



REWIND TRAINING PLANS

Transfer of business ownership

REWIND

Relaunching Enterprises through Workers' Innovation
and New dynamics

December 2023



Training Plans of REWIND Erasmus+ Project (2022-1-KA220-VET-000088929) © 2023 is licensed under CC BY 4.0. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them.

Contents

List of tables	5
List of figures	5
Introduction to the Module	6
Multimedia resources	7
Learning Outcomes	8
Theoretical part	9
1. Cooperatives and workers buyout process	
1.1 Introduction	9
1.2 Case study: Workers Buy-Out framework in Italy	10
1.3 The WBO National Legislative Framework	12
2. Transfer of ownership to employees for companies without successors	
2.1 Introduction	14
2.2 Strategic management	16
2.3 Business planning	19
2.4 Succession planning	20
3. Cooperatives / social enterprises engaged in a generational renewal of management	
3.1 Introduction	23
3.2 Diversity Management	24
3.3 Managerial renewal	25
4. Continuous Professional Development	
4.1 Introduction	26
4.2 The Entrepreneurship Competence Framework	29
Short Summary	32
Tips	33



Training Activities	34
Activity 1	34
Self-evaluation exercises	37
References	39

List of tables

Table 1 "The three levels of strategy"

Table 2 "EntreComp Progression Model"

List of figures

Graph 1 - Eurostat: Enterprises providing continuing vocational training in 2020, EU

Graph 2 - Eurostat: Enterprises providing continuing vocational training by activity in 2020, EU

Introduction to the Module

Module 4 «**Transfer of business ownership**» addresses the following topics:

- Cooperatives and Workers Buyout processes: the double engagement of workers as entrepreneurs and employees.
- Transfer of ownership to employees for companies without successors.
- Cooperatives / social enterprises engaged in a generational renewal of management.
- Continuous Professional Development: horizontal and vertical career paths.

In summary, the ability of organisations to look at business continuity (long term) immersed in the daily contingencies of doing business in the short term. At the same time, the ability of workers to engage in different roles, in a multitasking perspective, especially in micro and small-sized enterprises, as well as the founders' will to pass on their managerial skills to the new generations.

The challenges in this area are many, just as there are many strategic perspectives, corporate and organisational forms that can be outlined, above all on the basis of the respective national laws, an indispensable background for acting professionally in this area.

Workers and employees involved in corporate ownership transfer processes are often assisted by a series of institutional subjects, such as trade unions, chambers of commerce, employers' organisations, the credit and financial system, and by professionals, such as consultants of labour, accountants and lawyers, experts in corporate crises.

Multimedia resources

WBOs in Italy (7th December 2022) 5'02'':

https://www.youtube.com/watch?v=yNPrlSisU_w

The WINS project aims to promote workers' involvement in social economy enterprises (SEEs) in Europe. It also strengthens transnational cooperation between workers' and employers' representatives, as well as between social economy enterprises and trade unions in respect of employee involvement. (<https://www.wins-project.eu/>)

Get to know the different kinds of co-ops, how they work, and how they differ from traditional companies (20th September 2022) 5'42'':

<https://www.youtube.com/watch?v=4M6lrhuiPv0>

Co-ops are a big part of the global economy: they employ 10% of the world's workforce and over two trillion dollars flow through their doors every year. Directed by Elizabeth Galian, AIM Creative Studios, in collaboration with World Economic Forum.

Review: Japan's Business Owners Can't Find Successors. This Man Is Giving His Away (3rd January 2023) 7'23'':

<https://www.youtube.com/watch?v=bkx9haTPmHI>

Hidekazu Yokoyama has spent three decades building a thriving logistics business on Japan's snowy northern island of Hokkaido. By LD News-CNN4.

How to build a business that lasts 100 years by Martin Reeves – TED Talks (1st September 2016) 14'54'':

<https://www.youtube.com/watch?v=IlfodZNFIGI>

Martin Reeves is chairman of the BCG Henderson Institute, BCG's think tank dedicated to exploring and developing valuable new insights from business, technology, economics, and science.

Learning Outcomes

At the end of the module, the learner should acquire the following knowledge, skills and competences:

Description of the unit of learning outcomes: This module aims to provide information on the opportunities for workers to become owners of the company which, for various reasons, intends to interrupt its activity, with the takeover of "recovered" company.

Actions/ achievements	LEARNING OUTCOMES		
	Knowledge	Skills	Attitudes
Improved capability to deal with medium-term planning by understanding the educational value of the planning process which presupposes interdisciplinarity and multifunctionality to be combined together	Critical understanding of different organisational contexts in which the transfer of ownership is required: cooperative, social enterprises and family businesses	Demonstrate the need for organisational plans aimed at the transfer of skills in corporate governance for business continuity	Orientation towards multitasking (mainly for small organisations) and awareness of different roles, functions, key competences and contexts.
	Identify the various causes of corporate crisis and insolvency	Design and apply organisational plans aimed at the transfer of skills in corporate governance for business continuity	Open-mindedness in welcoming the views of others on a complex problem
	Summarise the legislative conditions in your country in favour of ownership acquisition by the employees	Show the benefits and burdens of applying diversity management approaches and tools (e.g., gender	Curiosity towards the experiences made in other contexts



	<p>Compare the legislative conditions of partner countries in favour of ownership acquisition by the employees</p>	<p>equal opportunities) Show the benefits and burdens of applying social and environmental approaches (e.g., Environment, Social and Governance Framework)</p>	
<p>Hands-on/Guides Learning Hours: 5 Self-Study Hours: 4 Assessment Hours: 1 Total Learning Hours: 10</p>			

Theoretical part

1. Cooperatives and workers buyout process

1.1 Introduction

For the European Foundation for the Improvement of Living and Working Conditions¹ define this process:

An employee buyout, also known as a worker buyout or a worker takeover, refers to a restructuring process in which employees buy a majority or total ownership stake in their own company and, in effect, become the owners².

Although their definition is correct in identifying the effects of a company crisis, i.e. the loss of jobs, the crisis could have very different causes, beyond the financial distress, like accidental events that catch entrepreneurs unprepared, poor economic and financial management, interference in the company of the organised crime, natural successors who choose other career paths, or business leaders unable to leave the stage to others.

In her working paper, Irene Mandl³ of Eurofound, underlines some key messages to take into account:

- A business transfer is a change of ownership and management of a company or a large part of it, with the continuation of the core part of its economic activity.
- Due to the general separation of ownership and management in larger enterprises, business transfers and successions are mainly an issue for small and medium-sized enterprises (SMEs).

¹ The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge to assist in the development of better social, employment and work-related policies. It was established in 1975.

² <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/employee-buyout>

³ <https://www.eurofound.europa.eu/sites/default/files/wpef19014.pdf>

- After the start-up and growth phase, a business transfer is the third critical phase in a company life cycle.
- While business transfers are natural events in the economy, they often constitute a unique and hence challenging process for the transferor and transferee.
- For more than 25 years, the European Union has recognised the importance of successful transfers of economically viable businesses for the economy and labour market.

1.2 Case study: Workers Buy-Out framework in Italy

In the Research Report nr.15 of 2017⁴, EURICSE, the European Research Institute of Cooperatives and Social Enterprises, the incipit refers to the great qualities of cooperatives:

The empirical evidence suggests that cooperatives are more resilient than conventional investor-owned firms (Bentivogli & Viviano, 2012; Zevi, Zanotti, Soulage, & Zelaia, 2011), responding more robustly to economic troughs (Fontanari & Borzaga, 2013), and experiencing much less job loss (Pérotin, 2006, 2012). Indeed, employment in cooperatives tends to remain steady or grow in periods of economic crisis (Birchall & Hammond Ketilson, 2009; EURICSE, 2013; Zanotti, 2011). Where cooperatives emerge, it is clear that jobs are saved and the productive capacities of communities are preserved or enhanced (Sanchez Bajo & Roelants, 2011). Cooperatives contribute to the prevention of the “desertification” of regions and act as shock absorbers for the socio-economic needs of entire communities (CECOP-CICOPA, 2013).

⁴ This study “The Italian Road to Recuperating Enterprises and the Legge Marcora Framework: Italy’s Worker Buyouts in Times of Crisis” was supported by CFI, Cooperazione Finanza Impresa, and the University of Toronto OISE Ontario Institute for Studies in Education – Centre for Learning, Social Economy & Work (CLSEW), with the scientific coordination of Marcelo Vieta, Associate Professor at CLSEW (<https://www.vieta.ca/>).

In Italy, since the entry into force in 1985 of the Marcora Law, which was created to support companies in crisis or undergoing restructuring or conversion, the context has become more favourable for company acquisitions by the employed.

Over time, this device has undergone changes, requested by the European Union which recognized it as a violation of the Community legislation on "State aid".

The current legislation, the New Marcora, confirms its commitment to the start-up, consolidation and development of work and social cooperatives, through the CFI (Cooperazione Finanza Impresa), body participated and supervised by the Ministry for Economic Development, and set up for the "pursuit of an aim of public interest", such as that of supporting the employment of worker and social cooperatives.

In Italy, within the framework of the Corporate Crisis and Insolvency Code, the negotiated composition allows the commercial and agricultural entrepreneur, "who is in conditions of patrimonial or economic-financial imbalance which make the crisis or the insolvency", to request the appointment of an expert.

The testimony of the President of Fenix Pharma⁵

From the testimonies of employees who have undertaken the ownership acquisition of the company, three relevant phases can be identified that run through their process:

- the first is of total despair and suffering for the loss of a job, emotional discomfort and economic hardship, confusion and difficulty in understanding how to reformulate one's existence, perhaps after 20 years of experience in a specific sector. Here come into play a series of experts able to deal with the business crisis (accountants, labour

⁵ Daniela Angher (<https://fenixpharma.it/>), during the seminar organised by Legacoop Lazio, on the 22nd of May 2023 "Workers Buyout: il lavoro si fa impresa".

consultants, lawyers) and the trade unions, and propose an idea, a possibility.

- The second is that of the desire for redemption and to put forces together to face the crisis. Here other supporting actors take over, such as business associations and the state with specific subsidies for business start-ups (technical and financial support). Emotionally it is a positive phase, of great charge and energy.
- The third phase concerns development, and the path is not simple or fast, because the change of perspective, not only workers, but also entrepreneurs requires continuous training, a network that sustains moments of particular difficulty, by creating supply chains, alliances and consortium aggregations.

The conclusion is that the WBO is a choral experience, in addition to the employees there is a corollary of entities and key players that allow this process to be successful.

1.3 The WBO National Legislative Framework

[TO BE COMPLETED by all partner countries if you agree on this structure]

Italy

Legal framework

Workers buyouts (WBOs), or recovered companies, are acquisition or rescue operations of a company or part of it by employees. This phenomenon is widespread throughout the world and in Italy, as well as in a large part of the European continent, it takes place in the form of cooperatives⁶.

Within the Italian legal system, the WBO operations were officially recognized in 1985 through the Law of 27 February 1985, n. 49 (known as the "Marcora Law", "Provisions for cooperation credit and urgent measures to safeguard employment levels") which sanctioned its importance at a socio-

⁶ https://areastudi.legacoop.coop/wp-content/uploads/2020/03/Nota-8-WBO_Le-imprese-recuperate-in-Italia.pdf

economic level and set the conditions for its development through the establishment of a revolving fund to finance acquisition projects by workers.

From 1985 to today, the Italian Legislator has then intervened numerous times on the establishment of these operations, modifying the regulatory context and the promotion tools (Cataudella, 2016). Nonetheless, it is possible to distinguish the birth of the WBOs in two different historical periods, distinguished by the two main legal frameworks (Vieta, Depedri, 2015); the Marcora I Law (1985–2002), and the subsequent reform of 2001, the Marcora II Law (2003 to present).

Appointed bodies

CFI, COOPERAZIONE FINANZA IMPRESA⁷, was born in 1986, with the entry into force of Law 49/85, known as the Marcora Law. Participated in and supervised by the Ministry of Enterprise and Made in Italy, it aims to promote the birth and development of production and work cooperative enterprises and social cooperatives. In the capital of CFI, in addition to the Ministry of Enterprise and Made in Italy, there are Invitalia, the mutual funds of AGCI, Confcooperative, Legacoop and 393 cooperative enterprises.

It is a member of the 3 main Cooperative Associations and of Cecop-Cicopa (European Confederation of Cooperatives and Worker-Owned Enterprises). It collaborates with Cooperfidi Italia and, in Europe, with Soficatra, a finance company for the social economy.

CFI main objectives are promoting cooperative model, creating and supporting WBO, saving or increasing jobs and competences, keeping solid net equity capital in order to finance projects and leverage investment with other financial partners.

CFI provides technical assistance working closely with employees. In collaboration with mutualistic fund and cooperative federations, has given an important contribution to build up an effective system to create and

⁷ <https://www.cfi.it/index.php>

boost WBO projects: different actors involved with an approach well known, which has been further implemented since these last 10 years.

Professional and enterprise networks

The Alliance of Italian Cooperatives (<https://www.alleanzacooperative.it/>) is the national coordination made up of the most representative Associations of Italian cooperation (Agci, Confcooperative, Legacoop).

With 39,500 member companies, it represents over 90% of the Italian cooperative world in terms of employed persons (1,150,000), turnover (150 billion euro) and members (over 12 million). The single associations (Agci, Confcooperative, Legacoop) are organised at national and regional level, providing support to the creation, growth and consolidation of cooperative enterprises.

The other parties involved in the process are the Credit Trusts and Banca Etica (<https://www.bancaetica.it/>), which is directing its investments towards this type of company.

A key role, even at a preventive level, is played by the professionals who assist companies, such as accountants, lawyers and labour consultants.

2. Transfer of ownership to employees for companies without successors

2.1 Introduction

Generational transition is not such a simple or linear process for small and medium-sized businesses. They are often family businesses, with all the complexities inherent in this category, and are present in many sectors.

In the artisan enterprise, especially in the historical ones, the tradition of the "master's workshop" seems to persist, leaving the future management to the apprentice trainee. Although they are currently residual experiences, certainly not to be forgotten, especially for entrepreneurs without successors.

In the Text adopted by the European Parliament, in December 2020, for a New Strategy for European SMEs, it indicates in point 57, the following:

Recalls that the SME strategy needs to cover different sizes and types of SMEs, whether they operate in traditional, social to high-tech sectors; considers SMEs involved in traditional handicrafts, tourism, cultural and creative sectors and the social economy to be particularly vulnerable segments of the SME network; acknowledges their historic, cultural, economic and social value and calls on Member States to ensure the sectors' competitiveness, including by promoting generational transition and self-entrepreneurship, by promoting access to information about innovation opportunities and by supporting the protection and enhancement of these sectors.

Therefore, to guarantee competitiveness of these sectors it is necessary to intervene as Member States in supporting the generational transition and start-up processes, first of all guaranteeing information.

Often, operators in the sector complain about a lack of information on the opportunities for a tutored generational transition, although it is a common concern all over Europe⁸.

Since a large European Commission study conducted in 2011, every year [...] there is a risk of losing approximately 150.000 firms and 600.000 jobs due to inefficiencies in the business transfers system. The failed transfers have been attributed both to legal and taxation restrictions as well as lack of awareness among business owners who do not think about transferring their business in a timely manner or lack the relevant support services.

Therefore, attention to this issue at European level dates back to the 1990s, with increasingly stringent indications to ensure equal support for the start-up of new businesses and the transfer of ownership of existing ones.

2.2 Strategic management⁹

The word “*strategy*” has descended from its Greek origin “*strategia*” – the office of the general. The “*general*” necessarily means the general in charge of the soldiers. And what comes out of the office is the method of conducting a war. But the strategy in war is different from the real problems which contemporary business enterprises have to face.

Strategy is the direction and scope of an organisation over the long term, which achieves advantages in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations (Johnson, Scholes and Whittington, 2009). Stakeholders are the individuals and groups who can affect the vision and mission of the firm, are affected by the strategic outcomes achieved, and

⁸ We invite you to visit the websites of these two projects, selected as best practice by the Interreg Programme: [STOB regions | Interreg Europe](#), with an interesting page of [Good practices | Interreg Europe](#); and the project [Publications & Interviews | Interreg Europe](#) with the support policy orientations in some European countries (Lithuania, Greece, Poland, and Spain), 2019.

⁹ Ibid., 34-37.

have enforceable claims on the firm's performance (Hitt, Ireland and Hoskisson, 2009).

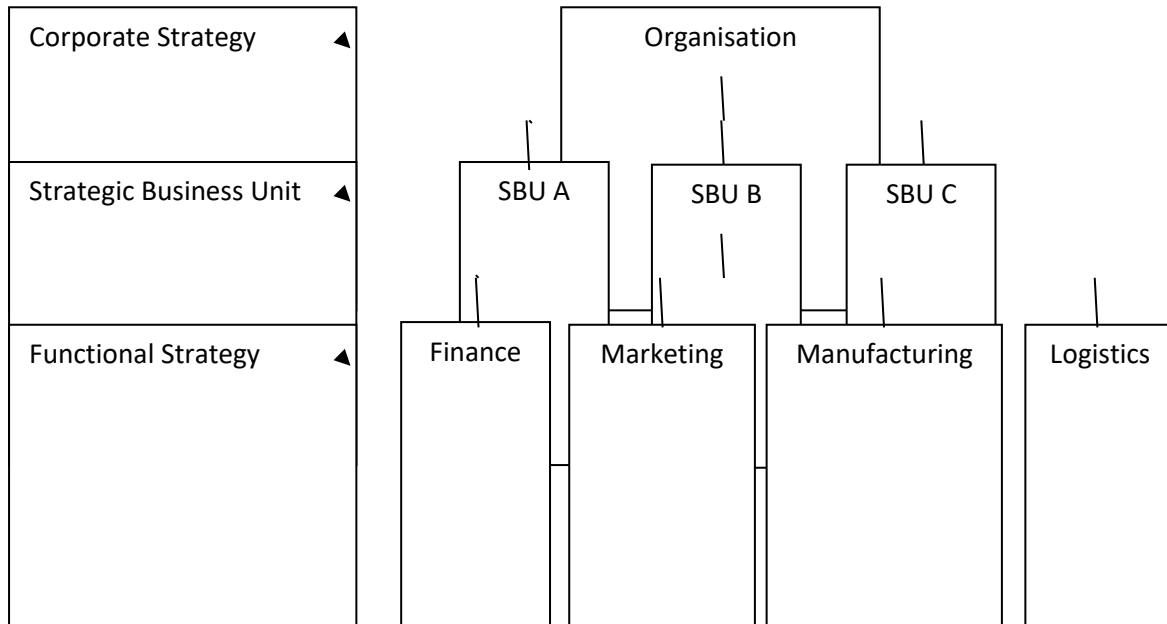
It is also important to define two more notions, namely competitive advantage, and business environment. Competitive advantage is the object of strategy and of strategic effort (Amason, 2011). Having a competitive advantage means that the firm is using its resources, capabilities, and core competencies in ways that create more value for customers compared to the value competitors' products create for those customers (Ireland, Hoskisson and Hitt, 2009).

The business environment may be defined as the sum total of all the factors and variables which influence the establishment, growth and continued existence of the business positively and/or negatively, thereby promoting or hindering the achievement of the business' objectives (Nieuwenhuizen and Rossouw, 2008).

It can be classified into two broad categories – the internal and external environment (Hiriyappa, 2008). The internal environment consists of internal factors that are inherent to a business and are totally under the control of the business. External factors create the external environment of a company. They are, by and large, beyond the control of the company (Gopal, 2009).

Three levels of strategy guide the activities of most enterprises. Shown in Figure 1, they are corporate strategy, business strategy, and functional strategy.

Table 1 “The three levels of Strategy”



But what are SBUs? For the Cambridge Business English Dictionary the definition is:

“one of the parts of a business with its own plans for activities and use of resources to achieve growth, profits, etc. Each of a company’s SBUs is managed separately from the others:

- The company has created a self-contained strategic business unit to formulate and implement strategies.”

The strategic management process can be understood in three macro areas.

The first component of the strategic management process is crafting the organisation’s mission statement, which provides the framework within which strategies are formulated. It has four components:

- statement of the organisation’s mission;
- statement of the organisation’s vision;
- statement of the key values that the organisation is committed to;

- statement of the major goals that the organisation wants to achieve.

The second component of the strategic management process is an analysis of the organisation's external environment. The essential purpose of the external analysis is to identify strategic opportunities and threats in the organisation's operating environment that will affect how it pursues its mission (Hill and Jones, 2009).

Internal analysis is the third component of the strategic management process. It serves to pinpoint the strengths and weaknesses of the organisation. Such issues as identifying the quantity and quality of a company's resources and capabilities and ways of building unique skills, and company-specific or distinctive competencies are considered here when we probe the sources of competitive advantage. Building and sustaining a competitive advantage requires a company to achieve superior efficiency, quality, innovation, and responsiveness to its customers. Company strengths lead to superior performance and company weaknesses translate into inferior performance in these areas (Hill and Jones, 2009).

Despite being a static tool, SWOT analysis is a widely used method to analyse internal factors (strengths and weaknesses) and external factors (threats and opportunities) together. Dynamism is expressed in the ability to transform threats into opportunities and to work on one's weaknesses to transform them into strengths.

The main purpose of SWOT analysis is to identify the strategies that will create a company-specific business model that will best match a company's resources and capabilities to the demands of the environment in which it operates. Managers have to identify a set of strategies that will create and sustain a competitive advantage:

- functional-level strategy
- business-level strategy

- corporate-level strategy (Hill and Jones, 2009).

2.3 Business planning

Generally, in the practice of small and medium-sized enterprises it is customary to refer to the industrial plan, or business plan, as a document to be drawn up in particular circumstances of the company's life, such as the request for medium-long term loans, the entry of third party investors in risk capital or, in crisis contexts, the need to resort to company recovery procedures.

Instead, it would be appropriate to prepare a medium-term plan regularly, guaranteeing a transparent organisational, accounting and management structure for the enterprise continuity.

In fact, it would be desirable to take advantage of the elaboration of this document as an opportunity for organisational learning and integration, risk reduction, as well as for communicating with the outside world.

The analysis of the competitive system of the entrepreneurial formula of an organisation allows us to grasp the peculiarities of a business idea, or its restructuring, and its potential for success.

Planning¹⁰ is defined as “the process of setting the objectives to be accomplished by an organisation during a future time period and deciding on the methods for reaching them” (Lorenzana, 1998).

The activity of planning therefore essentially involves establishing the goals for the task being planned, specifying how to achieve them, implementing the plan and evaluating the results. Goals represent the desired future state of an activity or organisational unit, and planning to meet them typically includes allocating the resources and specifying what people need to do (Boddy, 2008).

¹⁰ M. Kadlečíková et al., Training materials: Management and Marketing, BPlan2 Project 2014, Slovak University of Agriculture in Nitra (B-PLAN 2^oROUND - 2012-1-IT-LEO05-02826).

Most of the planning managers carry out is simply a matter of thinking systematically and using common sense.

Every plan contains four key ingredients:

- the objective – what is to be achieved;
- the action programme – the specific steps required to achieve the objective;
- resource requirements – what resources, in the shape of money, people, facilities and time, will be required;
- impact assessment – determining the impact made on the organisation by achieving the plan – assessed in terms of costs and benefits (Armstrong, 2009).

The first pre-feasibility assessment is based on the analysis of the internal coherence of the business idea: the reference market, the product-service system to be offered and the company structure, i.e. how I organise myself to produce and sell.

2.4 Succession planning

The lack of successors usually occurs in family businesses, which make up a large proportion of SMEs in Europe. Obviously, this type of company contains companies of very different sizes. Always remaining in the context of micro and PMI, a successful transition requires careful planning.

Despite sharing certain characteristics, family businesses are not homogenous institutions. Their history, longevity, ownership, and control structures vary significantly. They might be first-generation companies or companies in which at least one generational transition has taken place. They might have a single family member or one sole shareholder, or they might have an ownership structure that is more diluted. They vary by size, with large firms being characterised by greater specialisation and division of roles. There are also multi-business companies—companies with

“separable” assets (e.g., firms in the real estate and shipping sectors)—and mono-business companies. Finally, there is enormous variance in the value of a company relative to the family’s total wealth¹¹.

Every business owner should have a transition plan regardless of the age of the business or the owner. In fact, the reasons for a rotation in corporate responsibility can be many, from winning a lottery to a chronic disabling disease. But there could also be the case of a transition from an external CEO to one within the family business. In all cases, a succession plan would be a good and right thing to do in time.

Evidently, when there are no successors within the family, let alone among the employees of the company, the remaining alternatives are the sale to the highest bidder or the closure of the company.

In the article of the Harvard Business Review¹², about the succession process they reviewed more than thirty years of studies on nonfamily employees in family business, and highlighted:

Our research actually finds that nonfamily employees often prefer family successors to nonfamily outsiders because of the family-like cultures that accompany family succession. Yet, family firms must reassure employees that the next generation is well-suited for the leadership challenges they will face. The studies we reviewed highlight clear communication, strong relational bonds, and proven successor fitness as keys to an effective succession process.

Therefore, on the part of the workers employed in the family business there is generally no interest in becoming entrepreneurs in succession, preferring one or more members of the family, also as often recalled by trade union organisations which, as workers, intend to continue to be workers.

¹¹ G. Corbetta, A. Minichilli, The guide to generational transitions: Conditions for success and errors to avoid, Università Commerciale Luigi Bocconi.

¹² <https://hbr.org/2020/05/the-key-to-successful-succession-planning-for-family-businesses>

Clearly the goodness of this interlocution, company and union, depends on the quality of the people and organisations called into question, as well as on the framework governing industrial relations.

With respect to entrepreneurial renewal in Europe, much has been done for the agricultural sector, to support generational exchange and attract young farmers to rural areas.

The EU's Common Agricultural Policy (CAP) Network¹³ is a forum through which National CAP Networks, European Network of Rural Development (ENRD), organisations, administrations, researchers, entrepreneurs and practitioners can share knowledge and information (e.g. via peer-to-peer learning and good practices) about agriculture and rural policy. Through this website you can find useful pages of [Good Practices](#) related to funded projects all over Europe.

In the workshop held on February 2019 organised by ENRD on Generational Renewal, the contribution of DG-Agri, about "The future of the CAP and Generational Renewal", in establishing a strategy for generational renewal in the CAP plans, Identified 5 areas of intervention:

1. Access to land
2. Access to finance and jobs
3. Access to income support
4. Access to knowledge, advice and innovation
5. Access to risk management

These indications would seem appropriate for any business sector.

¹³ https://eu-cap-network.ec.europa.eu/about-european-cap-network_en

3. Cooperatives / social enterprises engaged in a generational renewal of management

3.1 Introduction

According to an analysis on the Business Register of the Chambers of Commerce in Italy, carried out by Unioncamere and InfoCamere¹⁴, over 1.3 million under 49 'business leaders' have been lost in ten years (-53%) while the over 49s have increased 70 at the top of companies (+27%). Between 2011 and 2021, the entrepreneurial system underwent a sharp increase in the age of the ruling class.

There are more and more "grey" heads among owners, directors and partners in charge of companies, especially in the South where there is a surge in over seventy year olds (+41%) compared to a halving of 'leaders' with less than fifty' years.

Exceptions are women's companies, who are younger and more educated than their male colleagues.

Evidently the specific concern of the management generational renewal cannot be read without referring to current demographics and future projections which point to an increasingly grey Europe.

More information on this topic can be found in The 2021 Ageing Report¹⁵, prepared by the European Commission's Directorate-General for Economic and Financial Affairs.

Therefore, we address this challenge for all organisations with a general reflection on the balance of various generations, as well as of women, men, and LGBTQ+, a balanced presence of people with different abilities and cultural and/or religious backgrounds, etc.

¹⁴ Unioncamere - the Italian Union of Chambers of Commerce, Industry, Crafts and Agriculture - is the public body that unites and institutionally represents the Italian chamber system. InfoCamere is the IT consortium company of the chamber system which created and manages the national telematic network through which all the Italian chambers of commerce are connected.

¹⁵ https://economy-finance.ec.europa.eu/system/files/2021-10/ip148_en.pdf

This field of reflection and study therefore refers to Diversity Management which aims to enhance the strengths of each individual worker and create a situation of balance and dialogue within the company.

3.2 Diversity Management

As we saw in the strategic planning, anyone involved in business management, including social and cooperative management, cannot ignore the analysis of the distinctive and original competences that the organisation combines together to achieve its goals.

People are the heart of a company, and Diversity Management (DM) as attention to the workforce is in effect one of the practices of Corporate Social Responsibility (CSR). Some studies focus on the DM in connection with CSR practices, others on the beneficial effects for company productivity.

Diversity management therefore includes a series of practical initiatives and policies aimed at valuing diversity in the workplace, such as:

- Gender;
- Cultural differences;
- Sexual orientation;
- Religious orientation;
- Political orientation;
- Age;
- Disability (physical or mental).

As far as social economy organisations are concerned, however, attention to the DM should be constitutive, as organisations which among the "solidarity" principles should first of all have the respect for the human being, a reality that is not guaranteed all over the world. But let's not think too far away, in Italy the cases of the exploitation of migrants in agriculture by landowners have been widely documented.

Some studies¹⁶ question the validity of knowledge on Diversity limited to the entrepreneurial sector, as such research has proven ineffective for social change.

Even this theoretical reflection should prompt the management of social enterprises and cooperatives to reflect, which also in this case among the founding principles generally includes the orientation to make this a better society.

3.3 Managerial renewal

In order for a plan to renew the executive bodies of a non-profit social enterprise or a cooperative to be outlined, it is essential to reflect on the composition of the board, as an executive body that is an expression of company management.

In the study “The governance of social enterprises, managing your organisation for success”¹⁷, some specific issues are highlighted about the governance of these specific organisations: how to create a board, its size, the expertise needed, the stakeholders’ or users/clients engagement, the presence of investors or members with esteemed reputation.

In relation to the various life stages of the social enterprise, whether it is starting up, growing or consolidating and developing, the need could be identified for different expertise, or for expanding representation by resolving to increase the number of board members.

It is essential to have a culture of the board, which not only operates in a transparent and periodic manner, but which also evaluates its work, acting

¹⁶ [Making Diversity Research Matter for Social Change: New Conversations Beyond the Firm](#), by Maddy Janssens and Patrizia Zanoni, Organization Theory 2021 2:2

¹⁷ Achleitner, Ann-Kristin and Heinecke, Andreas and Mayer, Judith and Noble, Abigail and Schöning, Mirjam, The Governance of Social Enterprises: Managing your Organization for Success (March 9, 2012). Available at SSRN: <https://ssrn.com/abstract=2018937> or <http://dx.doi.org/10.2139/ssrn.2018937>

pro-actively towards the other members of the social enterprise and its workers.

For example, a differentiation from a for-profit enterprise is that it often has regulations that constrain the wage gap between workers and management.

Among the main problems is how to recruit new board members, whether to draw candidates among workers, beneficiaries, local stakeholders, management experts, personalities or investors?

This simple question requires the social enterprise to proceed according to schemes and processes that aim to make the business strategy more explicit and transparent, which help to better identify the paths to be taken to achieve the entrepreneurial and social objectives, and to interact with the external context in a more synergistic and collaborative way.

Planning does not eliminate entrepreneurial risk, but limits it, circumscribes it, making entrepreneurs and management more aware of doing social enterprise and to work for its continuity.

4. Continuous Professional Development

4.1 Introduction

In small or medium-sized non-profit organisations, the recruitment of young talent is not always easy, despite an ever-increasing commitment to participation in the civil service or other forms of volunteering, it is generally not possible to leverage on vertical career paths, based on greater decision-making power and greater income and prestige.

A factor that can be attractive is the potential horizontal path present in these organisations to be able to make a professional journey that crosses different company areas, strategic business units, or particular thematic projects, providing a variety of experiences and transversal skills.

Here it is necessary to recall the dual role, employee and partner, and how to prefigure career paths that include both Continuous Professional Development (CPD) and entrepreneurial skills improvement.

Continuing vocational training (CVT) represents a success factor for conscious participation both as a worker and as an entrepreneur, and it seems to be one of the weaknesses of new entrepreneurs, the lack of awareness in doing business.

Eurostat¹⁸ inform us that in 2020, 67.4% of enterprises employing 10 or more persons in the EU were considered 'training enterprises', meaning that their staff either participated in continuing vocational training (CVT) courses or at least in one of the other forms of CVT (guided on-the-job training, learning cycles, etc.).

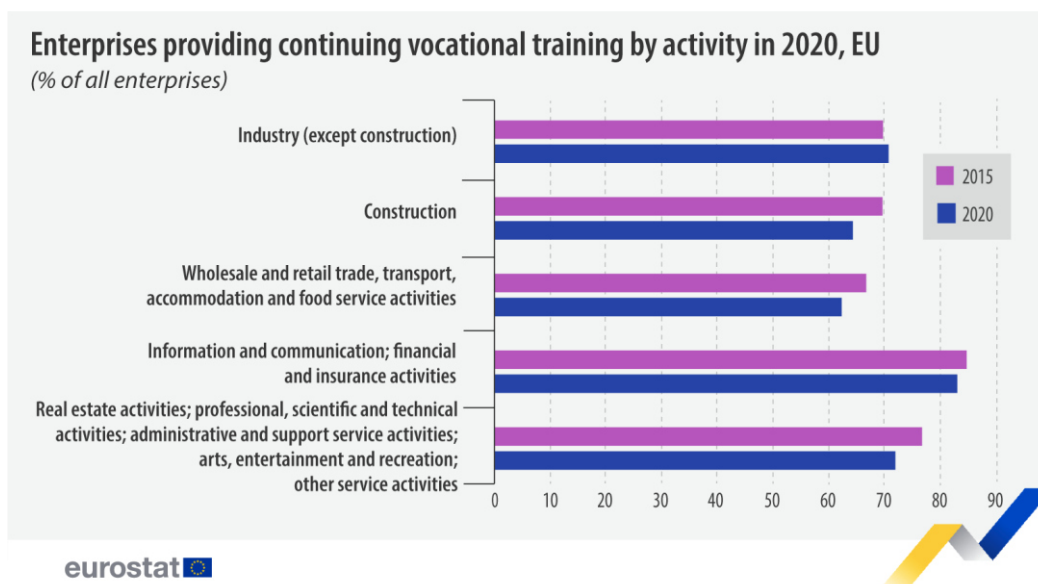
Compared with 2015, there was a 3.1 percentage points (pp) decrease from 70.5%, which can most likely be explained by reduced business activities, closures, and restrictions due to the COVID-19 pandemic.

¹⁸ [Share of training enterprises decreases in 2020 - Products Eurostat News - Eurostat \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)



Source dataset: [trng_cvt_01s](#)

In the EU, enterprises in services (other than distributive trades or accommodation and food services) were more likely to provide CVT, especially in the information and communication services and financial and insurance activities, where the proportion of enterprises providing CVT in 2020 was 82.8%. In 2020, only enterprises in industry (except construction) saw a little increase of 1 pp in the share of training enterprises in 2020 (70.5%) compared with 2015 (69.5%), while enterprises in all other economic activities reported a decrease of between 2 and 5 pp.



Source dataset: [trng_cvt_01n2](#)

It is also interesting to take note of the Eurobarometer survey of March 2023 on Social Economy and Youth¹⁹:

46% of young people aged 15–30 in the EU would consider setting up their own business, only few have taken active steps to do so. Lack of capital or resources, financial risks and insufficient knowledge and entrepreneurship skills were found as the main barriers to young people becoming entrepreneurs. In addition, only one-third of young people were familiar with the concept of social entrepreneurship.

A majority of young people find it 'very' or 'fairly important' that a potential employer has defined social goals (75%) or environmental goals (73%) for the company; they also find it important that the company involves employees in the decision-making (78%).

4.2 The Entrepreneurship Competence Framework

In this progression path it is helpful to look at the pattern identified in the Entrepreneurship Competence Framework (EntreComp)²⁰.

By producing a common definition of what entrepreneurship as a competence is, the framework aims to establish a bridge between the worlds of education and work and to be taken as a reference de facto by any initiative which aims to foster entrepreneurial learning. The framework is a flexible source of inspiration, to be used or adapted to support different contexts.

The EntreComp Framework is made up of 3 competence areas: 'Ideas and opportunities', 'Resources' and 'Into action'. Each area includes 5 competences, which, together, are the building blocks of entrepreneurship as a competence. The framework develops the 15 competences along an 8-level progression model. Also, it provides a comprehensive list of 442

¹⁹ <https://europa.eu/eurobarometer/surveys/detail/2670>

²⁰ Margherita Bacigalupo, Panagiotis Kampylis Yves Punie, Godelieve Van den Brande, European Commission, 2016, JRC Science Hub <https://ec.europa.eu/jrc/entrecomp>

learning outcomes, which offers inspiration and insight for those designing interventions from different educational contexts and domains of application.

EntreComp defines entrepreneurship as a transversal competence, which applies to all spheres of life: from nurturing personal development, to actively participating in society, to (re)entering the job market as an employee or as a self-employed person, and also to starting up ventures (cultural, social or commercial).

Here we are interested in drawing inspiration from the EntreComp Model for the inclusion of young people in third sector organisations, and the progressive levels of greater autonomy and responsibility to be promoted and supported.

Table 2: EntreComp Progression Model

Foundation		Intermediate		Advanced		Expert	
Relying on support from others		Building independence		Taking responsibility		Driving transformation, innovation and growth	
Under direct supervision	With reduced support from others, some autonomy and together with my peers	On my own and together with my peers.	Taking and sharing some responsibilities.	With some guidance and together with others	Taking responsibility for making decisions and working with others.	Taking responsibility for contributing to complex developments in a specific field.	Contributing substantially to the development of a specific field.
Discover	Explore	Experiment	Dare	Improve	Reinforce	Expand	Transform
LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6	LEVEL 7	LEVEL 8

Level 1 focuses mainly on discovering your qualities, potential, interests and wishes. It also focuses on recognising different types of problems and needs that can be solved creatively, and on developing individual skills and attitudes.

Level 2 focuses on exploring different approaches to problems, concentrating on diversity and developing social skills and attitudes.

Level 3 focuses on critical thinking and on experimenting with creating value, for instance through practical entrepreneurial experiences.

Level 4 focuses on turning ideas into action in 'real life' and on taking responsibility for this.

Level 5 focuses on improving your skills for turning ideas into action, taking increasing responsibility for creating value, and developing knowledge about entrepreneurship.

Level 6 focuses on working with others, using the knowledge you have to generate value, dealing with increasingly complex challenges.

Level 7 focuses on the competences needed to deal with complex challenges, handling a constantly changing environment where the degree of uncertainty is high.

Level 8 focuses on emerging challenges by developing new knowledge, through research and development and innovation capabilities to achieve excellence and transform the ways things are done.

In planning the recruitment of new workers and partners of a social enterprise, or in planning succession processes, one can also find inspiration from the life skills framework. LifeComp²¹ is made up of three intertwined competence areas: 'Personal', 'Social', and 'Learning to Learn'. Each area includes three competences:

- Personal Area – Self-regulation, Flexibility, Wellbeing.
- Social Area – Empathy, Communication, Collaboration.
- Learning to learn Area – Growth mindset, Critical thinking, and Managing learning.

It might be worth considering the theoretical model of three-phase business creation process as well, that highlights:

²¹ Sala, A., Punie, Y., Garkov, V. and Cabrera Giraldez, M., LifeComp: The European Framework for Personal, Social and Learning to Learn Key Competence, EUR 30246 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-19418-7, doi:10.2760/302967, JRC120911.

1) Initiation (activation) of the entrepreneurial process, caused by an internal or external change of the situation of a would-be entrepreneur (desire of independence, personal dissatisfaction, meeting of a potential client, lay-off...). This change implies a tension and a research for a new equilibrium. The tension should be strong/menacing enough in order to incite the idea of business creation. This phase is situated in the cognitive level.

2) Engagement of the process of creation, where the entrepreneur devotes the majority of his time, his money and his energy to the launch of his project. This phase is situated mostly in the 'activity' level.

3) Survival / development, where the newly created business seeks to its break-even point and long-term profitability (Bruyat, 1993)

Note: A number of personal characteristics and competences enumerated in each phase is transversal to the whole process. Their positioning in a given phase is determined by a crucial impact they have for that phase of the moment.

This model is completed by distinguishing three fields of factors: personal, interpersonal, organisational, that can intervene in any of the given phases and facilitate its progress.

Short Summary

The module deals with a phase in the life of a company which can be very critical, if not fatal. In fact, we have seen how the need for rotation in decision-making bodies or corporate ownership can be crucial events for guaranteeing business continuity.

Evidently this type of concern basically concerns micro and SMEs, and in the succession of family businesses other factors come into play, as well as when workers face the challenge of taking over the company and becoming entrepreneurs, as well as workers.

Some key concepts of strategic management were introduced, on how to analyse the competitive arena, and on which alliances to focus on in line with the corporate vision and mission.

We have also seen the importance of planning, which should not be considered either an exercise in style or a nice document to keep in a drawer: it must be made into a living tool that guides decisions and the work of the organisation.

The transition from senior to junior requires time and a professional development plan for each employee, so that personal talents can be reconciled with the goals of the organisation.

In this process a central role is played by continuous professional training which remains the key to the main success of entrepreneurial competition.

Tips

- Before starting the lesson, review all the resources referenced in module 4, as all sources are available for further in-depth study.
- If among the various general management authors, you have preferences for national authors who have not been mentioned in the lesson plan, go ahead and use them, indicating their publications during the testing phase.
- Compared to management studies, which could represent an important obstacle in entrepreneurial dynamics, it is advisable to maintain a practical approach in the presentation of the various management planning and control tools.
- Consider that one of the main criticalities encountered by industry experts among micro and SMEs is that of a lack of awareness of the entrepreneurial role and weak managerial training, areas that will be stressed during training curriculum.

Training Activities

Activity 1

This activity aims to train critical thinking and the ability to look at the business environment in a broad sense and with different temporal perspectives.

If a Business Plan necessarily moves on a medium-long term perspective, depending on the knowledge objectives set, a management programme takes the form of annual function budgets (production, sales, investments, cash flows, etc.), which represent the operational outline to be followed annually to achieve the results outlined for the medium-long term.

The current ease of obtaining content and data via the Internet should not make us underestimate an extremely important function in organisations, namely Knowledge Management (KM).

Knowledge management (KM) is the process of identifying, organising, storing and disseminating information within an organisation. [...] A knowledge management system (KMS) harnesses the collective knowledge of the organisation, leading to better operational efficiencies. [...] Companies with a knowledge management strategy achieve business outcomes more quickly as increased organisational learning and collaboration among team members facilitates faster decision-making across the business. It also streamlines more organisational processes, such as training and on-boarding, leading to reports of higher employee satisfaction and retention.²²

What knowledge is needed to have a strategic overview of the entrepreneurial arena in which the social enterprise or cooperative operates? How can KM help us recruit and retain people with the right skills

²² Source: [What is Knowledge Management? | IBM](#)

for our business? How can it help us in the updating and professional development of employees and entrepreneurs?

This activity intends to reflect on these questions, trying to outline a solution-oriented path. The proposed **timeline** for this activity is as follows::

- Presentation of the task to be carried out in groups (5 minutes)
- Teamwork in small groups of 2 or 3 people (60 minutes)
- Feedback in plenary (25 minutes)

The **material required** for teamwork: laptop, Internet connection, large sheets of flipchart and markers, newspapers and magazines, scissors, glue, paper tape, camera.

Teamwork: Step-by-step instructions:

Step 1: Select a specific social enterprise or cooperative that you intend to analyse as a business case, real or fictional.

Step 2: Watch the video about the Strategy:

What is Strategy by David Kryscynski (Video 8'46'')

<https://www.youtube.com/watch?v=TD7WSLeQtVw>

Step 3: Reply the following questions:

- Where do we compete?
- What unique value do we bring?
- What resources and capabilities do we utilise?
- How do we sustain our value?

And visualise your replies on the large sheet of paper, using cut-out images from available magazines and newspapers.

Step 4: Identify the unique value and how to sustain it over time

In addition to identifying the unique value of the specific company, evaluate the benefits from complementary managerial actions that could be activated, such as Diversity Management, Knowledge Management, or

formal certifications on Quality, Corporate Social Responsibility, Social and Environmental Sustainability, Gender etc.

Select some of the above management tools and certification processes, specifying the advantages and possible disadvantages of their application, and include your choices in the strategy presentation.

Feedback in plenary

Each group presents the results of their work to the other participants, and each group member participates in the presentation.

At the end of the sharing, space is left for comments, questions, doubts, evaluations, insights which can be collected on the flipchart.

Closing of the activity

The activity can be closed by watching this video (4'22") by Dr Fons Trompenaars on Corporate Culture (January 2009):

https://www.youtube.com/watch?v=aSlK_rl8PrQ

Self-evaluation exercises

1. What is meant by Workers buyout or Employee buyout or Worker takeover?

A It refers to a restructuring process in which employees buy a majority or total ownership stake in their own company, becoming owners.

B It is the acquisition of the workforce by an international investor

C It is the acquisition of the workforce and fixed assets by a national or international investor

D It refers to the acquisition of companies in crisis recovered by the State through specific financial funds and managerial teams

2. Why is it important to outline the entrepreneurial strategic vision, make feasibility plans or company succession plans?

A In order for the credit system to be reassured with respect to the funding requested

B These are practices to be known and used by entrepreneurs for responsible entrepreneurial action and to ensure business continuity

C These are practices to be known and used by managers to ensure maximum productivity

D All these theories and practices above all have a reputational value for the company

3. What is Diversity Management?

A It is an organisational plan for the reconciliation of life and work times

B It refers to the differences in the workers' diet in companies with canteen service

C It includes a series of practical initiatives and policies aimed at valuing diversity in the workplace

D It is a managerial practice to eliminate diversities in the workplace of great help in standardising procedures and work organisation

4. What is Continuous Professional Development?

A Compulsory professional training for entrepreneurs and business managers

B It represents a success factor for conscious participation both as a worker and as an entrepreneur

C It is the periodic verification by a supervisor of the professional skills necessary for continuous improvement

D This is the development of specific skills relating to the business sector and the business function performed

Correct answers: 1-A) 2-B) 3-C) 4-B)

References

European Foundation for the Improvement of Living and Working Conditions, Dictionary definition of employee buyout, (consulted in May 2023). Available at:

<https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/employee-buyout>

Mandl, I., (2019) 'Labour market change SME business transfers and their job retention effects: Measurement and policy approaches', Eurofound Working Paper. Available at:

<https://www.eurofound.europa.eu/sites/default/files/wpef19014.pdf>

Conference proceedings of the event organised by Legacoop Lazio, on the 22nd of May 2023 "Workers Buyout: il lavoro si fa impresa" (Workers Buyout: the work becomes enterprise). Available at:

<https://www.legacooplazio.it/workers-buyout-il-lavoro-si-fa-impresa/>

Vieta, M., Depredi S., Carrano, A., (2017) 'The Italian Road to Recuperating Enterprises and the Legge Marcora Framework: Italy's Worker Buyouts in Times of Crisis', EURICSE. Available at:

<https://euricse.eu/en/publications/italys-worker-buyouts-in-times-of-crisis/>

Corbetta, G., Minichilli, A., (2016) 'The guide to generational transitions: Conditions for success and errors to avoid', Università Commerciale Luigi Bocconi. Available at: <https://aidaf-ey.unibocconi.eu/sites/default/files/media/attach/The%2Bguide%2Bto%2Bgenerational%2Btransitions.pdf>

Kadlečíková, M. et al., Training materials: Management and Marketing, BPlan2 Project (2014), Slovak University of Agriculture in Nitra (B-PLAN 2^oROUND - 2012-1-IT-LEO05-02826)

Tabor, W., Vardaman, J., (2020) 'Succession planning – The key to successful succession planning for family businesses', Harvard Business

Review. Available at: <https://hbr.org/2020/05/the-key-to-successful-succession-planning-for-family-businesses>

Common Agricultural Policy (CAP) Network, (consulted in May 2023). Available at: https://eu-cap-network.ec.europa.eu/about-european-cap-network_en

European Commission's Directorate-General for Economic and Financial Affairs, 'The 2021 Ageing Report'. Available at: https://economy-finance.ec.europa.eu/system/files/2021-10/ip148_en.pdf

Janssens, M., Zanoni, P., (2021) 'Making Diversity Research Matter for Social Change: New Conversations Beyond the Firm', Sage Journal – Organisation Theory. Available at: <https://doi.org/10.1177/26317877211004603>, <https://journals.sagepub.com/doi/full/10.1177/26317877211004603>

Achleitner, A.K., Heinecke, A., Mayer, J., Noble, A., and Schöning, M., (2012) 'The Governance of Social Enterprises: Managing your Organisation for Success'. Available at SSRN: <https://ssrn.com/abstract=2018937> or <http://dx.doi.org/10.2139/ssrn.2018937>

Eurostat News Article, 'Share of training enterprises decreases in 2020' (2022). Available at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/DDN-20221130-2>

Eurobarometer Survey, 'Social Entrepreneurship and Youth' (2023). Available at: <https://europa.eu/eurobarometer/surveys/detail/2670>

Bacigalupo, M., Kamyllis, P., Punie, Y., Van den Brande, G., European Commission (2016), JRC Science Hub. Available at: <https://publications.jrc.ec.europa.eu/repository/handle/JRC101581>

Sala, A., Punie, Y., Garkov, V. and Cabrera Giraldez, M., 'LifeComp: The European Framework for Personal, Social and Learning to Learn Key Competence', (2020) EUR 30246 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-19418-7, doi:10.2760/302967,



REWIND

RELAUNCHING ENTERPRISES THROUGH WORKERS' INNOVATION AND NEW DYNAMICS

Project Number: 2022-1-KA220-VET-000088929

JRC120911. Available at:

<https://publications.jrc.ec.europa.eu/repository/handle/JRC120911>



Co-funded by
the European Union