipulated that the Legge Marcora scheme was in contravention of EU competition rules because, the European Commission deemed, the Italian state was giving unfair competitive advantage to cooperatives since the Legge Marcora framework, under the L. 49/1985 provisions, made it possible for the mechanism to invest up to three times workers' contributions to the buyout—that is, on a 3:1 ratio to workers share-capital investments (Zevi, 2012). Because of this ruling, a reform of the Legge Marcora legislation was passed on 5 March 2001 with L. 57/2001. Article 12 of L. 57/2001 now reforms or omits several articles of the original L. 49/1985; these reforms have impacted the way the Legge Marcora framework is carried out in various practical ways while making it more flexible for financing other forms of work-generating cooperatives. Article 7, section 1 of the reformed L. 49/1985, for instance, more explicitly positions Legge Marcora funding so as "not to establish new or major burdens on the state budget." Before the 2001 reforms, in addition, the "Special Fund" was a grants-based financing scheme; that is, financing that did not have to be paid back by workers (such grants are known evocatively as *fondi perduti*, or "lost funds," in Italian). Thus the Legge Marcora framework has now done away with the grants based funding model of the Special Fund, transforming the Title II funding into a share-based risk-capital framework. This means that there are now expected and appropriate returns on investment and re-payment expectations placed on beneficiary cooperatives. Broadly, Legge Marcora-based funding now effectively limits the Legge Marcora portion of investments (with some exceptions) to a 1:1 rather than a 3:1 financing ratio with workers' contributions of share capital. Moreover, the revised Article 17 of the reformed L. 49/1985 explicitly permits financing societies (i.e.,

[21] A smaller institutional investor, SOFICOOP (Società Finanza Cooperazione), was also created during the same period as CFI and is directly intervened (*participate*) by the Ministry of Economic Development. SOFICOOP has mainly managed the start-up, development, repositioning, and consolidation of cooperatives under Title II of the Legge Marcora provisions. To date, SOFICOOP has financed 15 already active cooperatives plus 49 new cooperative start-ups including 17 WBOs. Its 17 WBOs are mostly located, as with the WBOs in our database, in the Northeast, Northwest, and Centre regions of Italy (SOFICOOP, 2015).

[22] Institutional financing entities such as CFI and SOFICOOP are thus entrusted to carry out the objectives of Legge Marcora. The task of these institutions is not only to provide financing to employment generating cooperative societies in the form of share or debt capital, but also to ensure the sustainability of the investments in new cooperative projects and, additionally, to carry out technical, economic, and financial consulting and oversight.

institutional investors such as CFI) to become temporary and minority members of the beneficiary cooperatives they finance, with priority given more broadly to cooperatives "constituted from firms in crisis" rather than, as the original Articles 14-17 of Title II stipulated, to workers specifically on CIGS benefits from firms in engaged in liquidation or bankruptcy proceedings (see footnote 15).

In practice, the reforms of 2001 now allow a deeper intervention by institutional investors such as CFI, whereby they take on the status of a "*socio finanziatore*" (financing member), effectively becoming a member of the cooperative for the duration of their investment (usually 7-10 years). With some exceptions, the *socio finanziatore* can be any legal person or other entity with "financial interests" in the cooperative. This alternative type of cooperative membership comes with some restrictions in order to preserve the mutualistic core of Italian cooperatives; a *socio finanziatore*'s share of the vote in the assembly, for instance, cannot exceed 1/3 of the membership base. This form of investor-member status for Italian cooperatives was made possible in Italy after the 1992 cooperative law reforms (Articles 4 and 5 of L. 59/1992) and the 2003 Civil Code reforms, and was originally focused on the "*socio sovventore*" (subvention investment member).[23] In sum, the financing member status permits entities such as CFI to participate in some decision-making and administrative rights in funded cooperatives (Fici, 2010, 2013).

Between the late 1990s and the mid 2000s, while the Legge Marcora reforms were being worked out and consolidated with the EU ruling, there were only a handful of new WBOs (Figures 2, 7, and 8). During this period, institutional investors such as CFI continued to provide technical consulting with already-existing WBOs but did not invest in new WBOs. Due to this gap in the emergence of WBOs in Italy, and the legal changes to the Legge Marcora framework of 2001, we can divide Italy's WBOs of the past four decades into three periods: Pre-Legge Marcora (WBOs established before 1985[24]), Legge Marcora I (WBOs established between 1985-2001), and Legge Marcora II (2002[25]-present) (see Table 1 and Figure 7). For our ensuing calculations, we will group Pre- and Legge Marcora I WBOs together.

[23] Both types of financial investors, *socio sovventore* and *socio finanziatore*, now exist in Italian cooperative legislation. The *socio sovventore* (subvention investment member), originally established by Article 4 of L. 59/1992, now constitutes a particular type of *socio finanziatore* (financing member), the latter introduced in 2003 with the Civil Code cooperative law reforms (Fici, 2013, p. 482). Both designations (with some exceptions) may be granted to an internal cooperative member or external person (physical persons) or to external agencies, firms, or their consortia (legal persons). In a nutshell and most generally, a *socio sovventore* usually contributes funds or know-how for the technological development, restructuring, or consolidation of a cooperative, while a *socio finanziatore* contributes funds towards share capital. We expand on their complementarities, differences, and current usage as they pertain to WBOs in Vieta et al. (2015, Chapter 3, Part 2).

[24] Note that most of the WBO firms that emerged before 1985 were in subsequent years financed retroactively under the Legge Marcora I provisions (see L. 49/1985).

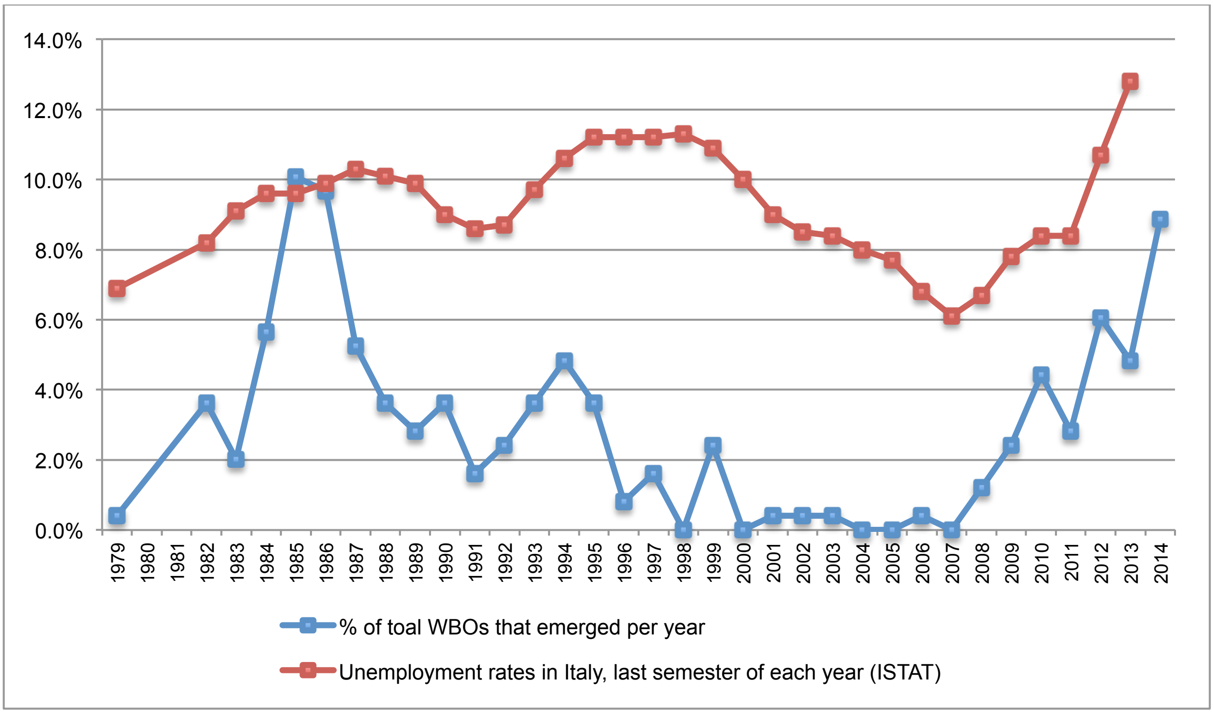
[25] While the L. 59/2001 reforms officially took effect in the summer of 2001, 2002 was the first year that Legge Marcora II WBOs in our database began to emerge under the L. 59/2001 provisions.

4. The emergence and characteristics of Italy's worker buyouts

4.1 Macroeconomic conjunctures

Worker-led occupations and recuperations of firms had already been known Italy since the early part of the 20th century (i.e., the *Bienno Rosso* of 1919-1920), re-emerging again during Italy's reconstruction after WWII and during the years of social and labour strife in the 1960s and 1970s.[26] As with most cases of WBOs around the world, Italy's WBOs of the past 35 years have had a pattern of development following closely the country's macro- and micro-economic ebbs and flows (Figures 2 and 3), such as the rate of unemployment (Figure 2), the GDP rate, and increasing closures of conventional businesses, particularly in the manufacturing sector (Figure 3).

Figure 2: The emergence of WBOs in Italy compared to unemployment rates

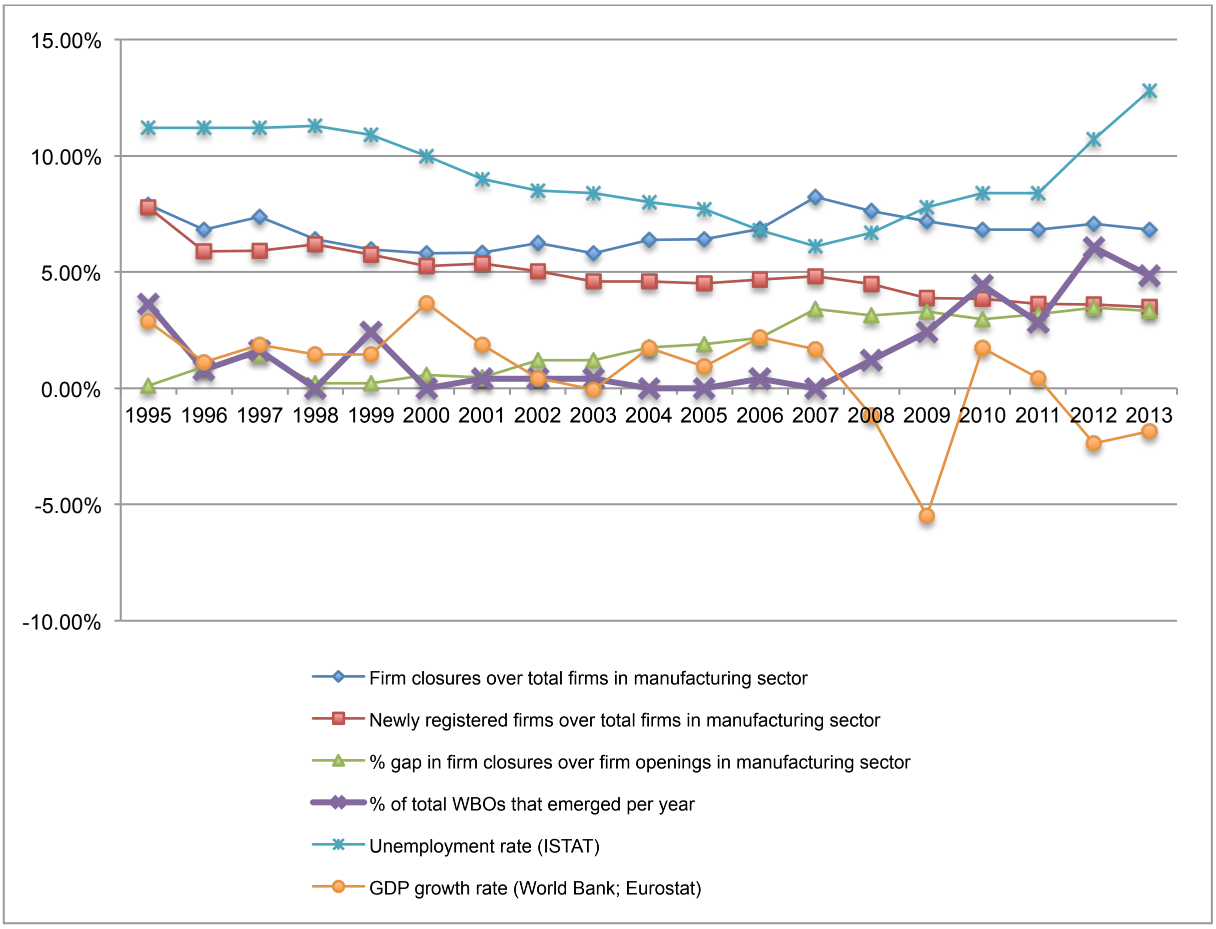


Specifically, WBOs began to re-emerge in Italy by the early 1980s (see Figure 2) as workers' responses to the rise in unemployment caused by the business downsizings, restructurings, and closures of large parts of its industrial sector during the 1970s and 1980s, paralleling the rise of the SME-based "Made in Italy" industrial districts of that era (Bagnasco, 1977; Becattini & Ottati, 2006; Piore & Sabel, 1984; Triglia, 1990). Much of this economic upheaval and restructuring was also due to the recessions caused by the oil shocks of 1970s and 1980s, as well as the increased competition that Italy's traditional manufacturing sector faced from developing countries with cheaper labour markets (i.e., China, India) or more productive labour processes (i.e., Japan) (Malanima & Zamagni, 2010; Morone & Testa, 2008; Whitford, 2001).

[26] For more on this history, see Vieta et al. (2015, Chapter 2).

Subsequently, at-risk workers in Italy began to engage in workplace takeovers, conversions, and buyouts as responses to escalating unemployment, industrial restructuring, and failing businesses. These persistent unemployment rates and the recessions of the late '70s and early '80s would ultimately lead to the passing of Legge Marcora (L. 49/1985), promoted by the Italian Minister of Industry Giovanni Marcora in the early 1980s as a way to stimulate local economic revival, prevent further business closures, and promote workers' sense of entrepreneurialism.

Figure 3: Various socio-economic indicators and the emergence of WBOs in Italy (1995-2013)[27]



Graphically highlighted by more recent socio-economic indicators in Figure 3, WBOs would see a new resurgence in the early-to-mid 1990s (also see Figures 7 and 8) with the new wave of business restructurings and privatizations of the era, lingering structural unemployment, neoliberal reforms of labour legislation, the overall shrinking of Italy's SME-based manufacturing sector (Sforzi, 2007; Triglia & Burroni, 2009; Tridico, 2012), negative rates of business openings, and the concurrent erratic ebbs and flows of the country's GDP.[28] Figure

[27] Sources: Firm closures, Newly registered firms, Total active firms (InfoCamere-Movimprese, 2014, Jul.). GDP growth rate (World Bank, 2014, Nov.; Eurostat, 2014, Nov.). Unemployment rates (ISTAT, 2014, Aug.). % of total WBOs emerging per year (Vieta et al., 2015, Chapter 2).

[28] Similar patterns of surges in worker-recuperated firms are in evidence in other jurisdictions, such as Argentina (see Ruggeri & Vieta, 2015).

3 also shows three negative trends in the Italian political economy that has negatively impacted the manufacturing sector and that has, in no small way, re-stimulated the rise of WBOs in the last six years: a new and sharp rise in unemployment after 2007-2008, the fall of Italy's GDP since 2007, the widening gap between manufacturing firm closures versus start-ups since the mid 1990s (represented by the growing gap between the blue and red lines in Figure 3), and the continued decline of its manufacturing base as highlighted in the concomitant shrinking of the manufacturing sector (represented by the rising green line in Figure 3[29]).[30]

Moreover, the creation of new worker cooperatives from failing capitalist ones were further stimulated by the interest in WBOs taken by local chapters of Italy's "red" trade unions and affiliated cooperative sectors, as well as by Christian Democratic ("white") cooperative sectors, especially in the industrial centres of the Northeast and Centre regions. In particular, Legacoop and, to a lesser extent, Confcooperative, for instance, have taken a close interest in the WBO solution in recent years, reflected in the fact that over 57% of Italy's new worker cooperatives emerging from WBOs are affiliated with Legacoop and over 18% with Confcooperative.[31]

This general decline of economic circumstances, together with the country's long history of cooperativism and its Legge Marcora support mechanism, has made Italy ripe for WBOs, reducing the barriers and opportunity costs for workers in particularly conducive areas of Italy, such as the Made in Italy regions, to attempt to start new labour-managed firms.

Summing up, the Italian phenomenon of worker-recuperated enterprises has historical and conjunctural roots in: (1) the general decline of its SME-based manufacturing sectors; (2) lingering high rates of unemployment; (3) the militant position of some of its local trade union chapters and the long-standing Italian tradition of bottom-up shop floor organizing (Piore & Sabel, 1984); (4) workers' links to tight social networks, local associations, and even municipal governments that preserve connections to local and regional chapters of the country's trade unions and cooperative federations; (5) well-established federal cooperative and WBO legislation and financial support mechanisms; (6) and a long-standing tradition of cooperativism for local economic development (Salvatori, 2012; Menzani & Zamagni, 2010; Zamagni & Zamagni, 2010).

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[29] The green line in Figure 3 is the percentage derived from dividing the difference between total business closures ("cessate") and total start-ups ("inscrite") by total active firms ("attive") for the particular year.

[30] For instance, according to the Italian Chamber of Commerce's InfoCamere-Movimprese database (2014) and based on our own calculations of the raw data, in December 1995 there were 639,100 manufacturing firms in Italy. By December 2013 there were roughly 596,200, a drop of 42,900 firms in almost 20 years. Most alarming, the InfoCamere- Movimprese database shows, there has been a widening gap between business closures and start-ups in the manufacturing sector since 1995, represented by the incrementally rising green line and increasingly widening blue and light red lines of Figure 3. While in 1995 there were almost 50,400 closures manufacturing firms and 49,700 openings—a difference of only around 700 firms—by 2013 there were more than 35,100 business closures and only 18,000 openings, a difference of more than 17,000 firms.

[31] As of 31 December 2014, just over 57% of all Italian WBOs were affiliated with Legacoop, just over 18% with Confcooperative, almost 5% with AGCI, just over 4% with the Federazione Trentina della Cooperazione, slightly over 1% with UNIT, and almost 15% having no direct affiliation with a federation (Vieta et al., 2015, Chapter 3).

4.2 Some common characteristics of Italy's worker buyouts

As Table 1 illustrates, Italy's WBOs have particularly taken off in the regions of the Centre—particularly in Toscana (the region with the most WBOs), Umbria, and Marche, but also in Lazio—and the Northeast—especially in Emilia-Romagna (the region with the second-most number of WBOs) and Veneto, but also to lesser degrees in Friuli-Venezia Giulia and in the Province of Trento in Trentino-Alto Adige.[32] These are the regions where the majority of Italy's specialty "Made in Italy" manufacturing industry is located.[33]

What we also see from Table 1 when comparing the Legge Marcora II period (2002-present) from earlier WBOs is: a marked reduction in new WBOs in the Centre and Northeast regions, and a new phenomenon in the Legge Marcora II period of WBOs in Sicily and Sardinia (the Island regions). These findings are related to the increased use of the Legge Marcora framework for funding the development of Italy's *Mezzogiorno* at the expense, to some degree, of the traditional regions where worker cooperatives have historically been strong (i.e., Emilia-Romagna and Toscana), and especially for ceding businesses confiscated from the proceeds of criminality to workers. The use of the Legge Marcora framework for supporting development in the *Mezzogiorno* is linked to the more general policy by the Italian state to use cooperatives to spur development in Italy's more economically challenged regions.[34]

However, despite the increased use of WBOs and conversions for the development of other areas of Italy, WBOs are still predominant overall in the Centre and the Northeast. Indeed, almost three-quarters of Italy's WBOs have emerged in the Made in Italy geographic area. This explains in part why 68.52% of Italy's WBOs, as we can see in Figure 4, consist of manufacturing firms and most of the remaining WBOs are in SME-based business support services and related activities, such as rental, travel and other business services; commercial (wholesale and retail); information and communication; and transport and storage.

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[32] An exception to the Legge Marcora process has been the Trentino-Alto Adige region of Italy. The WBOs in that region in our database, all from the Province of Trento, are affiliated to its cooperative federation, the Federazione Trentina della Cooperazione (Tonelli, 2012). Due to the judgement by the Italian Supreme Court asserting both of the region's provinces autonomous status (see Corte Costituzionale, sentenza n. 185, 25 giugno 1986), and the region's traditional independent approach to legislation from Rome, Legge Marcora provisions explicitly exclude Trentino-Alto Adige (see various Articles of L. 49/1985).

[33] The Made in Italy regions are known for their "industrial districts" of SMEs collaborating in small-batch, specialty, and inter-firm production processes and situated within tight social networks of familial, social, and associational bonds (Bagnasco, 1977; Becattini, Bellandi, & De Propis, 2009).

[34] For more on this, see Vieta et al. (2015, Chapter 3, Parts 2 and 3).

Table 1: Regional distribution of WBOs by Legge Marcora period (1979-2014) [35]

Region	Pre-L. Marcora and Marcora I WBOs (1979-2001)		L. Marcora II WBOs (2002-2014)		Total WBOs in Italy	
	n.	% of total WBOs	n.	% of total WBOs	n.	% of total WBOs
Nord-Est (and totals)	*46*	*17.90%*	*30*	*11.67%*	*76*	*29.57%*
Emilia-Romagna	20	7.78%	21	8.17%	41	15.95%
Friulia-Venezia Giulia	2	0.78%	3	1.17%	5	1.95%
Trentino-Alto Adige	11	4.28%	0	0.00%	11	4.28%
Veneto	13	5.06%	6	2.33%	19	7.39%
Nord-Ovest (and totals)	*25*	*9.73%*	*9*	*3.50%*	*34*	*13.23%*
Liguria	6	2.33%	0	0.00%	6	2.33%
Lombardia	12	4.67%	8	3.11%	20	7.78%
Piemonte	7	2.72%	1	0.39%	8	3.11%
Val d'Aosta	0	0.00%	0	0.00%	0	0.00%
Centro (and totals)	*89*	*34.63%*	*26*	*10.12%*	*115*	*44.75%*
Lazio	10	3.89%	5	1.95%	15	5.84%
Marche	21	8.17%	3	1.17%	24	9.34%
Toscana	42	16.34%	13	5.06%	55	21.40%
Umbria	16	6.23%	5	1.95%	21	8.17%
Sud (and totals)	*16*	*6.23%*	*7*	*2.72%*	*23*	*8.95%*
Abruzzo	3	1.17%	1	0.39%	4	1.56%
Basilicata	0	0.00%	1	0.39%	1	0.39%
Calabria	2	0.78%	0	0.00%	2	0.78%
Campania	5	1.95%	5	1.95%	10	3.89%
Molise	0	0.00%	0	0.00%	0	0.00%
Puglia	6	2.33%	0	0.00%	6	2.33%
Isole (and totals)	*0*	*0.00%*	*9*	*3.50%*	*9*	*3.50%*
Sardegna	0	0.00%	2	0.78%	2	0.78%
Sicilia	0	0.00%	7	2.72%	7	2.72%
Totals	**176**	**64.48%**	**81**	**31.52%**	**257**	**100.00%**

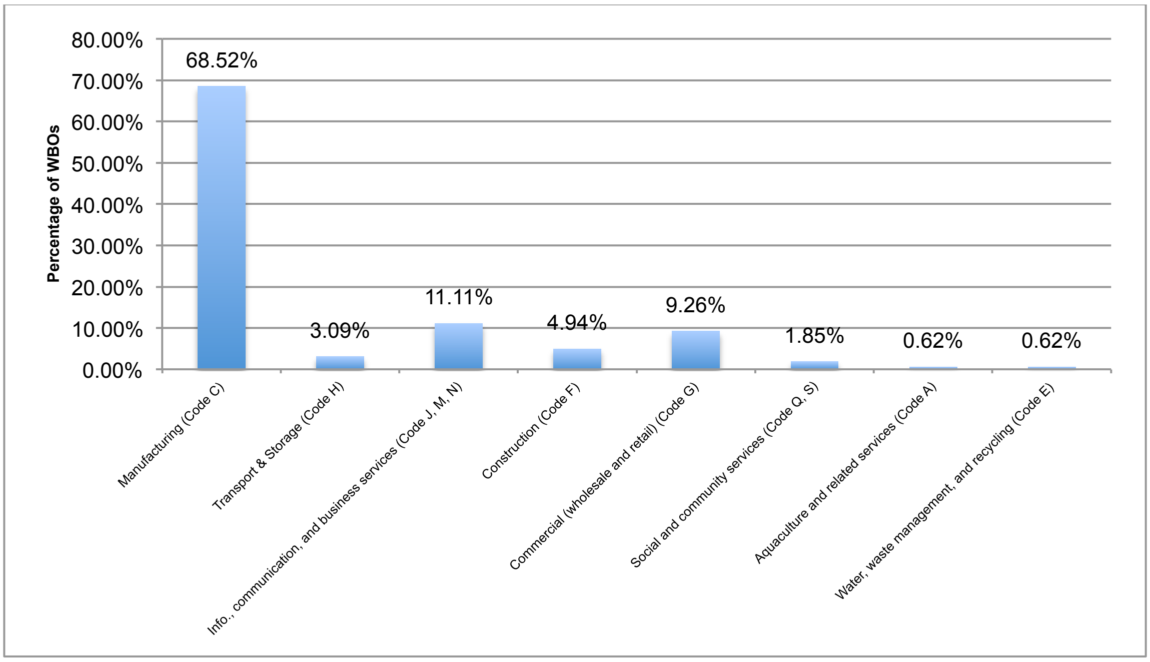
Column percentages calculated on total WBOs in Italy (N=257).

Figure 5 offers a more detailed breakdown of the manufacturing sub-sectors where Italian WBOs are found. Noteworthy are several sectors that are quite ubiquitous in the Made in Italy regions as well as in pockets in other regions, with each sub-sector following the general pattern of development of economic activity in particular localities in each region. Of particular note is the preponderance of firms in the metallurgical and machinery production sectors, particularly present with WBOs in Veneto and Lombardia; furniture manufacturing,

[35] Geographic categorization follows Euricse's reports on Italy's cooperatives (Euricse, 2011, 2013), which is based on the European Union's first-level Nomenclature of Territorial Units for Statistics for Italy: Nord-Est = Northeast; Nord-Ovest = Northwest; Centro = Centre; Sud = South; Isole = Islands.

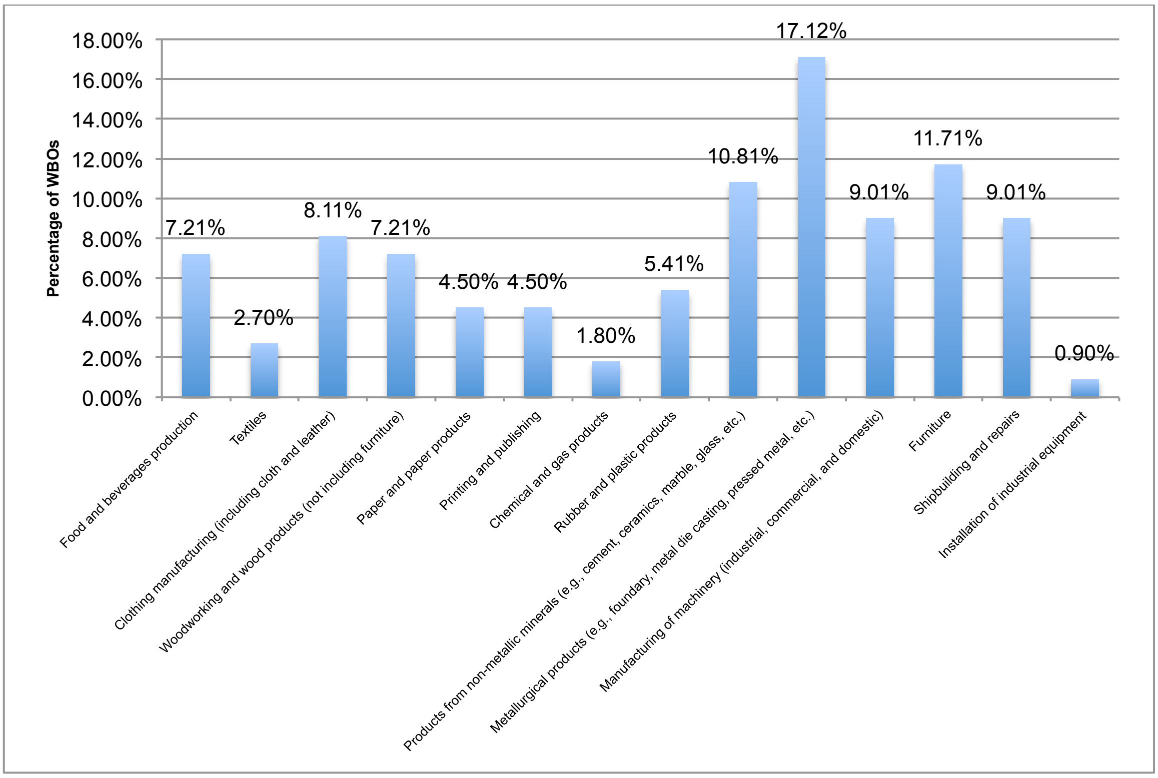
particularly prevalent in Toscana and Marche; cement, ceramics, and glassware, predominant in Toscana and Emilia-Romagna; clothing manufacturing and textiles, which includes leather attire and shoes, prevalent in Marche, but also in Emilia-Romagna; and shipbuilding and repairs, mostly in Toscana, while also found in Veneto, Liguria, and Campania.

Figure 4: Economic sector breakdown of Italy's WBOs



n=159 WBOs with available ATECO2007 economic activity data as of 31 Dec. 2014.

Figure 5: Breakdown of WBOs in manufacturing sector



n=111 WBOs in the manufacturing sector with known ATECO2007 "Code C" economic activity data as of 31 Dec. 2014.

From the "Total" column in Table 2, we see that WBOs in Italy have been almost entirely SMEs, consisting historically mostly of small enterprises of 10 to 49 employees (68.38%), medium-sized enterprises of 50 to 249 employees (almost 22%), and micro-enterprises of less-than 10 employees (almost 9%), with only two enterprises consisting of over 250 employees in our database. The average size of WBOs in Italy is, at 36 workers, technically a small enterprise (Lazerson & Lorenzoni, 1999; Morone & Testa, 2008). While much larger than the average Italian firm—which is predominantly a micro-enterprise averaging four employees (Amatori, Bugamelli, & Colli, 2011)—the average size of Italy's WBOs are not uncommon for firms in the Made in Italy regions (Unioncamera-Tagliacarne, 2010).[36] These firm sizes are also typical for negotiated or conflict-based WBOs worldwide (Jensen, 2012; Novaes, 2009; Ruggeri, 2014; Ruggeri & Vieta, 2015).

Table 2: Size of Italy's WBOs by number of workers (members and hired workers) (1979-2014)[37]

Size of firm	Pre and L. Marcora I WBOs (1979-2001)		L. Marcora II WBOs (2002-2014)		Total	
	n.	%	n	%	n	%
<10 employees	8	4.76%	13	20.00%	21	8.97%
10 to 49 employees	119	70.83%	41	63.08%	160	68.38%
50 to 249 employees	39	23.21%	12	16.92%	51	21.79%
> 250 employees	2	1.19%	0	0.00%	2	0.85%
Total	**168**	**100.00%**	**66**	**100.00%**	**234**	**100.00%**

n=234 WBOs with known employee data, including members and non-members of the cooperative.

What we also notice from Table 2 is that the percentage of WBOs in the "10 to 49 employees" category has gone down slightly for those emerging in the Legge Marcora II period, from almost 71% of all WBOs in the Legge Marcora I period to just over 63% of newer WBOs in the Legge Marcora II period. The percentage of WBOs in the "50 to 249 employees" category has also gone down from Legge Marcora I to Legge Marcora II periods, from just over 23% to almost 17% of WBOs respectively. However, this has been offset somewhat by the percentage increase of very small WBOs in the "less-than 10 employees" category from almost 5% to 20% of WBOs in the Legge Marcora II period. As we explore further in our full report (Vieta et al., 2015, Chapter 4), this change of focus in new WBO entry might be indicative that the WBO model is becoming a growing option among very

[36] As Morone & Testa confirm, drawing on ISTAT figures: "[SMEs] play a major role in the Italian economic system. They account for nearly 99% of national firms and, among them, the micro-enterprises (those with less than 10 employees) represent the wide majority…represent[ing] 95.2% of the Italian entrepreneurial system and account for more than 30% of its overall turnover" (2008, p. 311). Italian WBOs, however, buck this overall trend for Italian SMEs in that they tend to be much larger than the majority of Italian SMEs.

[37] Note that definitive employee data for firms is difficult to calculate due to fluctuating employee numbers over time. Figures here are calculated based on the latest AIDA-Bureau Van Dijk, Italian Chamber of Commerce, and CFI employee numbers available as of 31 Dec. 2014.

small firms in recent years and, more indirectly, that the most recent economic crisis has particularly affected micro-enterprises in Italy.

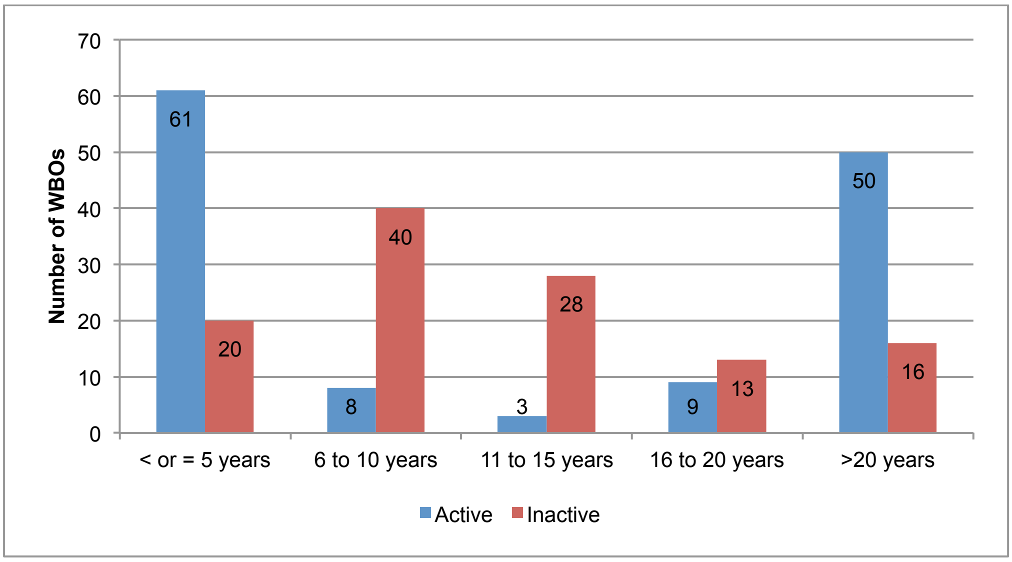
In addition to the Legge Marcora-based WBO enabling policy, then, relevant conditions for WBO formation in Italy include: (1) firm size, specifically in manufacturing sectors where SMEs predominate; (2) territorial contexts where strong inter-firm networks of production integration and strong intra-firm social relations are present; and (3) conjunctures of economic downturn. We expand on these conditions and trace out seven specific characteristics of WBOs in Italy in section 5, serving to also highlight some of the most common contextual features undergirding the emergence of WBOs more broadly as suggested by the literature.

4.3 Age specifics and birth, death, and growth rates of Italy's worker buyouts

Our research has also found that Italian WBOs are quite resilient (Vieta et al., 2015). In this section we evidence this via their age averages; their distribution in comparative lifespan cohorts; and in their birth, death, and growth rates. All calculations and figures are as of 31 December 2014.

The average age of currently existing (i.e., active) Italian WBOs is 13.9, and 11.9 years for closed (i.e., inactive) WBOs. When taking into account all still-active and inactive WBOs that have existed in Italy in our database (as of 31 December 2014), their average lifespan is 13 years. While this overall average age falls short of the average age of all Italian cooperatives at slightly over 17 years, it is almost equal to the average lifespan of all Italian firms at 13.5 years (Unioncamere-Tagliacarne, 2010). Moreover, a good number of Italian WBOs, as Figure 6 and Table 3 show, have been in existence for far longer than this average lifespan; the average age of still-active Pre-Legge Marcora and Legge Marcora I WBOs that emerged between 1979-2001 is 27.7 years.

Figure 6: Lifespans of WBOs in Italy (1979-2014)



n=248 WBOs with known opening and closing dates (131 actives and 117 inactives).

As Figure 6 and Table 3 evidence, Italian WBOs are either young firms—almost 33% of all WBOs have existed for five years or less—or older, established worker cooperatives—almost 27% of WBOs have existed for over 20 years. Looked at from another angle, almost 25% of all WBOs in our database that are still active (61 cooperatives, or almost 47% of still-active WBOs) have existed for five years or less, while over 20% of WBOs (50 cooperatives, or over 38% of still-active WBOs) have existed for over 20 years. Perhaps surprisingly initially, slightly over 1% of still-active WBOs fall into the "11 to 15 years" cohort, while almost 7% are in the "6 to 10 years" and "16 to 20 years" cohorts (3.23% and 3.63% in each age cohort). The small number of active WBOs that entered between 20 years ago and six years ago is indicative of the small number of new WBOs emerging between 1996 and up to the mid-to-late 2000s before the beginning of the Great Recession (see Figure 7). We discuss the relevance of these lifespan distributions in section 5.

Table 3: Percentage of total WBOs in Italy that are active or inactive within each lifespan cohort (1979-2014)

Lifespan Cohorts	Active		Inactive		Total	
	n	%	n	%	n	%
< or = 5 years	61	24.60%	20	8.06%	81	32.66%
6 to 10 years	8	3.23%	40	16.13%	48	19.35%
11 to 15 years	3	1.21%	28	11.29%	31	12.50%
16 to 20 years	9	3.63%	13	5.24%	22	8.87%
>20 years	50	20.16%	16	6.45%	66	26.61%
Totals	**131**	**52.83%**	**117**	**47.17%**	**248**	**100.00%**

n=248 WBOs with known opening and closing dates. Percentages calculated based on age cohort totals.

Table 4: Geographic distribution of all active and inactive WBOs in Italy by Legge Marcora period (1979-2014)

Geographic Distribution	Pre-L. Marcora I and L. Marcora I WBOs (1979-2001)				L. Marcora II WBOs (2002-2014)			
	Inactive		Active		Inactive		Active	
	n.	%	n.	%	n.	%	n.	%
Nord-Est	30	25.86%	16	26.67%	1	10.00%	29	40.85%
Nord-Ovest	19	16.38%	6	10.00%	1	10.00%	8	11.27%
Centro	56	48.28%	33	55.00%	6	60.00%	20	28.17%
Sud	11	9.48%	5	8.33%	2	20.00%	5	7.04%
Isole	0	0.00%	0	0.00%	0	0.00%	9	12.68%
Totals	**116**	**100.00%**	**60**	**100.00%**	**10**	**100.00%**	**71**	**100.00%**
	Total in period		**176**		**Total in period**		**81**	

N=257 WBOs known to be active or inactive. Column percentages calculated on total WBOs per Legge Marcora period.

Thus, as Figure 6 and Tables 3 and 4 also clarify, a good number of Italian WBOs have been in existence for far longer than the average WBO lifespan of 13 years. For instance, Table 3 also shows that 59 still-active cooperatives*,* or *just over 45% of Italy's still-active WBOs, have existed for over 16 years*.

From Table 4 we learn that just over 34% of Pre-Legge Marcora and Legge Marcora I period WBOs (60 cooperatives) were still active as of 31 December 2014, equalling over 23% of the 257 WBOs in our database. In other words, at least 60 currently existing WBOs emerged during the Pre-Legge Marcora or the first Legge Marcora period, and many of these did so over 25 years ago. Moreover, from Table 3, we realize that 66 WBOs (active and inactive), or 26.21% of WBO firms, have existed for over 20 years. Indeed, when we dig deeper into the total WBOs in existence for 25 or more years (active and inactive) in the our database, we can count 54 WBOs, or 21.8% of the 248 WBOs with known opening and closing dates, with only 10 of these oldest WBOs having closed as of 31 December 2014. The potential resilience of Italy's WBOs is further underscored when we consider that almost 88% of WBOs emerging during the Legge Marcora II period were still active as of 31 December 2014 (71 out of 81 cooperatives).

These are quite remarkable lifespan numbers that underscore the resiliency of Italy's WBOs over time, especially considering that most of them emerged from firms in crisis.

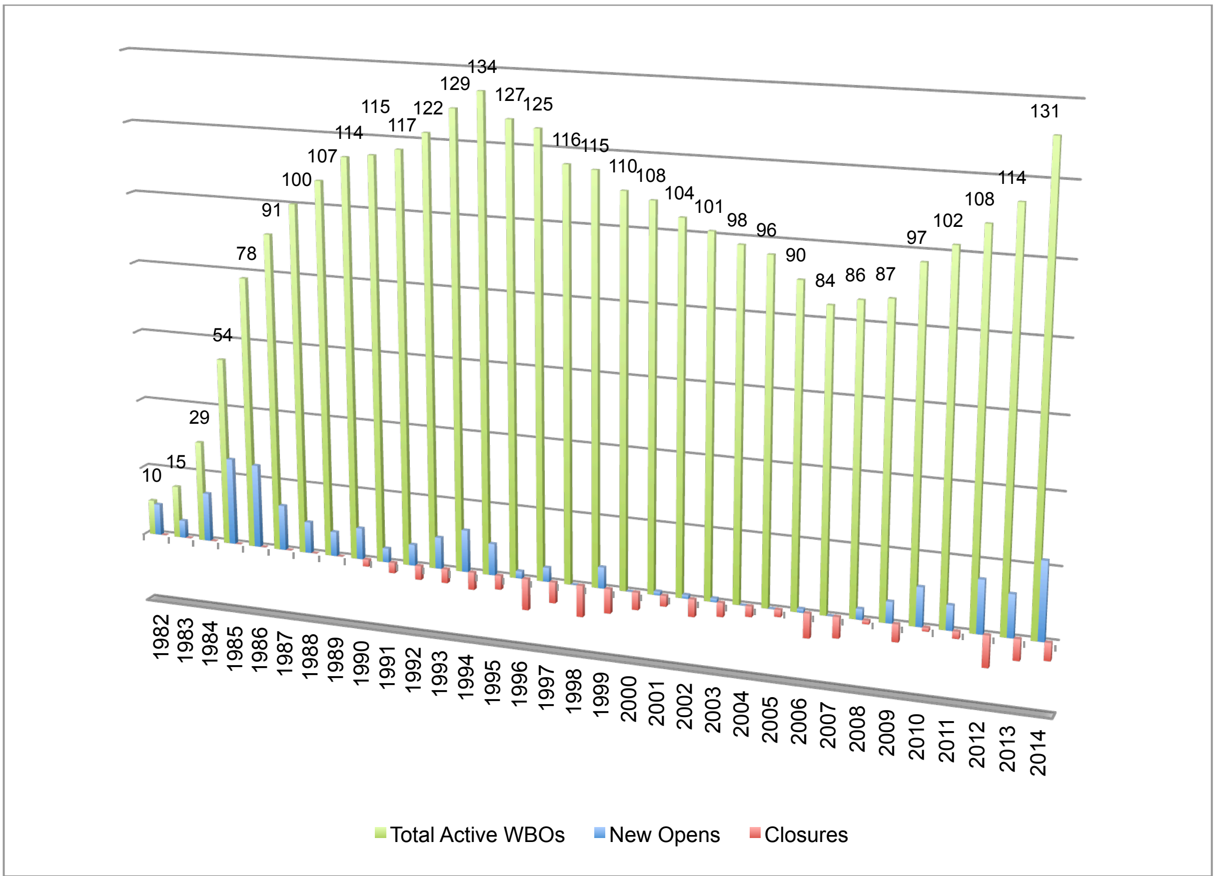
As Figures 7 and 8 evidence, WBOs emerged with some regularity between 1982 and 1995, during the key years leading up to and following the establishment of L. 49/1985. WBOs began to witness a net loss of entries vs. exits between 1996-2008 (which include the years where the Legge Marcora framework was in dispute with the EU and not being actively pursued by institutional investors), and have seen a sharp resurgence in the post 2008 years with the latest economic crisis.

Represented in Figure7, we see that a total of 155 WBOs entered during the 14 year period between 1982-1995, averaging almost 12 WBO openings per year. The 12 years spanning 1996 and 2007 would see a net loss of WBOs, which, the reader will recall from our discussion in section 3, include the years when the Legge Marcora framework was being disputed and a period of time with relative stability in the Italian political economy. During these years WBO closures consistently exceeded openings; there were 16 WBO openings during this period and 66 closures. Hence the negative WBO growth rates during this period in Figure 8. However, the closures and general drops in active WBOs over these 12 years must be looked at also by the overall high survival rates of Legge Marcora I WBOs (even during this period), plus the fact that the Legge Marcora framework was being disputed in the first six years of this period and, thus, not being actively pursued by institutional investors such as CFI.[38]

The most recent period of WBO emergence, on the other hand, between 2008 and today, shows a consistent and sharp rise of new WBOs, again paralleling the presence of persistent economic crisis in Italy since the start of the Great Recession. In total, 76 new WBOs have emerged since 2008, with only 29 confirmed closures, most of which were older Legge Marcora I WBOs closing in recent years. And in 2013 and 2014 alone, there were 34 new WBO entries and only 11 closures. (as of 31 December 2014).

[38] See Vieta et al. (2015, Chapters 2 and 4).

Figure 7: Active WBOs per year compared to WBO openings and closings per year (1982-2014)



n = 248 WBOs with complete opening and closing dates as of 31 Dec. 2014, inclusive of one WBO in database that emerged prioer to 1982.

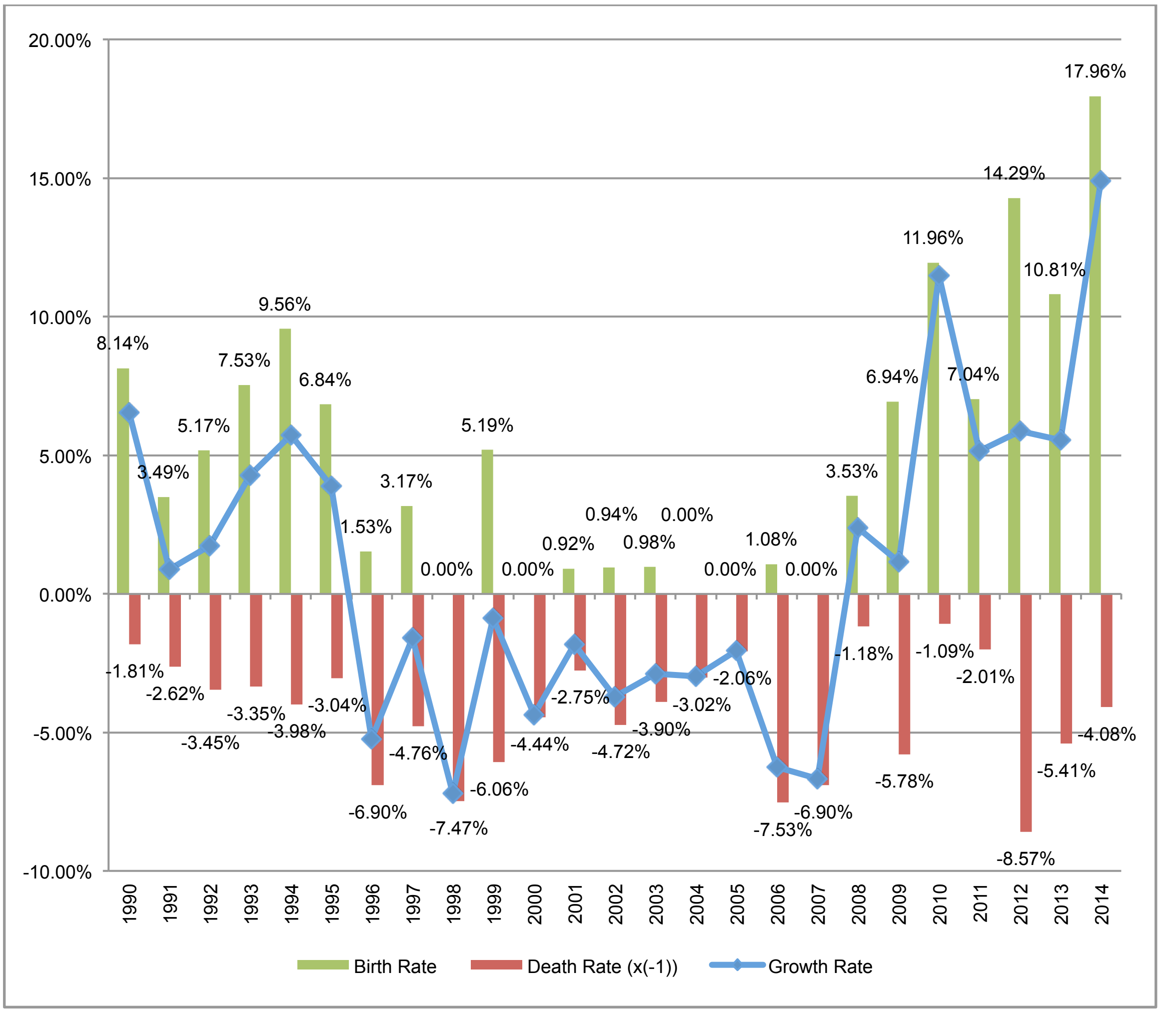
These numbers allude to very favourable survival rates and highlight further the possibilities of the WBO model for saving jobs and firms during times of economic crises and austerity (CECOP-CICOPA, 2012, 2013; Zevi et al., 2011).

Another way of measuring the relevance of WBOs and the Legge Marcora framework during periods of recurring economic crises, persistent unemployment, and business closure, is to gauge for the rate of creation vs. dissolution (or births over deaths) of worker-owned firms. This is calculated by taking "the total number of [organizational] formations [or dissolutions, whichever the case may be] divided by the number of organizations in existence during the period under consideration, representing a gross measure of the desirability of belonging to a particular sector" (Ben Ner, 1988, p. 13). Figure 8 maps the overall birth, death, and growth rates of Italian WBOs between 1990 (the first year of WBO closures[39]) and 2014. The average birth or entry rate of Italian WBOs during this 25 year period was 5.08%, the average death or closure rate was 4.27%, an the average growth rate was +0.96%.

[39] This is itself a remarkable finding worth noting: None of the 107 WBOs that existed as of December 1989 in our database had closed since start-up; a 100% survival rate. The first closures of WBOs from the Legge Marcora era, according our database, occurred in 1990 with two WBO exits (see Vieta et al., 2015, Chapter 4).

But leaving our birth-to-death rate assessment with this raw calculation is skewed, given that only a handful of new WBO formations occurred in the eight years between 2000 and 2007, when the Legge Marcora reforms of 2001 were not being tapped into to full effect and also due to a more positive economic outlook in Italy during those years when compared to the early-to-mid 1990s and the post 2008 periods (Figures 7 and 8). When we just focus on the years between 1990 and 2014 when WBOs were also forming and not only closing and when the Legge Marcora framework was being deployed to full effect (that is, 1990-1999 and 2008-2014), we come to more robust birth and death rate figures that compare very favourably to the birth and death rates of employer-owned manufacturing firms in Italy and other OECD countries in recent years.

Figure 8: Birth, death, and growth rates of WBOs in Italy, beginning with first year of known WBO closings (1990-2014)



n=248 WBOs with known opening and closing dates. Pre-1990 data were excluded due to scale and no recorded closures in our IRL Database.

In the 17 years covering 1990-1999 and 2008-2014, Italy's WBOs had an average birth rate of 7.71% compared to an average death rate of 4.18%, with an average growth rate of +3.73%. While this slightly exceeds the average birth rate of all Italian manufacturing firms in recent years at around 7.5%, this death rate is much less than the average death rate of all Italian firms at roughly 6.5% (OECD, 2010). And taking only into account the five years between the beginning of 2010 and the end of 2014 when the latest economic crisis in Italy was in full effect, we see a very high average rate for WBO firm creation—a 12.41% birth rate on average—and fairly low rates of firm dissolution for WBOs—4.23% dearth rate on average—with an average growth rate of +8.60%. Furthermore, between 2010-2014, WBO creation outpaced the net creation of new firms in manufacturing sector "employer enterprises" in the OECD countries and in Italy by several percentage points, while also falling well under the average dissolution rates of manufacturing firms in OECD countries, including in Italy (OECD, 2010).

This overall low death rate during years of crisis among Italian WBOs is historically significant since it is also much less than the combined mean death rates of all worker-owned firms (including *de novo* worker-owned firms (WOFs) and former capitalist firms converted into WOFs) during another period of deep economic crisis. During earlier years of economic crisis between the mid 1970s and early 1980s in Italy, France, and the UK, Ben Ner (1988) reports death rates of WOFs to be 9.3% in Italy, 6.9% in France, and 6.3% in the UK (p. 14).

We would be remiss, however, to not mention the spikes in WBO dissolution rates in 2006, 2007, 2009, and 2012. The closures of WBOs in 2006 and 2007 were all older Legge Marcora I WBOs. The five WBO closures in 2009 were also all older Legge Marcora I WBOs, while eight of the nine 2012 closures were Legge Marcora I WBOs. These were perhaps not anomalous spikes in closures since these years were particularly difficult ones in the Italian political economy around the years of the 2008 crisis. The early and continued effects of the Great Recession during these years also seems to have affected not only the growth of new WBOs, but also the closure of some of the oldest WBO firms. Given the evidence in Figure 3, these years also witnessed particular sharp drops in GDP, the widest gaps in overall manufacturing firm closure to openings, and continuously rising rates of unemployment. These spikes in older WBO closures during moments of deep economic recession should serve as a warning sign to the vulnerabilities also faced by WOFs, although overall, as our data in this section suggests, WOFs do survive crisis years much better than conventional firms.

Overall, these numbers again point to very favourable survival rates and highlight further the possibilities of the WBO model for saving jobs and firms during times of economic crises and austerity (CECOP-CICOPA, 2012, 2013; Zevi et al., 2011).

5. Discussion

5.1 The resilience of Italy's worker buyouts

These more-than respectable firm lifespans and birth, death, and growth rates for Italian WBOs are perhaps surprising given that most WBOs—including those in Italy—emerge from troubled or failing firms. As our case study and interview work has shown (see Vieta et al., 2015, Chapter 5), a WBO firm's new worker-owners are challenged with restarting production in less than favourable socio-economic circumstances, and at times with depleted machinery and assets, reduced inventory, and with workers' needs for retraining regards co-administering and co-owning a firm as members of a cooperative. Nevertheless, these firms' relatively long lifespans and their surge during crisis periods begin to suggest that workers' entrepreneurial acumen and commitment to their business is alive and well in Italy, and has been so for some time.

The robust Legge Marcora-facilitated supports are no doubt contributing to the survivability of Italian WBOs when compared to worker-owned firms and WBOs in other jurisdictions and to overall SMEs in the Italian manufacturing sector. Firm exits during the early years of WBO firms in Italy tend to occur later when compared to historical cases of French (Pérotin, 1986) and UK (Ben Ner, 1988) WBOs, and with SMEs in the Italian manufacturing sector generally (Audretsch et al., 1999). The crucial period of exit for Italian WBOs are between years six to 10, while for French and UK WBOs and Italian manufacturing sector SMEs the crucial period is earlier, in their first two-to-five years. Italian WBOs seem to be doing better here by more resiliently surviving their initial, more risky early years. Moreover, and again most likely due to the robust financing mechanisms and support structures offered by the Legge Marcora framework, Italian WBOs tend to be much older at exit, on average, recalling that the average age of inactive WBOs in Italy is 11.9 years.

Another related finding that stands out from this report is that Italian WBOs are either young firms (less than six years-of-age), or older, established firms over 16 years-of-age. We can make several hypotheses for this from our data.

One possible reason for the drop in active WBOs and the rise in firm closures in the "6 to 10 years" and "11 to 15 years" age cohorts highlighted in section 4.3 (also see Vieta et al., 2015, Chapter 4, Part 2) might be related to the fact that these are the years most usually when institutional investors such as CFI (i.e., as *socio finanziatore*) usually end their participation with the worker cooperative, thus perhaps putting at increased risk the ongoing capitalization and administrative oversight of some of the most vulnerable WBOs.

A second and related factor for a higher propensity of exit between years six and 15 is that the WBO firm might have gone through the difficulties most young firms go through in their early years when chances of closure are highest—the so-called "liability of newness" (Ben Ner, 1988, p. 18; also see Audretsch et al., 1999; Pérotin, 1986). Here, findings previously uncovered concerning the econometric performance of Italian WBOs in existence during the first years of the current crisis seem to suggest that a number of WBOs were in a potentially precarious state when factoring the value of production over the cost of production and firm income over the value of production (Facci, 2013). For instance, almost a quarter of active WBOs analyzed during these years recorded costs of production substantially above their value of production, while most of the rest had costs of production and values of production within the same range. Similar trends emerged when analyzing firm income over value of production. These scenarios could limit budgetary flexibility for these WBO-generated firms should they incur unexpected costs, market downturns, or financial difficulties. Moreover, this econometric analysis also indicated that long and short-term loans were being relied on by a fair number of WBOs studied to cover production costs and capitalization. These debt-reliant scenarios could be further risking some of these firms' long-term security and thus offer another plausible explanation to the relative rise in closures between years six and 15. However, Italian WBO cooperatives still working with institutional investors do enjoy favourable loan rates and re-payment commitments under Legge Marcora provisions, thus possibly mitigating these potentially negative financial scenarios and partly explaining, on the other hand, the relative longevity of a fair number of the WBO-based cooperatives we studied.

A third factor for the propensity of some firms to exit between years six to 15 might be that WBO protagonists are, as with Argentina, Uruguay, and Brazil's worker-recuperated firms, older workers that are either mid-career or close to retirement. Within years six to 15 of the WBO project, therefore, some of these workers will have or will be nearing retirement and might not have established a succession plan for the firm, or might not have found the next generation of worker-owners.

We also cannot discount the importance of the fact that this broader general dip in the WBOs that have been in existence for six to 15 years is in part due to the drop in WBO formation between the late 1990s and 2008 that was due to a combination of three factors. First, we must recall that these years encapsulated better economic circumstances in Italy that saw a drop in incentives for workers to engage in new WBO projects, especially when work was more readily available elsewhere. Second, there was a lull in the use and promotion of the Legge Marcora framework by Italy's institutional investors such as CFI when the law was under dispute at the time with the EU and in the years leading up and immediately following the 2001 reforms to the law. And third and concomitantly with the second point, there was a focus by Italian legislators and WBO institutional investors at the time in re-writing the Legge Marcora in response to the concerns of the EU, which again was at the expense of promoting the WBO solution.

Lastly and importantly, we must also underscore here that our findings do not show that these firms primarily close because workers could not successfully manage them. Indeed, that so many of Italy's WBOs have survived for over two decades (and some even longer) is testament to the entrepreneurial and self-management acumen of workers if given the chance to run their firms. Our survey, interview, and case study research reported on in Chapter 5 of the full report further explores the preponderance of democratic practices in these worker-recuperated firms, and their organizational restructuring strategies post-recuperation of the firm. This often sees most managers emerging from the cooperative membership. Especially given the sustained levels of support offered by Legge Marcora provisions and its institutional investors not available to purely capitalist firms in Italy, we further hypothesize that firm profiles for those WBOs falling within the "6 to 10" and "11 to 15 years" cohorts are more probably due to the generational or succession issues.

5.2 Seven characteristics highlighting the emergence of Italy's worker buyouts

We summarize here the overall discussion and analysis of the report via seven main "Italian characteristics" for WBO formation that both help to crystalize the emergence of WBOs in Italy and complement and contribute to the literature on the emergence of labour-managed firms. Taken together, these seven characteristics, grounded in the Legge Marcora framework; its collaborative approach between workers, the state, and the cooperative sector; and Italian cooperative legislation, have provided fertile soil for the re-emergence of WBOs in Italy in recent years. We touched on these characteristics throughout this paper and in much more detail in Chapters 3, 4, and 5 of Vieta et al. (2015). We review their highlights here.

5.2.1 Italy's WBOs are rooted in a strong policy and financing enabling environment

The first and foremost characteristic that distinguishes Italy's experiences with worker buyouts is its strong supports for creating new cooperatives from firms in trouble, grounded in its Legge Marcora framework (L. 49/1985). This framework is undergirded by a robust policy and financing environment for supporting business conversions of troubled firms to cooperatives. It also rests within a broader base of cooperative, business, and labour legislation. Without such an enabling environment the record shows that there will be much less propensity for the widespread take up of the WBO solution. Under the auspices of the Legge Marcora framework, its subsequent reforms, and the related legislation, norms, and cooperative practices that support it, Italy's worker-recuperated firms are, on the whole and as we showed in section 3, "negotiated WBOs" (also see Vieta et al., 2015, Chapters 2, 3, and 5). Noted for its collaborative approach, the Legge Marcora framework provisions sound policies and supports for workers in companies at risk of closure via three broad notions and practices:

1. a *right-of-first refusal for employees* seeking to buy out companies in crisis and that are undergoing liquidation or bankruptcy procedures;
2. the use of *workers' own entrepreneurial initiative and resources* for investing in new cooperatives, including the possible use of *lump-sum payments of appropriate unemployment benefits* to employees of closing firms intending to convert their employers' businesses to worker cooperatives; and
3. *saving jobs and productive capacity* via the formation of cooperatives while *minimizing undue burdens to the state's budget*.

5.2.2 WBOs emerge out of economic downturns and market failures

Macro-economic downturns or market difficulties open up the possibilities for WBO cases. Such is the case in Italy, as well. WBOs, as with worker cooperatives that emerge *de novo*, tend to be countercyclical, arising and growing in numbers in times of crisis and stabilizing or diminishing in growth rates times of economic stability. The ample evidence we found for this characteristic in our findings, analyzed at length in Vieta et al. (2015, Chapters 2 and 4), converges our research with the literature on the emergence of labour-managed firms. As we outlined in section 4 and in more detail in our full report, the overall Italian economy over the past 20 or so years (including its manufacturing sector) has witnessed a steady decline. This has negatively affected, in particular, smaller, more volatile and lighter industrial and craft-based firms, particularly in the Made in Italy manufacturing regions. Moreover, more and more Italian workers have been impacted negatively by the increased loss of workers' rights and job security after the neoliberal labour and economic policies of the 1990s and 2000s, evidencing also a marked rise in temporary, contingent, and contract work and, in more recent years, a deepening of structural unemployment. Collectively, these macro-economic factors make WBOs more attractive to workers facing unemployment, especially given the rising socio-economic barriers to finding alternative work in Italy.

5.3.3 WBOs emerge within some degree of inter-firm and territorial social networks

Given the right conjunctural contexts, there is an increased propensity for SMEs to convert to labour-managed firms when they are situated to some degree within *inter-firm networks*, such as those in the tightly networked Made in Italy industrial districts. SMEs in geographic situations found in the Made in Italy regions seem to be more prone to consider the WBO option when other known firms in their territory or social networks have done so, which has also been noted of the *empresas recuperadas* in Argentina and Brazil, and WBOs in Canada, which also tend to cluster (Quarter & Brown, 1992; Henriques, 2014; Ruggeri, 2010). As we detail in Vieta et al. (2015, Chapter 4), what we termed "WBO business clusters" in Italy can be found, for instance, in the provinces of Firenze, Ancona, Rome, Padova and in a corridor between the provinces of Parma and Bologna. In agreement with Ben Ner (1988), this familiarity with other known instances of WBOs "enhances the possibility that [worker-owned firms] will be considered an option…and reduces…establishment costs related to the [otherwise] scarcity of the [worker-owned firm] form of organization" (p. 22).

5.3.4 WBOs emerge in labour-intensive sectors

WBOs tend to form in *labour-intensive sectors made up of high-skilled workers* rather than capital-intensive ones with a low-skilled workforce. Such is also the case with Italy's WBOs. Their "small size, simplicity of the production process and ability to follow a product through completion are prominent" and reduce the need for large amounts of capital which further lowers entry costs (Ben Ner, 1988, p. 24). As we illustrate in Vieta et al. (2015, Chapter 5), labour-intensive SMEs also prove to be an ideal firm size for labour-managed firms when fully operational, especially when worker-members need to respond quickly to production or market fluctuations by, for instance, varying salaries or adjusting production inputs and outputs. Indeed, this size factor taps into the competitive advantage of the SME-sized labour-managed firm, enabling these firms to be nimble enough to quickly alter production decisions should they need to, such as in situations of market or financial troughs when the solidarity of the workforce must be drawn on to reduce salaries or change product lines. The survey and case study evidence from our work thus far begins to point to this characteristic (Vieta et al., 2015, Chapter 5). This characteristic also aligns with similar characteristics in Argentina's *empresas recuperadas* (Ruggeri & Vieta, 2016; Vieta, 2012, 2013, 2016).

5.3.5 WBOs emerge with workers having relative geographic and sectoral immobility

WBOs will tend to form within a *workforce profile of relative geographic and sectoral immobility*. Again, the Made in Italy regions are known for their firms' labour-intensive, craft-based, inter-connected, and skilled production processes, usually consisting of dedicated workers with specific skill-sets that are not easily transferable to other jobs outside of their economic sector and with long-held commitments and social embeddedness to their local situation, where most workers also live (Becattini, Bellandi, Dei Ottati, & Sforzi, 2003). Thus, workers in WBO firms in Italy tend to have low-mobility propensities and strong commitments to their localities and existing social networks, making workers more receptive to the idea of a WBO. These characteristics are typical for Made in Italy firms where they are often situated within smaller parts of an intricate inter-firm production process, and located within industrial districts consisting of tight networks of SMEs. As we show in Chapter 4 of our full report, this is the case, for instance, with WBOs that have emerged in the footware and leather goods manufacturing districts of the Province of Ancona, the metallurgical shops of Padova, the varied specialty manufacturing firms of Toscana and Emilia-Romagna, or in the services-intensive SMEs found in Rome. In these craft-based occupations, workers tend to have low-mobility propensities and strong commitments to their localities and existing social networks, making workers more receptive to the idea of a WBO (Amatori, Bugamelli, & Colli, 2013; Lazerson & Lorenzoni, 1999; Piore & Sabel, 1984). In other words, WBOs tend to be initiated by workers with careers heavily invested in these types of occupations and sectors, and with lives strongly rooted in the localities where they live and work. These are factors that, again, outweigh the risks for engaging in a WBO. Our case studies in Chapter 5 of our report also serve to illustrate these propensities.

5.3.6 WBOs emerge with some degree of intra-firm social networks

Our case studies in Chapter 5 of the full report further illustrate how WBOs tend to emerge within *strong intra-firm social networks* with a workforce that has forged strong bonds of solidarity on shop floors. SMEs are small enough to have fostered workplace solidarity amongst members considering a WBO and to best "meet members' demands for participation" (Ben Ner, 1988, pp. 23, 25). In turn, member participation is stimulated by the camaraderie that emerges within the workforce from having gone through crisis moments together (Vieta, 2014, 2016). Indeed, these bonds are further entrenched during the moments of conversion and thereafter as the firm matures as a cooperative. Employees that form a WBO from moments of shop floor struggle in a SME solidify their solidarity through "internalization of the conflict," which eventually merge into more democratic reconceptualizations of "the functions of work, control, risk-bearing and capital ownership" (Ben-Ner, 1988, p. 21; see also Vieta, 2016). The strong take-up of democratic governance structures at Italy's WBOs that we review in the full report's Chapter 5, Part 1 underscores this characteristic.

5.3.7 Italian WBOs are resilient

Italian *WBOs are resilient*, witnessing relatively *long lifespans and robust survival rates* linked to the age of the firm and when the firm was founded. While the average lifespan (i.e., age) of all active and inactive WBOs in our database is 13 years, and that of still-active WBOs 13.9 years, almost half of still-active WBO-generated firms have existed for 16 years or longer. Moreover, Italy's WBOs are surviving the economic crisis very well, and have seen many more entries than exists of firms created via WBOs since 2008. Between 2002 and 31 December 2014, 81 new WBOs had emerged in Italy, mostly over the seven years since the beginning of the Great Recession. And more new WBOs have been emerging throughout 2015, including the storied Italian newspaper of the left *il manifesto* (Vidal, 2014). Indeed, between the beginning of 2010 and the end of 2014, during the height of the latest period of crisis, WBO birth rates in Italy averaged 12.41%, death rates 4.23%, and the average growth rate was +8.6%, far outpacing the birth and growth rates of employer-owned manufacturing firms in Italy and the rest of the OECD, and showing much lower death rates, as well.

As we also detail in Chapter 4 of the full report, the age of the WBO-generated firm also seems to matter for long-term survivability. The peak age for firm closure of a WBO-created firm is year 8 followed by year 11 after start-up. This is several years after the peak age for firm closure for conventional manufacturing firms in Italy and labour-managed firms elsewhere. After that, the propensity for closure goes down substantially for Italy's WBOs.

6. By way of conclusion

Conversions of capitalist business to labour-managed firms were rehearsed in earlier periods of Italy's history and perfected as WBOs in the last three decades, especially in the "Made in Italy" regions. And today in Italy, in the thick of lingering economic and financial crisis, new cases of WBOs are on the rise. WBOs that become worker cooperatives tend to follow the trend of cooperatives more broadly: employment in cooperatives grows in periods of economic crisis, and they tend to emerge counter-cyclically during economic downturns (Birchall and Hammond Ketilson, 2009; Euricse, 2013; Estrin, 1985; Pérotin, 2012). Indeed, where labour-managed firms emerge jobs are saved and the productive capacities of communities are preserved or enhanced, factors connected to the positive externalities of workers' control and ownership. Moreover, these firms contribute to the prevention of the "desertification" of regions and act as "shock-absorbers" for the socio-economic needs of communities (CECOP-CICOPA, 2012, 2013). Together with the favourable enabling environment created by the Legge Marcora framework in Italy, these factors help explain the sharp rise in WBOs since 2008 and the resilience of the WBO solution in Italy for over three decades.

In part due to how lingering crisis and subsequent austerity measures continue to saddle Italy with steady business closures and stagnantly high unemployment rates, and based on the evidence of the potential of WBOs to save business and jobs made possible by the Legge Marcora framework, Italy's national government passed Decree 145 on 24 December 2013, underscoring that employees have a "right of first refusal" in "rent[ing] or purchas[ing]…companies subject to bankruptcy…by a cooperative made up of employees of the company subject to the procedure" (D.L., 2013). Furthermore, a new extension of Legge Marcora provisions—christened "Nuova Marcora" (New Marcora)—was introduced via a ministerial decree of the Ministry of Economic Development in December 2014 to provide new funds for low-interest loans for "promot[ing] the creation and development of cooperatives of small and medium size" and "the emergence of cooperative societies formed…by workers from companies in crisis," for "social cooperatives," and cooperatives emerging from the "confiscated proceeds of organized crime" (D.M., 2014). This increased attention by the Italian state to the possibilities of WBOs and other forms of conversion for saving jobs, productive entities, and communities, as well as growing attention with business conversions among EU policy makers (see Vieta et al., 2015, Chapter 2) and academic researchers in recent years, underline the importance of getting to know better the intricacies of this form of business restructuring, which has been the goal of this paper and the report which it summarizes.

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