

## **Towards a More Sustainable Economy in Suburbia?**

*Lars Tollet, Ok Taitoverkko, Finland - May 2001.*

### **Abstract:**

This case describes the establishment and successful development of a grassroots cooperative in an erstwhile predominantly commuter area. A group of professionals, low qualified and unemployed persons established a cooperative in 1993 based around a telecentre and within the strict parameters of commercial sustainability and no public subsidy. The design concept was based around flexible working, exploiting and building local networks and successful synergy between informational and non-informational work (both services and manual work). This synergy is reflected in the creative collaboration between individuals with very different skills, qualifications and experiences, as well as in the types of work undertaken ranging from highly localised, in the case of manual and physical services, to regional, national and international in the case of informational and high skilled tele-mediated work. As a result the telecentre concept has been metamorphosed into a neighbourhood office and a “general store” for the locality, without losing its telecentre function. The contrasting aspects of different personal skills coupled with different types and locations of customers is seen as an important element in overall success as it contributes strongly to flexibility, diversification and innovativeness. Above all, the cooperative is a highly successful example of how local grassroots activists can create commercially sustainable jobs for themselves and others, whilst enhancing the prosperity and social vitality of the local community and both their economic and social role within it. Overall, the cooperative supports at present about 47 full time jobs and has created about additional 30 spin-off jobs.

### **Introduction**

How are suburbs responding to the emerging Information Society? Are they a night storehouse for commuters, and on the other hand all there is of an environment for those who tend to spend both days and nights there: children and pensioners, housewives and unemployed? And if that is the case, how long can suburbs afford to stay that way?

The suburb is the model of industrialised living. And to satisfy the spatial equation, society has organised work in an industrial way by the means of commuting. Doing that, it has ignored the possible need of a sustainable economy in the suburbs, too – in the areas where people ‘live’. But perhaps Suburbia could do something itself in order to develop a functioning local economy of its own?

Before attempting at a more general look at how new forms of organising work could change suburban life, I wish to tell about my personal experiences of initiating and taking active part in a locally based multisectoral cooperative enterprise, Taitoverkko, and its neighbourhood office in a residential part of Järvenpää, a town of 35,000 inhabitants, 35 kilometres (and 35 minutes) north of Helsinki.

### **Case: a flexible network of competences**

In 1993, a group of people in Järvenpää started to work on a vision which at that time – as far as we knew – had not yet been implemented with success. In short, our business idea was to put into reality what could be called a village shop for suburban services. We decided to call ourselves Taitoverkko (‘Skill Net’). Our point of departure was to become independent of public funding. We even used a sort of bag-party approach among the founders to gather the essential equipment to get started. It soon proved to be an advantage to go into business with the spirit of even and fair competition, especially when establishing relations with other enterprises in the area. Companies which receive subsidies (or even are suspected of receiving them) tend to have a harder to get networked especially with local players.

Taitoverkko is a multiprofessional and multisectoral company. We have organised ourselves as a cooperative, a joint enterprise with equal shares. The founders were local individuals and micro-entrepreneurs, freelancers, self-employed, under-employed or unemployed. We thought that if each one of us would bring his or her skills and contacts into the cooperative, we could benefit from one another and generate new job opportunities through synergy and serendipity (a key concept at the first three-capital seminar two years ago!): the random encounters of people with different ideas.

Taitoverkko has been pure business from the very beginning, but it has its roots in a project which originally set out to develop telework in a low-rise housing area of the metropolitan-fringe municipality of Järvenpää. This ‘Järvenpää Flexiwork Project’ was financially modest (Finland was not yet at that time a member of the European Union, and the

regional funding available to us was not very extensive). The intention of the project was to try to set up a telecentre in that particular part of town.

As the coordinator of the initial phase, I started by doing an inquiry with the 500 inhabitants of the area where it all began. We found that there were multiple, parallel interests: i) an interest in teleworking but ii) also a need for an enterprise of some sort which could help unemployed people to create new jobs, and iii) a wish among self-employed and micro-entrepreneurs to have more cooperation, for example in marketing and office-sharing. We decided to try to integrate all three approaches into the original hypothesis of a telecentre, and we thought that maybe we had found a way to make it economically sustainable.

### **Commercial and non-commercial**

Quite soon we decided that we will need two interacting operational instruments, first we started a non-profit association to take over the project and keep it a grass-root action, later – as soon as possible, we thought – we would form a commercial enterprise. We also decided that the best form for the enterprise would be a cooperative: democratic principles would be far more important than e.g. the possibilities to attract external risk capital. (In Finland the cooperative is a legally defined form of enterprise, closely related to the Swedish 'ekonomisk förening' but used for a larger variety of purposes. The German equivalent is 'Genossenschaft').

– The Flexiwork Association of Järvenpää, which administered the preparatory phase of the cooperative, has since then developed independently. It nowadays dedicates itself to broader societal issues relating to local economy and sustainable development and has just completed a project which studied and promoted further development of sustainable living in the very same housing area where the original flexiwork project originated.

When we started out with the Flexiwork Project in 1993, work cooperatives had just been reinvented as a legitimate and reasonably low-risk way among the unemployed to be your own boss without being classified officially as an entrepreneur – you could still have unemployment compensation for days out of work. It was an very important innovation, but it had a pitfall, too: a group of unemployed is not all too likely to turn into entrepreneurs just like that.

We tried to solve this risk of inexperience by intentionally mixing groups of people: unemployed, microentrepreneurs, freelancers etc, as well as quite a variety of professions. But when we started, the 1990's boom of cooperative enterprises was still only a dream of some visionaries, and there was little training for emerging cooperatives.

After planning was over and our enterprise had been officially registered, we went straight ahead into business in early 1995 – or let's say we certainly tried. However, the start was not easy. We inevitably went through a fair number of mistakes which could have been avoided if we had not been so early with our idea. But little by little we began to have regular customers, established a good name in the local community, and started to attract good professionals into our network.

The original hypothesis to provide local citizens with facilities for telework did not prove viable as such. When we created the company in 1994, Finland was deep down in an economic crisis. Also, we had started before Internet had begun to reach the large audience. At an early stage we therefore decided rather to develop flexible ways of working in general – instead of sticking just to the catchword of those days: telework – in order to have our minds open to as wide a variety of new forms of working as we might.

Also, it was much more difficult than we thought for people with so many different backgrounds even to speak the same language: to integrate our quite different values and attitudes toward work and cooperation, or to discover and utilise the almost unlimited synergy of such a group. We think that we still are in the process of learning to work together. Yet we must have found something – after all, few other enterprises which have made it with our 'general store' concept.

### **Business at last**

To put it simply, our basic concept was, and still is, to create work for our members – and for other local people as well – and to provide services to local business and other organisations, and to local households. Today, we have three main lines of business: a network of professional skills, a job agency, and services to households. In a way, there is still a fourth one: training and helping new joint enterprises of various kinds.

Firstly we market the skills, the know-how of the people in our network. Presently we again have thirty-some co-owners. The number of shareholders was as high as sixty at one point, but many did not quite committed themselves to our business. This problem was partly due to the fact that when we started, among unemployed and underemployed people in the midst of the severe recession, we thought that it would be a good idea to have a low value on our shares. It is only 200 ECU.

- Another reason, undoubtedly, was our somewhat idealistic concept to give practically everyone a chance to try their wings in business. This, of course, was not very practicable: in a cooperative enterprise mutual trust is essential, and unfortunately everybody's initiatives did not meet up to standards which could be applicable in a company like ours. We have little by little had to keep our doors more and more closed: after the first open-doors stage we turned to recruiting people who we thought would make useful members, e.g. we soon started looking for a lawyer who would consider joining us. More recently we have encouraged those members who have shown little interest in developing the company to quit their membership. And we take new members only after a minimum period of about half a year of working together.

Our co-owners include both microenterprises and individuals, and a few non-profit associations. But we cooperate not just with our members. As a whole, our larger network includes at least two hundred persons in different professions, practical as well as academic, and quite a number of companies. Our basic philosophy still is flexible work and local commitment. The network grows according to need, partly through recruitment. – When for example a customer asked whether we might find a Finnish-Greek interpreter, we searched for one, and our network again grew by one.

To ensure quality, we do of course have control, but the essential is that the people in our network must be able to maintain responsibility independently. This naturally includes not taking a job one cannot handle. That would be self-evident for probably anyone working in a traditional organisation, but not in a network as virtual as ours. Long-time co-owners and employees often negotiate their contracts themselves (but more recent or loose contacts are not entitled to do so). We individually price our skills and usually do most of the marketing ourselves, too.

## **Diversity**

What also makes the quality control demanding is that we still do not wish to set too strict limits for what an individual in our network is capable of. Here I dare take myself as an example. Although an architect by education, nowadays I earn my living mainly as a translator (between Finnish, Swedish and English). But for the challenge I also like to work with other languages which I know less, so at occasions I have had the joy to translate e.g. from Spanish or Portuguese, limiting myself to jobs where I have judged my skills to be adequate. Yet what interests me much more is how the emerging Information Society is changing our culture, especially how it creates new forms of work and enterprise, and I've been lucky to have the possibility to work with these issues, too. Diversity is an essential part of the Taitoverkko idea. People generally have far more – and more versatile – competencies than a traditional work organisation can detect - and usually can afford to acknowledge. But for us, luckily, multiprofessionality is one of our reasons to be in business.

Secondly, and partly overlapping with the expertise network, Taitoverkko is a job agency, an activity which in Finland does not require licensing. This operation started almost by accident when a business contact of ours desperately needed a secretary from the following day on. We took the chance and told the client that we can fix their problem if the secretary will be on our payroll and not theirs. And through our contacts we luckily found a suitable person just in time. Now a number of local companies prefer to recruit new staff through us. Our contract allows them to take the person on their own payroll after four months. This quite often happens, but as we lose a good employee who gets a permanent job instead, it actually is free advertisement, too.

Our newest separate line of business is services to households. Here we have created our own application of a temporary law about compensations for employing people in households. This law was adopted three years ago. As applied in our province of Southern Finland (the law tests out another model in other parts of the country), it is the household which gets a tax refund up to a certain limit, but for that end it first has to go through the bureaucracy of becoming an employer and the further trouble of finding the person to do the job. We decided to take another angle to the issue. We recruit full-time employees who are well motivated to work in households, and we have an individual contract with each family. Some want three or six hours of cleaning every week, others need just help with the windows or have an anniversary coming. Thanks to our network, we are able to offer our clients not just cleaning service: the law also permits the refunding of tasks such as home repairs, gardening etc.

Furthermore, Taitoverkko in effect functions as a kind of self-financing incubator of business ideas. We have, together with our local municipality and other partners, founded a day-care centre for allergic and asthmatic children, and a workshop-type enterprise with disadvantaged people which runs a laundry shop and a light assembly line. And we are cooperating with other authorities, too, for the purpose to create more enterprises in the social economy.

It could perhaps be mentioned that some of the people involved in initiating and founding Taitoverkko had disabilities of different sorts. Also we have immigrants both as co-owners and in our wider network, and not only in the language sector. Our experience, although perhaps limited in this respect, is that whenever applicable, it is more fruitful to integrate with people of different backgrounds than to establish separate or parallel businesses. But when a wholly different administrative order is needed, a subsidiary or a fully separate company has been an easier solution.

From all the above, and not the least from all the mistakes we made especially in the beginning, we now increasingly ourselves organise training and counselling for new emerging joint enterprises and have joined several European projects for this end.

But so much for the enterprise in which I am so involved. In the following I'll try to draw some more general conclusions from what we have been doing for the past six or so years. First I'll answer the question: Why a cooperative?

### **The renaissance of cooperative enterprises**

For decades, cooperatives had in Finland been synonymous with two groupings of huge consumer organisations which had long ago lost contact with their numerous owners. There was, and is, one cluster of cooperatives affiliated with the traditional working-class and another conservative one, neither of which used to do very good business. So when a new wave of cooperatives began to build up during the depression of the 1990s, there were quite many prejudices to conquer in society.

This new popularity of cooperatives stems from the hard recession of the early 1990s, into which Finland plunged far steeper than the rest of Western Europe. More specifically, it can be attributed to an initiative made by a group of unemployed people in 1993.

A reason for their action was the fact that in Finnish law there is a strict division line between being either an employee or an entrepreneur. Once you have been classified as an entrepreneur e.g. by the employment authorities, it is fairly complicated to regain the status of employee in their eyes – even if your business fails. (The fact that the distinction between employee and entrepreneur is applied differently by employment authorities, tax officials and pension companies is another problem.)

The initiative of the group of unemployed led to a new interpretation of the law: the Ministry of Labour gave a guideline stating that a person can own a maximum share of 15 percent of a company without being automatically classified as entrepreneur. In a cooperative enterprise this means that with seven members or more, the individual co-owners are still eligible for unemployment compensation while out of work.

Since 1993, nearly one thousand new cooperative enterprises have been founded in Finland, many of them 'work cooperatives' or more loose networks of experts which essentially market the labour of their members.

### **Local development**

We learned that social networks between people of the same neighbourhood are as possible today as they have traditionally been in rural villages and small towns, and when people learn to know each other, they may well learn – and want to learn – about each others' skills as well. After a while, new business relations may begin to form within the neighbourhood. As relations develop further, neighbours may see benefits of creating joint enterprises, or networks of various kinds. To us, this seems to work the better, the more these ideas come from the grassroots rather than being introduced from above by authorities. When people have a motivation of their own, money would seem to be a fairly small obstacle.

We noticed that it may be much easier for small projects to get people on the move than it is for large ones. For example, in our case the low funding forced us to consider right away, before the project even had started, how to make our activities economically self-sustaining as soon as possible. But a result of this approach was the need to allow for

flexibility in the implementation of the project plan. One could even say that it went through a few metamorphoses on its way, from a telecentre to the general store for suburban services.

Our luck was certainly the wide mix of people who joined their energy in order to create the neighbourhood office. There were individualistic and business-minded micro-entrepreneurs, as well as unemployed with a personal incentive to create new work and to combat exclusion, and there were community activists who wanted to find a way of combining local skills to create a new level of societal cohesion. These people effectuated, on a true grass-root level, the Järvenpää Flexiwork Project.

The idea of the Flexiwork Project started out in a small area with a strong identity, the "urban village" of Tanhuniitty, where people had been used to doing things together and helping each others out for the nearly two decades that the area had been in existence. The business idea of the project experienced surprisingly little opposition or competition from outside – perhaps partly because no one else truly thought that there would be any business in what we were about to attempt.

Geographically, our flexiwork idea grew month by month. We started in that clearly defined "village" of just above 500 inhabitants, but soon we found that in order to achieve a critical mass for a neighbourhood office we needed to target the surrounding low-rise housing district of 2,500 people. By the time our cooperative was founded, we already were basically addressing the 35,000 citizens of Järvenpää, but in effect people from surrounding municipalities were beginning to get involved, too. After five and a half years in business, some products have stayed quite local whereas others find their customers all over the Helsinki region, nationally – or internationally.

For example home care (cleaning etc) is local simply for logistical reasons because we want to give each employee a circle of customer families within a close enough range from home. Also in our man-power and recruitment service we try to find local employees, so when the customer is from further away, we look for people living close to that place. At the other end of the scale for example our translation services have no physical borders since they are normally communicated by e-mail.

Overall, jobs created by the cooperative at the present time (May 2001) are:

- 30 in Taitoverkko itself
- 5 in microenterprises of owner-members
- 12 in subsidiaries (day-care centre and workshop for disadvantaged)

In addition about 30 permanent jobs have been successfully spun off from the cooperative through the job agency function. This totals to upwards of 80 full time, more or less permanent jobs.

## **Information Society**

The relation between wo/man and work is in the midst of a profound process of change.

There is an economic aspect to the emerging Information Society which already would seem to have begun to affect Suburban life: the ownership of the means of production is in a process of change. In rural society, it has become ever more expensive to invest in machinery: e.g. timber saws and horses are substituted by a multipurpose vehicle, fishing boats become more and more elaborate, etc. On the contrary, new technologies of information and communication have become household items, literally.

During the past decade and a half, mobile telephony has surely made the Finnish lifestyle more informal, and it definitely has had deep effects on our way of working. Fewer and fewer people are in their work fully dependent on being at reach at a particular physical spot, e.g. at their desk with their personal telephone line. For many people work hours have become more flexible: with the mobile phone one is able to perform many work tasks adequately from virtually anywhere. In many professions it has proved a considerable advantage to be able to stay on the move. When the take-up of mobile telephony started to accelerate in Finland in the mid-'80s, they were of course installed in executives' cars but also in delivery vans, and soon other people such as farmers and travelling salesmen begun to discover them.

A similar development goes for computers: they are household items, especially families with school children are likely to have a computer at home. With the computer's often idle capacity standing in a corner of one's home, it often is just a matter of time before the first step is taken in the direction of using it for work-related tasks. – But perhaps it ought to

be noted here that because our labour law does not restrict telework, in Finland this usually is a simple ad-hoc arrangement without a formal contract.

But at the same time as more and more jobs include elements of information work, another trend can be seen: a new renaissance for manual work and a wide variety of personal service. Hopefully this will truly revitalise some old trades which have become endangered during the late Industrial Era.

### **Work in Suburbia**

Simultaneously with the gradual breakdown of the labour relations typical of the Industrial Era, a new potential of production is spontaneously entering local communities. This of course includes (at least there should be no particular reason why it could not include) the suburbs.

Information work could well be the lever for a suburban local economy. Many suburban commuters could easily telework, at least partly: with modern everyday technology, more and more tasks can be performed from almost anywhere. From the point of view of the local community, telework is a form of export of services – it could even be described as "brain export" without emigration. It is beneficial to local communities in the way that during active hours it increases the number of active people in the area.

Teleworking or any other form of working in the local residential environment, whether one is employed or self-employed, full-time or part-time, may create more of an incentive to put efforts into the local environment and the local community than would be the case of the average commuter, simply because these people spend so much more active time in their own neighbourhood.

Local work – especially telework because it literally brings in external money into the community – affects the purchase power of local communities. On any day of telework/near work, a larger share of the money earned is likely to be spent within the local community. Therefore the purchase power is able to increase along with the growing demand and supply of local services which, when daily in active use, have a much better chance to develop and stabilise in a self-sustaining manner. Naturally, this effect is equally true for work done in a any local community, but it has a special significance in the suburbs, because these usually have so little work to offer in the first place.

Of course, working in the residential district is not only about working at home. Neighbourhood offices, once they are put up, may be used to produce all kinds of services for the local community. Judging from our experiences of a neighbourhood office and a multiprofessional cooperative in a low-rise area of the small suburban town of Järvenpää in southern Finland, local communities have a good demand for a variety of services and professions. For us, and perhaps for everyone in the same situation, maybe the greatest challenge was how to make our neighbourhood office commercially sustaining from the very start. But we felt that was essential.

There are all kinds of contact nodes in the immediate physical surroundings, and in these people working in Suburbia tend to meet their neighbours just as other people do – the stereotype of the socially deprived teleworker doesn't need to be all that true. But in their residential environment people rather look for neighbourhood contacts which extend outside their own profession or field of activity: in this way the contacts may in a sense become richer than those of the average commuter. And as I described, they may evolve into sustaining economical activities in Suburbia itself.

I believe that suburbs have a capacity to develop a vital, multiprofessional and multisectoral environment of work. It is a question of will. And it can be made into a self-fulfilling prophesy.

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