



Routledge Research Companions in Business and Economics

GLOBAL COOPERATIVE ECONOMICS AND MOVEMENTS

A RESEARCH COMPANION

Edited by
Jerome Nikolai Warren, Kemi Ogunyemi,
Asia Guerreschi, and Maciej Szulc



Global Cooperative Economics and Movements

Cooperatives are traditionally recognized as marginal players in the economic sector, but their role in policymaking and in social arenas has garnered even less attention. Over the past two decades, an extensive body of literature in management science and economics has arisen, designating non-capitalistic enterprises as subjects of particular attention. In the context of rising global challenges like economic inequality, environmental sustainability, and labor rights, the role of cooperatives has become increasingly relevant. *Global Cooperative Economics and Movements: A Research Companion* examines the practical and policy dimensions and implications of cooperative economics and movement(s). It delves into the more politicized aspects of cooperatives, exploring how they intersect with global movements, social justice, policymaking, and grassroots activism, and provides insights into real struggles tackled by this enterprise form. The text offers an understanding of how communication in cooperatives plays a role in promoting principles, values, and practices and how these are transferred across generations of cooperators. It provides a deeper understanding of the elements of intergenerational evolution within cooperatives in concepts on employment and labor as new policies are raising expectations. Further, the book offers a broad variety of global case studies pertinent to issues of relevance to cooperative economics and management, profiling how different types of cooperatives on six continents can promote sustainability and self-organized community wealth generation, connecting to development studies, ethics, and political economy, while revealing how cooperatives can address the current challenges of the digital age, especially including issues of data governance and artificial intelligence. The book will serve as an invaluable tool for anyone seeking to understand the broader implications of cooperative models in today's globalized world.

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and Maciej Szulc**

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Foreword

It only took a few conversations with the *Global Cooperative Economics and Movements: A Research Companion* scholars in the corridors of the Universities of Helsinki and Eastern Finland to understand the passion and effort behind its production. This volume is not merely a collection of research papers but a doorway into a diverse and inspiring world of cooperators.

If you are a budding cooperator or someone curious about the cooperative world, these “analytical stories” will inspire you. They show that you can join a coop, start your own, or partner with one in any economic sector, and that the founding governance of this business allows you to pursue one or several social and environmental goals. Every day, millions of cooperators of all ages worldwide re-invest in resilient livelihoods in their local communities.

If you are a cooperative practitioner, researcher, member, or volunteer working at local, regional, or national level, this volume will likely resonate with you. Despite different cooperative narratives and political economies, your counterpart on another continent is probably facing similar challenges—and innovating to solve them.

The structure and content of this *Companion* reflect the beautiful complexity of the cooperative world. It is multifaceted, shaped by geopolitics and geoeconomics, and constantly challenged by institutional shifts. Yet, it remains capable of reacting and adapting with a unified voice. It shows that beyond borders, history, and politics, cooperators still believe in the transformative power of their communities—just as their peers did in 1895.

Across the chapters, which highlight a South-North-South knowledge flow, researchers explore coops as incubators and accelerators of sustainable solutions. These contributions align with the UN Agenda 2030 and its Sustainable Development Goals.

By questioning how the cooperative business model and its governance adapt to today’s fast-changing world, the authors invite reflection. How future-proof and fit-for-purpose are cooperatives?

Each contribution analyzes the resilience and adequacy of the model in the face of persistent challenges—both offline and online. The cooperative principle of coming together around a shared purpose is under pressure from rising individualism. In some regions, the legacy of command economies still fosters skepticism about the cooperative model. At the same time, global development cooperation

has undergone a major shift. Human development and human rights are now often seen as profit-driven opportunities rather than goals to pursue unconditionally.

Still, all 29 contributions—regardless of geography, sector, or institutional setting—lead to two key insights:

1. cooperatives are a living, adaptable business model, and
2. cooperators, united by a sense of co-responsibility, can blend tradition and innovation to create people-centered solutions.

This cross-border collaboration brings a global view to what Principle 5—Cooperative Education—means in practice. It demonstrates the value of socio-cultural exchange in cooperative research. Drawing on a rare South-North dialogue, the authors identify promising trends. These include cooperative responses to external shocks like pandemics and climate change, democratization of data ownership, socio-economic inclusion of vulnerable groups (prisoners, unemployed, elderly), and integration of local indigenous cultures into the business organizational model.

Globalization has taught us that local action is shaped by global dynamics. The *Global Cooperative Economics and Movements: A Research Companion* reflects this interconnectedness, by offering collective analyses from different institutional contexts. In doing so, it reminds cooperators of the importance of cross-border exchange—even when acting at the most local level.

This global sharing of knowledge also relates to Principle 6: Cooperation among cooperatives in global actions, that is, international cooperative development (ICD). ICD is a practical tool that brings together cooperators from different countries—especially the Global South—to build each other’s capacities and share tools. It helps strengthen business skills and supports reinvestment of local profit into resilient livelihoods.

In producing this *Global Cooperative Economics and Movements: A Research Companion*, the editors did more than gather contributions. They built bridges and broke down walls—across sectors, narratives, and regions. They created space for interdisciplinary and intercultural dialogue among researchers, an element thoughtfully reflected within each chapter and across the entire volume.

In 2008, with the support of Cooperatives Europe, some European cooperative members formalized the need for sharing knowledge on their international cooperative development approaches beyond Europe into the Cooperatives Europe Development Platform (CEDP). Inter-cooperation proved vital for promoting the cooperative model globally and rethink development cooperation as a long-term investment in resilient livelihoods. Their efforts led to the recognition of the dual nature of coops in EU policy and to unlocking funding for cooperative development worldwide. This work eventually expanded into one global and two regional platforms—in the Americas and Asia-Pacific (launched in 2016 and 2024).

As cooperative networks, we must ensure these inter-cooperation efforts are seen, valued, and supported. At the Secretariat, we connect member organizations and partners to highlight the cooperative difference and the broader application of the cooperative principles and values beyond the networks.

Our ongoing international work under #coops4dev , built on a decades' long partnership between the International Cooperative Alliance and the European Union, showcases the cooperative contribution to the UN Agenda 2030 and Sustainable Development Goals. Through capacity building, research, education, and communication, we foster a global cooperative dialogue rooted in the South-North exchange, which the *Companion* scholars seamlessly ensured throughout the chapters.

Their contributions will be key to strengthen our initiatives—in Europe and beyond. This is particularly relevant in contexts and sectors that need a reframe of the cooperative model as modern, inclusive, and innovative in achieving youth empowerment, gender equality, digitalization, and the green transition.

Thanks to its broad geographic and sectoral scope, *Global Cooperative Economics and Movements: A Research Companion* has achieved more objectives than foreseen, adding great value to the 2024 *Routledge Handbook of Cooperative Economics & Management*. It has filled key knowledge gaps with new global perspectives, and offered new entry points to connect researchers and practitioners within and beyond the cooperative space.

The authors' decision to critically analyze cooperative responses to today's polycrises and transitions makes this volume a cutting-edge example of interdisciplinary research.

We look forward to using these 29 contributions to strengthen our international cooperative development work. And we are grateful to all the scholars who for three years have poured their time, effort, and expertise into the *Handbook* and this *Companion*.

Enjoy your reading.

Cooperatively yours,

Agnès Mathis

Director of Cooperatives Europe

Annalisa Vallone

International Development Coordinator, Cooperatives Europe



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Cooperative movements and mutualisms around the world

A panoramic introduction

Jerome Nikolai Warren, Kemi Ogunyemi, Maciej Szulc and Asia Guerreschi

1 Background and purpose

This book is the result of a multi-year collaborative effort that, in December 2024, resulted in the *Routledge Handbook of Cooperative Economics and Management*. Both that volume and this *Research Companion* are part of multi-decade efforts of various research and practice communities to extend an understanding and analysis of cooperation and, specifically, cooperative enterprises (worker, agricultural, consumer, cooperatives, etc.) and related types (social enterprise, employee-owned firms, etc.) into the disciplines of economics and management. The relevance of this task is especially underscored considering the strength and vitality of cooperatives in many parts of the world and their overall role in economic development, promoting autonomy, independence, and resilience of local communities broadly, facilitating democracy in the economic sphere through their member- and community-orientation and governance rules (such as “one member, one vote” instead of “one share, one vote”), and their likely multi-faceted contribution to achieving a broader sustainable agenda that, as the *Handbook*’s chapters (see especially Exner & Raith in that volume) pointed out, is not well enough understood.

Given these premises, the historical neglect of the economics and management disciplines towards cooperative enterprise means that the publication of volumes like this, and their eventual inclusion within economics and management curricula, are part of a larger Renaissance that aims to reconnect economics with both the social sciences and humanities and thereby fill large knowledge and pedagogical gaps. Efforts to fill these gaps in turn can feed back on the number of students aware of robust alternatives to the entrepreneurial regime of “shareholder value”. Increased awareness of alternatives can in turn increase the number of mature scholars spending hours studying the relevant phenomena, such as inclusive governance arrangements, principle- or mission-oriented enterprises, the social economy, conversions to cooperatives, worker buyouts, energy communities, community-based enterprises, commons, etc.

These long-standing efforts were strengthened in 2001 when the United Nations underlined the importance of developing educational materials on cooperative enterprises via the International Labor Organization (ILO)’s *Recommendation 193* (Fici et al., 2013). Since the original *Recommendation*, much has changed. For instance,

the 2017 *Oxford Handbook of Mutual, Co-Operative, and Co-Owned Business* presented broad-based research, including case studies on cooperatives, mutuals, and employee-owned businesses. Subsequently, numerous other books have been produced, and the gap is slowly shrinking (see the introductory chapter to the *Handbook* for a survey), including recent volumes (Ammirato, 2024).

Nevertheless, a case study-based survey of the magnitude of the present volume embedded in a cooperative economics perspective is quite rare. Even rarer is a volume that deals with the newest challenges and issues facing cooperatives, such as platform cooperatives, artificial intelligence (AI), and sustainability reporting, and which simultaneously attempts to do justice to historical Global North-South asymmetries. It is out of the aspiration to supplement these efforts in a truly global and panoramic way that the present volume was born. When the original call for abstracts for the *Handbook* was put out, we received around 130 individual submissions, many of high conceptual or epistemic value. The *Handbook* ultimately contains 36 original chapters covering a broad array of themes such as theory, methodology, entrepreneurialism, governance, innovation and sustainability.

At the same time, we were convinced of the importance of providing a complimentary text to the *Handbook* expounding on the rich diversity of cooperative experiences across the globe. We were therefore very grateful that Routledge agreed to publish a *Research Companion* to the *Handbook*. The resulting volume, which you are currently reading, gathers 29 chapters structured in five sections connecting cooperatives to topics ranging from AI to Zambia. It tries to both build on other works like the *Handbook* and the *Oxford Handbook* and to extend those discourses to regions and sectors hitherto relatively untouched. It is a kaleidoscope of case studies, with a broad range of views and perspectives on the movements and management of cooperation from entrepreneurial, community, and pedagogical perspectives, among others. In extending and broadening the discussion connecting cooperatives and social movements, it connects different disciplines, aiming to further drive the transdisciplinary trajectory of the *Handbook* and thereby study or anticipate past, present, and future dimensions, connecting these with analytical, interpretive, communicative, and other approaches.

2 Innovations

The book contains numerous innovations that should make it invaluable for cooperative researchers and practitioners as both cooperatives and the global economy enter a crossroads. Firstly, the book conducts a global survey of cooperative practices, doing justice to experiences on six continents. Secondly, its chapters broadly interpret cooperatives as problem-solvers. Thirdly, the book's chapters emphasize various interactions between cooperative principles and practices on the ground. Fourthly, it surveys the continuing evolution of the cooperative model beyond viewing cooperatives as strictly member-oriented enterprises. Fifthly, the book reviews new forms of cooperative development. Sixth and finally, in producing the book, we have actively cultivated the synthesis of new transdisciplinary knowledge in developing the volume.

3 Global survey

The chapters emphasize that cooperatives exist in different (legal, cultural, political, historical, economic, etc.) contexts, which both shape and are shaped reciprocally by their activities, as well as by larger global trends. As Bennison (2024) argued, these interactions involve path-dependent processes that impinge upon institutions and actors and thereby more or less deterministically shape the possibilities that present themselves to cooperatives.

This volume is a sustained effort to contextualize, juxtapose, compare and contrast these diverse cooperative experiences across the globe in order to come closer to answering fundamental questions such as isomorphisms between cooperatives and non-cooperatives and analogous movements like employee ownership or commons, whether one can even speak of a single “cooperative movement”, how cooperative principles and values are realized in practice or influenced by technological or political change, how they can disseminate in different sectors, how cultural contexts and communication can be harnessed to deal with challenges particular to democratic governance, etc. In particular, most prior books have focused on either Europe or North America. Meanwhile, we have tried in this volume to actively improve upon this outcome, reserving half the space for Asia, South America and Africa.

4 Cooperatives as problem-solvers

Many chapters in the book outline how cooperatives serve as problem-solvers in different contexts and sectors. For instance, Chapter 15 reviews how cooperatives provide dairy farmers worldwide with tools to collectively secure steady prices, align supply and demand and ensure fair treatment on the market. Similarly, Chapter 18 explains how cooperatives contribute to solving problems in the provision of health-care. Chapters 3, 8, 19, 26 and 27 on the other hand demonstrate how multi-stakeholder designs have allowed cooperatives to address complex social, economic, cultural or ecological challenges in mental health, the provision of basic resources and prison reform. Meanwhile, Chapters 4 and 28 outline how cooperatives maintain jobs and regenerate local communities in times of crisis, while Chapters like 13 and 26 highlight the central role of women in the cooperative economy.

5 Cooperative principles and practices in motion

As a result of the global survey of cooperative practices, this book also offers a valuable resource to discourses around the interactions between cooperative principles and practices, presenting broader sources to inspire practitioners beyond the restricted “canonical” narrative around the Rochdale principles. In this vein, broader reflections on the diverse and changing nature of cooperative principles as they are understood and practiced are presented throughout the book, beginning with Chapter 1. Similarly, chapters like 10, 11 and 12 contribute to the important

4 *Global Cooperative Economics and Movements*

dialogue on de-colonizing cooperative principles by showcasing non-European cooperative traditions that demonstrate the universality of a model of collective action based on mutualistic cooperation. Meanwhile, chapters like 16, 17 and 22 analyze the essential role of culture, democratic governance innovations and communication in the context of cooperative governance.

6 **Continuing evolution of the cooperative model**

Connected to the emphasis on the ongoing feedback between cooperative principles and the diversity of cooperative experiences in practice, a further distinct innovation of the book is the attempt to outline in various dimensions how the cooperative enterprise form dynamically adapts to new environments and settings and how phenomena like the cooperative principles are in a constant state of evolution, being in tension with the entrepreneurial model of the day and also interacting with various social movements and overarching political demands throughout history. This includes more recent issues like circular economy (Chapter 13) and sustainability reporting (Chapter 14), as it also concerns issues like how the cooperative principles adapt to new tensions presented by the platform economy (Chapter 20). Meanwhile, one of the most visible challenges to a static understanding of cooperatives as strictly member-oriented enterprises is the notion of *multi-stakeholder cooperation*: chapters like 3, 8, 9, 12, 19 and 26 present cases of territorially specific communities consisting of diverse stakeholders cooperating across class, racial, ethnic, linguistic, cultural, skills or abilities cleavages to generate public or quasi-public (community-oriented) value.

Meanwhile, Chapter 21 ponders on new challenges and opportunities for the cooperative *ethos* regarding the governance of data and technologies like machine learning and artificial intelligence. Other innovations regarding the adaptation of the cooperative model evolutionarily to new environments include Chapters 5 and 6 on employee ownership, as well as Chapters 4 and 27 on enterprises recuperated by their workers. These and other cases the book presents provide opportunities to reflect on the continuing evolution of the cooperative model.

7 **New forms of cooperative development**

An important lesson presented in these pages is the need for more expansive visions for cooperative development beyond classical forms such as rural development via agricultural or financial cooperatives towards true *cooperative development models* (Ammirato, 2024). As becomes clear from the discussions in these pages, the growth of the cooperative sector will require bolder initiatives that position cooperatives as partners for development beyond either market- or state-led development. This includes discussions around cooperative incubators and accelerators (Chapter 7), rethinking national cooperative development strategies (Chapter 9), resolving technological tensions (Chapter 20) as well as connecting cooperative organizational learning experiences more fundamentally with analogous traditions like the commons (Chapter 23). Beyond these topics, bold applications of cooperative development also include questions like choosing cooperatives for carrying

out university spin-offs (Chapter 24), cooperatives working in prisons (Chapter 27) and even framing international cooperation as a tool for scaling cooperative principles and practices (Chapter 29).

8 Nurturing transdisciplinary collaborations in research

Finally, a last major innovation in the book is challenging the strict juxtaposition of topics, regions, and cases. In a way analogous to the global shift in science from *interdisciplinarity*, where scientists aim to collaborate beyond disciplinary boundaries, to *transdisciplinarity*, where researchers aim to challenge disciplinary boundaries and develop new syntheses (Darian-Smith & McCarty, 2016), in producing both this volume and the *Handbook*, we have actively cultivated direct exchanges among authors, producing dialogue between chapters. For instance, Chapters 3 and 27 of this volume are in dialogue on issues revolving around the evolutionary and emancipatory potentials of multi-stakeholder cooperatives in Italy, which offers numerous best practices in cooperative development. Chapters 5 and 6 similarly dialogue on employee ownership in diverging regions and contexts, emphasizing distinctions and similarities between Global North and South in this respect.

Beyond dialogue, we also cultivated direct collaborations and transdisciplinary syntheses within newly curated chapters. For example, Chapter 18 on home care cooperatives resulted in bringing together two sets of authors working on similar topics in completely different contexts: Nigeria and Ontario, Canada. Bringing together the two sets of authors in one chapter enabled the chapter to not only profile each of the two contexts but also, at the same time, to offer a unique and direct North-South comparison in the same sector (care services). Similarly, Chapter 26, comparing women's cooperatives and the role of women in (social) cooperatives in three very different countries—India, Poland, and Turkey—was the result of facilitating contact and exchange between researchers from the three countries sharing a broad research agenda. Their collaboration here has enabled new knowledge to be gained in understanding the similarities and contrasts in the experiences of women in three wildly different legal, institutional, and cultural contexts and nevertheless demonstrates shared lessons whose relevance surely will extend beyond the chapter itself.

9 Summary of contents

The book is organized into five sections: (1) *Mutualisms and Movements*, (2) *Country and Regional Perspectives*, (3) *Sectoral Perspectives*, (4) *Education & Communication for Cooperation*, and (5) *Cooperatives, Care, and Development*. In the following, the book's sections and their constituent chapters are introduced.

10 Mutualisms and movements

The first four chapters frame overall debates between cooperative economics and broader social movements, both historically and presently. They emphasize the centrality of mutualism in the growth and dissemination of cooperative enterprise

globally and in particular local contexts. **Chapter 1** begins this inquiry, asking a fundamental question challenging any canonical or official narrative about the trajectory and evolution of cooperatives: can one speak of a single, unitary cooperative movement, are there variations on a theme, or do many diverse movements exist at the same time that may or may not share fundamental values? The chapter is written by five scholars from five continents: Mark J. Kaswan from North America, Patrick Develtere from Europe, Zhao Li from Asia, Sizwe Mkwana from Africa, and Colombia Pérez Muñoz from South America.

Following this global survey, in **Chapter 2**, Igor Ortega-Sunsundegi, Marixe Ruiz-de-Austri Arexolaleiba, Miren Zuberogoitia-Kaltzakorta, and Fred Freundlich review a particular aspect of the Mondragon cooperative experience, namely the notion of *co-responsibility*. They draw on a broad literature to argue that co-responsibility, as envisioned by the Mondragon cooperatives, must be read as embodying a particularly emancipatory vision or ethic with respect to relations between labor and capital, which they describe as *responsibility-as-emancipation*. They review primary sources, including the writings of Fr. José María Arizmendiarieta, to underline how the Mondragon cooperative values instill a balance between individual and collective motivations and present a viable alternative vision beyond either unfettered market fundamentalism or Soviet-style command economies. They also underline how the ten Mondragon cooperative principles in many ways go beyond the seven ICA principles, particularly with respect to the inclusion of labor in management. Meanwhile, **Chapter 3** by Jerome Warren and Alessandro Narduzzo takes a more specific subject matter as its focus, applying an approach of institutional innovation to analyze the evolution of community cooperatives in Italy. These in turn are representative of a larger rethinking of the cooperative *ethos* (back) towards traditions of broader community-orientation rather than pure member-orientation. The chapter introduces concepts like *institutional entrepreneurship* and *diffuse mutualism* to explore how the community cooperative form is both an institutional innovation and how simultaneously each community cooperative presents an innovation in its own local setting.

Similar in focus to Chapter 3, **Chapter 4** by Denise Kasparian and Julián Rebón treats the issue of *new cooperativism* in Argentina. The Argentine case is particular in that, as the authors argue, it features multiple sources or origins of initiatives toward such new types of cooperatives. The chapter points to both firm-internal dynamics catalyzed by Argentina's perennial economic crisis since a 2001 default and also to social dynamics in innovative sectors such as technology, as well as to external sources such as state promotion, as being instrumental in creating a strong ecosystem in Argentina.

Finally, **Chapter 5** by Kosta Juri, Jerome Warren, Claudia Henke, and Tej Gonza juxtaposes two autonomous mutualistic movements: cooperativism and employee ownership and investigates their potential to inform each other. Indeed, while cooperatives have historically been more authentic in their emancipatory vision, employee ownership has in recent memory been much more successful in its dissemination compared to cooperatives. The chapter argues that while historically, the two movements were not in close alignment, new signs are emerging of

a closer dialogue between the two phenomena. In particular, the authors look at efforts in three countries—the UK, Germany, and Slovenia—to combine employee ownership with the principles of democratic governance traditionally associated with cooperativism.

11 Country and regional surveys

The next two sections go into more detail in specific geographic or sectoral contexts. Continuing from the discussion in Chapter 5, **Chapter 6** by Ana Paula Travisani and Miguel Cordova extends the discussion on employee ownership to the Global South by investigating the extent to which the concept is and can be viable in the political economy of Brazil. The authors conclude that numerous factors, including the business climate and entrepreneurial culture and the lack of an enabling legal environment or preferential tax treatment impede the broader dissemination of employee ownership in Brazil. After reviewing empirical literature confirming local benefits, the authors provide a policy blueprint for promoting employee ownership in economies like Brazil's.

In **Chapter 7**, Inez Vasques, Matias Bertranou, and Fabián Schiaffino examine and distinguish the concepts of incubator and accelerator in their distinct roles in driving entrepreneurial ecosystems, distilling best practices for promoting cooperative ecosystems. They compare INCUBACOO, a cooperative incubator initiated in 2015 as a joint venture between the Uruguayan public and cooperative sectors, with Mapocho, a more recent (2021) venture in Chile aimed at promoting cooperative entrepreneurship. The value of this chapter is expressed not only in its practice orientation but also in its scope, comparing Chilean and Uruguayan experiences in cooperative incubation and acceleration with more established cooperative development models, such as in Italy and the Basque region in Spain.

Chapter 8 by Andres Spognardi, meanwhile, moves from Latin America to the Iberian Peninsula, applying the dichotomy developed by Simon Micken et al. (2024) between so-called “normativist”, that is, strictly member-oriented, and “transgressivist”, or more generally or community-oriented, cooperatives to the Iberian Peninsula's “integral cooperatives”. These emerged in both Spain and Portugal during the Global Financial Crisis beginning in 2007–2008, catalyzed by resultant social dislocations. The chapter concludes that, while some of these cooperatives were more radical and transformative in their aims, most of those that succeeded in surviving over the longer term were initially or became over time more formalized and restricted in their transformative ambitions.

Chapter 9 by Florentina Astleithner, Markus Blümel, Andreas Exner, Julia Hochrainer, and Florian Jagschitz moves the discussion to Central Europe, connecting the institutional and political situation in Austria with the relative lack of “movement” cooperatives in the country, save a few exceptions, including in the energy and care sectors. The chapter emphasizes the role that both historical trends and the overall institutional setting, including auditing federations, play and have played in shaping Austrian cooperativism. Indeed, such auditing federations, which manage numerous aspects of the life cycle of cooperatives, play a key role in the cooperative

ecosystems of several Central European countries, including Germany and Poland, which share numerous isomorphic features with the Austrian context (Elsen, 235ff). This means the analysis the chapter provides has a bearing on understanding the feedback between institutional arrangements and cooperative outcomes in these countries as well.

In **Chapter 10**, Oluwatosin O. Onayemi, Bukunmi Agboola, Adedayo Adedotun, and Kemi Ogunyemi examine the place, purpose, functions, governance, and evolution of informal credit cooperatives in three African countries: Kenya, Nigeria, and South Africa. To do so, they develop a world institutional framework informed by institutional and relational economics. They triangulate this approach with a literature and media review of Rotating Savings and Credit Associations (ROSCAs) and Savings and Credit Cooperative Societies (SACCOs), underlining how the hybridization of informal traditions and formal cooperative legal forms has evolved differently and managed to empower women in governance and access to credit in the three countries, as well as in the broader African diaspora.

Meanwhile, **Chapter 11** by Ali Al-Assam and Choo-Chen Sim surveys cooperatives in the People's Republic of China. It traces out the history of China's cooperative movement to the early 20th century and locates it in anti-colonial struggles. It then looks at how cooperatives played an ambivalent role in the Maoist era, tracing the legislative and institutional trajectory into the present, where efforts have been undertaken recently to strengthen democratic member control in cooperatives. The chapter concludes with a case study of a contemporary agricultural cooperative in Jilin province.

Finally, **Chapter 12** by Akira Kurimoto applies an institutional economic perspective to compare cooperatives in Japan and South Korea. The chapter applies a variant of the *varieties of capitalism* literature to analyze how the institutional arrangement in the "developmentalist states" of Japan and Korea played a role in the evolution and status quo of cooperatives. The chapter suggests various elements that played a vital role in the differential status of agricultural and consumer cooperatives in both countries and how cooperatives in both countries are often deeply intertwined with broader civil society movements, including also environmental movements.

12 Sectoral studies

Beyond strictly regional and country case studies, the book also features numerous in-depth analyses of sectors. Picking up from Chapter 12's discussion of Japanese and Korean agricultural and consumer cooperatives, in **Chapter 13**, Akira Kurimoto homes in on Japanese consumer cooperatives as potential examples towards implementing circular economy strategies. The chapter points out how Japanese consumer cooperatives have built up a reputation for (environmental) sustainability and safety due to their connections to housewives' associations that have managed to persevere despite various crises. The chapter interprets how Japanese consumer cooperatives such as the Pal-system Co-op Federation have in recent

decades strengthened efforts at implementing environmental sustainability at various stages of the supply and distribution chains.

Chapter 14 by Asia Guerreschi, Roberto Mario De Stefano, and Antonio López similarly focuses on consumer cooperatives, carrying out a discourse analysis on three prominent Italian supermarket chains' sustainability reports. Two of them, Coop and Conad, represent consumer and retailer cooperatives, respectively, while the third, Esselunga, represents an investor-owned retailer. The chapter attempts to interpret the three firms' 2023 sustainability reports using discourse analysis, concluding the reports reflect specific types of rationality (for instance, instrumental or normative), in accordance with the overall missions of the enterprises. Interestingly, while the authors confirm divergences in mission and narrative, clear convergences and isomorphisms are also confirmed, leading the authors to conclude that "the future of sustainability reporting will be less determined by the type of company and more by the ability of companies to adapt their discourse to an increasingly complex and demanding stakeholder environment", placing a question mark on the role of reporting in highlighting differences between cooperatives and investor-owned enterprises.

In **Chapter 15**, Ramiro Reinaga, Elena Garnevska, and Nicola Shadbolt look at the importance of a common cultural framework for agricultural cooperatives in Bolivia. Considering the role that agricultural cooperatives in Bolivia play in improving the economic and social development of small-scale farmers, little is known about the factors that drive the cooperatives' success and the challenges they face under the country's unstable economic and political environment. The study aims to analyze the success factors and challenges for two agricultural cooperatives in Bolivia that have established a strong reputation. The results show that training and leadership development, economic incentives for members, strategic management, member services, member control, a strong sense of ownership by members, and a common cultural background are vital resources for successful cooperative development.

Chapter 16 by Louis-Antoine Saïsset is entitled "Democracy and innovative governance in French agricultural co-ops: an exploratory study". The chapter examines how French agricultural cooperatives have adapted their democratic governance in response to structural changes, such as mergers, globalization, and shifts in member expectations. The study combines theoretical insights from stakeholder theory, transaction cost economics, and governance innovation, emphasizing the tension between efficiency and democratic engagement. Based on four diverse case studies, it identifies internal governance crises and responses ranging from formal restructuring—such as abolishing territorial sections and creating supervisory boards—to informal strategies, including participatory commissions and improved communication tools. Despite varying sizes and sectors, all cooperatives showed that tensions stemming from mergers and centralized decision-making can be mitigated through innovative, often hybrid, strategies and when decisions are key, when relevant stakeholders, as CEOs, enter the playing field.

Meanwhile, **Chapter 17** by Jos Bijman provides a global survey of dairy cooperatives across the Global North and South, highlighting their historical, political, and economic contexts in the European, Indian, Latin American, Sub-Saharan African, (US) American, and New Zealand cases. The chapter analyzes organizational structures in various countries and regions, distinguishing between two main types of dairy cooperative: *bargaining* and *processing* cooperatives. The chapter finally outlines strategies for further developments in the sector.

The experiences of healthcare cooperatives in Ontario, Canada, and Nigeria are compared and contrasted in **Chapter 18** by Simon T. Berge, Adaora I. Onaga, and Stanley Emife Nwani. Their analysis focuses on the differential roles of cooperatives and the financial, policy, operational, and cultural barriers they face within the broader context of healthcare models and access to healthcare and eldercare in these widely divergent polities. Referring to experiences from these countries as well as Brazil's *Unimed* system, the chapter offers general recommendations for strengthening cooperative healthcare in areas such as organizational models, policy support, community engagement, and technological advancements.

Chapter 19 by Ludger Voigt and Julia Beideck presents a qualitative case study of a German theater cooperative that provides community-focused cultural services in rural areas through a boat-based touring performance model. Based on extensive fieldwork, the chapter illustrates how the cooperative co-creates cultural value with local communities through workshops and open-stage events, emphasizing the importance of local trust and an open network structure in its success.

Chapter 20 by Stefano Tortorici examines the political and business challenges of platform cooperativism, arguing that without a clear political agenda, cooperatives risk being absorbed by neoliberal dynamics. Drawing on case studies from Italy and the U.S., an international survey of platform cooperatives, and interviews with Italian co-founders and workers, the analysis shows how problems of scale, finance, and market adaptation—so pertinent for traditional cooperatives historically—persist in the digital era. The chapter concludes with proposals for strategic actions at both the political and business levels.

Finally, **Chapter 21** by Morshed Mannan, Simon Pek, and Vangelis Papadimitropoulos examines the potential of data cooperatives as a means of approaching artificial intelligence (AI) as a commons. Building on Elinor Ostrom's eight principles for governing the commons, the chapter proposes design principles for future cooperatives aiming to build and manage AI and data management systems in more democratic and accountable ways. The chapter includes a case study of READ-COOP, an EU-based data cooperative.

13 **Education and communication for cooperation**

The four chapters in this segment are about the importance of communication in harnessing the power of collaboration and knowledge sharing to drive innovation and social change, both in cooperatives and in research, as well as regarding the university-cooperative nexus. Beginning with **Chapter 22**, Lisa Callagher, Frank

Siedlock, and Vareska van de Vrande deepen our understanding of how cooperatives manage their communication channels, both within and with respect to external actors, including both cooperatives and non-cooperatives. The chapter interprets communication as a vital tool for innovation derived from the knowledge flows among the enterprise's internal and external stakeholders. New Zealand's cooperatives constituted a good case study for them to show how this works.

Next, **Chapter 23** by Susanne Weber and Thorben Seidler focuses on the learning potential of cooperatives. The *pattern language of commoning*, drawn from experiences in managing commons and the extended universe of *commoning* practices, is presented as a pragmatic way to address the various learning challenges cooperatives face. The authors argue that cooperatives can identify and replicate successful patterns of cooperation from effectively managed commons and apply processes of commoning while continuously learning and innovating as circumstances change.

For Federico Li Bonilla (**Chapter 24**), the conversation revolves around best practices that can be a reference framework for a truly cooperative university spin-off model. Juxtaposing the problems associated with the traditional entrepreneurial model of the university spin-off, including privatization of publicly funded research and the control of research & development by tiny minorities, the chapter outlines a particular "social spin-off" model pioneered in Costa Rica. This chapter relates these developments to the Triple Helix development model, particularly in its later evolution via a fourth and fifth helix (Quadruple and Quintuple Helix). By connecting the systemic factors associated with the public sector social economy to the cooperative sector and the knowledge-generating and disseminating capacity of the university, the "social spin-off" model presented in the chapter presents a robust means of facilitating cooperativism for inclusive growth and fair development in Costa Rica's rural periphery.

Lastly, Veronique De Herde and Tine De Moor in **Chapter 25** point out that, to understand the current and potential impact of cooperatives, all stakeholders need data that are undistorted by space and time to properly understand cooperative models and avoid possible pitfalls in data aggregation and analysis. Navigating the institutional boundaries, legal frameworks, and worldviews that characterize data provided by cooperatives, they advocate better coordination of scientific standards and methodologies for the field.

All four chapters emphasize collaboration and knowledge sharing as facilitators of innovation. As knowledge flows from stakeholders through the fifth helix methodology, circulates within the cooperative through appropriate communication via the pattern language of commoning, and is collected and analyzed by researchers, the resulting innovation capability enables cooperatives to scale their social impact and be more effective stewards of community wealth and power.

14 Care and development in the cooperative movement

In a world full of economic and social challenges, care and development are very important, whether it be about the concern for marginalized groups or the nurturing

of vulnerable and underserved communities. The cooperative movement is a powerful force for good in this arena, leveraging the collective strength of its members. Through various forms of cooperation, individuals and communities jointly support one another, foster economic and social resilience, and drive progress toward a more equitable and sustainable society. The next, and final, set of chapters looks at how cooperatives transform various spaces of the world through care and development initiatives.

This extended discussion begins in **Chapter 26** by Ayushi Arora, Kardelen Dilara Cazgir, Julia Lisiecka, and Anna Waligóra, where we learn about women's cooperatives in India, Turkey, and Poland that provide women with economic opportunities, social support, a collective voice, and leadership capability, helping to address issues like poverty, inequality, and exclusion. This chapter embeds women's cooperatives in the three countries' very different cooperative movements and broader political economies, drawing out similarities and contrasts in the three settings. Finally, it also describes how women's cooperatives make their communities more resilient to shocks from natural disasters, pandemics, and other country-specific crises.

The following **Chapter 27**, by Francesca Pamio, Giacomo Buzzao, Vittoria Erculiani, Paola Olimpia Achard, Francesco Rullani, and Luca Mongelli, connects again to the discussion on *institutional innovation* initiated in Chapter 3. While Italian social cooperatives initially emerged in the psychiatric and social services sectors, contributing to an abolition of the asylum system in Italy, their scope has since dramatically expanded. The chapter presents the case of social cooperatives operating in Italian prisons and helping prisoners to build their skills and to grow, thereby promoting their successful reintegration into society. The authors carry out a mapping of the majority of prison social cooperatives in Italy, resulting in a taxonomy of jail-based social cooperatives that enables the reader to grasp the landscape of this critical, yet at times overlooked, reality of the dignity of labor in prisons. The chapter's discussion may indeed leave readers familiar with the prison abolitionism movement questioning whether the model presented in the chapter could not hold a similar potential function in the abolition and transcendence of prisons, as social cooperatives contributed to Italy's 1991 abolition of the asylum system.

"Struggling for economic viability and environmental sustainability at an Italian worker-recuperated enterprise: the case of ex-GKN" by Daniele Bigi, Marco Lomuscio, and Marcelo Vieta is the title of **Chapter 28**. It covers how factory workers in a parts supplier in the auto industry in Florence, Italy, have been and continue to struggle to maintain their jobs and livelihoods in the face of a blatant attempt at asset stripping as they struggle to achieve a worker buy-out. Beyond this, it illustrates how an organized collective of workers emerged aiming to make production at the recuperated plant environmentally sustainable by switching from auto parts to cargo bicycles and solar panels. The chapter outlines how the workers decided to achieve both goals by developing a business plan and starting a cooperative for the worker-recuperation process.

Juxtaposing this blatant struggle approach with otherwise contrasting experiences in Italy via the Marcora framework and similar experiences in Argentina via the *empresas recuperadas* (recuperated enterprises), this chapter thus illustrates the potential of cooperative models for promoting worker ownership, especially in situations of crisis or worker struggles, connecting again to the discussion of in Chapter 4.

Finally, Susan Akinwalere and Kirk Chang in **Chapter 29** ponder on the possibility of extending cooperative principles to the domain of international relations, including foreign direct investment. The authors call for global economic cooperation towards poverty alleviation and sustainable economies in Africa. In particular, they argue that long-term economic cooperation in contexts like Africa can only be achieved by abandoning paternalistic models like the “Washington Consensus” model of prior decades, formerly promoted by institutions like the International Monetary Fund and the World Bank. Instead, the chapter argues that an equitable transformation, entailing “helping Africans help themselves”, can be achieved instead by fostering equitable trade relationships, promoting inclusive investment, transferring technology, and simultaneously addressing climate change and the lingering legacies of colonialism. The authors embed theoretical concepts like the “Triple Helix” innovation framework to analyze co-operative economic initiatives and strategies by the *Uniform Act on Cooperatives* (OHADA), the *African Continental Free Trade Area* (AfCFTA), the *Economic Community of West African States* (ECOWAS), the *East African Community* (EAC), and other regional actors. They conclude the chapter and the book with the observation that such institutions and organizations can build on indigenous (including cooperative) traditions and prior experiences to elaborate fair and inclusive economic cooperation at the regional, national, multilateral, and international scale.

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Part 1

Mutualisms and movements



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1 Cooperatives and social transformation

An assessment of the global cooperative movement and its diverse trajectories

Mark J. Kaswan, Patrick Develtere, Zhao Li, Sizwe Mkwanaazi and Colombia Pérez Muñoz

1 Introduction

All movements have their founding myths. For the cooperative movement, the myth centers around the Rochdale Society of Equitable Pioneers, which opened a small store in Rochdale, England, in 1844. A group of penny-pinching weavers threatened by industrialization and battered by unscrupulous merchants and the winds of social and economic change, the Pioneers took matters into their own hands and started a store owned and operated by the group's members. Because of their commitment to community solidarity and various policy innovations, the Rochdale store succeeded where other similar efforts had failed, and as it grew and word of its success spread, the model was rapidly adopted in other parts of England, spreading quickly to Europe and North America and, from there, to the rest of the world (Fairbairn, 1994). Today, the cooperative movement spans the globe, with over a billion members in over 100 countries, firmly embedded in the economies of countries large and small (WCM, 2024).

As with most founding myths, this one has elements of truth, but it also obscures other dimensions that have played an important role in creating the global cooperative movement that exists today. Yes, the Rochdale Pioneers succeeded where others failed, but they built on ideas developed by others who had come before them. It also obscures the fact that there were many paths to cooperation, and not all of them originated in Britain. Not only is it the case that other models of cooperation were developed in Europe, also in the mid-19th century, but as the movement expanded around the world, it encountered and merged with local traditions based on community solidarity that were embedded in local cultures and practices.

The Rochdale myth also tends to emphasize that cooperatives are isolated, that they spring up thanks to the efforts of groups of people in response to local conditions, which obscures their interconnected nature. Indeed, we refer to the cooperative *movement* because, like other social movements, cooperatives do not take shape and do not function in isolation (Develtere, 1994). They have an intimate relation and interact continuously with their socio-political and socio-economic environments. The historical context, cultural setting, and socio-economic and political

environments in which cooperatives originate and function all differ significantly. This leads to a diverse, heterogeneous, and colorful landscape. Even the rapidly globalizing forces of the last 100 years have not led to a uniform or tightly structured cooperative movement. This is no surprise because social movements are perpetually engaged in a dynamic process of creation, diffusion, and convergence.

Usually, cooperatives are *created* by people as a reaction to specific, most often local, conditions. Through their joint action individuals show collective or social agency and the conviction that they must work together to pursue their shared interests. In this way, each new cooperative is an experiment and an attempt to change and innovate.

This initial creative process normally goes hand in hand with a lot of enthusiasm and belief in the uniqueness of the solutions found to address challenges. The initiators see themselves as pioneers. They ascribe to themselves the role of mission bearers having a convincing message for people in similar conditions. Once models have been tested and established, they seek to expand to other territories and circumstances. This not only leads to the *diffusion of the model* but also to hybridization as the cooperative recipes are selectively copied and adapted to local conditions. Sometimes these pilot models are promoted or imposed in a more forceful way, for example, when, at the end of the 19th century, the British colonizers introduced the “classical British-Indian Pattern of Cooperation.” After scrutinizing the different cooperative practices in Europe, the British Colonial Office thought that the German Raiffeisen model of cooperation was best fit for the colonies in Asia, Africa, and the Caribbean, especially when it would be accompanied by decisive tutelage by a special cooperative government agency. For the British colonies, this led to the unified model developed in the UK with primary societies at the bottom and a single cooperative apex body at the top. This experiment of diffusion happened at the same time that French colonizers tried to export their own social economy model, like the one developed in France itself. The basic trust was that in France as well as in its colonies, not only cooperatives but also mutual societies and associations could and should join forces in optimizing or correcting the existing socio-economic model in favor of the colonial traders (Wanyama et al., 2008; Bennison, 2025). The fact that we still find traces of these initial models in many former colonies illustrates the pervasive path dependency of social movement or cooperative trajectories. It is therefore no surprise that in a country like the DR Congo, one will find a strong adherence to a model that resembles the one found in its former colonizer, Belgium, where cooperatives are very strongly embedded in and entangled with other organized social movements such as the labor or the farmers’ movement.

The process of diffusion and hybridization is a never-ending story inasmuch as one cannot fully understand the heterogeneous and colorful palette of the global cooperative movement without seeing how the credit union movement is promoting self-help and the common bond principles dear to North American culture, how the Indian dairy cooperative model showed the road map for many East African countries, or how the Korean Community Credit Cooperative Model is expanding to places as diverse as Laos, Fiji, and Uganda with primary credit cooperatives that combine financial inclusion with income-generating activities.

Like all social movements, cooperatives have tried to join forces with those that choose similar cooperative ways and vehicles for collective action. This happened as soon as the cooperative movement took root. Regional and national collaborations were tried out, congresses were organized, and cooperative federations were established. Looking for *convergence*, seeking unity in vision, action models and organizational formats transform locally oriented and isolated cooperative action into a prolific process with national and even global ambitions. Already in the second half of the 19th-century contacts were established between cooperators. Collective reflections on the reasons to develop cooperative alternatives and the best ways to realize them circulated all over Europe and beyond, leading to the founding of the International Cooperative Alliance (ICA) in 1895 with delegates from countries as far apart as Argentina, Australia, England, Denmark, France, Germany, Switzerland, Serbia, India, and the US. This convergence continues in the work of the ICA, which today can be understood as one of the world's largest democratic social movements.

In the rest of the chapter we will look at the development of cooperatives around the world, paying attention to both their similarities and their differences.¹ In some ways the Rochdale model, as well as other European models, became part of a colonial project and, like other colonial projects, became hybridized through their interactions with local institutions and traditions (Degyansky, 2025; Molefe, 2025). We will look specifically at the Anglo-American development; the diverse European models; cooperative development in Asia, with a focus on China; the African experience, with a comparison of cooperative development in Kenya, Tanzania, Zambia, and South Africa; and, finally, a discussion of Latin America, where the movement has been affected by another colonial institution, the Catholic Church, as well as revolutionary conflict in its more recent period. After the historical overview, we will return to each of the regions to briefly look at how the cooperative movement can be understood as, in a sense, two movements, one firmly in the mainstream of the global economy and another that is more oriented toward social transformation, and what this means for the future.

2 The historical development of cooperatives

Anthropologists may be quick to point out that cooperation has been a feature of all human societies since we emerged as a species; this is evidenced by studies of preliterate societies where they still exist (Bowles and Gintis, 2011). Here we will look at the development of cooperatives as an institutional form and a social movement as a response to the drastic social and economic changes brought on by the Industrial Revolution. This means that we start out by discussing the Anglo-American context, where the Industrial Revolution arose and its effects were first felt.

2.1 The Anglo-American context

One of the things that the Rochdale myth obscures is its own historical roots. For hundreds of years in Europe, economic activity was governed by ideas of the

“moral economy” promoted by the Catholic Church, which forbade practices such as usury and excessive profits (Claeys, 1987; Warren et al., 2025). Those barriers began to break down under the pressures of the rise of the use of money in an exchange-based economy—in other words, the development of capitalist markets in the 17th and 18th centuries. Coupled with enclosures that drove peasants off the land and into cities, the Industrial Revolution led, on the one hand, to gross inequalities but also to increasing awareness of the broad immiseration of those not fortunate to be either nobles or capitalists.

The miserable conditions of the emerging working class were not lost on some of the industrialists themselves. Chief among them was Robert Owen, one of the most successful early industrialists in the UK, in part because of reforms he instituted to advance the health and well-being of his workers and their families. In 1820, he began to advocate for the establishment of self-sufficient cooperative communities that would eventually be owned in common by their members (Madden and Persky, 2024). His ideas, which were more visionary than practical, were then taken up by William Thompson, who combined Owen’s vision with utilitarian principles to articulate a political economics of cooperation and lay out the essential elements of the cooperative movement: voluntarism, common ownership, and democracy. Thompson argued that in self-sufficient communities of 500–2,000 people, everyone, regardless of sex, race, or creed, could work together cooperatively. The equality of all members would be reflected in their contributing according to their capacity, participating in decision-making in the community, and getting their subsistence from the produce of the community (Kaswan, 2014).

Active promotion of the cooperative community scheme led to the establishment of hundreds of local cooperative societies between 1826 and 1835 in the UK as well as a few in the US, although most of these failed (Cole, 1944). These early societies were centered around the idea of establishing a self-sufficient community, as Owen and Thompson advocated. Often, they would establish a store that would sell goods at the going rate (e.g., not at a discount), with the idea that the profits would be put toward the development of the community. The development of a self-sufficient community was, in fact, part of the original plan for the Rochdale Pioneers, although they abandoned the idea by 1860 as they chose instead to return the profits to their members—one of their most important innovations (Madden and Persky, 2024). The abandonment of the community idea, however, meant that cooperatives became enterprises much like any other in that they were operated for the benefit of their owners, except that in their case the owners were members of the community that used it, not entrepreneurs or investors. The model was successful. As they grew, the Rochdale Pioneers and other cooperative societies initiated a number of important innovations in the retail trade, and by the 1930s, the Cooperative Wholesale Society (CWS) was responsible for fully one-third of all retail distribution in the UK.

Although some experiments with cooperative enterprise in North America began in the mid-18th century² along with limited attempts to set up cooperative communities, the success of Rochdale inspired the development in the mid-19th century of a cooperative movement among the working class in cities in the US.

The idea took off, and the latter part of the 19th century saw extensive growth of consumer, worker, and agrarian cooperatives, in part tied to the populist movement from the 1880s to 1910s (Goodwyn, 1976). During the Great Depression, consumer and agricultural cooperatives gained support from President Roosevelt and grew substantially (Pencavel, 2020).

The cooperative sector in Canada grew out of some of the same streams of thought and activism as the UK and US. Historically, it has been dominated by agricultural concerns (Birchall, 1997); also notable is the Antigonish movement in Nova Scotia, which introduced a novel approach focused on local education and organizing in rural areas (Crane, 1983). The sector has seen substantial growth in financial and retail cooperatives, although fully a third of all cooperatives in Canada are still based in rural areas (CMC, 2024).

Overall, the 20th century was marked by periods of growth, contraction, and rebound on both sides of the Atlantic. Changes in economic patterns and the growth of large-scale corporations that in some cases adopted the innovations introduced by the cooperative movement made it difficult to compete, especially for smaller local societies, and in some cases the specter of the Cold War threw an ideological shadow on the movement. After some struggles in the 1980s, the movement in the UK began growing again in the 2000s, with significant consolidation in the retail sector around The Co-operative Group.³ Cooperatives in the US are more difficult to track due to the lack of national legislation and the fact that they remain largely independent and divided into distinct sectors, with agricultural cooperatives remaining largely separate from consumer, financial, and worker co-ops. Nonetheless, they are deeply embedded in the US economy (Deller et al., 2009).

2.2 *The European context*

In Europe, there is a long history of association dating back to the medieval period. However, at that time a voluntary group could not exist outside the jurisdiction of the Church, the State, or some other institutional order (Defourny et al., 2000). In the 18th century, as a number of scholars have noted, freedom of association started to make breakthroughs in several European countries (e.g., Gierke, 1958). Friendly societies, providing members allowances in case of sickness, grew in number. Early cooperative experiments include the cheesemakers' cooperative established in Franche-Comté (France) in the 1750s (Shaffer, 1999) and the Fenwick Weavers' Society in Scotland in the early 1760s. They got ideological support from different currents of thought, such as associational socialism, social Christianity, social liberal thinking, and, beginning in the 19th century, an anti-capitalist and anti-Marxist school of thought commonly referred to as solidarism.

Some became established models, such as the Rochdale model discussed above or the "Spolok Gazdovsky" (the "Association of Farmers") founded in current day Slovakia in 1845. The latter became known as the first credit cooperative in Europe. Its social cohesion was reinforced by several rules, such as members' commitment to a moral life, the fight against alcoholism, attendance in Sunday schools, and the obligation to plant two trees in a public place every year (Šubertová, 2016).

Some of these cooperative experiments took root locally but also expanded to other places. This was the case with the *Vorschussvereine* or peoples' banks, as conceived by the German economist and politician Franz Hermann Schultze-Delitzsch. The first one was established in the village of Delitzsch in 1850. At the end of that decade there were already more than 200 such banks. While Schultze-Delitzsch focused on the lot of the urban poor, in the early 1860s Friedrich Wilhelm Raiffeisen established the first rural credit cooperative societies in Germany on slightly different principles. Convinced that fighting rural poverty implied fighting dependency first, he promoted the three "S" formula: self-help, self-governance, and self-responsibility. He set up several social enterprises, such as a communal grain and bread society and a printing house. The most important element, however, was the credit society. This cooperative was administered according to very specific principles, such as having a focus on a specific locality, relying on volunteer leadership, unlimited liability for members, and the allocation of surpluses to an indivisible reserve. The local credit cooperatives became interlinked in central clearinghouses or federations. Over time, the "Raiffeisen model" spread to other German-speaking regions and countries across Europe. In Italy it became very popular as the Luzzatti model, named after its promoter, the political economist Luigi Luzzatti. Eventually it unrolled beyond Europe to influence credit union development in North America, including, importantly, the Caisse Desjardins in Quebec, Canada.

In most European countries the cooperative sector has expanded very rapidly and become part and parcel of the European welfare model. Agricultural cooperatives, consumer cooperatives, housing cooperatives, and cooperative banks have grown into respected and omnipresent economic actors integrating ever further into real cooperative conglomerates. Depending on the socio-political dynamics in the different countries, cooperatives became intertwined with the dominant religious or ideological pillars, interacted intensively with or took some distance from the very influential farmers' and workers' unions, were more or less intimate with the dominant political movements, and had a collaborative or more antagonistic relation with the local or national state apparatus.

2.3 *The Asian context*

In Asia, before modern cooperative practices came into being, traditional cooperative-like activities were prevalent, based on mutual help or reciprocal exchanges of labor (Onda, 2014). All these efforts were voluntarily made either in families or in local communities, representing moral principles and the spirit of collectivism.

As noted above, Germany became a model for Asia's early cooperative movement. There are at least three reasons for this. First, one of the original purposes of the early cooperative movement in Asian countries was to provide credit to peasants at moderate interest rates. The historical records of 19th-century credit cooperative development in Germany, be it the Raiffeisen model or Schultze-Delitzsch model, were well known (Rhodes, 2012). Second, it was widely regarded that the Raiffeisen model had successfully helped the indebted rural poor in Germany and enhanced the country's peasant economy (Id.). A third general explanation for the popularity of the

German model emphasizes the fact that the social structure in Germany at that time was thought to be relatively similar to that of Asian countries (Gierke, 1958).

India was one of the first Asian countries in which modern cooperative practices were transplanted from Europe. The Indian cooperative movement was born out of a peasants' revolt that occurred during the second half of the 19th century. In response, the British government, noticing the success of the cooperative movement in Europe, decided to organize a credit scheme for Indian farmers as a remedy against rural indebtedness. Under this context, the Raiffeisen model of the German agricultural credit cooperatives was introduced, and attempts were made to establish mutual-aid credit cooperatives, resulting in the enactment of the Indian Co-operative Credit Societies Act of 1904 (Dao, 1975; Ghosh, 2007). This later became a standard pattern of cooperative legislation in all former British colonies and in the Commonwealth (Münkner, 2006). Similarly, in Japan, the early cooperatives were organized along the Raiffeisen lines; the Industrial Cooperative Law, which was enacted in 1900, was the first cooperative law in Asia and modeled after the German legislation (Kurimoto, 2004).

It is important to note that, different from the European practices, which were primarily self-governing institutions, cooperatives in most Asian countries emerged as state-run initiatives. In countries that experienced European colonization, there were interventions not only by local governments but also by the colonizers. On the one hand, national governments that were then in trouble sent state representatives to Western countries to search for a way to save the nation. On the other hand, colonial governments used cooperatives as a means either to facilitate their administration (as demonstrated above in the Indian case) or to exploit local resources and connect them to the colonial economy. The latter happened, for example, in South Korea and Indonesia (Hatta, 1957; Jung and Rösner, 2012), resulting in a distrust of cooperatives by local people. After independence, cooperatives in many Asian countries remained as state-sponsored institutions. National governments in several Asian countries intervened, particularly in agricultural cooperatives, and regarded them as economic and political instruments for the reconstruction of the national economy. For example, after South Korea's independence from Japan in 1945, agricultural cooperatives were allowed to take over previously established facilities and organizations. The National Agricultural Cooperative Federation was established in 1961 to establish inter-sectoral development linkages between small farm households and national markets, as Korean farmers generally did not have the will or the means to develop a cooperative system (Burmeister, 2006). See Chapter 12 by Akira Kurimoto for an extended discussion.

In Myanmar, in the period of the centrally planned economic system from the 1960s to the 1980s, cooperatives developed a negative image owing to centralized control and operational inefficiencies.⁴ In Indonesia, government promotion for co-operation has been channeled through *Djawatan Kooperasi* (Co-operative Service), a department of the Ministry of Economic Affairs. Its principal target was to prepare a suitable climate for cooperative development, including restoration of the people's confidence in them (Hatta, 1957).

Since the founding of the People's Republic of China in 1949, building a cooperative-based economy was set out as the direction for the development of the rural organization system, evolving from temporary mutual aid groups to primary agricultural production cooperatives and further to advanced agricultural production co-operatives (Shi et al., 1959). With the emergence of the rural commune system, the central government has modified the guidelines of agricultural cooperativization, resulting in mixed impacts on most Chinese peasants' lives. See Chapter 11 by Al-Assam and Sim for a more extensive discussion on Chinese cooperatives.

Despite governmental dominance, local societies throughout Asia also played a significant role in promoting cooperative practices, involving both individuals and social movements. On the one hand, intellectuals and social reformers from Western countries came to form cooperatives with the purposes of social progress and economic enhancement. Examples are numerous, be it in China (Trescott, 2007), India (Madan, 1994), or Indonesia (Hatta, 1957). On the other hand, grassroots movements in some countries (such as charities and NGOs), together with international NGOs, promoted cooperative development. Examples include the church-sponsored China International Famine Relief Commission that was founded in 1921 and the Young Men's Christian Association (YMCA), which led agricultural cooperative movements in China, India, and South Korea. Particularly in South Korea, YMCA, together with other rural movements, endeavored to construct a Danish-style cooperative system (Park, 2014), as Denmark was then believed to be a modern agrarian nation-state.

2.4 *The African context*

The European cooperative models were imported into Africa with different objectives than in the colonizing countries themselves (Wanyama et al., 2008). In the UK and the other European countries where the cooperative model was taking root, it was intended to emancipate and organize labor and other underprivileged sections of society to fight against exploitation. In Africa, however, it served to advance the interests of settlers as a system to organize resources for white farmers and slave masters who would then use free labor to produce fresh crops to send back to Europe and the west (Nembhard, 2018). It was not until after the independence era of the 1960s that cooperatives were transformed to become enterprises that would focus on rebuilding societies that were destroyed by colonial settlers and their withdrawal of investment from various African countries (Sultana, 2022).

The emergence of the modern cooperative in Africa was not peaceful but contributed to land invasions, plundering of natural resources, and benefiting the few (see Strickland, 1934). For example, in South Africa the English and then later the apartheid state focused on organizing white farmers into modern cooperatives to produce dairy, fresh produce, grain, and meat using cheap and even free labor (Strickland, 1934). Membership was not open but exclusive along racial lines. In Kenya, the colonizers benefitted from tea farming via the cooperative model that also exploited cheap labor, like Zambia's copper mining (Galabuzi, 2017).

The early introduction of the modern cooperative model by colonizers did not seek to merge with indigenous forms of cooperation, which, based on indigenous philosophies, were spread throughout Africa. These philosophies guided community building and the morals of people and ideas of community building. The first philosophy that has gained global recognition is Ubuntu (Wanyama et al., 2008). This philosophy recognizes mutual relationships among people in a family and society and is practiced through a show of kindness to others, especially those less fortunate, by seeking the good for the many and realizing at all levels that we are because each person is.

While the concept is well accepted in Africa and recognized elsewhere, Molefe (2023) warns that Ubuntu as a concept is often deadlocked in academic debates with very little discussion of how it is a way of life. In cooperative research, again Molefe (2025) cautions of the historical inertia that is evident in how Ubuntu can be perceived as legitimizing the American-Eurocentric definition of cooperatives, whereas, as already stated, the modern cooperative was a vehicle for cheap labor in days of colonial rule. Therefore, Ubuntu is a step closer to transforming the historic legacy of cooperatives on the continent and to advancing a truly African cooperative identity, one that does not exploit communities nor evict them from the lands, as it would have been in the days of English tea plantation cooperatives in Kenya (Zezeza, 1990).

uShirika echoes the philosophy of Ubuntu. The concept and philosophy of uShirika is common in East Africa in the kiSwahili-speaking communities (Ramagoshi, 2013). This philosophy emphasizes partnerships and seeking collective good for all. This philosophy is about putting communities before individual interests. For example, this philosophy suggests that partnerships must be pursued for the greater good. In Kenya and Tanzania this approach recognizes that there must be partnerships in the interest of cooperating. In the west, in Nigeria and Sierra Leone, cooperative societies such as Ajo and Osusu were established for solidarized support in the production and marketing of goods and financial empowerment (Conteh, 1995; Esiobu et al., 2015).

Unlike the traditional philosophies of Ubuntu and uShirika, Ujamaa was Julius Nyerere's philosophy and an ideology promoting the importance of communal living and familyhood (Kibona and Woldegiorgis, 2023). The practice of Ujamaa expanded beyond Tanzania to many parts of Africa, where local cultures have a strong sense of familyhood and rely on the sharing of labor to build communities. For example, in African funerals, men usually help dig the grave and fill it back up after the burial (Ramagoshi, 2013). This has since expanded into organizing cooperatives as forms of practicing Ujamaa (Hydén, 1980).

Research on cooperatives cites challenges in cooperative movement building. In Africa, while most governments have recognized the role of cooperatives in social and economic development, only a few have an integrated and autonomous cooperative movement (Pollet, 2009). This means that some countries are facing problems in movement-building while others are thriving. This raises issues about structure and agency. According to Johnson (2008), structure refers to rules applied and the context, while agency focuses on those intentional activities, the power, and

the degree of autonomy of what can be practiced within a given context. Movement building in Africa enjoys some structural and agentic force from below in various countries on the continent (Okem and Stanton, 2016). The introduction of the Cooperative Model Law that seeks to harmonize the cooperative movement on the continent is another example of structural and agency practice (Fici et al., 2013).

The dawn of independence in the 1960s presented grounds for the reconfiguration of the English Rochdale cooperative model to be utilized in Tanzania, Kenya, Uganda, and in many other countries. While there were models such as *ilima/letsema* (working together in African communities to plant crops and working for the good of all), these traditional models did not enjoy legal recognition and promotion (Ramagoshi, 2013). Therefore, the policies of the states that gained independence in the 1960s sought to transform the cooperative model and use it to transfer regained land, properties, and resources. Too much hope was placed on the cooperative form during this era, such as in the Arusha Declaration that committed to the creation of agricultural cooperatives in Tanzania (Brittannica, 2024). Kwame Nkrumah added his voice on cooperatives, stating that the model would provide better economic yields for rubber and cocoa farmers in Ghana (Lambert, 2017). These references to the cooperatives and independence in Africa show that the cooperative enterprise has been a great part of the liberation journey. The Cooperative Model Law confirms the work being done on the continent to realize the ideal of a cooperative society. See Chapter 10 by Onayemi et al. and 29 by Akinwalere & Chang for a broader discussion on cooperation in the African context.

2.5 *The Latin American context*

In Latin America, cooperativism has deep roots, is present in all countries, and evolves with the unique imprints of each culture and particular context, alternating between moments of crisis and boom, making it difficult to provide a general synthesis for the region. Despite this, various studies show that cooperatives have a significant weight in different economic activities (agriculture, livestock, financial services, housing, labor, consumption, health, etc.), and their contributions over more than a century to the economic and social development of their members and the communities where they are established are recognized (Coque, 2002; Mora, 2012; Martí, 2014; ICA Americas, 2024).

Indigenous cultures in Latin America precede the formal history of cooperativism, as cooperation and mutual aid were at the heart of their economies. Communities organized collective efforts—such as harvest work, road construction, and the building of bridges and aqueducts—through practices like “*minga*” and “*convite*,” traditions still practiced in some communities. They combined shared work with collective ownership and social welfare systems based on solidarity (Coque, 2002). Equally relevant is the legacy of African ancestors who, after escaping slavery, settled in jungle regions and established strong communal bonds and cooperative practices (Arango, 2004). The international cooperative model was introduced in the mid-19th century by waves of European immigrants who settled in Argentina, Uruguay, Chile, and southern Brazil, creating cooperatives in rural

and urban settings. Some pioneering experiences were also identified in Mexico, Venezuela, and Colombia, even with founding dates prior to the Rochdale cooperative (Arango, 2004).

In rural areas, cooperatives focused on consumption, following the Rochdale model, and finance, with the Raiffeisen and Luzzati models mentioned before, while in urban settings, cooperatives were linked to labor movements and had a sociopolitical dimension (Martí, 2014). The cooperative movement in Latin America responded to various ideologies, including the classical Rochdale principles, indigenous cooperative traditions, and revolutionary movements that viewed cooperatives as tools for class struggle and social change (Cracogna, 2009).

The 20th century marked a significant expansion of the cooperative movement. Influences included the Catholic Church, which promoted cooperatives to address social inequality, and governments, which used cooperatives to implement public services, land reforms, and social programs. Starting in 1925, the first specific laws dealing with cooperatives emerged in Chile, Argentina (1926), Colombia (1931), Brazil (1932), Ecuador (1937), and Mexico (1938), which served as the basis for other countries and the creation of the first federations (Martí, 2014).

From the 1950s and especially during the 1960s, the movement expanded significantly. During this period, the US supported various social organizations and economic development initiatives in Latin America through the Alliance for Progress, including several agrarian reforms that led governments to allocate collective or individual land, giving rise to different forms of rural cooperatives. However, many cooperatives failed due to a lack of community involvement and training, while the most endogenous cooperative models, such as those inspired by indigenous traditions or early European immigrants, were overshadowed (Coque, 2002).

On the other hand, initiatives promoted by the Catholic Church and labor unions during the same period were strengthened, in some cases with the support of international multilateral agencies like the International Labour Organization (ILO) and the Organization of American States (Fajardo, 2003).

During the 1970s and 1980s, governments fluctuated between authoritarian regimes that repressed popular movements, including cooperatives, and, at times, used cooperatives to control these movements by fostering their dependence on state support (Arango, 2004; Coque, 2002). On the other hand, the neoliberal economic policies of the 1980s weakened the cooperative movement, as governments moved away from supporting social programs and placed greater emphasis on free market principles. However, from the 1990s to the present, the emergence of a cooperative movement can be observed, which, along with other expressions of the social and solidarity economy, becomes an alternative for sustainable development, particularly in the context of economic crises and social exclusion (Martí, 2014; ICA Américas, 2024). For example, in countries like Chile and Argentina, cooperatives played a vital role in organizing marginalized communities, offering solutions for unemployment and poverty through grassroots initiatives. In Colombia, their contribution to peacebuilding in the territories is highlighted (Mora, 2012; Pérez et al., 2022).

3 The contemporary cooperative movement

As can be seen from the previous section, the global cooperative movement spread around the world in various ways. It can be seen as a colonial project emanating from Europe, which means that there is a degree of consistency in form, but at the same time, the encounter with different cultures and societies, including different social, economic, and political environments, means that there is also considerable diversity. In this section, we discuss two perspectives on the contemporary cooperative movement. First, the “unified” or mainstream cooperative movement that is anchored by the ICA, and then some of the more transformative orientations and efforts that are being undertaken around the world.

3.1 *The ICA “unified” global cooperative movement*

The first thing to note about the global cooperative movement is its size: the ICA claims that over a billion people worldwide are members of some 3 million cooperatives spread over 100 countries (ICA). Cooperatives are deeply embedded in capitalist economies, and the overriding concern for most cooperatives is economic survival, which requires doing things that most businesses take for granted: gain and retain customers, ensure profitability, and maintain or even grow as businesses in a competitive marketplace. What this means may vary considerably, depending on the type of cooperative and the local circumstances in which it operates, but the primary concern of most cooperatives, like for most businesses, is survival. The ICA maintains a set of principles—the Cooperative Principles—that all cooperatives are expected to adhere to, maintaining a basic level of unity in terms of values and identity for all cooperatives. The degree to which cooperatives actually adhere to these principles, however, varies, as it is widely understood that just three of the principles (voluntary and open membership, democratic control, and member economic participation) are considered essential, while the other principles (such as autonomy and independence, education and training, cooperation among cooperatives, and concern for community) are considered to be more aspirational (Oczkowski et al., 2013).

Despite the overall size and extent of the cooperative movement, the need for cooperatives to survive under conditions of global capitalism presents some challenges. The problem of degeneration is a common topic in the literature on cooperative management. Growth can mean professionalization, which contributes to an increase in the power of managers, which can contribute to the degeneration of democratic practices and values and, ultimately, demutualization as the cooperative disbands and becomes a traditional capitalist company (e.g., Battilani and Schröter, 2012). Nonetheless, the mainstream cooperative movement demonstrates tremendous strength all around the world. In what follows, we briefly discuss the current size and extent of cooperatives around the globe.

UK, US, and Canada: Despite their reputation as rabidly capitalistic countries, the cooperative movement is both deeply rooted and very extensive in the UK and its former American colonies. The US has one of the largest cooperative sectors in the

world, with about one-third of all Americans⁵ holding membership in one or more of about 30,000 cooperatives generating over \$600 billion in revenue (Perryman, 2022). It would be difficult to refer to cooperatives in the US as a “movement,” however. The various sectors operate largely separately from one another, and there is not a great deal of coordination. The National Cooperative Business Association (NCBA) is the national apex organization, but few of the 30,000 cooperatives nationally are members (NCBA). Several other associations serve specific cooperative sectors such as agricultural producers, workers, and credit unions.

In the UK, by contrast, the cooperative sector is much more concentrated. The nearly 7,500 cooperatives claim about 15 million members, around 20% of the population.⁶ Five million of these belong to The Co-operative Group, which operates in all sectors of the economy and traces its roots to Rochdale and the CWS. Significantly, in 2024 the Labour government pledged to “double the size of the co-operative and mutual economy,” indicating significant support for the development of public policy supportive of cooperative growth and development (Co-operatives UK, 2024).

In Canada, agrarian cooperatives dominate their sectors, particularly in grain and dairy. Consumer cooperatives are widespread on the Atlantic coast and in the heartland, although in much of the country they are primarily found in rural areas (CMC, 2024). The cooperative movement is especially strong in Quebec. Some 45% of all Canadian cooperatives are based in Quebec, where an enabling environment has helped to promote a solidaristic movement that has been manifested, in part, in cooperatives (Birchall, 1997; Macpherson, 2015; CMC, 2024). This includes the massive credit union group, *Mouvement des Caisses Desjardins*, holding some 42% of all savings deposits in the province (Morningstar, 2022).

Europe: Cooperatives Europe, “the voice of the cooperative movement in Europe,” states that 1 out of 5 people in the EU is a member of a cooperative. In many European countries the cooperative sector has become an important, even dominant, player in certain sectors such as housing or agricultural marketing. Even after the 2008 financial crisis, in many European countries cooperative banks are still very present and are, more than the other commercial banks, oriented toward the financing of the local real economy (Venanzi and Matterici, 2022). The transformative capacity of certain cooperative initiatives has reached almost mythological proportions. This is the case, for example, of the network of cooperatives in the Spanish Basque region of Mondragon, where an integrated group of cooperatives in banking, retail, industry, and even education has become the most powerful regional changemaker and even a prominent global cooperative conglomerate (Azkarraga and Cheney, 2019). Reference should also be made to the Italian cooperative movement, which is—together with Kenya and the small Caribbean island of Dominica—one of the largest and most deeply rooted movements in terms of number of cooperatives, cooperative membership, and share of the national economy (Ammirato, 2018). Some of the European cooperative sectors have also become very impactful lobby groups at European level. The most vocal and visible is without doubt Cogeca, the confederation of European agricultural cooperatives (Bijman and Iliopoulos, 2014).

Asia: The first regional office of the International Co-operative Alliance (ICA) was established in Asia, which became a model for other regional offices set up later in Africa, Latin America, and Europe.⁷ Nowadays, formal cooperative structures are prevalent in many Asian countries. Based upon the ICA standards, some Asian countries also established national cooperative alliances as umbrella organizations that are members of the ICA. Numerous Asian countries have passed or modified cooperative laws/acts to institutionalize the ICA model.

Since many countries in Asia have a large proportion of agricultural land, the cooperative movement in many of them has been led by agricultural cooperatives. This is not only evident in developing countries in Southeast Asia but also in highly industrialized societies (e.g., Japan, South Korea, and New Zealand). In China, the cooperative sector has been developing into probably the largest one in the world. Although the rural population has been declining in absolute terms, agricultural cooperatives remain the only institutionalized cooperative type in the country, being regulated by the Law on Farmers' Specialized Cooperatives. In Asia, besides in the agricultural sector, cooperatives are also active in a diversity of other economic sectors, such as industry and utilities (e.g., Japan, South Korea, and India), insurance and financial services (e.g., Japan, South Korea, and Malaysia), as well as the healthcare and pharmaceutical industries (e.g., Australia, New Zealand, and Japan), just to name a few.⁸

Africa: Cooperatives in Africa contribute to the livelihoods of millions of people. Although the movement draws much of its history from a violent and exploitative colonial past, it has since redeemed itself by providing sustainable incomes and opportunities for previously oppressed groups (Wanyama, 2012). Cash crops, fisheries, and dairy remain the top cooperative sectors on the continent. Furthermore, the wider agricultural activity continues to be coordinated via cooperatives. This includes the supply of fertilizer, agricultural implements, and infrastructure. Cooperatives in Africa have contributed greatly to the flow of money and to improving access to credit. The savings and credit cooperatives play an exemplary role in financing housing, agriculture, education, and the cooperative sector more broadly in Africa, where access to traditional bank finance remains stringent (Nassuna et al., 2024).

Latin America: In the 21st century, the cooperative movement has continued to grow, driven by a renewed focus on social inclusion, sustainable development, and solidarity. "Cooperatives of the Americas" is the regional representation of the ICA for Latin America. It was founded in 1990 in Costa Rica with the aim of promoting the repositioning of the cooperative model in a context that demands innovation, dissemination, education, defense of identity, and networking. One of its most significant achievements was in 2008, when it updated the Framework Law Project for Cooperatives in Latin America, which has influenced regulations across the region and beyond (Cracogna, 2009).

In recent years, the organization has played an important leadership role by participating in debates that led to resolutions such as those proposed by the United Nations to promote the social and solidarity economy (2023), considered by governments around the world. Its priority issues include fostering cooperative

integration, education, influencing public policy management, promoting equitable participation of youth and women, and using the territory as a reference for action in favor of sustainable development (ICA Americas, 2024).

3.2 *Alternative directions and contemporary debates*

The cooperative movement described above, centered as it is on the ICA, represents the mainstream of the movement. However, there are elements around the world that go beyond this in their efforts to transform local societies by emphasizing not only economic but also social and ecological values and concerns. These cooperatives are engaged in the social economy, transforming the ways in which social services are delivered; in the solidarity economy, which is involved in broad social transformation especially focused on lifting up disadvantaged communities and creating greater linkages with the non-human world; in advancing sustainability efforts, particularly associated with the UN's Sustainable Development Goals (SDGs); and with economic transformation associated with the gig economy.⁹ This section will briefly look at what these elements look like around the world.

In the US, the major challenge in advancing a more transformative agenda is the large and fragmented nature of the movement. Nonetheless, cooperatives represent many of the most progressive elements of the economy. This can particularly be seen in cooperative grocery stores (NCG, 2024). Worker-owned cooperatives, led by the US Federation of Worker Cooperatives, place strong emphasis on social transformation and solidarity (USFWC, 2024). In addition, local organizers in particular cities have been working to help create networks of solidarity among cooperatives and community-based organizations (Safri et al., 2025). There has also been a push—in the US and elsewhere—to transform the gig economy by establishing platform cooperatives (Scholz, 2023; Srncic and Guttman, 2025).

Cooperatives in the UK have similarly been at the forefront of important developments in the retail sector, for example, in the introduction of fair-trade practices (Co-operative Group, 2024). Unlike what is often seen in the US, for example, UK cooperatives do not shy away from celebrating their democratic and solidaristic character (Co-operatives UK, 2024). In Canada, *Le Chantier de l'Économie Sociale et Solidaire* leads the way in Quebec in efforts to establish a more solidaristic, networked economy centered around cooperatives and other small enterprises (Wright, 2020).

The European cooperative landscape has undergone profound mutations over the past 20 years. First, the movement was challenged by the demutualization of big cooperative conglomerates. Other traditional cooperatives sharpened their cooperative profile. This was stimulated by the emergence of a new wave of innovative cooperatives that looked for more genuine cooperative practices. For example, electricity cooperatives and new housing cooperatives aligned themselves with other more experimental forms of collective action, such as energy communities and community land trusts (see also Chapter 3 by Warren/Narduzzo). This produced a twin effect. The cooperative movement itself became more visible and recognized. At the same time, in many places, cooperatives were invited to become

part of a broader social and solidarity economy movement. In some, they preferred to remain a closed cooperative sector. In other countries they were taking the lead in constructing this broad alliance with mutuals, associations, not-for-profit organizations, foundations, social enterprises, and so-called paritarian institutions. In many cases, established movements such as farmers' and workers' movements but also ecological, youth, and international solidarity organizations got involved, and many of them set up their own cooperatives as subsidiaries.

In several countries legal provisions for alternative cooperative arrangements were made, such as the participation of different types of members in the cooperatives, including local governmental agencies. This also led to the establishment of platforms of social and solidarity economy actors in which cooperatives became an important but not the only driving force. In 2000, the European Commission invited the sector to talk with one voice. This resulted in the creation of Social Economy Europe, representing European apex organizations (such as Cooperatives Europe) of the social economy, national social economy umbrella organizations, and European networks promoting the social economy.

In Asia, although the social and solidarity economy remains a relatively new concept, policy and academic debates and exchanges are vibrant, leading to social movement practices in diverse economic and social contexts. For example, in South Korea and Japan, the success of the social economy and social enterprise models in Europe came to the attention of academic and pioneering scholars, which has driven into prominent trends of collaborative synergies across sectors or the emergence of specific legal enactments (e.g., the 2006 Law for the Promotion of Social Enterprise in Korea). In most Asian countries, however, alternative practices mostly operate either under the nonprofit or the cooperative legal forms (Bidet and Defourny, 2019). In the process of growing and diversifying the cooperative sector, alternative directions of contemporary cooperation are demonstrated, for instance, in the form of ecological movements such as the Hansalim movement in South Korea or collectivism in the gig and platform economy in India, which have functioned as important means to empower peasants, consumers, or workers.

Moreover, in some Asian countries, multifunctional cooperative models are emphasized, such as village cooperatives in South Korea (Jung and Rösner, 2012), community-oriented rural social enterprises in Japan (Makino and Kitajima, 2019), and village collective-based cooperatives in China (Zhao, 2022). Although they vary by country, one common feature of these multifunctional cooperative models is their emphasis on community embeddedness and provision of multiple services.

In China, a new and innovative conceptualization of cooperativism has emerged called the shareholding co-operative system (SHCS). The SHCS first created a new organizational ownership form and governance model in rural collective enterprises. It has also been used in community cooperatives and land cooperatives, as well as by farmers' specialized cooperatives, which gained legal recognition in 2007. SHCS is a form of multi-stakeholder co-operation (Clegg, 1998), involving collaboration between local governments, collective enterprises, and community residents (Christiansen and Zhang, 1998). Their emergence involved intense and prolonged debates on the nature of Chinese cooperatives, which have been

operating in a way that is different from the ICA model. This difference particularly lies in the fact that in the SHCS, members can bring in shares and labor to voluntarily form an enterprise with social aims, combining the principles “one member one vote” and “one share one vote” in decision-making (Zhao and Develtere, 2010; Zhao, 2012). Given significant institutional and social changes that happened recently in China, the multi-stakeholder cooperation model based on the organizational architecture of SHCS has become the dominant variant because of how it fits the reality of the Chinese rural economy (Zhao and Yuan, 2014; Zhao, 2017).

The cooperative movement in Africa can be expected to have a strong future because, given that its population is, on average, 19 years old (Onyeiwu, 2024), it will continue to benefit from having a youthful membership. Like the global cooperative movement, the African movement will be confronted by climate change and fast-changing technology. A recent study of 20 African countries shows that the cooperative movement has experienced growth due to an enabling environment that has been created (<https://icaafrica.coop/en/newsroom/news/coopstar-empowering-african-cooperative-movement-key-player-transition-towards>). For example, enabling policies and ongoing recognition of the role of cooperatives in different countries on the continent are some reasons for the continued growth among credit and agriculture cooperatives and the emergence of new forms of cooperatives in Africa. The study also shows that the cooperative movement in Africa is being pushed forward by a younger and more female leadership and member base that expresses a desire for more professionalism and social innovation.

Today, Latin American cooperatives are integral to the region’s economic and social landscape, playing a crucial role in addressing challenges such as poverty, inequality, and environmental sustainability. The cooperative model continues to be seen as a viable and transformative approach, offering an alternative to traditional capitalist structures. Working with governments and universities, cooperatives are developing agendas to ensure innovative and relevant business models with potential for internationalization. Although there is an extensive regulatory framework, there is also fragmentation and limitations in access to markets and financing.

In this context, strengthening influence in Latin American public policy management is a priority, as well as establishing an educational system that fosters a culture of solidarity, activates citizenship, promotes social innovation, and encourages solidarity entrepreneurship to create new cooperatives in different sectors. Aligning with the green and digital transitions is also essential to enhancing their social, economic, and environmental impact. In all of this, integration and generational connection will be the best formula for success.

4 Conclusion

If one point clearly comes across from this brief global sketch of the cooperative movement, it is that it is a broad and diverse movement. With diverse histories, taking diverse forms in diverse cultures, it is hard to sustain the view that “real” cooperatives only come in one shape (e.g., Ellerman and Gonza, 2025). We think

that it is more valuable to recognize this diversity in order to engage with it not only to help ensure that the cooperative movement is strong but also to ensure that cooperatives are able to fulfill their most basic and important function: to make people's lives better.

The broad outlines of the cooperative movement laid out here show that there are many streams that lead in different directions. There is an “old guard” of the mainstream that is rooted in 19th-century economic models that are premised on the largely autonomous firm controlled by those who invest in and benefit from it (principally co-op members). On the other hand, there is the more recent development—which in important ways harkens back to the origins of the movement itself—of cooperatives that recognize themselves as agents of social transformation, deeply embedded in their communities and oriented toward addressing local and global problems that involve solidarity, community building and strengthening, and ecological and social sustainability (see also Micken et al., 2025).

If we recognize these two main streams of the cooperative movement, we can also see tensions between them. As mentioned earlier, cooperatives are businesses that, in most cases, exist in capitalist economies where they must compete for market share in order to survive. The problem of degeneration is real—the idealism of the founders fades in the face of the challenges of operating in the real world, and managerialism and professionalization lead to a more conservative outlook (Bretos et al., 2020). At the same time, the more transformative cooperatives challenge some of the premises that the mainstream (and dominant) part of the movement considers fundamental. For example, the principle of autonomy is written into the ICA's Statement of Cooperative Identity, but there are increasing numbers of cooperatives being formed by nonprofit organizations and NGOs as a model for economic development that are, in effect, subsidiaries of those organizations.

This is part of the process of creation, diffusion, and convergence discussed above. As the history reflects, the cooperative movement around the world has gone through various cycles of this process. The newer cooperatives that are more deeply concerned with social transformation represent a new creative approach to addressing a new set of issues. Strengthening these cooperatives means the invention of new organizational forms that are able to provide the kind of support needed to achieve some of the non-financial goals they set out for themselves. So, we see increasing development of networks organized as second-order cooperatives, and we see multistakeholder cooperatives and cooperatives that are formed within supportive organizations that can take advantage of synergies and resources that might not be available to a more mainstream, traditional cooperative.

We are encouraged to see the new developments, which in important ways reflect a return to the origins of the cooperative movement in seeking to transform communities to make them more just, more sustainable, and more interconnected. We also recognize three key challenges. The first is the need to involve young people in building community capacity, networks, and connections to build toward the future. The second concerns the cooperative principle of “cooperation among cooperatives.” If cooperatives want to be a transformative economic and social movement, they must collaborate with each other more than ever before and opt

for cooperative and collective action. The other is for cooperatives to become more open to working with community-based organizations that share the goals of the movement. This includes social and solidarity economy organizations, as well as organizations working on environmental, social, and economic sustainability. In this way, cooperatives can introduce more people to the benefits of cooperation and expand the ways that cooperatives can impact their communities to produce a more just, more sustainable economy for all.

Notes

- 1 The breadth of scope and constraints of space for the chapter mean that the best we can offer is a brief sketch to draw a rough picture of the movement around the world. Each contributor has taken a somewhat different approach, but the point of each section is to give the reader a sense of conditions in their part of the world. Later chapters in this volume will explore some of these regions more deeply.
- 2 Benjamin Franklin is recognized as having organized the first consumer cooperative, a mutual insurance company (which is still functioning), in Philadelphia in 1752.
- 3 <https://www.co-operative.coop/who-we-are>
- 4 <https://icaap.coop/sites/ica-ap.coop/files/2020%20Myanmar%20Country%20Snapshot.pdf>.
- 5 This is an estimate based on the fact that US cooperatives have a total of about 350 million members (NCBA 2024), and people often belong to more than one cooperative.
- 6 Because many of these may be family or household memberships, the number could encompass a far larger percentage of the population.
- 7 <https://www.icaap.coop/aboutus-ica-asia-pacific>.
- 8 See the brief introduction of cooperative development in respective countries from the ICA-AP website cited above.
- 9 It should be noted that the ICA incorporates and even seeks to encourage these transformational approaches. For example, significant resources have been put into advancing the UN SDGs (Kaswan, 2024).

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2 Responsibility as emancipation in cooperative thought and in Mondragon

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Our chapter here focuses on a particular dimension of cooperative thought and its development by the founding generation of one of the most widely known cooperative experiences in the world - the Mondragon cooperative group.¹ In particular, we focus on the idea of *responsibility-as-emancipation* in cooperative doctrine and in the public discourse about this idea among Mondragon's founders. The concept and practice of broadly shared responsibilities in the firm – *co-responsibility* – has long been an important topic of discussion in the Mondragon group, but it has become especially central in Mondragon's senior governance and management bodies in the last decade or more, and in particular, since the 2013 bankruptcy of Mondragon's first worker cooperative, Fagor Home Appliances. Among the main conclusions drawn from a study of that crisis is the following:

No one doubts – it is simply undeniable – that participation, democracy and the sovereignty of labor are at the very center of any cooperative project. What is not as clear is whether a management model based on these principles is viable if its capacity for co-responsibility and self-discipline is not sufficiently developed.

(Ortega-Sunsundegi & Uriarte, 2015, p. 26)²

This and similar conclusions were presented in the Mondragon Cooperative Congress³ of 2016. The Congress' central position paper, "Mondragon del Futuro (Mondragon of the Future)" (2016), urged the revitalization of co-responsibility, "There is marked need to put serious work into the development of a culture based on being demanding of ourselves, based on (co)responsibility. A culture that corresponds to our dual condition as owners and protagonists, supported by behavior that should be developed in action plans in each cooperative" (Mondragon del Futuro, 2016, p. 4). The dialogue, debate, and experimentation on these questions in Mondragon co-ops have continued since then, and co-responsibility has come to occupy center stage in organizational reflection and change processes in Mondragon headquarters and in many of the network's firms.

In this chapter, we first explore the historical, doctrinal roots of the present debate in Mondragon. The notion that a broad and deep worker cooperative culture should be based on co-responsibility clearly derives from a certain ideological foundation. While most casual observers might consider the worker cooperative as principally centered on expanding and fortifying worker rights, over the last century and a half or more and up to the present day (Ellerman, 2021; Ellerman & Gonza, 2025; Mackin, 2024), cooperative thinkers have emphasized different concepts of *responsibility* at least as much as they have emphasized rights. *Responsibility* and *co-responsibility*, in fact, form one of the ethical-ideological cornerstones of the cooperative paradigm.

Our and others' analyses suggest that the following four formulations of responsibility/co-responsibility are clear and fundamental elements of the worker cooperative ideological framework (Kristjanson-Gural, 2025; ACI, 1996; Micken et al., 2025):

- 1 Responsibility-as-emancipation.
- 2 Responsibility as obligations toward others regarding governance, work, and management practices in the firm.
- 3 Responsibility for the company's performance arising from co-ownership.
- 4 Responsibility in connection with the broader community and the cooperative transformative project.

As mentioned, in this chapter we will focus our analysis on the first of these dimensions, "responsibility as emancipation". We believe it to be the least explored and thus the most intriguing in the academic literature on cooperative thought and practice. In the following pages, we will first outline conceptions of responsibility-as-emancipation in the history of ideas of the cooperative movement. Next, we associate the idea with the specific cooperative value of *self-help*. The following section describes approximations to these ideas as expressed by the founders of Mondragon cooperativism, in particular Fr. José María Arizmendiarieta. A fourth section contrasts the approach to responsibility in cooperative thought with the approaches suggested or implied by the basic ideological components and practices of liberalism and socialism as they were emerging in the late 19th century and then in the 20th century in the decades prior to and coinciding with the founding of Mondragon. Here we also examine the discourse among Mondragon's founders about these doctrinal differences and their vital importance to cooperative ideals and practice.

1 Responsibility as emancipation

"Responsibility" was first made explicit as a constituent dimension of the cooperative model in the process of formulating a formal statement of Cooperative Principles by the International Cooperative Alliance (ICA) at the Manchester Congress of 1995 (Macías, 2023). This process also defined a series of values to which the principles were linked (Martínez Charterina, 1995), and it emphasized both the importance of the values as a foundation for the principles (Martínez Charterina, 2016) and the importance of the principles "... as guidelines by which cooperatives

put their values into practice” (ACI, 1996, p. 17). Therefore, the ICA’s formal statements of Cooperative Values and Cooperative Principles, together with the definition of the cooperative in the Manchester Congress’ Declaration on the Cooperative Identity, have, since 1995, formed the core of cooperative doctrine (Martínez Charterina, 2016). The Declaration establishes the definition of a cooperative organization, and specifically, regarding values, it states that:

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Following the tradition of their founders, cooperative members embrace the ethical values of honesty, transparency, responsibility and social vocation.

(ICA, 1996)⁴

Responsibility is clear and explicit in these doctrinal formulations, with both a partially individual focus – self-help and self-responsibility, where the self is the person – and a partially collective focus on responsibility as cooperation and solidarity, where the self is the organization.

These ideas were not set down in official proceedings or documents for many decades. However, while surprising, the fact that the explicit mention of the dimension of responsibility at the ICA Congresses was not made until Manchester in 1995 does not mean that the concept was absent during the gestation and development of the cooperative model over the previous century and a half. On the contrary, the centrality of the ideas and practices of responsibility and co-responsibility over the decades are factors that motivate its specific appearance in Manchester. The trail of responsibility finds its beginnings in the multi-faceted, associative practices that were developed by the working and popular classes (Ortega-Sunsundegi & Uriarte, 2024) to “face the increase in insecurity generated by the development of manufacturing, the liberal consecration of ‘the freedom of work’ and the dismantling of traditional protection systems” during the Industrial Revolution (López Castellano, 2003, p. 202). They sought to defend themselves from the loss of class or status and to articulate protection mechanisms against the risks arising from the new economic and social order (Bengoetxea, 2014; Gadea & Atxabal, 2015; Garau, 2015; Hobsbawm, 1987; Hobsbawm & Pochtar, 1979; Monzón, 1989; Ralle, 1994; Thompson, 1977a) and the working conditions that came to prevail, arrangements that were generally supported by liberal, business-oriented legislation (Bratlinger, 2018; Martin, 1986; Polanyi, 2016). These associative experiences were precursor-carriers of a broader framework of social aspirations, and central among these was the recovery of conditions, or the creation of new ones, that would *allow working people to regain responsibility for their own life and work* (Ortega-Sunsundegi & Uriarte, 2024).

In this vein, Thompson (1977b, p. 177) details that for small farmers, artisans, and even the skilled worker, the idea of factory work was generally abhorrent. They were repulsed by the noise, the submission to an alien discipline, and the exhausting, ever-present marking of time. In addition, the long working days destabilized family relationships and prevented them from doing a variety of tasks they had done in their previous lives. Factories were considered “immoral... dens of ... cruelty, serious

accidents and bad manners”; but above all they found them repugnant because “entering a factory was to descend in rank, from a self-employed, albeit poor, worker to a servant”. It was to suffer the degradation of becoming mere “employees”, losing their capacity to support themselves and their families through their own efforts (Lasserre, 1972) and thus being forced into near total dependence on the capitalist owners and their agents. In response, various worker, worker-farmer, and artisan associations arose not only to provide mutual aid but also to begin to pursue the ideal of autonomous work, though in new, more *collective* forms (Lasserre, 1972; Ortega-Sunsundegi & Uriarte, 2024; Rosanvallon, 2012; Thompson, 1977a).

The value of *responsibility*, which many actors in the cooperative paradigm will define with precision, operationalize, and often institutionalize, is based, therefore, on a close relationship between the dignity of the person, of persons acting jointly, and their capacity to provide for themselves through their own mutual efforts and free initiative, without subordination to external authority. One fundamental aspect of the notion of responsibility-as-freedom arises from these dynamics. People are emancipated when they gain and maintain control over their work and assume responsibility for the development of their own lives, their life course. Absent are both the oppression borne of force and the deference borne of dependence (Skinner, 2008). When achieved collectively, people’s own emancipation as individuals is, of course, conditioned, but the conditions are arranged and agreed upon through voluntary, democratic deliberation, and whatever authority might be established to help coordinate these conditions is democratically accountable to them.

David Ellerman (1992, 2021; Ellerman & Gonza, 2025) is one of the leading contemporary philosophers of (co)responsibility in worker cooperatives, adding a specific and novel formulation of the issues, in particular around the concept of conventional employment, both in private companies and in public organizations. He comes to conceptualize and label the institution of employment as a system of “human rentals”. In short, Ellerman argues that the standard employment relationship, where an employer rents a certain portion of a working person’s daily/monthly/yearly hours, as such, lacks a sound ethical basis for various reasons, but principally because, at its core, it is borne out of a fiction, and *precisely* in terms of responsibility. In the employment relationship, according to Ellerman, both employer and employee *pretend* that the employee turns over to the employer responsibility for their actions at work and the assumption of the consequences of these actions (revenues, expenses, profits, losses, etc.). In reality, however, it is the working person who is responsible for their actions and should assume their consequences, negative or positive. It is physically impossible for a person, in actuality, to alienate responsibility for their actions. Adult human beings make decisions, act, are responsible for their actions, and are, thus, obligated to assume their consequences.⁵ In the enterprise, it is the full group of people working in it, and only those who work in it, who are directly responsible for its results. One might argue that investors or suppliers or customers are also responsible. Ellerman and others argue that they are suppliers of inputs, that as they do not do the work of the firm, they are not responsible for it, certainly not directly responsible. The argument becomes a semantic one, but what seems beyond doubt is the degree to which

people working in an organization are directly responsible for its outcomes in comparison to any other interest group or contributor.

The worker cooperative, for Ellerman and Ellerman and Gonza (2025), is the legal structure that most fully recognizes these ideas. It eliminates the fictitious essence of the employment relationship and thus facilitates workers' emancipation, freeing them to assume their proper role as authentic protagonists, each and all responsible for their work-and-life project and free of external imposition. Cooperative thinkers and practitioners, clearly including the founders of Mondragon, have made this emancipation one of the pillars of their movement.

2 The principle of self-help and emancipation

This concept of responsibility-as-emancipation in the cooperative model is crystallized in substantial measure in the cooperative value of *self-help*. Dr. William King's contributions to this concept and practice gave it substance and consistency in the UK in the 19th century before Rochdale. According to King, "the action of emancipation of the working class should be done exclusively by its own means and through self-help" (Mladenatz, 1969, p. 36) and, likewise, specifically regarding cooperation in the economic sphere (Lambert, 1961, p. 53). King advocated for workers using their powers – their capacity for work, savings, and consumption – for their own benefit and not that of outside class interests (Aranzadi, 1976, p. 45). In the newspaper *The Co-operator*, which he founded, he wrote in the August 1828 issue, "trading for themselves and working for themselves will bring them profits, consequently capital, and consequently independence" (Lambert, 1961, p. 41). King concluded further regarding mutual self-help that "cooperation is a voluntary act, and all the power in the world cannot make it obligatory; and it is not desirable that it should depend on any power other than its own" (Lambert, 1961, p. 39). Freedom for a group of people, then, or a vital aspect of it, is their voluntary, collective assumption of responsibility for their joint work, without tutelage from or subordination to the State, wealthy philanthropists, or others.

Cooperative enterprise, however, does not exhaust its potential in the mere satisfaction of the material needs of members and their communities. Even though this is often, clearly, a decisive motivation for a group of people to form a cooperative, personal material interest is not enough to satisfy the aspirations of the cooperative paradigm (Lasserre, 1980; Micken et al., 2025 add – see Chapter 1 of this volume). In this sense, Lasserre (1980) emphasizes the importance that other, broader motivations of an ethical, political, and social nature acquire for the development of the cooperative project. These refer to motivations such as respect for the person, for all persons, for essential human dignity, and, correspondingly, solidarity, justice, and responsibility in the various ways these notions are understood, and thus the possibility of self-realization and affirmation of authentic personality. What the cooperative formula "... required of him is effort; assuming responsibilities forms him and makes him even greater" (Lasserre, 1980, p. 27). Not in vain, cooperative morality "is at the same time self-help, dignity and the pride of freeing oneself through one's own effort" (Lasserre, 1972, p. 14). Micken et al. (2025, p. 61) describe cooperatives as

voluntary associations of people aiming to improve everyday life through democratic selfgovernance.” They are “dense social, material, aesthetic and political formations that are of crucial importance both for differentiated everyday experiences and for future expectations” (Appel, Anand & Gupta, 2018, p. 3).

These elements of cooperative ideology also emerged clearly in Mondragon. They were captured and initially put into practice by perhaps the primary founder of the Mondragon cooperative experience, Fr. José María Arizmendiarieta, who had been sent to Mondragon in 1941 as an adjunct priest for the local parish.⁶ He was Mondragon’s main public voice on cooperative ethics and, at times in its early decades, its legal and cooperative researcher and strategic guide. Arizmendiarieta’s writings highlight aspects of responsibility in his conception of cooperative enterprise. He is clear in pointing out that “the kitchen pantry”, or more specifically, merely a person’s income from work is not sufficient to satisfy “the desires of man in an enterprise” (Arizmendiarieta, 1984b, p. 103). The satisfaction of simple consumption needs does not fulfill the expectations and aspirations that the working person holds for her or his involvement in an organization. In the priest’s vision, characteristics such as intelligence, freedom, and responsibility are inherent to the human being as such, and they are clearly in contradiction with a business model that systematically impedes the deployment and development of these faculties and, thus, in which the person is generally reduced “to the sad situation of a mere executor of orders received without the possibility of thinking or expressing an opinion on his own and without the possibility of exercising his typically human qualities” (Arizmendiarieta, 1984a, p. 238). For him, as for the other founders of the Mondragón cooperatives, the cooperative movement must be a platform for the comprehensive, multi-faceted development of the human person. “To forget this would be to fall into a crude materialism” (Arizmendiarieta, 1984a, p. 238). Work that does not allow the exercise of these human capacities, that does not aim to achieve more than “ensure a full pantry”, is an impoverished activity, reduced to little more than a commodity (Arizmendiarieta, 1984b, p. 38). The cooperative enterprise, then, is conceived of as a vital space where workers not only apply physical effort but also exercise and develop their faculties, where they use and refine uniquely human capacities such as collaborative rationality and mutual responsibility. Jesús Larrañaga, one of Arizmendiarieta’s direct disciples and a co-founder of the Mondragon experience, clearly agrees. In a business context, this objective could only be realized by integrating the qualities of the working person with the capacities of a business owner, by moving beyond purely economic motives. He writes:

What we must do is transform the divided and confrontational person of the classic organization into an integrated and responsible agent. From a cost pure and simple, the person becomes the fundamental reason for being of the organization... Organizational life is based its on strong democratic decision making that is itself the equivalent of this responsible integration of the economic and the social dimensions of work.

(Larrañaga, 1981, p. 115)

The worker-cooperative enterprise is the model adopted by the founders of the Mondragon movement to enable this integration of working people into the production process as fully as possible. It is, in the first instance, the path chosen to try to ensure the protection and promotion of human dignity in the workplace, again, not only by providing a minimally decent standard of living, but also, crucially, through varied expressions of freedom, participation, and responsibility and an equitable distribution of wealth. Moreover, though, it is the mechanism for working people to become fuller citizens, freeing themselves from ‘external servitude’ and refusing to be relegated to a ‘secondary position’ (Arizmendi-arrieta, 1984b, p. 34). This full citizenship, economic citizenship in the firm, is achieved through this kind of involvement, through the cooperative membership’s assumption of responsibility and its contribution to the development of the enterprise. Each member takes on her or his share of responsibility for both self-development and, simultaneously, community progress and collective well-being.

This broad acceptance of mutual responsibility is expressed in a number of ways. Individuals must internalize the dual role of worker and member-owner-businessperson, as in Larrañaga’s comment above; they take on corresponding dual responsibilities as contributors of labor as well as of capital, in addition to initiative in their cooperative’s decision-making processes and workplace dynamics. From this perspective, working people need to develop a new kind of consciousness beyond that of the conventional employee who contributes labor for wages; they need to aspire to take conscious care of work processes and company outcomes, a care that transcends the simplistic, unidimensional demand for better pay and working conditions (Arizmendi-arrieta, 1984b, p. 27). In pursuing these aspirations, they come to conceive of and experience the cooperative enterprise as, in Arizmendi-arrieta’s terms, “a school for social and human development”, and, in particular, with respect to the conception of responsibility we have been describing, as emancipation through mutual self-help (Arizmendi-arrieta, 1984b, p. 39). Another of Arizmendi-arrieta’s close, early followers, Javier Retegi, who held a variety of senior leadership positions in Mondragon, proposes:

The sovereignty of labor ultimately requires great responsibility. You are not there as a function of others’ decisions. You have to generate your own future; you have to be the chief executive of your own future and this requires a much more committed posture than that of someone who just follows orders.
(Retegi, n.d.)

3 Cooperative responsibility vis-à-vis liberalism and socialism in Europe & in Mondragon

From the perspective of many of the most influential theorists of cooperative doctrine, cooperativism is conceived as “a third way”. It presented itself as an alternative to liberal capitalism⁷ and to Marxism,⁸ the two approaches to political economy and social ethics that emerged before and during, in reaction to, the Industrial Revolution,

and that came to dominate political-economic debate in the West by the late 19th and early 20th centuries. Lavergne (1962, p. 357) is quite direct on the subject:

When humanity still believes itself condemned to this crucial dilemma, either the individualist regime with its technical fertility but its unfair distribution, or statism with its unproductive management and, above all, the disappearance of private and public freedoms, but with its equitable distribution of income, here is a third alternative that combines the fertility of capitalist production with the equity of the socialist distribution of income: cooperativism.

Crucially here, however, are conceptions of *responsibility* and *co-responsibility* that make up perhaps the most fundamental way the cooperative paradigm differentiates itself from the other two (see also Ellerman, 2010, 2021; Kristjanson-Gural, 2024; Mason, 1982).

We begin here with liberalism. Clearly, the vital importance of solidarity and community – that is, *mutual co-responsibility* – in cooperative ideology could not but clash with liberal individualism, centered as it is on the sole and exclusive responsibility of individuals to face alone the vicissitudes of work and life and focused almost entirely on their gain as individuals or individual households. But cooperative thinkers were equally dubious of key elements of the most important strands of socialist thinking as they were developing in the 19th and 20th centuries. While significant parts of the worker cooperative movement shared with socialism the objective of establishing a new order that would overcome the extreme socioeconomic exploitation of unfettered, liberal capitalism and reduce class differences as much as possible, it also decidedly departed from socialism in terms of strategy and method. A number of schools of socialist thought and other critics of liberal capitalism did include notions of decentralized democratic control of the firm and civic life in their doctrine,⁹ but the bulk of socialist ideology by the end of the 19th and early 20th centuries mostly rejected these ideas in favor of collective/state ownership of “the means of production”. Cooperative doctrine clearly emphasizes that business would *not* be collectivized/socialized in Marxist-Statist terms, but rather, logically, it would be *cooperativized* among groups of working people within each of their enterprises. As a result, labor – that is, the full body of people who work in an organization – would predominate over capital at the firm level, not through state ownership of all productive property.

Moreover, cooperative thinkers critique the dominant schools of socialist thought specifically and directly address questions of responsibility. These schools tended strongly toward placing with the State/the Party full responsibility for making decisions and for directing and managing the process of social transformation. Thus, it would be designed and led from above, whether in the political sphere, in social life, or in the economy, the workplace. The people *factually* responsible for an organization’s processes and outcomes – those who work in the organization – (Ellerman, 2021) would neither be required to assume this responsibility nor be held responsible for them by others, or not closely responsible in any case. State- or Party-appointed leaders would assume responsibility and be held responsible for

the actions of all those in the organization. The bulk of working people would be “human rentals”, to use Ellerman’s terminology again, though not rented in this case by capitalist, investor-owned firms, but by the State. This empirically fictitious removal of responsibility from working people directly violates the central cooperative principle of free, democratic self-help and, further, markedly diminishes the educational-developmental emancipatory potential of the workplace. In the cooperative paradigm, emancipation cannot be realized without the assumption of responsibilities. Without assuming responsibility, actors have little or no basis for the protection of their basic human dignity, their freedom. Their dignity depends in large part on their voluntary assumption of responsibility through collective and democratic self-governance, on a conscious decision to work with others such that each and all have the opportunity to develop themselves fully and can sustain themselves through their own effort and initiative, free from subordination to any external authority, whether it be an investor, a political party, or a governmental body. This freedom, of course, does not mean that cooperative enterprises would see themselves as outside the law, but rather that, while (a democratic) state establishes a legal and tax regime, it should not participate in firm governance and management.

Cooperative theorists and practitioners were also critical of the focus on the concentration of power in much state socialist thought of the 20th century. They rejected as ultimate goals the development of the power of the so-called “vanguard party” and its “conquest” of the state apparatus and governmental powers, including those of the security forces. Naturally, cooperative doctrine fully repudiated the consequent state socialist demands that individuals strictly subject themselves to the will of a party/state and that they assume as their life objectives not the free development of human faculties, community, and mutual responsibility, but the power of a socialist party, the state, and the socialist movement as a whole (Lavergne, 1971, p. 183). Cooperative doctrine’s commitment to autonomy and free, individual initiative in community, not surprisingly, views statist socialism as a philosophy that minimizes, to the point of denying, the function of individual initiative, even of individuality itself. Moreover, any consideration of the implications of the principle of *self-help* reveals a marked difference between the approaches to social transformation of cooperativism and political socialism, certainly as it had come to be expressed by the mid-20th century when Mondragon was founded. While state socialist doctrine calls for the conquest of political power, led by a so-called vanguard, cooperativism pursues *self-help* – that is, the process of emancipation must be the work and responsibility of working people themselves in whatever arena of social life. The construction of the new, cooperative society advances, therefore, from within the capitalist regime through processes of empowerment in which communities of consumers and of workers acquire the experience, qualities, and capacities needed to manage their own affairs justly and effectively (Poisson, 1921).

These debates in the global cooperative movement also took place in the early stages of Mondragon’s development. The connection is a close one, as we can see a very similar set of arguments about liberalism, socialism, and responsibility among leaders of the first generation of the Mondragon cooperative experience (Ortega Sunsundegi, 2021). Mondragon’s founders began from a motivation to “overcome

capitalism” through “the cooperativization ... of human and material resources” (Coop_43)¹⁰ and to begin to replace the liberal order and its “individualistic and selfish spirit” (Coop_15). In his seminal, intellectual-biographical work, *El Hombre Cooperativo (Cooperative Man)*, Azurmendi (1984) synthesizes Arizmendiarieta’s analysis of liberalism and its doctrine of “corrosive individualism”, which he argues must lead to violence:

By proclaiming that man ... finds his balance by leaving things to their own devices, allowing them to ... unfold as they please, they end up condemning the weak to death, ‘because they are prevented from defending their rights ... while the strong, the powerful, continue to exploit their freedom at the expense of the former.’ Thus, class division is accentuated.... [T]he poor ... victims of all kinds of injustice ... moved by the instinct of self-preservation, find no other way than to join together to fight in self-defense.

(Azurmendi, 1984, p. 149)

Arizmendi decries this situation that, to his mind, derives in large part from gross inequalities in property ownership, inequalities that constitute “... one of the most dramatic features of our society, ... the vast number of the disinherited ... [N]ine tenths of the workers labor their whole lives without the hope of ever having property” (Azurmendi, 1984, p. 127.) And the inequalities, he argues, stem in large part from a set of systemic arrangements that is claimed to be based on a sacred right of all to private property, while he sees, in fact, that “it is a regime that has been guaranteed by legal structure to benefit a minority, a privileged group”, and one that “establishes relations of dependence and subordination...”. He maintains that “Society today is based on the fact that the majority of the population will never be able to obtain enough property to be free” (Azurmendi, 1984, pp. 127–128). The founders of the Mondragon cooperatives sought to restructure this regime and forge a new set of property relations and thus also new kinds of social relations. According to a second-generation Mondragon leader, reflecting on Mondragon’s original purpose, “The goal is not just to exercise more solidarity and responsibility; the goal is to create a different society” (LANKI PM4, 2023, p. 3).

Neither did Mondragon’s founders’ opposition to the liberal capitalist regime prevent them from developing a doctrine that also explicitly rejected the collectivist state socialism of their day, again, in line with cooperative ideology generally. Fr. Arizmendiarieta, lamenting the evils of both, claimed, in biblical fashion, “Thus as one abyss calls forth another abyss, so too does one crime against nature call forth another. From the misapplied right to property, Communism was born” (Azurmendi, 1984, p. 128). Along these same lines, in a speech to the 1960 General Assembly of Mondragon’s first industrial cooperative, Ulgor, its chairman, Alfonso Gorroñoigoita, observed:

Cooperativism, as an economic structure for a possible future, needs ... dedication from the wise of our time. There will be few solutions more appropriate ... when it comes to replacing the old capitalist system with something

else. ... We either we resign ourselves to being tied to the creaking capitalist wagon, limiting ourselves to patching it up and doing superficial repairs to its wheels and gears, or we decide to take new paths. Otherwise, the only possible choice will be between capitalism and Marxism.

(Mem_1959¹¹)

Thus, in the Mondragon publication *Cooperation* in the early 1960s (see footnote 10), cooperativism is defined as a third way to avoid individualistic capitalism and state socialism:

For us, cooperativism is called to replace the capitalist system or, at least, to transform it... We want a cooperativism that is capable of being applied in ever-widening sectors and that is at the same time ... a dam against a statism or socialization of the soul. It is the third path, different from selfish capitalism and from the mammoth and depersonalizing socialism.

(Coop_9)

More specifically, part of the opposition to collectivist socialism among Mondragon founders is based on their perception that it has little regard for human beings' most essential qualities; free initiative: personal effort, and also, central to our task here, *responsibility*. In Arizmendiarieta's view, socialist ideological proposals:

...consider man not as an independent whole, but as a part ... outside of which he has no value and represents nothing ... as a function of the utility that he can bring to the State or to production. He is no longer properly a subject of his own rights, but rather the object of the rights that an anonymous ... State holds for him and over him, ... going so far as to prevent man from exercising the inalienable functions and rights that are his responsibility as a man.

(Azurmendi, 1984, p. 149)¹²

Mondragon cooperativism seeks to balance the individual and the collective. It presents itself as a particular approach to constructing an alternative to both the liberal capitalist and state socialist regimes. It rejects comprehensive collectivism and the consequent relinquishing of individual and organizational rights and responsibilities to the Party/State, while it simultaneously asserts broad ethical commitments to, and personal responsibility for, collective tasks and pursuit of the common good. In seeking balance, it also endeavors to limit individualistic, materialistic drift by affirming in discourse and policy that only by connecting with others and assuming responsibility in cooperative social relations can individuals fully develop:

Cooperation calls men to collective work, but leaves each with his own responsibility. It is the development of the individual, not against others, but with others. ... [C]ooperative philosophy rejects both the collectivist conception of human nature and the liberal one. It recognizes the value of, the

unique consideration due, each the individual, but insists that the individual cannot be fully himself except by entering into creative, spiritually and materially productive relationships with the world of which he is a part.

(Arizmendiarieta, 1984b, p. 114)

This conception of individual responsibility in the development of a collective project is, from the inception of the Mondragon Experience, one of the essential features of the transformation project that Arizmendiarieta would begin to put into practice and that, over time, led to a focused strategy of cooperative development. The philosophy of full and responsible participation is naturally and closely related to the principle of *self-help* described above. The “Arizmendian” method consists of addressing the social and material needs of the community through the direct involvement of those interested and affected, who organize their own “institutions and management structures” (Larrañaga, 1981, p. 76). They, the people directly involved, should be responsible. The ultimate, explicit purpose of Arizmendi’s efforts is to form communities of free and “self-governing” people (Arizmendiarieta, 1984a, p. 54), in which citizens, without intermediaries or external subordinations, are, together, its subjects and, together, are responsible for decisions they collectively make (Larrañaga, 1981, p. 119).

These postulates lead the founders of the Mondragón cooperative movement to confront not only imposition by force from the outside but also paternalistic interferences insofar as they “...involve an unnecessary subrogation of the will and action of the so-called protected person” (Arizmendiarieta, 1984a, p. 118). Faced with the paternalism of different public or private institutions in Spain and the Basque Country, that is, the subordination of co-ops’ members’ interests and responsibilities to outside forces or so-called benevolent elites who also claim to assume responsibility, Mondragon founders frequently reaffirmed the value of cooperative autonomy. Furthermore, a cooperative would only be authentic, according to Arizmendiarieta, if the way it carried out its activity responded to the criteria established by its members: “Cooperation is free and authentic to the extent that it accepts that its regulation be drawn up and practiced by the social conscience of its protagonists” (Arizmendiarieta, 1984b, p. 156). And the converse of this autonomy in Mondragon cooperativist thought is the responsibility that the members assume for the outcomes of their cooperative project, “accepting the risks inherent to every entrepreneur” (Arizmendiarieta, 1984a, p. 79).

Discussion of the notions and practices of responsibility and co-responsibility was and is ongoing in Mondragon to this day. In 1987, the group codified for the first time its ethical foundations, publishing and disseminating Ten Basic Principles. They appear in Table 2.1.

Most of the ten are based on both rights *and* responsibilities. This might not be immediately apparent in the simple, short labels used for the principles in Table 2.1, but it is very clear in the written and oral discourse about them among management and governance leaders in Mondragon (Lanki, 2022). We cannot address all of these in detail in this space, but we will briefly examine several in this vein. Start with Principles Two and Three – Democratic Organization and The Sovereignty of

Table 2.1 Mondragon's ten basic principles

1. Open membership	6. Compensation equity
2. Democratic organization	7. Intercooperation
3. The sovereignty of labor	8. Social transformation
4. The subordinate nature of capital	9. Universality
5. Participation in management	10. Education

Labor – as they are the most basic and general in terms of establishing a framework for linking rights and responsibilities in the context of Mondragon cooperatives. They are complementary, as Principle Two affirms Mondragon's commitment to democracy and Three establishes the "citizenry" of the democracy, in this case, the people who contribute labor to their firms, the cooperatives' worker-members. Citizenship (membership) is, plainly, very much about both rights and responsibilities in modern democratic contexts, as scholars, politicians, and activists have noted in detail since the Enlightenment at least (Dahl, 1970). Citizens (members) have well-known and widely accepted rights in democratic contexts: the right to vote on the basis of one citizen-one vote, and, with this vote, the right to elect by majority rule their senior leadership and determine the basic rules and policies that will govern their activity, as well as the right to decide directly on major issues and to due process when there are formal conflicts. In politics, citizens have rights to the social and economic benefits – social services, infrastructure, and related public spending – their taxes finance. In worker co-ops, the worker-members have the right to the economic surplus their joint activity generates. This is the "rights side" of the balance.

Clearly, though, citizens, members in the case of worker co-ops, also have basic obligations. These include informing oneself about the issues at hand, discussing and debating them with other members in a constructive way (eschewing insult and threat), and then making the effort to vote in an informed way. As simple as they might sound, these responsibilities are broad and vitally important; the quality of the democracy in their politics/firms will depend as much on how fully citizens/members fulfill their obligations as on how fully they can and do exercise their rights.

Responsibilities, as well as rights, also emanate from other principles in Mondragon's set of ten. The first principle, "Open Membership", for example, obviously concerns rights, specifically the right of any person to become a member of a Mondragon worker co-op based on a decision entirely free from discrimination based on race, ethnicity, gender identity, national origin, etc. However, responsibilities are also emphasized in the discourse mentioned (aside, of course, from having the required knowledge and skills for a given job); in short, the responsibilities involved in adapting and internalizing the ten basic principles. Principle Five is "Participation in Management". This principle also addresses rights, the rights of worker-members to be informed about company (unit, department, section) performance and its challenges, and to take part in the decisions involved in managing day-to-day operations. Again, though, involvement in management is also a

responsibility of worker-members in Mondragon co-ops. They are obliged to make use of the information provided about company operations and the key issues the firm faces, and to seek more information if need be. They are duty-bound to contribute their ideas, skills, and experience to better co-op operations, to look for and speak out about ways to innovate, to cut costs, or to improve quality and service and safety. They have the responsibility to help co-workers when necessary, to ask for help themselves when they need it, and to ensure constructive social relations in daily work.

Still other examples could be described. Suffice it to say here in summary that rights and responsibilities are closely intertwined in Mondragon's ten basic principles. Discussion about this interrelationship has taken place over many decades in Mondragon and continues to the present day in cooperative enterprise education processes that many Mondragon co-ops carry out. Numerous processes of this kind are ongoing today, ranging from 16-hour orientation sessions to 18-month organizational reflections, such as the one currently underway in Mondragon's bank, one of the largest co-ops in the group.

* * *

Without a doubt, the worker cooperative movement was born, in Europe generally and in Mondragon in particular, to broaden and bolster working people's rights. But, as we have seen, *responsibilities* are as fundamental an element of worker cooperativism as are rights; they are central to its conceptions of the person, of work and business, and of the good life itself. Personal and mutual co-responsibility, from the perspectives of the cooperative paradigm overall and its founders in Mondragon, are not only associated with the practical demands of maintaining the viability of worker cooperative enterprises; they are vastly more comprehensive than that. They are at the center of the cooperative *emancipatory* project and in both of its dimensions. First, in terms of *self-help*, responsibility and co-responsibility mean the freedom to pursue one's goals through one's own efforts, voluntarily associating with others to do so, but free of external impositions either by brute force or overweening paternalism. Second, in terms of self-development, cooperative ideology in general and in Mondragon specifically claims that assuming responsibility is an essential element of developing oneself to the fullest, of gaining skill and competency, and of becoming as full and as authentic a subject of one's life course as might be attained. Cooperative subjects, worker-members, are individuals who take responsibility for their work lives and beyond, for their life project, broadly speaking. *Worker cooperatives thus free individuals to become full subjects in their lives.* Yet, keenly aware of their inevitable and essential connections with others, cooperative subjects jointly seek to integrate to a significant degree their work-and-life projects with those of others; they are *co-responsible* for the mutual, collaborative project that is their enterprise. The worker cooperative, again, thus frees working people to assume full individual and collective responsibility for their lives. Responsibility-as-emancipation is constitutive of cooperative ideology and vital to the founding thinkers and actors in the Mondragon Cooperative Experience.

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Notes

- 1 The Mondragon Corporation, often called simply “Mondragon”, is a large, integrated network of worker and multi-stakeholder cooperatives founded in the Basque Country of Spain in 1956. Its cooperatives operate in a variety of advanced manufacturing, retail, finance, and knowledge sectors. In 2024, taken together, Mondragon’s 92 co-ops had a work force of 70,500 people, and total sales surpassed €11 billion. For more background, see Imaz, Freundlich, and Kanpandegi (2023), Barandiaran and Lezaun (2017), and Whyte and Whyte (1991).
- 2 All direct quotes in this chapter were translated from Spanish into English by the authors.
- 3 The Cooperative Congress is the full Mondragon group’s representative governance body. All Mondragon co-ops send representatives in indirect proportion to their size to the Congress’ annual or biannual meetings, a total of 650 people.
- 4 See the ICA/ACI web page. <https://ica.coop/en/cooperatives/cooperative-identity#toc-definition-of-a-cooperative>.
- 5 There are, of course, circumstances that complicate or mitigate the assignation of responsibility – the threat or use of force by others on the actor, the actor’s age, mental state/competence, etc. – but, in general terms, for any modern conception of a legal system to make sense, individuals must be responsible for their actions. If individuals are not responsible for their actions, law itself and systems of governance based on the rule of law as we know it would be nonsensical.
- 6 See footnote 1 for references that describe Arizmendiarieta and the history of Mondragon.
- 7 Liberalism in the economic sphere by the late 19th century was conceptualized mainly as the freedom for the owners of businesses, conceived of as *private property*, and their agents, senior managers. They should be free to enter into contracts and establish employment relationships, to engage in commerce, and to manage these processes and the resulting organization and supervision of work in the company as they deemed necessary and proper, etc., without interference from the State.
- 8 A full presentation of this argument would clearly require a lengthy, detailed treatment of these two ideological schools, their relationship with both monarchist conservatism and cooperativism, and a much more in-depth analysis of their relationship with each other, etc., up to the present day. Space limits here oblige us to leave this analysis for a future publication.
- 9 See, for example, material on the mostly 19th-century Utopian Socialists (Ortega Sunzundegi, 2021; Pateman, 1970) and the Distributists in the 20th (Mathews, 1999).
- 10 References with this format, “Coop_”, are to individual issues in a series of bulletins called *Cooperación* from September 1960 to June 1964 (when it was renamed *Trabajo y Unión [Work and Union]*). The number of the bulletin follows each reference. These bulletins were distributed monthly among the Mondragon cooperatives and were written principally by Arizmendiarieta, though probably by other founder-leaders as well. The articles are not signed, however, so we cannot definitively attribute them to particular individuals.
- 11 References presented here as “Mem_” refer to the Annual Reports presented by the Governing Council (board of directors) to the General Assembly of the co-op Ulgor together with the year corresponding to the report. The Annual Reports are accessible, upon request, in the digital collections of the Mondragon University library.

- 12 Mondragon founders might sound simplistic in their conceptions of socialism, but they were clearly responding exclusively to the, by then, well-established state socialism of the Soviet Union, not to the many and varied strands of socialism that existed prior to or alongside that of the USSR and the Eastern Bloc of the second half of the 20th century.

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3 Community cooperatives and institutional innovation

Jerome Nikolai Warren and Alessandro Narduzzo

1 Introduction

This chapter intends to contextualize the community cooperative (CC) phenomenon within the greater context of institutional innovation of community enterprises. Institutional innovation, in the sense of the emergence of new institutional forms, is an important phenomenon in understanding the dynamics of transformation of socio-economic systems. Moments of transformation are often represented in terms of challenges, crises, and opportunities to which new institutional solutions are just as often associated. With respect to institutional innovation, understood as the generation of new institutional forms, this study focuses on CCs as a particular form of social or community enterprise.

Community enterprises are territorially based economic organizations frequently established on the principle of multiple stakeholders involved in the provision of goods and services of a quasi-public sort (Burini & Sforzi, 2020). They can take on many different legal forms and generally operate to promote citizen participation in the production of goods and services of collective interest, responding to the social and economic needs expressed by the community of reference (Mori & Sforzi, 2019). One of the most common types of community enterprise is, for instance, the *energy community* (Reis et al., 2021). An energy community is a community-owned enterprise centered on generating electricity for its members, generally via renewable energy sources like wind or solar energy. This model of community enterprise developed in countries like Germany and Denmark and has subsequently expanded to other countries and regions (Caramizaru & Uihlein, 2020; Burchell & Day, 2024). Among other institutional configurations, community enterprises, including energy communities in Italy, are adopting the form of the CC (Grignani et al., 2021). This begs the question of how to situate CCs within the broader institutional setting, for instance, how to distinguish them from other actors and from the broader class of *community enterprises*.

The CC is a type of multi-stakeholder community enterprise organized as a cooperative (Mori & Sforzi, 2019; Lund & Novkovic, 2023). It combines the member orientation of the cooperative form with community orientation beyond the immediate membership base. In Italy, the CC emerged as a solution to overcome the limits of the existing institutional forms, like for instance the social cooperative (SC)

(Mori, 2014). Like the SC, they are *complementary* and *alternative* to traditional, single-stakeholder (cooperative) organizational models and are based on the centrality of *public action* embedded within the typical dynamics of the free market (Sacchetti & Borzaga, 2020). At the same time, they are an innovative model of community management that offers effective solutions for improving collective well-being and sustainable regional development (Sacchetti & Borzaga, 2020), including regeneration of natural resources (Bianchi, 2021; Warren, 2024). That has also asserted itself as a result of both demographic decline and the decline of mass organizations (for example, trade unions and mass political parties) that have frequently left few other catalysts of civil society representation (Bianchi, 2021). The CCs can be analyzed as a discrete phenomenon and have connections with notions like the Quadruple or Quintuple Helix, a framework seeking to include civil society and the environment into innovation systems (Warren, 2024, Chapter 24 by Li Bonilla).

This chapter aims to analyze the emergence of CCs in two dimensions. Firstly, the CC emerges as a motor of *institutional genesis*, i.e., as an innovative institutional form compared to other established types of institutions (e.g., associations, cooperatives, services offered by municipalities, etc.).

Secondly, each exemplar of a CC is proposed in its social context as a new idea and transformative element to meet unresolved needs. In this chapter, we aim to study the evolutionary paths of several exemplary CCs, outlining the constituent elements of a generative model of new institutions aligned with institutional morphology.

The rest of this chapter is organized as follows. In the following section, we provide a thumbnail sketch of the history and emergence of the CC form in Italy, connecting it with the legacy of the SC. Then, in Section 3.3, we introduce theoretical approaches around institutional innovation, attempting to directly connect these with various aspects of the CC form. In Section 3.4, we provide reflections and discussion on the prospects of CCs, while Section 3.5 concludes.

2 Community cooperatives in Italy: a brief review

In Italy, the emergence of CCs is tied to the SC form (Warren, 2024). Therefore, a few words on the SC form are deserved.

The SC in Italy is an example of a multi-stakeholder model of service provision, which “integrate two or more classes of members in a single cooperative’s ownership and governance” (Borzaga et al., 2014; Lund & Novkovic, 2023, p. 531). The model was developed in the aftermath of the Second World War, as a result of the “great transformation” the country experienced, including rapid urbanization. Due to the existence of a prior social and political consensus around the cooperative model in Italy (Warren, 2024), it’s possible to speak of an inertial force or momentum with respect to privileging cooperative solutions to crises emerging alongside this “great transformation”. Psychiatrists like Franco Basaglia and Antonio Slavich began experimenting with radical approaches to

dealing with mental health issues (Foot, 2015; or see Chapter 27 by Pamio et al.). As a result of this experimentation in increasing patient autonomy in the context of care, the first SCs were founded in the 1970s. The entrepreneurial innovation was that the cooperatives were not tied to philanthropy. In other words, their operations were strictly autonomous, and their members needed to meet or exceed their operational costs.

Numerous examples were ultimately seen as successful (Bennett, 1985, p. 85), and amid the underlying political pressure, the Italian legislature in 1978 enacted Law 180, otherwise known as the “Basaglia Law”. This law, the first in the world to completely aim to eliminate mental asylums, generated a process that resulted in Italy’s mental-health services being primarily organized around SCs (see Chapter 27 by Pamio et al.). The SC phenomenon, designed to reintegrate those with special needs as autonomous agents within the economy, was soon applied to the integration of new types of communities beyond individuals with special needs (elderly, young, mental health recipients, etc.). In particular, the model was applied by various citizens of geographically marginalized villages in remote areas (Irecoop, 2016). Especially such regions in Italy have experienced dramatic reductions in population over decades. The associated financial collapse often reinforced the need for these communities to find new models of local development and collective agency (Irecoop, 2016). Arguably, the first CC was Valle dei Cavelieri in Succiso in the mountains of Emilia-Romagna.

Originating as an attempt to revitalize a disconnected rural community (Succiso) that had been affected by an environmental disaster and a decline in population (Irecoop, 2016), Valle dei Cavelieri was formally initiated in 1991 as a Type B SC, or an SC providing any product or service, generally provided prevalently by marginalized individuals (see Chapter 27 by Pamio et al.). In so doing, residents were attempting to stem the drain of citizens by creating a legal entity to execute the revitalization effort. From the beginning, it included a large part of the community of Succiso, different from the “standard” model of SCs.

2.1 *Energy communities*

One catalyst of CCs in Italy is the renewable energy community (REC). The latter are prevalent in numerous parts of the world, including in Germany, the Netherlands, Belgium, and France (Caramizaru & Uihlein, 2020). The first formal CC in Italy, Cooperativa Comunita Melpignano, was also initiated as an REC. In this case, the small Puglian village of Melpignano, where a number of engaged citizens, who were resisting the construction of a large photovoltaic installation near the village by a large company, worked together with the then mayor, who had been elected on the basis of fulfilling a vision (Stomeo, 2012), to re-invent the role of the community in local development. In 2011, a service cooperative was created with 70 members (Warren, 2024).

The cooperative federation Legacoop, which under the leadership of Giuliano Poletti was interested in engaging with community development in underprivileged

regions, provided security for a loan and acted as an intermediary with the local and regional governments. Legacoop later used its leverage and resources to facilitate the drafting and passage of Puglian Regional Law 2014/2023, the first law recognizing and regulating CCs as a distinct legal form (Warren, 2024).

A review of research, legislation, and practices in Italy conducted by Grignani et al. (2021) determined that “in Italy, CCs may be adopted as a tool to implement RECs”.

2.2 *Dissemination & “diaspora”*

In recent years, CCs have spread from their rural roots and also been established in urban centers, for example, Bari (the cooperative MEST) and Genoa (the cooperative Ce.Sto) (Warren, 2022). At the same time, efforts to devise a single overarching national policy framework regulating CCs failed and led to an alternative national framework for social enterprise and left in place a patchwork of regional regulations for CCs (Sforzi & Borzaga, 2019). The regional dissemination of CCs throughout Italy, with around 200 in existence and more than a dozen Italian regions having some legislation regulating them (Aiccon, 2024; Sforzi et al., 2024), has been referred to as a “diaspora” (Warren, 2024). In other words, numerous tensions in regional, local, and even hyper-local needs have culminated in a plethora of “micro development laboratories” (Irecoop, 2016, p. 6). What becomes clear is that they frequently serve as a locus for realizing multiple, overlapping purposes.

Similar to the diversity of regional forms, the purpose of CCs tends to vary, though they tend to focus on regenerative goals. Figure 3.1 depicts the motivations for CC startup, based on a systematic survey of 223 CCs across Italy by Sforzi et al., 2024.

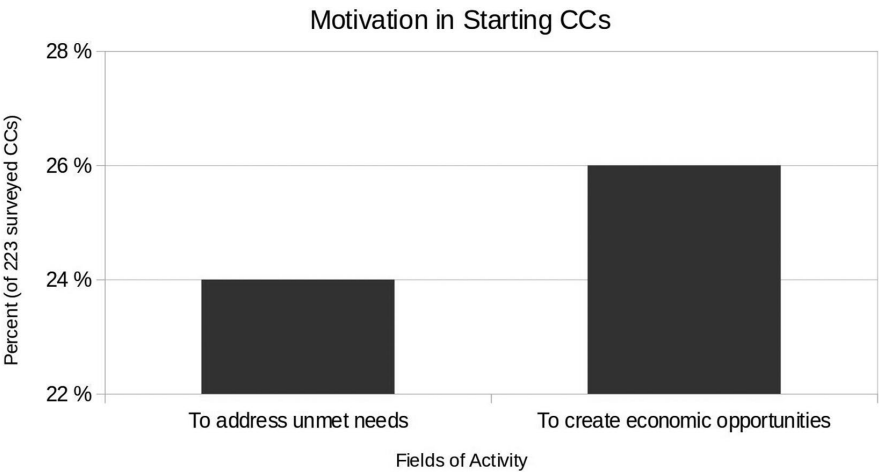


Figure 3.1 A graph depicting the results of a survey of 223 CCs by Sforzi et al. 2024 representing the prevalence of two common, regenerative, fields of activity as a proportion of all CCs surveyed.

3 Institutional innovation: The emergence of new institutional forms in the neo-institutional perspective

Institutional innovation, i.e., the emergence and dissemination of new institutional forms, is relevant in capturing and explaining the processes of transformation that run through individual institutions, as well as historicized institutional forms. An example of an innovative institutional form is the concept of *steward ownership*, which has emerged in Germany in recent years in attempting to translate the aims of the “benefit corporation” (B Corp) model to the German context, similar to the *entreprise à mission* in France (Segrestin et al., 2022). The German model, which has been adopted by numerous prominent firms like Bosch and Zeiss, differs in a number of fundamental ways from the “classic” B Corp. For instance, “[r]ather than combining the pursuit of a prescribed beneficial purpose with profits for shareholders as dual purpose companies like the *benefit corporation*, steward owners lead and develop a business without having a right to its profits” (Sanders, 2023, p. 624). Therefore, new institutions often emerge from adapting existing institutions to new settings or ends.

The Community Land Trust (CLT) model is another important example of a new institutional form pioneered in significantly different contexts, emerging from movements for alternative land ownership as represented by individuals like Henry George, a proponent of land taxation (George, 1884). CLTs purchase and hold land in trust for the benefit of the community, ensuring that it remains accessible for housing and other community needs. The land is typically leased to homeowners or other entities through long-term, renewable leases, separating the ownership of the land from that of the buildings on it (Davis, 2010). While George’s ideas initially inspired Quakers and later various members of the environmental and civil rights and New Left movements, like New Communities, the U.S.’s first CLT, founded by Robert Swann and other civil rights actors near Albany, Georgia. In 1992, then U.S. Representative Bernie Sanders added language amending the U.S. *Housing and Community Development Act*, ensuring eligibility for federal government funding. This arguably legitimized the CLT. By 2020, around 280 CLTs existed in the United States (Lowe et al., 2022), while by 2019, over 170 CLTs existed in Europe (Horlitz, 2020). CLTs have created various national and international networks and continue to spread, especially in the Global South, with the largest CLT in the world located in San Juan, Puerto Rico (Veronesi et al., 2022).

In the case of CCs, Borzaga and Zandonai (2015) elaborate on the generative processes that characterize community enterprises’ emergence in the form of institutional innovation. The authors identify three driving forces: first, a growing and pressing awareness on the part of various communities about the unavailability of essential services. Second, a growing civic mobilization underpinned by problem-solving-oriented pragmatism rather than ideological drives; and third, a recognition of the role that the entrepreneurial model can play in creating social value. These three features are arguably present in the context of the emergence of the CC form, which emerged in Italy in an evolutionary process within Italy’s post-1945 political economy. As we will see later, the CC form embodies a role between community regeneration, pragmatic problem-solving, and commercially oriented entrepreneurialism, bringing these logics into dialogue with each other.

While much of the literature combines the genesis of new institutions together with institutional change (Raffaelli & Glynn, 2015), this chapter instead distinguishes the two phenomena by focusing, on the one hand, on the genesis of new institutional forms (species innovation) and, on the other, on the creation of new institutions (i.e., new occurrences). In other words, new members of a species evolve over time; we can recursively track innovation at the individual level, but the sequence of innovation enacted by members also (incursively) shapes the species's overall evolutionary path (Leydesdorff, 2021).

The analysis of institutional logics (Greenwood et al., 2011; Thornton & Ocasio, 2008; Thornton et al., 2012) and institutional complexity allows for a better understanding of how new institutions can emerge along their original evolutionary path. Institutional logics can be defined as the “cultural frameworks” that shape the cognitions and behavior of actors within an institutional field (Thornton et al., 2012). Meanwhile, institutional complexity involves the co-presence and interaction of multiple (including conflicting logics) that guide the behavior of institutions.

Ultimately, tensions associated with institutional complexity can generate institutional innovation. This is because the presence of a multiplicity of conflicting logics can result in the emergence and evolution of new practices and new organizational structures, as well as the redefinition of an institution's goals and identity itself (see Silva, 2024). Thornton et al. (2012) analyze situations in which institutional complexity brought about by the presence of a multiplicity of heterogeneous logics creates conditions for reconfiguring existing practices, in which actors combine elements of different logics to create new practices and structures.

3.1 *Applying institutional innovation to community cooperatives*

As Figure 3.1 demonstrates, CCs feature multiple logics. These include recovering from a severe crisis; regenerating common resources (i.e., land, common space, buildings); revitalizing existing economic activities; providing new economic opportunities for residents; enhance (or leveraging) local resources; countering depopulation; strengthening social bonds; addressing specific needs (e.g., social inclusion); and filling service gaps (Sforzi et al. 2024). The cooperative in Brindisi refurbished a local sports arena; the Genoa cooperative worked to reduce the incidence of drug use and crime in Genoa's historical city center; the Serranova cooperative manages a nature preserve, etc. However, from the beginning, they all featured an entrepreneurial logic (Warren, 2024, p. 76). For example, Valle dei Cavalieri sought to improve the welfare of local residents by stimulating local tourism. Therefore, one of the cooperative's first efforts was a cafe and bed & breakfast (Bianchi, 2021). The Biccari cooperative manages quasi-hotels; Melpignano runs a pizzeria and cafe and hosts co-working space (Warren, 2022); etc. As with the SC form, these logics are often in tension with one another (Warren, 2024, p. 84), necessitating new practices and often redefinition of the community's identity.

As can be seen, concepts like institutional complexity are useful in both describing the emergence and activities of CCs, rendering clear the dual role as both reconfigurer and generator/facilitator of new reconfigurations. Both the marshalling of

one legal form for other purposes, as in Succiso, and the proliferation of multiple approaches to institutionalizing CCs speak to this complex function.

Institutional complexity is present in the CC's emergence and institutionalization on various dimensions. Most immediately, the CC form itself features multiple stakeholder options, such as worker and investor members, and is flexible and open to hybridity. Frequently, both natural and legal persons can be and are members, as well as can and do switch their membership types (for instance, from worker to user members). For instance, in Brindisi, a church and sports association are members, as well as many local individuals, such as parents of children who take boxing lessons. Meanwhile, members of the Biccari CC change their membership type (e.g., from worker to user and back) in accordance with the needs of the cooperative (Warren, 2022).

Tensions in the CC form can be seen at multiple levels. Firstly, as Figure 3.1 shows, CCs often contain multiple “*raisons d’être*”, including both economic development and ecological regeneration, which can be in tension. Beyond the immediate organization and with reference to the institutional field, CCs are not always universally supported. For instance, the Brindisi CC has tense relations with a pizzeria that operates in its vicinity (Warren, 2022). At the same time and beyond this immediate field, the legal patchwork and failure to create an overarching framework to regulate CCs at the national level in 2017, discussed in detail below, mean that tensions in the vision and purpose of CCs remain even between different Italian regions. Thus, in the case of Italy's CCs, such heterogeneous logics at multiple levels present challenges to typifying the phenomenon, displaying features that have been called “*diaspora*” (Warren, 2024).

Thornton et al. (2012) also emphasize the role of *agents* (individuals and organizations) in promoting institutional innovation. In the case of the evolution of CCs in Italy, the agents in question have virtually always been various local actors, frequently (young) activists, but occasionally public officials (Melpignano, Galatina) or even institutional actors, such as sports associations or churches (Warren, 2022).

3.2 *Institutional entrepreneurship*

Hargrave and Van de Ven (2006)'s collective action model places actors and their relationships at the heart of the process of institutional innovation. According to their model, the process consists of the following elements: first, the formulation of the context, the framework within which the problem, the solution, and the motivation to act are defined. This step typically involves the construction of shared meanings. Second, actor networks emerge through iterative processes of interaction, which tend to follow path-dependent processes that create system-level feedback and reinforce certain profiles. Some actors can mobilize other actors and resources by creating situations and events that enable the subsequent aggregation of other actors and, through this aggregation, facilitate emergent and combinatoric properties.

Third, as a result of this collective action of establishing and mobilizing networks of actors, new institutional arrangements are enacted, often building implicitly on existing institutions (Di Maggio & Powell, 1983; Thornton et al., 2012).

Fourth, institutional structures and practices are established and take shape, which abstract from individual actors. The relevance of Hargrave & Van de Ven's model for the emergence of Italian CCs is illustrated in Table 3.1, which depicts the four steps in the cases of Valle dei Cavalieri and Melpignano, two pioneering CCs.

Institutional entrepreneurship refers to actors, typically innovators, actively promoting institutional change by using cultural and material resources to build or transform existing institutions (Aldrich, 1999). Institutional entrepreneurship towards the CC form usually occurred both generally, with respect to harnessing an existing institution, the SC, as well as in each individual case with respect to idiosyncratic local conditions. For instance, in the case of Melpignano, the original 70 service cooperative members can be considered innovators or early adopters, who both harnessed an existing institution and generated a new institution via an innovative process of recombining existing solutions (Warren, 2022).

Other actors can often be identified, such as *mediators* who support adaptation processes between different institutional logics, facilitating the transfer and adoption of innovative practices (Fligstein, 1997). The role of mediators has also been significant in the history of CCs. For instance, the Galatina and Melpignano CCs were both aided by allies in the mayors' offices. Similarly, Legacoop's guidance and support facilitated the drafting of the first regional law governing CCs in Puglia (Warren, 2022, 2024, p. 81). In the dynamics between actors and institutions that can fuel institutional innovation, it may be relevant to consider the organizational field within which individuals and institutions exercise their agency as a unit of analysis. Given an institutional field, the generative mechanism for triggering the emergence of a new institution is the recognition of an institutional problem, which may manifest as a new instance identified by actors or as the inadequacy of existing solutions and practices to address a known problem.

In the case of CCs, numerous actors in various roles recognized a problem in the provision of services and identified the cooperative form as a potential locus for solving the problem. This includes actors within the public sector as well as representatives of cooperative federations, who recognized the limitations of the traditional single-stakeholder cooperative model. Recognition of the problem brings to the surface a distributed network of heterogeneous actors, some of whom are already present and active within the organizational field. In this context, the new institution emerges through the collective action of these actors expressing themselves through collective events, which mobilize resources by exercising partly original practices and structures. This is depicted in Table 3.1.

3.3 *Institutional innovation as a process*

In general, institutions can be said to exist as long as the congruity between the system of values and beliefs and whatever "outputs" the system produces can be maintained via reuse and legitimation. Berger (1967) described this process as "nomos-building". When an event or situation reduces this congruity, mutations can occur that can generate conditions ripe for introducing a process of institutional innovation. This is generally a complex process (Battilana et al., 2009; Seo &

Table 3.1 Summary of two important community cooperatives in accordance with four steps

	<i>Formulation of Context</i>	<i>Formation of Actor Network</i>	<i>Building New Arrangements</i>	<i>Establishing Institutions</i>
Valle dei Cavalieri	Village of ca. 65 inhabitants; Numerous local actors desired to stem the population decline in Succiso. Vulnerability, dormant resources, e.g., local bar. Inflection point was the closing of the last bar.	A group of young people and strong motivation with entrepreneurial intention inspired by individual/family interests and driven by the strong need to safeguard the local region, including its cultural identity and roots, safeguard the environment, and provide employment; Support of local municipality and park administration.	Opened a bar, always a multi-sector effort, establishing economies of scope by connecting touristic excursions. Focused on generating strong external mutuality (benefits to community members).	Utilized the social cooperative model, modified by Emilia-Romagna in Regional Law n.12/2014. Before, utilization of social cooperative legislation (Law 381/1991).
Melpignano	Town of ca. 2,300 people. Local actors struggled against a proposal for a wind farm outside the village; the village was a member of the “Authentic Village” movement (also connected to “Slow Food” and localism).	Group of ca. 70 engaged citizens, including the local mayor (charismatic figure). The political party was supportive. The core network was established with efforts to find a new solution, including via the “Authentic village” movement. With the passage of a new energy incentive scheme in Italy in 2011 (“the fourth Conto Energia”), large plants were effectively disincentivized, giving impetus to the project.	Together with the mayor and the regional Legacoop office, locals initiated a service cooperative in 2011 based on the idea of placing photovoltaic (PV) panels on flat roofs, mainly for self-use. Expanded activities, especially after 2014, to include Case del Acqua (water filtration dispensaries with membership); after-school care; restoration of a local park; and a focus on a scope of entrepreneurial services providing public value.	Through mediation, Puglian Regional Law 2014/2023 was passed in 2014, creating a new legal entity, the “community cooperative”. This allowed the cooperative to broaden its membership and further expand activities away from being member-oriented, including providing co-working space, building apiaries, etc.

Source: Information from Irecoop (2016), Warren (2022) and Warren (2024).

Creed, 2002; Townley, 1997). It requires breaking free from patterns, rules, and beliefs that hitherto determined organizational modes and possibilities.

Breaking free from a current institution sounds like a paradox. Still, the organizational literature has shown that this circumstance manifests itself in so-called *peripheral actors* and is thus less favored by the prevailing institutional arrangement and *central actors*. For example, an actor who has been exposed to multiple institutional arrangements, e.g., by operating in different geographic contexts, is exposed to alternatives that undermine the perceived inevitability and legitimacy of a single arrangement and thus is in a more favorable position to enfranchise itself from a particular institution and devise new ones, e.g., as a result of a hybrid (Battilana et al., 2009; Greenwood et al., 2011). In the case of the evolution of the CC, both it and its predecessor, the SC, emerged largely in peripheral regions.¹ It was through success in such contexts that the CC model was able to spread, often via word-of-mouth, to more urban centers like Bari and Genoa (Warren, 2024).

Beyond breaking free, new institutions also require legitimacy (Suchman, 1995), which in turn necessitates social resources associated with an organization's status (Scherer & Lee, 2002), formal authority (Phillips et al., 2004), and the availability of coalitions that can facilitate the acceptance of a new proposal (Maguire et al., 2004). For example, the activists involved in founding the CC in Melpignano were greatly aided by the cooperative federation Legacoop mobilizing resources and networks to provide both capital and, later, a legal framework (Warren, 2024).

A considerable portion of the literature has focused on the use of symbolic resources, such as discursive resources, including metaphors and rhetorical strategies (Oakes et al., 1998; Benford & Snow, 2000; Etzion & Ferraro, 2010), which are particularly important for peripheral actors who do not have material or social resources to facilitate mobilization and adoption by other actors (see Chapter 23 by Weber and Seidler).

In general, discursive strategies aim to (1) qualify a current institution as inadequate to solve a given problem, (2) qualify the new proposal as capable of coping with it, and (3) positively connote those who are willing to adopt the new proposal (Rao et al., 2003). Moreover, acceptance of a new institution can also be fostered through discourses that are considered legitimate and, therefore, already accepted (Phillips et al., 2004). Generally, however, the institutionalization process is rather tortuous than linear (Tracey et al., 2011). Attempts to introduce an institutional innovation typically encounter two types of resistance in other actors: resistance to the novelty of the idea itself, for instance, the pizzeria mentioned above near the grounds of the Brindisi CC; and secondly, resistance from the actors who most benefit from the current institutional arrangement, which could be said to have played a role at the genesis of the SC form due to the entrenched interests of nurses and asylum staff (Foot, 2015, p. 23).

3.4 *Institutional innovation as an autocatalytic process*

Padgett and Powell (2012) propose a dynamic model fueled by mutually reinforcing feedback loops, in which the emergence of new institutions is affirmed

as a combined process that unfolds on two interdependent levels: in the short run, actors create relationships; in the long run, relationships become structured, and as they become institutionalized, they act as actors. Padgett and Powell (2012) define *emergence* as the process through which new structures and institutions are formed from interactions between existing components. Thus, emergence is not the result of planned actions but rather a phenomenon that occurs through the dynamic and complex interaction between actors and their environment.

New institutions emerge through dynamics that should be analyzed on three levels. Dynamics at the micro level concern everyday interactions between individuals. The meso-level dynamics pertain to organizational processes and networks of relationships. Finally, macro-level dynamics include institutional structures and historical contexts. The interaction of these contexts was involved in the creation of CCs in Italy, as Table 3.2 depicts.

A key point of the model proposed by Padgett and Powell (2012) is that innovation can be endogenous, meaning that new institutions emerge from processes within the system rather than external influences. Instead of being promoted or imposed by external actors, the emergence of new institutions is thus seen as an iterative process in which the actions of agents (individuals and organizations) are influenced by existing structures while helping to transform these structures. The feedback loop that links agents and structures is central to understanding how new institutions emerge, develop, and consolidate. An important example underlining the importance of endogeneity in the emergence of CCs is the failure of an attempt to devise “top down” approaches to creating CCs in Sardinia via a conference with participants invited from across the island with few or no prior personal contacts (Irecoop, 2016; Warren, 2024).

Padgett and Powell identify several key generative mechanisms that can support the emergence of new institutions. The first mechanism is *adopting* and *reusing* existing relational practices in new contexts and for purposes different from those for which they were established. It is thus a mechanism of *transposition* and *refunctionality*, that is, applying an existing solution to a problem different from the one for which it was developed (*exaptation*).

In the Italian context, an early adoption of cooperatives to solve various problems, including rural poverty, and the concomitant lack of institutions like foundations facilitated feedback in cooperatives solving new problems (Borzaga et al., 2014). The phenotypical “mutation” of the CC form from the SC in places like Suscisco is an example of such phenotypical refunctionality and exaptation, where an existing form (the SC) was applied to a new stakeholder class: instead of people with psychiatric needs, to members of a community at large. Warren (2024, p. 79) argues that:

While the original function of social cooperatives was integration, in particular, of socially marginalized individuals [...], from the beginning, ‘mutations’ began to appear [...] These ‘mutations’ arguably saw an expanded use of the legal form of the social cooperative for purposes beyond work integration of people with mental disabilities or the chronically unemployed.

Table 3.2 Padget and Powel's multi-level scheme to describe two Puglian CCs

	<i>Organizational Field</i>	<i>Micro-Level Dynamics</i>	<i>Meso-Level Dynamics</i>	<i>Macro-Level Dynamics</i>
Brindisi	Troubled, low-income, working-class neighborhood (Sant'Ella); High level of transit in a region of commuters; poor state of recreational facilities; worsened during the pandemic; mafia infiltration and use; lack of cohesion among the neighborhood.	Crime and drug use; interactions characterized by parochialism and lack of trust; two young female activists became interested in improving the situation.	Public event to enable network formation; strategy of building on existing community organizations: sports association and church; the church located inside the facility was hostile. The council was established to deliberate on possible solutions and focused on building up partnerships.	Parco Buschicchio as connector; contacts with Legacoop as facilitator; existing regional law 23 eased startup process; the municipality was a reluctant partner. The cooperative provided a locus to organize various actors.
Biccari	Village with 2,700 inhabitants; problems with declining population; too few resources to manage local nature preserve; group of local youths interested in regeneration.	Characterized by due declining social capital; too few resources to manage the local nature preserve; and the existence of a group of local youths interested in regeneration who organize and inform themselves as to their options.	Local activist attended community organizing event; heard about the cases of Succiso and Melpignano; were able to build on tacit knowledge (for instance, the idea of €1 houses); served as a hub for idea interchange; and focused on economies of scope.	Took advantage of Regional law 23; supportive ties to the municipality (numerous concessions, e.g., free use of a small hut to run a cafe in the park; exclusive management of the park in exchange for upkeep, etc.); was able to incorporate the teaching of traditional agriculture and connect to the expatriate Italian community in Argentina.

Sources: Warren (2022, 2024).

Thus, examples like Valle dei Cavalieri rearrange their organizational field and redirect agency away from disparate individuals into an emerging and evolving collective entity. Warren argues that “[i]n so doing, these ‘mutations’ both expanded and challenged the traditional understanding of the function of the social cooperative form”.

Indeed, one might interpret the entire framing of Italy’s CCs and its Social Enterprise legislation of 2017 as endogenous attempts to adapt the larger framing of social and community enterprises into local conditions. Thus, the “migration” of forms of community entrepreneurship partly developed in Italy in the form of SCs was “re-imported” in the greater context of globalized neoliberalism and the concomitant challenges it imposed on all communities, regions, and nations across the globe. Therefore, common features should emerge between CCs in Italy and, for instance, energy communities in Germany and Denmark. Comparative analysis suggests certain homologies and certain distinctions (Borzaga et al., 2016). For example, both CCs and German energy communities are primarily rural phenomena (Klemisch, 2014). At the same time, both the diffuse, territorially based mutualism (many offer tangible place-based services like after-school care or delivery services, etc.) and the broader scope of goals or activities CCs can simultaneously follow compared with RECs (Bauwens, 2016) serve as distinctions.

In the generation of new institutions, according to Padgett and Powell’s model, special emphasis is placed on the process of *network folding*, that is, the process by which different networks intersect, overlap, and merge, leading to the creation of new entities and relationships that were not previously possible within the separate networks. As a result of this folding of the network, elements of the network that were previously disconnected from each other can instead interact and share or transfer resources, ideas, and practices with each other. As a result, the network can bring to bear skills not previously possessed by any of the initially isolated sub-networks.

The folding effect will be all the greater the more diverse actors, practices, and perspectives (*anchoring diversity*) are present and integrated within a network, forming the basis for generating innovation through transposition and refunctionality. Regarding CCs, this could be a problem, particularly for rural CCs, since rural regions are not always diverse in terms of their population demographics.² This might increase the need for connectivity between geographically disparate CCs using technological platforms, a desire that was mentioned by respondents in interviews conducted by Warren (2022).

Another mechanism that can amplify the effects of network folding is *incorporation and detachment*, which take place when a piece of one subnetwork is within another without this subnetwork being separated and isolated from the rest of the original network. The multi-stakeholder nature of CCs (and SCs) allows this process to occur. An example of such a phenomenon is the cooperative group of firms (Ammirato, 2018), given by the example of Terra Libera, a community-oriented network of SCs selling organic agricultural produce on land reclaimed by the mafia in Italian consumer cooperatives (Ciasullo & Festa, 2014).

Finally, actors within networks, whether individuals or institutions, typically play multiple roles and engage in different relationships in different contexts. This

multivocality enables them to negotiate and maintain relationships across contexts and to navigate and integrate networks along original paths, bringing together actors, practices, and resources in innovative ways. *Multivocality* then indicates the possibility or ability of an actor to act and relate within multiple contexts or domains, using different languages, symbols, or practices appropriate to each context. For example, Melpignano's and Galatina's then-mayors, while not active members of their respective CCs, facilitated their activities and engaged in multivocality, often "wearing multiple hats" (Warren, 2022).

Padgett and Powell (2012) associate multivocality with the concept of *robust action*, meaning a strategic approach that favors maintaining flexibility and ambiguity in actions and decisions, allowing for multiple interpretations and avoiding commitment to a single course of action. As has been shown elsewhere, opportunity and ability for robust action require a dense network with multiple and redundant network connections, since an efficient and sparse network does not provide flexibility and therefore undercuts network adaptation (Padgett & Ansell, 1993). This concept is particularly relevant in complex and uncertain environments, where flexibility and adaptability are essential for success. As a result of the creation of a CC in a local community, therefore, possible paths to innovation increase and become susceptible to subsequent adaptation.

3.5 *Community cooperatives as an emergent pattern of institutional innovation*

Whether CCs can become a transformative tool for solving social problems over the long run depends on their continuing ability to engage people and institutional actors in a path that generates discontinuity within the existing situation. In this journey, the various actors involved usually have different skills, motivations, perceptions, and interpretive patterns; differences are often shaped by actors' particular experiences and differences in the preferences they assign to the new idea and the belief in the degree of change it can produce. Through the experiential path of transformation, people clarify their understanding of the new idea, and gradually, the belief that the new institution can generate the expected transformation intensifies and spreads (Bandura, 1977).

Schön (1971) developed the model described here for the purpose of investigating the governance of transformation processes, and it was taken up by Van de Ven (1986) in the context of managing innovations. Schön uses the expression *public learning*, which describes the processes governing how societies and institutions learn and adapt new solutions in response to changing conditions and environments. It refers, in fact, to the persistent and ongoing ability to investigate the nature, causes, and solutions to solve a problem, including reconsidering or abandoning previous assessments or solutions previously adopted.

The elements of this developmental pattern are (1) the recognition of the problem and (2) the articulation of a series of activities and initiatives that are conceived and instituted as solutions to the problem. If the identified problem is not irrelevant and if the prototype solutions are not wholly inadequate, there is (3)

increasing adoption of the sketched solution. This phase is characterized by (i) a broadening of participation, (ii) a refinement of the initially sketched solution, and (iii) a re-proposition and stabilization of the articulated solution over time and based on local idiosyncracies. The next evolutionary phase of this pattern is (4) the institutionalization of this innovation, which is progressively legitimized, begins to be perceived as an integral part of the context, gradually losing its novelty trait.

The involvement of people thus constitutes an act of *recognition (appreciation)*, a complex socio-cognitive process in which perceptions, aspirations, and knowledge, as well as epistemic and value judgments, are fused, capable of determining stances and actions by the actors who support the new idea. Actors typically recognize either a problem or an opportunity. As a result, new ideas are put forward and related to the problem to be addressed. These new ideas may also be proposed by actors who seem to have a marginal role in the existing community arrangement. However, by bringing them to the surface, these new ideas may find support from other actors who, by their action of involvement, draw the attention and consensus of a larger group of other actors who are activated as a network of “adopters” for the development and implementation of these new ideas (Kyriazis & Metaxas, 2010).

The initial element of the cycle that leads to the creation of an innovation can therefore be identified in a moment of difficulty, such as a crisis or a missed opportunity. The perception and recognition of this difficulty provide the context in which new ideas can be proposed. Beyond public learning, the process also entails *social innovation*, which can have transformative dimensions and in which cooperatives have been argued to have a comparative advantage (Guzmán et al., 2025). In the case of CCs, recognition generally emerges from a multitude of actors, including national public authorities. It also emerged from the cooperative sector and – critically – from local actors, including both activists, students, and municipal authorities (Warren, 2024, p. 80). For example, in the case of Melpignano, it was a consensus that developed by a group of engaged local citizens, while Legacoop, under the leadership of Giuliano Poletti, recognized a need to connect the cooperative model with the struggles of people in peripheral and rural regions. These independent understandings (recognitions) collided at a historical inflection point with the founding of the first formal CC in Melpignano in 2014 (Warren, 2024).

Thanks to the action of the initial network of actors, if the innovation survives, it moves on to the articulation phase, in which the new idea is further elaborated and articulated, explaining its scope as a transformative element and its potential for solving the problem. For instance, the CCs of Melpignano and Biccari can be seen in this light. In the case of Melpignano, practices that had been applied to a similar problem in Succiso were adopted and further articulated. Meanwhile, in the case of Biccari, a similar process of articulation was at work, which involved learning about the regeneration of Succiso through the CC form. Biccari was able to leverage the knowledge developed in both Succiso and Melpignano and further refine the model by immediately including the local municipality in its deliberations and by initiating a range of activities to regenerate the local region (Warren, 2022, 2024).

The next prerequisite to the *adoption* of the new idea is a broad discussion, a policy debate in which explicitly there is discussion not only of the feasibility and

Table 3.3 The four stages of institutional innovation via three Italian CCs

	<i>Recognition of Problem</i>	<i>Articulation of Solution(s)</i>	<i>Adoption/Re-Proposition</i>	<i>Institutionalization</i>
i Briganti di Cerreto	Community in the rural periphery (Cerreto Alpi) faced a decline in local population and general economic stagnation; a group of youths with strong motivation, supported by their families, organized themselves as a group.	In 1995, the bar and shop reopened; in the early 2000s, the founders attended a training course on tourism community; and the idea of creating a cooperative was born.	Community partnership: Municipality, parish, club, Club Parco Gigante, Coop La Sorgente, carpentry, local artisans; Forestry services; Community tourism; (reception and organization of excursions), tourist services at the park (events, etc.); Snow shoveling; Promotion of local community.	Formally founded as a community cooperative (social cooperative) in 2003; gradual expansion of the Board of Directors on a historical basis.
La Paranza	Neighborhood in Naples (Sanità) with high unemployment rates and other problems, including social integration; closing of the cinema triggered initiative to regenerate the area.	A group of five individuals of the Sanità district around the Church of Santa Maria of Healthcare were interested in creating jobs and enhancing the artistic heritage of the neighborhood and regenerating the community.	A group received the support of priest Father Antonio Loffredo and approval of the Archdiocese of Naples to provide touristic visits (guided tours) of the catacombs of San Gaudioso and expanded its activities' scope to also include accommodation, cultural events, and supervision of restoration to the catacombs.	The cooperative founded in 2006 in partnership with Confcooperative, the Archdiocese of Naples, the Holy See, Foundation with the South, and the Foundation of San Gennaro Community; partners have since expanded to include numerous foundations, including the Institut Francais and the Goethe Institute.
MEST	Neighborhood in Bari (Madonella) with an isolated population, including a high number of senior citizens with special needs. Several local artists were interested in improving overall social cohesion.	The idea was to bring together senior citizens, youths, and artists by offering each of these groups a service. For instance, for senior citizens, the group offered to carry out activities including shopping, repairs, and handicrafts.	Through experimentation, different approaches were tested and tried. For instance, one concept involved taking art from neighborhood artists and placing it in local businesses (restaurants, barber shops, cafes, etc.).	The cooperative's founders were funded by the region of Puglia via a program: "Pugliasociale In – Coop di Comunità 2018". The cooperative was officially founded in 2020.

Sources: Irecoop (2016), Warren (2022).

effectiveness of the idea with respect to the problem it proposes to solve but also about the actors who are using the new idea to increase their sphere of influence and power. By keeping the attention of the actors involved on the centrality of the problem and the appropriateness of the new idea as a solution, the conditions for its adoption and implementation are created. One example of this process of adoption is the steady dissemination of CCs via a word-of-mouth process (Warren, 2024). The Sardinian example described above also serves to reinforce the idea that policy debates should be endogenous and contribute to autocatalysis, rather than being imposed by outside actors.

The moment those in control of power embrace the new idea, it is legitimized. In the next step, *institutionalization*, the new idea is definitively enshrined in the sense that its transformative content becomes part of the status quo.

In sum, the evidence summarized by this study is presented in Table 3.3 and identifies a pattern that can be configured as a life cycle of the generation and development of a new institution.

In effect, the path from the SC to the CC is structured as a life cycle. Each of the steps in Table 3.3 can contribute to the emergence of the new institutional form, but other contingencies, such as elimination, are also possible. In the case of the emergence of the CC form, while Valle dei Cavalieri emerged from a recognition producing a refunctioning, it was arguably not until the codification of the Puglian Regional Law 23/2014 and subsequent debates around legal frameworks for CCs, including some regions' decisions to maintain CCs as derivatives of SCs, that one could speak of an institutionalization (Sforzi & Borzaga, 2019). In the Italian context, this fragile development process is somewhat constrained by a combination of acute necessity and the historically path-dependent process that placed the cooperative form in a prominent position to solving various social and economic problems (Warren, 2024).

4 Reflection and prospects

In Italy, between 2019 and 2023, CCs grew significantly from 109 to 260 units, showing a decrease in number to 243 units due to the closure of 17 cooperatives (Sforzi et al., 2024). Beyond Italy, similar dynamics are likely at play in other contexts. For instance, factors like the recognition of acute need, the pre-existence of “cooperative” solutions to problem-solving versus other solutions (charitable foundations, government programs, market solutions, etc.), the degree of hostility of local authorities toward self-governing institutions, and the overall degree of connectedness and polarization likely all play a significant role in catalyzing or mitigating the spread of CCs generally.

The CC phenomenon represents the culmination of a centuries-long evolution, both in Italy and elsewhere, that has seen the progressive shift of the center of gravity of interpreting cooperatives primarily as member-oriented institutions focused on particular social or professional groups or single stakeholders to becoming flexible institutions open to solving new problems (Mori, 2014; Grignani et al., 2021; Warren, 2024). The peculiar evolutionary character of the CC compared to the

traditional cooperative lies in the integration of a *diffuse mutualism* with a preeminently *territorial* character, an expanded form of mutualism that shifts the normative boundary of the organization from the member status to the broad interest of a community that, together with territorial boundaries, defines its contours. This mutualism extends direct and indirect benefits of such organizations to all members of a community (Bianchi, 2021) by providing for inclusive governance that guarantees access to the organization and its activities to any member according to the “open door” principle (Micken et al., 2025; Chapter 20 by Andres Spognardi; Chapter 26 by Arora et al.).

To date in Italy, several regions have regulated the community form of cooperative enterprise by passing specific laws (among them Puglia, Liguria, Abruzzo, Sardinia, Umbria, and Sicily), while other areas (among them Emilia Romagna, Lombardy, Tuscany, and Basilicata) have supplemented existing laws on cooperative enterprise, especially for SCs, with the “community” profile characteristic of such organizational forms (Sforzi & Borzaga, 2019; Warren, 2024). These regulations present numerous distinctions from region to region, uniting only with respect to the following elements: the recognition of the cooperative legal form for community enterprises, the recognition of community enterprises as a tool for strengthening the social ties within a community and fighting regional decline, and the nature of the entities that can promote CCs, that is, indiscriminately public and private actors (Sforzi & Borzaga, 2019).

Nevertheless, as we saw, the evolutionary pattern leading to the emergence of the CC did not develop in a progressive and linear manner. The evidence that emerged in the course of our analysis identified numerous fundamental dynamics that, at different levels, reinforce and link together actors, relationships, networks of actors, practices, structures, resources, and competencies. The characteristic features of these autocatalytic dynamics are those identified by Padgett and Powell (2012) for understanding the emergence of a new institution. The emergence of a new institution and the strength with which it establishes itself in the context in which it operates is not necessarily determined by a massive presence of actors and resources in the initial phase. Rather, we can expect that even limited actors and resources will be mobilized in the initial phase and yet sufficient to trigger the first activities and processes.

The relationships that bind networks of actors together, as well as the possibility of intersecting and integrating actors belonging to different networks, draw autocatalytic-type pathways that reinforce and self-fuel further development paths. Decisive among the dynamics observed in this chapter appeared to be the “folding” of networks, i.e., the ability to connect previously isolated actors and sub-networks, but also the fact that networks that were subsequently created exhibited relevant multivocality, i.e., an ability to connect and communicate with different actors, thereby generating new opportunities and new practices that attracted new actors and new connections with other networks.

Other municipalities, regions, and nations might learn lessons from the Italian example as to possible avenues for the promotion of self-organized types of community enterprise. While the Italian context is in a certain sense particular,

especially with reference to the high prevalence of cooperatives historically, the model could be emulated, adapted, and transposed to other contexts. In many ways, orthogonal developments have been occurring around the world, where the pre-existing model, the social or community, or broadly, multi-stakeholder cooperative form, resulting in particular developments in Italy, has been adapted locally. Among others, Quebec, France, Spain, Japan, and Sweden have all adopted similar multi-stakeholder models with variations and varying degrees of success (Borzaga et al., 2016), and interest has emerged in other places, such as the United States (RMEOC et al., 2025). At the same time, in countries like Germany, Belgium, and Denmark, the multi-stakeholder cooperative has been applied with considerable success in the energy community domain (Caramizaru & Uihlein, 2020).

Future questions include the ability to unite disparate actors, both within a region like Puglia in Italy and internationally, to enable the exchange of knowledge and practices, perhaps facilitated by technological platforms (see **Srnc & Guttman, 2024; Chapter 20 by Tortorici, this volume**). Furthermore, it remains an open question to what extent the Italian model of (rural) regional regeneration, focused on cooperative enterprise, can be adopted in less nurturing contexts, for instance, in the American South, where examples like Cooperation Jackson have experienced quite aggressive countermeasures by provincial authorities. A desideratum may be a global federation of CCs similar to existing federations of CLTs, discussed in 3.1, that can redistribute resources, including knowledge, from “stronger” to “weaker” partners in the same way as cooperative development funds and incubators do (see Chapter 6 by Vazquez et al.).

5 Conclusion

The preceding chapter has attempted to embed an institutional innovation framework within the emergence of the CC form in Italy, thereby providing a holistic framework for contextualizing the theory and practice of community enterprises broadly. It is hoped that the particularities of the Italian context can demonstrate general tendencies and trends, viz., community-oriented enterprises regarding dimensions such as collective action, social learning, innovation, entrepreneurialism, agency, the role of multi-stakeholder designs, multivocality, and the feasibility of disseminating cooperative solutions to complex problem-solving processes. One of its main findings is the importance of the development of a common epistemological framing towards the generation of new institutions. As the example from Sardinia shows, a new institution does not emerge as a “ready-made” solution solving a well-defined problem (Hargrave & Van de Ven, 2006), but generally emerges via endogenous, autocatalytic processes of community entrepreneurship and innovation.

Institutional complexity, i.e., the co-presence of heterogeneous and divergent logics, as well as the interaction between multiple levels in which actors and networks of actors operate, are decisive elements for understanding institutional innovation. The *embeddedness* dimension appears equally relevant for understanding one of the basic elements on which the autocatalytic processes described are

triggered. According to the model outlined in this study, an iterative process moving back and forth between the organizational field, the various agents (including individual and institutional agents and mediators), the evolving epistemic recognition, and the various processes of mimesis, experimentation, adoption, and institutionalization are essential to understanding the emergent process of institutional innovation.

Finally, the chapter argued that the genesis of new institutions should be understood dually, both as the genesis of new institutional forms and as the creation of new institutions featuring variations based on local idiosyncracies. It attempted to illustrate with key examples how each of these processes is at work in the emergence of both the CC form and particular CCs, which in Italy have to date displayed a strong tendency toward a “diaspora” of legal regulations and organizational practices reflective of often hyper-local needs, resources, and perceptions.

Notes

- 1 Vaccaro and Palazzo (2015) study the strategies that the Addiopizzo association implemented to convince some Sicilian entrepreneurs to abandon and deem illegitimate the extortionary practice of paying pizzo, or protection money, which was seen as normal for various entrepreneurs.
- 2 However, due to demographic shifts, a possible catalyst of community-based institutional entrepreneurialism may be urban citizens who may reside in rural regions for part of the year, e.g., in a summer residence. An example of this is the CC in Serranova, which, while exceedingly rural (Serranova is unincorporated), includes various seasonal residents who live in Serranova during the summer months, likely increasing the diversity of local residents (Warren, 2022).

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4 New cooperativism in Argentina

Denise Kasparian and Julián Rebón

1 Introduction

Argentina has a long history of cooperativism, starting between the mid-19th and early 20th centuries (Godio, 1980). For most of the 20th century, agricultural, public services and consumer cooperatives were the dominant forms of cooperativism (Acosta, Levin & Verbeke, 2013), while worker cooperatives developed more slowly (Vuotto, 2011). The crisis of the neoliberal reforms of the 1990s led to a growing renewal and revitalisation of cooperativism at the beginning of the 21st century.

This process was led by worker cooperatives created as a way of tackling unemployment. First came the enterprises recuperated by their workers. Organised as social movements, these productive units have converted hundreds of capitalist enterprises that were in crisis into worker cooperatives. Nourished by the idea of cooperativism as a way of confronting unemployment spread by the recuperated enterprises, subsequently the State promoted through public policy the creation of cooperatives as a means of social inclusion, sometimes in synergy with social movements. Finally, the generalisation of worker cooperatives embraced new branches of activity with socio-productive conditions favourable to self-management, such as the IT and software services sector, giving rise to the creation of tech cooperatives. These three processes, along with others, have led to a renewal, growth and revitalisation of cooperativism. Worker cooperatives have become the vast majority of cooperatives in the country (79%, 15,000 cooperatives). They have also given rise, as in other parts of the world, to a new cooperativism (Vieta, 2010) that stands out from the previously institutionalised cooperativism because it is more defensive, less linked to the classic cooperative ideology, more egalitarian, more horizontal, and more open to the community.

The purpose of this chapter is to compare these various types of cooperatives in terms of their productive, labour, and associative qualities, assessing their capability for social innovation. The chapter is based on research fieldwork conducted by the authors over a 20-year period, as well as on available research on the subject. This long-term work included in-depth interviews, surveys, participatory observation, workshops, and multiple case studies by panel approaches (Kasparian, 2022, 2024; Rebón, 2007; Rebón & Kasparian, 2020; Rebón et al., 2016). These three

types of cooperatives are presented below in chronological order according to the timing of their emergence and development.

2 **Renewing cooperativism**

2.1 *Enterprises recuperated by their workers*

In the context of the general crisis of 2001 in Argentina, which marked the end of a cycle of neoliberal reforms, a wave of business conversions of capitalist productive units into cooperatives took place, known as ‘worker-recuperated enterprises’.¹ Far from being limited to an exception or anomaly of the crisis at the beginning of the century, these processes grew in number over time (Rebón, 2007; Ruggeri, 2014). Although with the closure of the original crisis in 2003, new recuperations slowed down, they continued to occur with quantitative relevance, at least until the COVID-19 pandemic crisis. By the end of 2020, 435 enterprises and 15,800 workers were registered, more than twice as many as at the end of the 2001 crisis (INAES, n. d.).

These socio-productive units, self-managed by worker collectives, have three main attributes. They emerge from a critical situation (closure, dismissals, unpaid wages, and social security) of the former capitalist enterprise. To face this critical situation, workers collectively organise and resist. On many occasions, they resort to taking over the premises of the company in order to prevent it from being emptied and to restart production (Fajn, 2003; Rebón, 2007). As a result of the resistance process, there is an organisational transformation of the company based on an associated management by the workers who were employees at the failed company.

While resistance to dismissal and takeovers was part of the pre-existing trade union tradition, recuperated enterprises innovate by adding workers’ conversion (Palomino, 2005). In practically all cases, the new company adopts the legal form of a worker cooperative. The particularity of this type of cooperative, as opposed to consumer or credit cooperatives, is that in worker cooperatives, the members pool their labour force to carry out a production enterprise. Thus, the democratic principle of ‘one member one vote’ is established in the election of authorities by the worker-members, and the existence of permanent wage contracts is prohibited (Rebón, 2007).

Recuperated enterprises are a persistent productive reality in Argentina in the 21st century (Fernández, Alvarez & Rebón, 2022). From the perspective of social innovation theory, worker-recuperated enterprises would represent an innovation form characterised as social entrepreneurship, since they produce change by founding new economic organisations (Ridley-Duff, 2021) (Table 4.1). However, they recreate elements of the preexisting socioproductive organisations, such as parts of the working collective, machinery, and brand, among others. Therefore, their peculiarity lies in the fact that social change is not complete. They are small and medium-sized enterprises, located in different parts of the country, but with a prominent weight in the metropolitan area of Buenos Aires. Formed as worker cooperatives, marked by equity in the distribution of income and in governance practices and structures through its representatives and the assembly, they managed to configure more equitable and democratic companies than the previous ones (Rebón & Kasparian, 2020).

Table 4.1 Main types of innovation in the three types of new cooperativism

<i>Type of Cooperative</i>	<i>Innovation by Company Creation</i>	<i>Innovation by Internal Mechanisms</i>	<i>Innovation by Intercooperation</i>
Worker-recuperated enterprises	Business conversion by workers	Self-management	Political networks (social movement)
Cooperatives promoted by public policies	From scratch by the state and social organisations	Co-management by adaptation	Political and economic networks (social movement)
Tech cooperatives	From scratch by workers	Self-management in innovative industry	Political and economic networks (federation)

In its socio-productive configuration, a hybrid character stands out, characterised by two dimensions. On the one hand, a limited type of social ownership is developed. The limitations lie both in the intensity of ‘ownership’, given that in many cases only precarious and transitory forms of ownership of the productive unit are achieved, and in the restricted nature of the ‘social’, as this is reduced to a collective of workers. On the other hand, while the aim of the enterprise is the reproduction of the worker collective, the immediate purpose of production is the market. Even when enterprises are intertwined in a plural economy (Coraggio, 2008), especially in relations of redistribution and regulation with the state, their production is for a market with conditions of capitalist hegemony. Among their innovations, it stands out that they are enterprises that are more open to the community, as illustrated by the various non-market activities with the local network that many of them carry out, ranging from donations to popular high schools and cultural centres (Kaspasian, 2022). These cooperatives proved to be a viable means of preserving jobs, which is the structuring logic of the process. However, despite all their development, they have never managed to achieve significant weight in terms of production or number of workers in the Argentine economy, representing a small minority of the country’s productive units.

With regard to working conditions, the situation is heterogeneous. Self-management generally implies a reduction in labour rights compared to stable employees, given there is a legal void regarding the situation of worker-members of cooperatives. They are generally registered as self-employed workers, with poorer conditions of access to pensions and social security and a lack of other protections, such as insurance and paid leave (Cascardo, Cholakian & Mutuberría, 2021). Some of these are at least partially compensated for by relatively equivalent elements of public policy – e.g., universal child allowance instead of family wages – or in some cases by internal cooperative strategies and arrangements – e.g., paid holidays. Thus, there is a wide heterogeneity of situations among cooperatives. While most cooperatives have been successful in recovering jobs, this has

not been the case with regard to the possibilities of reversing processes of impoverishment. Another limit worth mentioning is that although these companies keep sources of work open and even the workforce expands over time, the processes of downsizing – measured in terms of the number of workers – that occurred during the crisis of the previous capitalist enterprise have not been reversed in the vast majority of cases (Fernández, Alvarez & Rebón, 2022).

It should be noted that worker-recuperated enterprises involve in their creation a form of social innovation based on inherited elements – worker collectives and productive units, among others. In the configuration of the new company, the workers innovate in different areas ranging from the political dimension – where the assembly dynamics stand out in comparison to other cooperative forms – to the creation of new management and training mechanisms, as well as the reorganisation of the work process (Bauni, 2022).

Change is born out of necessity from the beginning of the recuperations. Faced with the displacement of capital, workers address the challenge of management; and faced with the absence of administrative or managerial staff, they need training for occupational mobility. In this context, new problems require trying out new solutions. However, inheritance also makes it more difficult to innovate because there is a tendency to reproduce what is known, and the pre-existing technological and organisational infrastructure reinforces this.

Recuperated enterprises are also a persistent reality in the social struggle and in the organisational arena. Their origin during the 2001 crisis in Argentina took the form of a social movement that defended jobs on the streets and in the factories. Unlike other emblematic movements that emerged during the same crisis (neighbourhood assembly members, savers' movements), the recuperated organisations – with their anchorage in the social reproduction of worker collectives – have managed to sustain and reproduce themselves over time, nurturing the cooperative and popular economy movements.

In addition, worker-recuperated enterprises have had an impact at the macro level. They have created a new repertoire of workers' collective action available to confront the closure of production units. In a country with a long history of trade union organisation and struggle over working conditions, but with no tools available in the face of widespread closure, recuperation is incorporated into class consciousness as an instrument for the struggle against the violation of the wage relationship. This incorporation into workers' toolboxes had repercussions and emulations with varying intensity in other countries in the region and the world (Quijoux, 2011; Rieiro, 2019; Ruggeri, 2014).

Also, at the macro level, the process has promoted and revitalised the idea of the cooperative as an alternative to exclusion and as an instrument of social change. Although, in the beginning, forming cooperatives was more an adaptive than an ideological strategy, in other words, it was driven more by the desire to maintain work rather than to do it without a boss, – the cycle is shaping a working-class recreation of associativism and self-management. In this way, it stimulated the emergence of a 'new cooperativism' in the country. The dissemination nurtured the

development of worker cooperatives in other spheres, encouraging the emergence of new experiences of solidarity and popular economy. Finally, the process had a politico-state impact. It generated public policies on cooperativism and the social and solidarity economy at various levels. Programmes were developed, state bodies were created, expropriation laws were passed, the country's bankruptcy law was amended to facilitate the process of recuperation of enterprises by their workers, and various political figures in the process held public office in areas linked to the issue (Fernández, Alvarez & Rebón, 2022).

2.2 *Cooperatives promoted by public policy*

During the 1990s, in the context of the advance of neoliberal policies and their impact in terms of growing unemployment, poverty and pauperisation, the state's welfare strategy focused on cash transfer programmes with work requirements (Danani & Hintze, 2011). The implementation of these social schemes in Argentina involved the participation of organisations of unemployed workers that emerged in the heat of the struggles against these neoliberal policies.

Over the years, these social organisations adopted various legal forms in order to develop socio-productive and community projects in which unemployed workers could fulfil the work requirement in accordance with the guidelines of the social schemes. In 2003, the national government launched a series of programmes to promote associativism, cooperativism, and the social economy as a strategy for social inclusion through the generation of jobs (Hintze, 2013; Hopp, 2021). In particular, one set of these policies directly targeted the creation of worker cooperatives. Consequently, while participation in the first *workfare* schemes during the 1990s required the constitution of civil associations by social organisations, from 2003 onwards, the requirement to set up cooperatives in order to access welfare benefits was intensified (Kasparian, 2022).

The programme that stood out the most in this period was the *Programa Argentina Trabaja* [Argentina Works Programme] (PAT). This programme was developed between 2009 and the beginning of 2018 within the Ministry of Social Development. Within it, 5,142 worker cooperatives were created. The PAT stipulated the creation of worker cooperatives made up of vulnerable populations for the provision of socio-community services, the development of social infrastructure, and the maintenance of public spaces. To a lesser extent, cooperatives were also formed in the textile, food, waste recovery, and recycling sectors, among others. For working in the cooperatives, members received an individual subsidy provided by the national state. In addition, the programme allocated funds for the purchase of materials, supplies, and tools, as well as for training in trades and cooperativism, among other subjects. As in the case of the recuperated enterprises and all worker-members of cooperatives in Argentina, workers were considered self-employed and had access to limited social benefits in comparison to salaried workers. However, these worker-members benefited from the fact that the Argentina Works Programme subsidised their registration in the regime for low-income self-employed workers. The co-operative members' income provided by the state was initially set

at approximately 90% of the legal minimum wage. As well as the implementation of the Argentina Works Programme, the Universal Child Allowance was also set up to integrate the scheme's beneficiaries into the system of family allowances (Hopp, 2021; Kasparian, 2022). As time and governments passed by, the characteristics of the programme changed, and by 2023, the subsidy only represented 50% of the legal minimum wage.

Although the experiences were diverse, in general, non-market productive units were formed, in which the state defined the activities to be developed by the cooperatives and exercised the function of direction. Although some productive units developed products or services to be inserted into the market, in general, they were cooperatives whose activities were oriented towards improving the material living conditions of the communities or towards reproductive work and, therefore, had no exchange value in the market. Their main objective was the subsistence of their workers, people who had long been excluded from the formal labour market, generally older people and women heads of household with dependent children.

However, the programme enabled a certain degree of social empowerment, as its resources allowed the cooperatives to provide themselves with tools and build infrastructure. This collective ownership, in conjunction with the self-management spaces allowed by the programme – for example, the cooperatives organised their working days and division of labour schemes – made it possible to generate synergies between public policy and social organisations, giving rise to co-management schemes (Kasparian, 2022). In terms of associative dynamics, these cooperatives had authorities elected by their members as well as frequent assemblies. However, concerning both boards and assemblies, decision-making power resided not only in cooperatives but also in state agencies and the organisations of unemployed workers. The experiences framed in public policies that were more successful in sustaining production were the cooperatives linked to social movements, where the cooperative figure allowed the institutionalisation of socio-community organisation. However, it is still a challenge to consolidate the production of goods and services for market sale and thus complement state subsidies.

The inclusion of cooperatives in this type of policy implied an innovation (Table 4.1) with far-reaching impacts, both within the cooperative movement and the labour movement. As for the former, in addition to the fact that these policies increased the number of cooperatives in Argentina, cooperatives created within the framework of public policies became the majority. By 2012, three quarters of worker cooperatives were linked to some policy promoting cooperativism and the social economy (Acosta, Levin & Verbeke, 2013).

With regard to the labour movement, the combination of the political experience of organisations of unemployed workers, the revitalisation of associative and self-managed work as a defensive response to neoliberalism, and the progressive construction of a rhetoric of 'work' to replace the rhetoric of 'work requirement' were some key elements in understanding the emergence of an increasingly relevant actor: the popular economy. As a result of a long historical and theoretical journey, in 2011 the *Confederación de Trabajadores de la Economía Popular* [Confederation of Workers of Popular Economy] (CTEP) was created to represent the working classes

who earn their living outside of wage relations and who, having been excluded from the formal labour market, ‘invented their own work in order to survive’. In this sense, it brings together self-employed workers, self-managed workers, cooperative members, workers from recuperated enterprises and social programmes.

In 2015, the CTEP succeeded in creating an aggregation regime for workers in the popular economy and was granted the power to represent the collective interests of these workers by the National Ministry of Labour, Employment and Social Security. In 2016, this organisation was key to achieving the approval of the Law on Social, Food, and Popular Economy Organisations Emergency. Among other issues, this law created the Complementary Social Wage, which consisted of a state income allowance equivalent to 50% of the legal minimum wage for ‘informal’ workers or those whose income is below the minimum wage. Considered as a ‘complement’ in addition to the income derived from the performance of their activity, this cash transfer was defined as a wage – instead of a subsidy with a work requirement – thus emphasising the worker status of those in the popular economy (Fernández, Álvarez & Rebón, 2022; Maneiro & Nuñez, 2021).

However, with successive changes of government, and with greater force since 2018, social schemes aimed at vulnerable sectors of society gradually abandoned the cooperative element, and even, during some governments, the organisation of cooperatives as a means of social inclusion has been stigmatised. Although workfare policies persisted, the associative element that had made possible a relative re-signification of the work requirement as actual work in the framework of the social, solidarity and popular economy was eliminated. In this sense, just as public schemes to promote cooperatives diminished, so did these state-redistribution enterprises that had been founded in the heat of these policies.

2.3 *Tech cooperatives*

Against the backdrop of the revitalisation of cooperativism, mainly as a result of recuperated enterprises and public policy promoting associativism, during the second decade of the 21st century, worker cooperatives for the provision of professional services, made up of young professionals or highly qualified workers, began to be formed. Cooperatives providing accounting and legal services in the field of architecture, geography or communication, among others, were formed as a search to practise professions within the framework of associative and self-managed work relations.

Within this process, software and IT services cooperatives stand out. This is a sector with high labour demand, high levels of innovation and work organisation conditions favourable to participative and collective management (Table 4.1). In this context, these cooperatives grew in size and organisation. In 2012, the *Federación Argentina de Cooperativas de Trabajo de Tecnología, Innovación y Conocimiento* [Argentine Federation of Worker Cooperatives of Technology, Innovation and Knowledge] (FACTTIC) was formed. This is a second-degree organisation that currently includes around 30 cooperatives located throughout the country (Grasas, 2024).

Table 4.2 Summary of main characteristics of the three types of new cooperativism

	<i>Actors</i>	<i>Workers' Social Composition</i>	<i>Traditions</i>	<i>Exchange Principle</i>	<i>Goal</i>	<i>Resulting Associativism</i>
Enterprises recuperated by their workers	Salaried workers/ Recuperated enterprises movements	Stable workers	Trade union/ Cooperative	Market enterprise	Between subsistence and reproduction	Adaptive cooperativism
Cooperatives promoted by public policy	State/Social organisations	Excluded workers. Women workers.	Social organisation/ Popular economy	State-redistribution enterprise	Subsistence	Promoted cooperativism
Tech cooperatives	Workers/ Cooperative organisations	Professionals or highly qualified workers. Male workers.	Cooperative/Free software	Market enterprise	Reproduction	Cooperativism

These cooperatives draw on both cooperativism and the free software movement and emphasise the points in common between both traditions. Some of the free software practices that show affinities with the cooperativist universe are horizontal social relations, socialisation of knowledge and collaborative work among peers (Vannini, 2010). Consequently, in contrast to the Fordist model of organisation that tends to prevail in recuperated enterprises, these cooperatives deploy flexible schemes of work organisation, dominant in informational capitalism in general and in the software and IT services sector in particular (García, 2024; Zukerfeld, 2020). Similar to the recuperated enterprises, assemblies acquire special relevance for decision-making in these cooperatives (García, 2024).

By inserting themselves in an expanding market, these productive units manage to represent effective strategies for the reproduction of the lives of their members, who are – as in the branch – mostly men (Grasas, 2024). Although being worker cooperatives, and thus only having the possibility to register their workers as self-employed, as in the two previous types of cooperatives, the good productive conditions allow the deployment of their own social protection policies. For instance, based on the experiences of the members of FACTTIC and Pyar (Python Argentina Community), MIT (Mutual of the Tech Industry) was recently launched, an organisation to share experiences and obtain benefits in the areas of food, tourism, sports and recreation, culture, insurance and training. In an attempt to broaden support networks, the mutual seeks to incorporate not only workers from tech cooperatives but also any worker in the IT or knowledge industry.

Finally, the commercial insertion of cooperatives is supported by a growing market. Although it brings favourable monetary results, it also introduces tensions in the associative and self-managed nature of the organisations due to the service contracting modality widespread in the sector. The sale of services by the hour to external clients in the framework of projects limited in time generates that the work organisation and the general management of the projects lie outside the cooperatives' power; that is to say, the direction function remains in the hands of the contracting company. One innovative strategy deployed by the cooperatives to offer the sale of services by teams and not isolated individuals, and thus maintain increasing degrees of control over the work and production process, is the intercooperation between the entities that make up the Federation (García, 2024).

In summary, worker cooperatives in Argentina in the 21st century assume heterogeneous forms in terms of their origin, actors, traditions, exchange principles, goals, and type of resulting associativism (Table 4.2). In the preceding pages, we described its main forms: enterprises recuperated by their workers, cooperatives promoted by public policy, and tech cooperatives. Following, we compare them and underscore their main challenges.

3 Final remarks

In terms of social innovation, the three types of cooperatives presented here express the creation of new enterprises, new internal organisational mechanisms within them, and also new networks that allow political and economic cooperation

between cooperatives. Each of them has different characteristics of origin and development, which translate into different impacts on innovation. All of them imply the emergence of new associative organisations in the production space. Unlike cooperatives promoted by public policy and tech cooperatives, recuperated enterprises are not created from scratch. On the contrary, these cooperatives imply a conversion of productive units based on social struggle and self-management. Their main innovations are more in the associative field, where converted enterprises become managed by worker collectives, than in the productive field. In this second field, although recuperated enterprises innovate, they tend to maintain the type of production and organisation of the previous work processes.

In the case of cooperatives promoted by public policy, the primary source of innovation can be attributed to the state, as it is the state that defines the execution of the work requirement through cooperatives. The productive processes tend to be relatively simple, with low innovative dynamics on the part of the cooperatives beyond those resulting from the adaptations of the programme. Within the framework of contentious dynamics between unemployed workers' organisations and state agencies, the associated worker collectives managed to shape policies in such a way that the socio-community tasks performed by them could count as the work requirement. Consequently, this adaptation also led to a certain broadening of the concept of work which, in dialogue with feminist economics, began to contemplate reproductive and community care tasks.

In the case of tech cooperatives, the creation of associative enterprises is in line with the flexibility and teamwork prevailing in the software and IT services sector. In this context, the organisation of work and collective innovation are in line with the forms of work organisation in the sector. One of the most outstanding innovations is intercooperation, i.e., the execution of projects articulating several cooperatives. It is interesting to note that this innovation combines productive and associative dimensions. Intercooperation requires designing productive processes that integrate the work carried out by people in different cooperatives. In this sense, it is common for members of this type of cooperative to share work more with members of other cooperatives in the federation than with members of their own cooperatives. This dynamic is even valued by the workers of the federation because it allows more experienced cooperatives to train members of newer cooperatives. Thus, the deployment of intercooperation makes it possible to innovate in productive-associative practices.

These three cooperative experiences face different sustainability challenges that call for diverse kinds of innovations. Recuperated enterprises' main challenges lie in market competition, given the conditions of relative technological backwardness, low investment capacity and limited access to credit as a result of the precarious tenure of the productive units. Since these cooperatives produce mainly for the domestic market, they are also influenced by the ups and downs of economic policies. Cooperatives promoted by public policy face the greatest challenges. Given their high dependence on the State, their sustainability is associated with the country's political cycles, and what governments do or do not do with them is central. In this sense, one of their main challenges is to be able to complement by market

sale the income coming from public policies or even to convert the cooperatives towards the production of exchange values. These challenges require innovations focused on production, sales, and funding.

Finally, in the case of tech cooperatives, where there is a strong weight of service exports, the type of economic policy regarding the opening of the external market and cost competitiveness linked to the exchange rate are unavoidable conditions for sustainability. However, the sale of services by cooperatives to other companies under subcontracting models also poses challenges to the associative sustainability of cooperatives. This requires that the worker collectives manage to generate business, productive and work organisation models that allow them to maintain margins of autonomy in the framework of projects that are often directed outside the cooperatives. In this sense, innovations should be directed to designing creative intercooperative organisational forms. The degree to which these three types of cooperatives contribute to the cooperativism of the future depends in part on the way in which they face the sustainability challenges outlined here. The history of these processes is open. It will again be determined by the capacity of workers to innovate.

Note

- 1 Worker-recuperated enterprises can be understood as a type of worker buyout. However, worker buyouts, in particular Italy's paradigmatic case, are a more top-down and institutionalised model, which relies on public and co-op sector funding, established legal procedures, and third-sector support (Vieta, Depedri, & Carrano, 2017).

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5 Old school meets new

Global efforts to promote cooperative principles through modern employee-buyout innovations

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1 Introduction

Throughout history, worker cooperatives have stood uncontested as the dominant form of broad-based employee ownership¹ (EO) in the context of private market economies (CICOPA, 2005), where EO designates a type of ownership structure that ties ownership rights – profit, capital value, and governance rights – to the current generation of workers in the firm. The roots of the cooperative movement are deeply intertwined with the principles of EO, and the two concepts share a rich historical connection (see Kaswan, this volume, Ellerman & Gonza, Handbook). In many countries, worker cooperatives remain the only systematically regulated form of EO (Travisani & Cordova, this volume), and globally, they continue to be a common type of employee-owned business by a significant margin (Pérotin, 2016; Lomuscio et al., 2023; CG Scop, 2025). However, worker cooperatives are neither the only model of EO nor the fastest-growing one (Emms and Goodman, 2024).

Since the second half of the 20th century, Anglo-American countries have seen the rise of EO models with distinct cultural-ideological backgrounds, purposes, and implementation methods: the Employee Stock Ownership Plan (ESOP) in the United States and the Employee Ownership Trust (EOT) in the United Kingdom and Canada. One of the key differences between these models and worker cooperatives is that ESOPs and EOTs are not principally used to build employee-owned businesses from scratch. Rather, they are a type of mechanism employing financial leverage to convert conventional businesses into EO businesses. Another key distinction lies in the type of ownership these models are designed to establish and maintain. While ESOPs and EOTs provide employees with economic rights – that is, the right to profits and, in the case of US ESOPs, also the right to book value – they do not by default grant workers participation in governance (Kaswan, 2022; Magowan, 2010; Van Doel and Howell, 2022). This stands in contrast to worker cooperatives, which normally operate on a one-member-one-vote system of governance (NCEO, 2025).

The success of ESOPs and EOTs has been largely attributed to two key structural features: leveraging the target company's available cash flow to finance the buyout and employing a separate legal entity (a trust) as the ownership vehicle for employees (Gonza et al., 2024). These mechanisms – coupled with preferential

tax treatment – have allowed ESOPs and EOTs to rapidly expand EO by establishing a flexible and cost-effective framework for the conversion of profitable companies – without depending on a strong supportive ecosystem.

The numbers speak for themselves. Today, the United States has over 6,500 ESOPs (5,925 private companies and 433 publicly traded companies), employing around 14.9 million workers – roughly 10% of the private sector workforce, where majority employee-owned ESOPs employ a smaller but still impressive number of 2.5 million workers (NCEO, 2025). In the United Kingdom, the EOT model has gained significant traction since its introduction, especially after receiving favorable tax treatment in 2014. Studies suggest it is now the second most popular business succession tool in the United Kingdom, with approximately one company transitioning to an EOT every day (Emms and Goodman, 2024).

In contrast, the worker cooperative movement has, with few exceptions, struggled to develop scale-up strategies capable of significantly shifting ownership patterns in most economies. While worker cooperatives remain numerous in some areas, this is often associated with the presence of strong cooperative ecosystems – many of which took centuries to develop or emerged under specific political and historical conditions (Molina and Miguez, 2008; Warren, 2024; Zamagni and Duda, 2016). However, recent developments indicate growing interest in leveraging ESOP and EOT mechanisms to expand cooperative ownership in market economies with limited state intervention. These initiatives, ranging from legislative proposals to exploratory discussions, have, curiously, emerged almost simultaneously across various parts of the world – particularly in Europe (Duverger and Sente, 2024; GOV.SI, 2024; Hulgård et al., 2022). This can be explained by shared challenges, such as a generalized SME succession crisis, and the current lack of socially sustainable solutions to address them (Walsh, 2024; Storbeck, 2018; Darbon, 2025).

This chapter aims to map several of these initiatives in three countries of the Global North: the United Kingdom, Germany, and Slovenia. It intends to identify the driving forces and motivations behind business conversions in the three countries and explore the roles played by established actors in both the worker cooperative movement and the ESOP/EOT ecosystem. The goal is to uncover commonalities and potential points of friction between these two worlds, as well as to assess the prospects for synergies that could drive the scale-up of cooperative ownership in businesses, interpreted broadly.

The first section provides a comparative analysis of worker cooperatives and the ESOP/EOT models, offering contextual background. The second section presents an overview of early explorations into hybrid models of EO, linking traditional worker cooperatives with modern employee buyout (EBO) mechanisms. This includes cases of practical implementation, offering a high-level overview of attempts to apply cooperative values to modern EO models, and vice versa. An assessment is then carried out regarding the extent of their alignment with cooperative principles, particularly the principle of member (typically employee) participation, as espoused by the ICA and the Mondragon cooperative principles. Before

concluding, three case studies – the United Kingdom, Germany, and Slovenia – are presented to illustrate ongoing efforts and challenges in this domain.

2 Worker cooperatives vs ESOP/EOT ecosystem: a short comparative analysis

This section provides an overview of the concepts of worker cooperative and ESOP/EOT and their respective ecosystems, identifying their main differences and points of overlap – from a historical, ideological, and practical perspective.

2.1 Worker cooperativism

Worker cooperativism, the most ideal form of EO, is a concept that fundamentally extends beyond ownership. As a subset of cooperativism, it establishes principles that shape decision-making, corporate behavior, and the distribution of rights among worker-owners (Gonza et al., 2024). “True” cooperative businesses are not only worker-owned but also democratically governed according to the one-member-one-vote principle; they uphold open membership, mutual solidarity, and education promotion (ICA, 2025).

Worker cooperatives emerged as part of the labor movement. In Europe they were also championed by Catholic movements (through economic theories such as distributionism) – particularly following the publication of Pope Leo XIII’s 1891 encyclical *De Rerum Novarum*, which criticized unbridled capitalism and advocated for the creation of “societies for mutual help” and “workingmen’s unions” (see Chapter 1 by Kaswan et al. above; Hubner, 2020; Leo XIII, 1891; Schultze, 2001). From their inception, the worker cooperative movement has had a strong communitarian element, emphasizing the importance of worker self-organization. One of the earliest known efforts to codify cooperative principles was the Seven Rochdale Co-operative Principles, established in 1844. These principles have since guided the global cooperative movement, with the International Cooperative Alliance (ICA) officially adopting them in 1937 and refining them in 1966 and 1995 (Patmore and Balnave, 2018; ICA, 2025). These values reflect the grassroots nature of the cooperative movement, which emerged as a means for workers to uplift themselves from economic insecurity through the practice of mutualism, establishing collaborative work environments, and reliable social safety nets. Especially under conditions of economic hardship and social exclusion, worker cooperatives have long served as a bottom-up tool for marginalized groups to create decent work and life conditions (Camargo et al., 2021; Kwapong and Hanish, 2013). Today, even as mainstream cooperative ideology has lost much of its initial disruptive impetus, cooperative principles are still enforced through mechanisms such as mutualistic funds – financed by mandatory contributions from cooperatives – and representation by cooperative federations and political organizations (Warren, 2022a; Hoyt and Menzani, 2012).

While most worker cooperatives are founded from scratch, there are also many cases of conversions to cooperatives through EBOs. Among the best-known models

for EBOs through worker cooperatives is the Italian Marcora Act framework, within which around 400 EBOs have been carried out (see Bigi et al in this volume), as well as the “pago único” system in Spain and Cooperative and Participative Societies (*sociétés coopératives et participatives* – SCOPs) conversions in France (Gonza et al., 2021; Vieta et al., 2017). These models proved particularly well suited for enabling workers of businesses facing closure to mobilize and buy them, helping to save jobs and minimizing harm for the local community.

In some countries (Argentina, Uruguay, Greece, and others), cooperatives are commonly created as worker-recuperated enterprises (WREs), often employing quasi- or extra-legal methods rooted in struggle (Olsen, 2013; Vieta, 2013, Heras and Vieta, 2020). The best-known examples of WREs are the *empresas recuperadas* in Argentina and Uruguay, where workers occupy and take over the operations of failing businesses in response to mass layoffs and/or unpaid back wages. As argued by Monni et al. (2017), EBOs and WREs based on worker cooperatives both arise from processes in which workers either negotiate with or enter into conflict with the (exiting) owner, respectively. By their very nature, both can be described as primarily worker-led processes.

In market economies, EBOs are often seen as the most promising pathway to expanding EO. This is because they become viable when an existing owner is ready to step away and when the company already has an established internal structure and culture (Olsen, 2013). However, cooperative conversions in the context of profitable companies, especially in business succession settings, remain rare and mostly limited to the service sector, where employees are more likely to be able to finance the buyout themselves due to the higher average salaries (European Commission and European Investment Bank, 2025).

The lack of effective conversion mechanisms has been one major reason why cooperatives have not managed to become a prevalent organizational form in market economies (Gonza et al., 2024), despite them generally presenting competitive advantages and producing positive externalities (Pérotin, 2012; Albanese, 2024; Preluca et al., 2022). Historically, there have been periods of significant growth in the number of worker cooperatives, but these instances do not point to a replicable model, as they have typically been confined to specific political and social contexts, often characterized by heightened class consciousness.

2.2 ESOPs and EOTs

The very first ESOP was established in 1956 at Peninsula Newspapers Inc., a newspaper publishing company, to facilitate the transfer of ownership to employees following the retirement of its two founders (Menke and Buxton, 2010). EO models such as ESOPs and EOTs stem from a radically different context compared to worker cooperatives. The ESOP model was first promoted in 1950s America by lawyer, economist, and political theorist Louis O. Kelso as a way to extend the benefits of the postwar economic boom to a broader segment of the population.

The transformative aspect of the ESOP model lies in its ability to solve the primary challenge traditionally associated with EBOs: financing the transaction. By

establishing a separate legal entity – a trust – which serves as the ownership vehicle, and utilizing financial leverage, the model enables *all* workers to gradually acquire ownership without requiring them to invest personal savings or, importantly, to put their often limited assets at risk. Because ESOPs and EOTs grant ownership to employees through a separate legal entity, EO established through these models can be partial (Gonza et al., 2024). The EOT can be described as a profit-sharing (PS) scheme, since employees, in their role as owners, are granted only profit rights (Ellerman and Gonza, 2024). In contrast, the US ESOP provides employees with both profit distribution and capital appreciation rights. The latter is achieved through individual capital accounts (ICAs), where shares are allocated to each employee. Shares are bought back by the ESOP trust once the employee leaves the company (Gonza, 2025; Rosen et al., 2025).

Despite being vehicles through which employees acquire ownership rights, ESOPs and EOTs are, in many regards, more akin to employee benefit schemes. Firstly, with these models, it is the current owner (the seller) who unilaterally decides whether a buyout will be carried out and thus whether EO will be established (Gordon and Pound, 1990; Pendleton and Robinson, 2025). Unlike cooperative-based EBOs or WREs, where workers initiate and lead the transition, ESOP and EOT conversions are generally owner-driven. Even after an ESOP or EOT is established, employees typically are not substantially involved in the decision-making process by default. Instead, it is the owner who appoints a trustee, who then acts as shareholder of record (Kaswan, 2022).

The ideological foundation of the ESOP model is grounded in the idea that the market economy does not offer sufficient wealth-building opportunities for the working class (Kelso and Adler, 1958, p. 62). The ESOP model helps to bridge that gap by leveraging workers' collective capacity to produce a surplus. However, while Kelso's writings convey a clear ambition to share the fruits of capitalism with the wider population by promoting predistribution of wealth, achieving this goal through ESOPs did not require grassroots movement-building (Kelso, 2017). Instead, the primary aim was to persuade existing economic and political power-holders to embrace a vision of participatory capitalism. It was also an effort that remained detached from wider labor movement struggles, with Kelso envisaging a future of "universal capitalism" in which unions would primarily serve to promote EO (Ellerman, 1985). The rhetoric surrounding the emergence of ESOPs aligned with an approach to wealth distribution that exalts and empowers the individual producer rather than fostering collective power (Logue and Yates, 1999). Worker participation in decision-making was also not of great interest to Kelso, who was rather wary of handing decision-making power to "amateur management". Timid steps toward employee participation in ESOPs were also firmly rejected by the US Congress (Forman, 1977).

In the United States, ESOPs gained political traction through Kelso's direct advocacy efforts, particularly his success in persuading Democratic Senator Russell B. Long, who later spearheaded the effort to enshrine ESOPs into law. This culminated in the passage of the Employee Retirement Income Security Act (ERISA) in 1974, which, along with subsequent legislation, regulated ESOPs and

made them a tax-efficient succession solution – leading to their widespread adoption (Rosen et al., 2025). It should be noted, however, that shortly after their legal establishment, ESOPs began to also be used by trade unions as bargaining tools for securing EO in exchange for wage reductions and other concessions (Blasi, 1988). Today, support for ESOPs crosses traditional political lines, receiving endorsement from politicians across the spectrum, including figures on the left, such as Bernie Sanders, and on the right, such as Marco Rubio (The ESOP Association, 2024).

In the United Kingdom, the EOT model was enshrined in law in 2014 by the Conservative-Liberal Democrat coalition government, following the publication of the government-commissioned *Nuttall Review of Employee Ownership*, authored by leading expert Graeme Nuttall OBE (Warren, 2022b). The model drew heavily from the trust-based EO structure of the John Lewis Partnership, which had existed since 1929 (Rosen, 2023). The renewed interest in EO that led to the adoption of the EOT model coincided with the “Big Society” initiative promoted by the same government, which aimed to strengthen the role of the voluntary sector, social enterprises, and other social and solidarity economy entities during a period marked by deep austerity policies and public sector reform (Cabinet Office, 2010; Staniszewski and Nurcombe, 2024; Warren, 2022a). Although EOTs were first introduced by a conservative-led government, just like in the United States, they are now supported across the political spectrum (Monaghan, 2024). The EOT’s widespread implementation can largely be attributed to the desire of selling owners to preserve their legacy (Parkes, 2020), further encouraged by the favorable tax treatment granted to them compared to other forms of business transfer (Pendleton et al., 2023).

As the ESOP and EOT communities have expanded, they have also established their own representative organizations, such as the ESOP Association in the United States and the Employee Ownership Association (EOA) in the United Kingdom. These communities convene at national and even international gatherings, such as the annual Oxford Symposium. However, they have arguably not coalesced into a movement in the same way the worker cooperative sector has. In this sense, EO companies under the ESOP and EOT frameworks exhibit a higher degree of atomization, generally behaving more like conventional businesses. They typically do not engage in mutualist practices and are not guided by a common set of principles to the same extent as worker cooperatives – or cooperatives more broadly – are (Blasi et al., 2024) (Table 5.1).

3 Bridge builders: practical and theoretical attempts to connect the two worlds

As a transformative mechanism for EO, the ESOP model quickly attracted the attention of advocates for cooperative and democratic EO, sparking discussions on the feasibility of a democratic ESOP (Ellerman, 1985; Kaufman, 1989). Early efforts to establish ESOPs with participatory governance structures were often led by trade unions, which saw ESOPs as a tool for negotiating ownership transfers to workers in collective bargaining agreements (Rothschild-Whitt, 1985). However, in most cases where ESOPs have incorporated worker participation in decision-making,

Table 5.1 Comparing worker cooperatives with ESOPs and EOTs

	<i>Historical Origins</i>	<i>Implementation Model</i>	<i>Financing</i>	<i>Governance Structure</i>	<i>Ecosystem Characteristics</i>
Worker Coops	1840s England, spreading internationally; developed within the labor and communitarian movements, often as a response to economic insecurity.	Typically, bottom-up, worker-led formation, predominantly <i>ex-nihilo</i> , but also through EBOs (mostly in companies in distress).	Cooperative conversions often rely on strong institutional support and financing, sometimes requiring workers' contributions	Democratic one-member-one-vote decision-making; egalitarian ownership structure; workers are members/cooperators.	Strong collective identity and shared cooperative values; rooted in solidarity and mutual aid.
ESOPs/ EOTs	ESOPs: 1950s United States; conceived as a means to broaden access to the benefits of postwar economic growth; alternative to state redistribution; enshrined in US law in 1974 through ERISA Act. EOTs: inspired by the John Lewis model; enshrined in law through 2014 Finance Act; introduced by the UK Conservative-Liberal Democrat coalition government; consistent with "Big Society" ethos.	Typically, top-down, owner-initiated transitions, most adopted by profitable companies.	Leveraged financing; acquisition debt is paid off with the projected cash flows of the operating business.	Ownership does not automatically confer governance rights; governance participation depends on plan structure and design.	Representation-focused organizations (EOA, ESOP Association) with weaker ideological coherence; more pragmatic orientation.

they have done so by introducing a one-share-one-vote governance model rather than a one-member-one-vote one (Ellerman, 1985). This tends to favor higher-earning employees, as share distribution formulas in ESOPs tend to distribute shares in proportion to employee compensation (Logue and Yates, 2000).

There are, nevertheless, notable exceptions. One early example of ESOP democratization was Rath Packing Co., a company based in Waterloo, Iowa, which transitioned to an ESOP structure in 1981, adopting a one-member-one-vote governance model. This transfer was driven by demands from the United Food and Commercial Workers Local 46 union, which sought EO as a response to significant wage and holiday reductions (Redmon et al., 1985). Although Rath Packing Co.'s experiment with democratic governance was short-lived, it introduced the "two-tiered scheme" to uphold democratic decision-making (Ellerman, 1985). Under this model, workers voted on all shareholder matters, and the trustees were required to align their votes with the will expressed by employees. In addition, the trustees themselves were democratically elected by the workforce. Given the legal uncertainties surrounding direct worker control under ESOP legislation, the "two-tiered scheme" emerged as the predominant approach for democratizing ESOPs and EOTs. Several companies have since embraced the concept of a democratic or cooperative ESOP, and it has been proposed by some as a model worthy of broader support (Ellerman, 1985; Ellerman et al., 2022; Kaswan, 2022; Kerr, 2015; Rosen et al., 2025). However, it has been questioned whether such arrangements within trust-based models could withstand legal and regulatory scrutiny if formally challenged (Ellerman, 1985).

The first institutionalized model for building cooperative ownership that vaguely resembles the ESOP model is Quebec's worker-shareholder cooperative (*coopératives de travailleurs actionnaire*), introduced in 1984. Like the ESOP model, its primary objective is to enable workers to gradually acquire a stake in their company through a separate legal entity that holds shares on their behalf (Montambault and Cholette, 2018; Duverger and Sente, 2024). Nevertheless, it falls short of providing an equally effective financing mechanism, as it requires workers to fund the buyout through payroll deductions (Desjardins, 2024). Possibly for this reason, its adoption has remained limited.

In recent years, significant attention within EO circles has been drawn to the work of the Slovenian-based Institute for Economic Democracy (IED), which has sought to promote an ESOP-inspired model through a special purpose workers' cooperative in Slovenia. Building on concepts developed by Ellerman et al. (2022), IED has implemented this model in four Slovenian companies and played a key role in assisting the Slovenian government in developing supportive legislation. On October 23rd, 2025, the Slovenian Parliament passed the Employee Ownership Cooperative Act (*Zakon o lastniški zadrugi delavcev*) (GOV.SI, 2025), which enshrines IED's model into law and introduces tax incentives to support its adoption. The model builds on the success of ESOPs – preserving the features believed to be most critical to their effectiveness – while introducing a one-member-one-vote governance system, along with other innovations (Gonza, 2025; Rosen et al., 2025).

Following Slovenia's approach, the idea of a hybrid model has recently been explored by the French General Confederation of Producers' Cooperatives (*Confédération générale des Scop – CG SCOP*), which is considering using the so-called "law no. 47 cooperative" to facilitate ESOP-like transactions for democratic ownership (Duverger and Sente, 2024; Sente and Mackin, 2025). Additionally, the *Asociación Empresarial ASLE* from Spain has begun exploring the possibility of using the "pago único" framework in a similar way, by using the labor society (*sociudad laboral*) legal entity as a holding vehicle to facilitate EBOs (rather than engaging in direct conversions) and to mimic some of the structural features of the Slovenian ESOP model to ensure sustainability of EO. Another European country currently exploring this model is Denmark, where the government has been working on a law to introduce a democratic EOT (Hulgård et al., 2022).

Alongside these institutional efforts, isolated cases of real-world implementations are emerging in different parts of the world, offering valuable insights that can inform broader adoption. The following section presents three case studies – the United Kingdom, Germany, and Slovenia – where modern EBO innovations have been adopted to build cooperative ownership.

4 Case studies

4.1 *Employee ownership trust in the United Kingdom*

The UK's most popular form of EO is no doubt the EOT. One of the main motivators for the rise of the EOT in the United Kingdom has been legislation creating tax incentives for EOT business conversions, which have been in place since 2014. EOTs rely on a special purpose vehicle (SPV), a gradual approach, and leveraged financing to build EO. EOTs account for roughly 90% of all conversions to EO annually and are the second most popular business succession strategy in the United Kingdom as of 2024 (Eoa & WRCEO, 2025). Firms large and small and in multiple sectors are increasingly making use of this option, which therefore deserves some attention with respect to its ability to be harnessed for promoting democratic employee participation.

As mentioned, the EOT is not technically an EO model, since it is a PS scheme. Therefore, the collective account from which the PS stems is not connected with any governance rights. Nevertheless, the requirement that a controlling interest in the firm being converted is required to be in the hands of the trust distinguishes it from the American ESOP model, where tax benefits are only available if the ESOP owns more than 30% of the focal company (Rosen, 2017: 414). Its popularity and distinction from EO models proper mean an analysis of its structure, its financing regime, and its ability to facilitate employee participation in governance is called for.

4.1.1 *Structure of EOTs*

Like the US ESOP, an EOT is structured via the creation of an SPV that is structured as a trust, which acquires a controlling stake in a particular company. EOTs

generally have both employee committees (sometimes called “works councils”) as well as employee representation on the trustee board. In other words, an EOT tends to have three structures: (1) the SPV organized as an employee trust, (2) the trustee company, and (3) the limited trading company. The trust holds a significant share of equity in the focal organization on behalf of employees.

The trust’s manager, the trustee, is mandated by a trust deed and trustee articles of association to act in the interests of employees. The deed establishes the terms between the trust’s different stakeholders, including the trustee board. Governance decisions are made by the trustee board, whose composition is not prescribed by law, though they usually aim for parity with respect to employee and employer representation, with usually one independent member of the board, similar to the arrangements in co-determination.

This structure intends primarily to align a firm’s activities with an extended notion of corporate governance that includes the interests of employees (Nuttall, 2022), without extending governance rights to employees.

4.1.2 *Finance mechanism*

The EOT has been recognized since the Finance Act of 2014. Entrepreneurs who sell a controlling interest in their firm to an employee trust can forego capital gains tax on the sales price, given the trustee acquires a controlling interest in the firm. In other words, there is a minimum threshold of 51% ownership of the company by the SPV for the tax benefits to accrue (Warren, 2022b). Employees receive benefits via the common ownership structure, including up to £3,600 of tax-exempt profit sharing per employee per year (Pendleton and Robinson, 2017: 7). Thus, there are tax benefits to owners choosing to sell their companies to an EOT-led EBO, as well as benefits to employees of an EOT.

One of the issues that has been raised is the inability of the “founding generation” of an EOT to partake in the benefit, since the firm’s profits are usually redirected to paying off the incumbent owners (Ellerman and Gonza, 2024: 8). Moreover, the common ownership scheme is apparently inconsistently applied, since EOT managers are allegedly able to have individual equity accounts (Ellerman and Gonza, 2024: 9).

4.1.3 *VME case study*

VME, an IT firm providing services to roughly two-thirds of independent British retail cooperatives. It was started in 1988 as a family business. In 2004, a management buyout occurred that ultimately resulted in an EOT being chosen. However, those responsible for the transformation of VME into an EOT observed in interviews that “the EOT model is in conflict with increased employee participation”, due to the statutory requirements of the trust form. In order to anchor employee participation in the governance of VME, a “two-tiered” approach was developed entailing the creation of multiple classes of shares in the trustee firm. This includes “labor shares”, which every employee receives and which are tied

to governance rights in the trustee firm. Nevertheless, statutory law requires the trustee manager to have a majority stake in the trustee firm. This limits the effectiveness of the “labor shares” in practice (Warren, 2022b).

4.1.4 *Prospects for the future*

Leading EOT practitioners in the UK have begun to engage in a more systematic exploration of strategies for “embedding co-operation in the trust model.” Alcock and Nuttall (2025) suggest that the EOT structure does not preclude more cooperative forms of governance, since its trustee body could also be a legal entity – including a co-operative. While this has not yet become established practice, the authors argue that workers could establish a co-operative to act as a trustee, representing employees’ interests alongside those of an independent trustee and a trustee from the company board. In the structure envisaged so far, however, the model would still fall short of genuine workplace democracy, instead providing a “paritarian” governance structure that incorporates the voices of selling owners, managers, and employees.

4.2 *Employee buyouts in Germany*

4.2.1 *Cooperatives & company successions in Germany – latest trends*

Germany, the largest economy in Europe and the third largest in the world, is dominated by family-owned SMEs (Fels et al., 2021). Broadly speaking, cooperatives play a marginal role in Germany, with around 8,000 out of a total of 3.84 million SMEs (Schwartz, 2025). They are either not known, poorly understood, or not widely favored. At the same time, cooperative startup costs are relatively high (Münkner, 2013: 418ff).

Like other countries, Germany is facing a wave of retiring entrepreneurs. This is at least in part attributable to the average age of the current generation of company owners in the country reaching a new high (Schwartz, 2025). Numerous reputable institutions, such as the *Kreditanstalt für Wiederaufbau* (German Development Bank) and the Institute for Small and Medium-sized Enterprise Studies (*Institut für Mittelstandsforschung*, or hereafter “IfM”), have predicted that tens of thousands of firms every year will be facing succession challenges in the coming years (Blome-Drees and Rang, 2014: 15), with challenges due to the old age of entrepreneurs “increasing”.

4.2.2 *EBOs for company succession: a German perspective*

Founding firms with EO is not widespread in Germany. The German model of co-determination separates ownership from control in theory (Jager et al., 2022). However, that model is under strain at present due to shifts in the global economy away from technologies and sectors in which the German economy is and has been heavily invested. In the eastern part of the country, some experiences with worker

ownership existed, which were, however, largely dissolved after reunification in 1991 (Azzellini, 2021). Additionally, conversions to EO are still rare in Germany (Blome-Drees and Rang, 2014: 10).

This situation is surely exacerbated by the fact that the German legal and institutional regime lacks a standardized set of institutions and resources for promulgating EBOs, a German version of the ESOP or EOT (Schimmele, 2019). Therefore, and considering the recent uptick in interest in EO generally (Europe and Kelso Institute, 2024), Germany needs a dedicated legislative framework for simplifying and incentivizing a user-friendly EBO scheme.

Several key stakeholders in Germany have worked and are working to promote viable models for EBOs at scale. For example, in 2018, regarding micro- and small enterprises, Platform Coops, e.G. worked with Italian partners to develop a democratic employment policy instrument, particularly for companies in rural areas of the state of Brandenburg, Germany. Here in particular, the closure of companies can affect the attractiveness of an entire region. The project *employee cooperatives* were funded as a social innovation by the state of Brandenburg and the European Social Fund (h3-o, 2018). More recently, the newly founded German IED (*Institut für Unternehmensdemokratie*, hereafter “IfU”) aims to develop and promote models suitable also for larger companies, including a model for leveraged EBOs inspired by both the UK’s EOT and by the European ESOP presented in Section 4.3.

In the following, we present two successful cases of EBOs in Germany: one small enterprise with around 35 employees and one large enterprise with around 500 employees. The conversion of both companies involved the creation of an *eingetragene Genossenschaft* (e.G.), the legal German term for a cooperative enterprise (Münkner, 2013). The first company, *oose*, was converted in 2014, while the second, *Iteratec*, was partially converted to a cooperative in 2019 and expects to finish its conversion by 2027.

4.2.3 Case 1: *oose eG*

oose eG has been offering education services for over 20 years, primarily in the fields of systems and software engineering, project management, business processes, soft skills, consulting, and new forms of work. *oose* was founded as a limited liability company (GmbH), and in 2014, it was transformed into a cooperative, which currently has about 40 worker-members. The idea for an EBO came up because the founder no longer wanted to take responsibility for about 35 employees and their families. A few years earlier, the company had already introduced a model of self-organization inspired by sociocratic approaches.

4.2.3.1 PARTICIPATION

oose practices one of the highest forms of democratic co-determination: *self-organization*. To this end, around 20% of all members’ time is scheduled for work in working groups dedicated to the organization and further development of the company. Members are kept fully informed about the company’s financial situation

and participate in key decisions, such as the recruitment of new employees. The Management Board, as in any other cooperative, represents the cooperative externally. Internally, however, it simply acts as a service provider, managing the commercial needs of the members. Andrea Grass, a member of oose has said of the transformation, “I still do the same job but enjoy my work about twice as much”.²

4.2.3.2 FINANCING

The financing of the EBO already reflects a strong cooperative approach. The aim was to ensure that all employees could afford to become members of the cooperative. The membership fee was set at an accessible level, with only part of the share price required to be paid upon joining the cooperative. The number of shares per member is limited, and distributions per share are made at the end of a financial year. In order to prevent decisions relating to profit distribution from being overly influenced by the self-interest of members with many shares, each member may acquire a limited number of shares. The agreed purchase price was paid by the cooperative from the profits generated on an ongoing basis. The financial redemption took place over a period of ten years, without banks being involved.

4.2.4 Case 3: Iteratec

Iteratec is a large company employing around 500 people in Germany and Poland. It considers itself an “end-to-end partner for digital transformation of enterprises” and claims to have customers, both large and small, in “a wide range of industries – from automotive, e-commerce and energy to financial services, industry and logistics, media and the public sector” (Eberhardt and Goerke, 2021). The company has been implementing software and digital innovations for 30 years.

Increasingly throughout the years leading to 2020, its founders considered the question of succession and retention of the company’s “unique corporate culture” (Id.). After learning that the then-owners were thinking about succession, some of the employees decided to pursue an EBO. In this respect, in 2018, together with employees, *nurdemteam e.G.* was founded as a cooperative. Employees of Iteratec are eligible for membership. Currently, the cooperative owns 49% of the company, with plans to extend ownership to 100% by 2027 (Id.).

4.2.4.1 PARTICIPATION

Iteratec is one of the most prominent cases of EBOs in Germany. In this case, one of the key reasons that led the employees to buy out the company was to preserve the valued corporate culture. In other words, Iteratec already had a culture of participation before its formal (currently partial) conversion to a cooperative. Its founders describe this as being “primarily a question of attitude” (Eberhardt and Goerke, 2021: 415). Their focus on team cohesion has led to a shift away from a mentality of “Everyone is replaceable” to “Without my team, I’m nothing”.

The aim of deepening Iteratec's participatory culture has only increased since the process began to convert the company into a cooperative. This has meant adapting the governance structure to the new situation while recognizing the growth of the company. This has led to a result that, "[w]hile it incorporates some approaches familiar from holocracy and sociocracy, [...] is [...] unique to iteratec" (Id.).

4.2.4.2 FINANCING

The company has around 500 employees and an annual revenue of over €40 million. Due to the size of the company, an employee self-financed conversion was unthinkable. Therefore, a financial vehicle of a vendor note was chosen, the value of which is being recouped via retained profits. This allowed the employees to use financial leverage to purchase 49% of the shares of the company (to date) and transfer them to the cooperative. "Every employee of the company can become a member of the cooperative and thus a co-owner as long as the employment relationship exists" (Id.). Employee deposits gain interest and are paid out upon retirement or leaving the company. The remaining 51% of the company is to be sold to the cooperative via a similar vendor note, a task the company aims to complete by 2027 (Id.).

4.2.5 *Conclusions and challenges*

EBOs could be an attractive alternative for saving companies with a successful business model from closure. Nevertheless, two of the key challenges are financing and the lack of dedicated policy infrastructure. In the case of financing, employees frequently do not have sufficient financial reserves, particularly as the opportunity to acquire businesses often arises unexpectedly.

With respect to the former challenge, self-financing of EBOs by employees is possible in small and micro-enterprises, but larger firms require a more advanced credit/finance apparatus, which is today largely absent in Germany. This renders the existence of financial partners, including risk capital, a desideratum. IfU is seeking to build alliances with banks and foundations to promote leveraged EBOs as a "win-win" for target companies and for financial intermediaries. With respect to the latter challenge, without an analogue to the Nuttall Report in Germany, it is unlikely that a government will invest the resources to promote EO as a succession strategy. This makes getting the famed German "Mittelstand" behind the EBO form a desideratum. Lastly, German law does not legally recognize the trust form, making a one-to-one adoption of the EOT impossible without significant changes in tax and financial legislation (Wienbracke and Wienbracke, 2012: 21ff), necessitating another vehicle for realizing EBOs, for instance, foundations or cooperatives.

While the Iteratec case was possible due to strong motivation on the part of the founders and an already present participatory culture, the EBO will never exit the margins of the German entrepreneurial community if external financial institutions are not involved and if there are no incentives such as the EOT in the United Kingdom provides. Iteratec in particular presents a potential use case for

developing a simplified EBO model for Germany, due to its large size. It should be further explored as a proof of concept that could be generalized in Germany.

4.3 *Cooperative employee stock ownership plans in Slovenia: showing the way forward?*

In recent years, Slovenia has emerged as a pioneer in adopting innovative EBO models among EU countries. Despite the limited presence of worker cooperatives and other employee-owned companies, EO has gained traction in public discourse and is now featured on the agendas of most major political parties. In 2022, Slovenia's coalition government committed to introducing legislation to promote EO during its 2022–2026 mandate. The government delivered on its promise in 2025 with the introduction of the Employee Ownership Cooperative Act, which introduces an EO model “modeled based on the ESOP” (GOV.SI, 2025).

The conceptual basis of the legislation is the proposal for a European ESOP by Ellerman et al. (2022), promoted by IED since 2018. The primary aim of the law is to address the succession challenge in the SME sector, which is particularly acute in formerly socialist countries – including Slovenia. Many Slovenian businesses were established in the early 1990s, meaning that a significant number of owners are now approaching retirement. In a context where family succession is on the decline (SPIRIT Slovenija, 2022), alternative succession tools are being actively explored. The introduction of the ESOP law takes place against this backdrop and demonstrates strong potential for scalability. Preliminary data from a recent survey conducted by the University of Ljubljana found that half of Slovenian business owners believe that EO, as a succession mechanism, would benefit the country's economy.³

4.3.1 *The European ESOP*

In essence, the European ESOP seeks to promote the scale-up of cooperative ownership by facilitating the conversion of profitable companies (Rosen et al., 2025). This is achieved by taking the basic structure of the ESOP model and substituting the *trust*, which serves as the ownership vehicle in the United States and United Kingdom, with a special purpose workers' cooperative known as an *employee ownership cooperative* (EOC). This ensures democratic governance at the level of the shares owned by the employees, where employees are represented by an elected Board or President. Effectively, when a company is majority-owned by an EOC, it operates as a worker cooperative. While European ESOP EBOs are initiated by company owners, contrary to the Anglo-American models, the model also requires a high level of employee involvement during the transition: for the transaction to proceed, employees must agree to it. This is indicative of a hybrid approach that deviates from the two archetypes described above.

In addition to establishing democratic governance, the European ESOP grants members the right to profit and capital appreciation. The latter is achieved through share-based or value-based ICAs), which log the share of book value belonging to each employee. Value-based ICAs, similar to those used in Mondragon cooperatives,

are the default tool for the individualisation of workers' capital claims. With a personal ICA, each worker receives a proportional share of the capital value of the EOC (total assets minus total liabilities), where the distribution of capital value may be based on pay ratios, tenure, or any other rule determined by the EOC. In this way, the resulting capital structure assigns each member a financial claim that mimic share value. Within the framework of democratic governance, ensuring that workers benefit from capital appreciation is essential for addressing the horizon problem, creating effective incentives, and preventing underinvestment (for a detailed explanation of the horizon problem, see Ellerman, 1986; Ellerman and Gonza, 2024). Moreover, it allows the costs of the buyout to be spread across future generations of employees. Without this mechanism, the employees executing the buyout, who might have to forgo all profits for several years to pay off the acquisition debt, might be incentivized to sell the ESOP stake to an external buyer for compensation.

To reduce the repurchase obligation of the company and the risks associated with undiversified investment, the model introduces innovations such as the "roll-over" system, a plan of continuous repurchase and redistribution of shares stored in ICAs (or of continuous payout of accumulated value in the case of value-based ICAs), which could improve upon models like the US ESOP (Gonza, 2025). Just like Mondragon, it combines individualized ownership with collective ownership by establishing both individual and collective capital accounts. This dual structure further reduces the company's repurchase obligation, contributing to greater financial stability. Such a feature also shows promise for adaptation within Anglo-American EO frameworks (Gonza, 2025).

4.3.2 Pilot implementation in Inea d.o.o.

Inea d.o.o., a Slovenian company specializing in automation, power engineering, and manufacturing informatics, has long upheld a commitment to EO. Originally founded in 1987 as a spin-off of the Jožef Štefan Institute, the company grew from a service provider into a major manufacturer, exporting 90% of its products and ranking among Slovenia's top exporters.

Despite its internal ownership *ethos*, Inea faced structural challenges in sustaining EO. The original model – direct employee share ownership – proved unsustainable, as retiring owners retained shares, which posed an obstacle to generational succession. Ownership fragmentation and financial constraints made it increasingly difficult for new employees to acquire shares. This was compounded by the existing cap on the number of shareholders in a Slovenian limited liability company (d.o.o.) at 50. Various alternative structures, including partnerships and joint-stock models, were explored but failed to resolve these issues.

In 2019, Inea's leadership approached IED and ultimately adopted the European ESOP model. This approach addressed the succession and financing challenges by allowing collective employee share acquisition through financial leverage. The model ensures democratic governance, gradual ownership transfer, and broad employee participation, aligning with Inea's long-standing values. By requiring high-majority votes for ownership changes and preventing individual share trading,

the European ESOP ensures long-term employee control and fosters organizational stability. Today, Inea is a democratically governed, 100% EO company.

4.3.3 *The Slovenian ESOP legislation*

On October 23rd, 2025, Slovenian center-left coalition government integrated the European ESOP model into the Slovenian legal framework, enshrining it in law and supporting its adoption with tax incentives. The initiative was supported by both trade unions and chambers of commerce, with the law proposal having been welcomed favorably by all parties involved in social dialogue at the Economic Social Council.

The Employee Ownership Cooperative Act will establishes a new legal entity – the EOC – designed with the intention to facilitate EBOs and maintain EO over the long run. Regulations ensure that the EOC upholds cooperative principles. A cooperative shall obtain the special status of an EOC if at least 75% of all employees with more than one year of tenure in the operating company are included, if democratic governance at the EOC level is ensured, and if profit-distribution ratios do not exceed an upper limit of 1:8. To promote inclusivity, the price of a membership share for entering EOC membership is capped at roughly 10% of the average monthly salary in Slovenia. The EOC will support both individual and collective capital accounts, with the former allowing for valuation based on either a share-based or value-based method (Rosen et al., 2025).

To encourage widespread adoption, much like in the case of EOTs and ESOPs, the legislation introduces a 20% capital gains tax reduction for sellers. To decrease the cost of capital in EBOs and maintenance of EO over the long run, the ESOP contributions from the operating company to the EOC are categorized as labor expenses and are, therefore, tax deductible, while the income at the EOC level is not taxable income. The upper limit to the tax-deductible contribution is calculated as $\text{EBITDA} \times \% \text{ of EOC stock}$, meaning that if EOC holds 50% of the operating company, the ESOP contribution can be at most 50% of total EBITDA for each given year (given certain additional limitations). In this way, the law incentivizes EOCs with a higher percentage of EO. Payouts of capital value to employee-members are treated as dividend income during their employment, whereas amounts paid after their departure are subject to capital gains taxation. Finally, a “tax clawback” provision requiring the EOC to pay, as a “tax benefit return”, the equivalent value of previously received tax benefits if EOC stock is subsequently sold to external investors – has been introduced to disincentivize sell-outs.

5 **Conclusions**

The chapter has attempted to trace out the evolution of EO in the Global North from its origins in the 1950s in the United States as a distinct model of inclusive ownership from the worker cooperative. It argued that frequently, due to the nature of the political system, EO models like ESOPs and EOTs largely emerged without a concurrent effort toward movement-building and therefore are largely absent

of such associational or federative structures as exist frequently with respect to cooperatives. It also discussed how the practical approach to establishing EO differs between cooperative-based EBOs and Anglo-American EBO models. While in the former, the transaction is typically worker-initiated, and the exiting owner hardly plays a role; in the latter, the roles are usually reversed. This dynamic is also exhibited by the governance structure established by these EO models. Hybrid approaches, which have emerged in the United States at the level of individual companies and are now being institutionalized in EU countries, indicate that a “third way” – one that aligns with cooperative values while maintaining the practicality of ESOPs and EOTs – is possible. Such an approach is being explored in various countries as a strategy for addressing the pressing issue of business succession – and doing it the “cooperative way”. The chapter highlighted these trends with respect to three country case studies.

In the case of the United Kingdom, the main lessons are that the EOT form is very popular and has brought EO into the mainstream. The impact of experts like Graeme Nuttall in promoting the EOT as a robust alternative succession path has enabled a consensus to emerge around the EOT that has seen it experience exponential rates of growth in terms of its adoption as a business succession strategy. At the same time, EOTs aren’t technically EO, but PS, and the statutory framework makes the extension of governance rights to employees a challenge, as the case of VME attempted to demonstrate.

In the case of Germany, the present lack of any institutional incentive structures to promote EO means the phenomenon remains on the periphery. This is at the same time as the economy faces a crisis in terms of succession that is increasing rather than stabilizing. One of the two cases of EBOs covered in the section, oose, demonstrates that a conversion to EO is possible via the traditional cooperative legal form (*Genossenschaft*). However, oose is a small enterprise whose conversion didn’t require outside financing. Germany at present still lacks a unified legal structure for promoting and incentivizing broad-based EO as a suitable alternative to the trade sale. In the case of iteratec GmbH, cooperative ownership was established through an ESOP/EOT-inspired buyout model, which solved many of the challenges typically present in cooperative conversions. This model is in line with international efforts to combine cooperative principles with modern EBO mechanisms, showing potential for scalability. However, the lack of a legal or institutional framework or tax incentives presents a significant hurdle to widespread implementation.

In the case of Slovenia, recent efforts by IED to promote a European-style ESOP have been successful in providing impetus to create a new legal framework promoting cooperative-based EBOs in profitable companies through modern EBO mechanisms. The legislation for regulating and incentivizing the European ESOP in Slovenia could serve as a blueprint for scaling up cooperative ownership in countries with poorly developed cooperative ecosystems – particularly those facing an acute business succession crisis, such as formerly socialist countries. In countries with a longstanding tradition of cooperative-based EBOs, the European ESOP could complement existing models, which appear generally ineffective at addressing the succession challenge.

General conclusions are that new EO models are helping cooperatives to scale up, but at the same time, new hybrid models are also bringing new concepts to EO circles (value-based ICAs, collective accounts, etc.). This is producing a welcomed dialectical interaction benefiting both worlds (i.e., cooperatives and EO firms).

Nevertheless, it remains to be seen to what extent the two movements, if one can speak of them in this way, will be able to grow closer in more organic ways, since so far, identity-based division has persisted, with EO and cooperative practitioners insufficiently communicating. Moreover, there is the persistent question of organizational drift, especially directed at the legacy cooperative movement, whose principles of democratic member control and mutualism may be at risk from the more pragmatic approach of ESOPs or EOTs.

Lastly, it should be emphasized that the majority of EO efforts seem to be concentrated in the Global North, as the aging population in the region is facing the succession crisis in a much more pronounced way than in other regions. At the same time, economic conditions in the Global North are stable enough to allow for such transactions to occur. Nevertheless, similar models are also being explored in countries such as Argentina and Mexico and (Ana and Miguel's chapter) similarly review the potential and challenges for broad-based EO models in Brazil.

Notes

- 1 <https://www.oose.de/ueber-oose/>.
- 2 Official website of the ongoing project (May 2025) available at: <https://www.fdv.uni-lj.si/raziskovanje/institut-za-druzbene-vede/raziskovalni-projekti/P7666>.
- 3 In this chapter, we do not differentiate between EO and worker ownership 8WO, although we acknowledge that the former term is commonly associated with Anglo-Saxon models such as the ESOP and EOT, while the latter has broader application but is the preferred term when referring specifically to worker cooperatives (Abell, 2014; Sanderson, 2023; Mygind and Poulsen, 2021). Based on the authors' personal observations, this tendency is also evident in the terminology of EBOs and worker buyouts (WBOs). Some authors have used EO and WO to distinguish between white-collar and blue-collar firms, respectively (Hansmann, 1989). WO appears semantically more appropriate when referring to worker cooperatives, as these are membership-based organizations where workers are, theoretically, cooperators and members rather than employed by an employer. While subtle differences can be identified – particularly the connotation of “employee” implying a more subordinate position compared to “worker” – in this discussion, the term EO is employed to refer to an ownership structure in which ownership rights – namely rights to profits, capital value, and governance – are attached to a functional role, specifically the provision of labor within the economic firm, whether in worker cooperatives, ESOPs, or EOTs. The same usage applies to the term EBO, which is used to encompass all forms of buyouts where individuals regularly employed by a company acquire ownership through a regular market exchange.

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Part 2

Country and regional perspectives



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6 Legislative challenges and opportunities for employee ownership in Brazil

Ana Paula Travisani and Miguel Cordova

1 Introduction

Employee ownership (EO) has been widely recognized as an effective strategy to align the interests of employees and employers, fostering a more collaborative and productive work environment (Blasi et al., 2017). This management model aims to distribute part of the company's ownership among workers, ensuring them not only a share in profits but also a more active involvement in corporate decisions. The adoption of EO has been the subject of extensive study in developed economies, where the implementation of favorable tax incentives and adequate regulations has allowed companies to adopt this model in a structured manner. However, in emerging economies, structural, cultural, and regulatory challenges still represent significant barriers to its expansion (Aguilera, 2009), as well as the lack of trust between economic actors that would allow them to establish productive and long-term relationships (Khanna, 2018).

Latin America is one of these emerging markets that deals with several economic, social, and environmental constraints. This region is characterized by a turbulent business context where managing firms demands complex decision-making processes and important constraints such as informality, institutional weakness, and lack of state presence and support constantly undermine business efforts to thrive and grow (Vargas et al., 2022). In addition, capitalism structures in Latin America are organized under rigid hierarchies that weaken innovation and specialized training (Schneider, 2013). Also, family business relationships as well as traditional family hierarchies are most common in the region, which are responsible for the connectivity of the corporate network and business elites, as well as for the operation of highly diversified business groups (Durand, 2017; Rivas et al., 2023). Latin America-oriented research found that family connections between companies in Chile promote the resilience and expansion of corporate elites (Silva et al., 2006). According to Cárdenas (2016), contrary to other countries in Latin America, ownership in Brazil is highly concentrated in families, which creates a business elite structure that goes after their own interests through the consolidation of cohesive corporate ownership networks. This chapter focuses specifically on Brazil, which is the largest country and economy within Latin America, as well as the most influential leader.

The history of labor regulations in Brazil dates to the Consolidation of Labor Laws (CLL), implemented in 1943, a regulatory framework that structured labor relations in the country. However, this traditional model of worker protection is poorly adapted to the new dynamics of the labor market, where innovative mechanisms of financial inclusion, such as EO, still do not have specific regulations (Nascimento, 2013). This regulatory deficiency directly impacts the ability of companies to adopt more inclusive models, often generating legal uncertainty for those seeking to implement EO initiatives.

In addition to the lack of an adequate regulatory framework, the traditional employer-employee relationship model, deeply rooted in Brazilian business culture, poses additional challenges for the implementation of EO (Pinheiro et al., 2022). In many cases, managers and shareholders resist the idea of sharing company ownership with employees, fearing a loss of control over the organization or operational difficulties in decision-making. However, empirical evidence shows that the adoption of EO can result in significant gains for both parties by stimulating employee commitment and increasing company productivity (Kruse et al., 2010).

Given this scenario, this study aims to analyze the legislative and practical opportunities for implementing EO mechanisms in Brazil. To this end, successful international models, current legislation, and existing challenges in implementing this model in the country will be examined. In this way, it seeks to contribute to the academic and political debate on the need for more robust and effective regulation to foster the adoption of EO mechanisms in Brazil, bringing benefits both to workers and to the country's economic development.

2 Literature review

2.1 Concept and importance of Employee Ownership

EO is a business organization model in which employees own a significant portion of the company, allowing them to influence strategic decisions and share profits more equitably. This system contrasts with traditional management structures, in which control and dividends are exclusively retained by shareholders or individual owners. On the other hand, the model behaves in a similar way to the ones known as worker ownership, where employees also have the property, but their control and management over the work and the company are almost equal in proportion to their ownership participation, and likewise cooperativism or community development models, influencing considerably decision-making and governance (Bendick & Egan, 1995; Whyte & Blasi, 1982). According to Blasi et al. (2017), companies that implement EO models experience substantial gains in productivity and employee engagement, as active participation in management generates a greater sense of belonging and responsibility. Following Mackin (2024), EO mechanisms would be oriented to develop the concept of ownership, whether through compensation, investment, retirement, and/or membership, toward the employees in a firm.

Comparative studies between traditional companies and those that adopt EO indicate that this model not only improves financial performance but also reduces employee turnover, paves the way towards succession processes, increases the economic stability of companies, and promotes a more harmonious work environment (Kruse et al., 2010). According to Rosen (2021), more than half of the listed companies within Fortune's 100 Best Companies to Work have implemented at least one EO mechanism. Employees who have equity stakes tend to have greater job satisfaction, as they feel valued and motivated to contribute to the company's growth, knowing that the financial benefits will be directly shared among all those involved. Furthermore, EO would be a reliable financial mechanism for firms to overcome periods of economic crisis, since the company would be able to incorporate its employees in the ownership structure, giving them stocks as part of their regular wages, while they also leverage its financial liquidity (Aubert & Cordova, 2020).

Furthermore, EO can play a key role in reducing economic inequality and distributing wealth equitably within organizations. In societies marked by high wage disparities, the adoption of this model can mitigate these inequalities by redistributing corporate profits more broadly (Calixto Casnici et al., 2022; Gonza, 2021). However, the effectiveness of EO is conditional on the presence of adequate regulatory frameworks, the availability of tax incentives, and institutional support to enable its implementation. According to Cordova and López-Valladares (2025), EO initiatives would require the combination of relevant contextual factors such as a flexible business culture, a strong institutional environment, and a set of proper and pertinent regulations. In addition, Hernández and Zuloaga (2023) have documented many EO cases in Latin America, underscoring how EO implementation could deliver benefits for employers once adequate regulation to promote broad-based ownership structures is also set.

Internationally, EO has been widely studied and applied in developed countries, such as the United States and the United Kingdom, where there are specific public policies that encourage this practice (Ellerman & Gonza, 2024). In the United States, for example, Employee Stock Ownership Plans (ESOPs) are widely used to enable employee participation in company ownership, with tax incentives for their expansion (Kruse et al., 2010). In the United Kingdom, the Employee Benefit Trust model has been promoted as a means of facilitating the transition of ownership to employees without compromising organizational stability (Pendleton, 2010). In addition to this, some cases from Europe also highlight the importance of the implementation of EO mechanisms in the companies' international expansion and overall performance, such as the case of France and the implementation of Employee Stock Purchase Plans (ESPP) at a national level as well as an international one through subsidiaries in Latin America (Aubert et al., 2024).

The application of these models can offer valuable insights for emerging economies, such as Brazil, where the adoption of EO still faces structural and regulatory barriers. In this context, it is essential to analyze which mechanisms and strategies could be adapted to the Brazilian scenario, allowing EO to become a viable and sustainable alternative in the country.

2.2 *Regulatory and institutional challenges in emerging economies*

The implementation of EO in emerging economies, such as Brazil, is complex due to the presence of several regulatory and institutional challenges. One of the main obstacles is the concentrated ownership structure (Cárdenas, 2016), where large business groups and individual shareholders hold majority control of companies, limiting the scope for a more equitable distribution of ownership (Aguilera, 2009). This governance pattern, common in emerging economies, reinforces a hierarchical system in which business decisions are centralized, making the transition to an EO model a significant challenge. Also, in some Latin American countries, the insufficient or lack of regulation would reinforce the presence and control of business elites over companies (Pazos & Cordova, 2024; Salvaj & Couyoumdjian, 2015), which would concentrate more of the decision-making and the economic power on those elites, emphasizing social and economic inequalities.

Another relevant obstacle is related to the regulatory and legislative infrastructure. In Brazil, labor legislation is largely based on formal employment contracts, providing little flexibility for alternative ownership structures (Nascimento, 2013). The CLLs, created in 1943, was designed to guarantee labor rights in a traditional industrial context but does not include mechanisms that encourage shared ownership within companies.

Therefore, cultural barriers, together with a lack of specific regulation, increase the obstacles for EO adoption by Brazilian firms. According to an empirical study from Ros (2001), using a comparative approach between cooperatives and private firms of the textile industry in Brazil and the United States, EO implementation in Brazil exhibits feasibility and high potential for benefiting the Brazilian business community. However, many of the reasons and motivations for organizations to adopt EO mechanisms were challenged by financial constraints and legal hurdles, as well as cultural and structural issues strongly related to the business context in different countries. Thus, even though EO has proven to be a reliable source of performance advantages, its success would be contingent upon regulatory and cultural patterns (Ros, 2001). In fact, the cooperative model has exhibited more advantages for reducing relative, rather than extreme, poverty in Brazil (Arestis & Phelps, 2025), while more complex EO mechanisms that include participation in governance, decision-making, and long-run higher benefits remain largely less explored. Moreover, following Basterretxea et al. (2025), even multinational companies such as Mondragon Group in Spain that have transferred EO practices into their subsidiaries in countries such as Brazil have faced enormous challenges in adapting EO mechanisms to local culture, business environments, and political agendas.

Furthermore, informality in the Latin American labor market is another limiting factor for the expansion of EO, which informality rates reached 51% as a regional average by 2019 (Maurizio, 2021, p. 30). In the case of Brazil, a significant portion of the workforce works in precarious conditions, without access to formal benefits or legal security, which makes it difficult to incorporate participatory models within the private sector (Pinheiro et al., 2022). The lack of government incentives and a favorable business culture also contributes to the low adoption of this model.

By comparison, in countries such as the United States and the United Kingdom, where EO is well established, legal frameworks have been created to facilitate its adoption, offering tax incentives and government support to companies that opt for this model (Kruse et al., 2010). In Brazil, the absence of similar policies means that companies interested in implementing EO face bureaucratic barriers and regulatory uncertainty, factors that inhibit its widespread dissemination.

Therefore, for EO to become a viable alternative in Brazil, a review of the current regulatory framework is necessary, accompanied by initiatives that encourage its adoption, such as financing lines, tax reductions, and training of workers to actively participate in business management. Furthermore, institutional strengthening and government support are essential factors for EO to become a concrete reality in the country.

2.3 *Legislative application and enactment in Brazil*

Current Brazilian legislation does not have a specific regulatory framework for EO, which makes it difficult to implement on a large scale. Unlike countries such as the United States, Slovenia, Canada, and the United Kingdom, where there are clear legal frameworks that facilitate the adoption of this model (Chapter 4 by Juri et al.), Brazil still lacks public policies that encourage and regulate employee participation in company ownership. Although some initiatives, such as cooperatives and limited liability companies, allow some level of employee economic participation, they are not widely promoted or encouraged by the government (Schincariol, 2019). The lack of clear guidelines and targeted tax incentives means that the adoption of EO remains restricted to a small number of companies.

Another factor that limits the spread of EO in Brazil is the rigidity of labor laws, which traditionally focus on the relationship between employer and employee, without considering alternative models of corporate governance (Nascimento, 2013). The CLLs, created to protect workers' rights overall, was structured in an industrial context and does not provide mechanisms nor the flexibility that would encourage more participatory forms of ownership. In addition, the strong judicialization of labor relations in Brazil creates legal uncertainty for companies that wish to implement EO models, as there is a fear that employee participation in ownership will be interpreted as an attempt to make labor relations more precarious.

The lack of tax incentives and specific credit lines for companies that opt for EO also represents a significant obstacle. In the United States, for example, the government offers tax incentives to companies that adopt ESOPs, which makes the transition to this model financially viable (Kruse et al., 2010). In Brazil, there are no similar policies that encourage companies to adopt EO, which discourages this practice. Furthermore, legislative initiatives aimed at regulating this model are sparse and lack political support to advance in the National Congress.

International experience shows that a favorable regulatory environment is essential for the success of EO (Gonza, 2021). In the United Kingdom, for example, Employee Benefit Trusts were created to allow companies to gradually transfer ownership to employees, ensuring legal certainty and financial stability (Pendleton,

2010). In Brazil, the creation of a similar legal framework could encourage the adoption of EO without compromising the competitiveness of companies. To this end, it would be necessary to develop legislation that guarantees tax benefits, legal certainty, and mechanisms that facilitate the implementation of this model in Brazilian companies.

Therefore, the lack of an adequate regulatory framework significantly limits the adoption of EO in Brazil. Without legislative changes and government incentives, EO will likely remain restricted to specific sectors and companies that have sufficient capital to deal with regulatory uncertainties. Therefore, it is essential that the debate on EO be deepened in Brazil, aiming at the creation of public policies that favor its dissemination and regulation.

2.4 *Viable alternatives: cooperatives and holding companies*

Despite regulatory limitations, there are viable alternatives for worker participation in company ownership in Brazil. One of the main options is worker cooperatives, which allow groups of professionals to organize collectively to offer services or produce goods, distributing profits among members (Schincariol, 2019). Regulated by Law No. 5,764/1971, cooperatives enable a more democratic form of management and decision-making, offering a viable path for the adoption of practices similar to EO. However, this model still faces challenges, such as the lack of government incentives and the high degree of bureaucracy involved in its formalization.

Another model that has been used in Brazil is service provision holding companies, which allow professionals to join as partners in a company without having a direct employment relationship (Calixto Casnici et al., 2022). This arrangement has been widely used in sectors such as law, medicine, and engineering, in which professionals share the risks and benefits of the activity without being subject to a traditional hierarchical relationship. However, despite representing a viable alternative to EO, holding companies still do not offer a model for full employee participation in the ownership of the company, as control and distribution of profits remain unequal in many cases.

Agroindustrial cooperatives also represent a successful model in Brazil, enabling small producers to access larger markets and better negotiation conditions. The cooperative credit sector is another example of how this model can be applied efficiently, providing benefits to members without the need for a traditional employment relationship. However, the lack of a legal framework to encourage the expansion of these practices limits their growth, making it essential to formulate public policies that encourage this type of organization.

By comparison, in countries such as France and Spain, cooperatives play a significant role in the economy and are widely encouraged by the government. In Spain, for example, the Mondragón Corporation is one of the greatest examples of successful cooperativism, demonstrating that participatory models can be widely and effectively applied (Whyte & Whyte, 1991). In Brazil, similar initiatives could be encouraged through development programs, government subsidies, and specific credit lines for cooperatives and holding companies that adopt EO principles.

Thus, although cooperatives and service holding companies are viable alternatives for worker participation in company ownership, there are still challenges to be overcome. Creating a more favorable regulatory environment and encouraging these practices through public policies can contribute to the expansion of EO in Brazil, promoting greater economic and social inclusion.

3 Methodology

This study will adopt a qualitative approach, combining documentary analysis and systematic literature review. The documentary analysis will include a review of national and international legislation related to EO, as well as case studies of companies that have successfully implemented EO models. The review of legislative documents will allow us to understand the regulatory challenges faced in Brazil and identify opportunities for improving current legislation (Bowen, 2009).

The research will be complemented by a systematic bibliographic review in academic databases, such as SciELO, JSTOR, and Web of Science, searching for articles that address the implementation of EO in different economic contexts. Systematic literature review is an essential method for mapping existing knowledge and identifying gaps in the literature, allowing for a more comprehensive and critical analysis of the topic (Snyder, 2019). Sources will be selected based on the relevance of the studies for understanding the institutional, legal, and economic dynamics that influence the adoption of EO in Brazil and other countries.

Data analysis will follow the content analysis technique, identifying recurring categories and themes that can inform recommendations for the Brazilian context. Content analysis is widely used in qualitative research to examine patterns and trends within a set of textual data, allowing for deeper interpretations of the challenges and opportunities related to EO (Krippendorff, 2018). This method will ensure the robustness and validity of the findings, enabling a comprehensive understanding of the challenges and opportunities of EO in Brazil. The triangulation of information obtained from the various sources analyzed will allow for the identification of patterns and trends that can contribute to the development of public policies and business strategies aimed at expanding EO in the country.

4 Results

4.1 Analysis of existing legislation on EO in Brazil

The Brazilian legal framework does not currently provide a specific or comprehensive regulatory system to support the widespread implementation of EO models. As established in the literature, countries with successful EO experiences, such as the United States, Slovenia, Canada, and the United Kingdom, have robust legal structures, including tax incentives and institutional support, which encourage companies to adopt participatory ownership models (Kruse et al., 2010; Pendleton, 2010). In contrast, Brazilian legislation remains anchored

in traditional employer-employee relations, as regulated by the CLL, originally enacted in 1943.

Although the CLL offers essential protection for formal workers, it lacks provisions that would enable or encourage the transition to EO. The legal system does not define EO as a formal business category, nor does it establish mechanisms for companies to distribute equity shares to employees under favorable terms. According to Schincariol (2019), while some legal instruments such as cooperatives (Law No. 5.764/1971) and sociedades por cotas (limited liability partnerships) permit shared participation to some extent, they do not constitute formal EO structures and are often underutilized due to bureaucratic complexity and limited state support.

Furthermore, there are no legal provisions similar to the ESOPs adopted in the United States, which offer both tax deferral and financing mechanisms to promote broad-based employee participation (Blasi et al., 2017). In Brazil, tax legislation, as outlined by the Receita Federal, does not provide specific deductions or exemptions for companies that implement ownership-sharing models. As a result, even companies willing to pursue EO face a hostile institutional environment, characterized by legal uncertainty, lack of incentives, and regulatory opacity.

Judicial interpretations in Brazil have also contributed to the hesitation of companies in adopting EO initiatives. There is concern that employee-shareholders could still be considered formal employees under labor law, exposing companies to additional liabilities, particularly in the context of labor litigation. This ambiguity discourages companies from granting equity to employees, for fear of legal misinterpretation that could conflate capital participation with subordinate labor obligations (Nascimento, 2013; Pinheiro et al., 2022).

The absence of a coherent legal narrative or public policy supporting EO aligns with the arguments of Cordova and López-Valladares (2025), who argue that EO initiatives require the alignment of contextual factors such as institutional support, regulatory clarity, and cultural openness to participatory governance. In Brazil, institutional weakness and a historical concentration of corporate power further exacerbate these limitations (Aguilera, 2009; Cárdenas, 2016). Despite international evidence of EO's potential to reduce inequality and increase productivity, Brazilian legislation remains disconnected from this transformative potential. Table 6.1 provides a comparative visual summary of the main legislative gaps and contrasts between Brazil and countries with well-established EO policies.

In summary, the current Brazilian legislative framework lacks the structure and incentives necessary to promote EO on a significant scale. Without targeted reforms, such as the creation of legal categories for EO entities, tax incentives for equity distribution, and regulatory clarity on the labor-capital relationship, the adoption of EO will likely remain marginal, restricted to isolated cases or sectors where cooperative or partnership models are already culturally embedded. Moreover, the implementation of EO initiatives under such uncertain conditions would risk not only companies' performance but also employees' labor stability, as misinterpretations and problems with EO models may result in abuses and/or ineffective outcomes.

Table 6.1 Visual summary—legislation on Employee Ownership (EO) in Brazil

<i>Aspect</i>	<i>Current Situation in Brazil</i>	<i>International Comparison</i>
Specific legal framework for EO	Nonexistent	ESOPs (USA), Employee Benefit Trusts (UK)
Tax incentives	Absent	Strong tax incentives (USA, UK, and France)
Related legal instruments	- Cooperatives (Law No. 5.764/1971)—Limited Liability Companies (Ltda.)	Formal and incentivized models
Legal certainty for companies	Legal uncertainty—risk of labor litigation due to confusion between employment and ownership roles	Clear legal definitions separating shareholders from employees
Business culture & hierarchies	Concentrated ownership and hierarchical governance traditions	Cultural openness to participatory governance models
Public policies on EO	Sparse or ineffective	National policies supporting EO (e.g., France, UK, and Spain)
Existing alternatives	Worker cooperatives, service-providing holding companies	Partial alternatives, not directly focused on shared ownership

Source: Elaborated by the authors, based on CLT (1943); Law No. 5.764/1971; Schincariol (2019); Nascimento (2013); Blasi et al. (2017); Kruse et al. (2010); Pendleton (2010); Cordova and López-Valladares (2025)

4.2 *Potential benefits and practical challenges of implementation*

As discussed in the literature, EO presents significant potential benefits for both employees and companies, particularly in contexts of inequality and economic instability. For workers, EO can serve as a mechanism of financial inclusion, increasing income distribution, fostering a sense of ownership and belongingness, and reducing poverty through profit-sharing schemes and capital accumulation (Blasi et al., 2017; Mackin, 2024). From the company's perspective, EO has been associated with enhanced organizational performance, greater employee engagement, less turnover rates, and increased resilience in times of crisis, as it aligns employee interests with the company's long-term success (Kruse et al., 2010; Aubert & Cordova, 2020).

In addition, in highly unequal societies such as Brazil, EO has the potential to mitigate income disparities and stimulate democratic governance in the workplace. According to Calixto Casnici et al. (2022), participatory models would contribute to a regenerative and sustainable economic future by promoting participatory decision-making and shared prosperity. EO also encourages long-term thinking, improved productivity, and reduced turnover, offering a strategic advantage for companies aiming to build trust-based, collaborative work environments.

However, the implementation of EO in Brazil faces a series of practical and structural challenges. As discussed earlier, the country's legal and institutional

environment remains unfavorable for widespread EO adoption. The absence of a dedicated legal framework, combined with the rigid and hierarchical business culture typical of Brazilian corporations, presents a major barrier (Nascimento, 2013; Schneider, 2013). The predominance of family-controlled business groups and the concentration of ownership among elites limit the possibility of redistributing control and profits (Cárdenas, 2016; Durand, 2017; Rivas et al., 2023).

Another critical issue is the informality of the labor market. According to Pinheiro et al. (2022), a large portion of Brazilian workers operate outside formal employment arrangements, which prevents their inclusion in equity distribution mechanisms. Furthermore, the lack of financial education among employees and the limited capacity of companies to design and implement inclusive ownership plans further hinder the adoption of EO initiatives.

Additionally, institutional weakness—characterized by low state capacity, bureaucratic inefficiency, and a lack of coordination between governmental agencies—undermines efforts to promote EO through public policy. As pointed out by Cordova and López-Valladares (2025) and Gonza (2021), successful EO initiatives in Latin American countries would depend not only on internal corporate willingness but also on external enabling conditions, such as supportive legislation, fiscal incentives, and technical assistance.

Finally, short-termism in business decision-making and the low levels of trust between stakeholders also pose significant challenges. In a context where long-term planning is often sacrificed in favor of immediate returns, EO—by its very nature a model that requires time to generate systemic benefits—struggles to gain traction. EO mechanisms would not provide overnight results, but in the long run. Similarly, the fear of loss of control among executives and shareholders prevents deeper adoption of participatory governance models, despite the growing body of international evidence supporting their effectiveness (Aubert & Cordova, 2020; Ellerman & Gonza, 2024).

In this sense, while the benefits of EO are clear and well-documented, its implementation in Brazil will require a multidimensional as well as multistakeholder effort that involves legislative reform, cultural change, educational initiatives, and strong institutional support. Without these coordinated actions, EO will remain confined to niche sectors or experimental cases, failing to achieve its full transformative potential in the Brazilian context.

5 Discussion

The findings presented in this study reinforce the argument that EO, while conceptually aligned with inclusive and sustainable economic development, remains underdeveloped in the Brazilian context due to a confluence of legal, institutional, and cultural barriers. Despite international evidence demonstrating that EO can enhance organizational performance, reduce inequality, and foster employee engagement (Kruse et al., 2010; Blasi et al., 2017), the Brazilian ecosystem lacks the essential infrastructure to support its promotion and diffusion on a national scale.

From a legal-institutional perspective, the absence of a dedicated regulatory framework, combined with limited fiscal incentives and weak institutional capacity, constrains the willingness of companies to experiment with or adopt EO models. This aligns with the observations of Cordova and López-Valladares (2025) and Gonza (2021), who emphasize that EO initiatives that aim to be implemented in the Latin American region depend not only on internal corporate governance but also on enabling external conditions such as legal certainty and state support. Without a coordinated and coherent public policy, EO remains vulnerable to legal uncertainty and bureaucratic resistance. Moreover, this vulnerability would be emphasized in places where business elites create “inner circles” (Useem, 1984), concentrating the ownership through the presence of strong family business groups, such as happen in many Latin American countries (Pombo & Gutierrez, 2011; Rivas et al., 2023; Salvaj & Couyoumdjian, 2015).

At a cultural level, Brazil’s corporate landscape continues to be characterized by hierarchical capitalism, where ownership and decision-making are concentrated in the hands of a few (Durand, 2019; Schneider, 2013). This structure inhibits democratic participation and discourages risk-sharing mechanisms like EO, which require trust, transparency, and long-term commitment from both employers and employees. The persistence of family-controlled conglomerates and informal labor relations, as discussed by Durand (2017) and Pinheiro et al. (2022), further reinforces this dynamic, limiting the space for inclusive business models.

Furthermore, the lack of financial literacy and limited experience with participatory governance among workers present additional obstacles to the operationalization of EO. These challenges point to the importance of not only legislative reform but also educational and cultural initiatives aimed at transforming organizational mindsets and preparing employees to assume roles as co-owners and co-decision makers. This dual focus on structural and behavioral change is crucial for the long-term success of EO in Brazil.

Comparative insights from countries like the United States, the United Kingdom, and France suggest that when EO is embedded in a supportive institutional environment, it can thrive and generate positive economic and social outcomes. In these contexts, government-led initiatives such as tax benefits, financial instruments (e.g., ESOPs), and public awareness campaigns have proven critical to mainstreaming EO practices (Pendleton, 2010; Gonza, 2021). Brazil’s challenge, therefore, lies in adapting these strategies to its own socio-economic and institutional conditions, taking into account the structural limitations of its labor market, the prevalence of informality, and the dominant organizational culture.

The discussion also raises broader implications for policymakers, firms, and researchers. For policymakers, the case for EO is both economic and ethical: promoting EO can contribute to a more inclusive and resilient economy, aligned with the Sustainable Development Goals (SDGs) and post-pandemic recovery strategies (Aubert et al., 2024). For firms, EO represents an opportunity to strengthen internal cohesion, improve productivity, attract talent, and build a more innovative and motivated workforce. For scholars, Brazil provides fertile ground for further research on the political economy of ownership structures, the role of trust

in institutional change, and the intersection between labor law, governance, and inequality.

In sum, the Brazilian case illustrates how the transformative potential of EO is curtailed by institutional inertia and socio-cultural resistance. Unlocking this potential will require systemic reform, cross-sectoral collaboration, and a reconfiguration of the employer-employee relationship—moving from paternalism and control to partnership and shared prosperity.

5.1 *Proposals to improve regulation in Brazil*

To enable the effective implementation of EO in Brazil, it is essential to promote comprehensive regulatory reform that addresses the legal, institutional, and cultural barriers identified throughout this study. The first and necessary step would be the creation of a specific legal framework that recognizes EO as a legitimate and distinct form of corporate ownership. This framework should clearly define what constitutes an EO enterprise, establish parameters for employee participation in governance and profit-sharing, and provide legal certainty for companies and workers engaging in such arrangements. Legal innovations of this nature would reduce ambiguity in labor-capital relations and prevent judicial misinterpretations that currently discourage companies from experimenting with shared ownership models.

Alongside regulatory clarity, fiscal incentives are crucial to encourage EO adoption. Drawing from international experience, Brazil could implement tax benefits for companies that allocate shares to employees, such as deductions for contributions to employee stock plans or exemptions on capital gains taxes for equity transferred to workers. These measures would help offset the initial costs of implementing EO schemes and make them more financially viable for firms of various sizes, particularly small and medium-sized enterprises, which often face greater resource constraints.

Another key element is the expansion of institutional support mechanisms. Public development banks, such as BNDES, and agencies focused on entrepreneurship and cooperative development could offer targeted credit lines, financing instruments, and technical assistance to companies interested in transitioning to EO structures. This support would be especially relevant in regions with high levels of labor informality or limited access to capital, where EO could serve as a tool for formalization, economic inclusion, and local development. In this sense, EO mechanisms would also promote the development of local financial markets, including new financial instruments, and support the training in new financial skills for workers.

In addition to legal and financial measures, cultural and educational efforts are needed to change prevailing perceptions around ownership and workplace participation. Awareness campaigns, capacity-building programs, and the inclusion of EO in business and legal education curricula could help foster a new generation of business leaders and workers prepared to engage in shared governance. Public-private partnerships could support this educational mission, while universities and professional associations could offer technical courses in participatory management, cooperative law, and financial literacy for employee-shareholders.

While EO remains underexplored in Brazil, the country already has legal instruments such as cooperatives and limited liability partnerships that offer entry points into more democratic and participatory forms of ownership. Updating and expanding these legal mechanisms to better accommodate EO principles would be a pragmatic step. For instance, modernizing the cooperative law to simplify bureaucratic requirements and broadening the scope of eligible activities could encourage more diverse sectors to adopt participatory ownership models. Additionally, hybrid legal forms that combine features of cooperatives with those of shareholder corporations could be explored to offer flexibility and scalability without sacrificing inclusivity.

Finally, EO should be integrated into Brazil's broader development agenda. Its potential contributions to reducing inequality, promoting decent work, and fostering social cohesion make it a strong candidate for inclusion in national strategies aligned with the Sustainable Development Goals (SDGs). Incorporating EO into public policies related to entrepreneurship, social innovation, corporate governance, and inclusive growth would not only reinforce its legitimacy but also generate institutional momentum for change.

In sum, promoting EO in Brazil requires a coordinated, cross-sectoral effort that simultaneously addresses regulatory gaps, financial barriers, cultural resistance, and institutional inertia. We have summarized our seven recommendations for public policies in Table 6.2. By building a more favorable environment for employee participation in corporate ownership, Brazil can move toward a more democratic and resilient economic model, aligned with both global trends and its own aspirations for equitable development.

Table 6.2 Recommendations for public policies

No	Policy Recommendations	Advantages for EO Implementations
1	Recognizing EO mechanisms	Definition of EO concepts, their boundaries, and their mechanisms within the local legal framework.
2	Fiscal incentives for EO	Incorporation of tax benefits for companies that implement EO, adapting the EO model design to firms' characteristics.
3	Collaboration with banks	Inclusion of banks and financial service providers into EO structures, facilitating an advantageous ecosystem for EO and its partners.
4	EO formal training	Incorporation of EO education within business as well as legal curricula for different levels of tertiary education.
5	Introduce EO into culture and mindset	Launch of promotional campaigns and broad communications on EO.
6	Reinforcement of participatory policies	Current democratic and participatory regulations could be reinforced with EO perspectives, such as those oriented to promote cooperativism.
7	Alignment with the SDGs	Identification of regulations oriented to promote different business fields and align their outcomes with long-term benefits, considering EO perspectives.

Source: Authors

6 Conclusion

This chapter explored the legislative, institutional, and cultural dimensions that shape the possibilities for implementing EO mechanisms in Brazil. While international experiences—particularly in the United States, Slovenia, Canada, the United Kingdom, and France—highlight the transformative potential of EO to reduce inequality, improve corporate performance, and foster inclusive governance, the Brazilian context presents structural obstacles that hinder its widespread adoption. Shifting this context into a more fertile ground for EO initiatives is not only an overnight task but also a complex challenge that would need strategic actions from different stakeholders in Brazilian society.

The analysis revealed that Brazil lacks a specific legal framework to support EO and does not provide tax or institutional incentives to encourage companies to adopt shared ownership models. The current regulatory environment, outlined by the CLLs, is not designed to accommodate alternative forms of corporate governance, such as EO. This would create potential obstacles for firms deciding on EO mechanisms in the country, as they would be left in a strategically disadvantageous position compared to their competitors. Furthermore, Brazil's business culture—characterized by hierarchical capitalism, concentrated ownership, and high levels of informality—reinforces resistance to participatory ownership models and limits workers' access to equity-based benefits. Thus, traditional features of the Brazilian society, rooted in the business culture, such as hegemonical structures, wide power asymmetries, social paradigms, and deep social inequalities, would play against the adoption of EO mechanisms.

Nonetheless, viable alternatives exist, such as cooperatives and service-providing holding companies, which offer partial paths to EO but remain underexplored due to regulatory rigidity and lack of government promotion. In light of these findings, this study proposed a set of seven concrete policy recommendations to foster the adoption of EO mechanisms by Brazilian companies (see Table 6.2), including the creation of a legal category for EO entities, the introduction of tax incentives, access to credit and technical support, the integration of EO into national development agendas, and public campaigns to raise awareness and build capacity.

By addressing these gaps and leveraging international lessons, Brazil can unlock the potential of EO as a tool for social and economic inclusion, inequality reduction, and economic transformation. Doing so would not only improve labor-capital relations but also contribute to a broader agenda of sustainable development and democratic governance in the workplace. In addition, the productivity of companies and the country in general would increase, generating an environment of shared economic prosperity.

Future research could explore specific case studies of Brazilian companies that have experimented with EO models—formal or informal—as well as comparative analyses of EO implementation across different countries in Latin America. Empirical studies focusing on the behavioral, financial, and institutional dynamics of EO in emerging markets could further enrich the academic debate and support policy innovation in this field. In addition, conducting studies on the

financial performance of Latin American companies that have implemented EO models would shed additional light on the advantages of EO for firms' economic outcomes.

Ultimately, this chapter argues that EO represents a promising, yet underutilized, business strategy in Brazil. Bridging the gap between concept and practice will require legal reform as well as a cultural and institutional shift capable of reimagining the role of workers not merely as employees, but as co-owners, co-decision makers, and co-builders of a more equitable economic future as well as of a more democratic global economy.

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7 INCUBACOOOP and Mapocho

Co-operative incubation and acceleration in the Southern Cone

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1 Introduction

The co-operative entrepreneurship process has received much attention in recent years (Rusdarti, 2022). A large section of research and practice has centered around incubation (and accelerators, a distinction to be discussed later in this chapter) and how it can be appropriate to develop incubators specifically designed for new (and hopefully innovative) co-operative businesses.

INCUBACOOOP and Mapocho, in Uruguay and Chile, respectively, have both put efforts into developing incubation methods to create innovative co-operative ventures. In this chapter, we explore the strategies and efforts by both organizations to further expand co-operative entrepreneurship.

We first give a brief characterization of the co-operative movement in both countries. Then, the organizations' efforts are contextualized by describing and theorizing the relationship between social innovation and co-operative entrepreneurship. The theoretical framework is presented with a discussion around (1) the definition of incubation, (2) the differences between an accelerator and an incubator, and (3) the virtuous cycle of incubation and entrepreneurship. We finally introduce both Mapocho and INCUBACOOOP, explaining their incubation methodologies and projects. The work ends with conclusions that provide inputs for future roadmaps, as well as helping to determine how the process can be evaluated and improved upon.

2 Cooperativism in Chile and Uruguay

In Uruguay, cooperativism has experienced notable development: with a population approximating 3.5 million inhabitants, in 2020 the total number of co-operatives reached 3,661 in its different modalities (labor: 26%, social: 10%, housing: 57%, agricultural: 3%, others: 4%). The first relevant co-operatives, in the work and consumer sectors, appeared in the 19th century, having origins related to European immigrants and Catholic groups (Marti, 2022; Bertullo et al., 2004; Terra, 1986).

In 1988, after the military dictatorship, the Uruguayan Confederation of Co-operative Entities—CUDECOOP was created, bringing together all the federations of different types and sectors. CUDECOOP is the only confederation in the country, bringing structure and cohesion to the whole co-operative movement

while also helping different actors understand how they can relate with one another. (Marti, 2020)

Uruguay has also promulgated laws that give structure to their co-operative movement. In 2005, Law 17.798 (Marti, 2020) introduced a specific classification for social co-operatives, an innovative model that has had a noteworthy worldwide development in recent years (see Chapter 27 by Pamio et al.). In 2008, Law 18.407 marked an important milestone in the development of Uruguayan co-operatives, with the creation of the National Institute of Cooperativism (INACOOOP) to promote co-operatives. For this development, Uruguay had the support of the Mondragon Co-operative Corporation, who provided their experience to improve Uruguayan national legislation.

In contrast, Chile faces significant challenges in the development of a co-operative ecosystem relative to other countries in the region (Mogrovejo et al., 2012), with only 0.5% of the population being a member-owner (Correa, 2022). However, recent developments show signs of growth. Until 2024, Chile was the only country in the region without a dedicated public institution for co-operative development. Last year, the first steps toward establishing a coordinated institutional body in charge of leading the movement, similar to INACOOOP, began within the state development agency CORFO.

Chile and Uruguay both have opportunities to use incubators as instruments that can promote innovation through co-operative entrepreneurship. Chile has greater development of a traditional dynamic entrepreneurship ecosystem for start-ups (Atienza et al., 2016), with several programs that have proven positive results in terms of sales, job creation, and business development (Bonilla & Cancino, 2011; Martínez et al., 2017; Villarroel et al., 2019). The installed capacity of creating ecosystems for start-ups can help the co-operative movement understand pathways toward innovation. In Chile, organizations like Mapocho can benefit from this already established ecosystem. Meanwhile, Uruguay has a larger co-operative ecosystem and tradition, with 37% of the population being members of a co-operative. In Uruguay, even though it joined the innovation process later, agencies such as INACOOOP have promoted the arrival of greater dynamism to the co-operative movement.

3 Cooperativism as social innovation: a view for the future

Taking co-operative ventures through the entrepreneurial process, INCUBACOOP and Mapocho tackle the erroneous perception (ICA, 2020; Ochoa & López, 2019) that the model is less efficient and has a narrow capacity to innovate. The way co-operatives can develop innovation has its roots in the needs of communities. In that way, the innovative answers they respond to have social value and have a direct connection to the concept of social innovation as understood today. Both organizations' co-operative incubation strategies have a theoretical foundation in this concept.

Social innovation and entrepreneurship are wide terms with several connotations. A comprehensive definition can help ground our understanding for this chapter: (Pontificia Universidad Católica de Chile, 2012).

Social Innovation:

- “Social innovation is the generation of value for society through the introduction of a novel product, service or process that satisfies a social need in a better way than existing solutions, producing a favorable change in the social system. Successful social innovations have durability over time, a scalable impact, and promote and strengthen the participation of the community where they are inserted”.

Co-operatives are linked to social innovation due to fundamental characteristics, like a fixed set of principles and governance, forcing a commitment to social impact. Using the proposed definition, the first co-operatives can be seen as a primary form of social innovation (Morales, 2012; Altamirano et al., 2019). The first worker co-operatives sought to improve working conditions given existing precariousness, effectively “bring about a favorable change in the social system”, and introduce a new “novel process” known today as the co-operative model. At the same time, co-operatives today still “bring about a positive change or impact on the community in which they are inserted ” by generating new products and services.

Guzman et al. (2024) study this same relationship between social innovation and co-operatives while also differentiating “Type 1 social innovations, which refer to meeting social needs or improving social relations, and Type 2 social innovations whose aim is transformative”. Direct examples of social innovation in modern co-operatives can be seen in FAECTA (2014). These relate to the type 1 social innovations present in co-operatives that Guzman et al. (2024) point out. Type 2 social innovations relate to Bertranou and Schiaffino’s (2022) argumentation, where co-operatives are part of the social innovation *virtuous circle* (see Figure 7.1). Here, social innovation requires social capital, of which co-operatives are creators.

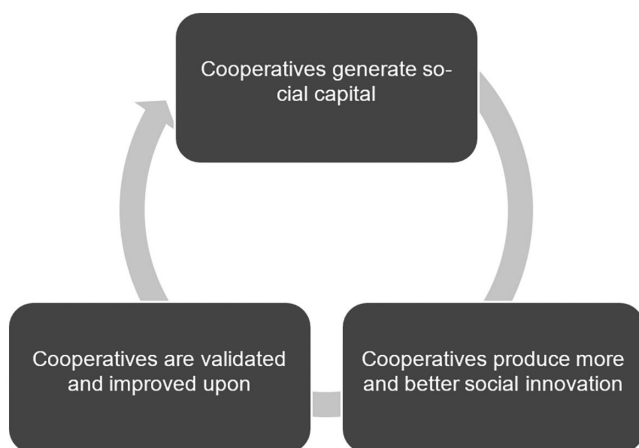


Figure 7.1 Role of co-operatives.

Source: Bertranou & Schiaffino, 2022.



Figure 7.2 Classification of incubators.

Adapted from: Luzarraga, Nartin, Piitonen, Tuominiemi and Kolehmainen (2010).

This enables the generation of successful social innovations, both within co-operatives and in their immediate environment.

Luzarraga et al. (2010) point out that co-operatives, having the characteristics of socially owned businesses, have both economic and social goals but also a limited distribution of profits. They stand between the private and public sectors, showing a limited distribution of profits (Figure 7.2). As pointed out by Guzman et al. (2024), this places co-operative entrepreneurship in a privileged position to solve social problems and generate transformative social innovations.

Co-operatives are also capable of economic innovation in a more traditional sense. Worker co-operatives can save decision-making costs (Hansmann, 1996) and manage to reduce agency costs (Spear, 2004). Péronin's (2016) study in developed countries shows that in general "worker co-operatives are larger than other firms and are not necessarily less capital intensive". Innovative technologies in co-operatives have also reduced operating costs associated with more democratic and complex governance (Scholz, 2016), further aiding scalability.

Mapocho and INCUBACOOOP are both efforts that exist in this framework, believing that today's co-operative movement is in a privileged place to develop both social and economic innovation according to the distinction given by Morales (2009). At the same time, both organizations have focused efforts not only on creating incubator-type organizations but also on strengthening social innovation ecosystems in the southern cone.

4 Incubation and acceleration to help co-operative entrepreneurship

i General definition of an incubator

There is a large variety of co-operative entrepreneurship support initiatives, which take different forms such as courses, accelerators, and investment funds. In this chapter, we use the term incubator to refer broadly to entrepreneurship support initiatives. The definition and objective of an incubator change in different countries and contexts, but it is important to note that they have been historical tools for economic and social development (Bakkali et al., 2014; Al-Mubarak & Busler, 2017).

Annex 1 presents typologies from Hausberg and Korreck (2018), where we can see both the varied and changing definitions used across the entrepreneurship literature for incubators and accelerators. Mapocho and INCUBACOOOP are both efforts that can be defined in a general way as incubators, being organizations that “support the foundation and/or growth of new businesses as a central element of their organizational goal”. (Hausberg & Korreck, 2018).

ii About acceleration

This chapter focuses on incubation as a wide process, designed to help new businesses grow. Given the differences in approach, it is important to briefly distinguish accelerators from incubators. Recently, they have evolved out of the classical incubation model (Pauwels et al., 2016) and have become popular in recent years as a figure with clearer exit strategies than traditional incubators (Bruneel et al., 2012).

Accelerators have been popularized by Silicon Valley and the start-up world with organizations such as YCombinator and Techstars. In Chile, the state development agency has created Start-up Chile with a varied degree of success. In the co-operative world, the term *accelerator* has also entered the discussion, especially in the context of technology and entrepreneurship with programs such as Start.coop (US) and UnFound (UK).

Their main characteristics and their differentiation from incubators are (Clarysse et al., 2015):

- i A program with a fixed time limit (generally of short and intense duration)
- ii Having a “cohort” methodology, with ventures being selected and going through the program where they select those accelerated from an application
- iii Generally, accelerators end with an event where a presentation or pitch is made to potential funding sources.

iii Virtuous cycle between incubators and entrepreneurship

The creation of innovative companies with high economic impact may require a greater effort to cope with the rapid growth and/or internationalization stages in which they are usually involved. Using Aernoudt’s (2004) framework, both INCUBACOOOP and Mapocho try to create organizations that will create a virtuous cycle between incubators and innovative entrepreneurship (Figure 7.3).

The virtuous cycle occurs as incubators generate further support for entrepreneurship (1). In addition, angel capital or access to rounds of capital supports entrepreneurship directly (2) through access to it or indirectly (3) through the creation/financing of incubators. Finally, it has been proven that more entrepreneurship will generate growth for New Technology Business Firms. In our case, the innovative co-operative sector (4). This has a “positive impact on social and regional issues”. The proliferation of these firms supports entrepreneurship (5), and this supports more and better incubators (6). It also increases networking between incubator graduates, reinforcing the virtuous cycle. Examples of this virtuous cycle can be seen in co-operative incubation experiences in Italy and the Basque Country.

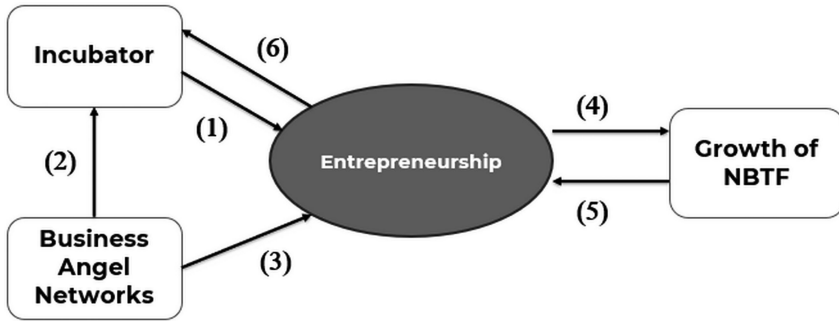


Figure 7.3 The results of implementing an incubator or accelerator.

Source: Aernoudt, 2004.

In Italy, co-operatives have had an important development with the incubation cycle provided by Coopfond. This process includes three phases (Ammirato, 2018):

- 1 **Pre-start-up:** With an online training course that concludes with a business plan;
- 2 **Start-up:** Where the business plans are reviewed, and capital grants of about 15,000 euros are available;
- 3 **Post start-up:** When co-operatives receive support in different aspects of management for 36 months.

Also, in Italy, a program called CoopUp has been able to establish 16 co-operatives in different cities and across a wide variety of sectors: culture, social services, tourism, food, environment, etc. These programs have brought an important dynamism to Italian co-operatives. (Ammirato, 2018).

Saiolan stands out as a prime example of an incubator that has successfully fostered co-operative entrepreneurship. Located in the Basque Country within the Mondragón Corporation its purpose is to “contribute to the generation of employment and the development of business projects (...) the behavior of the public limited companies that have emerged from here is eminently co-operative”. “Saiolan’s role consists of transforming these ideas into proven business projects, motivating them, providing them with a capacity, validating the idea and finally transforming it into a real project” (Isasti, 2003).

Saiolan “seeks to promote new activities for the creation of companies, diversification of existing businesses and innovation of products, services or processes by proactively capturing needs and integrating entrepreneurs, feasibility studies and prototypes” (Etxabe, 2003).

5 Incubation experiences in the southern cone

i Mapocho

Mapocho is an organization focused on developing the social and solidarity ecosystem in Chile. They have a strong focus on co-operative businesses and

merging the worlds of dynamic entrepreneurship with co-operatives. The origins of the organization come from the organization of an event called E3COOP, an initiative to display co-operative entrepreneurs and their stories, looking to promote the model as a viable alternative of social entrepreneurship for young people. Mapocho shifted their efforts to develop themselves as a co-operative incubator during early 2021. The planning of this process and the Theory of Change behind it are delineated in a recent article by Bertranou (2024).

The initiatives developed by Mapocho are targeted at different stakeholder groups, as summarized below (Table 7.1).

In practice, Mapocho acted upon some of the initiatives originally planned in their theory of change; however, the last three years have also been at the mercy of revenue making. One of the most important activities relevant to incubation developed by Mapocho is the creation of a methodology that can map out how to help build better co-operatives and an accompanying toolkit. This methodology, commissioned and financed by Fundación Coopeuch, is available in an extensive

Table 7.1 Selected initiatives and projects of mapocho

<i>Target Population</i>	<i>Selected Initiatives and Projects</i>
Society in general	• Create an attractive landing page for E3COOP with information about co-operatives • Promote the social media accounts of E3COOP and create more content • Offer workshops and talks in schools and universities, inviting young people to <i>learn</i> about co-operatives
People with interest in co-operatives	• A weekly newsletter with news about the co-operative movement in Chile and the world, highlighting innovative practices • More E3COOP events • Community building around <i>speakers</i> and audiences of past E3COOP events
People with interest in starting a new co-operative venture	• Workshops for co-operatives in the ideation phase (governance and business model design) • Consultancies for strategic businesses that want to build associative practices around their stakeholders • Develop a methodology that can map out how to help build better co-operatives • <i>Spread the word</i> workshops to convince and support potential communities of emerging co-operatives
Member-owners and worker-owners of co-operatives	• Consultancies on grant applications and on obtaining funding • Create and publish a toolkit for co-operative entrepreneurship • Workshops around marketing, pricing, and construction of organizational narrative • Bespoke consultancies and advising
Leaders and founders of co-operatives	• Training possible co-operative mentors and building a consolidated network • Connecting advanced co-operative leaders with appropriate mentors

Source: Bertranou, 2024

document outlining its goals, purpose, and development (Bertranou & Schiaffino, 2022) and is briefly summarized here.

The proposed methodology gives a clear path for the co-operative entrepreneurship processes, with “phases” of work and learning objectives in each phase. These stemmed from the work of Mapocho with co-operatives but also from a research project executed together with the social innovation lab of Universidad Católica. For this work, 17 co-operatives were interviewed in depth, with their responses analyzed to find out the biggest challenges in the entrepreneurship process. This understanding is designed to help incubation, and it also sets out three main components that must be built simultaneously for co-operatives to be successful:

- **Business Model:** Defined by the business activity it engages in, being a systemic view of how the co-operative generates income and benefits (surplus or otherwise) for its members.
- **Social Impact:** This corresponds to how co-operatives relate to their environment and identify and manage the impact they have on society. Specifically, this component addresses the community needs linked to the co-operative’s purpose, the relationship with key stakeholders affected by the business, and the innovation and social economy ecosystem.
- **Co-operative Structure:** How will the business apply co-operative principles and the organizational model? This component deals with issues related to members and assets and the main characteristics of co-operative entrepreneurship: social ownership and democratic management.

These three components are at the heart of the co-operative entrepreneurship process, and if one of them fails, it can compromise the organization’s integrity or even its viability as a co-operative. It is common for incubation and acceleration efforts to focus on one or two of these components, forgetting to develop the others. Similarly, traditional entrepreneurship paths may relegate soft skills to general leadership lessons, while in co-operative formation it is necessary to build the soft skills necessary to keep cohesion and bonds between cooperators. To address these issues, the methodology lays out ten areas of work related to the components (Table 7.2).

These areas of work have specific learning objectives in each phase of the co-operative development journey. Bertranou and Schiaffino (2022) outline six phases that a co-operative venture must complete, starting with an exploration phase in which the entrepreneurs decide to start a co-operative. The full methodology is available on Fundación Coopeuch’s webpage. And is accompanied by a toolkit (Fundación Coopeuch, 2023) that will help entrepreneurs during phase 2 of the outlined journey. Also, a free online course is being developed to accompany phase 1.

The six phases of co-operative ventures outlined by Bertranou and Schiaffino (2022) have several similarities with traditional paths for start-ups. This highlights the synergies that can be created with traditional entrepreneurship tools and incubation processes that are already developed in Chile and around the world. However, key differences arise when thinking in the latter phases of the methodology, when a venture must scale and grow out of an incubation process. Traditional start-up or

Table 7.2 Ten areas of work

<i>Component</i>	<i>Area of Work</i>	<i>Description</i>
Business model	Administration	Managing the commercial activity of the business
	Marketing and communication	To be able to adequately communicate the value proposition for the co-operative's clients and members, emphasizing the benefits of the co-operative model.
Social impact	Legal	Legal challenges for the co-operative
	Impact management	How to manage and measure impact strategically in the organization?
	Ecosystem	The relationship with the environment at a general level and specifically the alliances with other actors of the social economy.
Co-operative Structure	Community and key actors	How to identify the impact on community needs and other key business stakeholders.
	Finance and Property	Ownership structure, financing, and accounting in the co-operative.
	People	Governance model and decision-making process of the co-operative.
	Leadership	Horizontal leadership and participation in the co-operative.
	Principles and internal culture	How the intrinsic social impact is transmitted in the company's organizational culture.

Source: translated from Bertranou & Schiaffio, 2022

scale-up strategies are influenced by venture capital interests, traditionally looking to scale fast and generate exit strategies for original shareholders. Many times, start-ups are acquired by bigger companies, exacerbating vertical integrations and monopolization of services by large corporations.

Co-operatives, however, may have different ambitions in their latter phases and may reject expanded growth. Recognizing the differences that property structures generate is essential when approaching an incubation methodology or scale-up strategy. Inter-firm networks, co-operative federations, or horizontal alliances are more common ambitions in this property model. More work must be done in this area to fully develop the co-operative entrepreneurship methodology as a whole.

The work of Mapocho and Fundación Coopeuch represents a first attempt in the country to help incubate co-operatives transparently under a clear and systemic path. Currently, the organization is focused on helping co-operatives prosper under the proposed methodology while also applying incubation know-how to other social economy initiatives.

ii INCUBACOOOP

INCUBACOOOP (<https://www.incubacoop.org.uy>) has its origin in the project "Identification and promotion in Strategic Sectors of Social Economy Entrepreneurship". In 2015, through an agreement between the Ministry of Industry, Energy, and Mining (MIEM), the INACOOOP, and the CUDECOOP,

the Co-operative Incubator program (INCUBACOOOP) was implemented. This incubator is defined as “an institutional device designed to accompany the creation of new co-operative experiences in strategic or opportunity fields, aimed at generating initiatives in intensive areas in innovation and knowledge”. At the same time, it states that “it seeks to promote the development of Uruguayan cooperativism in sectors where it has not traditionally undertaken”.

INCUBACOOOP arises with the objective of:

supporting cooperativism to promote development, improvement in management, innovation in co-operative ventures, prioritizing integration within productive chains to generate a better quality of work and at the level of the economy to collaborate in a development sustainable with social justice.

(CUDECOOP, 2013)

Before launching INCUBACOOOP, a study was conducted to identify the most promising sectors for incubator activities, focusing on economic opportunities, innovation capacity, and the unique advantages related to *The Co-operative Identity* (International Co-operative Alliance, 2015). This research categorized sectors based on their potential to create new co-operatives or strengthen existing ones, resulting in four areas, each with distinct strategic approaches (MIEM et al., 2014):

- i Dynamic sectors with possibilities for developing new co-operatives or strengthening existing ones
- ii Drivers of current economic development in Uruguay, scarce co-operative presence, don't seem to be spaces for co-operative participation
- iii Greater strengths for co-operative sector; dynamism is observed
- iv Opportunities for co-operative development are not seen; it is not attractive

For each area, different strategies were established considering the sector's capacity to innovate and the competitive co-operative advantage. These can be seen in Figure 7.4.

INCUBACOOOP recognizes four stages of incubation were defined: landing, supporting, amplifying, and accelerating, with the characteristics detailed in Figure 7.5.

For these purposes, a set of services was established that can be grouped into the following categories:

- Operations
- Commercial
- Management
- Social and Associative
- Legal and formal
- Economic and Financial

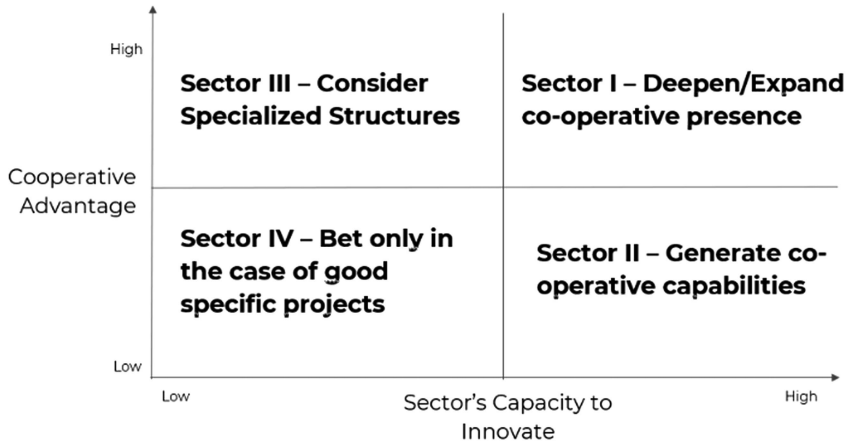


Figure 7.4 Strategies according to sector characteristics.

Source: MIEM, CUDECOOP, INACOOP (2014).



Figure 7.5 Stages of INCUBACOOP's incubation process.

Source: INCUBACOOP (2017a).

Regarding the management team of INCUBACOOP, two major stages existed: one in which it was necessary to consolidate processes and establish base methodologies for the creation of a powerful system, and the next stage focused on publicizing the incubator and facilitating links. In the first stage, the result was a manual in which procedures and evaluation mechanisms were established. In the second, the actors with whom the incubator had dialogue were expanded at the local, national, and regional levels, seeking to generate a common agenda.

INCUBACOOP has offered technical courses in business models, marketing, business plan development, entrepreneurship, product innovation, processes and management, and people management (INCUBACOOP, 2016, Acta 28). Over time, INCUBACOOP incorporated new topics into the training, such as collective decision-making and conflict resolution (INCUBACOOP, 2018, Acta 38) and strengthening co-operative principles and values (INCUBACOOP, 2019, Acta 49). Within the framework of the alliance with the incubator, Fucerep, a credit union in Uruguay, offered specific courses on financial aspects and credit management (INCUBACOOP, 2020, Acta 51).

Legal services are also offered; specialists can provide services for the formulation of statutes, contracts, and internal regulations of co-operatives (INCUBACOOP, 2016, Acta 22). Likewise, financial solutions are facilitated both from a

savings and credit co-operative and from the fund itself. In some cases, specific training and mentors were offered, such as health support, architects (INCUBACOOOP, 2020, Acta 46), intellectual and copyright law and prototypes (INCUBACOOOP, 2020, Acta 52).

The incubator facilitated several noteworthy experiences of effective articulation between actors, such as the “Cardal Legendario y Productivo” project in the Florida department or the creation of a “Milk Route”. This last example was paired with a similar route in Argentina through agreements between the Ministries of Tourism. Each town on the route offers unique attractions, creating a complementary network rather than a packaged service. The route provides contacts for activities like mural tours and guidance from local experts and travel agencies, enabling travelers to enjoy an organized weekend journey along the route.

Through interviews with several stakeholders of INACOOOP (Vázquez, 2022), opportunities to improve the incubation methodology have been mentioned and noted. Strong, consolidated co-operatives can work on creating patronage for smaller up-and-coming ventures, providing part of the financing for their development.

For the purposes of implementing mentoring programs, co-operatives and federations could contribute to supporting improvement and validation in the entrepreneurship process. Likewise, measuring the achievements of INCUBACOOOP and contrasting them with the original objectives contributes to continuous improvement, a key goal to deepen innovation process in co-operatives.

6 Conclusions

Both Mapocho and INCUBACOOOP have demonstrated the significant impact that co-operative incubators can have in guiding co-operatives through early-stage innovation and market challenges. Their methodologies provide critical support for new co-operatives, as is also highlighted by the theory (Lindelof & Lofsten, 2004; Ayatse et al., 2017). Both experiences demonstrate that, even in contexts resistant to new ideas, products, or business models, co-operative incubators can address specific needs and foster innovative responses.

These organizations can be characterized as third-generation incubators, which focus on providing network services, internationalization, mentoring, peer agreements, coaching, and the development of soft skills essential for management and group cohesion—particularly relevant in the case of co-operatives, where social cohesion is essential to sustain the bond of cooperators. This is exemplified by some co-operatives incubated by INCUBACOOOP, wherein the presence of a good economic opportunity, the entrepreneurship process could not be sustained due to cohesion problems.

Several lessons emerge from these experiences, valuable for other co-operative incubators:

- 1 **Supportive Ecosystems:** Co-operative incubators benefit significantly from robust ecosystems, including federations, confederations, ministries, and state

agencies. These relationships provide the necessary support and guidance, fostering resilience in co-operative ventures. Funding and financing are also critical challenges for both incubators and co-operatives, highlighting the importance of financial support within the ecosystem. Norms and regulations within these ecosystems can either promote the creation of co-operatives or constitute a barrier for the development, highlighting the significant need for appropriate regulations and public policies aimed at promoting the creation of co-operatives.

- 2 **Strategic Sector Prioritization and Foresight:** INCUBACOOOP's approach to sector prioritization, informed by the "Identification and Promotion Project in Strategic Sectors of Social Economy Enterprises" (MIEM et al., 2014), illustrates the value of a forward-looking perspective. This foresight allows co-operatives to navigate potential disruptions due to technological, social, political, and demographic changes, positioning them to thrive in future markets. Saiolan in Mondragon also complements this idea by having entrepreneurs with a special lookout for possible opportunities for the co-operative ecosystem.
- 3 **Proactive Collaboration for Innovation:** This also allows incubators to have a *business antenna* that does not passively wait for the initiatives of entrepreneurs but rather allows them to go to meet those who want to undertake co-operatively. Both incubators emphasize the importance of pursuing opportunities in areas where articulation between actors is already happening. From articulating small enterprises, working with artisan guilds, and finding clusters of microentrepreneurs, fostering collaboration among actors is essential to build innovative ecosystems.
- 4 **Collaborative Ecosystems for Social Innovation:** Technology has enhanced the ability of co-operatives to connect and collaborate, creating ecosystems where they can respond effectively to diverse social needs. Co-operative incubators can capitalize on this by supporting initiatives that integrate co-operatives from different environments, leveraging their unique capacity for social innovation. The inter-cooperation principle brings context to the way co-operatives can develop strong networks, share their resources, anticipate future needs, and jointly construct a better future. These same ecosystems and networks are essential when tackling the scale-up process of a co-operative venture.
- 5 **Distinctive Management Principles:** Co-operative incubators operate differently from traditional ones, embracing co-operative principles such as democracy, participation, education, and commitment to the community. These principles emphasize collective management and active participation, setting co-operative incubators apart in their approach and outcomes. It is necessary to integrate these principles in daily and strategic management.
- 6 **Inter-cooperation in Scaling:** The co-operative ecosystem and its values are part of the way incubators can provide new answers to scaling, providing not only economic answers but also social ones. Cooperation between different co-operatives is an essential path to ensure that. Scaling should consider the property structures of social economy incubators, differentiating them from private initiatives backed by venture capital. Similarly, different structures for scaling should be explored and experimented upon, such as franchises, industrial districts, second-level co-operatives, and DAOs.

Both Mapocho and INCUBACOOOP demonstrate that co-operative incubators, with the right methodologies and supportive ecosystems, are well-equipped to foster innovation and social cohesion in the co-operative sector. By prioritizing these lessons, other incubators can strengthen their impact and advance co-operative ventures that contribute meaningfully to their communities and economies.

Annex I – Typologies of incubators and accelerators

Typologies of Incubators across the literature

<i>Reference</i>	<i>Types</i>	<i>Dimension</i>
van Weele et al. (2016), Bergek and Norman (2008)	strong intervention incubator laissez faire incubator	support strategy
Brooks (1986)	property development (single/multi tenant) Business assistance (shared space, services)	
Bruneel et al. (2012), Aerts et al. (2007)	real estate (1st. Generation) intangible assests (2nd. Generation) Network (3rd. Generation)	
Vanderstratten and Mathysens (2012)	generalist incubator specialist incubator	business strategy
Etzkowitz et al. (2005)	mixed incubator technology incubator co-operative incubator traditional incubator	
Peters et al. (2004)	nonprofit incubator university incubator for profit incubator	incubator focus
Lewis (2002)	mixed used technology incubate focus manufacturing empowerment targeted	
Sherman (1999)	spin off start up	
Plosila and Allen (1985)	mixed used manufacturing product development	
Aernoudt (2004)	mixed technology economic development social basic research	institutional mission
Hackett and Dilts (2004), Allen and McCluskey (1990), Bollingtoft and Ulhoi (2005)	for profit property nonprofit development for profit collaborative academic for profit seed capital	
von Zedwitz (2003), von Zedwitz and Grimaldi (2006)	university regional business virtual independent commercial company internal	sponsor/partner focus
Etzkowitz (2001)	network incubator university incubator	
Grimaldi and Grandi (2005)	business innovation center regional public university business independent private	
Kuratko and LaFollette (1987), Udell (1990)	publicly sponsored incubator privately sponsored university related nonprofit sponsored	
European Commission (2002)	industrial managed multi business ent. BIC science innovation tech estate workshop purpose park Center park center	multi-dimensional

Source: Hausberg & Korreck, 2018

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8 New forms of cooperation

An examination of “integral cooperatives” in the Iberian Peninsula

Andrés Spognardi¹

1 Introduction

Portugal and Spain share a long and rich tradition of cooperative movements, driven by diverse social groups with varying interests and objectives. In the second half of the 19th century, Portugal’s liberal elite promoted cooperatives as a means to appease working-class unrest and secure the development of emerging industrial capitalism (Spognardi, 2020). Although this initiative did not achieve the intended success, cooperatives re-emerged with significant force during the Carnation Revolution in the mid-1970s, this time propelled by grassroots movements seeking to build a more horizontal and equitable society (Spognardi, 2019).

In Spain, cooperativism has achieved a greater scale and impact but has likewise been affected by economic and political fluctuations. At pivotal moments in Spanish history—from the Civil War (1936–1939) to the democratic transition (1975–1982)—cooperatives have evolved dynamically and assumed new roles, responding to the shifting needs and aspirations of a broad spectrum of social groups (Morales Gutiérrez, 2003; Molina & Miguez, 2008; Balcells, 2017; Garau Rolandi, 2020).

The financial crisis of the late 2000s was no exception. Amid a turbulent social, political, and economic context, a wide range of actors—radicalized groups, civil society organizations, entrepreneurs, and public authorities—experimented with new organizational forms, laying the foundation for a model that would become known as the “integral cooperative”. These organizations exhibit similarities with other innovative forms of cooperation, such as community and multi-stakeholder cooperatives, yet they also possess specific characteristics shaped by the context and the actors who have influenced their development.² Integral cooperatives combine multiple economic activities with an outsider perspective, oriented toward a normatively defined vision of the common good.³ The first organizations to emerge in the early 2010s envisioned the common good as a radically different social order—one that entailed a complete subversion of capitalism and State authority. In contrast, a second, more pragmatic generation has focused on transforming specific practices, norms, and institutions governing the production, distribution, and consumption of goods and services, operating within—rather than in opposition to—the fundamental principles of the existing social order. Drawing on the

terminology used by Micken et al. (2024), these two types of integral cooperatives will be referred to, respectively, as transgressive and socio-reformist.

The remainder of the chapter is organized into three sections. The first is devoted to transgressive cooperatives, a relatively homogeneous but short-lived phenomenon that reached its peak in the early 2010s. The second focuses on socio-reformist cooperatives, a more diverse and still developing group of organizations that have drawn partial inspiration from their transgressive predecessors. Within this section, the discussion is structured around two subtypes, each associated with distinct geographical contexts: one primarily based in Portugal and the other more widespread in Spain. Finally, a concluding section summarizes the defining characteristics of integral cooperatives, highlighting both their similarities and differences, with particular attention to their visions of the common good and their relationship with the market and the State.

2 Transgressive integral cooperatives

The financial crisis triggered by subprime mortgages in the United States in the late 2000s had a particularly profound impact on Spain's economy and politics. Record-high unemployment and the collapse of the real estate market provided fertile ground for the mobilization and politicization of sectors of society that had traditionally been less active in public affairs. This atmosphere of social contestation became a breeding ground for the emergence of radicalized groups, whose critiques and demands extended beyond the immediate economic crisis to directly challenge the foundational principles of the social order—that is, the structures that regulate relationships among individuals and uphold societal organization and cohesion.⁴

In a pamphlet published in March 2009, one such radicalized group, known as *Colectivo Crisis*, outlined the foundations of an “integral revolution” structured around a dual strategy.⁵ On the one hand, the collective rejected the status quo, advocating civil disobedience and open defiance of existing legal frameworks. On the other, it proposed a constructive initiative centered on the establishment of a network of multisectoral cooperatives, inspired by a legal figure known as the “integral cooperative”, which had been introduced into Spanish legislation in the late 1990s.⁶

2.1 From a multisectoral enterprise to a transformative social organization

The law that established the “integral cooperative” was promoted by the Spanish Confederation of Consumer and User Cooperatives (HISPACOOOP) to regulate organizations involved in dual or multiple cooperative activities (Faura & Udina, 2014). The intention was to offer an alternative legal framework for cooperatives that combined consumer and worker ownership. Initially, the regulations did little to encourage innovation in governance, membership structure, or business practices. By the late 2000s, the few integral cooperatives in existence were not

substantially different from organizations dating back to the 19th century. In practice, they functioned as multistakeholder (or multisectoral) entities, often driven by established cooperative groups, and focused on addressing the varied needs of their membership. Following the terminology of Micken et al. (2024), they could be characterized as “uncritical normalist” organizations fully integrated into the established social order.

For those championing the “integral revolution”, however, the integral cooperative was more than a legal form. Instead of a registry for multisectoral entities, they envisioned it as a tool to foster holistic organizations capable of building a new social order—one that would replace the capitalist market and the State with self-managed local cooperation networks.

The fact that a group aiming to subvert State authority chose to rely on its legal apparatus may seem paradoxical. This decision, however, was driven by pragmatic considerations. The members of *Colectivo Crisis* acknowledged that subverting the State would necessarily entail a transitional phase requiring at least partial adaptation to its norms and underlying cultural values. To this end, the cooperative model offered at least two advantages. First, it provided security and reassurance to prospective members who might have reservations about joining initiatives led by radical political groups. Second, it created a legal shield that facilitated the collective’s civil disobedience agenda. According to *Colectivo Crisis*, the inalienability of capital contributions against individual members’ debts, as protected by Spanish law, would allow the diversion of assets from the capitalist economy and the State, channeling them instead toward the financing of grassroots cooperative projects.⁷

Beyond these strategic advantages, the legal figure of the “integral cooperative” was ideally suited to *Colectivo Crisis*’s vision of society. On the one hand, its democratic nature and non-profit orientation could provide a training ground for cultivating values essential to building a post-capitalist society. On the other, its multisectoral nature would allow the integration of producers, consumers, and workers, fostering a network of exchanges that would gradually facilitate emancipation from the capitalist market (Duran, 2009, p. 8; Fourier & Colectivo Crisis, 2009, p. 14).

2.2 *The Cooperativa Integral Catalana (CIC) and the Spanish network of integral cooperatives*

To put their ideas into practice, in late 2010, the leaders of *Colectivo Crisis* founded the *Cooperativa Integral Catalana* (CIC), a complex network of productive, cultural, and educational initiatives—both formal and informal—integrated into a shared governance and coordination structure. To some extent, the CIC aimed to embody the Full Cooperative model outlined by Martignoni (2024); its ultimate goal was to operate as a self-sufficient community, issuing its own currencies to facilitate the exchange of goods and services that would cover all the basic needs of its membership (food, housing, transportation, healthcare, education, and credit). The nature of the implemented monetary system, however, differed from that of the Full Cooperative model.⁸ Instead of relying on a single internal currency, the

CIC used multiple digital currencies integrated into a platform known as the Community Exchange System (CES). The CES—later replaced by a modified version called Integral CES—functioned as a multilateral clearing mechanism, facilitating the exchange of goods and services among various nodes, some of which existed before the CIC and had their own social currencies.

At the height of its operations, the CIC oversaw dozens of initiatives, mobilizing a network of over 3,000 people in Catalonia, including volunteers as well as consumer, producer, and service members. Its central management body operated democratically through a general assembly, with representatives from various nodes participating, and decisions made primarily through discussion and consensus.⁹

As is often the case with emerging grassroots organizations, resource scarcity compelled CIC leaders to prioritize actions with the most immediate impact. One such priority involved palliative measures to mitigate the effects of the financial crisis on the most vulnerable sectors of society. With this goal in mind, the CIC adapted the model of the Belgian cooperative *Société Mutuelle pour Artistes* (Smart) to the specificities of the Spanish context, establishing the figure of the “autonomous worker-member”.¹⁰ This innovation enabled self-employed workers—not just those in the cultural and creative sectors, but also informal workers across various trades—to leverage the network’s legal structure to manage their tax obligations before the State.

Another key priority was fostering economic activities that challenged the cultural principles underpinning the status quo. To this end, the CIC not only integrated and revitalized local markets but also promoted the creation of coworking spaces, an ecovillage, and workshops dedicated to developing socially adapted technologies. A key initiative within this framework was the establishment of a credit entity called *Cooperativa d’Autofinançament Social en Xarxa* (CASX). Taking distance from conventional financing organizations, CASX replaced the concept of capital profitability—the financial return accruing to individual investors—with the notion of “social profitability of savings”. Driven by the pursuit of positive social outcomes from pooled investments, the cooperative accepted non-remunerated deposits, channeling funds primarily to support self-managed individuals and collectives engaged in socially and environmentally responsible projects (CASX, n.d.).

Following the rise of the 15-M Movement in May 2011, the CIC model inspired similar initiatives in other regions of Spain.¹¹ According to the CIC’s own data, by the mid-2010s, at least 14 transgressive cooperatives were active in various regions.¹² To exchange experiences and promote their growth, they established a national network, developed a joint agenda, and organized a series of national gatherings. Over time, however, a combination of factors gradually weakened their influence. The rapid recovery of the Spanish economy, along with the natural attrition that often affects activist groups, led many less-committed participants to lose interest and abandon the project. At the same time, legal repercussions from acts of civil disobedience hampered the activism of *Colectivo Crisis*’s most dynamic leaders, ultimately leading to the decline of such actions and the slow disbanding of existing networks. By the early 2020s, most organizations had dissolved, and the

few that remained had shifted focus, abandoning their ambitious goal of subverting the social order in favor of the more modest aim of gradually influencing its supporting cultural structures.¹³

3 Socio-reformist integral cooperatives

The holistic approach of transgressive cooperatives attracted the attention of various actors who, while not directly opposing the State or the market, questioned the capacity of these institutions to address the most pressing issues on the public agenda—the environmental crisis, growing economic inequality, rampant individualism, and entrenched social exclusion. In this context, the notion of integral cooperative, originally developed within anarchist-libertarian circles, was redefined to meet the expectations of those who, while recognizing the limitations of the existing social order, believed that it was possible to improve it through reforms and adjustments.

Bound by their socio-reformist orientation, these new integral cooperatives can be classified into two main subtypes. The first model, predominant in Portugal, has been developed by young professionals who seek to promote the sustainable revitalization of rural communities (the so-called “neorurals”).¹⁴ The second model, more common in Spain, has been developed by groups dissatisfied with the way the capitalist market addresses specific shared needs (e.g., financialization of housing, electricity generation from polluting sources). Their goal is not only to create more socially and environmentally conscious alternatives but also to extend this model to the provision of additional goods and services, ultimately developing a holistic approach that delivers multiple benefits to the wider community.

3.1 *The Portuguese experience*

In Portugal, the first integral cooperative was established in 2015 in Montemor-o-Novo, a small town of 17,000 inhabitants in the Alentejo region. The organization, called Minga,¹⁵ represents an original combination of at least three cooperative models: it shares the holistic multisectoral nature of Spanish transgressive cooperatives, the focus on local social fabric development characteristic of community cooperatives (Bianchi, 2021; Warren, 2025; see also Chapter 3 in this volume by Warren and Narduzzo), and the heterogeneous membership typical of multi-stakeholder cooperatives (Lund & Novkovic, 2023). Perhaps its most notable feature is that it can generate benefits for multiple economic agents with minimal capital investment. This capacity has enhanced the model’s appeal and replicability, prompting the creation of similar organizations in other regions. By late 2022, several initiatives inspired by or directly incubated by Minga’s promoters formed the *Rede de Cooperativas Integrais*, an informal platform for knowledge and experience exchange that provides support and guidance to local groups interested in establishing their own organization (*Rede de Cooperativas Integrais*, n.d.).¹⁶

The Minga model. Each new integral cooperative adapts its practices and strategies to the needs and aspirations of its community. While Minga’s experience may

differ from other organizations inspired by it, a detailed analysis of its origins and functioning offers valuable insight into the model's goals and potential.

In the early 2010s, when a group of neorurals settled in Montemor-o-Novo, international financial organizations were imposing a strict fiscal adjustment package, exacerbating the lack of employment opportunities and accelerating internal migration to major coastal cities. With backgrounds in economics and experience in development projects, the neorurals believed that reversing depopulation required a local organization capable of generating employment and reducing the cost of living, especially for essential consumer goods and housing.¹⁷

Although they had no prior experience in cooperativism, consultations with key community stakeholders led them to conclude that an integral cooperative—broadly inspired by the then-thriving Spanish transgressive cooperatives—would enable them to engage simultaneously with different economic agents (producers, consumers, and workers), thereby fostering synergies to drive a virtuous cycle of endogenous growth. Furthermore, the historical presence of agricultural cooperatives in the region created a context of familiarity with this form of associationism, which, in principle, could foster a receptive environment for an initiative spearheaded by a group of young newcomers to the town.¹⁸

Since Portuguese legislation does not have a specific legal form for integral cooperatives, Minga incorporated the term into its official name but was formally registered as a multisectoral cooperative with four divisions: agriculture, consumer goods, services, and housing. The housing section has developed an ambitious project for a collectively owned residential complex, which remains unrealized due to financial constraints (Cooperativa Integral Minga, 2014). In contrast, the other three divisions have operated effectively and in an integrated manner, organized around two main areas of activity. The first, inspired by the “autonomous worker-member” model of Spain's transgressive cooperatives, serves as a platform for integrating informal workers into the formal economy. The second, which has evolved gradually through an iterative process of experimentation, involves the regulation of a small local market that brings together economic actors with diverse and sometimes conflicting interests.

A fundamental premise of this regulatory activity is that the local market is influenced by the dynamics of the capitalist market. On two occasions, the cooperative sought to introduce an alternative currency: first one managed internally and then another created by an independent local association.¹⁹ However, neither initiative attracted a significant number of users, making legal tender the only viable option.²⁰

The reliance on the capitalist monetary system—an apparently paradoxical practice for an organization founded on cooperative principles (Martignoni, 2024)—highlights a tension between aspirations for social change and the constraints imposed by the socioeconomic context. As one of Minga's founding members explains, most Montemor-o-Novo residents have limited budgets and are generally unwilling to pay prices higher than those they would find in the conventional market (Cooperativa Integral Minga, 2020). Unlike responsible consumption initiatives, such as Fair Trade or Ethical Fashion, the cooperative aims not to impose

higher costs on the consumer to offer an environmentally or socially responsible product, but rather to offer a local, high-quality product at a competitive price.

To set such a competitive price, the cooperative calculates production costs and adds a small margin to cover its own operating expenses. The resulting value is then compared with the selling price of similar products in large retail stores. If the total cost (which includes both the producer's and the cooperative's margin) exceeds the market price, the cooperative analyzes the production process to explore opportunities for cost reductions. If, even after implementing cost-cutting measures, the cost remains significantly higher than the market price, the cooperative chooses not to offer the item.

Operating in euros and competing with capitalist enterprises inevitably restricts the range of products the cooperative can offer. Nevertheless, this approach allows the organization to meet the expectations of consumer-members while ensuring fair compensation for producer-members. Furthermore, this strategy minimizes the need for subsidies or State support, bolstering the cooperative's economic sustainability. In doing so, it reduces the risk of external interference or loss of autonomy—a concern that has been central to Minga's founders from the very beginning.²¹

The emphasis on autonomy does not imply a confrontational stance toward existing economic and political institutions. On the contrary, the cooperative seeks to leverage these structures, channeling their resources and capacities to generate synergies that strengthen and support the local economy. The municipal government is considered a potential ally, as it holds the regulatory authority to facilitate the implementation of major projects—such as the still-pending housing complex—and has the financial resources to ensure stable demand for cooperative products (supply agreements have already been established with municipal school cafeterias). Likewise, for-profit organizations are not viewed as adversaries to be replaced but as competitors whose capabilities can be repurposed and directed toward socially oriented goals. An example of this approach is Minga's adaptation of conventional marketing strategies to promote its brand of cosmetic products, building consumer loyalty for a line made by local artisans with regionally sourced materials.²²

Gradually but steadily, Minga's pragmatic approach to socioeconomic change has gained the confidence and support of local producers and consumers. This has allowed for modest yet socially impactful investments, such as hiring a small team of employees, acquiring transportation for agricultural product distribution, and covering operational costs for facilities that serve multiple community needs (a local product store, a co-working space, and a multi-purpose room).

In a similar vein, the cooperative's success has driven progress toward more sustainable production practices. A standout initiative in this regard is the implementation of a participatory certification program for agricultural products. Under this scheme, producer members visit each other's farms to verify adherence to ecological and pesticide-free practices. Consistent with the logic that underpins its pricing strategy, the cooperative seeks to strike a delicate balance between what is desirable and what is feasible. Recognizing that not all producers have the resources to fully embrace this approach, the program operates on an incentive

scheme that resembles the Common Good Balance Sheet proposed by advocates of the Economy for the Common Good (Felber, 2024). While participation remains voluntary, certified producers gain preferential access to key marketing channels (e.g. supplying municipal school cafeterias), thus making the shift toward more environmentally responsible production economically appealing.

3.2 *The Spanish experience*

The innovative nature of Spain's socio-reformist integral cooperatives may not be immediately apparent to the casual observer. At first glance, these organizations—formed by individuals coming together to meet a common need—may resemble traditional cooperatives. However, unlike their conventional counterparts, these organizations explicitly state from the outset that fulfilling a shared need involves producing goods and/or services within an alternative economic framework—one that rejects the logic of capitalist accumulation and internalizes the social and environmental costs that capitalism externalizes. At the same time, they commit to progressively expanding their scope of activities, creating holistic benefits for members and generating a broader positive social impact for external stakeholders.

Collective ownership housing and renewable energy production are two sectors where this emerging cooperative model has demonstrated the greatest dynamism. The substantial initial investment required for these activities likely explains their tendency toward geographical concentration. While no cooperatives of this type have been established in Portugal, in Spain they are almost exclusively located in Catalonia and the Basque Country—regions where the cooperative movement has longstanding traditions, robust inter-cooperative networks, and close ties with civil society organizations and local authorities. Unlike in Portugal, public institutions often partner in the development of the initiatives. Housing cooperatives frequently benefit from funding provided by State agencies and/or long-term temporary allocations of publicly owned land or buildings. Similarly, renewable energy cooperatives are sometimes driven by municipal governments, which can have representation in their governance structures.²³

Housing cooperatives. In Catalonia, housing cooperatives under collective ownership began emerging in the mid-2000s, introduced by civic groups inspired by the Danish *andelsbolig* model.²⁴ Within this system, the organization manages the construction or rehabilitation of housing units—typically apartments or townhouses—while maintaining collective ownership of the entire property. Those who hold a share in the cooperative are granted lifelong usage rights to a specific unit, which cannot be sold on the market but may be transferred through inheritance.²⁵

At first, these initiatives did not differ substantially from many 19th-century housing cooperatives.²⁶ Perhaps the only distinction lay in the motivations of their promoters. While members benefited from reduced upfront costs and access to affordable housing, there was also an explicit rejection of housing as a financial asset subject to speculative trading. Indeed, it is no coincidence that these organizations began to flourish in Barcelona, where foreign investment and tourism have

driven housing costs to levels that render it inaccessible to broad segments of the local middle class (Larsen, 2019).

In the late 2010s, when the notion of integral cooperatives was gaining traction in public discourse, some of these collective housing cooperatives began expanding their scope, incorporating in their bylaws the ambition to extend cooperative principles to other areas of their members' lives.²⁷ In most cases, the aim is not only to cooperatively manage essential housing resources and services, such as energy, water, waste disposal, and communication, but also to enhance the overall quality of life for those involved. This may include the cooperative provision of food or healthcare services, as well as fostering initiatives to promote personal growth, talents, and hobbies of members and their households.²⁸

Intrinsic to this broader scope of cooperativization is a redefinition of housing itself—not merely as a physical space for shelter and family life, but as a platform for building community and fostering social relationships. In this sense, the cooperative's *raison d'être* extends beyond achieving economies of scale in construction and service provision. It is explicitly designed to foster community and belonging through shared spaces and inclusive housing allocation. Cooperative housing projects often include communal areas to encourage interaction among residents and reserve units for marginalized groups facing integration challenges.

In some cases, these marginalized groups take the initiative to establish their own cooperative housing projects. For example, there are cooperatives promoted by feminist organizations that view housing as a means of building a shared sense of identity among non-conventional families.²⁹ Likewise, in the Canary Islands, where the model is beginning to take root, there are instances of collectively owned housing cooperatives founded by groups of senior citizens. These initiatives seek not only to meet housing needs but also to foster support networks, providing a safety net for a particularly vulnerable group often lacking strong social connections.³⁰

Renewable energy cooperatives. The phenomenon of integral renewable energy cooperatives must be understood within the broader context of the so-called “energy communities”. The term “energy communities” designates organizations that educate people on efficient energy use, enable collective procurement of renewable energy or technologies, and/or provide (i.e., generate, treat, or distribute) renewable energy for their members (Boon & Dieperink, 2014; see also Chapter 3 by Warren and Narduzzo in this volume). In Spain, they have been established under various legal forms, ranging from nonprofit associations or foundations to cooperatives and even commercial enterprises.

Those energy communities organized as cooperatives—by far the most prominent—have brought significant change to the traditional electric cooperative sector. Unlike their predecessors, their focus is no longer on ensuring energy access in regions underserved by the market or the State but rather on providing access to a specific type of energy—one whose production, management, and consumption are governed by principles distinct from those driving the conventional market.

Since the early 2020s, a small but growing number of Spanish energy communities have embarked on a second, and perhaps more impactful, development.

Beyond transforming production, management, and consumption, these organizations are reshaping the very meaning of electricity, framing it not as a simple utility but as a catalyst for community economic and sociopolitical change.

The key to this reconceptualization is the formation of integral cooperatives, which engage in multiple economic activities. For instance, a recently established organization in Navarra has integrated the promotion of local agricultural production into its mission. Local food networks are expected to strengthen backward and forward linkages within the local economy, while simultaneously reducing energy consumption and transportation-related emissions.³¹ In a similar vein, two newly founded cooperatives in the Basque Country are leveraging electricity to advance a range of circular economy initiatives. These efforts are expected to reclaim community control over natural resources, thereby shielding the local economy from the pressures and constraints of capitalist market dynamics.³²

4 Concluding remarks

The initiatives discussed in this chapter illustrate the ability of the cooperative model to adapt to groups with diverse aspirations and conceptions of the common good (cf. Micken et al., 2024). Those referred to as “normalist” integral cooperatives are multi-sectoral self-help organizations that operate within the frameworks of liberal democracy and market economy. Their primary goal is to address gaps in the provision of goods and services that are not adequately supplied by the market or the State. They can be understood as socially oriented organizations as long as the “common good” is normatively defined in terms of providing essential goods and services within the structures of the established social order. However, if one adopts a broader definition of the common good—such as the creation of resources not controlled by the market or the State (see the discussion of commons and commoning in Micken et al., 2024)—the social orientation of normalist integral cooperatives may be called into question.

Transgressive and socio-reformist integral cooperatives offer a broader definition of the common good, intentionally incorporating the goal of generating benefits that reach beyond their own members to drive meaningful social change. However, their approaches to the use and creation of collective resources diverge significantly, revealing interesting nuances in how transformative organizations engage with—and potentially reshape—existing socioeconomic and political structures.

For proponents of transgressive cooperatives, the common good entailed a complete subversion of the existing social order. Collective resources, sometimes created through acts of civil disobedience, were used as instruments of confrontation against public authorities. While these experiences had an undeniable impact on social transformation—many socio-reformist cooperatives were inspired by them—their ephemeral nature serves as a reminder that any process of collective resource construction must acknowledge the enduring presence and influence of both the market and the State. These institutions are deeply embedded within broader social and cultural systems, which evolve only gradually. Some disruptive ideas, such as conducting transactions exclusively in social currency or remunerating savings based on social profitability, certainly contribute to a version of the “common good” that aligns

more closely with people's real needs; however, they also presuppose profound cultural changes that may be difficult to accomplish in the short term.

Socio-reformist integral cooperatives take these contextual conditions as the premise of their transformative agenda. Their goal is not to subvert the market or the State but to strategically direct their actions toward creating collective resources that can be used and managed outside of these dominant logics. By prioritizing human connection and cooperation over profit-driven exchange, they operate within Polanyi's (1957) third form of integration, reciprocity, offering a counterpoint to the dominance of the market and the State. In this way, they create spaces for the gradual transformation of social and economic systems, contributing to a shift from individualistic, market-based transactions to more collectively oriented, socially embedded practices. Several operational decisions of the *Cooperativa Integral Minga*—the use of the euro as a medium of exchange, its competitive pricing policy, and its commercial relationship with local public institutions—exemplify this strategy. The organization gradually and patiently builds its resources through interaction with the State and the market, channeling them into activities that promote socio-economic inclusion, strengthen community ties, and foster more environmentally sustainable production practices.

Socio-reformist integral cooperatives are by no means a homogeneous phenomenon. While Portuguese organizations engage in multiple economic activities from the outset, Spanish cooperatives tend to evolve more progressively toward this model. The two Spanish examples, briefly outlined in this chapter, began with a primary economic activity aimed at fulfilling a specific need (affordable housing, clean electricity) but with the explicit intent of developing complementary products and/or services, thereby enhancing benefits for members and amplifying their positive impact on the community. Furthermore, by reinventing how needs can be met, these cooperatives are laying the groundwork for a long-term cultural transformation that may ultimately redefine what is economically and socially achievable.

Another key difference among socio-reformist cooperatives lies in their relationship with State institutions. While the Portuguese *Minga* explicitly prioritizes economic self-sufficiency as a guarantee of autonomy, many of its Spanish counterparts actively engage with local authorities, receiving financial support and, in some cases, allowing their participation in governance structures. While this proximity facilitates resource mobilization, it also carries the risk of co-optation and may, to some extent, limit their transformative potential. As mentioned earlier in this chapter, most socio-reformist integral cooperatives are still at an embryonic stage. Only time and future research will clarify whether and how this closer relationship with the State may influence the construction and democratic management of collectively owned resources.

Notes

- 1 This chapter is based on research supported by the Fundação para a Ciência e a Tecnologia (FCT). 10.54499/2021.04288.CEECIND/CP1698/CT0001.
- 2 See Chapter 3 (Warren & Narduzzo) and Chapter 27 (Pamio et al.) in this volume for further discussion of community and multistakeholder cooperatives.

- 3 For the insider/outsider perspective in cooperatives, see Micken et al. (2024).
- 4 For more on the concept of social order, see, for example, Calvert (1998).
- 5 A detailed description of the ideological foundations and objectives of the revolutionary project can be found in the preserved digital files of the now-defunct blog “Integrarevolutio” (Bloque para la Revolución Integral, n.d.).
- 6 The “integral cooperative” was formally established by Article 105 of Law 27/1999 of July 16th. While some regions had previously recognized similar cooperative models (e.g., “mixed” or “multi-purpose” cooperatives), the enactment of Law n. 27/1999 marked a significant step toward the widespread adoption of integral cooperatives in regional legislations.
- 7 Enric Durán, the primary ideologue of the transgressive integral cooperative model, often referred to as the “Robin Hood of Banks”, gained public notoriety by defrauding nearly 40 banking institutions of close to half a million euros. He used these funds to finance various projects aligned with his vision of an “integral revolution” (Kassam, 2014).
- 8 Beyond using multiple currencies, the CIC model differs from the Full Cooperative in its long-term vision of the economic system. While the Full Cooperative accepts a dual economy—where cooperative coverage of basic needs operates alongside the capitalist market—the CIC views this coexistence as merely a temporary phase, necessary for the eventual replacement of the capitalist system.
- 9 For an in-depth analysis of CIC governance and operations, see Dafermos (2017) and Tarifa Ortiz (2017).
- 10 For a detailed explanation of Smart’s cooperative objectives and operations, see Charles et al. (2020).
- 11 The 15-M Movement was a wave of massive, youth-led street protests and activism that emerged in response to the economic crisis. For a detailed analysis of this impactful yet relatively short-lived political movement, see Calvo (2013).
- 12 Albacete, Amalur, Auzolan, Aragonesa, Asturiana, Cabo de Gata, Catalana, d’Eivissa, Granaina, Madrid, Oeste Norte, Riojana, Valenciana, and Valladolid Integral Cooperatives. Somewhat paradoxically, only a fraction of these transgressive organizations formally became integral cooperatives, with most operating informally or under other legal forms (Colectivo Crisis, 2012, p. 12).
- 13 Several activists from the CIC founded “El Poblet”, a formally registered, relatively small integral cooperative. The organization provides services to self-employed members, offers training courses in various trades and sports, and aspires to eventually provide collectively owned cooperative housing (El Poblet Cooperativa, n.d.).
- 14 For a detailed analysis of the concept and phenomenon of neorurals, see Font (1987).
- 15 Within Indigenous Andean cultures, the term “minga” describes collaborative work rooted in reciprocity, which fosters and strengthens community bonds. See, for example, Faas (2017).
- 16 The network focuses on three key areas: incubating new projects, providing legal and management support to existing initiatives, and facilitating economic exchanges of regional products among member organizations. As of the end of 2024, it comprised 11 Portuguese integral cooperatives (A Geradora, Alma Ohanna, Cesta, Cooperativa da Terra, Coop99, Farol do Colibrí, Minga, Raíz Minhotá, Regenerativa, Rizoma, T’Inspirar), one Spanish integral cooperative from Extremadura (Actyva), and a small coalition of allied organizations, including cooperatives from other sectors, associations, and informal groups.
- 17 Founding member of the cooperative. Interview with the author, recorded in Montemor-o-Novo, on September 26, 2016.
- 18 Cooperatives have a long history in the Alentejo’s agricultural sector, but their presence became particularly pronounced after the agrarian reforms of the 1970s. These reforms, which aimed to redistribute land ownership, led to the formation of numerous cooperatives to collectively farm the newly available land. For further details, see Villaverde Cabral (1978).

- 19 In the late 2010s, the cooperative began accepting transactions in a local currency called MOR, which was discontinued in 2024. A reflective analysis of the factors contributing to this outcome is provided by AMLMN (2024).
- 20 Founding member of the cooperative. Interview with the author, recorded in Montemor-o-Novo, on September 26, 2016.
- 21 Founding member of the cooperative. Interview with the author, recorded in Montemor-o-Novo, on September 26, 2016.
- 22 The model reflects longstanding practices in large cooperatives that compete directly with traditional firms. For an example, see Warren's (2024) analysis of how shared values and local engagement shaped the post-WWII brand strategy of the Italian cooperative Granarolo. See also Chapter 15 in this volume (Reinaga et al.), which shows how two major Bolivian agricultural cooperatives—El Ceibo and CAICO—draw on a shared cultural background of solidarity and reciprocity to build resilient competitive strategies.
- 23 An illustrative example of a municipality taking the lead in cooperative formation is Ekiherri Koop. Sozietatea, an integral cooperative founded in the town of Errenteria, in the Basque Country.
- 24 Two main organizations promoting collective cooperative housing in Barcelona are Sostre Cívic and La Dinamo. Sostre Cívic, founded as a non-profit association in 2004, established a cooperative arm in 2010 to manage and promote new cooperative projects. La Dinamo was established in 2016 as a foundation by the integral cooperative La Borda. For an overview of the housing crisis and the emergence of grassroots housing initiatives in Barcelona, see Larsen (2019).
- 25 For a comprehensive overview of the history and characteristics of the *andelsbolig* model in Denmark, refer to Leach (2016). On the influence of the *andelsbolig* model in Spain see, for example, Turmo (2004) and Pauné (2014).
- 26 On the founding principles of traditional housing cooperatives, see Warbasse (1924).
- 27 The expansion of cooperative objectives has led to a shift in legal structures. By late 2024, about three dozen housing projects in Catalonia were integral cooperatives, representing roughly half of all organizations adopting the Danish *andelsbolig* model (Llargavista, 2022; GCDET, 2024).
- 28 Examples of these broader goals can be found in the bylaws of four cooperatives established in the early 2020s around Barcelona: La Titaranya SCCL (Valls), La Vidalenca SCCL (Puig-Reig), and La Teulada SCCL (Terrassa).
- 29 See La Renegà Cooperativa Feminista SCCL (2024) and La Morada Cooperativa Feminista D'Habitatge SCCL (n.d.).
- 30 This objective is explicitly stated in the bylaws of the cooperatives El Ciempiés SCC and El Rayo Verde SCC, which have been established in the towns of Arucas (Gran Canaria) and Tazacorte (La Palma).
- 31 See the bylaws of Leitzeko EBK S. Koop., an IC established in the municipality of Leitza in 2023.
- 32 See the bylaws of Hitzar Koop Sozietatea (established in the municipality of Itsasondo in 2022) and Ekiherri Koop Sozietatea (established in the municipality of Errenteria in 2023).

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9 Cooperativism in Austria

Between aspiration and anachronism

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1 Introduction

Cooperativism in Austria is characterized by idiosyncrasies that make it an interesting case for comparative research. Austrian cooperativism is strongly institutionalized on the level of audit associations with – in practice¹ – mandatory membership for cooperatives to be allowed to operate. Yet regarding other levels, e.g., representation in public bodies or regarding specific funding options, institutionalization is weak. Linkages to trade unions and state bodies are missing, as are specific cooperative policies by interest groups such as the Chamber of Economy, which represents the interests of enterprises, including cooperatives. Consequently, the cooperative model is neither well-known in the broader public nor among special professional groups such as law firms and consultants, thereby suffering a lack of recognition, which in turn impedes its development.

Cooperatives also face image issues in Austria. Frequently, they are regarded as old-fashioned, outdated, or overly complex, even though they are in fact highly flexible and an appropriate legal form for many socially and ecologically oriented economic initiatives. Only recently has the Chamber of Labor (the constitutional representation of employees) engaged in activities concerning cooperatives to improve the working conditions for single-person enterprises. Additionally, social movements and citizens' initiatives have increasingly been discussing cooperatives as a suitable organizational form for social ecological transformation. This was one of the factors leading to the establishment of the *Rückenwind* cooperative association (rueckenwind.coop), which only supports cooperatives with a clear mission to foster the common good. Yet, the cooperative as a legal form has not always been the focus of interest of social movements and civil society groups. Thus, approximately 100 food co-ops in Austria (foodcoops.at) operate in the legal form of an association. Despite the overall conservatism of cooperativism in Austria, energy cooperatives have recently become a trend due to EU policies triggering the foundation of another audit association specifically for this type of coop (renew.coop). Moreover, a further audit association for cooperative housing has been founded (revisionsverband.at).

According to a recent assessment (EC et al. 2024), 1,655 cooperatives with 45,988 employees and 2,595,536 members are registered in Austria. In comparison,

there are 128,414 associations in Austria employing 23,570 people. The cooperative sector had a turnover of 13.288 billion EUR in 2021. Most cooperatives are active in energy and utilities (607), followed by financial and insurance services (368). Retail (181), construction and real estate (175), and agri-food (166) are also prominent sectors. In terms of employment, financial and insurance services (19,163) and retail (11,766) are by far the most important fields of operation. Regarding cooperatives in the narrow sense of the term as presented in this chapter, they are in part politically ambivalent due to their lack of lived internal democracy and unequal power relations.

Notably, not all types of cooperatives (either in legal or social form) are covered by cooperative law. A large number of a special type of cooperatives are active in agriculture (alpine pastures) and forestry that in some regions (especially in the West) possess a substantial proportion of the land, partly dating back to medieval times (Rail 2022a, 2022b). Moreover, a significant number of water utility cooperatives play a crucial role in the remote areas of Austria. Finally, there are hunting and road cooperatives. Each of these cooperatives is regulated by specific laws. They mostly have a unique historical background, which sets them apart from modern cooperatives.

Despite the cooperative sector's significant size, worker, social, and large consumer cooperatives are largely absent in Austria. Moreover, a political discussion about the cooperative business model is hardly noticeable, which may contribute to the possibly large number of degenerated cooperatives, i.e., those that lack substantive democratic decision-making and member orientation – in contrast to authentic cooperatives displaying these features (Unterrainer et al. 2022).

Historically, modern cooperativism in Austria dates back to the 19th century, with three major strands affiliated with Social Democracy, Conservatism, and Liberalism, which formed the social political milieus for the three traditional cooperative audit associations of Konsum (coopverband.at), Raiffeisen (raiffeisenverband.at, with nine federal audit associations), and Österreichischer Genossenschaftsverband (originally influenced by the cooperative approach of Schulze-Delitzsch, genossenschaftsverband.at). Cooperativism was important for the Social Democratic Party (SPÖ) to raise the living standards of employees. The Austrian Social Democratic Party (SDAP, predecessor of the SPÖ) also promoted economic democracy in the interwar years. Social Democratic cooperativism had a limited and brief revival in the 1980s in view of responding to the challenges of post-industrial societies. However, tellingly, businesses founded at that time did not choose the legal form of the cooperative.

Cooperativism, for the SPÖ, completely lost relevance after the bankruptcy of the large consumer cooperative *Konsum* in 1995, which was tightly interlinked with the Austrian Trade Union Federation (ÖGB). Liberal cooperativism has never been important politically in Austria, quite in contrast to Raiffeisen, which is closely interwoven with the Austrian People's Party (ÖVP). It hosts a substantial number of non-cooperative and profit-oriented businesses that influence Raiffeisen's policies and has substantial economic and political clout. Raiffeisen cooperatives are primarily active in the finance and agriculture sectors. Raiffeisen audit

associations include authentic and innovative cooperatives as members. Another economically and politically important audit association is the Austrian Federation of Limited-Profit Housing Associations (GBV), which also includes non-cooperative, not-for-profit housing enterprises. Fifteen percent of all buildings and flats in Austria are owned by a GBV member, reaching eighteen percent in Vienna (Kössl 2024). Seventeen percent of all flats in Austria (main residence) are owned by cooperatives (21% in Vienna) (Statistik Austria 2024). Table 9.1 summarizes key information on audit associations.

Different from international cooperative laws and practices, where external auditors are the norm, the tasks of the auditing associations licensed in Austria are the following:

- a representation of the interests of their members (the cooperatives),
- b offering consulting and training services to their members and potential members to ensure that they meet all regulatory requirements and operate soundly,
- c carrying out audits of the business management and annual financial statements of member organizations. These audits are conducted in accordance with the

Table 9.1 Audit associations in Austria

<i>Audit Associations in Austria</i>		
Audit Association	Year of founding	Legal form
Österreichischer Genossenschaftsverband// Schulze-Delitzsch (ÖGV)	1872	Association
Österreichischer Raiffeisenverband (ÖRV)	1898	Association
Raiffeisenlandesbank Burgenland Waren- und Revisionsverband regGenmbH		Cooperative
Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband regGenmbH		Cooperative
Raiffeisen-Revisionsverband Niederösterreich-Wien eGen		Cooperative
Raiffeisenverband Oberösterreich eGen		Cooperative
Raiffeisenverband Steiermark		Association
Raiffeisenverband Tirol		Association
Revision und Anwaltschaft Raiffeisenverband Salzburg regGenmbH		Cooperative
Raiffeisenlandesbank Vorarlberg regGenmbH Waren- und Revisionsverband		Cooperative
CoopVerband - Revisionsverband österreichischer Genossenschaften	1901	Association
Österreichischer Verband gemeinnütziger Bauvereinigungen - Revisionsverband (GBV)	1947	Association
Rückenwind - Förderungs- und Revisionsverband gemeinwohlorientierter Genossenschaften	2016	Association
Genossenschaftsrevisionsverband renew - Revisionsverband für Regionale Energie-, Nachhaltigkeits-, Erwerbs- und Wirtschaftsgenossenschaften	2021	Association
Bundesrevisionsverband für gemeinnützige Bauvereinigungen	2023	Association

- requirements of the Cooperative Audit Act and must ensure compliance with the statutory funding mandate (Förderungsauftrag) (see Vereinigung österreichischer Revisionsverbände 2025),
- d supporting the founding of new audit associations with know-how,
- e facilitating networking and knowledge exchange among members,
- f supporting cooperative education, science, and research (*Forschungsinstitut für Kooperationen und Genossenschaften*, RiCC; student cooperatives, etc.)

The umbrella association, *Vereinigung Österreichischer Revisionsverbände*, founded in 2004, is responsible for the training of auditors for cooperatives, who are required to maintain independence and freedom from instructions.

The mandatory membership of cooperatives in audit associations strengthens the latter's role as key actors in the cooperative system. Moreover, the Raiffeisen sector per se is a powerful, conservative player in the Austrian economy and politics, which was confirmed once again in the – failed – coalition negotiations between the Austrian People's Party and the right-wing populist Freedom Party of Austria (FPÖ) in early 2025 (see Graber & Szigetvari 2025). The dominance of the traditional audit associations has been under challenge from the already mentioned newer foundations. There may be different reasons for their emergence: for Rückenwind, the explicitly perceived lack of democracy or movement building in existing associations; for renewal, favorable EU policies; and for the housing sector, the perceived monopolization of the non-profit housing actors by the GBV that, as it has been argued, favored the development of a new audit association (see Putschögl 2023).

The pressure to act in the name of socio-ecological, demographic, digital, and other global crises or challenges is interacting with new dynamics in the cooperative sector. This could open further windows of opportunity for strengthening the cooperative economy. As already mentioned in the introduction to this volume, similar structures exist in Central Europe with regard to the role of audit associations – in addition to Austria, e.g., in Germany² (see Stappel 2023) or Poland.³

These trends are also prompting the traditional cooperative sector to innovate. The following two examples illustrate novel incentives that have been developed to attract additional members and demonstrate expertise in areas such as sustainable development: (1) The *Raiffeisen Genius Award*⁴ was established in 2024 to acknowledge and provide financial backing for innovative concepts. (2) The ÖGV disseminates a sustainability guide for small- and medium-sized enterprises (SMEs) and cooperatives.⁵ An empirical investigation and comparison of the specific national developments on this agenda would be fruitful in proving an emerging consensus that recognizes the potential of cooperatives as a response to complex global pressures at the regional level.

Some of the specific characteristics of cooperativism in Austria can be explained by the political economic regime of the country (see Anastasiadis et al. 2018), which was strongly corporatist until the 1980s and was comparatively weakly affected by neoliberal restructuring of welfare policies, among others. The predominantly corporatist character of the Austrian political economic system after WWII

might explain the almost complete lack of worker cooperatives, since there was neither the perceived need nor the opportunity (or specific help from, e.g., trade unions or state bodies) to build up such cooperatives. Welfare services are largely provided by associations established during the pre-neoliberal period's corporatist arrangements. This leaves little room for state bodies to demand or for civil society initiatives to supply social cooperatives, as existing associations already cover these needs. The comparatively moderate impact of the new social movements of the 1970s could be considered a contributing factor for the relative conservatism of the cooperative movement in Austria compared to countries where new social movements were substantially stronger, like Germany, France, or Italy, or where cooperativism was more deeply rooted in radical syndicalism, anarchism, and other militant (left-wing) political currents, such as in Spain.

In the following sections, the distinctive Austrian features are analyzed by focusing on authentic cooperatives or cooperative movements that aim at a socially or ecologically transformative impact. Our perspective is guided by the question of how to further develop cooperativism in Austria for addressing unmet needs and fostering economic democracy under conditions of multiple crises. In turn, we will include information on the quantitatively predominant cooperative sectors and types of cooperatives only insofar as these are relevant for contemporary concerns towards making social relations more environmentally friendly, socially just, and democratic. To this end, we believe it is essential to understand the specific history of certain sectors. However, a selective approach was chosen by mainly discussing realms of cooperativism that are currently most relevant regarding authentic cooperativism and public debates. For this reason, we will not analyze the financial sector, since the only attempt to establish an authentically cooperative bank has failed (*Gemeinwohlbank*). Several relevant cooperatives exist in agriculture (e.g., BVN, *Bäuerliches Versorgungsnetzwerk*, i.e., peasant provision network, also supported by the Chamber of Agriculture) and housing (e.g., *Wogen*, *HausWirtschaft*), which will not be discussed due to length restrictions.

The following overview on the institutional context of cooperativism in Austria is supplemented by insights into current discussions on the potentials of cooperatives for issues of social and ecological transformations. Subsequently, we elucidate the blind spot of worker cooperatives that stand out regarding their potential to democratize labor relations. Then, we will shed some light on the rise and demise of the Social Democratic Austrian consumer cooperative movement before discussing the status quo and the perspectives of social cooperatives. The next section analyzes the recent boom of energy cooperatives to give an example of a successful revival of the model and for better understanding of its prerequisites. In the last section, we will draw conclusions regarding cooperatives and transformation in Austria, addressing barriers and how these could be reduced.

2 The institutional and societal context: support and benefits

Social ecological transformations require a re-orientation of economic activities towards substantive, concrete goals related to human and non-human needs and

well-being (in the sense of a socially embedded economy, Polanyi 1979) instead of pursuing an abstract goal of profit maximization. Driven by profit seeking, the conventional economy is geared towards quantitative growth, leading to an overall increase of resource throughput that cannot be absolutely decoupled from economic growth, which always involves material processes. The capitalist economy responds to concrete needs only indirectly and if enough profit is expected by investors (for big capital: as compared to financial markets), leading to a host of social, economic, and political problems that conventional policies handle indirectly and selectively, without tackling their structural reasons (Anastasiadis et al. 2023; on environmental challenges: Exner & Raith 2024). Prioritizing profit over need-satisfaction, moreover, relies on authoritarian economic structures, which provide fertile ground for the rise of right-wing extremism, which threatens democracy. Democracy as a “way of life” (Dewey 1927) needs to be learned in daily life in order to be able to withstand crises. Most people in the Global North spend a large part of their daily life in labor relations that are primarily defined by management in a top-down manner. Such contexts teach people to accept authoritarian conformity, while democratic engagement is discouraged (see, e.g., Putnam 1993 for an analysis of democratic structures rooted in a self-organized civil society and vivid associational life, including cooperatives).

Regarding the potential of worker cooperatives to address societal problems, there are specific areas of interest, such as combating unemployment among certain groups. One effective approach is through cooperative models, since highly qualified and experienced individuals who struggle to find new employment often benefit from these structures, as exemplified by the cooperative *Otelo eG* (see Lechner et al. 2017, p. 74). Another significant issue is the succession challenge faced by SMEs. Employee buyouts offer a promising solution, as employees become owners of the company, thereby fostering job security. A notable example in Austria is the publishing house *Mandelbaum Verlag eG*, which successfully transitioned to employee ownership. In the next five years, approximately 75,000 SMEs are expected to change ownership. In the European Union, one-third of all companies are at risk due to a lack of succession planning (see Gonza 2023). Moreover, in the context of bankruptcies or company closure, Italy’s Marcora law has shown that in many cases, former employees can take over and manage companies, thereby preserving jobs and ensuring continuity (Vieta 2015).

In Austria, consumer cooperatives are recurrently discussed as a way to build up direct links with agricultural producers through multi-stakeholder arrangements, with *Um’s Egg* being a case in point. By circumventing supermarkets, these initiatives can pay fairer prices for producers without significantly raising consumer prices. *Um’s Egg* demonstrates a positive ecological impact by reducing packaging and food waste and by strengthening local producers. What is more, such cooperatives can operate as social meeting places. *Um’s Egg* also revitalizes inner-city areas, thus reducing the need for car transport (Exner et al. 2023).

Social cooperatives promote collective self-help through democratic control, enabling members to make decisions together to meet their needs, including clients requiring financial and social assistance or health services, among others

(see Warren & Narduzzo, this volume). Frequently, these clients are not able to directly shape the services they depend upon in conventional organizational forms. In contrast to neoliberal approaches that emphasize individual responsibility and state bureaucracy, social cooperatives potentially offer a collaborative model (see Borzaga & Galera 2016 for ambivalences in the Italian case). Cooperatives active in community work (ranging from social work to neighborhood development, or community engagement in general) can also be considered social cooperatives. In this case, multi-stakeholder arrangements offer potential for socially and ecologically transforming unsustainable relations. Energy cooperatives, for example, might decentralize and democratize the provision of renewable energies. Including citizens in these cooperatives can reduce resistance to renewable energy projects. These initiatives often bring together multiple stakeholders, thus fostering social cohesion, small-scale social dialogue, and resilience. By linking ecological goals with the material interest of members, these initiatives can also strengthen support for national climate policies. Potentially, even rebound effects could be combated by actively supporting members in reducing energy consumption (see *Enercoop*, Exner et al. 2023).

Recent legal changes have created new possibilities for cooperatives in Austria. A 2021 tax law amendment enables cooperatives to gain charitable status. Since 1 January 2025, Austrian associations have been allowed to convert into cooperatives. Moreover, reserve liability has been removed by another change in law, which will create the opportunity to limit member liability in case of insolvency of a cooperative. This legal modernization aims at making the cooperative model more attractive. By removing reserve liability, it is hoped to increase participation and investment in the cooperative, resulting in a stronger and more diverse member base. Despite visible EU efforts to promote cooperatives in the novel policy framework of the social economy (see below), these have hardly been adopted politically in Austria, with ministries and most stakeholders following different agendas (see Anastasiadis et al. 2023).

3 Worker cooperatives in Austria: a rare species

The negligible number of currently existing worker cooperatives is not well documented in Austria. The most prominent traditional worker cooperative is the *GWM* (*Gerätewerk Matrei*) in Tyrol, which, tellingly, was a response to an economic emergency situation after WWII: “The hardship of the post-war years pushes people towards self-help. On 15 October, 1948, 52 workers in Matrei founded a production cooperative. Their production plan included electrical equipment and low-voltage components” (own translation, *Gerätewerk Matrei*, n.d.). Nowadays, *GWM* is a medium-sized business specialized in producing cooking appliances. Even though in the 1980s, a wave of newly formed worker cooperatives set in, they did not have a long-term impact on the overall situation of worker coops, not least because the businesses founded at the time chose other legal forms. Only very recently were several worker cooperatives established that use the legal form of a cooperative, e.g., *Otelo eGen* or *Mandelbaum Verlag eGen*.

3.1 *Economic and social structure after WWII*

The humanization of labor relations has always been a crucial goal of the labor movement. Yet, different views on the role and relevance of worker cooperatives as part of an emancipatory strategy already existed in the 19th century. For example, Ferdinand Lasalle's perspective on worker cooperatives favoring state support was rejected at the famous Hainfeld convention of the Social Democratic Workers Party of Austria (the predecessor of the SPÖ) in 1888/1889. Social Democratic "Red Vienna" in the interwar years focused on municipal housing and cultural politics.

In 1946, the *Verband der Arbeitsgenossenschaften* (Association of Worker Cooperatives), promoting the setting up of worker co-ops in succession of expropriated former Nazi-German companies, was founded. In the same year, Parliament passed a law on worker cooperatives (*Bundesgesetz über Werksgenossenschaften*). However, the only worker cooperative founded on this basis was *Kohlenbergbau Häring GmbH* in Tyrol, which did not take on the form of a legal cooperative. The Social Democrats were skeptical about this law, fearing that it could thwart their plans to "socialize" big companies (Weber 2022, p. 8), which, in line with the corporatist model, represented the overall social democratic orientation regarding labor relations at the time.

In fact, also in 1946, a wide range of companies or whole industries were "socialized" in Austria, in the sense of transferal into state ownership. Banks, the entire coal mining industry, mining companies, the entire oil, steel, and aluminum industry, and electrical and chemical companies had previously been owned by the *Deutsches Reich*, i.e., the National Socialist regime. Under tight control by the SPÖ, these 70 companies developed very well economically until 1965. Yet, between 1975 and 1985, this sector faced a severe crisis. A new law in 1993 enabled the partial or complete privatization of a great part of these industries (Austria-Forum, online). Prof. Clemens-August Andree, an advisor of the ÖVP, had proposed a "social reprivatization" instead: he suggested transferring the socialized companies to the employees, thereby referring to the GWM model. These companies were supposed to be managed by the trade union (Zehetner, Karl, in: Miglbauer 1985, p. 147). This proposal obviously did not alter the ÖVP approach of privatizing state industries according to neoliberal guidelines.

Until the 1980s, the Austrian political economic system was well known for its "social partnership" (Austrian corporatism, *Sozialpartnerschaft*). The Chamber of Economy (former Chamber of Commerce) and the Chamber of Labor, together with the Austrian Federation of Trade Unions (ÖGB), were crucial components of this arrangement, based on the monopolistic structure of these organizations and their high degree of centralization (Tálos & Kittel, 1996, p. 108ff.). Even in the 1970s, when the SPÖ governed with an absolute majority, the social partnership was pivotal, for example, for the *Arbeitsverfassungsgesetz* (Labor Constitution Act). A central aim of this law is to democratize labor relations through employee councils. State-owned industries were at the forefront of implementing this law, thereby selectively democratizing work relations (DRdA 2024).

3.2 Movements in the wake of “1968”

Since the end of the 1960s, worker cooperatives have emerged across Europe, a development tightly coupled with the political unrest denoted by the watershed of “1968” (see, for Germany, e.g., Gubitzer 1989, p. 169). This trend was fueled by new social movements such as the ecological and the women’s movements. The rise of the worker cooperative was an expression of people’s wish to live a more cooperative life, not only in production but also in other realms of life, or a response to the lack of occupational opportunities for academics (Schinkowski in: Notz 2011, S. 138ff.). Only gaining a foothold in Austria in the late 1970s and early 1980s, this movement produced IGEF (*Verein für Integrale Gesellschaftsforschung*; house decluttering services, later on furniture-making), *Werkhaus Kollektiv* (pottery, bookbinding, and other crafts), *Die Brücke* (printing firm), and *Falter* (weekly magazine) as its forerunners in Austria.

In the 1980s, structural problems particularly affecting parts of the “socialized” industries and a low GDP growth ended a period of expansion of the Austrian welfare state. Furthermore, the beginning of the decade was a turning point regarding the labor market. “Full employment” gave way to rising unemployment and increased social inequalities since the risk of unemployment was unevenly distributed among the workforce, for example, regarding qualification levels (Tálos 1996, pp. 543–544). Between July 1980 and July 1983, the industrial sector faced a net loss of 63,000 jobs (Mesner 2008, p. 105). Thus, the Minister of Social Affairs, Alfred Dallinger, concluded, “In view of the ecological and labor market policy crises, the development of new forms of labor organization and overcoming alienation are even more urgent” (own translation, Dallinger, Vorwort in: Miglbauer 1985). Alfred Dallinger was Minister of Social Affairs (*Bundesminister für Soziale Verwaltung*) from 1980 until his death in 1989. He promoted self-managed firms and employment initiatives based on self-help, supported by specific state policies.

From 1983 on such initiatives became eligible for subsidies by the federal government. Weber assesses this approach as “revolutionary” since organizational democracy (*Arbeiterselbstverwaltung* or *betriebliche Selbstverwaltung*) became a central criterion for this type of subsidy. Regarding cooperativism in Austria, Weber calls this era the “period of organizational democracy” (Weber 2022, p. 10). The enterprise *Maldek* (painting services), among other firms established in that period, still exists as a worker cooperative. Another example is the *Waldviertler Schuhwerkstatt*, which was founded in 1984 and existed on these terms for ten years before being taken over by a conventional shoe retailer (GEA). Research regarding 66 self-managed organizations that were founded during that period shows that around half of them still existed in 2022. Either they continued to be democratic or at least retained a participatory element, or they are no longer democratic but still follow their original social, ecological, or cultural goals. A few of them have transformed into conventional companies (Weber 2022, pp. 13–15).

Thus, almost 100 years after the first discussions on the role of worker cooperatives, a new self-management movement supported by Socialists, Social Democrats, and trade unionists rediscovered “socialization from below” as the traditional

third pillar of many labor movements (Schuller, in Miglbauer 1985, pp. 4–5). While the SPÖ party program in 1978 emphasized large, centralized organizations, the “Economic program” of 1981 suggested examining ways of employee takeover of companies in need of a successor (Miglauer 1985, p. 146). In retrospect, the Dallinger era seems to have been a rare window of opportunity regarding Austrian state policies on worker cooperatives.

In recent years, a few worker cooperatives have been established, e.g., *Otelo eGen*, combining the traditional labor movement institution of the employee council with democratic ownership, or *Lekton*, a software cooperative of former single-person enterprises, which addresses the challenges these enterprises face regarding income stability, social security, and workload.

4 Consumer co-ops: rise and decline... and possible revival

In contrast to worker cooperatives, social democracy used to strongly support consumer cooperatives that consequently became part of the mass provisioning system for everyday consumer goods.

The first Austrian consumer cooperative was founded by textile workers in *Teesdorf* (Lower Austria) in 1856. The idea was to buy daily necessities in large quantities at a fair price and to distribute them cheaply to members of the cooperative. In 1872, the *Allgemeine Verband der auf Selbsthilfe beruhenden Erwerbs- und Wirtschaftsgenossenschaften in Österreich* (General Federation of Employment and Economic Cooperatives in Austria) was founded as a conglomerate of cooperatives from different sectors. Prior to the enactment of the Austrian Cooperative Societies Act 1873, the consumer cooperatives were established based on the Association Act enacted in 1852. In 1901, the consumer cooperatives created the *Verband der Arbeiter-, Erwerbs- und Wirtschaftsgenossenschaften* (Association of workers', purchasing, and economic cooperatives), parting ways with the *Allgemeine Verband*. The foundation of a wholesale organization under the name of *Großeinkaufsgesellschaft der österreichischen Consumvereine* – GöC in 1905 was an important milestone in the history of Austrian consumer cooperatives (Brazda, J., in: Brazda & Rom 2006).

In 1913, Karl Renner, the then chairman of the *Zentralverband* (the name of the association of consumer cooperatives after 1904), reacted to the financial squeeze of the consumer cooperatives by founding the *Kreditverband der österreichischen Arbeitervereinigungen* (Credit Association of Austrian Worker Federations), the predecessor of the *Arbeiterbank* (i.e., Labor Bank), founded in 1923, which was fully owned by the Austrian Federation of Trade Unions (ÖGB), until 2007 and is today's BAWAG.⁶

In 1916, the Austrian consumer cooperatives became part of the war economy of the First World War and were a principal factor in providing necessities in times of extreme supply shortages. Four years later, the Austrian Cooperative Societies Act was amended, reducing the liability of members and simplifying the amalgamation of cooperatives. In the same year, 1920, the *Konsumgenossenschaft Wien* was founded through the merger of four consumer cooperatives in and around Vienna.

As the largest consumer cooperative in the world, this cooperative had more than 140,000 member households.

During the Great Depression starting in 1929, consumer cooperatives experienced economic troubles, which they could skillfully overcome (Jagschitz 2011). The authoritarian regimes in Austria (Austrian Fascism and the subsequent Hitler dictatorship) suppressed cooperatives. While in 1934 the SDAP and all connected organizations were liquidated, the consumer cooperatives managed to survive, owing to the support received from the agricultural cooperatives of Lower Austria. In 1943, the consumer cooperatives were finally liquidated and completely incorporated into the *Deutsche Arbeitsfront* (German Labor Front).

The reconstruction of the consumer cooperatives after WWII commenced promptly. In 1946, the *Konsumverband*, the central organization of the Austrian consumer cooperative movement, was reestablished. By 1951, the membership in consumer cooperatives had already reached the levels observed in 1937. After WWII, consumer cooperatives were the most innovative retailers in Austria. In 1950, the first self-service shops were opened in Linz, Vienna, and Graz, following American role models.

The next dimension was the opening of a *Konsumgroßmarkt* (hypermarket) with a sales area of more than 10,000 square meters in Vösendorf, near Vienna, in 1970. At the same time, larger self-service stores with a sales area between 400 and 1,000 square meters gained popularity. In June 1978, *Konsum Österreich* was founded by merging nearly all Austrian consumer cooperatives (Jagschitz & Rom 2012). This merger aimed at overcoming weaknesses resulting from dispersed purchase activities, inconsistent marketing policy, decentralized storage units, and organizational inefficiencies. From 1993 to 1995 *Konsum Österreich* had a close cooperation with the Swiss *Migros* cooperative, but the alliance failed to reach its goals.

Economic difficulties forced *Konsum Österreich* into insolvency in March 1995 (Wiedey, J., in: Brazda & Rom 2006, p. 14 ff):

- The potential synergies resulting from the founding of *Konsum Austria* were not utilized. In administration, logistics, and retailing, chances for rationalization were missed.
- Gaining immediate profits was rendered impossible by unfortunate investment priorities, such as investing in infrastructure and production units rather than in the retailing facilities.
- Price-, assortment-, and personnel policies proved to be inefficient. The pay of the workforce was approximately ten percent above average, whereas efficiency was below average. Loss-bringing store locations, an above-average price level, and an assortment policy that was not market-oriented mainly contributed to the bad results in the operative business.
- Inefficient re-organization strategies put the main emphasis on diversification instead of strengthening the core business.
- The cooperation between *Migros* and *Konsum Austria* from 1993 to 1995 was too idealistic. *Migros'* insufficient knowledge of the Austrian market and the deficiencies in the management of *Konsum Austria* resulted in inadequate and unrealistic goals regarding the partnership for the Austrian market.

The insolvency was managed within the legal framework of a bankruptcy with a quota of 67.4% for the creditors, i.e., a figure unmatched in Austria. The economic impact on the Austrian economy could be minimized. *Konsum Austria*, called *OKAY Team eG*, still exists as a legal entity, yet on a much smaller scale, with a small chain of food shops for travelers, property management, and a consulting business as its core operative business. Even though most of the local cooperatives that did not join *Konsum Austria* in 1978 were not successful, in Vorarlberg, nine consumer cooperatives, which are members of the *CoopVerband* (the former *Konsumverband*), have survived (Jagschitz & Rom 2021, p. 83 ff.).

It remains to be seen whether the concept of common ownership, solidarity, and member support can regain relevance under economic and political conditions that are fundamentally different from the first hundred years of the consumer cooperative experience in Austria. Recently founded consumer cooperatives in rural areas (*Um's Egg*) as well as in Vienna (*MILA*, *Morgenrot*) and the existence of approximately 100 food coops in Austria seem to imply a future for consumer cooperation. One novel organizational element that may facilitate the social-ecological transformation of the food system is multi-stakeholder arrangements, as in the case of *Um's Egg*, which links local small-scale agricultural producers to local consumers. Thereby stakeholders usually alienated by anonymous competitive markets can directly negotiate in a cooperative way. For instance, price levels might be agreed upon to ensure both more affordable goods and fairer farmer incomes.

5 Social cooperatives: a rising discussion

There is no established definition or specific conceptualization of social cooperatives in Austria. Instead, references in public debates are made to other countries, such as Italy or Germany, which have more developed traditions and a considerably larger number of social cooperatives. In Austria, the traditional concept of *Sozialwirtschaft* refers to organizations economically active in a broadly defined care sector, including health and social services, and social as well as community work (see Anastasiadis et al. 2018). The literal translation of *Sozialwirtschaft* is social economy, which, however, is now being used in a different way at the EU level (Anastasiadis et al. 2023), encompassing five principal organizational types: cooperatives, mutual benefit societies, associations (including charities), and foundations, plus social businesses of various legal forms (EC 2021, p. 4). The legal form of the cooperative is widely regarded as a fundamental component of the social economy in this sense. However, not all cooperatives adhere to the established cooperative values and principles (ICA 2015). The cooperative as a social form (Flieger 1997) can also be established in other legal forms, e.g., as a limited company, if all employees are members. This observation aligns with the differentiation between degenerated and authentic or regenerating cooperatives (see above). In recent years, the term “social enterprise” has been adopted by various actors in Austria to highlight the distinctive characteristics of organizations operating in the *Sozialwirtschaft*. In this context, the legal form of the cooperative is increasingly discussed with regard to facilitating participation and the representation of client

interests, improving the quality of services, and responding to contemporary challenges of stakeholder coordination.

Despite the small number of social cooperatives in Austria (regardless of whether they choose the cooperative as a legal form or not), some examples illustrate the potential of this business structure for re-organizing care work. The variety of recently established cooperatives indicates that focusing merely on the social aspect of providing services for “others”, who might be unable to organize themselves or actively participate in a cooperative’s decision-making, is insufficient for describing the innovative models of emerging social cooperative initiatives. In general, the definitional boundaries between the cooperative in general and the social cooperative in particular appear to be somewhat blurred by the fact that any cooperative responds to the social interests of its members, be they economic, cultural, or other, and that cooperatives active in fields not traditionally associated with cooperatives, such as neighborhood development or community work, often comprise economic aspects.

The Italian legal definition of the social cooperative partly matches the organization of the Austrian *Sozialökonomische Betriebe* (SÖBs, social economy enterprises, literally), which were founded within the period of experimental labor market policy under Alfred Dallinger (see above), who established this model of labor market policy-related enterprises. Internationally, for these enterprises, the notion of WISE (Work Integration Social Enterprises) is usually applied. However, SÖBs do not use the legal form of a cooperative, furthermore do not stand out in being particularly democratic or participative, if at all, and have recurrently been criticized for instrumentalizing their temporary employees (Anastasiadis et al. 2023). An example of a cooperative implementing WISE is *Baukarussell*, which relies on social urban mining, promoting a circular economy in the building industry by deconstructing built environment and reusing materials.

Social cooperatives often focus on addressing social issues for specific groups in the sense of the need for social, financial, or health support. Members can include directly affected individuals, professionals in social and health services, and sometimes volunteers. These cooperatives differ in structure and target demographics (Flieger 2009, pp. 232–234). They may be defined narrowly as social or care sector cooperatives or more broadly as cooperatives with a social mission in the sense of “doing something for others” (Thürling 2020, p. 87), in contrast to the common social mission of a cooperative to further member interests. Clear distinctions between social cooperatives in typical areas like migration, poverty, education, and care in the narrow sense and the broadly defined care sector are becoming increasingly difficult. Many new cooperatives engage in a variety of projects with different goals, ideas, and focuses, going beyond traditional social sectors and collaborating with individuals from diverse disciplines and backgrounds.

Austria offers several inspiring examples that show how social cooperatives can address various needs. In 2002, the *WAG* assistance cooperative was founded by people with disabilities to organize their daily lives autonomously and to avoid living in institutional care. It provides personal assistance and advocates for a standardized national approach to accessing such services, allowing clients to actively

shape the offers. The cooperative *8ung.net Institute for Neurodivergence* supports individuals with neurodivergent traits such as ADHD and autism, offering digital training, education, and resources for those affected and their personal environment. The cooperative *Human Bridge for Business Transformation* focuses on social projects and creating an inclusive job market by connecting and supporting companies and social organizations regarding corporate social responsibility and corporate volunteering. *Querdenker - Agora eGen* is a social cooperative founded in 2020. It is dedicated to forensic social psychiatry, following the tradition of the Italian cooperatives of Franco Basaglia's psychiatric reform (Warren 2024). Clients are supported with assisted living and reintegration into society.

WOAL – Wohnen ohne Alterslimit (“Living without age limit”) – is an association developing and guarding a sophisticated concept, which will be realized in the form of social cooperatives at various locations. The self-governing housing project aspires to be more than a place to live collectively. The core of the care and nursing concept is the notion to live in a self-determined and self-reliant way until the end of one's life, taking care of oneself and others as well as learning to assess when to consult professionals. Solidarity structures include elaborate financing. The project will become operational in 2026, when a group of around 80 members will move into the project's first building.

Enlarging the promotional mandate on the wider territorial surroundings generates community co-ops, as Oscar Kieswetter (2022, p. 11f.) explains in the context of recent Italian history (also see Warren & Narduzzo, this volume). Several Austrian examples indicate similarly the impact of factors like rural depopulation, vacancies, the decline of gastronomy venues, and local suppliers. This has fostered diverse community cooperatives like *Dorfschmiede für nachhaltige Lebensräume eG*, *BürgerInnenengossenschaft St. Stefan-Afiesl eGen* or *Hutwisch Regionalentwicklung eGen*, which are developing local venues as rural living communities and managing short-stay rentals or restaurants. These kinds of multi-stakeholder cooperatives occasionally show significant specificities. *FreuRaum eG*, founded in 2018, has meanwhile been transformed into a WISE. Since its establishment in 2008, *ALLMENDA Social Business eG*, has defined itself as a change maker exploring a host of innovations in diverse fields like mobility, open-source IT and media solutions, exchange platforms, crowdfunding, and regional currencies.

6 Energy co-ops and associations: an unexpected boom

While worker, consumer, and social cooperatives would be able to respond to multiple crises regarding social ecological transformation, they are rare in Austria. Interestingly, the energy sector has recently shown a rapid increase in cooperatives, despite unfavorable overall conditions. Austria's electricity sector is highly centralized, i.e., major energy suppliers dominate the market. In 2022, 75% of the country's electricity came from renewable sources, particularly hydropower, which is largely generated by facilities along the Danube River (Statista 2024). While electricity demand continues to rise, Austria has set the goal to achieve 100% renewable electricity by 2030 (BMNT 2019).

The main reason for the recent upsurge of energy cooperatives (a sizeable number predates this trend) is a change in legal regulations and policy priorities. The EU Clean-Energy-for-All-Europeans Package, along with new Austrian legislation implemented in 2021 following EU policies, has created opportunities for new actors in the energy market and a supportive framework for energy communities (ECs). ECs thus benefit from reduced grid fees and various subsidies. ECs allow citizens, businesses, and local authorities to collectively generate, consume, store, and sell renewable energy. A national law established two models for ECs: the *renewable energy community* (“Erneuerbare Energie-Gemeinschaft”), which is confined to local areas, and the *citizen energy community* (“Bürgerenergiegemeinschaft”), which can operate anywhere in Austria without geographical restrictions (also see Brazda 2023b).

Since 2021, the number of ECs has increased significantly. By early 2024, there were 1,171 renewable ECs and 147 citizen ECs across Austria. Most are associations or cooperatives in legal terms (Fischer et al. 2024, p. 1). Climate and Energy Model (KEM) regions, which were initiated in 2009, play a significant role in the Austrian energy transition. These regions consist of groups of municipalities that are committed to abandoning fossil fuels and embracing renewable energy sources and follow different priorities. Currently, there are 126 KEM regions across Austria, involving a total of 1,157 municipalities (Klima- und Energiefond 2024), with indications of incipient interest in the cooperative as a legal form, e.g., regarding regional development.

Active community engagement is promoted by municipalities in this case, not least for achieving local sustainability goals. Municipalities increasingly play a vital role in the support of ECs. They may join as members, provide financial assistance, and offer locations for energy production, such as large rooftops or public land for solar panels. Municipalities also contribute with shares to the cooperative in proportion with their financial capacities, thereby increasing cooperative financial resources, although at least in the province of Styria, the engagement of municipalities encounters legal and political obstacles.⁷

The boom in Austrian ECs shows that, given effective incentives and support structures, the level of citizen participation required for authentic cooperativism can be significant despite the overall conservatism of the Austrian cooperative sector. Incentives also include rising energy prices in 2022, prompting individuals to seek more control over their energy sources (Fischer et al. 2024, p. 4, 48).

While the lower costs of associations may be beneficial for small ECs, cooperatives are more suitable for larger regional projects with a diverse membership. Cooperatives provide a solid foundation for economic activity and joint investments. When energy facilities are obtained and owned together as a cooperative, members gain flexibility and do not depend on external owners for decisions, encouraging group involvement. Shared investment often shapes a business in terms of a community project, creating a sense of belonging and collective identity. In the case of liquidation, assets from a generating plant might be shared among members. In contrast, associations exclusively return each individual's contribution. In both cases, liabilities are deducted (Österreichische Koordinationsstelle für Energiegemeinschaften 2022, p. 11, 32).

Energy cooperatives have the potential to democratize economic relations and unite different social and interest groups by joint decision-making. Cooperatives have clear rules regarding liability and allow for a supervisory board, increasing control and transparency (Österreichische Koordinationsstelle für Energiegemeinschaften 2022, p. 24). The requirement of regular audits (see above) facilitates citizen participation. Democratic principles within the cooperative may have the potential to support a more sustainable regional development. For instance, energy cooperatives help to create a balance of interests in the local area. Political negotiation processes, such as decisions on whether land is used for energy production or food supply, must be discussed with various stakeholders (Brüwer 2011), which can be facilitated through multi-stakeholder cooperatives in the energy sector, thus potentially providing a role model for other regional development issues.

7 Conclusion and prospects

As this review has shown, the Austrian cooperative sector is well established and bears significant potential for social ecological transformation. We suggest explaining the differential importance of specific types of cooperatives by means of the characteristics of the national political economic regime (cf. Kurimoto, this volume). Structures of social partnership between capital and labor that also included agriculture in their heyday have shaped the development of the cooperative sector. Thus, worker cooperatives suffered from a lack of both supply (of workers) and support (by, e.g., trade unions and the SPÖ), with a limited increase in interest in recent years. Consumer cooperatives, which were important historically, have recently shown some tendencies of renewal. Yet, they are hardly supported by major political economic forces in the country. Social cooperatives are increasingly discussed in civil society as an option to democratize welfare services but are not well established in Austria as of yet, whereas energy cooperatives and associations are experiencing a boom due to EU policies that triggered reforms of national law facilitating their establishment.

Although the financial cooperative sector is not explored in detail here for the reasons mentioned in the introduction, there are, to some extent, efforts to establish forms of exchange and cooperation between the financial and the non-financial cooperative sectors. While financial support from larger cooperative banks to smaller, often more authentic cooperatives is not yet common in Austria, initiatives are being developed to encourage banks to take a more active role in supporting their local regions. One way cooperative banks can contribute is by promoting bottom-up approaches, using their financial resources to support local projects and benefit their members. The ÖGV coordinates a shared strategy for all banks within the network of *Volksbanken*, which are ÖGV members. Despite their differing legal structures, all network members have included the shared mission of support in their statutes. By reinvesting regional dividends and other funds locally, they can support their local communities, depending on the provincial state. In some regions, community-focused financial support models have been implemented, such as dividend-based funding, allowing local initiatives to submit projects that address local needs (ÖGV 2024).

Overall, cooperatives face significant challenges in comparison with conventional organizational forms. The “Social Economy Declaration” (Anastasiadis et al. 2023) signed by around 60 organizations, companies, and networks in Austria, including cooperative audit associations and cooperatives, includes demands for fostering the cooperative sector. To fully realize the potential of cooperatives, including financial support and the building of a cooperative ecosystem, actively engaging with civil society would be important. To this end, awareness campaigns and improved education and research on cooperatives are essential, together with effective support structures, e.g., cooperative incubators (see chapter by Vazquez et al.). Reduced fees for auditing association memberships and bank loans targeted to cooperatives could reduce barriers, especially in the critical early stages of starting a cooperative.

Additionally, funding programs tailored to cooperatives would provide a more solid base for growth. Public awareness campaigns are essential for modernizing perceptions of cooperatives, emphasizing their adaptability, and demonstrating their value in addressing social needs. This includes challenges of social ecological transformations (e.g., just transition of fossil industries), digitalization, and issues such as the exploitation faced by home caregivers or the self-exploitation typical of single-person enterprises. By transforming WISEs into cooperatives, they could also play a democratizing role in labor market-related policies. As mentioned earlier, the lack of awareness of this legal form also affects legal and business advisors. In Austria, cooperative law is only minimally covered in the educational system, including university law programs. The Social Economy Declaration also advocates that the state supports the transfer of companies to their employees in cases such as bankruptcy or closing sites.

This gap in knowledge regarding the cooperative extends to the cooperative banking sector. To address this, initiatives like the *Geno Connect* training series of the ÖGV offer a platform for discussions with experts and founders from various cooperative sectors, helping *Volksbanken* (as ÖGV members) to better align with cooperative principles. Primarily targeting young employees, the goal is to support financial cooperatives, deepen the understanding of cooperative models, and create synergies between financial and non-financial cooperatives.

Energy cooperatives are often recognized for their pioneering social role due to their significant socio-political impact (Bayer 2013, p. 144). The high level of participation in these cooperatives was driven not only by strong interest but also by the pressure of EU directives and high energy costs in Austria. This leads to the question of how the high participation in this specific area can inspire other types of cooperatives.

While recent legal changes in Austria (see Section 9.2) offer new opportunities for cooperatives, they do not fully consider the larger context of social economy discussions. Several EU countries have introduced new laws to strengthen cooperatives in the broader context of a social economy, replacing outdated classifications and regulations. In contrast, Austria’s efforts to modernize cooperative law are modest in comparison with current developments across Europe.

Notes

- 1 Legally, cooperatives are not forced to join an audit association.
- 2 List of all cooperative auditing associations in Germany: <https://genossenschaften.digital/ressourcen/governance-einer-genossenschaft/ueberblick-pruefungsverbaende-genossenschaften>.
- 3 For efforts to develop a new, more democratic auditing association in Poland, see SERC Association - the Audit Association of Energy, Development, and Digital Cooperatives (Związku Rewizyjnego Spółdzielni Energetycznych, Rozwojowych i Cyfrowych) <https://www.hub.coop/zwiazek-serc-powolany-spoldzielnie-lacza-sily/>.
- 4 <https://www.raiffeisen-geniusaward.at/>.
- 5 https://www.genossenschaftsverband.at/m101/volksbank/m101_1oegv/de/individuelle_seite/publikationen/nachhaltigkeit.jsp.
- 6 See <https://www.boeckler.de/de/magazin-mitbestimmung-2744-der-absturz-der-gewerkschaftsbank-11430.htm>, <https://www.bawaggroup.com/de/ueber-uns/ueber-uns>. This association pooled money from labor unions, consumer cooperatives, and social democratic organizations.
- 7 <https://www.landesrechnungshof.steiermark.at/cms/beitrag/12951057/3515517/>.

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10 ROSCAs to cooperatives

Empowering African women in the informal economy

*Oluwatosin O. Onayemi, Bukunmi Agboola,
Adedayo Adedotun and Kemi Ogunyemi*

1 Introduction

For many centuries, cooperatives have been part of Africa's social and economic history (Nakayiso & Andrew, 2023). They have grown out of indigenous, collective forms of social organisation into formal organisations that are significant contributors to development, empowerment, and resilience along the value chain (Develtere et al., 2008; Hossein et al., 2023). Contrary to the Western-centric narrative that frames cooperatives as a 19th-century European innovation, Africa's cooperative traditions, such as ubuntu in Southern Africa, uShirika in East Africa, and ajo/osusu in West Africa, predate colonialism and were rooted in philosophies of communal interdependence, mutual aid, and shared labour (Wanyama et al., 2008; Molefe, 2025). These systems emphasised collective well-being over individual gain, exemplified by practices like ilima (communal farming) and intergenerational resource stewardship (Kaswan et al. in Chapter 1 above; Ramose, 2005). Like most things on the African continent, cooperatives have evolved through the colonial period, reformed post-independence, and globalised, leading up to the current original local structures forming different cooperative landscapes around Africa today. This chapter outlines cooperatives' historical foundations and modern-day strengths, weaknesses and potentials in Nigeria, Kenya, and South Africa – three nations that have resilient and long-standing cooperative movements and traditions.

It is impossible to understand the cooperative movement in Africa without paying close attention to its historical roots. Even in pre-colonial African societies, economic interactions were rooted in collectivist models through communal farming, communal saving, and labour pools (Wanyama, 2016). Colonial rule disrupted these models, and cooperatives were repurposed for extractive economic purposes. Colonialism imposed European cooperative models, often as tools of exploitation – e.g., settler-controlled agricultural cooperatives in Kenya and South Africa that marginalised indigenous populations (Wanyama et al., 2008; Molefe, 2025). Post-independence, African states repurposed cooperatives for economic sovereignty, land redistribution, and poverty reduction, though their potential was hampered by state overreach and lingering colonial structures (Pollet, 2009; Okem & Stanton, 2016). Today, cooperatives are revitalised as hybrid institutions, blending traditional values like ubuntu (“I am because we are”) with modern governance to

address unemployment, climate resilience, and financial inclusion (Nassuna et al., 2024; Kinyanjui, 2019).

In the post-independence period, African governments actively promoted cooperatives as vehicles for economic self-reliance, especially for agriculture and rural development (Rena, 2017; Akinwalere and Chang, Chapter 27). However, structural adjustment programmes (SAPs) in the 1980s and 1990s involved the withdrawal of state support for cooperatives, forcing many to collapse or adapt to neoliberal market conditions (Noyoo, 2022). Nevertheless, cooperatives have gained some prominence in the past few decades because they are able to address numerous pressing challenges, such as unemployment and food insecurity, especially among smallholder farmers, women, and youth (Christian et al., 2024; Raniga, 2021).

Today, cooperatives exist in Africa in agriculture, finance, housing and the handicrafts sector, and each makes a different contribution to the local and national economy (as discussed by Kaswan et al. in Chapter 1 of this book). Although they have achieved some positive local impacts, African cooperatives face similar systemic limitations, such as poor governance, lack of capital, and negligible policy frameworks (Magnus & Schoonhoven-Speijer, 2020). The increasing financialisation of cooperatives, specifically in South Africa, is increasing new risks, like corporate takeover, demutualisation and the marginalisation of small producers (Ducastel & Anseeuw, 2018). Nevertheless, some growing areas of promise are digital cooperatives, blended financing, and youth-inclusive programmes (Rena, 2017; Christian et al., 2024).

This chapter thus seeks to achieve the following specific objectives:

- 1 To analyse the dynamic change and continuity of African cooperatives, from pre-colonial contexts to their current roles in mediating economic and social transformation, by drawing on case studies from Nigeria, Kenya, and South Africa.
- 2 To assess the transformative potential of cooperatives, as well as significant challenges facing the cooperative movement.
- 3 To highlight the need for policies that reflect the contextual realities of cooperatives, continued institutional support for cooperatives from stakeholders, and governance structures that are participatory and inclusive to safeguard the future direction of cooperatives in Africa, which will address inequalities and support sustainable, equitable development.

The research employed case studies of cooperative societies in Africa, obtained from podcasts and news, and a qualitative meta-synthesis approach to investigate how ROSCAs have developed into modern cooperatives and their effects on empowering African women in the informal economy. The other sections of the paper are structured as follows: Section 2 provides the streamlined historical evolution of cooperative societies in Nigeria, Kenya, and South Africa (See Chapter 1 by Kaswan et al. for a generalised African context). Section 3 gives the conceptual and theoretical foreground; Section 4 discusses the methods; Section 5 presents

and analyses the results; and, lastly, Section 6 explores the policy gaps and future directions for cooperative growth.

**2 Historical evolution of cooperative societies in Africa:
Nigeria, Kenya, and South Africa**

2.1 Indigenous cooperative traditions in the pre-colonial era

The cooperative spirit has deep roots in African societies, and it could be argued that forms of co-operatives were evident before co-operative societies were formally recognised. Everywhere in sub-Saharan Africa, traditional systems of mutual aid, collective economics, and group solidarity evolved in response to social or environmental challenges (Develtere et al., 2008). In Nigeria, for example, two well-known examples were rotating savings and credit associations (ROSCAs), *Esusu* and *Ajo*, and the collective economic systems that allowed market women and smallholder farmers to build forms of capital (Oluyombo, 2012; Olawoye-Mann, 2023). Both systems established trust-based rules and social sanctions that ensure repayment to capital providers and relied on community members to hold themselves accountable for this.

Kenya's Harambee tradition stands out as an example of a total philosophy of collective action while also combining activities of cooperation economically through working together and sharing of resources (Wairumu, 2014). The Kikuyu's *ngwatio* and the Luo's *obokha* work parties structured and ruled their work jointly, allowing for a collective level of organisation amongst agricultural producers clearly defined in the rules of meaningful participation, ensuring benefit to economic activity, and sharing in outcomes of the collective agriculture. Both were sophisticated systems, particularly with grazing schemes of livestock

Table 10.1 Inventory of some ROSCAs across Africa

<i>Names</i>	<i>Countries</i>
Esusu, Ajo	Nigeria
Ngangi, Chama, Itega	Kenya
Stokvel	South Africa
Corpora, Frutas Dalagua	Angola
Susu, Adeshi	Ghana
Gbeh, Eso Jojo	Benin Republic
Moziki	Democratic Republic of Congo
Asousou	Republic of Niger
Monee	Côte d'Ivoire
Osusu	Gambia, Sierra Leone, Liberia
Gameeyaa	Egypt
Hagbad, Shalongo, Ayuuto	Somalia
Equub	Ethiopia/Eritrea
Rounds	Zimbabwe

Adapted from Hossein (2024)

and grassing in communal grazing, but there were community social norms shared, community-based education, routine sharing and breeding arrangements, and an oversight process amongst community-participating producers (Galli et al., 2019).

The cooperative practices in South Africa were just as complex, as the philosophy of Ubuntu was incorporated into practical economic arrangements such as *stockvels* (cattle-sharing associations) and *mahodisana* (rotating credit clubs) among the Zulu and Sotho in South Africa (Nembhard, 2024). These arrangements combined complex social governance practices with elders often operating as arbiters of disputes. Importantly, the Xhosa's *intlombe* gatherings or the Tswana's *mafisa* cattle-lending system demonstrated how property rights could be communal with individual incentives (Chima, 2014).

2.2 Colonial disruption and adaptation (late 19th to mid-20th century)

The colonial period fundamentally altered Africa's cooperative landscape through deliberate policy interventions. British administrators in Nigeria formalised cooperatives through the 1935 Cooperative Societies Ordinance, which established registrar-supervised societies focused on export crop marketing (Akomoledé & Yebisi, 2015). This created a dual system where traditional Esusu groups continued operating informally while registered cooperatives served colonial economic interests. The Northern Nigeria Marketing Board's monopoly over groundnut exports particularly demonstrated how cooperatives were co-opted for resource extraction (Shenton, 1986).

In Kenya, the colonial government's 1945 Cooperative Societies Ordinance created a racially stratified system where European settlers dominated dairy and coffee cooperatives while African farmers were restricted to lower-value crops (Leo, 1984). The Swynnerton Plan of 1954 deliberately used cooperatives as tools for agricultural modernisation and political control, creating enduring structural inequalities (Throup, 1987). However, African farmers adapted these structures, with the Kikuyu being particularly successful in using cooperative membership to accumulate land and capital before independence (Birchall & Simmons 2009; Koning, 2017; Francesconi & Wouterse, 2021).

South Africa's cooperative development started as a unique path under apartheid through the 1922 Cooperative Societies Act, which developed a legal environment that overtly excluded black farmers from the cooperative experience (Andrew, 2016). White agricultural cooperatives received generous state support, which developed into significant economic actors controlling nearly 80% of maize marketing by the 1960s (Vink, 2000). This institutionalised racial difference created path dependencies that carried on very long after the termination of apartheid.

2.3 Post-independence institutionalisation (1960s–1980s)

The post-independence period was characterised by a level of cooperative development that had not previously been attained in Africa, as the new African governments were willing to adopt these organisations to achieve their development

strategies. The First National Development Plan in Nigeria (1962–1968) specifically linked the cooperative sector to agricultural modernisation (Shaibu, 2023). Many state-sponsored cooperatives, especially the Nigerian Farmers' Cooperative and Credit Society, received millions of dollars in funding, but the hierarchical nature of the cooperative led to inefficiency in management (Wanyama, 2009). During the oil boom years of the 1970s, the accelerated rural-urban migration had a negative effect on agricultural cooperatives (Forrest, 1994).

The cooperative sector in Kenya benefited from the African Socialism policies of Jomo Kenyatta; from 1963 to 1978, the number of registered cooperatives rose from approximately 1,000 to over 3,000 (Wairimu, 2014). The Kenya Planters' Cooperative Union became the largest coffee marketing organisation in Africa, while many members in dairy cooperatives developed remarkable success in value addition, like the Githunguri (Holmén, 1990). The increasing state control, though, from the Cooperative Bank of Kenya and provincial cooperative officers increasingly alienated members from decision-making (Ngugi, 2014).

In South Africa, cooperative development stagnated due to the legacy of apartheid oppression, which meant that the 1981 Cooperatives Act continued, which prohibited African people's involvement in cooperatives while preserving racial restrictions. African communities made innovative use of the limitations placed on detours and developed informal savings clubs (*mashonisas*) or burial societies (Verhoef, 2001). In the 1980s, the United Democratic Front established worker collectives to share work and resources, transforming cooperatives into instruments of resistance to apartheid (Buhlungu, 2006).

2.4 *Structural adjustment and liberalisation (1980s–2000s)*

The shift towards neoliberalism in the late 20th century fundamentally changed the cooperative landscape in Africa. In Nigeria, the SAP (1986) shattered the monopoly that agricultural cooperatives had over their respective economies, leading to the devastating collapse of most (Adeyemo & Bamire, 2005). The only cooperative to demonstrate resilience was the Savings and Credit Cooperatives (SACCOs), whose members were able to adapt the cooperative structure to a more urban financial need, growing from 1,200 in 1985 to more than 5,000 by 2000 (Oluyombo, 2012).

Similarly, Kenya's cooperative sector exhibited a remarkable ability to adapt in response to market liberalisation and increasing competition. Dairy cooperatives emerged as resounding success stories; for example, the Githunguri cooperative transformed from a state-managed enterprise to a privately owned competitive processor (Kaitibie, 2008). In contrast, the coffee sector was plagued with mismanagement during deregulation while also being subjected to rolling fluctuations in international coffee pricing. As a result, many cooperative factories shut down (Ponte, 2004). The 1997 Cooperative Societies Act was an effort to confront these challenges through the institutionalisation of democratic principles within cooperatives (Ngugi, 2014).

South Africa's post-apartheid government first saw cooperatives as an existing vehicle to civilise the economy through the encouragement of black economic

empowerment. In 2005, the Cooperative Development Policy aimed to specifically establish 100,000 new cooperatives, but the results were sobering, and less than 20% of cooperatives remained active and operational five years later (Philip, 2010). The 2007 Cooperatives Act established a relatively progressive legal framework, but from the outset, there were challenges around its application (Satgar & Williams, 2011).

2.5 *Contemporary challenges and innovations (21st century)*

The current status of cooperatives indicates a continuity into the future, even as the surrounding context keeps changing. For example, Nigeria's National Policy on Cooperatives was established in 2013 as an important orientation to cooperative development, but as technology advances, it is unclear if the policy still fits. New digital cooperatives like Pennywise are becoming increasingly visible and playing their part in expanding financial inclusion, helping more people access financial services and contributing to cooperative development (Oranusi, 2024). On the other hand, governance issues continue in Nigeria, as evinced by the collapse of the Nigerian Cooperative Financing Agency in 2016 (Akanji, 2022). In Kenya, the cooperative space is at the continental forefront but faces generational pressures as well as financial challenges; the 2020 Cooperative Policy addresses youth inclusion through digital entry points, including M-Co-opCash (Wanyama, 2016). While dairy cooperatives account for over 70% of Kenya's milk production, they face pressures on margins from global competition (Koning, 2017).

South African cooperatives also face challenges as they are being acquired by agribusinesses, and financialisation is taking hold of the traditional cooperatives (Ducastel & Anseeuw, 2018; Francesconi & Wouterse 2021). However, new models and approaches, such as the Vukuzenzele Women's Cooperative, indicate how cooperatives, and in particular cooperative economics, are viable for marginalised groups (Raniga, 2021). The 2020 Cooperative Banks Act also has the potential to foster financial inclusion and promote the development of cooperative banks (SA Treasury, 2021).

The trajectory is noteworthy for the fact that cooperatives are contested spaces, at times tools of colonial extraction, instruments of national development, neoliberal reform victims, and agents of grassroots empowerment. Their future will be a balance between institutions supporting, achieving benefits of membership participation, upholding their traditional values and modern diversity, and remaining economically efficient while recognising their social purpose.

3 **Conceptual and theoretical underpinnings of cooperatives**

Lampinen et al. (2018) defines a cooperative as a self-governed group where people voluntarily unite to meet shared economic, social, and cultural needs through a collectively owned and democratically controlled organisation. They identify seven international cooperative principles: democratic member control, autonomy, member participation, education and training, cooperation among cooperatives,

information sharing, and community concern. Sacchetti and Tortia (2021) emphasise that cooperatives are unique because the owners, decision-makers, and users are the same individuals; ownership, control, and service usage are entirely aligned, setting it apart from other businesses. The International Cooperative Alliance (ICA)'s definition is not far from the above, describing a cooperative as an autonomous group where individuals voluntarily unite to address their shared economic, social, and cultural needs and aspirations through a jointly owned, democratically controlled enterprise (ICA).¹ Finally, according to the University of Wisconsin Centre for Cooperatives (UWCC), a cooperative is a member-owned and member-controlled business that operates to benefit its patrons without a profit motive.²

Cooperative societies in Africa must be understood within a multi-theoretical approach that encompasses the historical legacy of colonialism, the evolution of institutions, and the current socio-economic context. This chapter draws on four theorising frameworks, which together explain the factors influencing the development of cooperatives in Nigeria, Kenya, and South Africa. It uses institutional theory as articulated by North (1990) to deepen the understanding of how both formal structures and informal norms define cooperative models, as Granovetter (1985) posits that economic actions are embedded in strong social networks and trust. This is further reinforced by Polanyi's direct application of the embeddedness principle (Polanyi, 2001, 2018), which, as discussed by Özveren (2005), extends the analysis into broader sociological insights. Together, these perspectives enable an exploration of the persistence of indigenous forms of cooperatives, such as Nigeria's Esusu, even as formal, registered cooperatives emerged. At the community level of cooperative societies, social capital theory (Putnam, 1993) explains differences in the success of cooperatives based on trust networks and collective action in communities, from Kenya's successful dairy cooperatives to Nigeria's challenges with elite capture.

While this chapter sparingly engages with new institutional economics (Williamson, 1985), in considering governance structures and transaction costs as an explanation of why cooperatives differ in their sustainability and member decision-making, it acknowledges more recent critiques. Wieland (2024), for example, advances a relational economics approach that emphasises shared value creation beyond cost efficiency, interpreting stakeholder engagement and trust as key drivers of cooperative performance. This perspective offers another crucial explanation of why cooperative governance evolves beyond efficiency concerns. These theoretical strands converge in our coined Historical-Institutional Systems Model, a conceptual framework depicted in Figure 10.1, which analyses cooperatives as dynamic systems shaped by three key input factors: indigenous traditions, colonial legacies, and post-independence policy environments.

The conceptual framework examines the conditions under which emerging cooperatives scale by interacting through essential processes, which differ tremendously between national contexts. The cooperative scene in Nigeria is characterised by a strong path dependency, where informal savings clubs thrive irrespective of formal sector processes, indicating that institutional adaptability is apparent (Auwalu, 2021), thereby aligning with the institutional theory of cooperatives

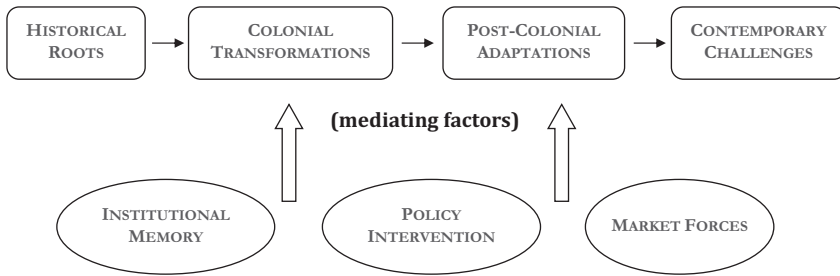


Figure 10.1 Historical-institutional systems model and the mediating factors in the traditional-modern cooperative continuum

Source: Authors' Conceptualisation (2025)

(Granovetter, 1985; North, 1990). Kenya is the opposite, as it has successfully hybridised traditional Harambee values with modern governance structures for co-operatives through their member participation systems, and this is supported by Wieland's (2024) relational economics approach, which suggests that the relative benefits of such hybrid arrangements reside in their processual mixture of formal and informal governance mechanisms. Studies of South Africa reveal the complexities of when structural inequality intersects with financialisation. Post-apartheid cooperative policies, though unambitious, aim to address racial inequalities while adapting to market demands (Ducastel & Anseeuw, 2018).

From the above, three testable propositions are constructed. First, the hybrid advantage proposition indicates that when cooperatives leverage both traditional values and modern governance, cooperatives consistently perform better than either purely formal or informal models. The second testable proposition, called the policy paradox, indicates that state support is double-edged; it creates scale, but ground-level control gets lost. The third testable proposition, titled the financialisation trade-off, indicates the tension between competitive and mission-related goals when cooperatives start to engage capital markets. These three propositions are explicated through country-level lenses as follows: path dependency and informality in Nigeria; hybrid institutional innovation in Kenya (see Narduzzo in Chapter 3 for an extended discussion); and structural inequality in South Africa.

The theoretical approach arrives at a holistic viewpoint which genuinely connects historical institutionalism with current political economy approaches. This connection affords strong comparative instruments for examining cooperative pathways across cases, accounts for different outcomes when put into similar policy environments, and predicts future obstacles, including digital transformation and climate adaptation. The framework offers valuable perspectives for researchers, policymakers, and cooperative practitioners who strive to fortify these important institutions across Africa by relying on universal and contextual theory.

Figure 10.1 shows how African cooperatives mediate between traditional systems like ROSCAs and modern formal institutions through three significant aspects, which are governance hybridity, resource mobilisation, and adaptive

innovation (Develtere et al., 2008; Rutabanzibwa, 2021). The framework suggests that there are successful cooperatives, like Kenya's dairy SACCOs and South Africa's fintech-enabled stokvels, which balance traditional and formal mechanisms such as oral agreements to trust, elected boards, and digital record-keeping. Governance hybridity allows groups like Nigeria's Esusu collectives to operate with clear bylaws and remain culturally legitimated (Oluyombo, 2018). Resource mobilisation facilitates the connection of informal rotating funds with formal banking institutions, like Kenya's M-Pesa-integrated Chamas (FSDAfrica, 2023). Adaptive innovation mediates the digital divide, illustrated by Unstructured Supplementary Service Data platforms that digitise ROSCAs for low-literacy users (GSMA, 2024). The evidence demonstrates that cooperatives in "hybrid zones" yield 35% higher participation of women and have 22% greater agricultural yields than either formal or informal-only models (Wanyama, 2016). The conceptual framework builds upon Cleaver's (2012) theory of institutional bricolage, which explains how communities creatively mix and match ancient and modern systems. Policymakers may use these insights to structure interventions to retain social capital and scale inclusive growth, including Kenya's tiered SACCO registration and South Africa's stokvel blockchain pilots (Cooperative Alliance of Kenya, 2023; FinMark Trust, 2023).

4 Materials and methods

4.1 Research design

This study adopts a case study and qualitative meta-synthesis approach to investigate how ROSCAs have developed into modern cooperatives and their effects on empowering African women and women of African descent in the informal economy. The approach is well-suited for synthesising findings across different qualitative studies, identifying patterns and contradictions, as well as unique insights that may not be apparent in single studies. With its context in Nigeria, Kenya, South Africa, and cooperatives operated by women of African descent in the diaspora, diverse African communities with strong traditions of women-headed informal financial groups, this study provides a situated and comparative perspective.

4.2 Data sources and literature search strategy

Data for this research were collected from secondary sources such as peer-reviewed articles published in journals, policy briefs, working papers, government reports, NGO reports, podcasts, news and book chapters. A systematic search was also carried out on the following academic databases: Google Scholar, JSTOR, Scopus, ScienceDirect, and African Journals Online. The keywords used during the literature search included "ROSCAs in Africa," "women cooperatives Nigeria/Kenya/South Africa," "informal economy and gender," "financial inclusion," "African women empowerment," "Stokvels," "Chamas," "Esusu," "cooperative

governance,” and “policy for informal cooperatives.” To maintain relevance and contemporary focus, the study limited the review to materials published between 2000 and 2024, though earlier historical sources were included when foundational.

4.3 Inclusion and exclusion criteria

The work to be included had to be empirical or conceptual studies focused on ROSCAs or cooperatives in African communities, particularly Nigeria, Kenya, and South Africa, or cooperatives operated by women of African descent in the diaspora; studies with an explicit focus on women’s participation, empowerment, governance, or policy; studies published in English and available in full text; or grey literature (NGO and policy reports) with verifiable sources and institutional authorship. Studies unrelated to Africa or unrelated to the themes of informal finance, cooperatives, or gender empowerment; duplicate studies or conference abstracts without full papers; and theoretical papers without real-world context or case material were excluded. Thus, out of an initial pool of 92 documents retrieved, 27 sources were selected for in-depth synthesis after a full-text screening and quality assessment.

4.4 Analytical framework and method of synthesis

The selected studies were coded thematically using inductive coding. The analytical framework was formed in accordance with the three primary objectives of the study. All reports were manually coded to extract salient themes, subthemes, and recurring patterns, in particular with respect to concepts such as empowerment (economic, social, and political), cooperative governance and participation, institutional support and regulatory environment, and challenges such as elite capture, exclusion, and informality. A cross-country comparison was then conducted across the Nigeria, Kenya, and South Africa country case studies to bring out context-specific variables and common structural characteristics.

4.5 Reliability, validity, and ethical considerations

To ensure the validity and reliability of the meta-synthesis, triangulation was employed by synthesising information from policy reports, academic literature, and practitioner accounts. Data extraction was based on the same coding template to prevent thematic drift. Credibility was fostered through referencing only studies with clearly documented research designs or institutional credibility, such as official reports from recognised organisations like the International Labour Organisation (ILO) or ICA. This approach aligns with established quality appraisal frameworks for research synthesis (Dixon-Woods et al., 2006; Petticrew & Roberts, 2008). Since the study is solely based on secondary data and public sources, no official ethical clearance was required. Adequate care, however, was taken to credit all ideas, concepts, and data to their respective owners.

5 Results and discussion

This chapter presents the findings from the thematic meta-synthesis of 27 purposively selected sources across the three primary objectives of the research. The analysis illustrates key learnings regarding how African cooperatives (ROSCAs) evolve, their potential for empowering women workers in the informal economy, and the policy and governance structures required to make them sustainable and equitable using case studies from Nigeria, Kenya, South Africa, and cooperatives operated by women of African descent in the diaspora.

5.1 Results

5.1.1 *Evolution of cooperatives from pre-colonial ROSCAs to modern institutions*

Throughout Nigeria (Esusu), Kenya (Chamas), and South Africa (Stokvels), ROSCAs are long-standing financial traditions based on mutual trust, reciprocity, and shared responsibility, as established in the Social Capital Theory (Putnam, 1993). They predate colonial rule and were frequently utilised by women to share resources for trading, emergencies, and social commitments (Hossein, 2024).

The research reviewed here shows that in all three nations, these informal financial networks progressively moved towards more structured cooperatives, particularly after independence, as women demanded more financial empowerment, more access to credit, and formal recognition.

5.1.2 *Transformation drivers*

A variety of contextual realities drove the gradual transformation of the cooperatives. They include population movements, regulatory interventions from the countries' governments, and supportive interventions from the social sector (Table 10.2).

5.1.3 *Transformative potential*

The review provides strong evidence that cooperatives have empowered women in different areas of life. For example, they have gained access to credit for economic activities, literacy, household and social capital, leadership capacity building and increased civic engagement (see Table 10.3 below). These outcomes are similar to those described in Chapter 26 regarding women's cooperatives in India, Poland and Turkey.

5.1.4 *Challenges*

Despite advances, many structural and contextual obstacles still impede cooperatives. These include elite capture and gender bias, legal and institutional complexity, shortage of education and training, and loss of trust. They are depicted in Table 10.4 below:

Table 10.2 Thematic classification of transformation drivers identified

<i>Identified Themes</i>	<i>Authors</i>	<i>Findings</i>
Urbanisation and Migration	Benjamin & Austin, 2023; Olawoye-Mann, 2023; Aganze et al., 2025	Rural women who migrated to urban centres converted traditional ROSCAs into revolving funds with instalment payments and investment goals.
Donor and NGO Intervention	FSDAfrica, 2023; GSMA, 2024	These interventions, particularly in post-apartheid South Africa and rural Kenya, provided capacity-building support for the formalisation of ROSCAs into cooperatives in numerous instances.
Regulations and Governmental Schemes (e.g., Nigeria's National Cooperative Development Policy 2002)	Akomolede & Yebisi, 2015; Oranusi, 2024	These schemes promoted the formal registration of cooperatives and offered legal protections.

Source: Authors' Compilation (2025)

Table 10.3 Women empowerment outcomes from cooperatives

<i>Outcomes</i>	<i>Authors</i>	<i>Findings</i>
Economic Empowerment	Auwalu, 2021; Benjamin & Austin, 2023; Hossein, 2024; Joseph & Ebenade, 2023; Olawoye-Mann, 2023; Raniga, 2021; Zanda et al., 2022	Women gained access to credit for business expansion, facilitated by group savings and affordable loans. Chama-based cooperatives in Kenya were linked to improved household incomes and enhanced financial literacy.
Social Empowerment	Benjamin & Austin, 2023; Chima, 2014; Ezeokafor et al., 2021; Hossein, 2024; Joseph & Ebenade, 2023; Olawoye-Mann, 2023; Putnam, 1993; Raniga, 2021; Zhanda et al., 2022	Cooperatives strengthened women's social capital, expanded their networks, and increased their voice in community decision-making. For example, Nigerian women's cooperatives often serve as platforms for grassroots leadership and advocacy.
Political Participation	Akanji, 2022; Andrew, 2016; Buhlungu, 2006; Holmén, 1990; Nattrass & Seekings, 2021; Okem & Stanton, 2016; Schwab et al., 2025; Wanyama, 2016; Wanyama et al., 2009	In South Africa, participants of Stokvels reported increased civic engagement, particularly in local government issues and activism related to housing rights.

Source: Authors' Compilation (2025)

Table 10.4 Challenges captured in the literature

<i>Challenges</i>	<i>Authors</i>	<i>Findings</i>
Elite Capture and Gender Bias	Ducastel & Anseeuw, 2018; Hingston, 2016; Leo, 1984; Ngugi, 2014; Tshishonga, 2020	Experience from Nigeria and Kenya shows that leadership systems are often dominated by male elites or politically connected individuals, limiting the voices of grassroots women.
Legal and Institutional Complexity	Buhlungu, 2006; Ducastel & Anseeuw, 2018; FinMark Trust, 2023; Nattrass & Seekings, 2021; Nyawo & Olorunfemi, 2023; Okem & Stanton, 2016; Raniga, 2021; Rena, 2017; Schwab et al., 2025; Tshishonga, 2020	In South Africa, well-established cooperatives face stringent financial and auditing guidelines, which discourages informal groups from formalising their operations.
Shortage of Education and Training	Auwalu, 2021; Nyawo & Olorunfemi, 2023; Tshishonga, 2020	Poor business training and illiteracy among rural women impede long-term sustainability. Cooperatives often collapse once external funding ceases due to donor dependency and weak or absent internal governance.
Loss of Trust	Aganze et al., 2025; Chima, 2014; Ngugi, 2014; Oluoyombo, 2018	The erosion of social trust, frequently caused by mismanagement or diversion of funds, is a common problem, especially prevalent in less-controlled cooperatives.

Source: Authors' Compilation (2025)

5.2 *Discussion of findings*

5.2.1 *Influence of cooperatives on disadvantaged, marginalised or under-represented populations*

Cooperatives can play essential roles in the empowerment of marginalised groups and in enhancing inclusive economic growth, particularly in the African context, where a strategic agenda to achieve inclusive growth and sustainable development exists, as stated in the “Africa We Want Agenda.”³ Agenda 2063, Africa’s strategic framework for equitable growth and sustainable development, aims to create a peaceful, prosperous, and integrated Africa that is led by its people, promoting social entrepreneurs and cooperative models that facilitate widespread economic engagement, eradicate poverty, and guarantee shared prosperity (Hingston, 2016; Kharel, 2024; Akinwalere and Chang, 2025; Akinwalere and Chang, Chapter 29). The influence of cooperatives on this agenda over the years and the role that cooperatives can play in achieving this remain underexplored.

Many individuals lack the resources necessary to guarantee welfare and a peaceful and prosperous life (Zhanda et al., 2022). Pooling limited resources for

collective use could potentially lead to significant improvements in welfare. Cooperatives present themselves as a viable and robust alternative economic model, offering opportunities that disadvantaged communities might not achieve on their own (Benjamin & Austin, 2023).

Cooperatives have become essential in shaping the economic experiences of many individuals in Africa (Mhembwe & Dube, 2017; Ezeokafor et al., 2021; Schwab et al., 2025). Even as the global economy becomes increasingly financialised, with market actors – from investors and banks to fintech firms – entering spheres like agriculture, credit, education, and social services (Watts & Scales, 2020; Mapanje et al., 2023), cooperatives provide unique tools that help their members reach significant economic goals (Deller, 2009; Lomuscio et al., 2024). With many governments stepping back from regulating economic activities, cooperatives are now seen as crucial mechanisms for managing these activities.⁴ They can encourage savings among workers, support agricultural risk management, enhance community engagement, and create employment opportunities. A case in point is the Banker Ladies Initiative (Hossein, 2024).

5.2.2 Rotating savings and credit associations

The ROSCAs are one of the most persistent and adaptive forms of financial institutions in Africa, with roots in indigenous forms of mutual aid working in concert with modern cooperative frameworks. They are known by different names across Africa and often take different forms: Esusu in Nigeria, Chama in Kenya, and Stokvel in South Africa, to name a few (see Table 10.5). These systems have accelerated into formal vehicles for financial inclusion, women's empowerment, and sustainable agriculture.

Table 10.5 shows that each traditional ROSCA model exhibits both commonalities and distinct features within the applicable region. Nigeria has the Esusu system, operating mainly through rotating lump sums enabled by communal trust, where the primary participants are women's collectives. Kenya's Chama groups have transformed from savings circles to vehicles for investment in real estate and

Table 10.5 Traditional ROSCA models and modern adaptations

Country	Local Name	Key Features	Modern Adaptations
Nigeria	Esusu, Ajo	Rotating lump-sum payouts Trust-based enforcement Dominated by women's groups	Digital Esusu apps, such as Pennywise and Cowrywise. Linkages with microfinance banks
Kenya	Chama	Investment pooling High-yield ventures (real estate, trade) Mixed-gender participation	Registered Chama SACCOs M-Chama mobile platforms
South Africa	Stokvel	Burial societies Grocery bulk-buying clubs 11 million participants	Stokvel fintech Formalised as cooperative banks

Source: Authors' Compilation (2025)

Table 10.6 Cases of gender inclusion

<i>Country</i>	<i>Initiative</i>	<i>Impact</i>	<i>Challenge</i>
Nigeria	Market Women Esusu	Many Nigerian women entrepreneurs heavily rely on informal savings groups like Esusu for capital, due to limited access to formal financial services. ⁵	Limited legal protection
Kenya	Women's Chama Dairy SACCOs	Boosting of milk production among women dairy farmers in Kenya through initiatives and partnerships. ⁶ Land title collateralisation	Male-dominated governance
South Africa	Stokvel-to-SMME Programs	Significant women's economic empowerment and livelihood enhancement in urban South Africa.	Digital literacy gaps

Source: Authors' Compilation (2025)

trade, with a more varied gender base. South Africa's Stokvels (estimated around 11 million participants) have a diverse application, from burial societies to bulk buying clubs.

These systems each feature an institutional memory and adaptive capability. For example, Nigeria's Esusu are now being virtualised using platforms such as Cowrywise; Kenyan Chamas are formalising as SACCOs to access government contracts; and South African Stokvels are incorporating fintech applications on platforms such as My Stokvel. Thus, it confirms that traditional practices are established as a cultural heritage within particular societies while evolving to meet contemporary capital demands.

Table 10.6 shows that the effects of ROSCAs on women's economic empowerment are especially evident in all three countries. In Nigeria, we have seen across numerous market women's Esusu groups that only 10% of commercial loans go to women's businesses, despite women owning 40% of businesses, and personal savings and loans from Esusu are a capital source (Aganze et al., 2025). In Kenya, women have benefited from massive increases in either milk production or inputs. Women in Chama dairy SACCOs indicated an increase in milk yields due to better access to inputs and markets, while still experiencing challenges with male dominance in the governance structures. In South Africa, the Stokvel-to-SMME programme has resulted in a higher rate of female entrepreneurship than women who did not participate.

These examples demonstrate a common pattern. The best women's financial empowerment programmes are successful primarily due to the combination of the social trust mechanisms of the conventional ROSCA with the institutional support provided through formal cooperatives and other organisational structures (Joseph & Ebenade, 2023). The issue of gender remains an important impediment, especially the barriers imposed by the lack of women in leadership roles and the lack of access to digital means of potential services, limiting the most effective use of these ROSCA models.

Table 10.7 ROSCA-SACCO synergies in agriculture

<i>Function</i>	<i>Traditional ROSCA Role</i>	<i>Modern SACCO Enhancement</i>	<i>Outcome</i>
Input Financing	Seasonal contribution pools	Agro-dealer credit partnerships	58% higher fertiliser adoption (Kenya)
Market Access	Collective crop sales	Warehouse receipt systems	22% price premiums (South Africa)
Risk Mitigation	Drought relief funds	Index-based insurance	67% faster post-shock recovery (Nigeria)

Source: GSMA (2024).⁷

As shown in Table 10.7, a synergy between ROSCAs (informal groups) and SACCOs (formal groups) has been an important facilitator of agricultural development across Africa. The traditional ROSCA would provide seasonal input financing for farmers using collected contributions, while the emerging SACCOs improve on this by forming relationships with agro-dealers and formal institutions. In Kenya, for example, these partnerships have raised smallholder farmer adoption rates of improved fertilisers by 58% (GSMA, 2024).

When it comes to market access, the traditional collective sales structures of ROSCAs have been enhanced by SACCO-facilitated warehouse receipt systems, which deliver a 22% price premium for farmers in South Africa. However, their hybrid advantages for risk mitigation, a phenomenon explained by the Institutional Theory (North, 1990) and supported by the Theory of Embeddedness (Granovetter, 1985), are probably the most significant aspect of the synergy between the informal and formal groups, turning traditional drought relief funds into well-designed index-based insurance products that enable 67% quicker recovery times after climate shocks (Nigeria). Finally, the power of mobile money systems, with or without the NGO partner institutions, is evident in Kenya's M-Pesa-integrated Chamas because their new financing methods have reduced transactional process costs by 30%. M-Pesa demonstrates how technical innovations in digital finance can be applied to the more conventional, collective finance methods (GSMA, 2024).

5.3 Case study analysis

5.3.1 The banker ladies initiative

Professor Caroline Shenaz Hossein, the founder of Banker Ladies, an initiative which supports community-based self-help financial groups and also focuses on solidarity economics, cooperative banking, and financial inclusion outside of formal financial institutions, primarily among black racialised, and immigrant women, tells the stories of Ginelle,⁸ a woman of African descent who exported the African practice of a ROSCA called "Susu" to Toronto, typical of the kind of exportation described in Hossein (2024).

From the testimonial of Ginelle, *Susu is an awesome, powerful thing that allows things to become possible that you thought were not possible*. She relayed her

experience as a child in Africa who lived in a shared yard and how a neighbour, using gestures and repeating the word “su... su,” chased them away from the yard while they were playing there. This happened in the presence of her grandmother, and the grandmother described that gesture as inappropriate for human beings and saw it as a gesture only meant for dogs and animals. The grandmother felt insulted and had a conversation with Ginelle’s mother on her return from work. This made her mother come to the decision that it would never happen again. Her mother determined that they would have their own home, their own yard, and no one would be able to chase (“su”) them away. The mother thereafter used her “susu” savings to get the down payment for their first house and in furnishing the house. Her mother’s “susu” savings were also used in getting new bikes, school uniforms, and so on. Ginelle saw these as achievements connected to the strategic decisions of pooling resources to advance the goals of families. This she noted as her first memory of how the Susu impacted their lives economically.

5.3.2 *How it works*

Giving an account of how the Susu ROSCA works, Ginelle stated that she started her own susu cooperative association in her middle 20s with some of her friends in the community, consisting of 10 women who contributed 100 dollars individually; during every collection period, the total pooled money (1,000 dollars) is given to one member of the group, and they would keep rotating the collection until every member has received the lump sum once.⁹ To know the order in which the collection will be made, each person indicated their preferred collection week based on when they needed the money. If there were clashes on the chosen date, she went into negotiations with them. At some point, the cooperative association had to be dormant due to family issues she had to attend to, which could not allow her to continue with the association, signalling some of the challenges these ROSCAs face when it comes to continuity or sustainability when one member of the association, especially a key member, falls out.

While Ginelle was away, the members of the association kept asking her when they were going to start the savings again, pointing to the fact that it was useful to them, and they wanted it to continue. After she resumed the cooperative association, it transitioned from cash collection to email transfers. It kept evolving from cash that her grandmother and mother used and what she started with; they moved to a cheque system where they did not have to meet. In her words, she says, *Now it has evolved to an international association with people from different places like Trinidad, Mississauga, Jurong....*

Ginelle sees it as a means for self-actualisation:

There’s something about the dynamics of committing to a group to do the saving process, it’s different...the idea of doing it with a group of women... it’s an interesting social event as well to be able to say, this is what I did with my susu money or this is what I am going to do with my susu money. I think there are many things about it...wanting to participate in something

that is part of something bigger than yourself and setting your own goals, and reaching them, it's reassuring, it's fulfilling and so on...

Another member of the Banker Ladies interviewed was Mabinty. Mabinty, a 42-year-old married woman of African descent from Sierra Leone, recounted how they took the ROSCA called Osusu, which they operated in Africa while she was back home, to Canada, and how this association has created diverse financial services for their communities. She believes Osusu makes one independent and strong and provides women with a space for agency. She recounted how the ability to build a house was reserved for the male gender in the past, but that by being a part of the Osusu association, women are empowered and equipped with what it takes to build a house or do anything they want to do (Hosseini, 2024).

She also believes joining such an association will have a ripple effect on the children, instilling in them the right socio-cultural values. She explained this by noting that the mother's achievements will challenge the younger generation to also develop a form of inter-generational knowledge transfer and inculcate in them, especially in girls, the spirit of standing up for themselves, so they grow up believing they can achieve their goals without depending on traditional gender roles.

5.3.3 *Cooperatives in Africa: tools for sustainable agriculture and economic empowerment.*

In a report shared by the Africanews YouTube Channel, Business Africa (2020).¹⁰ discussed the relevance of cooperatives in cushioning the economic crises resulting from the COVID-19 pandemic through *the agricultural green revolution*. During the report, Brice Kouao and Elvis Boh examined the impact of cooperatives and smallholder farmer initiatives. According to them:

Business development experts across Africa have been pushing initiatives to help agricultural workers have access to credit, mainly because financial institutions are not interested in reaching remote areas. With financial institutions facing accusations of failing to think outside the box, some in the private sector are willing to create privately managed cooperatives to make debt financing available to smallholder farmers.

Citing examples of places like Rwanda, Senegal, Benin, and Tanzania, Brice Kouao and Elvis Boh noted that microfinance has become vital for low-income earners in the informal sectors, and cooperatives like Corpora and Frutas Dalagua in Angola are leading the effort to support farmers, whose incomes are irregular and highly affected by environmental and climate conditions.

During the report, an interview session was conducted with Mario Mendes, an entrepreneur, business developer and the initiator of a cooperative platform that supports small farmers in Southern Africa. When asked how his idea of a small farmer cooperative has been able to revolutionise agriculture in Angola, particularly in the fisheries sector, Mario Mendes noted that the cooperatives' approach

to agricultural development will revolutionise the sector because it does not only focus on a single crop but on structuring the whole ecosystem to guarantee long-term sustainable success. He pointed out the relevance of the cooperatives to farmers by emphasising the vital role cooperatives play in addressing the gap between rural producers and urban consumers in Angola. He argued that small farmers are often left to navigate market access challenges alone, but cooperatives can bridge this gap by providing essential farming inputs and facilitating better prices for farmers' products. Specifically, in aquaculture, Mendes highlighted how their cooperative developed a system where farmers receive catfish fingerlings and feed on credit, with an assured market through a processing plant that supplies packaged fish to supermarkets. According to him, this approach not only empowers farmers economically but also supports sustainable agricultural practices.

Beyond this, he noted that stimulating agriculture in a country through cooperatives is important for reasons such as diversification of the country's economy, social and financial inclusion, and the fact that it makes business sense due to the large hectares of arable land, a very young workforce, and plenty of water available in African countries.

5.3.4 *Cooperatives, financial inclusion, and the role of technology*

While talking about the role of cooperatives in creating opportunities for financial inclusion, Mario Mendes noted that through cooperatives, a great percentage of people who do not have access to mainstream finance have been able to access financial services.¹¹ He also noted that this has been made possible through technology.

In Angola, 60% of the population does not have access to financial services. Cooperatives are nimbler and have a more deductive, adaptive approach. They can reach places and people that banks are unable or unwilling to serve. Technology has enabled us to overcome many of the challenges that previously prevented us from reaching remote rural areas. For example, we can now efficiently use biometrics for client registration in very remote places where farmers do not have government-issued IDs. I believe cooperatives are the best way to coordinate the efforts of all stakeholders for community development.

6 **Policy gaps, governance, and future directions**

6.1 *Policy inadequacy*

Evidence also shows that national policies rarely reflect the realities facing women in the informal economy who experience exclusion from financial systems (Auwalu, 2021), gendered invisibility in macroeconomic strategies (Hossein, 2024), and disproportionately substantial barriers to crisis support (Zhanda et al.,

2022). Microfinance policy blanketly most often addresses financial performance measures such as repayment rates, as opposed to social empowerment outcomes (Hilario, 2022; FSDAfrica, 2023; FinMark Trust, 2023). In Nigeria and Kenya, cooperative policy ignores both cultural diversity and the informality of much of women's financial practice (Akomoledé & Yebisi, 2015; Auwalu, 2021; Oluyombo, 2012; Oranusi, 2024; Wanyama, 2016; Wanyama et al., 2009). In South Africa, although there is excellent legislation, the framework is too inflexible to be supportive of grassroots-driven financial initiatives (Ducastel & Anseeuw, 2018; Rena, 2017; Tshishonga, 2020).

6.2 *Governance issues*

Throughout the three nations, cooperatives' governance arrangements tend to be hierarchical and male-dominated, which contradicts the egalitarian and participatory spirit of the original ROSCAs (Ngugi, 2014; Ezeokafor et al., 2021; Tshishonga, 2020; Wanyama, 2016). Discrepancy between cooperative ideology and actual practice was a common challenge in each setting (Ducastel & Anseeuw, 2018; Okem & Stanton, 2016; Wanyama, 2016; Wanyama et al., 2009).

6.3 *Emerging trends and prospects*

Promisingly, hybrid models, including digital cooperatives and savings groups based on mobile phones, are beginning to appear. In Nigeria, women's cooperatives are teaming up with mobile technology firms to provide mobile savings products. In Kenya, Chamas have utilised M-Pesa to record contributions and enhance transparency. Also notable is the rise of multipurpose cooperatives that address not only financial needs but also healthcare, education, and housing. Such integrated responses are more sustainable and inclusive. These examples illustrate Molefe's (2025) decolonial critique of Western-centric cooperative forms, evidencing how African innovations, like Chamas and Esusu, incorporate technology using traditional models of collective action (Wanyama et al., 2008; Lampinen et al., 2018). Their multisector approach addresses structural blocks to access, from financial exclusion (Nembhard, 2024) to regulatory barriers (Akomoledé & Yebisi, 2015), also in alignment with ICA principles of concern for community (Kaswan et al., 2024). This exemplification of hybridity shows the institutionally flexible capacity of African cooperatives (Develtere et al., 2008; Mangnus & Schoonhoven-Speijer, 2020).

In conclusion, the evolution of ROSCA into cooperatives in Africa presents a solid, culture-based pathway to women's empowerment in the informal economy. Although cooperatives have developed from indigenous forms to formal financial institutions, success is not consistent across nations due to policy, governance, and contextual differences. The future development of cooperatives in Africa must emphasise contextualised policy, participatory governance, and technological uptake to enhance their transformative capabilities.

Notes

- 1 <https://ica.coop/en/cooperatives/what-is-a-cooperative>.
- 2 <https://uwcc.wisc.edu/about-co-ops/>.
- 3 <https://au.int/en/agenda2063/overview>.
- 4 <https://icaafrica.coop/en/newsroom/news/pan-african-parliament-adopts-model-law-cooperatives-africa>.
- 5 A, R., Mfersland, R., D’Espallier, B., & Andersson, K. (2025). Determinants of Sustainability of Informal Community-Based Financial Groups: Insights from a Survival Analysis Approach. *The Journal of Development Studies*, 1–23. <https://doi.org/10.1080/00220388.2025.2487014>.
- 6 <https://allafrica.com/stories/202009220105.html>.
- 7 https://www.gsma.com/solutions-and-impact/connectivity-for-good/mobile-for-development/wp-content/uploads/2024/11/GSMA_Strengthening-Climate-Resilience-in-Nigeria-through-Digital-Market-Hubs-CoAmana_2024.pdf.
- 8 The Banker Ladies’ Story by Ginelle and Mabinty (2021). <https://geo.coop/articles/banker-ladies>.
- 9 Because members get their own contributions back in the form of a lump sum at different times, no interest or profit is charged.
- 10 Business Africa via Africanews YouTube Channel (2020). <https://www.youtube.com/watch?v=qtETfMahbEw&t=401s>.
- 11 Cooperatives and Entrepreneurship in Africa [Business Africa].

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11 The cooperative sector in the People's Republic of China

Development, characteristics, and growth

Ali Al-Assam and Choo-Chen Sim

1 Introduction

The world today faces significant turbulence, marked by economic disparities, ongoing conflicts, and environmental challenges. The forces of financial capital have, in many respects, widened the divide between the wealthy and the poor, influenced geopolitical tensions, and created barriers to the advancement of sustainable economies. Costas Lapavistas has extensively examined how financialization contributes to widening wealth inequality. For example, in his book *Profiting Without Producing: How Finance Exploits Us All* (2014), he argues that the dominance of financial capital leads to wealth concentration among elites, often at the expense of the working class. He highlights that financial markets prioritize short-term gains for investors over long-term investments in productive activities, leaving ordinary people vulnerable to debt and economic instability. In this context, the global cooperative movement encounters both opportunities and challenges, as it must decide whether to engage with these broader socio-political issues or risk becoming isolated, potentially offering limited benefits to its members while leaving the underlying drivers of inequality and instability unaddressed; see also Chapter 4 by Micken et al. in Warren et al., 2024.

As argued in *Readings in Al-Mushtarek* (Al-Assam & Allawi, 2024), cooperatives have the potential to play a more comprehensive role, not only as economic entities serving their members but also as advocates for social justice and peace; see also Chapter 1. By aligning themselves with efforts for equitable and sustainable development, cooperatives can position themselves within the broader movement for global justice. This approach is exemplified by the role of cooperatives in China's political transformation from the 1920s to 1949, when early attempts at forming cooperatives took place, though they remained largely experimental and faced structural limitations. The cooperative movement gained formal recognition under the Kuomintang (KMT) government from 1927, with the introduction of Cooperative Legislation in 1935. However, these cooperatives largely failed due to the dominance of landlords and feudal relations, which created an inhospitable environment for cooperative success. Despite these setbacks, cooperatives remained part of China's broader economic and social reform landscape, particularly in the liberated areas controlled by the Communist Party of China (CPC), where alternative cooperative models flourished.

The evolution of the cooperative movement in China offers valuable insights into how cooperatives, when aligned with larger political and social aims, can contribute to transformative change. This chapter will explore how cooperative structures in China adapted to shifting political landscapes, survived early institutional challenges, and later played a key role in China's socialist development.

2 Role of the cooperative sector in China's political transformation

2.1 *The role of cooperatives in China's revolution (1911–1949)*

China's cooperative movement cannot be understood without considering the broader context of the country's political transformation during the first half of the 20th century. After the fall of the Qing Dynasty in 1911, China underwent decades of political turmoil, civil war, and foreign occupation. During this period, the cooperative movement became a critical part of the social reforms that sought to rebuild China's fractured society (Clegg & Cook, 2009). While modern cooperative principles were introduced to China through Western and Japanese influences, it was the Chinese Communist Party that fully realized the transformative potential of cooperatives in the context of China's agrarian society.

2.1.1 Early cooperative movements under the Kuomintang government

China's cooperative movement initially emerged under the Kuomintang (KMT) government in 1927, which enacted the 1935 Cooperative Law. However, these early cooperatives failed due to landlord control, feudal power structures, and weak state support (Clegg & Cook, 2009).

2.1.2 The communist party and cooperative mobilization in liberated areas

Mao Zedong, the leader of the CPC, saw cooperatives not only as a tool for economic organization but also as an essential component of the social transformation sought by the CPC. He believed that cooperatives could mobilize the vast peasant population, which made up the majority of China's populace, and use collective action to transform the countryside economically, socially, and politically. As Mao emphasized during the Yan'an Rectification Movement of the 1940s, "Mutual aid and cooperation must be firmly established as the path for agriculture in the liberated areas. This is not only an economic necessity but also a means for strengthening the unity of the people" (Selected Works of Mao Zedong, Volume 3). During the Yan'an period (1935–1947), the CPC promoted mutual aid teams and comprehensive cooperatives (Keating, 1997). These cooperative structures integrated farming, handicrafts, trade, and local governance, serving as an economic foundation for the CPC's war effort.

Mutual aid teams, established during this period, became the precursor to the larger agricultural cooperatives that would later emerge. These teams pooled labour

and resources in small groups, allowing peasants to share tools, draught animals, and labour during peak agricultural seasons. By fostering cooperation among the peasantry, these mutual aid teams not only increased agricultural efficiency but also laid the groundwork for a broader sense of collective responsibility and unity—key elements in the CPC's efforts to build a socialist society.

2.2 *Mao's vision for agricultural cooperatives*

As the CPC extended its control over larger swaths of rural China during the late 1930s and 1940s, Mao's vision for cooperatives expanded. He recognized that the cooperative movement was critical not only for agricultural development but also for industrialization. "The future of agriculture lies in the cooperative movement. . . Only by collectivising agriculture can we overcome the backwardness of the countryside and lay the foundation for industrialization," Mao declared in his 1945 speech *On Coalition Government* (*Selected Works of Mao Zedong*, Volume 3). It is unclear at this stage to what extent Mao was also influenced by Vladimir Lenin's 1923 "On Cooperation" article. Lenin emphasized the significance of cooperatives in the Soviet Union's transition to socialism. He argued that, under the existing economic conditions—characterized by nationalized land and state control—cooperative enterprises represented a form of socialism. Lenin believed that by organizing the population into cooperative societies, the Soviet state could facilitate the move from private capitalist enterprises to socialist ones, making the path to socialism more accessible for the peasantry. He advocated for providing cooperatives with various benefits and elevating the cultural level of the peasantry to support this transformation.

Mao's strategy emphasized the need for collectivizing the rural economy to generate the agricultural surplus necessary to support China's industrial development. This approach, which later underpinned the extensive collectivization campaigns of the 1950s, originated in the cooperative initiatives of the 1930s and 1940s. In regions under Communist control, particularly during the Yan'an period, cooperatives were introduced not only as a means to boost agricultural productivity but also as a way to consolidate the CPC's influence and administrative presence within rural communities (Keating, 1997). The Yan'an period (1935–1947) was a transformative era during which the CPC consolidated its ideology, organized rural reforms, and built the foundations for its eventual victory in the Chinese Civil War and governance of China.

One of the most successful examples of this strategy was the Liulin Comprehensive Cooperative, established near Yan'an. This cooperative, which Mao highlighted as a model for others, combined farming with handicrafts, retail, and trade, creating a diverse and self-sufficient economic base for the local community. The Liulin comprehensive cooperative served as a model for others. Through joint farming, handicrafts, and trade, it showed the way for how economic activities can be organised to serve the masses (Mao, 1990).

The Liulin cooperative's success was a testament to the potential of cooperatives to transcend narrow economic concerns and become engines of political and social

change. By organizing multiple sectors of the rural economy under a cooperative structure, the CPC was able to mobilize the peasantry, increase productivity, and, perhaps most importantly, build loyalty to the Communist cause. In Chapter 20 of *The Routledge Handbook of Cooperative Economics and Management* (edited by Warren et al., 2024), Jens Martignoni discusses the concept of a “full cooperative” with an internal currency. This model proposes a comprehensive cooperative structure that encompasses various economic activities and utilizes an internal currency to strengthen the cooperative economy. The aim is to create a self-sufficient system that aligns with cooperative principles and enhances economic resilience.

While both the Liulin Cooperative and Martignoni’s “full cooperative” model emphasize economic diversification and self-sufficiency, Martignoni introduces the concept of an internal currency to further integrate and empower cooperative economies.

2.3 *Industrial cooperatives and the war of resistance*

While the CPC’s cooperative movement focused primarily on rural agriculture, the Gung Ho industrial cooperative movement played a crucial role during the War of Resistance against Japan (1937–1945). Founded by Rewi Alley, a New Zealander deeply sympathetic to China’s anti-imperialist struggle, and other foreign expatriates, the Gung Ho movement sought to organize industrial cooperatives in the interior of China, far from the Japanese-occupied coastal cities.

The Gung Ho cooperatives produced essential goods for the war effort, including blankets, uniforms, and other military supplies. As Rewi Alley explained, the Gung Ho movement had four primary objectives:

The first was to bring international support to China in its struggle against Japanese imperialism... The second was to extend the principles of the May 4th Movement for anti-imperialism into the ranks of the peasants and workers of the interior. The third was to provide the War of Resistance with a strengthened economic base by producing necessities... The fourth was to lay a basis for the cooperative movement of a liberated China.

(Alley, 1997)

The Gung Ho movement established thousands of cooperatives across rural China, helping to mobilize workers and refugees displaced by the war. By the end of the war, the movement had set up an estimated 3,000 cooperatives with a total membership of 30,000 people, providing both economic support for the war effort and a foundation for the post-war cooperative movement (Clegg, 2008). *Gung Ho in China: Towards Participatory Co-operatives*).

3 Cooperatives in China: current status and prospects for significant growth

During a recent visit by the authors of this chapter to China from April 14th to 24th, 2024, the opportunity arose to engage with seasoned members of the cooperative

movement, among whom were British nationals who live in China. A highlight of the trip was spending a substantial part of a day exploring an agricultural cooperative in the northeastern Jilin province.

The Specialized Farmer Cooperatives Law was passed by the National People's Congress, coming into effect on July 1, 2007. As stated by Tim Zachernuk In his excellent study of cooperatives in China:

The law acknowledges international cooperative experience as codified in the cooperative principles formulated by the International Cooperative Alliance. The law states that cooperatives are independent and autonomous organisations, should be democratically managed, and that their primary aim is to serve the interests of their members. There are no contradictions between the ICA principles and the Chinese law. A cooperative adhering to ICA principles would be perfectly legitimate under the cooperative law.

Tim Zachernuk pointed to some difficulties in applying the law, which seems to have been resolved to some degree since 2015 (Zachernuk, 2008).

The Chinese government, particularly since 2020, has increasingly championed the cooperative model as an engine for employment enhancement, income growth for workers, and the stabilization of rural and urban economies. These initiatives often dovetail with broader reforms aimed at restructuring both privately owned and state-owned enterprises and bolstering employee ownership and governance participation.

China's cooperative landscape is experiencing robust growth and enjoying strong government support. This growth is not only vast but also offers a multitude of learning and partnership opportunities. A notable advancement likely to further solidify democratic practices within cooperatives is the enactment of the Revised Company Law, which took effect on July 1, 2024. This law is pioneering at the national level in that it establishes the employee representative assembly as the fundamental mechanism of corporate governance (Li, 2024).

In 1954, the All-China Federation of Supply and Marketing Cooperatives (ACF-SMC) was established as a national cooperative federation. However, under CPC policies, supply and marketing cooperatives were nationalized and integrated into the People's Communes, turning them into state-controlled organizations under the Ministry of Commerce.

During the Great Leap Forward, the socialist upsurge of 1955 led to the rapid expansion of cooperatives as part of the CPC's broader strategy to collectivize agriculture and mobilize rural labour. However, regulating supply and ensuring consistent productivity across these cooperatives proved challenging, prompting a shift towards a more centralized approach. In 1958, the government amalgamated multiple cooperatives into People's Communes, which were not cooperatives in the traditional sense but large-scale collective units integrating both agriculture and industry under state planning.

The communes were designed to abolish private property and create a classless society, with resources allocated according to the needs of the state. Unlike

cooperatives, which operated with some degree of local decision-making and member participation, communes were highly bureaucratic and directed by state authorities. The transition to communes, though ideologically framed as an advanced form of socialism, suffered from inefficiencies due to excessive centralization and lack of individual incentives, ultimately leading to declining agricultural productivity (Li & Yang, 2005).

With over 26,000 communes formed, each encompassing thousands of households, governance became a major challenge. Local officials were tasked with enforcing central policies and were often motivated by political incentives rather than local economic realities. This inconsistent implementation led to disparities in performance: while some communes functioned effectively, many struggled with inefficiency, resource misallocation, and overreporting of grain yields to meet state quotas.

The pivot to rapid industrialization exacerbated these challenges, diverting labour and resources away from agriculture. As food production declined, widespread famine ensued, compounded by poor weather conditions and policy failures. The crisis ultimately necessitated a policy change, with incremental reforms introduced in the early 1960s to restore productivity and allow greater local flexibility in agricultural management. The experience of the communes underscored the limitations of highly centralized economic planning and demonstrated that effective agricultural organization required both collective coordination and incentives for productivity.

3.1 *Insights into China's current cooperative landscape*

With Deng Xiaoping's reform and opening-up period, China adapted its approach to socialism in recognition of the need for economic modernization and development. Deng's model of "Socialism with Chinese Characteristics" represents a pragmatic application of Marxist thought, acknowledging that socialism can adapt to different historical and material conditions, especially given China's status as a developing country (Deng, 1984, *Building a Socialism With a Specifically Chinese Character*). At the time of his premiership, China was one of the ten countries with the lowest GDP per capita in the world.

Under Deng, there were dramatic reforms to the cooperative system (Bernadi & Miani, 2014). The dissolution of People's Communes and the establishment of the Household Responsibility System (HRS) provided a foundation for farmers to operate independently, allowing individual economic incentives within a socialist framework so individual household units could retain profit. By the end of 1983, this new version of HRS was taken up by 94.4% of the formerly communalized households in China.

This shift aligns with Marx's emphasis on material conditions as a determinant of social structures, acknowledging that rigid collective ownership without productive capacity could not achieve the long-term goals of socialism (Karl Marx, *Stanford Encyclopedia of Philosophy*).

The “Specialized Farmers Cooperatives” established in the 1980s illustrate an adaptation of Marxist principles to improve productivity and innovation within a socialist system. While these cooperatives were less ideologically rigid than the communes, they retained collective aspects by allowing farmers to pool resources, share technology, and collectively engage in market activities. This structure embodies the principle of “common prosperity,” a key concept in Chinese Marxism, where the economy operates under mixed ownership to balance individual and collective needs and align with the broader goals of socialism (Li, 2009; Singh, 2024). Thus, the evolution of the cooperative movement in China underlines a flexible and adaptive approach to Marxist principles, supported by targeted legislation, to enhance productivity and rural development while aligning with socialist ideals. The ongoing refinement of laws such as the 2007 Farmers’ Professional Cooperatives Law and the 2024 Revised Chinese Company Law signals China’s commitment to strengthening and modernizing its cooperative framework. We shed some more light on these two important legislations, the 2007 Farmers’ Professional Cooperatives Law and the 2024 Revised Chinese Company Law.

3.2 *The 2007 farmers’ professional cooperatives law*

The 2007 Farmers’ Professional Cooperatives Law signified a deeper integration of market mechanisms with socialist principles, as it recognized cooperatives as independent entities that could engage with the market to enhance rural productivity. This aligns with “Socialism with Chinese Characteristics” in that it allows collective ownership structures (such as cooperatives) to function within a regulated market framework. Marxist theory emphasizes the importance of production methods adapting to meet social needs (Karl Marx, Stanford Encyclopaedia of Philosophy); hence, integrating cooperatives into the market while preserving their collective nature reflects a modernized, pragmatic approach to socialist development.

The law also highlights the adaptation of cooperatives to build the material foundation necessary for socialism. The recognition of cooperative members’ rights and autonomy can be seen as a step toward a more decentralized form of ownership, where cooperative members actively participate in decision-making. This progress reflects the broader goal of achieving social equality and addressing the “urban-rural divide” prevalent in China through the collectivization of resources without stringent state control (Hu, 2007, Law of the People’s Republic of China on Specialized Farmers Cooperatives). The evolution of cooperatives in China, particularly their formalization and encouragement under the 2007 law, contributes to this base by promoting rural development, enhancing agricultural productivity, and reducing poverty. These have been key tenets of China’s socialist modernization and journey towards a moderately prosperous society. While the integration of market mechanisms might seem contradictory from an orthodox Marxist perspective, “Socialism with Chinese Characteristics” allows for the marrying of contradictions to achieve long-term socialist goals. In this context, cooperatives help distribute economic gains more equitably across rural areas, supporting the

overarching aim of common prosperity and reducing income disparities (Afranaa Kwapong & Hanisch, 2013).

3.3 *Employees' participation in corporate governance under the revised Chinese company law*

The Revised Chinese Company Law, effective from July 1, 2024, introduces significant changes to corporate governance, particularly enhancing employee participation (Choi & Zhou, 2024). (Company Law of the People's Republic of China, revised 2023, effective 1 July 2024). Key provisions of the law are:

- 1 Employee Representation on Boards: Companies with 300 or more employees are now required to include employee representatives on their boards of directors, unless the company already has a supervisory board with employee representation.
- 2 Enhanced Protection of Employee Rights: The law emphasizes safeguarding employees' rights and interests, positioning them as crucial stakeholders in corporate governance. Companies are mandated to consider employee interests in their operations and uphold social responsibilities.
- 3 Democratic Management Participation: Employees are granted collective rights to engage in the company's democratic management, including negotiating aspects like remuneration, working hours, rest, leave, and workplace safety through trade unions and collective contracts.

One key implication for worker-owned cooperatives is facilitating cooperative formation, as the emphasis on employee rights and participation may inspire the establishment of more cooperatives, as workers gain greater influence over corporate decisions, including in cases of liquidation where workers have a role in supervision to ensure their rights are not badly affected. While the revised Company Law does not directly facilitate worker ownership in cases of liquidation, there is much evidence that credit provisions and other controls pave the way for such worker ownership (Li, 2024, TaylorWessing).

The legislation has also introduced significant updates that are expected to benefit cooperatives and bolster the rights of cooperative members, aligning more with international practices in corporate governance and member protections.

The new law has enhanced transparency requirements, which ensure that companies disclose detailed information about capital contributions, shareholding changes, and other significant financial matters (Harrison et al., 2024). This transparency is likely to empower cooperative members by allowing them to better understand and monitor their cooperative's financial health and governance structures, which previously lacked such clear reporting requirements. Additionally, these disclosures reduce the risk of conflicts of interest, a frequent concern in cooperatives where lack of financial transparency could sometimes benefit a small number of directors at the expense of general members (Li, 2024; TaylorWessing, *Employees' Participation in Corporate Governance under the Revised Chinese Company Law*).

Another positive change is in the increased emphasis on fiduciary duties, mandating that directors act in the best interest of all stakeholders (articles 180–183 of the law). For cooperatives, this means directors must demonstrate “loyalty” and “diligence” in their roles, minimizing conflicts between personal interests and the cooperative’s welfare. If directors fail to fulfil these duties or act in ways that harm the cooperative, members now have clearer pathways to hold directors accountable, which marks a shift toward stronger individual rights within the collective framework. This shift is particularly important for cooperatives, which have historically been subject to governance challenges in the country due to limited mechanisms for oversight by general members. Enforcement of such laws, however, remains a question for local governance to address and issue guidance with respect to the Revised Company Law.

Furthermore, the recent law has introduced better protections for shareholders (and, by extension, cooperative members) in cases of abuse by controlling members or groups. If a dominant shareholder misuses their position and harms other members, those affected can request compensation or exit at a fair price, helping to prevent coercion or unequal treatment that previously went unaddressed under Chinese law (articles 180–199 of the company law).

These reforms not only strengthen cooperative governance but also align with broader corporate reforms in China to ensure fair treatment of stakeholders and improve legal recourse options, enhancing member confidence and potentially encouraging more robust participation and investment in the cooperative sector. In the context of China’s evolving economy, these reforms also contribute to stabilizing cooperative structures, providing clearer rules and protections that can foster sustainable growth for cooperatives nationwide.

The latest data offers a snapshot of the scope and impact of cooperatives across China:

- 1 **Agricultural Cooperatives:** Recent figures indicate that China has over 2 million agricultural cooperatives, engaging nearly 100 million households (Liu et al., 2024). These entities are key to the agricultural sector, delivering services that elevate productivity and expand market access. The Chinese leadership has made exceptional efforts to nurture these cooperatives, advocating for the adoption of cutting-edge technology and sustainable farming practices. It is essential to note that China sustains almost a fifth of the global population on a mere 9% of the world’s arable land. Therefore, enhancing farmer incomes and technological integration through agricultural cooperatives is key to meeting these demands. President Xi Jinping has underscored the significance of steering small-scale farmers towards modern agriculture to safeguard food security, a move he deems foundational for the nation’s modern socialist aspirations.
- 2 **Consumer Cooperatives:** While precise data on consumer cooperatives is elusive, their presence is significant in both urban and rural settings, impacting local economies by leveraging collective buying power to lower prices.
- 3 **Credit Cooperatives:** There are approximately 1,900 rural credit cooperatives that serve tens of millions of rural inhabitants and businesses, filling a critical gap in financial services for communities underserved by conventional banks.



Figure 11.1 Picture taken by the authors—entrance of the Lu Wei cooperative.

- 4 **Service Cooperatives:** A broad category that spans healthcare, education, and transportation, service cooperatives play an essential role in enhancing access to vital services, especially in underdeveloped regions.
- 5 **Industrial Cooperatives:** Though not as numerous as their agricultural counterparts, industrial cooperatives are gaining traction, particularly within the SME sector. These cooperatives facilitate scaling and cost reduction through collaborative efforts. A notable mention is Huawei, a tech colossus that aligns closely with cooperative principles, setting a remarkable precedent in the industry, discussed in Chapter 10 of Warren et al., 2024, by Lucio Biggiero (Figure 11.1).

4 The story of the Lu Wei agricultural machinery Farmers' Professional cooperative

During our journey through Jilin province, we visited the Lu Wei Agricultural Machinery Farmers' Professional Cooperative. Established in 2011 by Liu Wei and five other members, the cooperative directly confronts the challenges posed by agricultural mechanization and the inefficiency of small, fragmented land holdings.

4.1 *From humble beginnings to agricultural force*

Lu Wei's cooperative began with a vision: to unite fragmented farmlands and introduce modern machinery to amplify productivity and income (World Bank, 2022). The result: a voluntary collective that now oversees 667 hectares, commanding 90% of the village's farmable area. This consolidation has not only streamlined agricultural processes but has also proven to be economically transformative; members report a 20% income increase compared to non-member farmers.

4.2 *Modernization and efficiency*

The cooperative doesn't just farm farmland; it embodies a microcosm of efficiency and effective work practices, offering end-to-end services from ploughing to grain

processing. This approach has swelled its ranks to 180 members and extended its services to an additional 600 households. When government subsidies for agricultural machinery became available, Lu Wei, himself a member of the Communist Party, seized the opportunity, integrating 30 machines into their operations and garnering 1.5 million yuan in subsidies—catapulting the cooperative into a new echelon of agrarian modernity (China Daily 2022). By farming together, villagers' incomes rise.

4.3 *Governance in a cooperative framework*

The authors' discussions with the cooperative's members, albeit brief, were useful. Major decisions are democratically made at general meetings, reflecting the members' voices in the cooperative's direction and operations. Echoing the broader economic governance in China, the Communist Party also plays a significant role in shaping the general trajectory of the cooperative. Profit-sharing is decided collectively: bonuses are distributed based on each farmer's land contributions and their labour throughout the year, ensuring fairness and motivating hard work.

The cooperative's wall display spelt out these principles in some detail; see below the original display and their translation (Figure 11.2).

4.4 *Translation of the rules Lu Wei's rules and regulations*

4.4.1 *Board of directors responsibilities*

- 1 Organize and convene the members' (representatives') conference and implement the resolutions of the members' (representatives') conference.
- 2 Formulate the company's development plan, annual production and operation plan, internal management rules and regulations, etc., submit them to the members' (representatives') meeting for approval, and organize the implementation of the company's various work tasks.
- 3 Formulate an annual financial budget and final accounts, surplus distribution and loss recovery plans, and submit them to the members' (representatives') conference for review.
- 4 Organize and carry out member training and various collaborative activities.
- 5 Manage the company's finances and property and ensure the safety of the company's property.
- 6 Receive, respond to, and handle inquiries and suggestions raised by executive supervisors or the board of directors.
- 7 Hire or dismiss the company's managers, financial accountants and other staff.
- 8 Determine the capital contribution standards of members and review and approve the annual business report submitted by the Society's Board of Directors and Supervisory Board.
- 9 Perform other duties assigned by the members (representatives) conference.



Figure 11.2 Picture of wall display taken during authors’ visit—a cooperative’s meeting, cooperative’s laws.

Responsibilities of the Chairman

- 1 Preside over members (representatives) meetings; convene and preside over board meetings.
- 2 Sign the capital contribution certificate of the members of the society.
- 3 Sign the appointment or dismissal of the company’s operation and management person in charge, financial accountant and other personnel.

- 4 Organize and implement the resolutions of the members (representatives) conference and the board of directors and inspect the implementation of the resolutions.
- 5 Sign contracts, etc., on behalf of the company.

4.4.2 Responsibilities of the Supervisory Board

- 1 Supervise the implementation of the resolutions of the members' (representatives') conference and this charter by the Board of Directors.
- 2 Supervise and inspect the company's production and business operations, and be responsible for the company's financial audit and supervision work.
- 3 Supervise the performance of the board of directors or board members and managers.
- 4 Make an annual monitoring report to the members' (representatives') conference.
- 5 Make inquiries and suggestions for improvement of work to the chairman or the board of directors.
- 6 Propose to convene an extraordinary members' (representatives') meeting.
- 7 Responsible for recording the workload or transaction volume (amount) between the directors and the company on behalf of the company.
- 8 Perform other duties assigned by the members' (representatives') conference.

4.4.3 Safety production system

- 1 Seriously abide by the operating procedures of agricultural machinery, memorize operation matters, and obey leadership instructions.
- 2 Insist on following the vehicle to ensure your own safety, and do not leave your post without permission.
- 3 When working, you must wear three tight overalls and work with the vehicle.
- 4 It is strictly prohibited to drive a motor vehicle while sick or drunk.
- 5 No one is allowed to sit (stand) while hanging or lifting agricultural tools. After it is raised, it is not allowed to remove soil, weeds, etc., or perform maintenance, adjustment or troubleshooting below it.
- 6 No driving is allowed without the approval of the supervisor.
- 7 Carry out daily maintenance of the locomotive to keep it clean and in good condition.
- 8 Fill out the work acceptance form carefully and submit it to the accounting office for safekeeping in a timely manner.

4.4.4 Translated introduction to the co-op

Today's company is located in Balimiao Village, Kangping Street, Gongli County, and was established in November 2011. After nine years, due to the reform and development, the membership has grown from six households at the beginning of its establishment to 176 households now and has influenced 600 households. The

cooperative now owns 54 sets of large-scale agricultural machinery. It is a new agricultural business entity integrating agricultural social services, large-scale operations and the promotion and application of new technologies. In 2015, it was rated as one of the top ten demonstration cooperatives in Jilin Province, and in 2016, it was rated as a national farmer demonstration cooperative. In 2017, the chairman of the cooperative, Lu Wel, was named a national agricultural system model worker, and in 2019, he was named a special labour model in Jilin Province.

Since its establishment, the cooperative has adhered to the principle of “win-win” cooperation, given full play to its leading role, vigorously promoted the “four modernizations” management, and strived to improve the comprehensive benefits of agricultural production.

4.4.5 *Achieve large-scale land management*

The cooperative has successfully implemented three models of land use: bringing land into the cooperative, land leasing, and land trust, enabling consolidated agricultural management over 690 hectares, which accounts for 86% of the village’s cultivated land.

- Bringing land into the cooperative involves voluntary contributions of land-use rights by farmers in exchange for shares in the cooperative, allowing them to benefit from collective farming profits while retaining ownership rights. This accounts for 210 hectares (30.4%).
- Land leasing allows landowners to lease their land to the cooperative in return for a fixed income or rent. This ensures land remains productive, even if individual farmers lack the capacity to cultivate it. This model covers 108 hectares (15.6%).
- Land trust refers to a model in which farmers entrust the cooperative with the management of their land while retaining ownership. The cooperative assumes responsibility for cultivation and operations, distributing profits to landowners based on pre-agreed terms. This accounts for 372 hectares (54%).

Through these models, Balimiao Village has effectively transitioned to a system of large-scale, coordinated land management, improving agricultural efficiency and productivity. By consolidating fragmented farmland, the cooperative has addressed the challenge of who farms the land and how in a way that optimizes resource allocation.

Additionally, the cooperative structure has allowed many farmers to shift away from subsistence farming to other forms of economic activity, including off-farm employment and labour migration. This has increased rural household incomes, with cooperative members benefiting from higher agricultural returns, while others pursue wage labour opportunities elsewhere, contributing to an estimated annual per capita labour income of over 20,000 yuan.

4.4.6 Realize the mechanization of production operations

Concentrated and contiguous land made agricultural mechanization a reality. The cooperative makes full use of the national agricultural machinery purchase subsidy policy to comprehensively improve the level of agricultural machinery and equipment.

4.4.7 Current cooperative

The total stock of agricultural machinery has expanded significantly, increasing from a single unit at the cooperative's inception to 54 units, encompassing all key stages of agricultural production, including tillage, planting, crop management, and harvesting. This expansion has facilitated the complete mechanization of farming operations, leading to enhanced production efficiency and a reduction in overall production costs. Notably, mechanization has resulted in an estimated cost savings of 1,000 yuan per hectare.

4.4.8 Realize the techno-localization of production methods

The cooperative diligently implements the strategy of "storing food in the land and technology," emphasizing the role of scientific and technological advancements in enhancing agricultural productivity and economic returns. It actively promotes the adoption of advanced agronomic practices, including soil testing and formulated fertilization, deep soil preparation, conservation tillage, and integrated pest management. These technological interventions have significantly enhanced the efficiency and effectiveness of modern farming techniques.

As a result, the average maize yield per hectare exceeds 20,000 kilograms, surpassing conventional planting methods by a substantial margin. This increase in yield translates to an additional 2,000 yuan per hectare in revenue, thereby contributing to higher farmer incomes and improved agricultural sustainability.

4.4.9 Achieve intensification of production and operations

The cooperative innovates the way of agricultural cooperation and adopts the "five unifications" service model of unified supply of agricultural materials, unified planting management, unified plant protection services, unified agricultural machinery operations, and unified drying, collection and storage, which mobilizes the enthusiasm of small farmers to participate in cooperative operations and effectively increases the number of farmers. farmers' income. The net income of farmers who join the cooperative can reach more than 10,000 yuan per hectare of land, which is 20% higher than that of farmers who do not join the cooperative. In the future, the cooperative will adhere to the purpose of serving farmers, continue to innovate cooperation mechanisms, set an example and be a pioneer in promoting large-scale rural land management, accelerate the realization of agricultural modernization, and lead farmers to increase their income and become rich, give full play to their demonstration and leading role, and contribute to building

a moderately prosperous society in an all-round way, and contribute to the implementation of the rural revitalization strategy.

5 Conclusion: lessons for the global cooperative movement

China's experience with cooperatives during its revolutionary transformation offers valuable insights for the global cooperative movement. First, it highlights the potential of cooperatives to act as agents of social and political change, rather than solely as economic entities. In China, cooperatives were not only a means of resource pooling but also a mechanism for mobilizing communities, improving economic conditions in liberated areas, and facilitating social transformation.

Second, the Chinese experience emphasizes the importance of aligning cooperatives with broader social and political objectives. As Al-Assam and Allawi (2024) note in *Readings in Al-Mushtarak*, cooperatives can serve as powerful tools for establishing economically viable, self-sustaining institutions, even in the context of challenging political environments. Cooperative ecosystems, such as the Mondragon cooperatives in Spain and various cooperatives and social enterprises in the People's Republic of China, illustrate how cooperatives can play an effective socio-political role by fostering democratic practices and advancing social objectives.

Finally, the role of the state in supporting cooperatives is an important consideration. In China, the cooperative movement's success was significantly bolstered by the support of the CPC, which provided both ideological guidance and practical resources. This raises pertinent questions for the global cooperative movement: What should the role of the state be in supporting cooperatives? And how can cooperatives interact with political institutions in a way that preserves their democratic principles? See also Chapter 14 by Louis-Antoine Saisset for further considerations.

As the global cooperative movement confronts increasing inequality, environmental challenges, and technological shifts, the lessons from China's cooperative experience are more relevant than ever. For cooperatives to make substantial contributions to global movements for justice and peace, they must actively engage with the political issues of their time.

Encouraging a deeper dialogue between China's cooperative movement and the global cooperative community, in a spirit of solidarity and mutual learning, could greatly benefit the cooperative movement(s) worldwide.

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12 How Japanese and South Korean cooperatives have evolved

A comparative study from a developmentalist state perspective

Akira Kurimoto

Glossary

ACA Agricultural Cooperatives Act (Japan, Korea)
CCA Consumer Cooperatives Act (Japan, Korea)
FAC Framework Act on Cooperatives (Korea)
GHQ General Headquarters of the Allied Forces
JA Kenchu Prefectural Union of Agricultural Cooperatives
JA Zenchu Central Union of Agricultural Cooperatives
JCCU Japanese Consumer Cooperative Union
LDP Liberal Democratic Party
MAFF Ministry of Agriculture, Forestry and Fisheries (Japan)
METI Ministry of Economy, Trade and Industry (from 2001)
MHLW Ministry of Health, Labor and Welfare (Japan)
MITI Ministry of International Trade and Industry (till 2001)
MOEF Ministry of Economy and Finance (Korea)
NACF National Agricultural Cooperative Federation (Korea)
Nochu or Norinchukin Central Bank for Agriculture and Forestry
Zenkyoren National Insurance Federation of Agricultural Cooperatives
Zen-noh National Federation of Agricultural Cooperatives

1 Introduction

Japanese cooperatives have grown to become world-class organizations, with agricultural cooperatives (JAs) marketing half of the produce in Japan (ranked first and second among the top ten in the World Cooperative Monitor in 2012), while consumer cooperatives (Seikyo) are collectively ranked as the third largest retailer, with half of all households as members, while equaling 70% of the number of members of the European peers affiliated with the EUROCOOP. However, JAs and Seikyos have followed divergent paths in a political economy that has sought state-led development. JAs have been supported by the government and protected under the industrial policy triangle composed of the Ministry of Agriculture (MAFF), the legislature (LDP), and the Central Union of Agricultural Cooperatives (JA Zenchu). In

contrast, Seikyo has been bothered by impediments of a total ban of non-member trade imposed under pressure from anti-cooperative campaigns by small retailers. Such institutional frameworks contributed to the evolution of different political affinities and organizational cultures. South Korean cooperatives have followed a similar trajectory. They have made spectacular progress since the 1960s, and now agricultural cooperatives (NHs) have become large agribusiness-*cum*-financial institutions, while consumer cooperatives remain small in size, although they have been seen as fast-growing and innovative retailers in past decades.

Thus, these East-Asian cooperatives have grown to attract wide attention among cooperators worldwide (demonstrated by the fact that they hosted the ICA Congresses outside Europe). However, globalization poses new challenges: deregulation in agricultural/food policy and increased competition in the food chain. The demographic change due to depopulation associated with rapid aging and fewer children also impacts these businesses, while degradation of the natural environment urges a quick response. In particular, JAs (Japan) and NHs (South Korea) have faced imposition of top-down reform by their respective governments and face stiffer competition, while consumer cooperatives have to face market competition with domestic/foreign businesses, apart from problems associated with depopulation and aging communities.

Naturally, cooperatives in both countries have many things in common because of Japan's colonization of Korea and the frequent collaboration among the countries' cooperatives, but they have evolved differently in many ways. This chapter seeks to understand the reasons why cooperatives in the two countries followed different trajectories by examining the context, chronology, structure, impact, and challenges from the developmentalist state perspective. This chapter seeks to apply the political economy perspective to analyze polity and economy in the Asian region focused on the role of cooperatives and based on institutional arrangements, i.e., the role of state and freedom of association.

2 Developmentalist state perspective to analyze Asian cooperatives

The Varieties of Capitalism perspective can explain the diversity of experiences in Asia. Hall and Soskice (2003) analyzed how firms coordinate through market or non-market relations and laid out two distinct types of capitalist economies: *Liberal Market Economies* (LME) and *Coordinated Market Economies* (CME). They apply the former to the US, the UK, Canada, Australia, New Zealand, and Ireland, while the latter includes Germany, Sweden, Austria, and Japan, which the authors argue are led by strong industrial policies.¹ However, the concept cannot be directly replicated in the Asian region due to historical and institutional differences. Witt and Redding (2014) therefore suggest five types of Asian capitalist structures: post-socialist, advanced city-state, emerging Southeast Asian, advanced Northeast Asian, and Japan. Nevertheless, the lines between the typology are blurring due to geographic considerations. A developmentalist state is a term used by scholars of international political economy to refer to the 20th-century phenomenon of state-led

macroeconomic planning in East Asia. In this model of capitalism, the state has more independent political power, as well as more control over the economy. It is characterized by strong state intervention as well as the ability to introduce extensive regulation and planning. The extent of state control varies from country to country; South Korea and Taiwan are liberal democracies, while China is characterized by stringent state control over polity, economy, and society. The term has been subsequently used to describe countries outside East Asia that satisfy the criteria of a developmentalist state (Villa, 2009).² They have often relied on military power to implement national development policies while restraining people's participation through "development dictatorship". South Korea, Taiwan, and the Philippines accomplished democratization in 1987, while serious setbacks are being witnessed in Myanmar, Thailand, Hong Kong, and so on. According to *MITI and the Japanese Miracle*, the ministries have pursued industrial policies that resulted in the formation of the industrial triangles of bureaucrats, members of parliament (LDP), and trade associations. That is seen as one of the reasons why the LDP could dominate the polity as a ruling party after 1945. Although the effectiveness of bureaucrats' guidance is being questioned in recent years, they still hold sway in formulating industrial policies. A good example is the stubborn stance of METI to promote nuclear power plants even after the disastrous accident in Fukushima.

Modern cooperatives were brought to Asia by the West. The British Empire introduced the Credit Cooperative Societies Act in India in 1904 to mitigate the problems of farmers' indebtedness to loan sharks (Rhodes, 2012). This British-Indian pattern of cooperation (BIPC) spread to all colonies. Its top-down approach was inherited by newly created nations that had relied on agriculture as a dominant industry. So, they sponsored and controlled cooperatives as an engine of socio-economic development. Powerful registrar offices or cooperative ministries have controlled the cooperative development policy by enabling monopolies and subsidies while dominating governance and management. Since 1990, the ICA Asia-Pacific region organized the cooperative ministerial conferences to strengthen cooperative autonomy and independence. However, progress in implementing resolutions has been slow.

2.1 *Japan*

Japan happened to escape from the wave of colonization due to varied reasons. The Meiji Restoration of 1868 was a nationalist revolution in which the new government rushed to modernize the country through introducing Western political and industrial institutions, seeking to build economic wealth and military strength.³ Japan became a new imperialist power, colonizing Korea and Taiwan while it set up a puppet state called Manchukuo in northeastern China and entered the Second World War. After its surrender, Japan was transformed by the US-led occupation regime in all aspects of society, including drastic economic reforms through introducing the Anti-monopoly Act and thorough agrarian reforms to dismantle *Zai-batsu* conglomerates and the landlord system, respectively, which were seen as the roots of Japan's militarism.⁴

Japan started rehabilitating industries and accomplished high-speed economic growth since the late 1950s, positioning it as the second largest economy in 1968. In this journey, government ministries have pursued industrial policies protecting local industries from foreign competition and inducing investments in promising areas. Under the dominant LDP government, they formed the industrial triangles, or coalition, with members of parliament and trade associations, as Masahiko Aoki puts it, as “bureau-pluralism”.⁵ Japan-style management consisting of lifelong employment, a seniority system, and enterprise unions was highly praised, while the “main-bank system” was key in providing finance and governance mechanisms. However, Japan could not adapt to the new environment caused by the end of the Cold War and globalization/ICT revolution, resulting in “lost decades” since the 1990s.

The notion of modern cooperation arrived in Japan in the 1880s (Saito, 2003). In 1900, the Industrial Cooperatives Act was implemented for cooperatives. Multi-purpose cooperatives were allowed to conduct several functions since 1912. Rural cooperatives were set up as voluntary organizations but integrated with compulsory *nokai* (farm guidance societies) to form *nogyokai* (agrarian societies) to mobilize resources for the war in 1943, while left-wing consumer cooperatives were liquidated by the militaristic government (Otawara, 2014; Saito, 2003).⁶

After the Second World War, the Agricultural Cooperatives Act (ACA) was enacted separately in 1947 to cement the effect of the drastic agrarian reform that created millions of small independent farmers who owned tiny land lots of less than one hectare on average.⁷ Agricultural cooperatives were formed by transferring *nogyokai*’s property and staff.

JA’s institutional framework is characterized by two types of memberships and multipurpose businesses. ACA has provisions for two types of membership in JA: farmers as regular members and local residents as associate members. The second member type was constituted to involve non-farmers and ex-farmers who live in JA’s operating area and wish to use JA’s services, mainly banking, insurance, and retail businesses. Non-members are allowed to use JA’s services up to 20% of what a member can use.⁸ ACA allows JAs to operate multiple businesses, including marketing/supply, banking, insurance, healthcare/eldercare, real estate/housing, funeral services, gas station, and so on⁹ and does not prohibit JAs from being involved in politics.¹⁰

Other cooperative laws were enacted in line with industrial policies (on fisheries, forestry, SMEs, banking, etc.) since 1948 (Kurimoto, 2013).¹¹ The Consumer Cooperatives Act (CCA) of 1948 was an exception in that it targeted consumers rather than the industry-specific interests, but the rigid regulations, including the complete ban of non-member trade and the limited operating areas within a prefecture, were installed, while credit business was not allowed. These impediments of CCA and the government’s protectionist policy on commerce had a long-standing effect on the evolution of Seikyo. The small retailers’ associations had succeeded in enacting the protectionist legislation, such as the Department Stores Act of 1956 and the Large-scale Retail Stores Act in 1973, to regulate the selling areas, operation dates, and hours of large retail stores and provide for detailed procedures of adjustment among competing

interests. They organized anti-Seikyo campaigns requesting Seikyo to comply with the regulation of complete banning of non-member trade in the 1950s that culminated in 1959 with the Ministry of International Trade and Industry (MITI) and Japan Chamber of Commerce and Industry being involved.

Accordingly, special commercial legislation was enacted to place stricter regulations on non-member trade, resulting in provisions in the amended CCA. From time to time the anti-Seikyo campaign was organized until 1986, when the government's stance changed from protectionist to pro-competition, partly pushed by external pressure from the US. Consumer cooperatives, being worried by these campaigns, decided to involve all customers as members and ask members to invest in them. As a result, they grew both in membership and share capital and built autonomous organizations based on strong member participation (Kurimoto, 2017).¹² It meant that the Japanese cooperative movement was able to turn a disadvantage into a strength, thus outwitting the restrictions imposed by the law.

2.2 *South Korea*

South Korea has followed the Japanese export-driven industrialization pattern under President Park Chung-hee, who came to power by military coup and ran an authoritarian government since 1960, in particular, after the treaty on basic relations between Japan and the Republic of Korea was concluded in 1965, and accomplished “Han River’s Miracle” through promoting the conglomerates called *Chaebol* that dominated a large section of industries. The so-called “compressed modernity”¹³ elevated the country to the 14th largest economy (in terms of the GDP) in 2023, while the resulting social cleavage created the ground for the development of consumer cooperatives and the social and solidarity economy (SSE).

Korea had followed the tributary system of China for centuries while it was involved in the geopolitical power game among China, Russia, and Japan seeking hegemony over the Korean Peninsula by the end of the 19th century. Korea was colonized by Japan during 1910–1945, while the post-1945 political divide brought the Korean War in 1950–1953 and the Cold War, resulting in the division of the state. In South Korea, farmers were interested in agrarian reform and organizing cooperatives while the Ministry of Agriculture appointed guiding staff to help farmers enhance productivity in each village during 1952–1956. In 1956, the Agricultural Bank was set up as an ordinary bank (a joint stock company) based on the Banking Act and succeeded the assets of financial institutions set up in the Japanese colonial period.

The government enacted the Agricultural Bank Act and the ACA in 1957. The National Agricultural Cooperative Federation (NACF) was set up and was merged with the Agricultural Bank by the resolution of President Park’s government in 1961, while these two laws were in 1964, thus making them solely financial institutions. This law allowed multipurpose businesses and non-member trade. The government decided to shift all financial businesses in rural areas to county-level federations of NHs in 1964, thus making them solely financial institutions.

Thanks to the five-year drive for increasing deposits since 1965, the NH’s financial position was largely improved. NACF took part in the *Saemaul* movement

and set up a training center for the latter's leadership development.¹⁴ The amended ACA in 1981 changed the 3-tier structure to a 2-tier structure by merging city/county federations with NACF. The Special Act concerning Election and Dismissal of NH's Presidents was abolished in 1988, while the direct election system was introduced by the revised ACA. The Ministry of Agriculture's *ex ante* approval for NACF's business plan and budget was replaced by *ex post* reporting. When South Korea faced the rigid control of the International Monetary Fund (IMF) to cope with the Asian financial crisis in 1997, NHs were also requested to make structural changes (Hwang, 2015).

The ministry amended the ACA to allow merging agricultural cooperative federations in 1999, and NACF was merged with national federations of livestock and ginseng cooperatives in 2000. NACF created the depositor protection fund for members' mutual finance under the Structural Change of Agricultural Cooperatives Act of 2001. Facing the Lehman shock, the national parliament set up the committee for NH reforms in 2008, focusing on the separation of NACF's economic and financial businesses and its governance. Accordingly, the ACA was amended to create holding companies for agribusiness and financial business in 2011. To facilitate such a transformation, the government modified the tax law, exempting NACF from paying the tax that might be otherwise required, and supported it with a subsidy of KRW 5 trillion (USD 3.5 billion) as equity. Thus, the legal framework of Korean agricultural cooperatives was characterized by the government's top-down approaches (Hwang, 2015).

The Korean Consumer Cooperatives Act of 1999 had not just followed the Japanese CCA in the provisions of a total ban of non-member trade but also limited the range of products to eco-friendly products and removed the provision to form consortia/federations under pressure from small businesses. The amended Act of 2010 expanded the range of products to meet members' needs, including mutual insurance, and facilitated the formation of consortia and federations while it shifted supervisory agency to the Fair Trade Commission. However, the mutual insurance business is still pending because of pressure from the industry, despite legal provisions and a court judgement. Thus, Korean consumer cooperatives are also hampered by political pressures.

Korean cooperative laws have been separated by industries: eight cooperative laws are supervised by eight ministries (Jang, 2013). However, the Framework Act on Cooperatives (FAC) of 2012 was enacted with unanimous support after three bills of the conservative party, the progressive party, and the cooperative group were merged into a single bill. FAC states its legislative purpose: "to facilitate independent, self-supportive, and autonomous activities of cooperatives, so as to contribute to social integration and balanced development of the national economy by providing for basic matters regarding the establishment and operation of cooperatives" (Jang, 2013). FAC is composed of three parts: provisions for overall principles, general cooperatives, and social cooperatives, while it is supervised by the Ministry of Economy and Finance (MOEF). More than 26,000 cooperatives were set up in the ten years between 2012 and 2022, demonstrating people's great expectation of cooperatives. According to the MOEF's survey in

2016, 44% of cooperatives in Seoul and Gyeonggi-do were established by small businesses, 23% by freelancers, and 19% by the rural population for community businesses (MOEF's survey).

3 **Chronology**

3.1 *Japan*

The industry-specific cooperative legal system had an enduring impact on the evolution of cooperatives. The provision on central unions as representative bodies was introduced to the ACA in 1954 at the level of the national union (JA Zenchu) and at the level of the prefectural unions (JA Kenchu) as representing/coordinating bodies of JAs. They have been exclusively designated by competent national/prefectural governments and have compulsory membership of all JAs and their federations. JA Zenchu could publish model bylaws that bound outsiders as well and conduct compulsory auditing of JAs. Kenchu could furthermore coordinate territorially within a prefecture, aiming to avoid overlapping of JAs' operating areas when new cooperatives were to be established.¹⁵

JA group initiated a movement for building new villages in 1956, while it became the largest pressure group requesting a higher price for rice producers. It promoted the structural change of agriculture in line with government policies and created a large-scale concentration of vegetable/fruit production in some areas while helping dairy/livestock farmers to scale their operations (Otawara, 2014).

JA's economic and financial businesses expanded rapidly in tandem with overall economic growth. The Act to Promote Mergers of JAs in 1961 spurred JAs to expand their scope across many sectors. However, the overproduction of rice caused great concern because of piling deficits in the Foodstuff Control Special Account that filled the gap between producer and consumer prices. JAs collaborated to constrain production to implement the government's set-aside policy since 1970 (Otawara, 2014). In this process, many farmers found employment in factories in towns while leaving farm operations to wives and parents to raise family income as a whole, while full-time farmers were replaced by part-time farmers and associate members. With the hierarchical decomposition and the feminization of agriculture, farmers' interests became more heterogeneous, posing challenges to the business model that was originally built on a homogenous membership structure.

The liberalization of commodities trade and the deregulation in agricultural policies had grave impacts on JAs' management; Japan had to open the market in beef and orange trade while accepting the Agreement on the GATT Uruguay Round in 1993, obligating a minimum access of foreign rice and the reduction of domestic support by 20% in six years. In 1991, JA Zenchu decided to shift to a two-tier system by merging prefectural federations to national ones (Zen-noh, Zenkyoren, and Nochu). JA group was caught by the financial crisis after the burst of the housing loan (*Jusen*) bubble economy and had to ask the government for a public bailout. It was heavily criticized by the media since other banks paid enormous amounts

of money to offset the huge amount of accumulated bad debts in their subsidiary *Jusen* (Otagawa).

The JA Bank Act was enacted in 1996 to intensify monitoring of banking business of JAs at primary and secondary levels, while introducing the safety net for depositors and a mutual support fund to prepare for insolvency. These events changed the government stance on JA group, and the Abe administration imposed the top-down “JA reform”, resulting in amendment of the ACA in 2015. Otagawa called this specific pattern “institutionalized JA” with features of *de facto* universal membership embracing all farmers, the hierarchical 3-tier *keitou* system, and multipurpose cooperatives, but admitted it was breaking down by 2014 (Otagawa, 2014).¹⁶

Japanese consumer cooperatives (*Seikyo*) have grown from grass-roots consumer groups since 1945. After WWII, people started to form small buying clubs at communities and workplaces to cope with hunger and hyperinflation. These mushroomed to more than 6,000 in 1947 but soon shrank when the rationing system started. Then, labor-oriented cooperatives were set up in collaboration with trade unions in the 1950s. Labor banks and insurance cooperatives for workers rapidly expanded and thrived up to the present, while *chiiki kinrosha seikyo* (worker-owned cooperatives operating shops in communities) set up as consumer cooperatives by workers’ unions could not continue to grow since they lacked members’ loyalty and skilled managers. Tsuruoka Co-op invented organizing *Han* groups of several members in the neighborhood in 1955.

Housewives organized buying clubs to buy unadulterated milk and produce from reliable producers. They rejected the gimmick milk with color and flavor marketed by dairy companies and wished to rear children with “pure milk”. These groups have evolved into citizen cooperatives, often assisted by university co-op managers and employees since 1965.¹⁷ The Seikatsu Club co-op was also set up in Tokyo in 1965. These *Seikyo* have grown rapidly through home delivery to *Han* groups (joint buying). They became a champion of “safe and reliable products” that eliminated chemicals in food (additives and insecticide residues). They tackled water pollution problems by developing biodegradable detergent with lesser impact on rivers and human skin. They achieved double-digit growth rates in the 1970s and 1980s through technological innovations in consumer ordering and payment systems. They also undertook *Sanchoku* to reinstate the trust on produce and mutual understanding.¹⁸

However, the growth rate slowed down in the 1990s due to the economic recession and changing consumer lifestyles. The Pal-system Federation¹⁹ introduced individual home delivery (*Kohai*) to cope with the difficulty in maintaining *Han* groups in 1990. In this process, the Japan-style consumer cooperatives emerged with three components: women as a driving force, home delivery as a business model, and a social movement dimension (Kurimoto, 2017).²⁰ They are federated from the bottom up, resulting in the existence of competing national federations with different strategies, such as Seikatsu Club Federation and Pal-System Federation. At the same time, prefecture-wide citizen cooperatives were created through mergers, while regional consortia were formed as federations to attain economy of

scale and avoid the regulation limiting operating areas in a prefecture since 1990 (Kurimoto, 2017). Seikyo has been a forerunner for ecological campaigns and eco-friendly products and renewable energy that were followed by competitors.

3.2 *South Korea*

In South Korea, NACF promoted the merger of primary NHs since the 1960s. NHs in five large cities set up joint marketing sections by 1962, while life insurance was added to the general insurance business of agricultural banks in 1965. NACF introduced mutual finance in 1969, aiming to reduce farmers' indebtedness who suffered from high interest rates charged by money lenders. NACF started a supply business providing agricultural inputs and daily necessities in 1970, while NHs in Seoul and other large cities launched a chain of large-scale supermarkets (later known as Hanaro Mart) in the 1970s. There was a movement by the Catholic and other farmers' unions seeking to democratize NHs that set up National Federations in 1990, but this movement lost momentum in the 2010s (Kim, 2024).

NACF set up its subsidiary for foreign trade (NH Trade Inc.) in 1990, while the government pushed NACF to be actively involved in supply and marketing businesses. NACF organized the campaign against trade liberalization in 1991 and collected 13 million signatures in 43 days. NACF merged with the national federations of livestock and ginseng cooperatives in 2000. The international financial crisis after the Lehman shock deteriorated the position of NHs' banking business. To improve their profitability, NACF was reorganized by setting up the NH holding companies, NH Financial Group and NH Agribusiness Group, in 2012 (Hwang, 2015).

Korean consumer cooperatives started growing in the late 1980s to support producers' economic activities and provide consumers with eco-friendly products at affordable prices in the wake of political democratization (CCIJ, 2018). They were often set up by the activists of civic organizations, including trade unions, student unions, and farmers groups. They officially adopted the term "Saenghyup", derived from the Japanese Seikyo, and pursued a new identity for ethical consumerism (Kim, 2017; Jang, 2024). They organized themselves in four national federations and one university cooperative federation. In 1986, Wonju Hansalim was established, while Anyang Consumer Co-op began to operate home delivery, following the Japanese model.

Hansalim group was founded in 1989 by the Catholic organic farmers to run farmer's markets for eco-friendly produce and processed food. They have pursued direct transactions between producers and consumers, running both small stores and home delivery. Happycoop group was set up by the Women's Union in 1989 and organized a producer group as well. Dure Co-op group started operation among cooperatives in the Metropolitan area in 1997 and promoted fair trade with banana producers in the Philippines. iCOOP group was set up in 1998 and grew to be the largest one with an annual turnover of USD 451 million. It introduced a members' dues system to cover its costs, where members can buy products at cost (direct charge cooperative system) while it has been active in enacting FAC and promoting

the SSE.²¹ These cooperatives have maintained communication and exchange with their Japanese counterparts.²²

4 Comparing structures

4.1 Japan

In Japan, JA group is characterized by its pyramidal structure, given its top-down formation. The national federations, prefectural federations, and primary JAs correspond to the national, prefectural, and municipal governments. Multi-purpose cooperatives with marketing/supply, banks/insurance, farm guidance, healthcare/eldercare, and so on are the dominant form, while specialized cooperatives are active in areas such as dairy, livestock, fruit, flowers, and so on. JA group can be described in a matrix of operating areas and types of businesses (Figure 12.1). JA Zenchu decided to change from a 3-tier to a 2-tier system in 1991, but the extent of vertical integration varied by sector. All the prefectural insurance businesses were integrated in Zenkyoren (JA's national federation of insurance businesses) in 2000, while 15 prefectural credit cooperative federations joined Nochu (Norinchukin Bank). Zen-noh integrated 32 prefectural supply/marketing cooperative federations, while nine federations and six prefectural-wide JAs operate independently.

JCCU also has a three-tier structure: primary, prefectural, and national. The prefectural cooperative unions represent Seikyo of all kinds, while consumer cooperative consortia operate at the regional level to attain economies of scale in procuring products and developing their own brand/logistics system (Figure 12.2).

In contrast to JA group, consumer cooperatives consist of several streams reflecting different associational and business strategies. Three streams of Seikyo coexist and compete to gain support of consumers. The mainstream group consists of regional consortia throughout the country and mega-cooperatives in greater Tokyo, Hokkaido, and Kobe/Osaka representing 90% of the turnover. They seek to organize the buying power of the majority of consumers to compete with mega-retailers through store operations and home delivery. Meanwhile, Seikatsu Club group consists of smaller cooperatives in 22 prefectures, mainly in the Kanto region, and

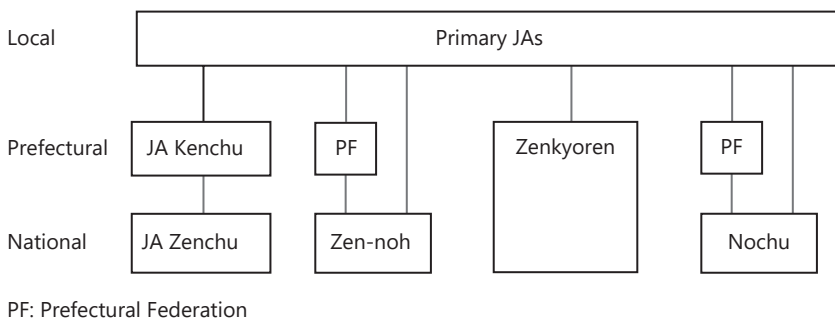


Figure 12.1 Structure of JA group.

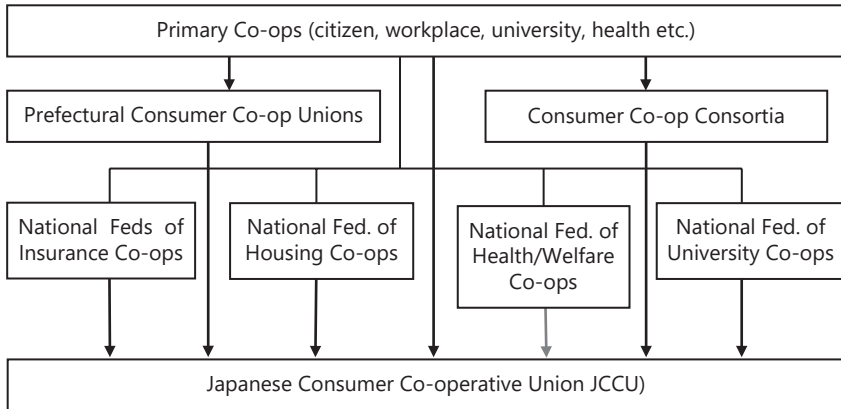


Figure 12.2 Structure of JCCU.

has an alliance with Green Co-op group operating mainly in the Kyushu region. They operate mainly through home delivery and emphasize the social movement dimension over business. Lastly, Pal-system group is made up of 13 medium-sized cooperatives and operates home delivery mainly in the Kanto region. They pursue the middle path, exploiting best practices in other streams. They share the common features of the Japan-style consumer cooperatives with different emphases. Japanese Consumer Cooperative Union (JCCU) represents all types of Seikyo, but Pal-system and Seikaysu Club/Green Co-op groups have their own national federations of retail and insurance businesses.

4.2 *South Korea*

NH group changed the 3-tier structure at the village, city/county, and national levels (primary cooperatives, local federations, and NACF) to a 2-tier structure consisting of primary cooperatives and NACF in 1981. It was reorganized by setting up two holding companies, namely the NH Financial Holding and the NH Agribusiness Holding, to which NACF's subsidiary companies belong since 2012 (Figure 12.3). The companies in the Financial Holding are profit centers and pay 2.5% of turnover to NACF. The NH bank is open to non-members as a normal bank, while NHs run a mutual bank function dealing with members' deposits and loans. This function is coordinated by the mutual bank headquarters of NACF.

Like Japan, South Korea has four streams competing to gain consumer patronage: Hansalim group, Happycoop group, Dure group, and iCOOP group. They have different origins, membership compositions, and business strategies, while they exhibit some common features such as promoting eco-friendly products, associated producers, social movement dimensions, and so on, but the liaison among them is generally weak. Happycoop originated from a feminist group and had sistership relations²³ with the Japanese Seikatsu Club and the Homemakers Union Consumer Cooperative (HUCC) in Taiwan since 1999 but recently announced bankruptcy.

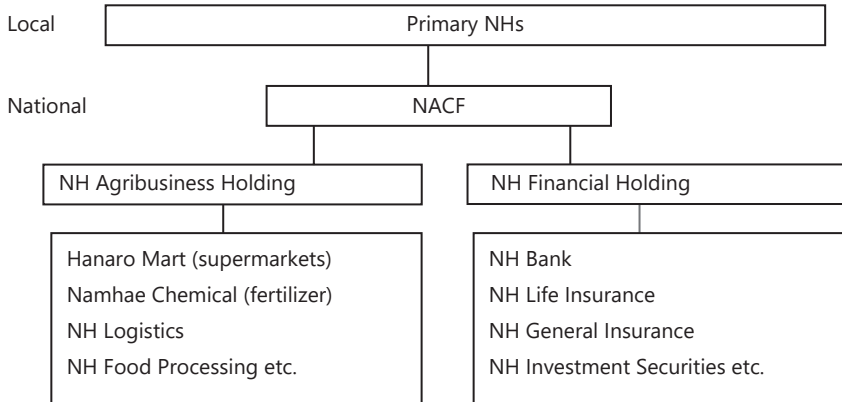


Figure 12.3 Structure of NH group.

5 Impact and challenges

5.1 Japan

JA group became the largest agribusiness in Japan, controlling more than half of the distribution of agricultural products and operates one of the major banks and insurance companies. It has exercised a strong influence in determining public policy on agriculture as a powerful pressure group. However, its position slowly weakened in tandem with the decreasing share of agriculture in the GDP (from 9% in 1960 to 1% in 2010) and declining farming population, which are common features in the industrialized economies (Yamashita, 2010). JAs are also concerned about the fact of associate members outnumbering full members since 2009. The JA's multipurpose businesses have faced the impact of intensified competition as a result of globalization and deregulation (Otawara, 2014).

The deficits in the JA's supply and marketing businesses have been offset by the surpluses of their banking and insurance businesses for decades. Nochu, for example, has created wealth by investing in US Treasury Bonds and FNMA/FHLMC securities like a hedge fund to help deficit-ridden JAs with its returns. It suffered a setback due to the Lehman shock in 2008 and had to ask JAs to raise share capital to maintain its equity ratio that was requested by the Bank of International Settlements. It also publicized the enormous loss as a result of restructuring its financial portfolio to cope with the changes in the US security market in 2024. Zenkyoren pushed JAs to sell its insurance policies, which resulted in inappropriate contracting schemes. JAs could not stop the ministry from issuing an intensified supervising guideline in 2024. Therefore, a large number of JAs are expected to incur losses. They have resisted trade liberalization through the GATT Uruguay Round to protect domestic agriculture and played a pivotal role in campaigns against the Trans-Pacific Partnership (TPP).

To dampen JA's political power, the LDP government imposed the top-down reforms through the amended ACA in 2015. The JA Zenchu was deprived of its

special status as a designated entity and its function of compulsory auditing of JAs while provisions for demutualization were added. JAs were also threatened by the proposal of limiting associate members' trade to 50% of turnover. Thus, the traditional Japanese-style industrial triangle is displaying cracks.

Seikyō group has grown to be the third-largest retailer in Japan after Seven & I Group (mainly convenience stores) and Aeon Group (shopping malls, etc.). It has made a number of innovations, both in organizational and entrepreneurial aspects: the invention of *Han* neighborhood groups for communication with members, listening to members' voices to improve cooperative governance and operations, home delivery to *Han* groups and individual members, user-friendly ordering systems through optical character readers/the Internet and semi-automatic warehouses, initiatives for circular economy, and so on (Kurimoto, 2017, 2024).

Seikyō group has no political leverage over the government,²⁴ while it has exercised strong influence on consumer legislation since 2000.²⁵ Its reputation as a champion of "safe and reliable" products was severely damaged in the 2000s, when some cooperatives and consortia faced problems like disguised labeling and poisoning in the food supply chain. The food poisoning caused by lethal pesticide contained in co-op brand's frozen dumpling made in China threatened the lives of ten people in 2007–2008. Cooperatives responded to these events by overhauling the product policy and the whole process of product development to reinstate the integrity and safety. Cooperatives fared better in the COVID-19 crisis, responding to the suddenly increased demands, but they cannot escape from stiffer competition due to liberalization or new entrants. They also face challenges to cope with depopulating and aging communities.

5.2 *South Korea*

NACF is the largest agribusiness and one of the major banks in Korea. NH group was ranked No. 4 in the World Cooperative Monitor 2023 and is active in international development.²⁶ It faces challenges of globalization, deregulation, a shrinking and aging population, and deteriorating local economies, which are shared also with JA group in Japan. Its financial business faces competition with traditional peers and newcomers from the high-tech sector, while its supply and marketing business needs to be strengthened.

iCOOP group is still small in membership and turnover compared with NH group or Seikyō but demonstrated influence in enacting the FAC and promoting the SSE in Korea. It initiated innovations such as the introduction of a membership dues system, product certification systems, and the construction of eco-friendly clusters ("Dream Parks") with the industrial plants of co-op brand groceries, distribution centers, and facilities for members' learning and staying (Jang, 2024).

6 *Conclusion*

This chapter discussed the cooperative movements of Japan and South Korea, comparing them using a political economy lens according to the developmental state

perspective. It compared the institutional framework, history, structure, impact, and challenges of agricultural and consumer cooperatives in the two countries to understand the reasons why cooperatives in the two countries followed different trajectories.

As demonstrated in this chapter, Japanese and South Korean agricultural cooperatives have worked as an agent to implement public policy on food and agriculture under developmentalist governments. JA group has faced changing government stances over the decades, while NH group has been consistently more directly controlled. In contrast, Japanese consumer cooperatives have developed from the grassroots as champions of food safety and are widely recognized as a forerunner of the circular economy over the past 60 years, while their Korean counterparts have exhibited leadership in these areas after the democratization while promoting FAC and SSE these decades.

There are some similarities and differences in the cooperatives of both countries. Agricultural cooperatives share the problems associated with shrinking agriculture in both manpower and output, lowering food sufficiency rate, and more heterogeneous interests of farmers, but NH group looks more business-like, for instance, introducing a holding company structure for agribusiness and financial business, while JA group opposes the demutualization of national federations for these businesses.

Consumer cooperatives share the grass-roots origins and unfavorable legislation, while the size of the membership and turnover largely differ. The scope of this chapter is limited to the Japanese and South Korean cases, but such a perspective can be extended to compare other countries like China, Taiwan, and Mongolia, where distinguished types of cooperatives have emerged in recent decades.

Notes

- 1 Japan is well-known as a state-led capitalism. Germany is pursuing “Industry 4.0”, while Chinese “Made in China 2025” is often seen as a threat to the Western economies.
- 2 Ha-Joon Chang, *Kicking Away the Ladder*, 2002.
- 3 Andrew Gordon, *A Modern History of Japan: From Tokugawa Times to the Present*, Oxford UP, 2008.
- 4 The occupation force maintained the bureaucracy system while transforming the Prussian-type absolute monarchy system to the symbolic monarchy to ensure the smooth transition to a democratic state.
- 5 *The Role of Government in East Asian Economic Development: Comparative Institutional Analysis*, Masahiko Aoki with Hyung-Ki Kim and Masahiro Okuno-Fujiwara (Oxford University Press, 1997).
- 6 Foodstuff Control Act of 1942 regulated the domestic distribution and foreign trade of staple food as a part of the national mobilization scheme aiming to stabilize the quantity/price of rice. It placed the production, distribution, and consumption of food under the rigid control that facilitated the rationing system during and after the war and decided the distribution channels and the producer/consumer price of rice. It gave the contrasting effects to cooperatives; JAs enjoyed a monopoly of collecting rice while Seikyo was deprived of a license to retail rice. It was replaced by the Staple Food Act in 1995 to liberalize the regulations.
- 7 There were some controversies on the nature of agricultural co-ops between the GHQ and the MAFF, resulting in the compromised regulations including localized norms.

- 8 This threshold is 25% for the banking business.
- 9 The Banking Act allows no entities to operate both banking and other businesses except for JAs. This fact has been repeatedly criticized by other industries.
- 10 CCA has a provision to prohibit the utilization of consumer co-ops for any particular political parties.
- 11 Thereafter, more than ten cooperative laws regulate specific types of co-ops to be supervised by different competent ministries. Such fragmented legislation has hampered the formation of a shared cooperative identity and collaboration among co-ops.
- 12 JCCU started efforts to remove these impediments when the Act was passed while it organized “Co-op Months (October and November)” as a campaign to recruit new members, give their patronage to cooperative shops and buy more share capital.
- 13 Chang Kyung-Sup, *The Logic of Compressed Modernity*, Polity, 2022.
- 14 President Park initiated the Saemaul (new village) movement seeking to modernize agriculture and rural areas. It was deployed nationwide since 1971, while the Saemaul Bank Federation was founded in 1973.
- 15 Such controlling functions were abandoned by the amended ACA in 2015.
- 16 Otawara identified three systems conducive to stabilize JA’s businesses: the foodstuff control system ensuring the monopoly in handling of rice, the industrial convoy system for banking/insurance businesses, and the rehabilitation/consolidation system for stabilizing financial position.
- 17 Hokkaido University Co-op helped to set up Co-op Sapporo, while Doshisha University Co-op assisted to set up Kyoto Co-op. Some university cooperatives in greater Tokyo area worked together to set up Saitama Co-op.
- 18 It literally means the direct transaction between consumers and producers with principles of identified producers, identified production methods, and communications between them. See Chapter 13.
- 19 Metropolitan Consumer Co-op Federation was set up by the smaller co-ops in the Kanto region in 1990 and later renamed Pal-system Federation.
- 20 They often involved themselves in consumer and ecological movements and even peace campaigns.
- 21 iCOOP group joined to form the Global Social Economy Forum (GSEF) when it co-hosted the first conference in Seoul in 2013. Now, South Korea is seen as a focal country of SSE in Asia.
- 22 Happycoop joins the Asian Women’s Forum, which has been around since 1999, to collaborate with Seikatsu Club Co-op and Homemakers Union Consumer Co-op (HUCC) in Taiwan.
- 23 Since these three cooperatives share a common feature of women-driven entities.
- 24 JCCU maintains a nonpartisan stance on party politics that is demonstrated by the presence of all parties’ leaders from the right to the left. It keeps regular contact with all parties.
- 25 JCCU has sponsored the consumer networks such as the National Liaison Committee of Consumer Bodies (*Shodanren*), the Consumer Organizations of Japan (COJ), and the Consumer Smile Fund. Seikyo gave impact to such laws as the Food Sanitation Act, Product Liability Act, Consumer Contract Act, and so on.
- 26 NACF included the banking and insurance businesses, not in line with the WCM’s methodology, while JA group is much bigger in both economic and financial businesses. It seconded regional directors for the ICA Asia Pacific in the 2000s.

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Part 3

Sectoral perspectives



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13 Consumer cooperatives' contribution to the circular economy

The Japanese case

Akira Kurimoto

1 Introduction

The Ellen MacArthur Foundation defines circular economy in its *Finding a common language—the circular economy glossary* as

[a] systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution [...] based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature. It is underpinned by a transition to renewable energy and materials. Transitioning to a circular economy entails decoupling economic activity from the consumption of finite resources. This represents a systemic shift that builds long-term resilience, generates business and economic opportunities, and provides environmental and societal benefits.

Few concepts in sustainability have been as popular and influential as that of the circular economy. Circular resource use is one of several responses to the unsustainability of current resource use—a key problem in sustainable development. The circular economy promises to combine aspects of both the economic system and the ecological system that provides the physical limits of economic activity. The term “circular economy” partly overlaps with the concepts of social common capital, sharing economy, green economy, or local self-sufficiency. The theoretical foundation of a circular economy is concerned with strategies throughout the entire supply chain. This is opposing the linear economy, in which raw materials are procured, products are mass-produced, then mass-distributed, mass-consumed, and disposed of.

The 3Rs (reduce, reuse, and recycle) are considered at the product design stage, and efforts are made to actively choose environmentally friendly materials such as papers and to eliminate resources that would otherwise be transformed into waste. The circular economy is a relatively new concept, and the International Organization for Standardization (ISO) began to develop the international standards for it (ISO/TC323) in 2018. The European Union has taken initiatives to promote it by publishing the Circular Economy Package in 2015 and the Circular Economy

Action Plan in 2020, seeking to establish a *de facto* standard that can work as its competitive edge in the world economy.

Figge et al. (2023) proposed to bring three approaches of operational eco-efficiency, circular economy, and sufficiency together in one coherent model to show that, individually, each approach can reduce the use of natural resources to a sustainable level, indicating how various effects arise as a direct result of combining approaches, i.e. one approach affects another when executed in tandem.

Ziegler et al. (2023a) ask how circular economy strategies and business models resonate with cooperatives. The research is based on an exploratory database and survey of 165 cooperatives in Québec showing circularity to be anchored in the mutualization at the heart of the cooperative model, which emphasizes a shared taking of responsibility in response to needs. The survey shows that cooperatives contribute comprehensively to the circular economy, not just to downstream categories of recycling and revalorization but also to upstream categories of rethinking production and consumption, sharing, and durable use.

Ziegler (2023b) develops a theoretical proposition outlining how the social economy may embed circular economy approaches through (1) business models reflecting the needs and interests of their stakeholders and the primacy of social value creation; (2) production and consumption based on the notion of citizen involvement in the deliberation on, and revision of, regulations, policies, and strategies; (3) an approach to technology that seeks to empower technology users in production and consumption; and (4) the promotion of regional economies and circular value chains based on a sense of place. In reality, a variety of these actions are combined in different ways to attain the objective of a circular economy for sustainable development. Cooperatives have demonstrated that they can innovate toward best circular economy practices; however, they have the potential to make additional significant contributions through making full use of specific features deriving from their dual nature.

This chapter will focus on the relevance of consumer cooperatives for the implementation of circular economy strategies. It argues that cooperatives have the potential to contribute substantially to promote a circular economy if they make full use of their dual nature, combining the associational dimension as member activities and the enterprise dimension as a business. Following an explanation of the dual nature of cooperatives, it showcases the Japanese consumer cooperatives' initiatives in the fields of the food supply chains, practicing 3Rs (Reduce, Reuse, and Recycle), reporting, and network-building to promote the circular economy.

2 Dual nature of cooperatives and circular economy

A cooperative is defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (The Statement of the Cooperative Identity).¹ It encapsulates the dual nature of a cooperative as an association

and an enterprise (Novkovic et al., 2022). The author takes the dual nature as a starting point when we discuss the cooperative relevance to the circular economy.

Initially cooperatives focused on the protection of the economic interests of members, but subsequently needed to address social purposes as well; consumers needed safe and reliable products at low prices, producers needed to market their qualified products at appropriate prices, and workers needed a decent job with decent income. Thus, they sought to meet both the economic and social interests from their inception. Since the 1980s, cooperatives have also embraced ecological factors in their business operations according to environmental protection regulations. In particular, European consumer co-operatives played a leading role in this regard but were soon joined (and frequently outdone) by private sector competitors in many aspects.

Japanese consumer cooperatives, or “citizen co-ops”, derived from housewives’ joining in buying clubs since 1965 in order to obtain unadulterated milk from reliable dairy farmers. The cooperatives have since tackled problems associated with water and air pollution through informing consumer members about the cause and alternative products such as biodegradable detergent in the 1970s (Kurimoto, 2017). They embraced ecological considerations in business operations, often learning from their European peers, but also pioneered promotional campaigns for members to learn about more sustainable lifestyles, protection of the natural environment through recycling paper/bottles, and, since 1990, monitoring acid rain.

Since a majority of members are women, mothers often involved their children in learning about environmental issues and activities such as mapping of natural life in brooks or paddies and cleaning up on shores and rivers (Kurimoto, 2017). They have sought to combine members’ activities with business operations to attain the Sustainable Development Goals, thus making use of their dual nature as being both associations and enterprises. It is important to note that cooperative initiatives were most effective when they were combined with members’ activities based on consumers’ understanding of why and how they should pursue environmentally sustainable behavior.

3 Creating sustainable food supply chain to promote a circular economy

A business model of value creation, called *Sanchoku* (direct transaction with producers) or *Chisan Chisho* (local production for local consumption), is one of the initiatives of Japanese consumer cooperatives involving both business operations and member activities. With the development of a market economy, the food chain from production to distribution, consumption, and disposal of food products has become intertwined with the involvement of intermediaries such as buyers, wholesale markets, processors, retailers, and restaurants, and the distance from farm to table has widened. While these developments have expanded the range of consumer choice, consumers have become indifferent to the realities and problems of

food production, while producers have become unable to understand the needs and wishes of end consumers, and the gap between the two has widened.

In an attempt to bridge this gap, some cooperatives started *Sanchoku* with producer groups in the 1970s to ensure safety and reliability of food quality based on contracts that included compulsory record-keeping of details about cultivating/feeding methods and use of chemicals (pesticides, compound fertilizers) or drugs (antibiotics, hormones). *Sanchoku* had as a motto “produce with the producer’s face on it,” and the product range expanded to include vegetables, fruits, rice, meat, and seafood (Ada, 1996).

Consumers often visited farms to see firsthand the production sites and gain knowledge, while producers joined in *Sanchoku* partner’s councils to promote mutual learning and communication with consumers. Some cooperatives started to deliver “Green box” or “Seagal box” to package the assorted produce or fish of today’s harvest or catch at a fixed price. Later, agricultural cooperatives also began to participate in *Sanchoku*, and now even private sector supermarket chains emulate it².

Among these practices, three principles of *Sanchoku* were formulated as the basic rationale: (1) identification of producers, (2) identification of production methods, and (3) consumer-producer communication. Likewise, five *Sanchoku* standards were identified: (1) promote multi-faceted member participation based on their demands, (2) identify producers and production methods, (3) establish a recordkeeping and verification system, (4) build partnerships with producers based on independence and equality, (5) and promote sustainable production and environment-friendly business. Thus, *Sanchoku* was established as a business model of consumer–farmer partnership to reinstate trust and mutual understanding between them.

Sanchoku, however, has evolved since the 1990s in response to the ever-increasing competition and the growing size of consumer cooperatives. Its rationale and methods further diversified, partnering with agricultural cooperatives, networking with multiple production sites for procurement and securing of large volumes, emphasizing food safety and quality assurance, and showing concerns for the community. Originally, cooperatives placed the emphasis on eliminating middlemen or bypassing the wholesale market but soon faced problems of adjustment of supply and demand and finding acceptable prices that were the basic functions of the market mechanism. To solve this problem, *Sanchoku* has evolved to incorporate these intermediaries. The wholesale market was involved as a point of physical distribution and a buffer supplier in case of short supply. The price of *Sanchoku* produce tended to be higher than the conventional produce due to higher requirements of organic farming or less use of chemicals. So, the market price was used as a reference while the added costs were charged as a premium. Now *Sanchoku* faces the challenge of large-scale food processors, food businesses, and retailers that are making direct investments into farming and enclosing viable farmers by contracts of exclusive delivery. Another problem is that a very low percentage of farms are organic (around 0.5% of Japanese farmland in 2022), partly due to climatic difficulties and partly due to the reluctance

of farmers due to a shortage of manpower. So, now not only organic produce but also produce grown with lower usage of chemical fertilizer and agrichemicals is traded in *Sanchoku*. The government declared the target to increase organic farming to 25% by 2050, but its feasibility is questioned.

Since 1983, JCCU has carried out a quadrennial Survey of *Sanchoku* to evaluate their current status and analyze challenges to be solved. The 11th Survey from 2024 reported the following findings:³

- a Of the approximately 850 billion yen in total supply from the six fresh food sectors, the amount supplied by *Sanchoku* was JPY 275 billion, or 30%. The percentage ranges from eggs at 70.4%, rice at 55.6%, meat at 40.6%, fruit/vegetables at 31.8%, milk at 24.9%, and fisheries at 9.2%. In addition, approximately 70% of producer groups indicated that they would like to expand business with cooperatives in the future. The level of communication with producers differs depending on the cooperative and the person in charge, but the level of satisfaction with direct transactions is high, and *Sanchoku* is important for producer groups.
- b The percentage of co-ops that handled processed food made of *Sanchoku* produce was 62.1%, that reached JPY 24.1 billion in 2022, indicating which processed food was an important product. These products, such as ham/sausage, cooked meals, dairy products, cut/pickled vegetables, deep-frozen food, and so on, have grown rapidly to meet consumer demand for easy-to-cook/eat food items.
- c Regarding the status of environmentally friendly agriculture and fisheries, the percentage of organic and special cultivation products accounted for 9.7% of total turnover (33.1% in the case of rice). Many cooperatives were engaged in “providing opportunities for consumers to experience agriculture, livestock, and fisheries industries, such as harvesting”, and “holding study sessions to learn about domestic agriculture and local industries”. On the other hand, more than 80% of the producer groups made efforts to promote sustainable agriculture, indicating a high level of awareness.
- d It was confirmed that COVID-19 and the rising prices of production materials had had a serious impact on producer groups, since they found it difficult to pass on rising costs to the transaction price. Therefore, the response to soaring production material prices has become an urgent issue.

The 11th *Sanchoku* Survey report suggested setting up a *Sanchoku* platform for the creation of shared value (Wieland, 2025) by people who have a common goal of “sustainable food, agriculture and communities” to further develop *Sanchoku* (Figure 13.1). It is of utmost importance to strengthen partnerships with producers and promote collaboration with all stakeholders involved. This means that all parties, from producers to distribution, processing, and manufacturing entities, will work together to create a platform to design processes from production to consumption and aim to enhance the overall value of the product and move towards sustainable development.

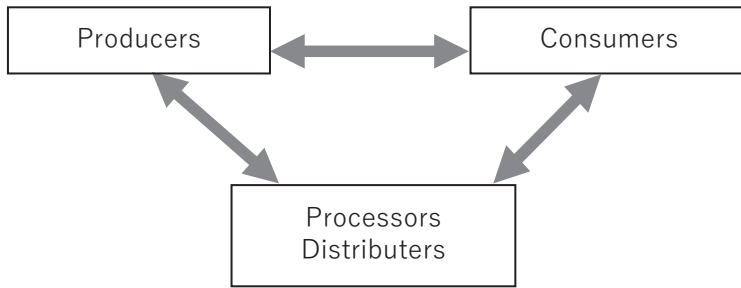


Figure 13.1 *Sanchoku* platform.

Chisan Chisho is a regional/territorial version of *Sanchoku* spreading throughout the country, where consumers buy produce delivered by nearby farmers. It seeks to circulate produce locally instead of buying it from remote wholesale markets located in large cities. It means a local circulation of food within regions by shortcutting the supply chain to reduce food mileage. In addition, agricultural cooperatives have promoted *Chokubaijo* (farmer's markets) where local farmers bring their produce and set the price at which they wish to sell, bringing back the unsold items. Such local food transactions have become known as community supported agriculture (CSA) or *Teikei* in other parts of the world. It is also comparable to the Local Exchange Trading System for regional circulation of currency. This also relates to self-sufficiency zones for food, energy, and caring in order to attain circularity in the local economy as proposed by Mr. Katsuto Uchihashi. This idea seeks to encourage local/territorial self-sufficiency, or the autarkie economy, but has not attracted wider attention due to farmers producing for national/global markets while consumers enjoy food from all over the world.⁴

Sanchoku constitutes an integral part of the cooperatives' overall trade in agricultural and marine products. It is often understood only in connection with organic agriculture, biomass utilization, and conservation of local commons (*Sato-umi/Sato-yama*), but its meaning is different. Although *Sanchoku* was established as a business model to encourage direct value circulation between production and consumption, the importance of the business model is becoming less significant as the number of partner farms has spread throughout Japan and some "international *Sanchoku*" have emerged along with the expansion of the co-op business.

Today, consumer cooperatives provide residents in depopulated areas with access to food by delivering products to areas where shopping is difficult (food deserts) and by supplying products through mobile vans (Kurimoto, 2024). In some cases, to supply products to members on remote islands, cooperatives transport products by ferry, and local members deliver the products door to door.

Co-op Sapporo⁵ supplies food and kerosene to consumers in all provinces through its stores, home delivery, mobile vans, free shopping buses, etc. In Yubari City, an aging co-op store was closed, while a larger and better-located

JA (Japanese Agricultural Cooperative, see Chapter 12) store was taken over and renovated by Co-op Sapporo. In some cases, female members of JA and consumer co-ops have collaborated to operate temporary stores in areas where shopping has become difficult due to the consolidation of JA branches. Here, JA Higashi Aichi, which offered the space of the former A-Coop supermarket free of charge, realized that the morning market improved access to indispensable food in the community and actively offered support for the use of the entire building. In response to this offer, the vacant space in the store was transformed into a salon, a meeting room, and other multi-functional facilities that serve as a hub for the community and was renamed “JA Plaza”. They invited JA’s mobile shops and the consumer cooperative’s home delivery service so that residents would not have difficulty in shopping.

Cooperatives have also donated food items to “food banks” to help children and needy people who find difficulty in getting enough nutrition. These food items cannot be sold as ordinary merchandise because of damage made to packages in the distribution process, or they are approaching their expiration date on shelves. Some cooperatives also support local temporary cafeterias for children by using foods donated to food banks or collected through “food drives” of unconsumed food from their members’ households. In this way, cooperatives have promoted the reduction of food waste and food loss in both businesses and members’ households.

4 Practicing 3Rs to change consumer behavior and business practice

Sustainable Development Goal 12 aims to encourage the patterns for responsible consumption and production. It calls for improving production and consumption to allow us to obtain more with fewer resources and better quality. To achieve this goal, it is essential to reduce the volume of waste in the production process and to encourage users to cooperate in reuse and recycling. From the viewpoints of consumer organizations and business entities, consumer cooperatives have been working on the 3Rs: Reduce (reducing the use of resources in manufacturing products and the generation of waste), Reuse (using containers repeatedly with refills), and Recycle (effectively using waste materials as raw materials and/or energy sources). All of them are unique in that they link consumer members’ learning and activities with efforts of the cooperative as a business (Table 13.1). Such a linkage has demonstrated the spillover effects in handling the finite resources.

As for reducing, the cooperative started the *My Bag* campaign in the 1990s through charging for plastic shopping bags in order to reduce their consumption and encouraged consumer members to bring their own shopping bags. It was possible only in cooperatives after consumer members were informed and understood why they needed to change their shopping habits. This practice was subsequently followed by competitors and finally led to the amended Containers/Packaging Recycling Act in 2006.

Table 13.1 Reduce, reuse, and recycle from consumer and business viewpoints

	<i>Consumer's Viewpoint</i>	<i>Business' Viewpoint</i>
Reduce	Use of <i>My Bag</i> and <i>My Bottle</i> . Picking from the first row (FIFO)	Reducing waste = reduced costs for waste collection and treatment. Selling product close to expiry at a cheaper price instead of wasting it.
Reuse	Use of returnable bottle Use of refill product	Save costs on the purchase of new bottles. Save costs on reduced waste collection.
Recycle	Sorting and collection of resource Participation in food banks/drives	Recycling resources (papers, plastic containers, cans, and so on) to save the cost of waste collection and fees. Composting food waste (potentially selling compost to farmers/gardeners) Selling recycled multi-use shopping bags

Co-op Kobe⁶ took an initiative in 2016 to reduce food loss by encouraging members to purchase products that were close to their expiration dates and has called for the proactive purchase of “discounted products” and products that are close to their expiration dates at the front of the product shelves as *Temaedori* in cooperation with Kobe City. This is an initiative in which consumers respond to the “first-in, first-out” (FIFO) as a method of product inventory management and was selected as one of the top ten new words and phrases for 2022 by *Kobe Shinbun NEXT* magazine (2023/1/5).

As for reuse, the JCCU promotes the development and use of refillable products to reuse containers. Seikatsu Club co-ops⁷ and Pal System co-ops⁸ promote the collection, cleaning, and reuse of glass milk bottles instead of the popular recycling of milk cartons. As for recycling, efforts to recycle plastic containers for fresh food packaging and product catalogs and order forms for home delivery are being made in most co-ops. The efforts to recycle used cooking oil from cooperative businesses and households as biofuel have been widely implemented (*Nanohana* Project). In addition, co-op Mirai⁹ has promoted an initiative of a food recycling loop, in which food waste generated from stores is converted into fertilizer, which is used by partner farmers, and the resulting agricultural products are sold by co-op. Thus, co-op's 3R activities are characterized by the linkage of consumer member activities, environmental education, and cooperative business, and can be evaluated as having a social impact. Co-op Sapporo has initiated member activities such as study groups to learn about the SDGs in all areas. This co-op also became the first food retailer to switch from opaque plastic bags for sanitary products to FSC-certified 100% recycled paper bags. In addition, in response to requests to learn more about the problems caused by plastic bottles/packages, a study meeting was held and followed by “*My Bottle Campaign*”. The business side followed up with member activities to encourage all consumers to change their behaviour. In 2019, a “My Eco Bottle Declaration” was adopted at an all-Hokkaido members' meeting and My Eco Bottle Action has been promoted since 2021. The priority was on tackling the problem of marine

plastic waste, with consumer members working on river and coastal cleanup activities from time to time.

The Eco-Centre was set up in 2008 to collect cardboard and milk cartons, weekly catalogues for home delivery, plastic bottles, steel/aluminum cans, used cooking oil, and other recyclable resources from business operations and households and sell them after intermediate treatment such as volume reduction and processing to biomass-based diesel oil. The amount collected has increased year by year and in 2020 reached 36,692 metric tons of recyclables, equivalent to reducing 22,782 tons of CO₂. The Eco Station in Eco-Center's premise acts as a hands-on facility to inform local residents and children about environmental issues.

The co-op is also promoting energy conservation and decarbonization in its operations, regularly monitoring energy consumption by sources. It has reduced CO₂ emission by 71% in 2023 compared to 2013 (the target is 50% by 2030). It started retail sales of renewable energy in 2016, aiming to promote the shift to renewable energy.¹⁰ The co-op also started to provide on-site power service (cogeneration) to the Co-op Foods factory in Ishikari (northern suburb of Sapporo) as a part of a contingency plan in the event of natural disasters.

5 Reporting sustainability and establishing a network for promoting it

Consumer cooperatives have started to put circularity into practice with their members' activities as well as day-to-day business operations since the 1970s and have accelerated these efforts since 1990. They have published environment/social reports in addition to financial statements, often learning from the Italian social balance-sheets and social audits (see the following chapter by Guerreschi et al.). JCCU has published social report since 2006 covering a wide range of topics: food safety and quality assurance, supporting health and child-raising, environment protection, community engagement, peace campaigns, and fund-raising for UNICEF.¹¹

Co-op Mirai launched the Sustainability Report in 2023, focusing on key issues aligned with SDGs: sustainable production and consumption (Goals 12, 14, 15), building communities to live with a sense of security (Goals 11, 1, 3, 4), creating a decent workplace (Goals 8, 5, 10), caring for the earth for 100 years to come (Goals 13, 7) and peaceful and healthy lives of people all over the world (Goals 16, 1, 2, 3, 4). It also provided a mapping of SDG-related initiatives in the food value chain from planning and procuring, production and processing, and distribution and retailing to consumption and recycling.

The Japanese government has recognized initiatives by consumer cooperatives. Pal-system Co-operative Federation was given the first Japan SDGs Award for promoting products and consumer behavior conducive to sustainability in 2017, while JCCU got the award for developing/supplying products that meet ethical consumption objectives and promoting the use of such products among consumer members through the affiliated cooperatives across the country in 2018.

In 2019, Co-op Sapporo established the Hokkaido SDGs Promotion Platform to encourage concrete actions for attaining SDGs in the province and serves as its secretariat, holding quarterly study meetings with influential political/economic players such as the City of Sapporo, Hokkaido Federation of Agricultural Cooperatives (Hokuren), Hokkaido Federation of Fishery Cooperatives (Dogyoren), Sapporo Breweries Ltd., Kao Corporation, Toppan Printing, and others. The results of these activities have been reported in the co-op's annual *SDGs Book* since 2021, a step up from the previous annual CSR Reports published since 2005.

6 Conclusion

This chapter used the context of Japanese consumer cooperatives to discuss cooperatives' potential to contribute to a circular economy understood as a form of environmental sustainability if they make full use of their dual nature, combining the associational and enterprise aspects. It explained the dual nature of a cooperative and showcased Japanese consumer cooperatives' initiatives in the fields of managing the food supply chain, practicing the 3Rs (Reduce, Reuse, and Recycle), reporting, and platform-building to promote the circular economy. The author argued Japanese-style consumer cooperatives have three features: active participation of women as a driving force, home delivery as a business model, and a social movement dimension (Kurimoto, 2017). Cooperative *Sanchoku* and activities for 3Rs are no doubt an integral part of this proposition.

The circular economy has substantial implications with regard to food security. Japan is known as a country with one of the lowest levels of self-sufficiency of food, having dropped from 80% in 1960 to only 38% in 2023 (based on caloric intake). This is a result of changing patterns of diet and food-related industries, while changes in public policy have also been responsible for declining agricultural production capacity, in particular the set-aside policy of rice aiming to reduce the public expenditure for filling the gap between producer price and consumer price since 1970.¹² Therefore, food security has become a priority on the political agenda. The circular economy can provide an important piece of the jigsaw puzzle of food security improvement. Agricultural cooperatives promote a nationwide campaign for "domestic production and consumption", and *Sanchoku* can therefore be seen as one of means to increase food security in Japan.

Notes

- 1 This was adopted as a universal statement by the International Cooperative Alliance (ICA) in 1995. It is composed of the definition, the values, and the principles of a cooperative.
- 2 Sanchoku attracted wider attention even overseas. It was practiced as *teikei* (linkage) in Switzerland, while it has resonance to the CSA in the United States.
- 3 The survey was conducted in May-July 2023, involving 58 of the largest co-ops and consortia, 133 producer groups, 6,274 co-op members, and 3,836 co-op employees.
- 4 The autarky economy in the socialist countries was a reaction to the containment policy by the Western powers, but these attempts largely failed in the USSR (socialism in

- one country) and North Korea (*juche* philosophy). China abandoned its self-sufficiency policy based on People's Communes in the 1970s and shifted to a market economy, making it the second largest economy in the world.
- 5 It was set up by citizens and Hokkaido University Co-op's employees in 1965 to combat the "Hokkaido price" that was higher than in other parts of the country due to the distant location. It became the second largest consumer co-op, with 1.9 million members covering every corner of the island.
 - 6 Co-op Kobe was set up in 1962 by the merger of Nada Co-op and Kobe Co-op, born in 1921. It had been the largest consumer co-op in Japan until 2013, but it is now ranked after Co-op Mirai and Co-op Sapporo.
 - 7 Seikatsu Club co-ops originated in Tokyo and Kanagawa in 1965. They formed a federation/consortium in 1990 that has been active in ecology and recognized itself as a social movement.
 - 8 Pal-system Co-op the federation was formed by smaller co-ops in the greater Tokyo area in 1990.
 - 9 Co-op Mirai was founded by the merger of three large co-ops in the greater Tokyo area, namely Co-op Tokyo, Saitama Co-op, and Chiba Co-op, in 2013. It is the largest consumer co-op, with 3.8 million members.
 - 10 It is run by Enecoop Co. Ltd., a subsidiary company that provides services for retailing electricity, LP gas, kerosene, and home devices and installing solar panels, running mega-solar, biogas, and cogeneration plants. It was set up in 2010, integrating energy-related businesses run by consumer co-ops in Hokkaido.
 - 11 Co-op members' fund for UNICEF exceeds JPY 10 billion since 1984. It means to be the largest fundraiser.
 - 12 The Foodstuff Control Act of 1942 was enacted to make a rigid government control on the production, distribution, and consumption of rice and other staple foods as a part of wartime legislation. It maintained the consumer price lower while it made the producer price higher, resulting in the enormous fiscal deficit to fill the gap by the tax. This act was deregulated to introduce a market mechanism step by step and finally replaced by the Staple Food Act in 1995.

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14 Corporate sustainability reporting in Italian supermarkets

A discourse comparative analysis of Coop, Conad, and Esselunga's (2023) sustainability reports

Asia Guerreschi, Roberto Mario De Stefano and Antonio López

1 Introduction

As pressure increases for firms to comply with the objectives set toward sustainable development, environmental, social, or more generally understood sustainability reporting is one way that companies can achieve public accountability (Meyer et al., 2001). Consumers are increasingly choosing to purchase more sustainable products (Fekete-Farkas, 2020); therefore, they are more likely to pay attention to firms' information about their sustainability progress.

Literature supports the conclusion that companies in the same industry must behave similarly to maintain competitiveness and avoid being perceived as inadequate. External stakeholders such as consumers, suppliers, and governments (Bansal & Roth, 2000) and the institutional context are recognized as drivers that can strongly influence a change in corporate strategies and related decision-making processes (Banerjee et al., 2019). In this regard, to comply with the objectives set towards sustainable development, organizations must carry out sustainability reporting (Battaglia et al., 2014). Sustainability reporting is understood as the measurement, disclosure, and accountability to internal and external stakeholders for organizational performance toward sustainable development (Seguí-mas et al., 2018). This concept should be distinguished from sustainability management, which concerns the integration of sustainability into business strategy and operations, going beyond mere communication and implementing practices to improve sustainability impacts, as argued by Williams et al. (2017) and Warren, (2024).

In recent years, sustainability has become a cornerstone of corporate strategy across all industries (Engert & Baumgartner, 2016). According to current literature, growing public awareness of the social and environmental impact of economic activities and the increasingly restrictive (and evolving) European regulatory (European Commission, 2023) framework have been the driving factors (Tettamanzi et al., 2024). The large-scale retail sector plays a key role (Engert & Baumgartner, 2016), both because of the scale of its operations and its ability to

influence consumer behavior and production chains. In this context, sustainability reporting is a fundamental tool for transparently reporting companies' environmental, social, and economic performance, promoting dialogue with stakeholders, and helping to strengthen trust and corporate reputation. Recognized and widely used standards such as the Global Reporting Initiative (GRI) highlight the importance of a structured and comparable approach based on principles of materiality, stakeholder inclusiveness, and completeness of information, as pointed out by Rajesh (2019). However, some authors (Ludwig et al., 2024) argue that sustainability communication is not a neutral process. In fact, it reflects the identity, governance model, and competitive strategies of companies, as well as being influenced by the institutional context and the expectations of civil society. Particularly, the literature reveals a significant lack of distinction between reporting on cooperative and non-cooperative companies. This topic offers an interesting starting point for investigating whether and how organizational structure and founding values translate into different sustainability narratives and practices.

This chapter aims to analyze, through a discourse analysis perspective (Fairclough, 1995), the 2023 sustainability reports of three of the leading large-scale Italian retail chains: Coop Alleanza 3.0 (hereafter Coop), Conad, and Esselunga. The objective is to explore how these companies, representative of different organizational models, construct and communicate their commitment to sustainability, potentially identifying issues they prioritize and the narrative strategies adopted to engage their stakeholders.

The relevance of this chapter is based on several elements that reflect both the Italian context and the global challenges of sustainability in the large-scale retail sector. Firstly, the cooperative world is historically and strategically central to the Italian economy (Poma, 2006), standing out for its ability to combine economic and social objectives and for its pioneering role in promoting sustainability and inclusion practices (Guerreschi & Zecca, 2025). Secondly, the presence of Esselunga, a major family-owned company, a type of business that is widespread in Italy (De Massis et al., 2015; De Massis et al., 2016; Vallone & Iannone, 2020), allows us to investigate the specificities and critical issues of "business as usual" companies, which represent the majority of the entrepreneurial fabric in Italy. The latter context is particularly favorable for a comparative investigation of organizational models in their specificities with reference to approaches to sustainable reporting and external communication. Finally, sustainability is now a cross-cutting issue involving different disciplines and literature requiring interdisciplinary approaches.

The adoption of a discourse analysis perspective allows us to go beyond a mere quantitative assessment of performance, enabling us to explore how companies construct and convey their identity, values, and priorities.

In particular, this chapter focuses on modernity narratives used as an analytical framework and a normative concept deeply intertwined with the spirit of philosophical and aesthetic modernism. In addition to political and intellectual movements rooted in the Enlightenment, reflecting the transformation of social relations brought about by the rise of capitalism and changes in societal attitudes linked to secularization, liberalization, modernization, and post-industrial life. More clearly,

as expressed by Powell (2014), “...the idea of modernity evokes the development of capitalism and industrialisation, as well as the establishment of nation states and the growth of regional disparities in the World system”. In particular, it aims to make a distinction about the way through narrative and text cooperative and non-cooperative enterprises describe their approaches to sustainability. While the theory about sustainability (specifically environmental) narratives is not new, authors such as Degyansky (2024) are approaching the conversation on how the cooperative world especially is investigating their (eco)sphere. The latter author’s connection explores how the cooperative movement can deepen its capacity for cooperation by reimagining how it thinks, acts, and relates to the world. They call for practices that position cooperatives as part of interconnected ecological and relational systems, rather than separate from them. Therefore it is imperative—as per this chapter—to understand how modernity (via the reporting communication vehicle) gives an insight into the mindframe set by these firms about their sustainability approaches, wondering if being a cooperative makes a difference. For instance, literature highlights how in cooperatives the governance structure prioritizes collective ownership and democratic management, while classic companies are primarily profit-oriented and driven by shareholder interests (Tortia, 2024). Should we assume then that if a company is profit-oriented (with policy pressures) it could not efficiently implement or communicate sustainable practices?

This chapter is structured with an introductory theoretical background, an explanation of the data collected, the methodology used, and final considerations.

2 Theoretical background

Corporate activity has a considerable impact on society and the environment, not only in the present but also upon the future (Aras & Crowther, 2009). There is international attention to the matter, as demonstrated by the OECD introduction of the *Principles of Corporate Governance* (1999) and *Guidelines for Multinational Enterprise* (Tully, 2001), similar to the European Union’s (EU) *Promoting a European Framework for Corporate Social Responsibility* (2001) and *Corporate Social Responsibility: A Business Contribution to Sustainable Development* (European Union, 2002). While we do not express a view on this possibility, we seek instead to show how the rhetoric of corporate activity, as manifested in the reporting of corporate activity in terms of sustainability, could be influenced by corporate structure and identity, such as those affirmed by cooperatives.

The pressure to present sustainability reports extends to all organizations regardless of their type, including the cooperative enterprise known to tackle the pressures on society (Bebbington et al., 2009). However, the presence of intrinsic values within cooperative models does not necessarily mean they can effortlessly navigate or sustain the transition toward greater sustainability.

As a business model, cooperatives (should) inherently embrace democratic principles and community-oriented values, prioritizing the fulfillment of social needs (Langmead & Webster, 2023). For example, as conventional business structures, producer cooperatives empower workers by turning them into self-structured

entrepreneurs (Thomas, 2004). This approach defies the notion that profitability and social responsibility are incompatible, demonstrating that these enterprises can thrive while staying true to their pro-social values (Monni & Bernardi, 2016). Thus, it could be expected that such objectives (whether achieved or not) are communicated.

We question if the perception of the cooperative's instinctive values and its history may affect our expectations about its adoption of an "eco-conscious" approach, rather than considering this pressure as a collective one facing all firms equally. If the former case proves true, it would emphasize the need for more in-depth research on the role of cooperatives in sustainability, including their alignment with innovative models such as the circular economy (CE) (Guerreschi & Diaz Lopez, 2023). In this regard, Exner and Raith (2024) emphasize how cooperative economic models and, more broadly, those related to the social economy, are increasingly popular in promoting systemic socio-ecological transformation (Konietzko et al., 2023). However, there is a lack of solid scientific evidence demonstrating that the social economy implies a superior environmental performance compared to conventional economies. Exner and Raith (2024) assert that this is due to an excessive focus on success stories in the literature, but there is a lack of contributions that critically analyze the role of cooperatives in promoting sustainability. The intrinsic characteristics of cooperatives, such as collaboration, orientation toward the common good, and the aptitude to consider non-extractive growth models in terms of resources (Kropfeld et al., 2024), suggest that cooperatives could be a flourishing field in which to apply the CE strategies (Tura et al., 2018). Some examples of cooperative CE strategies are found mostly downstream in the waste management sector for recycling and upcycling (Guerreschi & Diaz Lopez, 2023).

In examining sustainability reports in the GRI database—generally used for the disclosure of non-financial information—and those published by European Cooperative Banks, Seguí Mas et al. (2018) identified that banks were providing more attention to social concerns than to environmental ones. The latter reflection stems from a needed understanding of modernity and its relationship with external factors, such as nature, within the context of businesses. It questions the idea that cooperatives, because of their expected history, are not only meant to take on the responsibility of addressing society's needs but also that they are intrinsically successful in doing so. In reality, all types of businesses, regardless of their structure, are called upon to respond to social and environmental challenges. This call has now become a strategic and operational imperative, and in this regard, the ability to integrate sustainability into one's strategies is becoming central (Bansal & Roth, 2000).

Since both cooperatives and other businesses face similar difficulties when trying to operate in a competitive environment, whether natural or entrepreneurial, it is necessary to study and support all forms of enterprise, without forming assumptions based on historically constructed expectations. The barriers to cooperative startups are arguably not fundamentally different from other market imperfections, and it is becoming clear that well-designed and well-targeted public policies can enhance both democracy and efficiency within firms (Dow, 2024). Only through critical analysis and targeted support can businesses truly contribute to collective

well-being. There are authors such as Biggiero (2024) who debate that traditional corporations may be more cooperative than cooperatives, where influencing variables are several and diverse (e.g., leadership style, organizational attachment). Thus, the theory presented in this chapter aims to expand the understood perception of what a firm's legal type may signify in terms of differential sustainability outcomes.

Cooperatives face the challenge of market competitiveness, yet at the same time, they must ensure that their traditional values of mutuality and democracy are preserved. To achieve this balance, they must foster an open and participatory dialogue with employees and members rooted in more democratic communication and engagement practices (Battaglia et al., 2014). In this vein, non-financial reporting has been gradually adopted to accommodate a broader range of stakeholders (Skouloudis et al., 2010). Measuring and communicating sustainability aspects can facilitate this dialogue with shareholders and stakeholders while maintaining a focus on competitive factors (Alsaid et al., 2023).

As all firms share responsibility for sustainability, and with increasing policies and societal expectations, the pressure to perform grows. Furthermore, unlike “greenwashing”—where companies mislead stakeholders through false claims in response to environmental concerns (de Freitas et al., 2020)—this analysis focuses on potentially underlying the mindset driving an enterprise's approach to sustainability, and for this aim, we use concepts of modernity.

Modernity, as discussed by authors like Joshi (2012) and López (2021), refers to a specific way of organizing social, political, and economic life that emerged from the Enlightenment and the Industrial Revolution. This model is deeply rooted in Western rationality and the belief in science and technology as universal standards of progress. According to this perspective, societies or cultures that do not follow the path of industrialization and technological advancement are often seen as “failures” or “backward”, rather than as holders of different, equally valid values and ways of living (López, 2021, p. 62).

López (2021) highlights how modernity imposes a single model of reason and development, marginalizing alternative worldviews and reinforcing separations—such as those between humans and nature or between reason and emotion—that are not natural but historically constructed. This logic has shaped not only capitalist enterprises but also the cooperative movement, which, despite its intentions to promote collective well-being, often remains influenced by the same modernist assumptions (Degyansky, 2024). As a result, even efforts toward social and environmental responsibility risk reproducing the very divisions and hierarchies that modernity has established, rather than truly embracing more relational and ecological forms of cooperation.

Additionally, as previously underlined, since structural changes in the government/business relationship have reshaped public expectations about the role of business in addressing those challenges, business has become more strategic in how it approaches social, community, and environmental activities (Higgins & Coffey, 2016). Modernity is also used here as a discursive construct, connecting the ways in which firms communicate their sustainability achievements to alternative

modernities, such as resistance narratives that critique neoliberalism or emphasize environmental concerns.

As expressed by Guerreschi and Diaz Lopez (2024), these topics relate to firm positioning with respect to these societal pressures in terms of competition, market positioning, and consumer relationships that all firms, regardless of their type, should provide.

The cases under analysis, Coop, Esselunga, and Conad, were selected first and foremost for their great notoriety throughout Italy. Furthermore, according to research conducted,¹ the cases analyzed are the most well-established retailers in the large-scale distribution industry. Despite their importance, the selection is not random and respects the requirements of qualitative methodology, applying the multiple case study strategy, as suggested by Eisenhardt (1991). This strategy guarantees an in-depth analysis of the phenomena under investigation (Stake, 1995). Furthermore, we adopted the purposive sampling strategy as outlined by Patton (2002). We then chose to analyze the publicly available 2023 sustainability reports of these three Italian supermarket chains.

To facilitate stronger democratic and participatory decisions, improving business performance and stakeholder engagement, some sustainability assessment models have been implemented, such as ABC systems and dialogic approaches (Brown, 2009; Broccardo & Mauro, 2024). These tools support companies in integrating sustainability into their decision-making processes, promoting a more inclusive and sustainable approach (Maas et al., 2016). Therefore, Battaglia et al. (2014) emphasize how there is a virtuous cycle between the management and measurement of cooperative principles and the management and measurement of sustainability aspects in the cooperative world (Battaglia et al., 2014).

However, non-financial reporting has to date largely been a voluntary act; in this regard, the European Commission has initiated regulatory action to define a set of widely applicable corporate social responsibility (CSR) criteria, with the ultimate goal of implementing mandatory non-financial reporting in all European Union (EU) countries (Agostini et al., 2021; Costa & Agostini, 2016; Szadziwska et al., 2018). This directive has also been transposed by Italy via DLgs. 125/2024, published in the Official *Gazette* on 10 September 2024, aiming to strengthen non-financial reporting obligations by extending mandatory sustainability reporting to SMEs.

In addition to CSR, there are currently several methods to report sustainability, such as environmental, social, and governance (ESG), frequently providing specific standards or scores, as per the GRI, or voluntary-based certifications, such as the B Corp status. However, these ratings, such as those used to measure ESG, are not standardized (Dimson et al., 2020). Some countries even require these ratings to ensure increased transparency with external stakeholders (Nielsen & Thomsen, 2007). Although, as expressed, there is not a standardized form to report, concerns exist regarding the reported statements' validity. In 2013, 59% of the world's largest 250 companies had chosen to undertake independent assurance (potentially highlighting the underlying pressure on firms to make use of external and neutral auditing services to certify their statements in their reports). Sustainability reporting has been identified as a valuable way for managers to identify and address

diverse internal sustainability challenges (Farooq & De Villiers, 2019). While in the past the reporting was carried out mostly because of social pressures, the motivations that drive firms to report more recently are others, such as to improve competitiveness, accountability, or to augment social or political goals.

It is known that cooperatives should rely on mutual-benefit mechanisms to uphold members' participation rights, yet they face challenges from internal structures and external socio-economic dynamics. In specific contexts, such as in workers' cooperatives (Albanese, 2024), their participatory nature and governance structure make it easier to internalize external pressures—like environmental expectations. This is supported by Askildsen et al. (2005), who show that participatory decision-making can encourage environmental investment. However, this may not apply uniformly across all types of cooperatives (Guerreschi & Zecca, 2025). Thus, adopting an expanded view of governance highlights how strategic decisions are shaped by both internal bodies and the cooperative's broader production network (Sacchetti & Tortia, 2013) in a way that does not lead to Pareto-efficient outcomes.

Going more in-depth on how language can frame one's mindset, Fairclough's (1995, 2014) analytical framework provides for the fine-grained analysis of language while also linking language use with broader social-theoretical concerns. Language use is important in a range of contemporary social purposes, and his model includes three discourse-analytical categories: *genre*, *discourse*, and *style*. Analysis proceeds by way of identifying "...particular semantic relations or grammatical categories and relations [...] primarily associated with either genres, or discourses, or styles..." (Fairclough, 2003, p. 67). To evaluate specific messaging around sustainability, we draw on environmental communication scholars to identify particular ways sustainability is communicated, such as ecocriticism's approach to environmental discourse, ecolinguistics' framework of "stories-we-live-by", and additional tools for identifying greenwashing. Thus, this chapter applies an ecocritical multimodal discourse analysis (Fairclough, 2003) to examine the discourses on the environment and sustainability present in the annual reports of cooperative organizations and traditional supermarkets.

3 Methodology

Following Fairclough's (1999; Fairclough & Wodak, 1997) analytical framework, the study investigates the linguistic content, sociolinguistic context, and visual elements of the reports. Furthermore, through the use of manual analysis applying López's (2021) method of ecocritical media analysis, the chapter explores how the discourses express ecocultures, the stories we live in, and environmental ideologies.

The purely exploratory investigation is grounded in an interpretative paradigm (Creswell, 2013). In the wake of what was carried out by Rigg (2005) in research in the management field, we make use of discourse analysis in the context of multiple case studies to illustrate the importance of communication and reporting to better understand company dynamics.

The concept of *ecoculture* encompasses the shared interpretations and sense-making practices that shape meaning, values, lifestyles, identities, knowledge

systems, and cultural rituals that contribute to citizens' environmental worldviews (López et al., 2024). Ecocultures are manifested through symbolic representations, discursive patterns, and narrative structures in media content that make up "stories-we-live-by", as shared mental models across cultures that shape how people view the world and environmental issues (Stibbe, 2021).

Using ecolinguistics as a methodology, Stibbe groups *stories-we-live-by* into three broad classifications based on whether they encourage ecosystem preservation or destruction: destructive, ambivalent, and beneficial. The latter author provides an example of a destructive story as "people are selfish", illustrated in economics textbooks that assume consumers always desire more goods and are never satisfied, promoting unsustainable consumption patterns. The latter notion is critiqued by Etzioni (1986) who argues for moving beyond the monutility framework of neoclassical economics attempting to subsume all motivations under a single concept of utility. Etzioni proposed that individuals pursue exogenous sources, such as pleasure, underscoring more deeply the neoclassical approach where the consumer is rational and selfish. The latter is relevant in how the analysis frames how the average consumer of these supermarkets may generally behave, while only making an assumption from theory if the consumer buys for necessity, pleasure, or morality.

A beneficial story is "...people are part of nature's web..." framing humans as interconnected members of the ecological community rather than separate from or above nature. It leads to a beneficial story by encouraging a more holistic, ecological worldview where human actions are seen as impacting the whole system, ideally promoting a more sustainable and respectful relationship with the environment.

An ambivalent story is "...climate change is a rollercoaster..." which, while conveying the unpredictability and potential danger of climate change, also implies passive acceptance, potentially leading to inaction. Greenwashing can be an example of ambivalent stories-we-live-by because it presents a misleading narrative of environmental responsibility that, while appearing positive on the surface, actually undermines genuine sustainability efforts and perpetuates harmful practices.

To assess how stories-we-live-by brought forward by these three firms affect the sustainability side, this chapter includes the concept of environmental ideology—the range of beliefs people hold regarding humanity's relationship with the environment, including views on resource utilization, conservation efforts, sustainability practices, and overall ecological impact (Corbett, 2006). Within this framework, conservationism and preservationism are often considered mainstream environmental approaches, maintaining an anthropocentric focus that largely upholds the existing the human-centric paradigm and economic status quo (Degyansky, 2024). In contrast, ecocentric environmental ideologies propose more transformative and radical viewpoints, challenging capitalist structures and advocating for fundamental shifts in human nature and financial relationships.

Hence, the relevance of the topic addressed in this chapter lies in examining how people perceive sustainability and how these perceptions influence the way information regarding this topic is communicated. de la Cadena and Blaser (2018) argue that much of our worldview is shaped by Western modernity, particularly in

debates about human-nature relationship. Similarly, Antonio Gramsci's reflections on cultural hegemony and the interplay between culture and power in capitalist societies aim to loosen the rigidity of Marx's concepts of labor (Lears, 1985). In simple terms, the latter relates to how to understand and construct elements around people, and Gramsci would speak of hegemony as the elements that dominate general communication and conversation.

Escobar (2018) presents fundamental beliefs that are generally taken as common sense, such as the role of economy and individuals as sole domains in which to imagine or design futures. In the case of cooperatives, they are framed on a cultural narrative sometimes forgotten that originated towards community (Gonza & Ellerman, 2024), sometimes losing sight of the historical cooperative values (Wieland, 2024). The concern is that, by drifting away from the core values and distinctive qualities that originally made cooperatives appealing, these same (potentially) risk reinforcing dominant modern worldviews. In the context of the current ecological crisis, the latter shift may lead cooperatives to reproduce, albeit in a more "communitarian" form (Wieland, 2024), the same extractive logic that contradicts the very principles of environmental sustainability.

Language use, discourse, verbal interaction, and communication belong to the micro level of the social order. Power, dominance, and inequality between social groups are typically terms that belong to a macro- and meso-level of analysis. This means that CDA has to theoretically bridge the well-known "gap" between micro and macro approaches, which is of course a distinction that is a sociological construct in its own right (Knorr-Cetina and Cicourel, 1982). The latter concept of CDA is united into a management scenario that already carries a historical background in view not only of the cooperative movement but also of the personal relationship between Esselunga and Coop Alleanza 3.0. Furthermore, our analysis adds a layer reviewing how sustainability is approached by these three firms (potentially) differentially.

As presented by Leydesdorff (2020), information itself is inherently uncertain, as different perspectives can assign diverse meanings to the same piece of information (p. 10). The interaction between information and meaning can be processed and measured in terms of "bits". For the purposes of this chapter, this interaction is also shaped by socio-cultural evolution, particularly when analyzing different types of firms. These firms may adopt divergent approaches, yet the comparison is controlled by using the same type of evaluated information.

The cases were identified following the criteria outlined by Patton (2002) in Table 14.2 and analyzed using secondary data (Collis & Hussey, 2009), namely their sustainability reports for the year 2023, as detailed in Table 14.1. Several reasons support the choice of analyzing sustainability reports. In terms of time, these reports represent the most recent update on the sustainability practices implemented by the companies analyzed. Furthermore, we decided to use the same type of document to fairly compare all three cases that are part of the same sector, despite the differences due to their legal and governance structure.

Esselunga was chosen using a criterion sampling logic (Table 14.2). The criterion used is to investigate how a large retail company behaves with a form of

Table 14.1 Case selected for chapter

<i>Case</i>	<i>Selection Criteria</i>	<i>Data Source</i>
Esselunga	Criterion	Secondary data
Coop Italia	Intensity	Secondary data
Conad	Intensity	Secondary data

Table 14.2 Explanation of selection criteria (Patton, 2002; Shakir, 2002)

<i>Selection Criteria</i>	<i>Explanation</i>
Intensity	“The case is information-rich but not an extreme case”
Criterion	“Cases picked because they meet some predetermined criterion”

governance that is not cooperative like the other two (Conad and Coop Italia). Conad and Coop Italia were selected using an “intensity” sampling logic, as they are cases rich in information on the cooperative phenomenon.

Starting from the debate involving nationally known supermarket chains Esselunga and Coop, the aim is to observe if enterprise typology affects sustainability reporting and (cooperative) identity representation by communicating impact from social, economic, and environmental perspectives.

For the purposes of this chapter, the interaction between information and meaning is shaped by socio-cultural evolution, which is particularly evident in the analysis of divergent business models. Although Coop Italia (cooperative) and Conad (cooperative) adopt distinct approaches to business, they are hybrid organizations that incorporate different institutional logics (Mair et al., 2015). On the other hand, Esselunga is business as usual, integrating CSR practices into its model.

Despite their different natures, we have made the comparison using the same sustainability reporting metrics. This was done for two reasons: (1) to reason and analyze results derived from a similar matrix; (2) to understand how governance structures mediate competitive pressures and stakeholder demands, influencing their discourse on sustainability.

Referring to institutional logic theory, as posited by Thornton and Ocasio (2012), these are defined as socially constructed historical patterns of material practices, assumptions, values, beliefs, and rules that guide and legitimize given behaviors within social or organizational contexts. These logics influence the decisions, practices, and identities of the actors involved (Friedland & Alford, 1991).

Based on what would be the logic dictated by literature previously presented, Coop Italia and Conad are focused on different logics, while Esselunga, despite its social and environmental commitment, is focused on profit, since the two cooperatives are faced with market logic and stakeholder logic. Therefore, they exhibit the tensions typical of hybrid organizations (Mair et al., 2015; Klein et al., 2021). The extensive literature on hybrid organizations suggests that the risk of tensions can lead to a drift away from the original mission. In the specific case of

cooperatives, this dual mission could result in a loss of focus on cooperative values, prioritizing other logics such as commercial ones, which can lead to an identity conflict (Ashforth et al., 2014).

Although cooperative principles are closely linked to codified normative constructs, this does not necessarily imply that they are more transparent and ethical than other organizations, precisely because of the tensions mentioned above.

A striking example is the fine imposed by the Italian Competition Authority *Autorita' Garante della Concorrenza e del Mercato* (AGCM) on Coop Italia. Although they emphasize the concept of “community resilience” in their reports, the fine may highlight the potential pursuit of monopolistic market practices, quite juxtaposed to cooperative values.

The choice of the cases resulted from a reading of the legal relationship (that appears to be still ongoing) between Esselunga and Coop involving disputes concerning anti-competitive practices. In 2017, AGCM fined Coop Italia €50.5 million for abusing its apparent dominant position in the market. AGCM found that Coop Italia had implemented strategies to hinder Esselunga's expansion into certain Italian regions, thereby limiting competition and consumer choice. These practices included exclusive agreements with suppliers and real estate developers, effectively blocking Esselunga from opening new stores in areas where Coop Italia had a strong presence. Esselunga challenged these practices, leading to the AGCM's investigation and subsequent penalties against Coop Italia. Considering this historical element and inserting Conad, the number one leading Italian supermarket chain, as the control case study, reports from the three chains are used to identify differences in their respective sustainability reporting narratives. Such an approach emphasizes the discourse's linguistic and textual elements and the socio-economic and institutional contexts that shape it.

3.1 *Description of selected cases*

3.1.1 *Esselunga*

Esselunga S.P.A. is an Italian single-ownership company headquartered in the Milan metropolitan area. It is known within the retail market and operates particularly in Northern Italy, where it is rooted in the territory through a network of supermarkets, which currently exceeds 170 stores. Founded in 1957 by Bernardo Caprotti, who decided to import the American supermarket model to Italy, Esselunga is a well-established reality within the Italian business landscape. The business model includes a wide and varied offering constantly evolving to keep up with the times. In addition to its traditional supermarket activities, the Caprotti Family has added an e-commerce service, a bar-bakery service, and a cosmetics and pharmaceutical line. The supermarket has a broader scope of goods on offer, initially focusing only on the “Food” sector; today, the whole catalogue also has other products and services such as perfumery and beauty, newspapers and books, toys, and intimate apparel. A central point of their organization lies in centralizing the various critical activities of the value chain, from the supply chain, promotional

policies, communication, and marketing up to sales in a multichannel logic where physical stores and e-commerce are perfectly integrated.

3.1.2 *Coop Italia*

Coop Italia is a well-established business embedded in a cooperative system with a wide network of supermarkets and hypermarkets. It was founded in 1854 to safeguard purchasing power and food security primarily for its members. It is currently widespread throughout much of Italy. Coop is one of the leading retailers in the Italian market and certainly one of the most successful in the cooperative world. Coop stores are owned by the cooperatives themselves, which are in turn controlled by their consumer members and organized according to a democratic model in which members have voting rights and participate in company decisions. Coop's offer is extensive, mainly based on selling products in various sectors, but with a focus on the food sector. Over the years, Coop's offerings have become broader and now has electricity and gas services, a mobile phone service in the low-cost niche, and presence in fuel distribution. In addition, to adapt to the market and new players such as Esselunga and other new players like Cortilia, it has implemented the "EasyCoop" service that allows consumers to receive groceries at home.

3.1.3 *Conad*

Similarly to Coop, Conad is a cooperative entity in the Italian business landscape and currently represents the organization with the highest turnover among Italian retailers. According to a Deloitte study,² it holds the record for being the leading Italian player among the 250 largest companies in the world. It is therefore the leading cooperative in the retail sector. This structure brings together retailer members, cooperatives, and consortia as co-entrepreneurs, who share a set of values and a common development project inspired by the cooperative principle of "open

Table 14.3 Key dimensions (economic, social, and environmental per enterprise) and tone and presentation

<i>Dimension</i>	<i>Esselunga</i>	<i>Coop</i>	<i>Conad</i>
Economic	Focus on relevance of value chain	Innovation and competitiveness	Support for local economies
Social	Philanthropy combines local impact with internal management	Visible social and local impact with a focus on members	Inclusivity and rootedness
Environmental	Pragmatic, compliance-oriented	Regeneration and biodiversity	Concrete and local projects
Presentation	Modern, visually appealing graphics, user-friendly	Text-heavy, detailed, and technical	Human, empathetic, and visual.
Tone	Professional and direct	Institutional and transparent	Relational and simple

doors”. In particular, the role of the members is pivotal, as the retailers directly manage their stores. At the same time, the relevant cooperative provides the member with all the services necessary for the proper conduct of daily activities. In recent years, Conad has developed numerous international partnerships to leverage strategic advantages, demonstrating adaptability to market changes. In addition, the advent of e-commerce has enabled it to innovate business models, reducing production time and costs (Table 14.3).

Table 14.4 Concept framework for aggregate dimension (Gioia et al., 2013)

<i>1st Order Concepts</i>	<i>2nd Order Themes</i>	<i>Aggregate Dimension</i>	<i>References</i>
Competition could also be a relevant issue for social enterprises	Competition (economic advantage)	Competitive and economic environment	Peredo and McLean (2006)
Importance of sustainable value generation	Value (welfare)	Sustainability issues	Porter and Kramer
Development of innovative business models			
Cooperatives are often part of structured networks	Partnership and Network	Cooperation	Castellini and Maran (2012)
Cooperatives address a wide range of stakeholders			
Cooperatives are a successful business model to implement CES	Environment	Sustainability issues	Ziegler et al. (2023)
Cooperatives and other enterprise forms share similar barriers	Communication (internal and external)	Competitive environment	Ada et al. (2022)
Great barriers are in communication (e.g., lack of information)			
The production aspect may be of great relevance for cooperatives and social enterprises providing services	Product (and production) and service	Competitive environment	Santos (2012)
Earnings can be an element of discussion within the organization of cooperatives and social enterprises	Earnings	Competitive environment	Schaltegger et al. (2012)
“A fourth sector of the economy is emerging, with the power to transform the course of capitalism”	Benefit Enterprise (Social) “The For-benefit enterprise”	Social	Sabeti (2011)

We wish to take a step further from the more analytical approach to CDA as presented in the original literature by inserting the multidimensional interrelationship of competition, cooperation, and sustainability into our analysis (Table 14.4).

4 Findings

Conad provides a more human-felt image on the cover with a hand-drawn picture of employees and what is probably a potential consumer holding a child with a Conad grocery bag. Esselunga and Coop present colder versions with either a name (Coop) or the addition of the slogan (Esselunga reads “We have the future at heart”, used in their previous reports too). All three provide an introductory letter by the president/CEO that approaches the introduction differently.

A preliminary overview of the introductory sections of the reports shows that while Esselunga and Conad focus either on their internal strengths (e.g., Esselunga mentions an accident that occurred during their opening of a new shop in Florence) or on the relevance of being sustainable, Coop places their introductory argument on market strength. Representative excerpts include the following:

Three years ago, when Conad’s Members and Cooperatives decided to place sustainability at the top of their Strategic Pyramid, they made a fundamental decision for the development of our brand and the role they play in the communities where they operate - Conad

With the 2023 Sustainability Report, we present our stakeholders with the results of a positive year from an economic perspective — the first after several challenging years, during which we never stopped keeping sustainability at the core of our daily actions. - Coop

We have reached the fifth edition of the Sustainability Report, where this year as well, we highlight projects, goals, and achievements with a single common denominator: attention to People and the Community, our Work, and the Planet — the three pillars of the company’s sustainability strategy. - Esselunga

From the introduction, it appears indicative already that the assumptions behind cooperatives, as previously explained, are framed within preconceptions focused on social values, rather than an extension to a more honest acknowledgement about their efforts to remain economically sustainable.

Coop’s report—the most extensive one—highlights and emphasizes the commitment to applying cooperative principles such as democracy, fairness, and solidarity. Coop’s vision of sustainability is one integrating economic, social, and environmental goals into its larger cooperative mission. To exhibit transparency and strict accountability, the wording is technical and specific (e.g., conformity with 13 of the United Nations’s 17 SDGs).

Conad positions itself as a market leader that prioritizes the community. Sustainability is emphasized in the discussion as a strategic pillar that influences every business choice. Conad’s tone balances professionalism with accessibility, often showcasing initiatives like “Sosteniamo il futuro” (*we support the future*) to

demonstrate commitment to environmental and social impacts. The report highlights the decentralized structure and local involvement through cooperatives.

Esselunga portrays itself as a company that prioritizes efficiency and innovation, with a strong focus on customer experience, product quality, and operational excellence, as emphasized in the report. Compared to Coop and Conad, the tone is more operationally oriented and emphasizes wider social missions where business jargon is associated with a purpose. In this vein, Esselunga places greater emphasis on allocating part of its revenues to financing socially relevant projects. For example, showcasing projects it supports, such as donating meals, providing psychological assistance to workers, and collaborating with non-profit organizations that help vulnerable people to find employment. The report aligns sustainability with its competitive edge using clear, formal language. The overall communication of Esselunga and Conad's reports appears more accessible than Coop's. For example, Esselunga and Conad's reports are shorter reports but contain clearer graphic design (or infographics) where images are preferred to text, as shown when comparing Figures 14.1–14.3.

The example portrayed in Figures 14.1–14.3, representing each chart derived from each report, illustrates how emissions are allocated across direct operations, purchased electricity, and the broader value chain. While the structure is common, differences in focus, or even visual differences that may facilitate how readers assimilate and comprehend the information, reflect strategic priorities and operational choices specific to each retailer.

SUDDIVISIONE DELLE EMISSIONI PER SCOPE

Suddividendo le emissioni del Sistema Conad secondo la classificazione delle emissioni definita dal GHG Protocol, che individua 3 categorie principali (Scope 1, Scope 2 e Scope 3 così come descritte sotto), la ripartizione delle emissioni restituiscono la fotografia illustrata nel grafico.

Nel dettaglio, la distribuzione per Scope mostra una riduzione dello Scope 1 del 20,6% circa, da imputare principalmente alle minori perdite di refrigerante registratesi nei Ce.Di., mentre lo Scope 2 e lo Scope 3 sono entrambi in aumento, a causa del forte impatto che le emissioni da energia elettrica hanno su questi due ambiti.

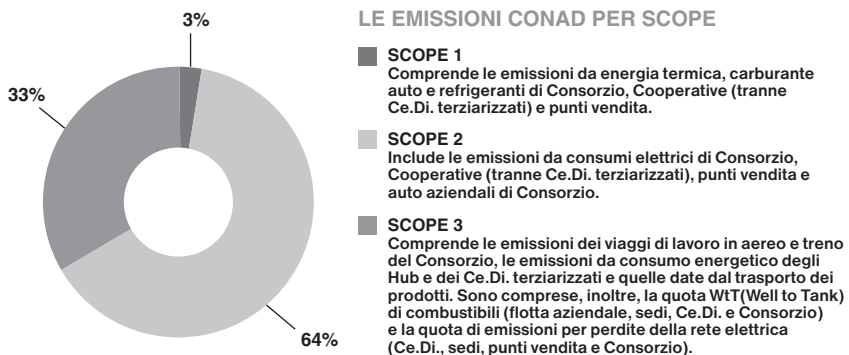


Figure 14.1 Infographic on emissions produced per scope (scope 1 (3%); scope 2 (64%); scope 3 (33%) (e.g., energy) (Conad, 2024).

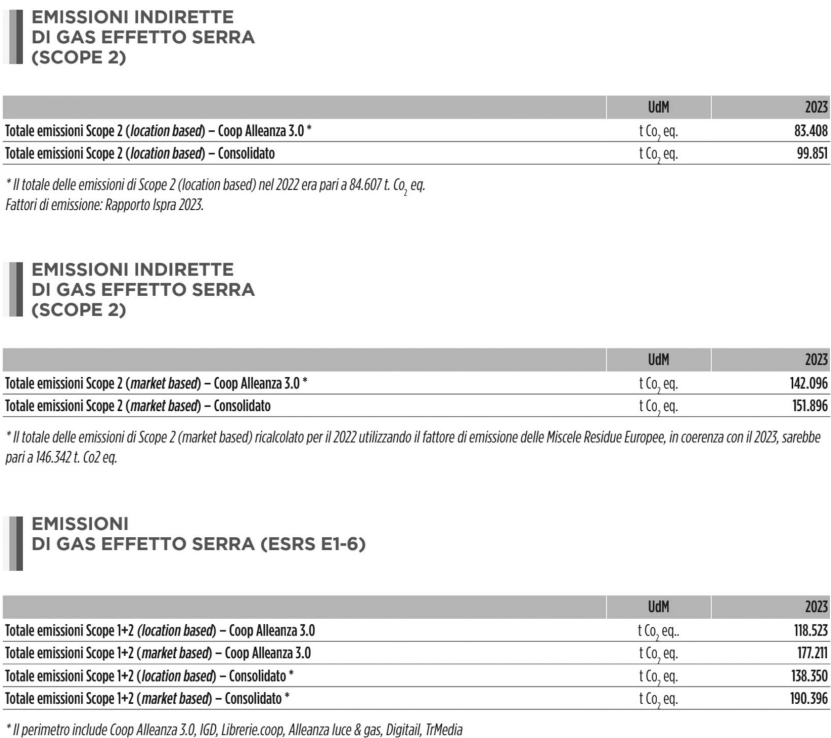


Figure 14.2 Tables on emissions produced per scope (e.g., energy) (Coop, 2024).

Conad combines formal reporting with a warmer, community-focused tone. Its emphasis on double materiality and ESG criteria is presented in a way that could highly resonate with both institutional stakeholders and local communities as expressed by their vision statement, “...as association of independent retail entrepreneurs capable of effectively meeting customer expectations and maintaining a leading economic and social role in the communities in which it operates...” The report’s accessibility is enhanced by the use of straightforward language and illustrative examples compared to Esselunga’s professional yet illustrative presentation and Coop’s technical framing, absent of illustrations, graphs, or a warmer approach.

If we focus on particular environmental practices, the most recent policy has to do with the Circular Economy Action Plan (CEAP), which appears more frequently in the Esselunga report. Conad and Coop do mention it in terms of the reduction of waste and saving resources.

Particularly noteworthy are the diverse ways in which each source addresses the concept of “packaging”. Esselunga uses the term “circular”, while Conad uses the term “eco sustainable”, which may be deemed more holistic and with an environmentalist view. Meanwhile, Coop uses the term “circular” only when speaking of

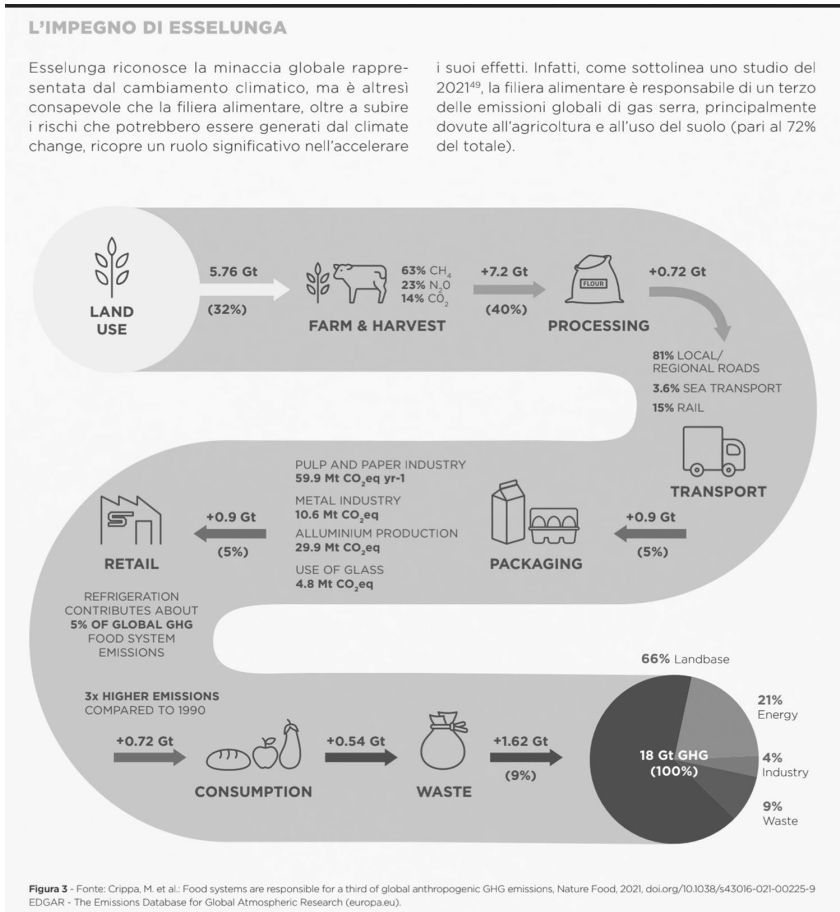


Figure 14.3 Infographic on emissions produced per scope (e.g., land-use and transport) (Esselunga, 2024).

packaging focused on their recycling practices. This suggests that these three indicators guide different approaches to the same issue—namely circularity—further underscoring that firms approach the same issue in different ways, and this can lead to both trial-and-error in a diversity of practices, but at the same time it can also motivate ambivalent practices.

It is not a surprise that all three are at the forefront of implementing a sustainability mission, considering their firm size places them under the jurisdiction of CEAP, for instance. However, the manner in which these objectives are communicated remains a critical dimension. Beyond fulfilling a duty of transparency and accountability, corporate sustainability discourse plays a pivotal role in shaping stakeholder perceptions, influencing not only trust and legitimacy but also broader understandings of environmental responsibility and

Table 14.5 Summary results

<i>Aspect</i>	<i>Coop</i>	<i>Conad</i>	<i>Esselunga</i>
Community focus	Strong emphasis on solidarity, local support, and education	Highlights local engagement and cooperative-driven solidarity	Focus on customer satisfaction and localized investments
Employee welfare	Prioritizes inclusivity and fair labor practices	Invests in career development and safe working conditions	Emphasizes talent retention and structured training
Economic priorities	Balances financial health with cooperative values	Links financial sustainability to ESG and local impact	Prioritizes efficiency, innovation, and competitive pricing
Communication style	Technical and detailed	Accessible and brief	Professional and colorful

sustainability-related norms, or even affecting the aforementioned “stories we live by”.

Returning to the examples shown in Figures 14.1–14.3, while Esselunga (Figure 14.3) may appear more technical, their approach could be judged to be more accessible, with larger images, and more detailed and briefer information than the one shared by Conad (Figure 14.1), while Coop (Figure 14.2) is more structured, providing a table to share their results (Table 14.5).

As expected, the analysis of these reports highlights conclusively that there is no standardized way to compile sustainability reports. However, what is unique to this analysis is that the latter is also true when looking at the enterprise type. Thus, the type of enterprise producing the reports does not determine the methods used to achieve the objectives or the areas of emphasis. For example, cooperatives will not limit their focus solely to social inclusion among members; they will also prioritize economic stability and success, both of which are important for advancing sustainability goals.

To better structure the conclusive part, the results are structured in three groups: (1) modernity and economic realization; (2) environmental focus; (3) postmodern and consumer identity, capturing how companies frame their sustainability discourse to resonate with individual values, lifestyles, and symbolic consumption patterns.

4.1 *Discussion*

4.1.1 *Modernizing and economic realization*

The exploratory analysis approached in this chapter looks to draw from the rational approach expressed by Max Weber. The latter defines a way to behave that is optimal for the agent (Turner et al., 2000, p. 68), including the substitution of conventional and charismatic authority through legal-rational authority (Rajan, 2023), while not necessarily for maximization of utility but rather goal-oriented.

The former rational approach is expanded from Weber to knowledge construction as expressed by Leydesdorff (2020), expressing that both understanding and

causal explanation are needed for a robust (communications-evolutionary) understanding. Rationality (2020) is expressed as values that are ideal-typical constructs operating in history as coordination mechanisms.

We argue that Esselunga adopts an approach characterized by instrumental rationality, using sustainability reporting as a strategic tool to address its organizational needs and objectives as outlined by Brunero (2010). This includes the implementation of a broad range of sustainability initiatives, social and environmental, which, while goal-oriented, indicate a departure from neoliberal rationalization, understood here as a specific form of instrumental rationality that subordinates all values to market efficiency and profit maximization (Rajan, 2023). Esselunga's case thus suggests a more expansive interpretation of instrumental rationality, where non-economic goals are integrated into strategic decision-making without being entirely reduced to a market logic.

In contrast, Coop's approach follows the concept of *normative rationality*—involving *duty and reason* (Broome, 2020). In this respect, the values of sustainability are closely integrated into the business model. Their clear statement on economic sustainability is therefore interesting and potentially highlights the most modern approach to this debate: while theories on environmental sustainability argue against “for-profit” narratives, they are not mutually exclusive; on the contrary, to successfully implement one (environment) (for example, implementing efficient CE strategies), the other (profit) must necessarily exist (for example, funds are needed for research and development).

Conad appears somewhere in the middle in this analysis, closer to *technical rationality*—postulated by Marcuse (1941; Vieta, 2006)—where modernity has normalized the insertion (or domination) of technology into our society, potentially changing what is considered rational. The similarity is how societal expectations of firms' roles in implementing sustainability practices are expected.

The latter perspective supports the idea that the pursuit of profit does not necessarily preclude the achievement of environmental objectives, even if it entails underlying or implicit ideological tensions. This is in line with the point made by Vogel (2005), who highlighted the tension between profits and CSR practices. According to Vogel (2005), CSR is sustainable only if “virtue pays” (e.g., when social or environmental initiatives generate direct economic advantages). However, this implies a completely instrumental view of CSR, in which actions are totally subordinated to market logic, reducing corporate responsibility to a mere instrumental strategy to increase profit (Long, W. et al., 2019).

Nowadays, this profit-social/environmental dichotomy is becoming less and less evident, as demonstrated by the growing incorporation of a pro-social purpose (Brosch, 2023; Mayer, 2018) and the growing adoption of hybrid business logics (Battilana & Lee, 2014), which allow the achievement of dual objectives, as expected by cooperatives.

4.1.2 Environmental factors

Building on the concept of modernity as a lens to interpret societal transformations, we apply this framework to the evolving role of environmental sustainability

in corporate discourse. As Foxman and Bateson (1973) observed, the Industrial Revolution marked a rupture between humans and the environment, initiating a trajectory of disembeddedness that may affect how our institutions are shaped. In this context, sustainability reporting becomes a means through which firms narrate their positioning within, or against, this *historical* logic. The sustainability reports analyzed here thus provide insight into how different types of firms frame sustainability, whether as a strategic imperative, a normative commitment, or a reflection of shifting societal expectations.

It appears that Coop's report, while extremely long and compliance focused, aligns with the modern result of institutionalized responsibility, where sustainability is perceived as one instrument within a governance framework. One should wonder if Coop being a cooperative was key to this achievement. While Conad's community orientation, attempting to reconstruct trust and local embeddedness, could be a further example that Conad's is a multi-phased modernity, a compromise between Coop and Esselunga. Finally, Esselunga, encompassing similar values as its competitors, uses these reports via a consumer-oriented form of modernity, where sustainability could be instrumentalized as a competitive advantage.

4.1.3 *Post-modernity and consumer identity*

How the reporting approached by these firms potentially shapes consumer subjectivities is a key debate. Foucault (1969) argued that "a series of rules of transformation, succession and exclusion for the proliferation of premises, ideas, sentences, etc. in a given discourse in a given period" structures knowledge. This same knowledge, defined in this chapter as corporate discourse, not only conveys information but also constructs particular ways of thinking, valuing, and behaving. Through these reports, firms participate in the normalization of specific sustainability narratives, which can influence how consumers perceive their own roles and responsibilities within the socio-environmental order.

Conad's community-driven discourse suggests an effort to join the forces between what is necessary and what is understood by the consumer; Coop, instead, promotes a continuous commitment to cooperative values as part of an alternative vision of modernity: one that seeks to challenge, rather than adapt to, market-driven logic in pursuit of ethical goals, as demonstrated by their stakeholder description in the introductory part that includes an explanation of its relationship to each stakeholder explicitly as a cooperative. An example is Coop's commitment to defining its stakeholders, such as their conception of community:

Communities are the set of territorial and social aggregates in which Coop Alleanza 3.0 is inserted. They are the set of people (single or associated) towards whom the Co-operative directs its interventions of a social nature, including those of international solidarity.

(Coop, 2024, p. 16)

This quotation explicitly shows the way in which Coop defines its community stakeholders, emphasizing the argumentation of its cooperative values and challenging a market logic.

Communities are the set of territorial and social aggregates in which Coop Alleanza 3.0 is inserted. It is the set of people (individuals or associated) towards which the Cooperative directs its social interventions, including international solidarity. It also includes schools and training institutions, with which the Cooperative relates to promote conscious consumption and active and responsible citizenship.

Although not demonstrated in this chapter and perhaps not central to this context, it is worth noting that consumers who choose one supermarket over another may do so for different reasons. This aligns with the methodological challenges outlined by Warren (2024) in studying cooperatives, particularly regarding the transmission of cooperative values and how these are perceived by consumers. However, one might suggest that a postmodern utopia harbors expectations that all supermarkets implement sustainable objectives, including economic ones. Although economic sustainability is necessary to ensure fair competition, decent wages, and resources for innovation, it has been widely criticized as being insufficient if not integrated with social and environmental goals (Elkington, 1997; Bebbington & Unerman, 2018; United Nations, 2020).

5 Conclusion

This chapter has analyzed the discursive articulations of environmental modernity, carrying out a critical discourse analysis of the Italian supermarkets Coop, Conad, and Esselunga's 2023 sustainability reports. The analysis corroborates what has already been highlighted in the literature: although sustainability is a shared and increasingly regulated objective, it is expressed through communication and narrative strategies influenced by corporate identity, governance models, and institutional and market pressures. Despite the structural and legal differences between cooperatives and traditional companies, there is a convergence towards more detailed and integrated reporting practices that respond to accountability and competitiveness, going beyond simple adherence to historical or statutory values. Each company presents mixed results in terms of modernity, but the pressure to be sustainable tends to lead them towards similar standards, whether mandatory or not, suggesting that corporate identity and modernity are renegotiated according to social expectations and the competitive context.

The cases of Esselunga and Coop highlight how, despite their different histories and external perceptions, expectations regarding sustainability performance should be consistent across all types of companies in the same sector. Coop differs in its alignment with cooperative values and its detailed compliance with sustainability standards, adopting a more technical tone. Conad, on the other hand, balances

strategy and community involvement, presenting sustainability as a relational and systemic priority. Esselunga adopts a more commercial approach, integrating sustainability into its business model and focusing on operational excellence and customer satisfaction. The results show that there is no single model for sustainability reporting: the plurality of practices reflects the complexity of contemporary challenges and the need to balance transparency, effective communication, and consistency with corporate identity. These present diverse forms of modernity and potentially suggest a shift to postmodern dynamics, where consumer identity, discourse, and symbolic value become central.

The literature suggests that the real challenge in the future will be to go beyond mere regulatory compliance, promoting reporting that stimulates innovation, trust, and real social and environmental impact, hopefully resulting from an efficient and effective implementation of the reported sustainability practices. Furthermore, it is confirmed that the business model alone does not predetermine the form or content of sustainability discourse. The convergence of competitive pressures, regulatory frameworks (such as the EU Directive on corporate sustainability reporting), and growing consumer awareness is pushing all companies, regardless of their structure, to develop increasingly sophisticated and (hopefully) transparent communications for their stakeholders (consumers and/or members).

The diverse approaches between Coop, Conad, and Esselunga reflect an ongoing negotiation between tradition and innovation, compliance and differentiation, and collective and individual interests in the context of modern and postmodern social expectations. This indicates that the future of sustainability reporting will be less determined by the type of company and more by the ability of companies to adapt their discourse to an increasingly complex and demanding stakeholder environment. Since sustainability reporting is deeply connected to corporate identity, governance structures, and evolving social expectations, it is shaped by both modern and postmodern narratives. Thus, while we cannot define the causality or associative nature of narratives and reporting, it is crucial to operate honestly from either side: all firms need to report coherently and change their mindset, and while consumers have sustainability expectations from these same firms, they could also learn from firms that are implementing sustainable practices.

The chapter suggests that while cooperatives like Coop and Conad are historically and ideologically grounded in values such as democracy, mutuality, and community orientation, this does not automatically translate into more transparent or honest reporting. The discourse analysis reveals that cooperatives tend to construct their sustainability narratives in ways that emphasize collective responsibility, stakeholder engagement, and normative commitments, aligning more with normative rationality than the instrumental rationality of profit-driven firms like Esselunga. This indicates a qualitative difference in reporting logic, not necessarily in truthfulness, but in discursive orientation and underlying intent. The evolving landscape of sustainability discourse highlights that what ultimately matters is not the organizational form per se, but the coherence between narrative, governance, and actual practice.

Notes

- 1 Magazine “Alimentando.info” (a reference point in the food sector for operators and professionals) <https://www.alimentando.info/>.
- 2 La top 250 del retail mondiale | Deloitte Italy.

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15 Common cultural background

The key to success of two Bolivian agricultural cooperatives

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1 Introduction

Small-scale farmers constitute a significant portion of the global agricultural sector in developing countries. These farmers often face challenges associated with limited resources and the struggle to remain competitive in an increasingly complex and globalized market (Fernando et al., 2021). They also lack bargaining power when negotiating with large agribusiness traders and market intermediaries (Abraham & Pingali, 2020; De Silva et al., 2023). The small-scale farms lack economies of scale, technical expertise, and access to modern technologies, unlike their counterparts in developed countries (Khairallah et al., 2023). Numerous studies suggest that agricultural cooperatives effectively address these challenges (Liu et al., 2024; Pansera & Rizzi, 2020; Tray et al., 2021).

Agricultural cooperatives are organizations established and managed by groups of individuals who collaborate to achieve shared economic, social, and cultural objectives. While the concept of cooperatives is well-established, there is no universally agreed definition (Evans & Meade, 2006). However, three core principles characterize cooperatives: user ownership, user control, and user benefit (Hardesty & Salgia, 2004). Cooperatives are collectively owned by their members, who share both formal and residual ownership rights as well as the right to benefit from the cooperative's products and services. They operate with democratic governance structures, enabling members to vote on decisions regarding the cooperative's direction and resource allocation. Furthermore, the benefits generated by the cooperative are distributed among its members, typically based on the level of their participation or patronage (Chaddad & Cook, 2004; Liu et al., 2024).

Agricultural cooperatives offer small-scale farmers a viable alternative to overcoming the limitations imposed by their scale. One key advantage is the ability to achieve economies of scale (Cook, 2018; Khumalo, 2014). By pooling resources, small-scale farmers can collectively acquire modern machinery and technologies, access bulk inputs at reduced costs, and enhance production efficiency. This collective action enables them to compete more effectively and access high-value markets that were previously unattainable (Hidalgo-Fernández et al., 2020). Additionally, cooperatives strengthen the bargaining power of small-scale farmers, enabling

them to secure better prices and terms when negotiating with suppliers and buyers. This enhanced position directly contributes to improved incomes and overall economic well-being of the small-scale farmers (Mera-Bastidas et al., 2019).

Bolivia's agricultural sector faces significant challenges related to the farming structure, development, and size of farms across the country (Barrientos-Fuentes & Torrico-Albino, 2014). Agricultural production in Bolivia is notably lower than that of other countries in the region, despite agriculture accounting for 10.6% of the country's GDP, 5.6% of total exports, and employing 26.1% of the economically active population of the country (Murguía et al., 2018; Alcaraz et al., 2020). A large proportion of farms operate at a semi-subsistence level with limited access to mechanization (Mirete García, 2023; Barrientos-Fuentes & Torrico-Albino, 2014). Consequently, many farmers in these areas rely heavily on community cooperation schemes to address labor and capital constraints (Barrientos-Fuentes & Torrico-Albino, 2014).

In Bolivia, cooperatives play a crucial role in addressing the needs of remote, rural, and indigenous communities far removed from urban centers (Villaroel, 2014). The persistence of subsistence farming—driven by unequal land distribution and inefficient agricultural practices—underscores the pressing need to improve conditions for small-scale farmers. The cooperative movement in Bolivia has emerged as a vital mechanism to bridge gaps in agricultural development and foster socio-economic progress (Mogrovejo & Vanhuynegem, 2012). Therefore, understanding the factors that drive the success of cooperatives is critical to enhancing their impact.

Previous studies have analyzed the cooperatives in the country from different perspectives. These studies are based on a historical perspective (Mogrovejo & Vanhuynegem, 2012), the social and cultural factors that determine their inner dynamics (Ofstehage, 2012), or the effect of the aggregation on the development of better market conditions (Villaroel, 2014). However, there is a gap in the literature regarding the analysis of the factors of success and challenges that agricultural cooperatives in Bolivia face. Therefore, this study seeks to explore the success factors and challenges of two agricultural cooperatives in Bolivia that have established strong reputations over time.

2 Factors for success and challenges of cooperatives

Literature identifies several key factors that determine the success of cooperatives: membership structure, member commitment, member control mechanisms, management structures, strategic thinking, benefits for members, leadership, and training (Table 15.1).

The *membership structure* significantly impacts cooperative success by shaping its internal organization and relationships among members. Cooperatives with large memberships that share common attributes—such as educational background, average income levels, cultural ties, and previous commercial relationships—tend to foster greater cooperation and positive perceptions of the cooperative (Garnevská et al., 2011; Pansera & Rizzi, 2020).

Table 15.1 Common success factors for cooperatives

<i>Success Factors</i>	<i>Explained</i>	<i>Authors</i>
Membership structure	Nature of member base and member relationships	Garnevskva et al. (2011); Pansera and Rizzi (2020);
Member commitment	Member levels of participation and perseverance	Cook (2018); Apparao et al. (2019)
Member control	Member ability to exercise control over the cooperative decision-making	Birchall (2018); Iliopoulos (2015); Banaszak (2008)
Management structures	Management team with skills fit for cooperative management	Bruynis et al. (2001); Kinnunen (2019); Graetz (2002)
Strategic objectives, vision, and plan	Clear long-term strategies	Siddique and Shadbolt (2016)
Benefits for members	Economic (e.g. economies of scale) and non-economic (e.g. welfare and social support)	King (2001); Liu et al. (2024); Fernando et al. (2021)
Leadership	Leaders' skills and capability	Khumalo (2014); Zarafshani et al. (2019)
Training	Develop skills and capability	Banaszak (2008); De Silva et al. (2023)

Member commitment is another critical success factor. High commitment drives long-term participation and patronage, enhancing trust and alignment with the cooperative's objectives (Apparao et al., 2019). This commitment positively influences the cooperative's planning horizon and the retention of members.

Clearly defined *member control* mechanisms improve coordination and effectiveness in governance (Birchall, 2018). Conversely, ineffective structures or inadequate member knowledge can lead to disconnection between members and the cooperative's board, threatening member retention (Iliopoulos, 2015).

The success of cooperatives also hinges on well-adapted *management structures*. A professional, full-time management team with specialized skills and strong communication channels enhances management effectiveness (Bruynis et al., 2001).

Establishing clear *strategic objectives, vision, and plans* is crucial for long-term success (Kinnunen, 2019). However, a formally established plan does not always guarantee successful implementation (Siddique & Shadbolt, 2016). A culture of strategic thinking can sometimes compensate for the absence of formal plans (Graetz, 2002).

The *benefits for members*—both economic and non-economic—are significant drivers of success. Economic benefits include economies of scale, filling market gaps, increasing profitability for farmers (King, 2001), and access to additional funding sources (Tekdemir, 2017). Regarding non-economic benefits, support in social solidarity and welfare systems reduces the hardships faced by farmers, especially in developing countries (Woldegebrial et al., 2013). Also, the existence of R&D initiatives reduces the individual risk for the implementation of new technology and innovation for members (Luo & Hu, 2014).

Strong and effective *leadership* encourages member participation, reduces transaction costs, and enhances cooperation (Garnevska et al., 2011). The skills and education levels of leaders significantly influence their effectiveness in navigating the complexities of cooperative management (Khumalo, 2014).

Training and development programs also play an essential role for the success of a cooperative. These programs increase the effectiveness of control mechanisms by increasing the availability of managerial skills while also generating better results in operation and production (Banaszak, 2008). They are especially critical in cooperatives with limited access to formal education (Garnevska et al., 2011).

The challenges identified in the literature fall into two main categories: internal and external (Table 15.2). Internal challenges are further divided into investment-related and decision-related problems. Investment-related problems stem from unclear definitions of common property rights, which complicate decision-making processes (Borgen, 2004). Examples include the free-rider effect, where non-members benefit without sharing costs; horizon problems, where member time horizons do not align with cooperative goals; and portfolio problems, where inflexible investment portfolios reduce incentives to join (Chaddad & Cook, 2004).

Decision-related problems arise from agency issues within the cooperative. For instance, monitoring problems occur when management's interests diverge from those of members (Iliopoulos, 2015). The follow-up problem is created by the size and diversity of the membership, which makes it harder for individuals to influence decisions (Borgen, 2004). Influence cost problems occur when certain member groups dominate decision-making, leading to suboptimal outcomes for the cooperative (Iliopoulos, 2015). Finally, heterogeneous member preferences can complicate decision-making processes, undermining alignment with collective interests (Apparao et al., 2019).

Table 15.2 Common challenges faced by cooperatives

<i>Challenges/Problems</i>	<i>Explained</i>	<i>Authors</i>
INTERNAL		
Investment-related problems	Free-rider Horizon problems, Portfolio problems	Apparao et al. (2019); Borgen (2004); Banaszak (2008); Chaddad and Cook (2004); Cook (2018)
Decision-related problems	Monitoring/control problems Influence cost problems	Evans and Meade (2006); Hansmann (2000); Iliopoulos (2015); Nilsson (2001)
EXTERNAL		
Legal framework	Structure of cooperative Law	Banaszak (2008); Bennett (2017); Evans and Meade (2006)
Institutional framework	Stable and independent institutions	Faulhaber (2000); Garnevska et al. (2011); King (2001)
Economic context		Liu et al. (2024)
Political environment		Zarafshani et al. (2019)

External challenges arise from the broader context in which cooperatives operate. Legal frameworks play a crucial role. Stable legal structures reduce establishment costs (Liu et al., 2024), but policies that heavily subsidize cooperatives, especially in developing countries, can harm their competitiveness and sustainability (Bennett, 2017). Institutional support is significant for cooperative development. However, when institutions are closely tied to political objectives, their effectiveness diminishes (Zarafshani et al., 2019). Economic context factors—such as supply chain structures, market access, and competition levels—pose significant challenges (King, 2001). Political and economic instability reduces cooperatives' ability to conduct accurate forecasting and risk analysis (Faulhaber, 2000).

3 Methodology

Qualitative methodology was employed in this study using a multiple case study approach, outlined in Yin (2016). Cooperative Central “El Ceibo”, involved in cacao production and processing, and Cooperative “CAICO”, involved in cereal production and processing, were selected for this study. The two cooperatives are some of the largest cooperatives in Bolivia and were chosen as a successful organization after recommendation from the officials from the Bolivian Cooperative Audit and Control Authority. They also shared some common characteristics: being formed as a result of a colonization process, having a similar structure due to the country's cooperative legislation, and having changed their focus from exporting raw materials/commodities to value-added products. El Ceibo is a second-level cooperative based in the northern region of La Paz, and CAICO is based in a Japanese colony north of Santa Cruz.

Secondary data were collected from the Cooperative Audit and Control Authority (AFCOOP) and the Ministry of Agriculture in Bolivia. Data about the two cooperatives were obtained through reports and other published and unpublished materials provided by the cooperatives.

Primary data were collected through semi-structured interviews. The respondents were selected using purposive sampling, focused on obtaining a wide array of perceptions on the context of the cooperatives, and included members, directors, and management staff of the cooperatives, as well as representatives of the main institutions in charge of overseeing the cooperative sector in Bolivia. A total of 16 interviews were conducted using a questionnaire.

The data were analyzed by describing, classifying, and connecting the data through several cycles as proposed by Dey (1993). The ethical issues were strictly followed regarding the privacy and confidentiality of the participants. This study was limited to only two cooperatives and may not be representative of the whole sector; however, it provides valuable insights on the successful development of cooperatives in Bolivia as well as the challenges they are facing in a rapidly changing external environment. Further study of a larger number of cooperatives is needed for a deeper understanding of the cooperative sector in Bolivia.

4 Results and discussion

The first cooperative chosen in this study is *El Ceibo*, a central cooperative based in the western highlands of La Paz. Founded in 1977, this cooperative central consists of 47 grassroots cooperatives and represents 1,200 families of cocoa farmers in the region. See Appendix 1 for key milestones in *El Ceibo*'s history over the years. The cooperative's main activity is the processing and commercialization of its members' cacao production. Over time, its main markets have shifted from primarily exporting raw materials to the commercialization of finished high-value products within Bolivia.

The second cooperative chosen is the *Integral Agricultural Cooperative of the Okinawa Colonies (CAICO)*, located in the eastern lowlands of Santa Cruz. Established in 1971, CAICO comprises 124 members from the three Okinawa colonies, founded by Japanese migrants. The current members are descendants of these original settlers. See Appendix 2 for key milestones in CAICO's history. The cooperative produces crops such as soybeans, wheat, rice, corn, and sorghum, as well as meat and dairy cattle. Additionally, it operates an independent agro-industrial complex with a grain processing center, a wheat mill, and a pasta processing factory:

My parents are Japanese immigrants. They came with that group purpose. Before forming the Okinawa Colonies Comprehensive Agricultural Cooperative (CAICO for its initials in Spanish) in 1971, they had individual co-operatives called Okinawa 1, Okinawa 2 and Okinawa 3. My father was a "cooperativist" since he arrived as an immigrant, always working in group. (...) They were all small producers and had to fill the trucks to transport the products. Also, because of the distance, it took a week to go and sell. That's why the cooperative was formed" (CAICO respondent).

The study identified seven key factors contributing to the success of these cooperatives. Table 15.3 summarizes these success factors and their relative importance for both cooperatives.

Both cooperatives heavily invested in developing training programs for members and leaders. These programs focus on improving farming and technical skills

Table 15.3 Key factor of success

<i>Factors of Success</i>	<i>El Ceibo</i>	<i>CAICO</i>
Members' training and leadership development	◆◆◆	◆◆◆
Economic incentives	◆◆◆	◆◆
Strategic management	◆◆◆	◆
Member services	◆◆	◆◆◆
Member control	◆◆	◆◆
Strong sense of ownership	◆◆	◆◆◆
Common cultural background	◆◆◆	◆◆◆

Note: ◆◆◆ very important; ◆◆ important; ◆ less important

while nurturing leadership potential among future managers. Importantly, they emphasize community outreach, which has increased the availability of skilled labor and incentivized new members to join. Similar results have been identified in other studies (Banaszak, 2008; Garnevska et al., 2011; Khumalo, 2014; King, 2001; Zarafshani et al., 2019). Additionally, both cooperatives encourage members and their families to pursue tertiary education and formal training, fostering a pool of skilled workers and building stronger ties with their communities. These programs also serve as key incubators for future cooperative leaders, equipping them to navigate the complexities of growing organizations.

Economic incentives were another crucial success factor identified in this study. Both cooperatives provide benefits such as reduced operational costs, better prices, and access to credit. They leverage economies of scale, enhance bargaining power, and reduce dependence on intermediaries, thereby increasing members' profit margins. These efforts help mitigate subsistence farming and encourage members to remain loyal to the cooperative. Similar effects have been documented in other studies (De Silva et al., 2023; Khumalo, 2014; Mera-Bastidas et al., 2019; Ranjan, 2017; Schmit & Severson, 2019; Hidalgo-Fernández et al., 2020; Tekdemir, 2017):

There are benefits that we receive, like the distribution of profits. That is what makes us one of the best cooperatives in Bolivia. We went to visit other cooperatives in Santa Cruz and Cochabamba and those cooperatives do not distribute profits among their members, they just re-invest in the cooperative" (El Ceibo respondent).

El Ceibo has implemented scholarships; it has guaranteed good prices for cacao as a raw material, and, following the national policies, has contributed to a higher participation by women. Also, according to the cooperative principles, there must be gender equality. We implemented these policies even before the government did" (El Ceibo respondent).

Strategic management emerged as a vital success factor. Both cooperatives exhibit a strong strategy-oriented culture that guides decision-making. While El Ceibo employs a formal strategic planning framework, including a five-year strategic plan with long-term objectives, CAICO uses a more agile but less structured approach. Previous studies have emphasized the importance of strategic objectives and implementation in reducing management ambiguities (Barati et al., 2017; Graetz, 2002; Komulainen & Siltala, 2018):

We base ourselves in our 5-year plan. So, every area has a defined role and analyses what we have accomplished during the year and forecasts budget, forecasts indicators, and establishes activities that aim towards the 5-year plan" (El Ceibo respondent).

The services provided by the cooperatives also significantly impact their success. Technical support and R&D initiatives enhance members' productivity and living standards, fostering loyalty and identification with the cooperative. Both cooperatives prioritize the self-sustainability of these initiatives, minimizing the need

for ongoing subsidies. Welfare programs, particularly those of El Ceibo, further address accessibility gaps in areas like health insurance and retirement pensions, especially for small rural communities. These programs, also highlighted in prior studies (Dirimanova, 2018; Woldegebrial Zeweld et al., 2013), increase member satisfaction and long-term commitment.

The city is much closer than when our parents started the co-operative, 65 years ago. I remember that it took one whole day to come to the city, and the road was awful. You would stay in the city one night and return to the colony. Now it takes an hour and a half to get to the city. I go to work and come back easily. Speaking of education, many have the possibility of becoming professionals. In our time, we are 10% of young people who are professionals. Now 70% are professionals, if I'm not mistaken. There have been tremendous changes" (CAICO respondent).

The cooperatives' member control structures were another important success factor. Bolivia's cooperative legislation mandates clear governance structures, which both cooperatives have effectively implemented. Informal control mechanisms, career paths for younger members, and bottom-up governance approaches enhance participation and reduce agency costs (Cook, 2018; Iliopoulos, 2015). However, CAICO does not involve members in its management team to the same extent as El Ceibo, which could hinder specialization in governance roles (Adamišin & Kotulič, 2013; Brandão & Breitenbach, 2019).

A strong sense of ownership among members contributes to both cooperatives' success. Members exhibit a strong sense of belonging and accountability, reducing opportunistic behavior and the need for penalties. Studies have shown that shared needs and non-economic factors promote cooperation (Holden & Tilahun, 2018; Holland et al., 2013), though some researchers still argue for penalties as a safeguard (Casaburi & Macchiavello, 2015).

Finally, a shared cultural background significantly enhances cooperative success. El Ceibo's indigenous Andean heritage and CAICO's Japanese origins foster solidarity, reciprocity, and accountability within their member bases. Cultural practices like *Ayni* in Andean communities exemplify collective action and mutual support, creating robust governance structures (Paerregaard, 2017; Wutich et al., 2017).

The challenges faced by the cooperatives can be categorized as internal and external (Table 15.4). Internal challenges include agency costs and difficulties in defining residual rights (Hansmann, 2000). Both cooperatives experience increasing agency costs due to their large membership bases and the need for independent management staff. They mitigate these costs by involving members and community members in staffing decisions. However, the non-transferable nature of property rights complicates the valuation of cooperative shares, leading to free-rider issues. External valuations and partial demutualization of certain operations, like R&D, have been used to address some of these challenges:

"I would like to retire from farming but am I going to get any money back from the cooperative after being a member for over 30 years" (El Ceibo respondent).

Table 15.4 Key challenges

Challenges/Problems	<i>El Ceibo</i>	<i>CAICO</i>
INTERNAL		
Investment-related problems	♦♦	♦♦
Decision-related problems	♦	♦♦
EXTERNAL		
Legal framework	♦♦	♦♦
Institutional framework	♦♦♦	♦♦♦
Economic context	♦♦♦	♦♦♦
Political environment	♦♦♦	♦♦♦

Note: ♦♦♦ very challenging; ♦♦ challenging; ♦ less challenging

External challenges stem from Bolivia’s unstable political and economic environment, including legislative, market, and institutional issues. Despite the modernization introduced by the 2013 cooperative legislation, political instability (e.g., the 2019 transitional government, the COVID-19 pandemic, and the exchange rate crisis) undermines long-term investment and strategic planning. This aligns with studies linking stable political and economic contexts to reduced risks for cooperatives (Liu et al., 2024; Luo & Hu, 2014; Zarafshani et al., 2019):

During the tenure of the transition government there was a change in the direction of policy that benefited the cooperatives. An example of this is the elimination of the export bans on crops that the previous administration established. However, after the elections and the return of the previous party in government it is uncertain if this will continue” (CAICO respondent).

5 Conclusion

Agricultural cooperatives represent an important alternative to minimizing the effects of subsistence farming in developing and emerging countries. To better understand the drivers of success for these cooperatives, two successful cooperatives in Bolivia were analyzed. Economic and non-economic benefits generated by the cooperatives—through the successful creation of economies of scale and the development of welfare systems—help increase the attractiveness of cooperatives for new members and strengthen the commitment of existing ones.

A well-developed democratic control structure for governance allows members to exercise their control rights, fostering participation and commitment. Additionally, a strong focus on education, training, and leadership development has helped these cooperatives improve access to better farming practices while preparing members for more complex decision-making roles. This enabled the cooperatives to build robust management structures led by professional staff with deep knowledge of the cooperative model, capable of handling the increasing complexities within the organization.

Both cooperatives also demonstrated a strong strategic ethos when formulating long-term objectives, enabling them to adapt to changes in market structures and plan for sustained growth over time. This environment has cultivated a strong sense of ownership and responsibility among members, driving commitment, participation, and alignment with cooperative objectives.

However, the factor that played the most significant role in fostering these conditions was the shared cultural background among members. The cultural and ethnic dynamics of these communities facilitated the development of governance structures from within the membership. These shared values also strengthened identification with the cooperatives and deepened relationships with their surrounding communities. Core principles such as solidarity, reciprocity, and self-accountability have significantly enhanced members' willingness to cooperate, which, in turn, has driven the success of these cooperatives.

Despite challenges posed by agency costs, the valuation of property rights, and external political and economic instability, the cooperatives have developed resilient models that enable them to thrive within their respective industries.

This study analyzes in depth two successful agricultural cooperatives in Bolivia that have a deeply ingrained bottom-up approach. This approach was generated by a strong sense of belonging and the dynamics of their common cultural background that set the basis for the implementation of the democratic structure of the cooperatives. This is a very important unique characteristic because it shows that within the context of small-scale farmers in Bolivia, the influence of ethnic-based practices in combination with a focus on developing efficient management structures is fundamental for the success of cooperatives. However, more research is needed to generate a better understanding of the wider cooperative sector in the country. Larger studies that include other cooperatives based in different regions and of different sizes is needed. Financial data and more coordination with governmental databases are also essential for any future studies. See also Chapter 25, this volume.

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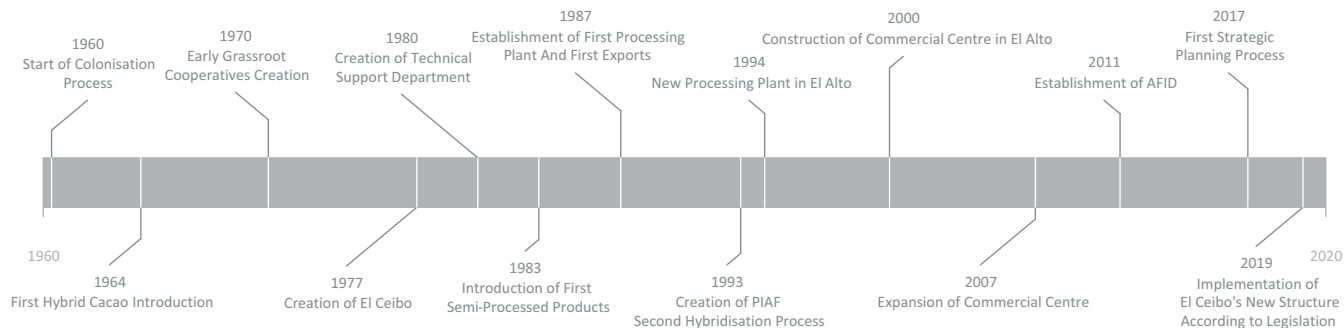
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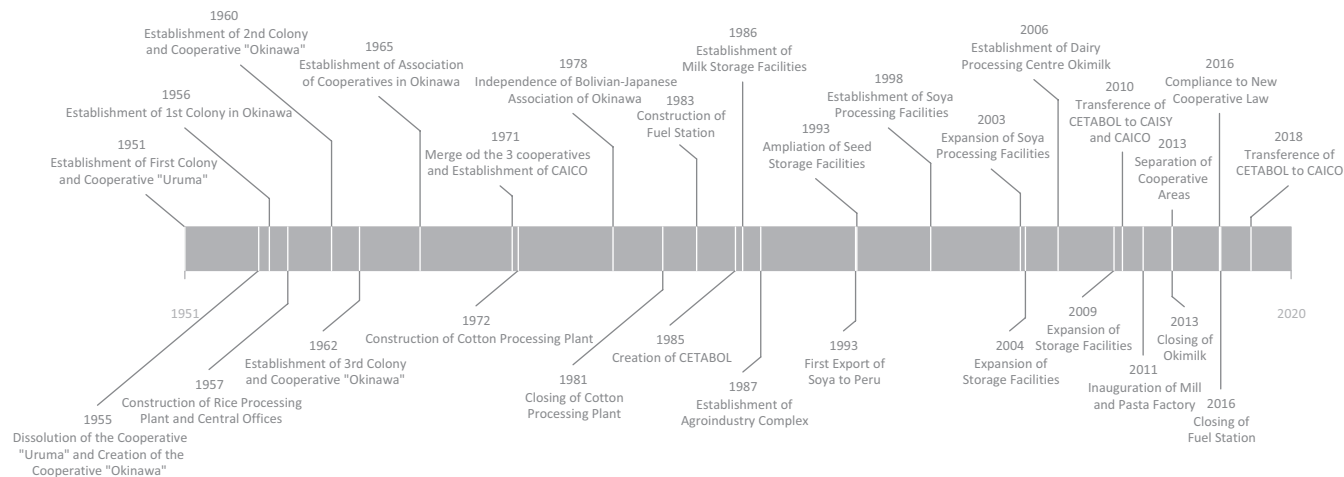
Appendix 1

Milestones of El Ceibo Cooperative



Appendix 2

Milestones of El CAICO Cooperative



16 Democracy and innovative governance in French agricultural cooperatives

An exploratory study

Louis-Antoine Saïsset

1 Introduction

Agricultural cooperatives have undergone major changes for more than 30 years, including very significant regrouping movements to be more competitive, described as a means to face globalization (Bijman & Hanish, 2012). Since World War II, they have moved from “unicellular” and very territorialized forms, with very close relationships with their members, to more extensive and larger organizations, often resulting from mergers, which has led, in certain cases, to very large cooperative groups, with multiple subsidiaries, increasingly questioning the cooperative-members’ link (Saïsset, 2016).

The multiple economic, health and financial crises and societal and environmental developments have influenced the evolution of these organizations in terms of governance and management. Well beyond the legal principles governing the status of agricultural cooperatives, the democratic aspirations of their members have undergone profound changes. These aspirations, oriented towards a more horizontal and participative system, can call into question the “classic” functioning of cooperative companies, which is essentially based on the model of representative democracy (Kaswan, 2014). A more horizontal organization does not necessarily prevent co-op degeneration, as shown by Pastier (2024).

Facing this reality, we wish to address the question of the evolution of democratic-oriented governance in agricultural co-ops: can co-op democratic governance also be innovative to cope with members’ expectations? Indeed, farmers can feel very far from their collective organization because of its size and complexity (Mauget, 2005). This may lead to a distance between members and the Board of Directors (BoD), as analyzed by Nilsson (2023). This issue should be addressed through a more democratic system thanks to governance innovation, namely based on participative and partnership devices. But member involvement is also linked to other drivers, such as economic motivations (Cechin et al., 2013). In the French agricultural co-op sector, studied in this chapter, co-op governance models are very diverse (Chomel et al., 2013), and external as well as internal governance drivers are likely to influence democratic practices. Mergers, which have affected numerous agrifood co-ops in Europe for a long time (Mauget & Declerck, 1996), are part of the key factors.

In order to answer this question, the chapter is organized in four parts: first, we expose our theoretical framework; second, we detail the qualitative methodology based on four case studies; third, we analyse these cases; and fourth, we synthesize and conclude.

2 Theoretical framework: democratic and innovative governance

We based our theoretical framework on the concepts of democracy, governance, and innovation in corporate governance, applied to cooperatives, more particularly in the agricultural sector. In the following pages, we will define and develop these concepts, showing that a few studies deal with them and their interactions, proposing a conceptual framework to deal with drivers of governance innovation in terms of democracy.

2.1 *Democracy and governance: from capitalistic firms to cooperatives*

Company is an organization with many faces that has been approached in different ways. From the neoclassical conception, according to which the company was considered as a “black box”, to the company seen as a system, it is still difficult to grasp its complex reality (Tosi, 2009). Organization theory studies all types of organizations with very diverse points of view, as underlined by Tosi (2009): rational/natural models, closed/open system approaches, and considering single- or double-way relationships between environment and structure.

According to Pfeffer (1991), this research field frequently took the individual and its behaviour as the unique unit of analysis and did not really consider social structure as relevant, denying the effects of social and mutual interactions among individuals on the firm’s management. On the contrary, for Pfeffer (1991, p 801), “organizations are social settings”. Social relations are therefore essential and can influence the firm’s performance. Some authors went further and considered organization as an open system model where structure and environment are linked, sometimes following an interactive process, dealing with institutions and ecology, and leading to *open system natural models* (Tosi, 2009).

In this perspective, the pervasive power of shareholders, stressed by Jensen and Meckling (1976), is counterbalanced or, at least, influenced by the open system of interactions between internal and external stakeholders, taking into account the commitment to society of the firm, analysed by the stakeholder theory (ST; Freeman, 1984). Democracy is also more concerned, directly or indirectly, considering the firm as an institution where democracy gains ground thanks to increasing openness, activist shareholders (Gomez, 2001) and citizen requirements (Grandori, 2017). This phenomenon led Andreani (1994, p 184) to state, “it is much more difficult to initiate democracy in a party than in a firm”. In fact, behind stakeholder and democratic issues, governance is at the heart of operations.

Democratic governance (Cornforth, 2004) concerns the essence of agricultural cooperatives as social economy organizations. Since their origin, they have been

based on the democratic member control principle (Saïssset, 2014), the second cooperative principle, which is supported by the ICA (1995).¹ Therefore, democracy is part of co-op specificities and can spread both inside and outside co-ops. They can also be affected by tensions depending namely on co-op type and size (Kaswan, 2014). Moreover, these tensions, involving sometimes deviations, can develop due to the existing dilemma between the need for the cooperative enterprise to be efficient and the desire to maintain equality between members and to have a satisfactory level of transparency (Gwiriri & Benett, 2020). These issues lead to democratic costs at different levels, as analysed by Pozzabon et al. (2012), and are likely to slow down decision-making. These costs depend in particular on oscillations between delegative, representative and participatory democracy, three democratic modes detailed by Andréani (1994).

Social responsibility also directly concerns cooperatives, and more particularly agricultural cooperatives, considering the seventh cooperative principle of ICA (1995): *Cooperatives work for the sustainable development of their communities through policies approved by their members*. In this perspective, from the quadrangle of Desroche (1976), dealing with internal stakeholder interactions (members, employees, directors, and managers), cooperative governance can be seen more broadly, influenced by exchanges and partnerships with external stakeholders, such as customers, advisers, other enterprises, bankers, and others. It was shown by Turnbull (1997) for the Mondragon multipurpose cooperative and Saïssset (2020) in wine cooperatives. However, these types of relationships, even when stakeholders are also shareholders, as in agricultural cooperatives where farmer members are suppliers and shareholders of their collective tool (double commitment, see De Charrin, 1989), do not prevent tensions and bargaining in the co-op governance. This can come from heterogeneity, cognitive limits, and bounded rationality of members or employees (Saïssset et al., 2017).

Furthermore, joining a cooperative is a way for members, and especially farmers, to reduce uncertainty and transaction costs (Nilsson, 1996). In transaction cost economics (TCE), cooperatives are often seen as an intermediary way of contractual governance, a solution to counterbalance opportunistic behaviours and to solve problems of bounded rationality (Ménard, 2007). Its place is often in-between markets and hierarchies, which Williamson (1985) called “hybrid”. Ménard (2018) characterized this hybrid form in the agrifood industry in light of the theory of relational contracts (informal contracts), according to the degree of decentralization of coordination and centralization of strategic resources. He showed that different kinds of hybrid forms of cooperatives could exist, namely depending on their activities.

Going further, some authors connected ST and TCE through cooperative examples like Mondragon, for which Turnbull (1997) described the governance of transactions by stakeholder relationships. More recently, Chollet and Saïssset (2023) proposed a theoretical governance model of a cooperative bank, assembling ST and TCE, to analyse the implementation of sustainable development goals. Going deeper into the content of TCE, Valentinov and Iliopoulos (2024) analysed the economic adaptation described by Williamson (1996) via the markets (autonomous

adaptation) and the hierarchies (cooperative adaptation). They showed how TCE and ST are intertwined and particularly how ST informs TCE: stakeholder relations enable corporations to economize on transaction costs through different mechanisms of adaptation.

2.2 *Innovative governance: a key aspect of organizational innovation*

Innovation is a complex concept, which is not easy to define, as underlined by Read (2000), who worked on the determinants of organizational innovation, and by Pou-tanen et al. (2016). Baum (2004) insisted on the marketing aspect of innovation, whereas Baregheh et al. (2009) proposed a new scientific definition coming from a literature review. Several authors dealt with *innovative enterprises* (O'Sullivan, 2000; Palladino, 2022). They insisted on the wrong primacy of shareholders and the importance of stakeholders to create a climate of innovation, leading to value creation, namely thanks to human assets and skills.

Nevertheless, the broader definition of innovation comes from the Organisation for Economic Co-operation and Development (OECD, 2018). This one deals with product innovation as well as business process innovation, of which organizational innovation is a part. The latter has been gathered by the OECD with marketing innovation, so that we must refer to the Oslo Manual of 2005 for its definition: *an organisational innovation is the implementation of a new organisational method in the firm's business practices, workplace organisation or external relations* (OECD, 2005, p 51).

This kind of innovation has ill-defined areas and is intangible, contrary to product or technological innovation. It embraces management and governance innovation. Its first part has been rather broadly studied, namely by the Managerial Innovation Lab (London Business School). Hamel (2006) pointed out the crucial role of management innovation in firm performance. The second part of organizational innovation, related to governance, has been much less analysed. Regarding this aspect of innovation and the digital revolution, Filatotchev et al. (2020, p 7) stated, *there is almost a blank canvas of areas that require our scholarly attention as we enter new territories in the virtual governance world and its cyber risks*. They also pointed out the central role of regulations and institutional settings. Firms can innovate within or outside their regulatory bodies, as well as when they expand internationally.

Furthermore, ethical considerations paved the way for the development of "for-purpose" organizations with new forms of governance (Filatotchev et al., 2020). Their openness to external stakeholders can be considered as an innovation in governance, avoiding the isolation of the firm and its withdrawal, which is detrimental to the future. In ANECCOP, a second-tier citrus cooperative, Gallego-Bono and Chaves-Avila (2016) underlined that providers and researchers helped to increase innovation by their knowledge and their links with the cooperative. Mon-dragon is another very relevant case detailed by Turnbull (1995). He analysed the innovative governance as starting from the beginning of this multipurpose cooperative by *a hybrid governance structure*, mixing farmers and workers (Turnbull,

1995, p 171). Moreover, innovation in governance covers non-mandatory, even informal, and original bodies, specific to the Mondragon cooperative. In this case, participative democracy is enhanced. Borgen and Aarset (2016) found a participatory innovation process involving members in two breeding cooperatives. Specific bodies allowed farmers to discuss their production data in an interactive and democratic way.

Facing changing markets, European agricultural cooperatives adapt their governance model in different ways, leading to more complex organization, including more employees or external stakeholders. These evolutions influenced democratic rules and practices (Bijman et al., 2014). Changes in the internal governance mechanisms, according to Bijman et al. (2014), come from the need to improve members–cooperative relationships, to cope with market orientation, and to be more efficient by attracting professional managers. So, these innovations in governance can be either positive or negative for democracy, depending on the cooperative strategy and on its dynamics.

2.3 *Proposition for a model concerning innovation in cooperative democratic governance*

In light of our literature review, we propose a first conceptual framework to explain and analyse the evolution of democracy in agricultural cooperatives linked to governance innovation. This general model (Figure 16.1) involves internal and external actors or factors.

This figure tends to represent the different drivers of innovation in democratic governance of cooperatives, including agricultural cooperatives. It shows to what extent stakeholders can be implied in the phenomenon, and governance

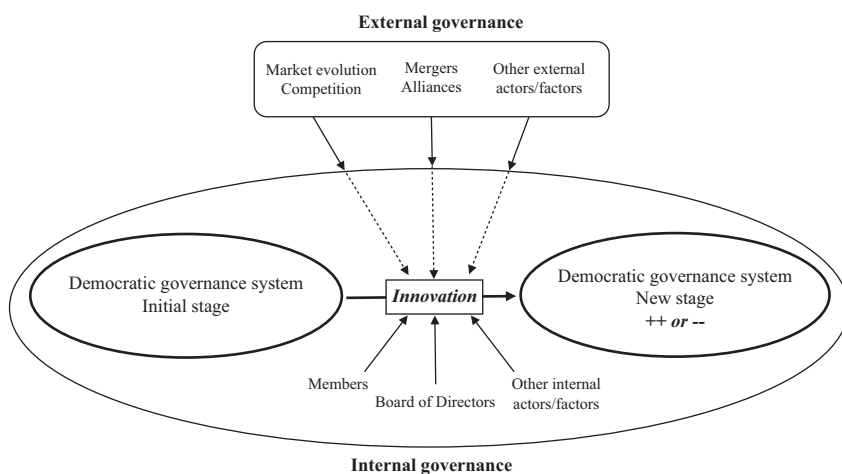


Figure 16.1 Democracy and innovation in cooperative governance.

Source: From the author.

mechanisms – seen as coordination of transactions between stakeholders – can be centralized (internal governance) or decentralized (external governance).

3 Methodology: a qualitative study

Our survey is exploratory and partly based on the action-research approach and participant observation, as we have been consulting engineers in an agricultural co-op union in Southern France for 14 years. Our contacts and observations went on after this period, through teaching and other research projects, including INN-OGOUV,² so that we were able to study the evolutions of the concerned co-ops from 2000 to 2024. Therefore, we followed a long-term approach, allowing us to analyse co-op long-run trends and trajectories.

We choose four different agricultural co-ops in the South of France, considering their diversity in terms of history, sector, activities and size. The firms at stake are described in Box 1. We used pseudonyms to respect confidentiality. According to the EU legal framework, there is one micro-enterprise (Co-op D), one small-sized enterprise (Co-op A), one middle-sized enterprise (Co-op B), and one large enterprise forming a large Co-op Group (Co-op C). This covers a wide range of diverse situations.

In this context, our research relies on a qualitative approach and, more precisely, on a case study methodology. It follows Yin’s research (2018): we carried out iterative process and data triangulation in order to achieve a hard form of research. We contributed to managerial changes and observed evolutions at the same time, collecting also precious information for our research work thanks to eight control or advising tasks (representing at least 40 working days). Moreover, we carried out 10 semi-structured interviews with executive managers, managers, chairpersons, and directors of those co-ops. They lasted 11 hours, of which those that consented to recordings (two-thirds of them) were recorded and transcribed. In all cases, we took notes during the interviews. We met more than 40 persons. We also collected internal data and external information. All these data enabled us to understand dynamics and innovative processes linked to changes in governance practices.

Box 1 Agricultural co-op description

Wine Co-op A

Founded in 1923
Member of a co-op federation (marketing objective)
Mergers in 2009 with 2 nearby wine co-ops and in 2022 with another little-sized one
220 members located in 30 communities
Turnover: €14,000,000
32 employees

Wine Co-op B

Founded in 1932

Merger in 1996 with 6 other local wine co-ops ⇒ Territorial sections

Member of a co-op federation (marketing objective)

650 members located on 4 communes

Turnover: €15,300,000

160 employees

Multipurpose Co-op C

Founded in 1932

Merger in 1945 with 3 local co-ops to create a multipurpose agricultural co-op

⇒ Territorial sections

Merger in 1993 with another nearby multipurpose agricultural co-op ⇒ Co-op Group

Merger in 2008 with 2 important agricultural co-ops and in 2016 with a multipurpose co-op

15,000 members located in 23 departments

Turnover: €1,225,000,000

2,300 employees

Livestock Co-op D

Founded in 1974

Merger in 2013 with another livestock co-op

140 members located in 3 departments

Ovines and bovines collection

Turnover: €9,100,000

7 employees

Sources: interviews, observations, co-op and newspaper websites, official and internal documents

4 Results: tensions, shifts, and innovation in cooperative governance

4.1 Life trajectories and key stages

Wine Co-op A is a rather big co-op; compared to the average turnover of the French wine co-ops, that is around €9,500,000 (Saïsset, 2020). It mostly sells protected denomination of origin (PDO) wines and is specialized in wines packed in bags in boxes or bottles. Being one of the most famous spearheads of

Languedoc-Roussillon viticulture, Co-op A has been for decades at the forefront of normative quality-driven initiatives, bringing rigour and professionalism inside the functionality of the firm and vis-a-vis members.

This trend led to the rationalization of the functioning of the co-op, following a continuous improvement approach. So, a highly sophisticated Quality Management System (AgriConfiance) was built and paved the way for a sustainable approach. In 2009, the merger with two other wine co-ops, one of which was located in the same village, brought changes in internal organization and resulted in a boost to the sustainable development strategy of Co-op A. It then obtained a specific label (“Sustainable Winegrowing”) and elaborated a new strategic project from 2014 to 2015. However, these great changes also led to important tensions among members and between some members and the leaders of the cooperative.

Coming from a merger of six wine cooperatives, **Wine Co-op B** is a much-specialized cooperative in natural sweet wines (PDO). Its members are numerous and mostly little-sized producers, working on very steep slopes. Since the 1980s, it has developed short circuits thanks to canvassing. This business model has been really successful, but great evolutions in food habits, combined with the viticulture crisis and climate change, called it into question. Despite this situation, the Chief Executive Officer (CEO) and the BoD decided to invest in a single brand new winery because of the scattered and outdated old ones. From 2000 to 2024, production and turnover have been divided by two. Many grape growers stopped their activity, and Co-op B had to face great financial issues, leading to a “safeguard procedure” to avoid default of payment.

Despite high-quality wines, sustainability approaches (implementation of 3D diagnosis), strategic plans (OdyCellier), and management commitment to redress the economic situation, Co-op B declined. Its CEO left in 2017 and was replaced by an experienced general manager who looked for new markets and investors (partnership and crowdfunding).

Concerning **Multipurpose Co-op C**, its life trajectory is completely different. Born just after the Second World War, it evolved towards a regional co-op group during the 1990s (turnover of €250 M, 8,500 members in 2000). It has accelerated its external growth, particularly since 2008, to become nowadays a national group (€1.2 B of turnover in 2024 for 15,000 members), with 51 subsidiaries in the agrifood sector. More than 12 important and successive mergers have been run, leading to the extension of its territorial area from the South East to the South West of France. Co-op C covers a wide range of sectors, from fruit to livestock production and cereals. This agribusiness cooperative group is made of three main poles, from upstream to downstream: agricultural pole (increasing farm advisory activity), agribusiness pole, and retail pole.

This external growth significantly changed the size, the nature and the organization of the co-op: complexity increased, and the risk of distance from members rose up. A new strategic plan has been drafted. Called “Vision-Ambition 2025”, it namely relies on marketing and innovation. At the same time, local production has been developed to strengthen the territorial anchorage of the cooperative: 100% durum wheat “baguette”, PGI Camargue rice, lentils, and almonds, among others.

The fourth, **Co-op D**, specialized in livestock production and located in the Pyrenees Mountains, is a much smaller business, with a traditional functioning system, where farmers play a key role in the decision-making process. It came from the merger of two breeding co-ops in 2013 (Figure 16.5). They had similar sizes but different productions – ovines for one of them and bovines for the second one – and different “cultures”. One co-op was focused on social aspects (especially concerning members), although territory aspects were crucial for the other one. Both were quality-oriented and promoted territorial signs (PGI calves from Pyrenees) or local specific brands (i.e., “El Xai” lambs).

The emergence of the new **Co-op D**, after decades of coexistence of two specialized co-ops, was due to economic rationalization and competitive issues. It also came from the necessity of restructuring and rebuilding a new slaughterhouse, partly owned by the two pre-existing co-ops and a local meat industry company. The new enterprise, launched in 2015, is a cooperative gathering of industry, local authorities, associations, citizens, and employees. The creation of a single livestock co-op on a large territory, where farmer density was low, with ambitious marketing objectives, led to the setup of a global strategic plan, overturning members’ and employees’ working habits and well-established ways of governance.

These four cases showed us varying trends and trajectories over 25 years, coming from very different cooperatives in terms of size, sector and organizational aspects. Nevertheless, they all revealed key stages in the co-op lifecycle, which strongly drive the economic and financial evolution of these agricultural co-ops, but also their membership and their style of governance.

In this perspective, these cases present two striking commonalities concerning crucial steps and dynamics. First, these co-ops are all “pioneers” in different fields and have shown innovative capacities for quite a long time. Second, mergers and strategic plans with important investments shaped co-op history more or less recently. These two characteristics are essential to analyse and explain tensions in internal governance, leading to innovative processes concerning democratic governance. That is what we are going to study in the following parts.

4.2 *Democratic issues and tensions in the internal governance*

Wine co-op A merged with another local wine co-op for the first time in 1991. Alliances were natural for the two leaders (CEO and chairman), and a long-term marketing partnership with a famous regional co-op federation was set up for decades. Despite this positive orientation, the previous tandem CEO-chairman, lasting 15 years, concentrated power and was not prone to democratic discussions within the BoD. It decided strategic orientations, including two mergers with very close co-ops, without real exchanges, debates and explanations. This centralized way of governance did not fit all members, and some of them opposed the established governance. It was a *non-participatory governance* for the present CEO. He added, the tandem *communicated only the bare minimum to the BoD [...]. This has created a certain discontent over the years*. Consequently, tensions increased (see Figure 16.2) and called into question the leadership of the governance duo. It

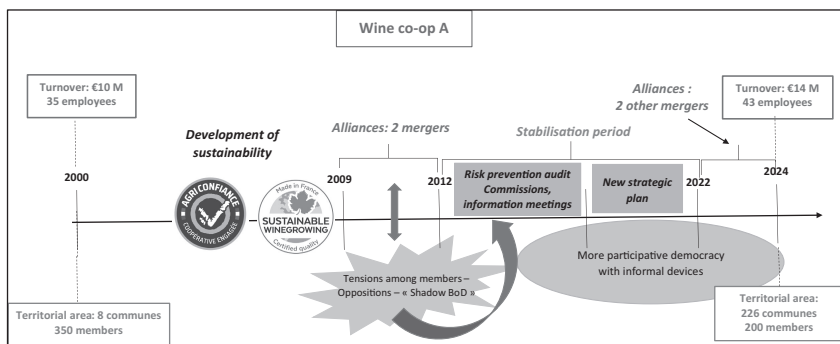


Figure 16.2 Evolution of wine co-op A.

Sources: Interviews, observations, co-op and newspaper websites, and official and internal documents.

led to a kind of “shadow BoD”, with parallel meetings and harsh criticism about democracy and transparency. The situation was risky for the Co-op A, whereas its economic situation was rather good. At that time, we considered that Co-op A was a rather centralized hybrid with third-party coordination (norms and certifications) where the stakeholder dimension was important and the participative democracy level was rather low.

Wine Co-op B resulted from a big merger in 1996 in a PDO vineyard made of a mosaic of plots. At that period, the co-op chose to be governed thanks to 4 territorial sections, corresponding to the territorial area of each merged co-op. The objective was to evolve progressively towards a single co-op by maintaining a close relationship with the 1,000 members. This proximity governance aimed at strengthening links between grape grower members and their co-op. The CEO said, *Our goal is really to have a transparent dialogue with producers*. He added, *the more we meet the better the information flow is*. Despite these well-intentioned arguments, territorial sections reinforced differences so that members felt without any decision-making power. Indeed, this governance system gives no direct democratic power to members: they must elect section representatives who will vote for them in the plenary annual meeting. This two-tiered system led to democratic frustrations and oppositions when the building of the new winery was decided. It implied selling old wineries, symbolizing the definitive loss of each previous co-op, and appeared as a very risky decision. A territorial section concentrated many of the opponents, and 36% of its members voted against the project. At the same time, opponents formed a specific association – “All United” – to give a voice to all dissatisfied members in each territory. The President of “All United” said, *It is a dangerous financial project for our future. Why persisting in such a dead-end path?* Tensions were at their peak. This co-op could be considered, at that period, as a partly centralized hybrid with relatively weak partnership and democratic governance aspects (Figure 16.3).

Concerning **Multipurpose Co-op Group C**, it engaged in many mergers between 2008 and 2023, with 12 operations mobilizing human and financial

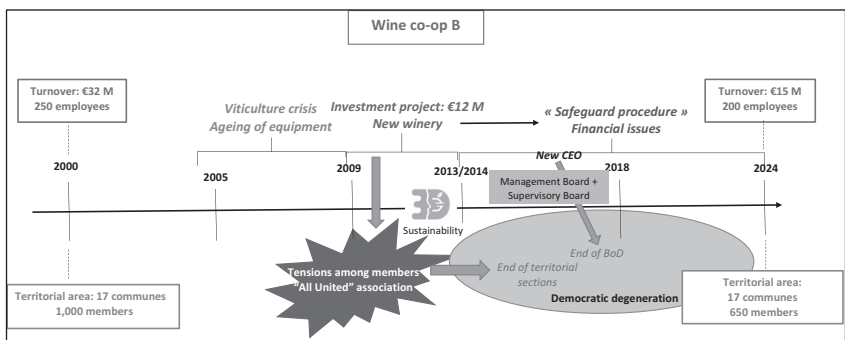


Figure 16.3 Evolution of wine co-op B.

Sources: Interviews, observations, co-op and newspaper websites, and official and internal documents.

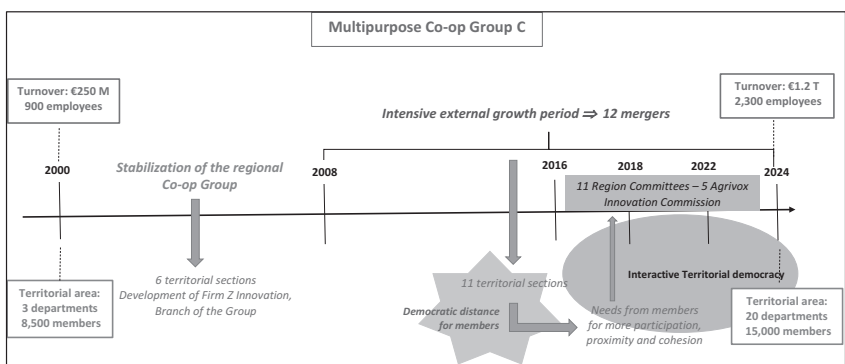


Figure 16.4 Evolution of multipurpose co-op group C.

Sources: Interviews, observations, co-op and newspaper websites, and official and internal documents.

means in the long run. The first key stage was the foundation of the existing Co-op Group C in 2008 by merging the two biggest multipurpose agricultural co-ops to build a regional entity. Then, merger treaties and Extraordinary General Meetings (EGM) were carried out one after another at high speed. For the historical CEO, *The advantage of building groups of regional dimension is to be able to mobilize broader skills. This world requires being more efficient, more professional.* This accelerated enlargement to be more competitive was particularly difficult to face for many members because they felt they were losing power over the future of their co-op. They did not always understand the concomitant vertical integration by purchasing many agrifood companies. They felt more and more distant from Co-op Group C and even dispossessed of their collective tool (Figure 16.4).

The governance system seemed to be reversed. This perception was strengthened by the territorial sections which were enlarged but always without having any decision-making power, in accordance with French legal rules. Table 16.1

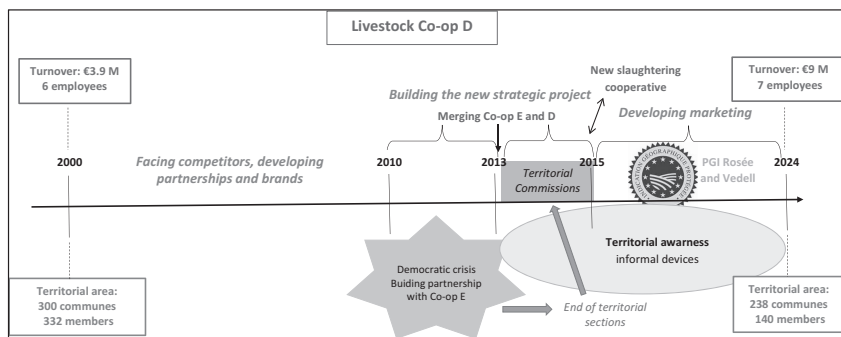


Figure 16.5 Evolution of livestock co-op D.

Sources: Interviews, observations, co-op and newspaper websites, official and internal documents.

shows that only 0.6% of members (delegates) decided for all the others. Even BoD was partly put on the key, and a director underlined: *little information circulates, mostly statutory information, the rest being confined to sector by sector, without cross-functionality. As soon as you protect power around a handful of individuals, it cannot work.* Participation rate at BoD was frequently around 65–70%, a sign of divestment for some directors. Moreover, feeling external to the co-op, although being a crucial part of the internal governance, was disturbing for members and led to democratic disinterest. It was like a disempowerment. Co-op Group C was, at this moment, a partially centralized hybrid with a high level of partnership governance (numerous stakeholders and subsidiaries) and big issues concerning representative and participative democracy.

Livestock Co-op D was touched by a democratic crisis before any merger, in 2010 (Figure 16.5). It came after a rather long period of developing marketing partnerships, especially with the more important local meat industry, Cie X, in order to create value for breeders. In fact, Cie X was the main commercial outlet of Co-op D, with common brands and very close links between managers. Breeders had difficulties getting involved in the decision-making process due to the two-tier system of territorial sections. They just met once a year during the annual section meeting, listened to the CEO and the chairman, then voted for their delegates. *It is not exciting* said a stock farmer member. *We do not decide anything* added another farmer. From 2000 to 2013, fewer than 15% of members were elected as delegates and attended the AGM (Table 16.1). Moreover, it was very tedious to organize this system and to keep it alive, considering its administrative constraints. It represented a lot of work for animating territories without directly implying them in the strategic decision. That is why leaders decided to invite for the AGM all members and not only delegates, as specified in bylaws. This paradoxical informal arrangement aimed at avoiding member lack of interest. In this context, Co-op D was seen as a decentralized hybrid with crucial stakeholder interactions and issues of representative democracy.

In 3 cases out of 4, territory appears as extremely important through the role of territorial sections. This French legal option for agricultural co-ops is chosen when members are numerous and/or the territorial area is large. But territorial general

Table 16.1 Evolution of co-op governance through innovation

Cooperative	Governance Type before Innovation	Innovation in Governance		Effects on Democratic Governance	Governance Type after Innovation
		Formal Devices	Informal Devices		
Wine Co-op A	• Rather centralized hybrid (third-party coordination) • Partnership dimension ++ • Democratic governance – (participative aspects)	• BoD: 3 directors, regular meetings • Executive Board: effective missions, regular meetings	• 7 Member meetings • Commissions	Fluid participative democracy Participative aspects +++	• Decentralized hybrid (third-party coordination) • Partnership governance +++ • Democratic governance ++ (participative aspects)
Wine Co-op B	• Partly centralized hybrid • Partnership governance -- • Democratic governance - (representative and participative aspects)	• End of territorial sections • BoD: 1 directors, then replaced by MB and SB		Democratic degeneration Representative Participative aspects ----	• Very centralized hybrid similar to hierarchy • Partnership governance + • Democratic governance ---- (representative and participative aspects)
Multipurpose Co-op group C	• Partly centralized hybrid • Partnership governance +++. • Democratic governance --- (representative and participative aspects)	BoD: 3 directors	• Innovation Commission • Regional Committees • Territorial sections: Agrivox	Interactive territorial democracy Participative aspects ++	• Partly centralized hybrid • Partnership governance +++ • Democratic governance + (representative and participative aspects)
Livestock Co-op D	• Decentralized hybrid • Partnership governance +++ • Democratic governance -- (representative aspects)	End of territorial sections	Territorial commissions	Territorial awareness Representative aspects ++	• Decentralized hybrid • Partnership governance +++ • Democratic governance ++ (representative aspects)

Sources: From the author.

meetings have no other power than the one to elect delegates who will decide in the plenary general meeting. This two-tier system is very specific, represents indirect democracy, and can be a source of inertia or member frustration. Moreover, mergers and investments linked to alliances, part of the external governance, appear as a source of tensions between members, governance leaders, and executives. It created a democratic crisis, taking the form of collective disenchantment or strong oppositions, that is to say vague or high tensions between members and governance bodies, including the tandem CEO-chairman.

We are now going to analyse what were the more or less innovative solutions implemented by co-ops to overcome these issues.

4.3 *Responses through innovative governance*

Reactions of co-ops can be classified in two different groups: two co-ops set up formal solutions to simplify the decision-making process and to focus on direct democracy as well as efficiency, whereas two other co-ops chose informal solutions to improve a more participative democracy concerning members. It represents two directions for innovation in democratic co-op governance.

Wine Co-op B and Livestock Co-op D carried out formal solutions based on legal aspects. They were both concerned by the territorial dimension and decided to give up the legal but optional system of territorial sections. They were advised by the regional union of agricultural cooperatives (FRCA), one of their key stakeholders, looking for a more efficient decision-making process.

Wine Co-op B was first assisted and supported by prefectural authorities and by FRCA during the section annual meetings (SAM) in 2008–2009 for deciding to invest in the new winery. The CEO pointed out, satisfied, *a very large majority of cooperative members voted in favour of the project to build a new winery*, despite the “All United” opponents. In 2010, the CEO and the chairman decided to innovate by removing territorial sections from the bylaws to avoid any new increasing opposition in a section. They also hoped it could encourage members to attend the single AGM. At the same time, they decided to reduce the number of directors from 50 to 35 in three years, having big quorum issues (participation rate was often very close to 50%). Results are mentioned in Table 16.1: the participation rate of BoD increased a lot to reach 75%; around 33% of members attended AGM, but thanks to a second invitation (quorum was not reached for the first invitation). Leaders faced a dilemma: is it better to have several hundred members for the SAM with no decision rights or to have between 100 and 200 members for the AGM with voting rights? In fact, the new winery and the safeguard procedure scared members. The new way of governance did not attract them either. Without territorial animation and communication, democracy was down. In 2017, a new CEO was hired, and he proposed to move from a BoD to a Management Board (MB) and Supervisory Board (SB). With five persons, MB could decide faster than BoD, with SB playing a supervision role. Participation in SB was quasi the same as BoD, but MB met more frequently, and decisions were easier. In this innovative system, the role of directors was very restricted, and there were fewer exchanges

between elected leaders and managers. The co-op spirit was neglected, and a kind of slow “democratic degeneration” began. But Co-op B took initiatives to mobilize members thanks to external stakeholders: implementation of 3D (sustainability approach) and building of a new strategic plan in 2012, joining a big national wine federation in 2016, and attempting to attract investors via crowdfunding in 2018 (Miimosa platform: €100,000). External governance was unable to restore a lively internal democracy.

Livestock Co-op D, advised by FRCA when merging with its neighbouring ovine co-op, took a similar decision, followed by more practical governance devices. There was no problem of BoD participation (see Table 16.1). During the preparation of the merger, directors from the two co-ops decided to remove territorial sections in order to be more efficient, to have greater consistency, and to avoid member lack of motivation. The chairman declared: *We want to be more flexible and realistic. We cannot lose time with additional administrative constraints.* That is why the Co-op D decided to innovate with territorial groups and new informal governance devices to maintain dialogue and interactions in each little region. They were mentioned in the rules of procedure but were not an unavoidable point of passage to vote in AGM. In this perspective, the new chairman, elected in 2023, declared, *I will embark on a tour of the department, small region by small region, to present my project for the cooperative.* Moreover, the strategic partnership with the local meat industry Cie X and the launch of the new slaughtering house cooperative were two strengths for implementing a stable governance. There has been much discussion about striking a balance between directors who represent their territory and directors who are active and involved. It was a key question to determine the relevant number of directors in the future BoD and its composition. A compromise was found. Finally, PGI Rosée and Vedell of Pyrénées were approved in 2016, becoming the first cross-border cooperatives (Spain and France) in Europe. These terroir-based productions helped to develop a “territorial awareness” in the internal governance.

Wine Co-op A and Co-op Group C carried out informal solutions to find innovative modes of governance, including more democratic and partnership dimensions. They were partially advised by their cooperative union and found resources by themselves thanks to their leaders and staff.

Wine Co-op A faced a kind of cognitive problem: some directors and co-operators did not understand the strategic orientation of their leaders. This led to a rising opposition and important tensions inside and outside the BoD (see 4.2), whereas the CEO stated: *Cooperators place their trust in the co-op's BoD and management team.* The first innovative solution was to ask for a risk-prevention audit (PREVENCOOP) carried out by FRCA to defuse the situation. This external means brought objective facts and figures, strengths, and weaknesses to the directors on different topics: legal aspects, governance, vineyard production, marketing, and finance. Thanks to this diagnosis, they noticed that no particular risk threatened their co-op, member remuneration was rather good compared to the average regional level, and strategy was clear. But this audit underlined the critical lack of discussion for exchanging ideas and for sharing the cooperative project. These

findings questioned the two leaders so that they proposed to improve information and knowledge flow by organizing longer BoD meetings. They also decided to reactivate several commissions concerning vineyards, investments, human resources, communication, and finance. They possibly mixed directors, members, and employees. This open partnership attitude was really appreciated by directors. They progressively recovered trust after doubt and suspicion. The annual member satisfaction surveys carried out thanks to AgriConfiance and Sustainable WineGrowers facilitated this evolution. However, progress was emphasized after the change of the duo CEO-chairman in 2018. The CEO explained, *Our aim was to meet the expectations of the BoD and move towards a much more participative vision*. Innovation came from their way of seeing governance linked to co-op values. The new chairman said, *Mutual aid, fairness, solidarity, and conviviality constitute our values*. He added, *Solidarity is symbolized, on the bottles, by a Merovingian sign of shaking hands*. With this state of mind, they developed many informal devices: more frequent member information meetings, more regular commission meetings, software and digital tools for technical exchanges, and communication with members. They also improved the functioning of formal devices: reduction of the number of directors to be more efficient, inclusion of young members in the BoD, and more frequent Executive Board meetings with precise roles.

Co-op Group C dealt with a “growth crisis”: a significant part of members felt external to the co-op, very far from the downstream and diversification subsidiaries acquired over more than 12 years. They did not understand any more the functioning of their local co-op that had become gigantic. Many supply technicians now called members “customers” and saw them as clients to retain and not as user-owner farmers. In this perspective, the new chairman and CEO decided to improve the decision-making process at different levels: BoD, territorial sections, and activities. When a new chairman was elected in 2015, he declared:

Our role is to create a state of mind in line with our values: it is mutualism, it is an economic and human adventure. It works better when people have their place within the company, and when relations with members are close and peaceful.

A will to be more interactive with members and more active with BoD emerged. And it was followed up by several actions.

First, the role of BoD was reinforced. In 2019, the new chairman said, *we are going to professionalize the role of director through training and involvement, and encourage exchanges between the BoD, operational staff and management* (annual report 2018/2019, p 4). In this perspective, the number of directors decreased from 41 in 2012 to 23 in 2024. The aim was to have a streamlined BoD to ease the decision-making process and to empower each director. It led to an increase of the participation rate from 80% to 90%. Second, innovation was put at the heart of the territories. An innovation commission was created after 2012, including some farmer members, to take their needs and their opinion into account because innovation must concern farms as much as the co-op level. The innovation manager

underlined, *we need to boost innovation in our businesses, and bring projects to fruition*. Members are more and more interested in and concerned by the innovation projects. In turn, in 2022, Co-op C wanted to study how to improve farmer performance and revenues thanks to a digital decision-making tool. Third, territorial issues were taken into consideration. It was absolutely crucial to respond to member fear of distance with Group Co-op C. In the context of its CSR approach, Co-op C set up a commission of territory animation and young farmers in 2017. It was really successful: farmer members were able to propose some actions, namely for revitalizing territorial sections. To improve the participation rate, which was rather low, it was proposed to change the meeting format. Beyond legal aspects, often boring for members, news from the Co-op C and interactivity were favoured. In 2022, 5 Agrivox were launched during the period of section annual meetings. They replaced them and gathered some of them. The goal was *to revitalize the co-op's democratic life and to maintain strong ties with members* (integrated report 2023/2024, p 13). During these meetings, group strategy was discussed with members, key figures and facts were exposed, and specialists/experts gave lectures on specific topics. Moreover, 11 regional committees were used as drive belts with territorial sections and their members. It is a kind of “interactive territorial democracy” which has a positive effect: the attendance number was multiplied by 4 between 2021 and 2023, but the road to make democracy alive in such a large group is still long.

5 Synthesis and conclusion

To sum up, we found that factors linked to external governance were likely to be triggers of democratic crises leading to diverse internal co-op governance issues. Mergers and restructurations can be essential drivers, as we found in 3 cases of 4. They exacerbate fears, bring up old oppositions or stories, and question collective action, co-op purpose and its future. It partially corresponds to our conceptual model proposed in part 2. This kind of reaction is addressed by researchers (Saïsset et al., 2017), but this impact on governance innovation has not been studied before to this extent. However, other aspects of external governance can ease internal governance, as happened with the close alliance between Cie X and Co-op D. They can be part of the solution when they support their co-op partners in case of important trouble, as professional unions or networks. This sheds light on the relevance of the vertical integration strategy, which has been analysed as a driver of co-op performance or member benefits (Zhong et al., 2018), but not in this way.

Concerning internal governance, it is frequently a source of innovation thanks to the changes of essential actors like the CEO or the chairperson, or even both. The role of this tandem is crucial and is pointed out by our study. It is confirmed by the existing literature that underlines the specific role of the duo CEO-chairperson in agricultural co-ops (Chaddad & Iliopoulos, 2013; Hakelius, 2018). Members can be drivers, but it is much more difficult for them because of their dispersion. That is why they sometimes join forces through new associations or “shadow cabinets” to oppose leaders and create a power balance (i.e. “All United” for Co-op B).

Furthermore, Table 16.1 goes beyond these general results by comparing governance characteristics of each co-op before and after innovations, as well as the effects of these innovations on democratic aspects. We can stress that formal devices are used or removed, most of the time, to increase governance performance and not to solve democratic issues. They are, of course, essential, but it is more difficult to innovate only with them. Wine Co-op B is revealing of this point, leading to a kind of hierarchy characterized by a progressive democratic degeneration. This is in line with Pastier (2024), who worked on the degeneration in food co-ops. On the other hand, informal devices are more flexible and are indicative of creativity in finding adapted solutions in co-op governance in relation to size, activities, and co-op history. In this perspective, our exploratory study shows that medium- or small-sized co-ops are prone to find simple innovations to improve democratic governance. In addition, in the case of Co-op Group B, several innovative practices are jointly implemented to reactivate territorial democracy. It is certainly a matter of innovation path dependency, as for Co-op A, but in a stronger manner.

Finally, we can point out that two co-ops evolved in their transactional governance framework: Co-op A moved towards a more decentralized governance when the leader duo changed, whereas Co-op B sloped towards hierarchical model, according to its financial issues.

Our qualitative study is rich in information and in promising explanations of governance evolution, so that it leads us to ask ourselves about the interactions between ST, TCE and democratic governance to explain governance innovation. We also have questions on the short-term and long-term effects of these innovations on agricultural co-op democracy. So, these results open up prospects for future research in other regions or countries, maybe with a broader sample. Indeed, it could be very interesting to analyse democratic innovations in agricultural co-ops through different French regions to explore the scope of the geographical and sociological diversity. A qualitative comparison of co-ops from different European countries may also be relevant to understanding the relative importance of contingency (namely legal framework) and of more specific mechanisms. Finally, a quantitative approach could enable us to verify the influence of mergers, external partnerships, member relationships and the CEO-chairperson tandem on governance innovation from a democratic point of view.

Notes

- 1 International Cooperative Alliance: <https://ica.coop/en/cooperatives/cooperative-identity>.
- 2 Research project funded by ANR (French National Research Agency) about governance, innovation and sustainability in French wine co-ops. For more details, see <https://umr-moisa.cirad.fr/en/the-unit/research-projects/current-projects/anr-innogouv-project>.

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17 Dairy cooperatives around the world

Jos Bijman

1 Introduction

The first dairy cooperatives appeared in the 19th century, in response to new technologies like the steam engine and the cream separator, growing international trade, and changes in legislation, particularly the introduction of cooperative law. North-west Europe can be considered as the cradle of the dairy cooperative, but emigrants soon brought the concepts to other parts of the world. In line with the variation in cooperative experience across European countries, also cooperatives in the destination countries showed differences in main activities and internal governance structures. Still, most countries followed, in law and practice, the cooperative principles of voluntary membership, democratic decision-making, and member economic involvement. These principles go back to the very first (consumer) cooperative that was established in the UK, in 1844, by the Rochdale Pioneers. Dairy cooperatives have been around for more than 150 years, and they have shown resilience to various political and economic challenges (Bijman, 2018).

The members of dairy cooperatives are farms producing milk. Dairy farming requires specific investments in animals, housing, and other equipment, as well as in knowledge of cows, feed, and land. Dairy farming is mostly a family farming activity. Different from crop farming, dairy farming is a year-round activity, as cows give milk every day. Dairy farming is a lifelong career for most farmers, and the farm is generally transferred from generation to generation.

The long-term perspective in dairy farming fits well with long-term membership in a cooperative. Membership, which often includes several generations, may persist as long as the farm is producing milk. Membership implies a bilateral commitment: the farm delivers all its milk to the cooperative, and the cooperative purchases all the milk that the farm produces (under agreed conditions of milk quality). Membership of a cooperative provides the dairy farmer with three important benefits: (1) the cooperative has a better bargaining position than the individual farmer; (2) the cooperative guarantees to purchase the milk, and (3) the farmer does not have to engage in sales and can fully specialize in herd management and milk production.

Cooperatives are jointly owned enterprises; they are formal organizations, subject to general business organization legislation or specific cooperative legislation.

While a large share of milk produced globally is sold in informal markets, the focus of this chapter is on the formal part of the dairy sector. Cooperatives may pursue social objectives next to their economic functions. However, in this chapter I focus on the cooperative as an economic organization, that is, an organization that provides goods and services to the farmer-members.

I discuss the importance of dairy cooperatives in various parts of the world, including regions from the Global North (such as North America, Europe, and New Zealand) and from the Global South (such as South America, Sub-Saharan Africa, and India). Although one can find dairy cooperatives in all countries with milk production, the evolution and importance of cooperatives differ greatly across countries and regions.

This chapter will first elaborate on why dairy cooperatives exist and reflect on the question as to why farmers do not just sell their milk to a private company. This is followed by a discussion on the evolution and importance of dairy cooperatives in different regions of the world, where importance is often measured by market share. Finally, I discuss the future of the dairy cooperative: are the explanations for the rise and longevity of the dairy cooperative still valid today, while policies, markets, and technologies are rapidly changing?

The chapter is based on my own research on agricultural cooperatives in Europe, Latin America, East Africa, China, and Indonesia, and on the broader dedicated literature on dairy cooperatives. While there is good data on milk production worldwide, from FAO, OECD, and industry sources, data on dairy cooperatives is scarce. Data on market shares, types of products, membership size, and level of integration in the food chain is only available from isolated research projects and case studies.

2 Why milk is often handled by cooperative enterprises

Dairy and cooperatives seem a favourable combination worldwide. More than other agricultural commodities, milk is often handled by farmer-owned cooperatives. In the European Union, almost 60% of all raw milk is handled by bargaining and/or processing cooperatives (European Commission, 2016). In the USA, 87% of milk is sold by cooperatives (Congressional Research Service, 2024). Also in other major milk production countries, including New Zealand, dairy cooperatives are key actors in processing and marketing dairy products. What explains the high market share of cooperatives?

Theoretical explanations for the existence of dairy cooperatives often build on transaction cost economics arguments (Bonus, 1986; Bijman, 2018). Farmers experience a dependency in the sales relationship with their buyers due to the combination of three characteristics of milk production and distribution. First, investments of dairy farmers in cows, equipment, and knowledge are long-term investments. Payback periods are often more than ten years. Second, milk is a voluminous and perishable product, which requires transport to a milk processor quickly after production and within a short distance. Third, the needed volume of milk deliveries for the most efficient scale of processing is much larger than what a single farm can deliver. Thus, multiple dairy farms supply one milk processor. This leads to a

so-called thin market for farmers, making them dependent on one specific processing company. Such an asymmetric market structure leads to low bargaining power and high transaction costs for the farmer.

Two solutions for this dependency have been developed over time. The first solution is the bargaining association or bargaining cooperative. Multiple farmers pool their milk and jointly sell to a processing company. While this arrangement gives farmers a good negotiation position, it does not solve all problems for the farmers. Bargaining associations are still vulnerable when supply and demand are out of balance or when the purchasing company decides to move out of milk processing. Therefore, the second solution is to establish a farmer-owned cooperative milk processing company. Because the farmers directly control this jointly owned enterprise themselves, there is no risk the enterprise will not (or no longer) buy the milk. Being a member of a dairy cooperative comes with the right to always sell to the cooperative and with the obligation to sell all milk to the cooperative. An additional advantage of selling milk to the cooperative is that profits made by the processing company can be distributed among the members and is not transferred to outside investors. In most dairy cooperatives, profits are partly allocated to the general reserves and partly paid out to members.

As Cook (1995) argued, cooperatives can be set up for “defensive” or “offensive” reasons. The main defensive motive is the above-described lack of bargaining power of the individual farmer. Offensive motives are those of entrepreneurial farmers who see an opportunity for developing and selling speciality dairy products. Such a market opportunity often requires a scale of processing and marketing that is beyond the scale of the individual farm, inducing farmers to set up a jointly owned enterprise. While those farmers could also choose a limited liability company for their joint business, the cooperative model has proved to be more versatile due to its relative ease for farmers entering and exiting membership, its democratic control structure, and its legitimacy as a not-for-profit enterprise.

Economic studies have shown that membership of a dairy cooperative brings clear benefits to dairy farmers (e.g. Kumar et al., 2018; Bizikova et al., 2020). Compared to those who are not members of a cooperative, members have higher production and yield; lower production costs; lower transaction costs of accessing inputs, information, technology, and markets; and higher prices and thus income. One may ask whether more skilled farmers and larger farms are more likely to become members of a cooperative, which then could account for the positive results of membership. This is not the case. Most studies have controlled for self-selection bias and still find a positive impact of dairy cooperative membership, particularly on yield (milk production per cow) and net farm returns. Kumar et al. (2018) also found that income gains brought about by dairy cooperative membership were higher for small-scale farmers. This finding suggests that dairy cooperatives can play a significant role in enhancing the household income of smallholder dairy farmers.

While most economic studies have explored the advantages at the level of the individual farm, cooperatives also have a pro-competitive effect on agricultural markets. The competitive yardstick theory, originally developed by Cotterill

(1983), argues that the presence of cooperatives in a market forces other companies to pay higher prices and provide better services to farmers compared to a market situation without cooperatives. The evidence supporting this argument has been provided by Hanisch et al. (2013), who, on the basis of panel data on milk prices from all EU Member States, have shown that in countries where cooperatives have a higher share of the market, milk prices received by farmers are generally higher. The conclusion is that a strong cooperative sector has a positive impact on overall milk prices and thereby on farmer income. At the same time, cooperatives may not pay higher prices than their private competitors. Since cooperatives are price-setters, private companies often pay slightly more because they have to add a risk premium to compensate for the short-term nature of the farmer-processor contract (Liang & Hendrikse, 2016).

3 Two types of dairy cooperatives

As said above, dairy cooperatives come in two types: *bargaining cooperatives* and *processing cooperatives* (Hanisch et al., 2012). This distinction has implications for cooperatives' position in the food chain, investments, management capabilities, and member relations. In some countries, cooperatives mainly focus on collecting milk and bargaining with buyers on behalf of members. These cooperatives typically have contracts with processing companies (usually privately owned businesses, but they could also be cooperatives). A bargaining cooperative requires limited investments, does not need a large workforce, and faces limited risks. Bargaining dairy cooperatives can be found in many parts of the world. For instance, in Germany, the largest milk-producing country in Europe, 45% of all milk is sold through bargaining producer organizations (Höhler & Bijman, 2023). The largest dairy cooperative in the USA – Dairy Farmers of America – is both a major bargaining cooperative and a processing cooperative.

The other model is that the cooperative does the milk processing itself. In the Global North, most dairy cooperatives were set up as processing cooperatives right from the start. Particularly in countries with dairy exports and where farmers are at a large distance from urban consumers, cooperatives were established for processing milk into less perishable products like cheese, butter, and milk powder (Fernández, 2014). The equity capital needed for setting up these dairy cooperatives came from the members themselves, while cooperative banks and state rural development agencies provided credit. This model is feasible in countries where farmers have savings that they can use for investing in their cooperative. However, financing a processing cooperative in a developing country context, with mainly smallholder farmers, is more challenging. Local or regional governments, as well as international NGOs, may help to collect the necessary funding. In some countries, notably in the Global South, dairy cooperatives are not limited to just processing and marketing milk but also provide inputs and credit to their members. These additional activities give the cooperative a higher legitimacy, also for governmental support, but also make the cooperative more complex to manage and control.

Cooperation among dairy cooperatives is very common. Two models of growth can be distinguished. The first model is the *federative* system, where local cooperatives are members of a regional cooperative (or union). In addition, regional cooperatives may be members of a national federation. Such federative systems continue to exist in many countries, organizing milk collection at the local (or village) level and concentrating the processing and marketing activities in a regional or national union. The other growth model consists of *mergers* between two or more cooperatives into one new cooperative. Current large dairy cooperatives are often the result of several rounds of mergers between local and regional cooperatives. In small countries, this process of concentration among processing cooperatives has led to national champions, like FrieslandCampina in the Netherlands, Fonterra in New Zealand, and Arla Foods in Denmark. These three companies are among the ten largest dairy cooperatives in the world (Rabobank, 2024).

4 Dairy cooperatives in different countries and regions

4.1 Global milk production

Milk is produced in almost all countries of the world. According to the FAO, around 150 million households are engaged in milk production. While milk production in the Global North is mostly done by specialized dairy family farms, in the Global South, milk is produced by smallholders who combine animals with crop farming. All around the world, milk production contributes to household livelihoods, food security, and healthy nutrition.

In 2023, global milk production was about 930 million tonnes.¹ OECD-FAO (2024) expects this figure to grow to 1,085 million tonnes in 2033. Most of the growth will take place in India, Pakistan, China, and Sub-Saharan Africa, resulting from both an increase in the number of cows and higher yield (i.e., higher production per cow).

The largest producer country is India, with an annual milk production of more than 200 million tonnes (Figure 17.1). Production in India is based on smallholder farms, which are mostly members of cooperatives that take care of collecting, processing, and distribution. Other major individual production countries are the United States (with just over 100 million tonnes) and Pakistan (with 62 million tonnes). Major production regions are the European Union, with more than 150 million tonnes, and Latin America, with 87 million tonnes. China, Brazil, and Africa as a whole produce around 40 million tonnes each.

4.2 Dairy cooperatives in the European Union

As was shown in Figure 17.1, the European Union (EU) is the second largest milk production region in the world. In 2023, the total cow milk production in the EU was 155 million tonnes (Eurostat, 2024). The five largest milk-producing countries in the EU are Germany (34.0 million tonnes), France (23.9 million tonnes), Poland (15.5 million tonnes), the Netherlands (14.7 million tonnes), and Italy (13.0 million tonnes).

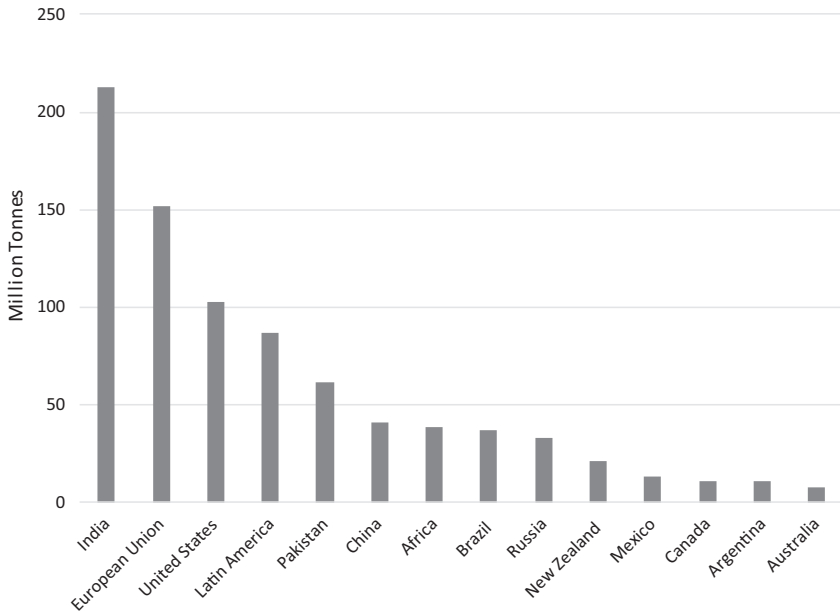


Figure 17.1 Major milk production countries and regions.

Source: OECD-FAO, 2024.

Dairy cooperatives have existed in the EU since the second half of the 19th century (Fernández, 2014). A combination of technical and institutional innovation can explain the early rise of dairy cooperatives in Europe (Bijman, 2018). The crucial technological innovation was the mechanical cream separator, invented in 1878, which allowed butter to be produced more efficiently on a scale that exceeded the individual farm. While this technological breakthrough was an important incentive for establishing dairy factories, it was institutional innovation that led to the rapid rise of dairy cooperatives in Europe. The institutional innovation was the introduction of cooperative legislation in most of the European countries, such as the UK (in 1852), Germany and France (in 1867), Belgium and Austria (in 1873), and the Netherlands (in 1876). Cooperative legislation gave a formal status to the dairy factories set up by farmers, which allowed them to enter into contracts as a legal entity and to grow as business organizations.

The relevance of cooperatives in the dairy sector of the EU varies substantially (Hanisch et al., 2012). Figure 17.2 presents the 2015 share of cooperatives in handling raw milk in all the Member States. Notable is the large variation among countries. While the average for the EU is about 48% market share, in some countries the market is almost fully dominated by cooperatives, particularly in countries that traditionally host a high number of agricultural cooperatives, such as Finland, Denmark, Sweden, the Netherlands, and Ireland. All five major milk production countries mentioned above have cooperative market shares above 50%.

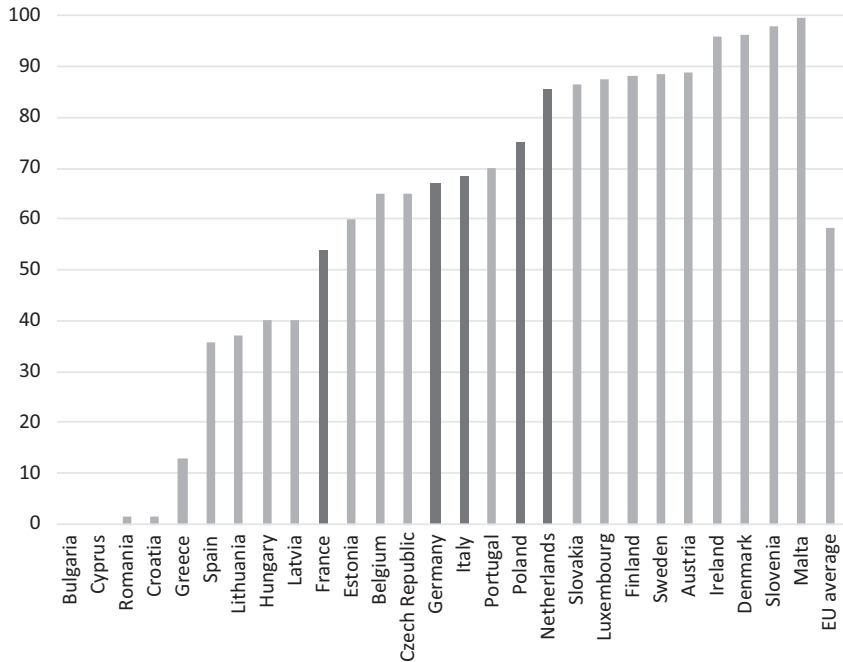


Figure 17.2 Share of cooperatives in handling milk in EU member states.

An important development in the organization of the EU dairy industry has been the rise of Producer Organisations (POs). As part of European agricultural policies, new legislation was introduced in 2013 to strengthen the bargaining position of farmers in the value chain, particularly in Member States where cooperatives did not have large market shares (Di Marcantonio et al., 2022). Producer organizations can be considered as bargaining cooperatives, as they are farmer-owned and democratically controlled. Their main function is to strengthen the negotiation position of farmers vis-à-vis processors and retailers. POs often take the legal form of a cooperative, but EU legislation also allows other legal forms.

As of 2023, the EU had 421 registered dairy POs (European Commission, 2024), with three countries representing most of the POs: Germany (201), France (90) and Italy (56). In terms of the volume of milk negotiated by POs, in Germany (45%) and France (51%), POs collectively account for a large share of total milk deliveries. These numbers have grown over the past years, indicating that farmers acknowledge the benefit of jointly selling their milk through a PO. Whether farmers prefer to join a bargaining PO over a processing cooperative is an open question.

4.3 Dairy cooperatives in India

India has a strong cooperative tradition, being home to more than 800,000 cooperatives. India is the largest milk producer in the world, with an estimated total

production of 213 million tonnes of milk, which is almost 23% of global milk production (OECD-FAO, 2024). While cooperatives are part of the formal dairy industry, the majority of milk in India is sold in informal markets. Based on data from the National Dairy Development Board (NDDB), Dudi et al. (2023) calculate that only 20% of the total volume of milk produced is sold in the formal market. Cooperatives and producer-owned companies represent around 50% of the formal milk market.

In India as a whole, 17.4 million dairy farmers sell their milk to 232,000 village cooperatives. The dairy cooperatives in India are part of a three-tier structure (Dervillé et al., 2023b). The basic unit is the milk producers' cooperative society at village level. These societies collect milk from member farmers, store it in collection centres, and check for milk quality. Village cooperative societies also provide inputs to the dairy farmers. India counts about 232,000 village-level dairy cooperatives (NDDB, 2023). The second tier is the milk producers' cooperative union. The 240 dairy cooperative unions collect the milk from the village pooling centres and process it into multiple dairy products and distribute these within various markets. The unions also play a role in providing or producing inputs (e.g., animal feed) and arranging training programmes, both technical and managerial, for village cooperative directors and employees. The third tier are the 28 state marketing federations, which are responsible for product development, production management, part of the marketing, and intrastate trade. The federations coordinate their plans with the state government, the national government, and the NDDB.

This three-tier model of dairy cooperatives is called the *Anand* model, named after the city where it was first implemented, or the *Amul* model, named after the main consumer brand. In this model, each tier has its own responsibilities, while coordination takes place among the tiers. Another important element of the Anand model is coordination of prices and markets by state federations. The NDDB also plays an important role, particularly in expanding the Anand model to other parts of India (Dervillé, 2023a) and in the implementation of national dairy policies that seek to enhance production and yield.

4.4 *Dairy cooperatives in South America*

Dairy cooperatives in South America have a long history of struggling for survival due to volatile institutional and market environments. Galetto and Rossini (2023) estimate that the current overall share of cooperatives in Latin America is 25% of all milk produced and processed in the formal sector. These authors also present market shares for a number of individual countries in Latin America. Countries with the highest share of cooperatives in the dairy industry are Paraguay (almost 90%), Costa Rica (85%), and Uruguay (75%). However, in volume of milk production, these are small countries. The largest producers of milk have much lower market shares for cooperatives: Brazil (35%), Chile (25%), and Argentina (7%). As information on the dairy industry in Latin America is scarce, I will focus on the evolution of dairy cooperatives in the two largest milk-producing countries: Brazil and Argentina.

In **Brazil**, dairy cooperatives are particularly strong in the most southern states: Paraná, Santa Catarina, and Rio Grande do Sul. This region has the highest concentration of dairy cooperatives, with medium-sized dairy farmers (Beber et al., 2018). Many of these cooperatives are not specialized in dairy, as they also have operations in the processing and marketing of other agricultural products, including poultry, swine, and arable crops.

The history of dairy cooperatives in Brazil goes back to the 1910s and 1920s, when European immigrants brought the experience of cooperatives to Brazil. Particularly in the southern states, immigrants from the Netherlands, Italy, and Germany established dairy cooperatives to produce butter and cheese. In the 1930–1950s, federated dairy cooperatives were established in several states, particularly to gain economies of scale in processing and marketing. In the 1970s and 1980s, dairy cooperatives saw steady growth, with consolidation around strong brands like Paulista, Elege, Batavo, and Itambé. While initially dairy farming took place close to large cities for the supply of fresh milk, in the 1970s, with a rapid growth of the urban population, milk production expanded beyond traditional dairy farming regions. By the end of the 1980s, dairy cooperatives accounted for 70% of total milk collection in Brazil (Chaddad, 2014).

Price controls and import restrictions which existed from 1945 to 1990 were favourable for cooperatives, as they made private investments in the dairy industry less attractive while competition was restricted (Novo et al., 2010). This indirect support for cooperatives, however, changed in the 1990s, a period with high inflation, reduced government support, international trade liberalization, and an influx of foreign direct investment. This resulted in the transformation of the dairy industry, with much fiercer competition. The increased competition from foreign products and multinational companies led to a loss of market share for cooperatives; in the early 2000s, cooperatives accounted for 40% of total milk procurement (Chaddad, 2014). Several regional cooperative unions could not keep up with the foreign competitors and sold their precious brands to private companies, such as the brand “Paulista” sold to Danone and the brand “Batavo” sold to Parmalat. The Brazilian dairy activities of Parmalat, after its demise in 2003, were taken over by Lactalis, a French dairy multinational. The only regional cooperative that remained strong was Itambé, in the state of Minas Gerais (Chaddad, 2014).

In **Argentina**, until the 1970s, cooperatives had a strong position in the dairy industry, with an estimated share of 40% of all milk intake (Galetto & Rossini, 2023). However, from the mid-1970s and particularly from the 1990s onwards, the situation changed to the detriment of cooperatives. In 1991, cooperatives still had 24% of the market share (Malvido et al., 2019), while this share was reduced to 16% in 2014 and to 7% in 2020.

According to Galetto and Rossini (2023) two developments have caused this decline. First, new cooperative legislation was introduced in 1973, emphasizing the social character of cooperatives. This new law was rather constraining on the growth and innovation of cooperative enterprises. Second, as of 1990, an economic liberalization process was set in motion, which included deregulating and opening markets and triggered a structural change in the sector. Foreign investment led

to more competition in the domestic market as well as to price fluctuations. As a result, dairy farming became less attractive. Between 1996 and 2014, the number of farmers delivering milk to cooperatives decreased from 8,000 to 1,400, indicating that many farmers terminated their farm or moved into other farming activities (Malvido et al., 2019).

These changes in the economy had a major effect on the two largest dairy cooperatives. SanCor, which at one stage was the largest dairy cooperative of Argentina and which received progressively less and less milk. Being a federated cooperative hindered SanCor in its attempt to become more competitive. The other cooperative, Asociacion Union Tamberos (brand name: Milkaut), was first restructured into a cooperative with outside investors and, due to its high debt, was eventually fully demutualized and sold to the French Bongrain (now named Savencia) dairy company.

Galetto and Rossini (2023) draw two conclusions about the development of dairy cooperatives in Latin America. First, in most countries, the creation of dairy cooperatives followed the development of dairy farming, with farmers initially favouring setting up cooperatives instead of selling to private companies. Political stability and market protection were favourable to both dairy farming and dairy cooperatives. However, liberal trade policies that opened domestic markets to foreign competition, as well as political and economic volatility, led to adverse economic conditions for dairy farmers and their cooperatives, eventually leading to the disappearance of many cooperatives and the loss of overall market share.

Second, organizational structure matters. The federated model (where village cooperatives are members of a regional or national cooperative) has experienced quite some challenges in staying competitive, particularly when large foreign companies started to enter the domestic dairy market. The central (i.e., non-federated) cooperative model has been more successful, partly due to the close relationships with the members, which allowed quick responses to changing market preferences, and partly due to the medium size of the cooperative, which allowed better member control over management decisions.

4.5 *Dairy cooperatives in Sub-Saharan Africa*

In Sub-Saharan Africa, the countries of East Africa, with their temperate climate highlands, are the largest milk-producing countries. Ethiopia, Kenya, Tanzania, Uganda, and Rwanda all have dairy cooperatives, often embedded in federated structures consisting of primary (village) cooperatives, regional (district) unions, and national federations. At the village level, cooperatives have both social and economic objectives; they not only collect milk but also support member-farmers with providing inputs, credit and technical assistance. Processing and marketing are mainly done by the unions. The federations combine economic functions (such as exports or brand development) with political functions (such as lobbying for favourable state policies). Data on the market shares of cooperatives is hard to find for these countries.

Kenya has the largest dairy herd in Africa, with smallholders accounting for 70–80% of the total production (Wambugu et al., 2011). The sector has an estimated yearly production of 5 million tonnes of milk, with most of the production located in the Rift Valley and Central regions. Most milk is distributed in informal markets, with only about 20% of all milk produced being traded in the formal market. In the formal sector, most of the milk is collected and distributed by cooperatives. In 2022, Kenya had 689 dairy cooperative societies (Statista, 2024). These cooperatives not only collect and cool the raw milk, but they also provide inputs (artificial insemination, veterinary drugs, feed, and equipment) to their farmer-members.

All first-tier primary dairy cooperatives are members of a second-tier regional union of cooperatives within their economic region (often a district). The unions provide services to member cooperatives, such as enhancing links with private processors, assisting the cooperatives in meeting Kenya Dairy Board standards of operations and linking individual members to input dealers through a credit input supply system as well as to the banking sector, usually the Cooperative Bank. In 2015, cooperative union processors (including New Kenya Cooperative Creameries, Githunguri DFCS, and Meru DCS) accounted for about 45% of all milk processing (Ton et al., 2016).

Ethiopia is a special case in the world of cooperatives, as the state plays a dominant role in establishing and managing cooperatives (Chagwiza et al., 2016; Tefera et al., 2017). The Ethiopian government has always emphasized the importance of cooperatives as vehicles to improve agricultural commercialization and to alleviate poverty amongst the resource-poor farmers. Cooperatives are indicated as key institutions in national plans to foster rural economic development. Ethiopia is a major milk producer, with national production of 3.5 million tonnes, but 95% of it is distributed in informal markets. Molla et al. (2024) report that Ethiopia has about 500 dairy marketing cooperatives. In addition, most dairy farmers are members of village cooperatives that supply inputs for (dairy) farming.

4.6 *Dairy cooperatives in the USA and New Zealand*

In the USA, about 90 dairy cooperatives account for 87% of the market for milk deliveries (Congressional Research Service, 2024). While the history of dairy cooperatives goes back to the early 1800s (Pitman, 2018), particularly the market conditions of the early 20th century, with unfavourable economic conditions for dairy farmers and unreliable buyers, led to the formation of large-scale cooperative bargaining organizations. Cooperative development was also stimulated by government policy for controlling food markets during World War I. Ever since the 1930s, the USA has had the Federal Milk Marketing Orders (FMMOs), which is a system for stabilizing the supply and price of milk. FMMOs require milk handlers to pay milk producers at least a minimum price for fluid milk and to adhere to other specified rules. For the effective working of the FMMOs, the USA also has restrictions on the import of dairy products.

Since the 1940s, the number of dairy cooperatives has declined, mainly due to mergers among cooperatives (i.e., consolidation). However, the market share

of all cooperatives together has gone up, from around 60% in the 1960s to the above-mentioned 87% in 2022.

In the USA, dairy cooperatives are classified into four types of organizations depending on their main purpose: bargaining only, niche marketing, fluid processing, and diversified (Congressional Research Service, 2024). The majority of US dairy cooperatives (62%) only engage in bargaining. They focus on negotiating milk prices and terms of sale for their members' milk. Diversified cooperatives (20%) are the second largest group. The three largest dairy cooperatives in the USA – Dairy Farmers of America, Land O'Lakes, and California Dairies – are all diversified cooperatives, which means they do bargaining, fluid milk processing, and selling of branded dairy products.

New Zealand has a long tradition of dairy cooperatives. The first dairy cooperative was established in 1871 (Apparao et al., 2020). Since 1923, dairy exports have been coordinated by the New Zealand Dairy Board, an organization owned and controlled by the dairy cooperatives. After many mergers among dairy cooperatives, in 2001 the two largest cooperatives – New Zealand Dairy Group and Kiwi Cooperative Dairies – merged into Fonterra. Also, the New Zealand Dairy Board was part of this merger, as the new Fonterra did not need a separate export organization anymore (as it controlled more than 90% of the dairy industry at that time). Several small dairy cooperatives, mainly selling domestically, remained independent. Cooperatives account for about 85% of all milk deliveries in New Zealand (Apparao et al., 2020).

5 The future of dairy cooperatives

The evolution of dairy cooperatives has followed similar patterns in the Global North and in Latin America. A growing population and rising welfare led to an increase in demand for fresh milk and other dairy products. For many decades, cooperatives have been well equipped to supply consumers with these dairy products. Protection of domestic markets and various types of state support have been favourable for the development of dairy cooperatives, as they fare well in situations of stable institutions and relatively stable market conditions (Bijman, 2018). In the European Union and the USA, dairy cooperatives have long benefitted from (partially) protected markets; this has also resulted in large cooperatives that are among the top ten largest dairy companies in the world. The experiences in Latin America have shown what can happen if markets are suddenly opened to foreign competition and institutional support is rapidly decreased. Cooperatives have had difficulties in adjusting to the new market conditions, as they are less quick in strategic adjustments. The limited flexibility also became clear when farmers shifted from dairy to sugarcane in Brazil and from dairy to soybeans in Argentina.

Despite cooperatives losing market share in some countries, in other countries they are doing well. The rise of milk production and consumption in India has facilitated the expansion of dairy cooperatives. It should be noted, though, that the growth of dairy cooperatives in India has received a strong push from public authorities. Other countries trying to copy the Indian miracle frequently experience

difficulties in implementing the intricate complexity of public and private institutions and organizations that collectively determine the success of the *Anand* model.

All around the world, farmers and their cooperatives are facing the challenges of climate change, loss of biodiversity, raising animal welfare, and providing healthy nutrition. In the European Union, under the policies of the Green Deal and Farm to Fork, farmers and their cooperatives are expected to reduce greenhouse gas emissions and improve biodiversity. While private companies, with short-term contracts with dairy farmers, can more easily switch to suppliers that are better able to comply with private sustainability requirements, cooperatives are more successful in encouraging and facilitating farmers to apply sustainable agricultural practices (Bijman & Höhler, 2023). The trust-based relationship between member-farmers and their cooperative allows for experimenting with sustainable farming practices, better information exchange, and stronger coordination in the value chain.

Another challenge for dairy cooperatives is the increasing diversity among members. Member farms are not only becoming larger, but they are also more likely to pursue farm-specific strategies, which poses a challenge for cooperatives. Within cooperative literature it is well known that membership heterogeneity may lead to difficulties in decision-making (Höhler & Kühn, 2018). One example of the growing membership heterogeneity is the different milk streams that cooperatives handle. Separate milk streams appear partly because of market opportunities and partly because of entrepreneurial strategies by individual farmers or groups of farmers, and they are encouraged by the price premiums farmers receive. Examples of separate milk streams are organic milk, regional speciality milk, A2 milk, hay milk, meadow milk, milk with a sustainability certificate, VLOG milk (i.e., GMO-free milk), and *Haltungsform* milk (certifying animal welfare in the German market). Special milk streams pose logistical and efficiency challenges, while low-cost processing has always been one of the core economic features of dairy cooperatives. While large cooperatives may struggle with membership heterogeneity, dairy farmers are also setting up new niche cooperatives, focusing on the production and marketing of regional products or other specialities (De Herde et al., 2020).

Do dairy farmers still need cooperatives? In the early years of dairy cooperatives, information asymmetry and market failure were major problems for small-scale farms dealing with (large) traders and processors who not only had market power but also had better information on the final consumer demand (Fernández, 2014). The need for farmers to gain bargaining power is still vividly present in modern dairy markets. Large processors, but also large retail companies, demand high-quality products with a low sustainability impact but at the same time seek to keep the cost of their supplies low. In other words, buyers continue to push down prices. The problem of information asymmetry has greatly diminished with the advance in information technology and the rise of information platforms. However, the evolving sustainability requirements, from consumers, retailers, public authorities, and NGOs, create new uncertainties for dairy farmers. The cooperative can be the solution to reduce new transaction costs related to sustainable requirements (Sánchez-Navarro et al., 2024).

For cooperatives in the Global South, one of the biggest challenges is to find a balance between state support and state interference. Dairy cooperatives work best if the directors and managers take the business decisions, without having politicians exerting control over these decisions. Still, as the history of dairy cooperatives in the Global North has shown, a certain level of market protection is good for the development of dairy cooperatives. In India, the *Anand* model of coordination among different layers of cooperatives shows that state support can be beneficial for the evolution of dairy cooperatives. Not only is coordination among different tiers important, but also some level of protection of the domestic market can be beneficial, not just because it protects (small) dairy farms, but also because it allows for a stable market development which is generally in favour of cooperatives compared to other types of enterprises. Several countries of the Global South have introduced legislation regulating imports of dairy products. With the objective of promoting domestic agricultural production, countries like Indonesia, Thailand, and Vietnam require foreign companies to support local milk production by limiting dairy imports or linking the volume of dairy imports directly to the volume of local procurement.

In conclusion, dairy cooperatives have been around for more than 150 years, and they have shown great resilience. Given the characteristics of dairy farming, cooperatives are well suited to provide farms with the benefits of bargaining power and the creation of added value. Cooperatives have been able to navigate the changes in the market and institutional environment. Interestingly, the suitability of the cooperative for the dairy sector is not limited to the Global North; also in Latin America, Africa, South Asia and South-East Asia, many cooperatives can be found, contributing to a prosperous dairy sector. While the challenges to the agricultural sector and the food industry are changing, the dairy cooperative is expected to provide answers also in the future.

Note

- 1 81% cow milk, 15% buffalo milk, and 4% goat, sheep, and camel milk.

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18 Sustainable healthcare and eldercare provision through cooperatives

Challenges and opportunities

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1 Introduction

1.1 Background and importance of health cooperatives

The development of healthcare (or eldercare) in Nigeria and Canada focuses on improving access to healthcare services. In both Nigeria and Canada those at the BoP struggle to access care services due to the marketization of care services. The price point affixed to providing care to those in need is out of reach for individuals at the BoP. The organizations providing care to those in need are not focused solely on care outcomes but must focus on profit-making as part of their business operations. This traditional approach to business, regardless of the service or product provided, requires businesses to focus on profit maximization. The question becomes whether or not care outcomes need to be balanced with the profit motive in a cooperative manner as part of the definition of business activity.

The International Cooperative Association's definition of a cooperative is:

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

(International Cooperative Alliance, 1995)

This definition focuses the cooperative business towards addressing not just economic outcomes but social and cultural outcomes. The need for eldercare is a social concern as populations age and society's members require additional support to live a dignified life. The simple act of bathing or dressing can become impossible for an elderly person without the assistance of another member of society. This is where the aspirations outlined in the cooperative definition push businesses to consider what type of society they wish to help create. The traditional approach to business is to focus on return on investment with the belief that the profits from business activities will flow toward social needs, including provisioning of care for those in need. This, however, has not been the case, as profit has flown towards wealth concentration rather than social welfare. The Canadian example of for-profit,

long-term care facilities in Ontario removing resources from operations in favour of shareholders speaks to this unequal flow of wealth away from those at the BoP. As a clear example of shareholder primacy, during the COVID-19 pandemic, the Canadian Government sent the Ontario Provincial Government \$157 million to assist long-term care facilities in their provisioning care for seniors. Two large, for-profit, long-term care facilities then sent \$74 million in dividends to their shareholders equalling nearly half of the total Canadian Government assistance funding (Lancaster, 2020). The need to provide shareholders with dividends was seen as the main focus of the for-profit long-term care facilities rather than hiring additional staff, providing personal protective equipment or arranging for seniors in their care to safely meet with family members during the pandemic (Chu et al., 2020; Graham et al., 2024; Knope, 2020).

The shareholder primacy and marketization approach of for-profit care firms does not allow for aspirational approaches that emphasize social development through the provisioning of care. The ICA definition of a cooperative, however, suggests that these care organizations should move toward aspirational social development that includes providing care for those in need. The ICA definition of a cooperative is just the first step in guiding how a cooperative functions as a business. There are also seven guiding principles developed by the ICA to further push the cooperative organization toward aspirational business activities that promote social development.

The ICA cooperative guiding principles include aspirational social development by the organization, emphasizing concern for community and cooperation among cooperatives. These guiding principles, along with the cooperative definition, promote the development of businesses meant to meet social needs such as healthcare while generating economic outcomes. This rebalanced approach toward a social mission (i.e., provisioning of care) while incorporating economic outcomes (i.e., profit) changes the focus of care businesses. The provisioning of care becomes the primary goal of these healthcare cooperatives, with profit taking a second seat.

1.2 *Healthcare cooperatives*

Ideally, the principal goal of healthcare cooperatives is to improve citizens' health and healthcare professionals' working conditions by addressing the discrepancies between healthcare supply and demand (Nair, 2023). Health cooperatives are an enterprise model that does not need to pay returns to shareholders and puts the profits into improving healthcare delivery. This makes healthcare cooperatives suitable for addressing the needs at the bottom of the pyramid. The Base (or Bottom) of the Pyramid (BoP) is a segment of people dominantly found in regions of Africa, Asia, and South America and made up of two-thirds of the world's poor (Khandker, 2023). Many studies classify them as economically vulnerable, educationally disadvantaged, and socially challenged (Gupta & Pirsch, 2014). Given the challenges they face, some advocates of health cooperatives propose that they are the ideal solution for the BoP, where access to healthcare is limited and many of those at the BoP are ordinarily excluded from optimal healthcare (Anania et al., 2020).

However, there are concerns that there are serious challenges in regions in Nigeria (e.g., Sokoto, Adanawa, Bacuchi, etc.) with large BoP populations, making the healthcare provision through cooperatives not as suitable as it could be. These challenges include the growing dominance of formal insurance policies as the means for health coverage in the world's poorer regions and marketizing healthcare provisioning, thereby excluding members of the BoP. There are also challenges in the social structures that limit access, minimal government support for the healthcare systems, and ignorance about health prevention and promotion (Krishna & Choudhary, 2023).

1.3 *Types of healthcare cooperatives*

As a result of the many different challenges facing healthcare cooperatives, diverse types of healthcare cooperatives have developed. Healthcare cooperatives are generally classified based on the needs they aim to address or the stakeholder classes they organize. For example, worker cooperatives generate employment for healthcare professionals and allow them to practise without excessively worrying about economic factors that could affect their service quality. Production cooperatives are focused on developing medications, such as pharmaceutical companies. User cooperatives exist where public health provision is limited, and certain groups must manage their care services. Multi-stakeholder cooperatives involve different groups working together to promote healthcare delivery even when they are not directly in that field (Nayar & Razum, 2003).

Another classification of healthcare cooperatives has been based on the commitment to health and social care. The first classification of healthcare cooperatives looks at the focus on business goals that solely concern health and social care outcomes, much like the Type A cooperatives found in the Italian context. Type A cooperatives are social cooperatives that provide social, social-health and education services, vocational education and training, extracurricular training and job placements covering a wide range of social services (Pamio et al., 2024). The second classification is healthcare cooperatives, where business goals include but are not limited to health and social sectors such as return on investment, and the third classification includes the provision of operational support to health and social care cooperatives as a supporting organization. The second and third classifications are similar to Type B cooperatives in the Italian model, which are Work Integration Social Enterprises (WISEs) that carry out different activities such as agricultural, industrial, commercial or other services, focusing on job placements (Pamio et al., 2026).

2 *The role of cooperatives in healthcare*

The benefits of cooperatives in the health domain were made clearer after the COVID-19 pandemic (Krishna & Choudhary, 2023). There was a glaring gap between what medicine offers in theory and how individuals have access to those services in practice. Leelavathi et al. (2023) showed in their study that healthcare

cooperatives could bridge the gap if they were more self-sufficient with some financial assistance from the government during the start-up stage. Healthcare cooperatives already existed soon after World War 1 with initial success, resulting in savings that could be reinvested to improve and enhance the level of care, with the physicians actively organizing these services (Stamenović, 2024).

Healthcare provision improvements can be achieved if resources are pooled together, and professionals make arrangements that address the interests of workers, producers, and users (Nayar & Razum, 2003). As the medical sciences continue to grow, the demand for health services, especially in the regions with large BoP populations, will increase. This is why there is a renewed interest in the “third option” where healthcare cooperatives belong. The third option, or sector, stands between the widespread privatization in the healthcare sector, where market-oriented strategies are creating economically focused, autonomous hospitals, and state-owned public hospitals (Borzaga & Fazzi, 2014). Thus, the third sector is an agent that can serve marginalized groups through a social organization as it is not focused on economic outcomes but on health and social results.

Hsiao & Yip (2023) concluded that cooperative healthcare is represented by community risk pooling and government priority on primary healthcare. It states that for cooperative healthcare to be expandable, it needs to be able to organize delivery, value quality primary healthcare, and be accountable to the communities. Hsiao & Yip further state that once the low- to lower-middle-income countries, along with cooperative healthcare, have mobilized adequately to allow universal social health insurance to be attainable, cooperative healthcare can be included in global programmes. The authors, however, propose that the governments of low- to lower-middle-income countries need to carry out experiments to test cooperatives in their domestic situation.

2.1 *The situation in Africa*

We conducted a literature survey to project the current situation of cooperative healthcare in Africa and their roles in various nations in expanding healthcare affordability and accessibility. Anania et al. (2020) investigated the positioning of cooperatives as partners in the global health agenda in Africa and found that cooperatives in Africa are potential partners in promoting global health. Some of the proposed strategies for cooperatives to indirectly and directly be a part of the process of enhancing global health include the formation of hospital services, availability of health insurance, and organizing access to healthcare services, which implies that cooperatives can, directly and indirectly, become dependable partners in enhancing global health.

Kemunto et al. (2023) researched gender-responsive healthcare financing through agricultural cooperatives in Kenya. The result shows that there is an avenue to increase and expand the role of cooperatives in tackling health issues globally and impacting the global health landscape. The study advises a country-level framework for cooperative-led healthcare insurance that aligns with national health rules and regulations.

Onuoha (2014) investigated the cooperative effect and adoption of healthcare insurance: a study of the National Health Insurance Scheme (NHIS) in eastern Nigeria. The study showed that there is a huge increase in awareness and application of NHIS by cooperatives, resulting in a significant rise in National Health Development. It also urges cooperative societies to elect a person who will serve as an intermediary between members of the cooperatives and the Health Maintenance Organization to increase the speed of the adoption process. The Health Maintenance Organization has been the purchaser of health care on behalf of the NHIS since 1999 (Obikeze & Onwujekwe, 2020).

A study conducted by Ayantoyinbo et al. (2024) on the effect of agricultural cooperative businesses on the well-being of members in Ogun State, Nigeria, saw that cooperative members have better access to healthcare and food. It concludes that agricultural cooperatives enhance the well-being of members of the cooperatives and host communities, indirectly impacting the health and well-being of the communities.

Owena et al. (2014) analysed cooperatives as dependable partners in retirement planning, and their findings show a positive impact on retiree members, especially with the management of sepsis. The authors further conclude that cooperatives can be key in assisting members in gaining desired benefits and essential services like healthcare financing. The results of Owena et al.'s study suggest that cooperative administration should increase their scope to be inclusive of diversification and innovation of services that will guarantee a fulfilling life during retirement in areas of housing, utilities, finance, health care, and small business services in order to be dependable in retirement planning.

Cooperatives act as a hybrid approach to pulling off sustainable development and livelihood (Karthikeyan & Karunakaran, 2018). They help to create more equitable growth by generating economies of scale, expanding marginalized people's financial access, and providing direct and indirect services related to healthcare.

2.2 *The situation in Ontario, Canada*

Eldercare provisioning in Ontario, Canada, developed from the Houses of Industry model, which provided refuge for those in economic need, i.e., those at the BoP (Chivers & Kriebennegg, 2018). This initial approach has left traces of policy that has impacted the character of eldercare provisioning throughout the province even today. As of 2024, the policy to section off institutional space in the form of long-term care facilities for the aged, known as long-term care facilities, continues. The limitation of space to accomplish this sectioning off of the aged has resulted in decreased care access for Ontario seniors. In addition, wait times to access care have exceeded 200 days (Ontario Government, 2024a), and more than 45,000 people are currently on the waitlist for care, as the waitlist has doubled over the past decade (Ontario Government, 2024b).

This ongoing policy approach focusing on institutionalizing and sectioning off the elderly from society has not been successful, as demand continues to outstrip infrastructure resources. The development of additional facilities to meet this

growing demand for long-term care is seen as ineffective, as the number of new beds created is far below the expected need. For example, in 2022, the Ontario Government praised its building plan of 30,000 new beds (Ontario Government, 2022) even though the waitlist for care is projected to grow by 20% by 2023–2024, with expected demand for long-term care beds reaching 36,900, leaving a shortfall of 6,900 needed beds (Financial Accountability Office of Ontario, 2019).

The gap between supply and demand within the Ontario senior care sector has led to the development of home care cooperatives (Turpin, 2022). The type of home care cooperatives that are being developed are worker cooperatives. These worker cooperatives address the supply-demand gap as they bypass the infrastructure limitation while focusing on increasing the supply of personal support workers who provide the care service. Within the worker cooperative model, the worker is the owner of the organization allowing greater empowerment for the worker in defining their working conditions, which are seen by personal support workers in Ontario as precarious, poorly paid and lacking benefits (Ministry of Long-Term Care, 2020).

3 Challenges faced by healthcare cooperatives

The emergence of cooperatives to promote healthcare accessibility and affordability in Nigeria is in line with the pursuit of the United Nations Human Rights Declaration of Article 25, which emphasizes that “everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care, and necessary social services” (Dalwai et al., 2023). These cooperatives support members specifically in their organizations, or associations, to access Medicare in Nigeria’s public health or private (commercial) healthcare facilities. Nigeria’s private health operators are profit-driven, with hefty amounts charged for services. This has led to market failure, as services are not being provided to those demanding them due to limited access for those at the BoP.

Public health institutions in Nigeria are concurrently operated amongst the three tiers of government. The federal government establishes and regulates specialized healthcare facilities through federal medical centres, orthopaedic facilities, and teaching hospitals, focusing on medical education, health insurance, disease control, and drug regulation. At the state level (36 states in Nigeria), the emphasis is on general healthcare services through general hospitals. The third tier is the local government (774 local governments in Nigeria), which is responsible for rural healthcare services through Primary Health Centres (PHCs). The PHCs are expected to be the first point of contact before referral to either a general health facility or a tertiary/specialized health institution. Unfortunately, these public sector health institutions are less responsive to patients and have shed several of their social pacts with Nigerians. Their failure to live up to social pacts has created a situation that validates the government failure theory of these healthcare institutions.

The failure to live up to social pacts can also be seen in Ontario’s eldercare system, which is funded by the government through transfer payments to service

organizations such as long-term care facilities. The competing dialectics of for-profit long-term care organization, home environments, and healthcare institutions create a heterogeneity of demand that government-funded services cannot address (Weisbrod, 1977). The non-profit home care cooperatives that have developed in Ontario are an attempt to address the heterogeneity of demand. As Liu (2017) suggests, government failure theory posits that nonprofits are most active in regions where the largest gap exists between the homogeneous supply of public service and heterogeneous citizen demands.

Despite efforts by healthcare cooperatives to address the failure of healthcare institutions and support members to access quality healthcare in Nigeria and Ontario, the cooperatives are faced with financial, regulatory, operational, and cultural challenges. These challenges have limited the healthcare cooperative efficiencies and have contributed to the falling global health security index of Nigeria and the poor access to care for seniors in Ontario. This situation could be likened to the assertion that the healthcare cooperative is a “forgotten treasure” (Stamenović, 2024) that could address Nigeria and Ontario’s healthcare needs.

i Financial constraints

Africa’s health sector is largely underfunded despite the 2001 Abuja Declaration by African Union heads of state to commit 15% of annual budgets to the health sector. Figure 18.1 reveals trends in select African countries’ financial commitments to the sector from 2020 to 2024. Nigeria lags behind Kenya and South Africa in budgetary provisions to improve the health sector, committing an average of 4.63% of the national budget, against Kenya’s and South Africa’s 11% and 11.5%, respectively. Poor financial commitment by the Nigerian

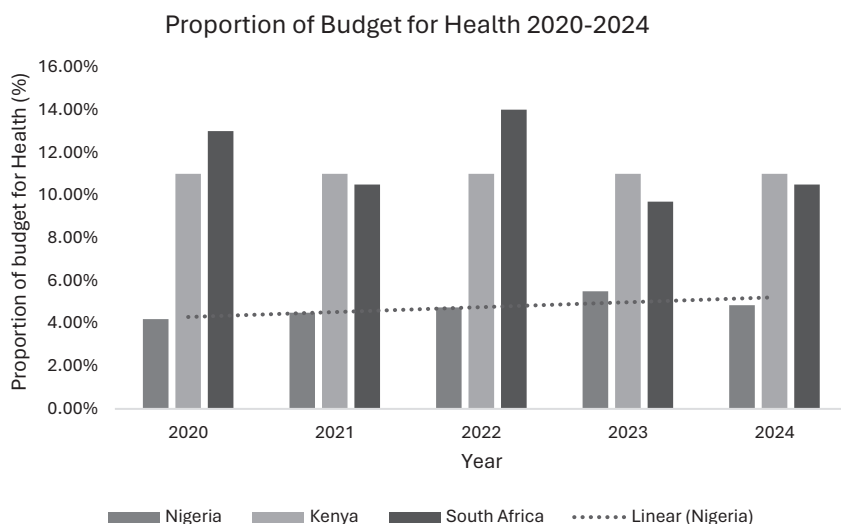


Figure 18.1 Trends of health sector budget in Nigeria, Kenya, and South Africa (2020–2024).

Source: Authors’ Generation from National Budget Data.

government to the health sector could be attributed to the lack of government priorities for the sector, prevailing economic conditions, international commitments in the form of debt repayment, and the lack of public advocacy.

In 2024, the International Centre for Investigative Reporting posits that Nigeria's per capita health budget stood at N6,288.97, an equivalent of \$3.77 per annum, which does not cover the cost of one malaria treatment dosage. This financial limitation has given rise to the emergence of alternative health financing schemes such as cooperatives, health insurance, and out-of-pocket expenditure. Unfortunately, with a monthly minimum wage of N70,000, an equivalent of \$42, Nigerians are constrained from out-of-pocket health expenditure, thus seeking wellness from faith centres and orthodox and traditional medicine. Also, statistics have shown that about 3% of Nigerians have health insurance coverage, due to the employer-based approach of the policy, leaving about 97% of Nigerians and those in the informal sector out of the coverage.

Despite the healthcare accessibility and financial protection potentials of health cooperatives in Nigeria, financial incapacitation is a notable challenge. This is due to the inability of members to meet their financial obligations, the rising cost of living and poverty, the spiking cost of medical services, and the lack of both government support and donor funding.

Seniors in Canada face a similar financial challenge as Nigerians when attempting to access care. While healthcare in Canada is a publicly funded system that provides access to primary healthcare to all Canadians free of charge ("Canada Health Act," 1985),¹ eldercare is not included in the publicly funded system. The publicly funded system provides transfer payments from the Canadian Federal Government to the provinces and territories to implement primary healthcare for their citizenry. The Canada Health Act places terms and conditions on what healthcare services provinces and territories can offer with the federally provided funding. Services not listed in the Canada Health Act, such as elder care, must be paid for by the end-user. As elder care is not listed in the Canada Health Act, seniors across Canada must find funding for their care during their later years when they require assistance in activities such as dressing, toileting, or feeding.

The lack of funding for elder care has left thousands of seniors in Ontario without access to care services to meet their basic needs such as toileting, dressing, and feeding. The lack of support has left many Ontario seniors isolated, with racialized and marginalized groups feeling the isolation more keenly (Ojembe et al., 2024). In the June 2022 Ontario Provincial Government Budget, the province announced \$1 billion in home care funding to stabilize and increase the personal support worker labour force. To date, only \$120 million of that funding has been allocated, leaving many Ontario seniors on the waitlists for long-term care facilities (Home Care Ontario, 2022).

Like Nigeria, many Ontario senior citizens lack the ability to meet the costs of care services without government support. Non-profit eldercare cooperatives struggle to provide care services given the lack of access to funding.

ii Regulatory and policy barriers

The Cooperative Societies Act Cap N98 of 2004 provides the main legislative framework that governs the registration and operational activities of cooperative societies in Nigeria. This Cooperative Societies Act is generic across sectors, without emphasis on the health sector. However, in India, for instance, the Multi-State Cooperative Societies Act of 2002 specified the Ayushman Sahakar Scheme, which supports healthcare initiatives within the framework of cooperatives; such a scheme is lacking in Nigeria's Cooperative Societies Act of 2004. The lack of regulatory support has implications for government support, donor funding, and operational efficiencies.

Canada's healthcare policy for eldercare is similarly fragmented, with each province being responsible for healthcare policy development and implementation. Ontario's eldercare policy is focused on market-based approaches, where for-profit firms apply for funding through the tender process. This tender process is meant to create efficiencies in eldercare and ensure accountability in the spending of public finances. What has developed, however, is a bureaucratic system of oversight that focuses on financial outcomes over quality of care (Pue, Westlake & Jansen, 2021). Within this bureaucratic system non-profit and for-profit firms are easily recognized, while cooperatives do not fit into the pre-established categories.

iii Operational challenges

The operational challenges faced by Nigerian healthcare cooperatives are inherent in their emergence and structure. Cooperative regulations emerged as recently as two decades ago; thus, most healthcare cooperatives are still developing with limited resources and coverage. Other operational issues facing Nigeria's healthcare cooperatives are weak governance structures due to a lack of awareness of cooperative governance (Nair, 2023) and a lack of technology adoption (Anania et al., 2020), which affect the decision-making process and the quality of decisions, leading to autocracy and disinterest by members. These challenges for Nigerian healthcare cooperatives make it difficult for a consolidated healthcare cooperative movement.

Similar operational challenges for healthcare cooperatives are faced by Ontario, Canada's cooperatives, as decades of marketization of the eldercare system have left little operational space for cooperatives. For-profit firms make up approximately 60% of long-term care beds in Ontario, leaving limited space for other eldercare providers (Berta et al., 2002; Tubb et al., 2021). The regulatory and policy environment lacks knowledge of the cooperative model and, as a result, does not include the model in the policy development process. As the policy process is directly linked to the tender process, this lack of knowledge of cooperatives limits access to funding to provide services to Ontario seniors.

iv Cultural and social barriers

In Nigeria and other African countries, traditional and cultural practices influence the demand for healthcare offered by modern healthcare facilities. This focus on tradition and culture discourages people from associating with

health cooperatives, as they are outside traditional approaches to healthcare. Stigmatization against individuals with infectious diseases such as HIV/AIDS can prevent patients from seeking healthcare support through cooperatives given their community-based membership (Jung et al., 16, 2020; Kyavoa, 2009). Other social and cultural factors that inhibit the development of health cooperatives in Nigeria include language differences, gender roles, low awareness and education levels about health cooperatives, and lack of trust and community engagement.

Ontario, Canada, is unlike Nigeria, as it is a lack of awareness that eldercare is outside the publicly funded care system which is the barrier for cooperatives rather than cultural influences. Canadians are notoriously proud of our publicly funded healthcare system. What most Canadians do not realize, however, is that eldercare is not part of that system. Due to the assumption that eldercare is part of the healthcare system, there is no reason for Canadians to look for solutions such as cooperatives. This lack of public awareness of the issues surrounding eldercare has left the cooperative eldercare movement in Canada facing an uphill battle.

4 Opportunities for healthcare cooperatives

Promoting access to quality and affordable healthcare is a popular global agenda for attaining Sustainable Development Goal 3 health and well-being for all. The exacerbating inequalities in healthcare access call for various stakeholders' engagement and involvement, including healthcare cooperatives. Healthcare cooperatives have the potential to partner with other stakeholders in the health sector in promoting quality, accessible, and affordable health services to Nigerians and Ontarians. To achieve this lofty target, health cooperatives in both jurisdictions can re-strategize by adopting innovative health cooperative models, policy advocacy, community-based engagement, and technology-powered operations.

i Innovative models

Organizations are as successful as their models of innovative operations. The Brazilian Sistema Unimed is one of the notable healthcare cooperatives in the world, rendering healthcare services to millions of Brazilians. Sistema Unimed operates a democratic model, partnering with local medical cooperatives to drive healthcare coverage across primary, secondary, and tertiary healthcare institutions and services. It supports a flexible and responsive leadership structure that responds to members' healthcare needs. The Cooperative Federation of Nigeria (CFN) similarly emphasizes partnering with various medical cooperatives to promote coverage and affordability. Much like the Unimed model, the CFN expands healthcare access from primary care to both secondary and tertiary care providers (International Cooperative Alliance, n.d.). To enhance innovation in service provisioning, health cooperatives in Nigeria can learn from the transparent, democratic, and flexible structure of the Unimed Healthcare Cooperative, which would enhance trust and foster coverage through community engagement, increasing member engagement.

The Canadian eldercare model has adopted a multi-stakeholder approach to incorporate community engagement and improve member engagement. In Ontario, the Co-operative Care Alliance (CCA) is a multi-stakeholder cooperative that provides local care cooperatives with business support as the local care cooperatives work in a marketized eldercare sector focused on business outcomes (Cooperative Care Alliance, 2021). Without business support such as marketing, accounting, human resourcing, and other business services, the local care cooperatives would be at a disadvantage compared to their established for-profit competitors.

As a multi-stakeholder cooperative, the CCA has multiple member groups that include workers, local care cooperatives, and supporting members to encourage greater stakeholder engagement. Each group has a say in CCA's operations, bringing together a diversity of views on the outcomes of a healthcare cooperative operating in the complex eldercare sector. The worker stakeholder group speaks to the needs of the personal support workers, while the local care cooperative group speaks to community needs. The supporting member group speaks for family and friend caregivers who are currently providing volunteer care for seniors they know and love. Combining each of the stakeholder groups' needs into a coherent narrative helps to define the scope and plans for developing an eldercare cooperative sector in Ontario, Canada.

ii Policy support

Government healthcare policies are prerequisites for healthcare cooperatives to thrive. Unimed is thriving in healthcare accessibility, affordability, and coverage because of favourable legal frameworks and regulations by the Brazilian government. However, in Nigeria, healthcare cooperative policies are still in their infancy and are evolving. To address the limited government policy environment for healthcare cooperatives there is a need for policy advocacy by the masses and health-related non-governmental organizations. The inclusion of stakeholder voices through advocacy in the healthcare cooperative sector will help define the nature of healthcare cooperatives and the services they offer. The multi-stakeholder cooperatives in Canada are examples of a progressive form of stakeholder management theory in the development of a care sector.

To grow the healthcare cooperative sector in Africa and Canada, there is a need for the inclusion of eldercare into the publicly funded Canadian healthcare system or, in Nigeria, tax incentives that promote the cooperative movement. By including eldercare in the publicly funded healthcare system, incentives such as preferential procurement for co-operatives would stimulate the growth of a co-operative eldercare system much like the Italian care co-operatives (Warren, 2024). Tax incentives for Nigerians would decrease the cost burden on individuals seeking healthcare, improving access to primary care.

To ensure the growth in the cooperative movement is sustainable, there needs to be greater education on cooperative governance within cooperatives to ensure the strategic growth of the sector. In both Nigeria and Canada, the lack of government awareness of the cooperative model can be seen in the lack of inclusion of cooperatives in policy, regulation and tender opportunities. The lack of public

understanding of cooperatives limits cooperatives in their ability to access markets, as consumers are hesitant to interact with an unknown organization when they are seeking care services (Bennison, 2024).

iii **Community engagement**

In cooperative healthcare provisioning, effectively meeting local health needs requires a tailored health service approach through community engagement. Notable healthcare cooperatives adopt the community engagement approach as a cornerstone of their operations. For instance, Unimed makes health service decisions and conducts preventive care campaigns and health enlightenment outreach by imploring community participation in each action of the cooperative. The CFN could serve members and Nigerians better by functioning like Unimed, actively engaging community members in their health education programmes and decision-making processes. By engaging community members in each action, the CFN would be able to respond appropriately to community health needs and the extent of resource availability through coordinated resource management.

Much like Unimed and CFN, the CCA in Ontario attempts to coordinate resources and business skills in collaboration with local care cooperatives to meet community care needs. In so doing, the CCA finds economies of scale for common needs while ensuring the unique healthcare needs of each community are met. This stakeholder engagement approach helps to address the government failure theory outcome of homogenized services not meeting the needs of community members.

iv **Technological advancements**

Innovation diffusion is driven by technology adoption and adaptation, which determine service quality (SERVQUAL) across industries. In the healthcare industry, electronic health records and telemedicine are helping to improve service quality and delivery for enhanced patient care. Again, Unimed is exemplary in adopting health-related digital technology to foster innovation and meet patients' health needs by investing in health tech startups. Due to digital literacy and financial and infrastructure constraints, health technologies are yet to be optimally integrated into cooperative healthcare delivery by Nigerian or Canadian healthcare cooperatives. The tech gap could be improved through partnerships and support from corporate institutions, international organizations, and collaborations between health cooperatives.

5 Conclusion and policy recommendations

This chapter examined the roles of cooperatives in sustainable healthcare delivery in Nigeria and Canada. We established that healthcare cooperatives are not as popular in Nigeria or Canada as in countries like Brazil. Enacting the Cooperative Societies Act Cap N98 of 2004 marked a significant landscape in the evolution of healthcare cooperatives in Nigeria by providing the required legal framework and policy support for their recognition as legal entities. The Canada Health Act of 1985 provided a framework for healthcare but ignored eldercare and

the cooperative model, leaving it outside the publicly funded system. While many attempts have been made to address the lagging eldercare system in Canada, such as the Call to Action by John Restakis (2008), none have successfully developed an eldercare system in English-speaking Canada. In Quebec, however, the development of senior's home care was a provincial policy priority since the 1980s (Trahan & Caris, 2002). In the 2000s, however, a number of restrictive budget policies, along with subcontracting practices and tensions among the domestic help social economy enterprises (DHSEEs) which provide eldercare services in Quebec, curtailed the development of home care in Quebec (Jetté & Vaillancourt, 2011). Eldercare in Quebec then shifted to solidarity, or multi-stakeholder, co-operatives to provide care. Jean Pierre Girard (2004) documented the development of solidarity co-operatives in Quebec, which bring together multiple stakeholders to meet the needs of a community. Quebec legislation has recognized solidarity co-operatives since 1997. Between 1997 and 2007, 479 solidarity co-operatives were established, but as of 2009, only 300 remain in operation (Girard, 2009), with 83 functioning in the health and wellness sector (Rodrigues et al., 2024). The 83 functioning solidarity health co-operatives are a response to poor working conditions and issues of quality of care, as the co-operatives bring together workers and clients to co-create services needed for their communities (Berge & Bokoumbo, 2022; Girard, 2009).

Much like the Quebec case with strong policy backing from the provincial government, a similar situation exists in Nigeria. Despite the legal backing in Nigeria, we found that healthcare cooperatives in Nigeria face a multiplicity of challenges that include but are not limited to financial, operational, regulatory, cultural, and social constraints. Canada's cooperatives face similar financial and regulatory challenges due to the lack of awareness of the model within a government-funding healthcare system. The social constraints for Canada's eldercare cooperatives are also a result of a lack of awareness leading to consumer hesitancy to engage in an unknown service delivery model. Despite the inclusion of multi-stakeholder voices in the development of the cooperative eldercare model, consumers and governments remain focused on developing the existing system rather than an alternative delivery model such as Quebec (Girard, 2009) or Italy (Warren, 2024). Mitigating these challenges and enhancing cooperative healthcare coverage within the two jurisdictions, we proffer the following way forward.

- i **Improved policy frameworks:** Nigerians through their workers' associations should advocate for legislation to establish cooperative healthcare funds at the firm level by mandating institutions to invest 5% of their annual profit in cooperative healthcare funding. This will ease the stress of tight financial stands that health cooperatives experience in Nigeria, as a healthy worker is a productive worker.

The Canadian Government should create a specific transfer payment for eldercare. This transfer payment should mandate that provinces and territories include a community-based approach to eldercare to be eligible for the transfer payment. Community-led eldercare would ensure local services are provided and that seniors would not have to leave their communities to access care. In

addition, development of local eldercare economies would improve labour force opportunities for personal support workers in areas outside urban centres or long-term care facilities.

- ii Based on successful healthcare cooperative case studies, we suggest that health cooperatives in Nigeria adopt more innovative models by democratizing their operations and strengthening partnerships with local medical cooperatives to drive healthcare coverage across primary, secondary, and tertiary services. Nigerian healthcare cooperatives need to develop a flexible and responsive leadership structure that responds to multiple stakeholders' healthcare needs through improved community engagement.

The multi-stakeholder cooperative developing in Ontario, Canada, is a first step in creating an eldercare cooperative movement in English-speaking Canada much like those found in Quebec. The inclusion of stakeholder voices within the multi-stakeholder cooperative ensures that the cooperative addresses the homogeneity of care problem of government failure theory that is prevalent in Canada's long-term care facilities. The partnerships that need to be developed in Canada's eldercare cooperative sector are with governments and the public. Greater awareness needs to be developed within governments and the consumers to promote the development of a democratic approach to eldercare in Canada.

- iii To bring to reality the promising future of health cooperatives in Nigeria, we suggest that leveraging healthcare technologies is a given. Healthcare cooperatives should invest in health tech start-ups that could drive telemedicine and digital health records for seamless care provision and reception.

Unlike Nigeria, Canada needs to focus on enhancing working conditions to encourage the retention and attraction of personal support workers within the eldercare sector. The poor pay, erratic schedules, and lack of benefits have pushed many personal support workers out of the eldercare sector, leaving seniors without access to care.

- iv It is further suggested that eldercare should be encouraged through the age-grade system at the community level (Uche et al., 2024). This will afford richer elders to contribute to the healthcare of their members by pooling resources to afford health insurance in groups, an excellent option that is not being utilized by elders in Nigeria, despite its availability through health management organizations. This approach can also be adopted in Canada through the multi-stakeholder cooperative approach, where financial transparency is linked to the provisioning of care at the local level. It is far more difficult to refuse care due to lack of funding if members are known to each other at the local level.
- v Canada must consider a community-based eldercare system that is supported by public funding, thus integrating eldercare into the existing public healthcare system. The existing publicly funded healthcare system is straining under budgetary pressures, but neglecting senior care only creates more serious and costly conditions that must be addressed by the existing healthcare system. A preventative, community-based eldercare system would relieve the budgetary

strain required to treat more severe conditions while providing seniors with a dignified existence in their communities.

- vi Promotion of education on the cooperative model would improve awareness of the cooperative model in both Canada and Nigeria. In Canada, greater awareness would aid in reversing the marketization of the Ontario eldercare system, and in Nigeria, greater awareness would address the governance issues within cooperatives themselves. Educating Ontarians that an alternative exists to the existing system and that this alternative would provide a more stable, quality-of-care focus would kick-start the development of a cooperative eldercare system.

Note

- 1 Canada's publicly funded healthcare system was founded by Tommy Douglas, the seventh premier of Saskatchewan. Douglas was a member of the Co-operative Commonwealth Federation (CCF) political party founded in 1932. The CCF was a socialist party focused on addressing the effects of the Great Depression on workers, farmers, the ill and the elderly (Margoshes & Dave, 1999; Rands, 2012).

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19 Cultural services in rural areas

The case of a German theater cooperative

Ludger Voigt and Julia Beideck

1 Introduction

Cultural institutions such as theaters and museums serve not only individuals, both those with an interest in the cultural sector and those working within it, but also the community as a whole (Bille & Storm, 2024; Guetzkow, 2002). Therefore, they play a crucial role in the quality of life and, consequently, the attractiveness of regions. Empirical evidence shows that the cultural offerings of a region are a decisive factor for the settlement of private individuals and companies (Dziembowska-Kowalska & Funck, 2000) and for attracting tourists (Noonan, 2023).

However, maintaining or even developing cultural infrastructure is a challenge for many rural areas, particularly where both the state and the market have withdrawn from providing or financially supporting cultural services due to cost concerns and lack of profitability. In this context, cultural cooperatives are gaining increasing importance as organizations focused on promoting their members and the common good, rather than being profit-oriented. They offer a potential solution to address gaps in cultural provision, particularly in marginalized communities (Jeong et al., 2020). The participatory organizational structure of cooperatives allows for the inclusion of diverse stakeholders in decision-making processes, enabling a broader consideration of concerns (Besio et al., 2022). Studies on various types of cooperatives, such as energy cooperatives (Herbes et al., 2021), production cooperatives (Fink et al., 2024), and consumer cooperatives (Voigt & von der Oelsnitz, 2022), illustrate how cooperatives provide different services in rural areas of Germany. However, empirical findings on cultural cooperatives and the provision of cultural services remain limited. Therefore, this chapter seeks to enhance the understanding of how cultural cooperatives can provide cultural services in rural areas by conducting a single case study on a non-profit touring theater cooperative in Germany called *Traumschüff*.

To fulfill this research objective, our chapter is structured as follows: In the next section, we describe the theoretical background, specifically addressing the shift from member-based to community-based cooperatives and explaining the crucial roles of trust and social capital. Subsequently, we outline our qualitative research design. Next, we present our empirical findings and discuss them by highlighting the roles of trust and social capital in the relationship between a theater cooperative

and its local communities in co-creating cultural services for the region. Finally, we conclude the chapter with closing remarks.

2 Theoretical background

Understanding the cultural economy as one that supplies goods and services associated with symbolic, aesthetic, artistic, or entertainment-related value creation (Caves, 2000; DeFillippi et al., 2007), cultural cooperatives span a wide range of sectors, including architecture, publishing, film, music, performing arts, and more (Beideck, 2024). Within the performing arts sector, cooperatives primarily include theater cooperatives, which promote the cultural interests of their members by either providing cultural services directly as their own theater company or by offering business support to theater companies. A special type of theater cooperative is a touring theater cooperative. These theaters travel from place to place with their performances rather than staying at a fixed venue. Their aim is to make theater accessible beyond fixed venues, particularly in rural areas that are often underserved (Newesely, 2022).

Traditionally, cooperatives focus on promoting the economic, social, and cultural interests of their members. Recently, however, alongside these member-focused cooperatives, more cooperatives have emerged that concentrate on benefiting third parties or the broader community. These are known as third-party-focused cooperatives (Hatak et al., 2016) or community cooperatives (Somerville, 2007 and Chapter 3, this volume). Community cooperatives emphasize shared governance and ownership within a community, typically understood as a community of place or territory-based community (Theodori, 2005). Their primary purpose is to enhance the welfare and quality of life for all community members, where membership in a community cooperative is explicitly linked to residence or employment in a particular geographical area (Somerville, 2007). Accordingly, community cooperatives are characterized by an open network structure in which connections between members are less pronounced, and more connections are maintained with external stakeholders (Somerville & McElwee, 2011).

Theater cooperatives can be either primarily member-focused or community-focused cooperatives. In the case of community-focused theater cooperatives, they can be seen as multi-stakeholder cooperatives that formally allow for ownership and governance by representatives of two or more stakeholder groups within the same organization (Lund, 2012). This may include, for example, artists as workers and volunteers who support the goal of providing cultural services to their community. While community cooperatives explicitly build on community relations (Poledrini, 2015), we argue that, for cultural cooperatives in general and theater cooperatives in particular with a community focus, it is insufficient to understand community merely as a community of place, as is often done in the literature on community-focused cooperatives (e.g., Mastronardi et al., 2020; Somerville, 2007). Instead, community should be understood as encompassing the people, feelings, problems, and relationships within a specific area (Freeman & Menghwar, 2024). Given this understanding, communities can provide valuable information

and resources to develop theater productions and make performances accessible in areas where theater would not normally exist, thereby addressing the cultural needs of the community.

While social capital generally refers to resources embedded within a social network that can be mobilized for targeted actions (Adler & Kwon, 2002; Lin, 1999), we follow the distinction between bonding and bridging social capital made by Putnam (2000). Bonding capital refers to the links within a group, while bridging capital refers to bonds formed among diverse groups (Adler & Kwon, 2002). Therefore, bridging social capital pertains to open networks that are outward-looking (Putnam, 2000). In member-focused cooperatives, social capital is typically characterized as bonding social capital, while it is described as bridging social capital in the context of community cooperatives. Bridging social capital refers to horizontal links related to community relations and associative networks that integrate various stakeholders within a community (Lang & Roessler, 2011).

While trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau et al., 1998, p. 395) is significantly and positively correlated with social capital in Italian cooperatives (Sabatini et al., 2014), there is some confusion in the literature regarding the relationship between trust and social capital (Adler & Kwon, 2002). According to Putnam (1993), we view trust as a source of social capital. Trust enables community cooperatives to mobilize bridging social capital, facilitating collective action to promote common interests. To achieve this goal, however, general reciprocity norms and, consequently, norm-based trust should be strengthened through cooperative management. This can be accomplished by emphasizing the benefits of the cooperative for the broader community and the area where it is based, supported by various stakeholders (Hatak et al., 2016).

3 Method

Adopting a qualitative approach enabled us to gain a deep, contextualized understanding of how cultural cooperatives provide cultural services in rural areas. Specifically, we conducted a qualitative single case study on *Traumschüff*, a touring theater cooperative in Germany, as case studies are well-suited for addressing “how” questions (Yin, 2018). Focusing on a single case allows us to examine the activities of *Traumschüff* within a context (Stake, 1995), where existing knowledge is limited (Gehman et al., 2018).

3.1 Context and case description

Based on the decentralized structure of historical principalities and electorates, Germany has a high density of public theaters (Haunschild, 2003). As of the end of 2022, the country had 137 publicly funded and 160 private theaters, along with 754 other theater venues (Deutscher Bühnenverein, 2024). Additionally, there are independent theater groups and individual artists, as well as amateur and semi-professional theater groups and ensembles. Despite this diversity, cultural services

are more frequently available in urban areas than in rural ones. Germany has approximately 160 cultural cooperatives (Beideck, 2024), but our case study of the non-profit theater cooperative *Traumschüff* stands out, as it is, to our knowledge, the first and only touring theater cooperative in the country.

Founded in 2017 by actors, directors, musicians, and other creative professionals, *Traumschüff* is based in Oranienburg in the state of Brandenburg, a rural area in northeastern Germany close to Berlin. The name *Traumschüff* translates roughly to “dreamboat.” During its summer tours, the theater boat sails along the Havel River, stopping at various locations for a few days to perform before moving to the next destination. In addition to these performances, *Traumschüff* offers workshops and open-stage events where regional artists are invited to showcase their work on the boat. During the colder months, *Traumschüff* performs in an old factory repurposed as a cultural space in Oranienburg. Through these activities, *Traumschüff* aims to make theater accessible to as many people as possible, especially in areas that typically lack theater venues. In addition to artistic, administrative, and technical staff, the cooperative offers membership opportunities for volunteers and sponsoring members.

3.2 *Data collection*

The present study is part of a larger, ongoing research project. Before beginning our fieldwork, we initially collected secondary data, including newspaper articles, social media posts, the cooperative’s bylaws, and publicly accessible company documents. This initial step helped us gain a better understanding of the field and assess whether it provided a suitable context for achieving our research objectives.

Our fieldwork incorporated both primary and secondary data sources. Both authors of this chapter conducted participant observations during the season finale of *Traumschüff*’s summer tour in July and August 2024. Over the course of four days, we observed various activities, including two theater performances – one for adults and one for children – a concert by an external band, an open stage evening featuring different artists performing on the theater boat, and preparatory and post-performance activities such as internal meetings, rehearsals, technical checks, and the assembly and dismantling of the stage. In total, we observed for 28 hours. For each observed event, we took field notes, which were systematically documented within 12 hours through detailed observation protocols. These protocols included both descriptive accounts and reflective interpretations.

As a second primary data source, we conducted 10 semi-structured interviews, each lasting an average of 63 minutes. These interviews were recorded and transcribed verbatim. In contrast to previous qualitative case studies on non-profit theaters (Eikhof & Haunschild, 2007), we did not restrict our interviews to creative workers such as actors and musicians. We also included interviews with technical and administrative staff within the cooperative, as well as volunteers and local stakeholders, to triangulate a variety of perspectives. While all interviews shared common questions regarding the interviewee’s personal background, their first contact with *Traumschüff*, life on the boat during the tour, regional perception, and

Table 19.1 Sample of interviewees

Interviewee	Function(s)
I1	Board member, administrative staff, cooperative member
I2	Technical staff, cooperative member
I3	Artistic director, actor, cooperative member
I4	Volunteer, cooperative member
I5	Volunteer
I6	Volunteer, artist at open stage event
I7	Volunteer
I8	Volunteer, cooperative member
I9	Politician
I10	Actor, cooperative member

their views on the future of *Traumschüff*, we also adjusted our questions based on each interviewee's role. For example, we asked a member of the artistic directorial team about how the theater plays are developed and how new artists are selected.

For an overview of the interviewees, see Table 19.1. Throughout the research process, we continued to collect secondary data to further triangulate and contextualize our findings from both the observations and interviews.

3.3 Data analysis

Our data analysis consisted of two main steps. In the first step, we focused on chronologically reconstructing the development of *Traumschüff*, identifying key events and decisions along the way. To achieve this, we primarily relied on secondary data, as these sources are well-suited for tracing events in chronological order and capturing public perceptions of actions, particularly through newspaper coverage (Langley et al., 2013). Additionally, we incorporated retrospective responses from the interviews to gain personal insights into key events, decisions, and actions over time. The first period can best be described as idealistic, characterized by a “just do it” approach, driven by the vision of creating a new kind of theater. After a time of growth, the second period could be defined as “too much,” reflecting the challenges of overly long summer tours, an excessive workload on certain cooperative members, and a lack of skills in some administrative areas. Consequently, the ongoing third period is marked by a process of professionalization, balancing diverse stakeholder ideas to develop a sustainable and enduring concept without losing the spirit of the idealistic phase. These identified periods enabled us to gain a deeper contextual understanding while also offering insights into individual motivations as well as initial impressions of the drivers and barriers influencing how *Traumschüff* operates in specific rural regions.

Building on the first analytical step, the second phase of our analysis delved deeper into specific activities of *Traumschüff*. We compared the organization's self-stated goals, as well as those of various individuals within the cooperative, with the demands and expectations of external stakeholders. Through this process, we found evidence that *Traumschüff* not only operates as a multistakeholder theater

cooperative (FitzGibbon, 2021) but also that the relationships between the cooperative and the people in the communities where the boat docked also played a crucial role in enabling *Traumschüff*'s approach to theater in the region. To theoretically interpret these relationships, we iteratively moved back and forth between our empirical data and the literature on trust and social capital (Locke et al., 2022; Van Maanen et al., 2007), as these streams of literature offer potential explanations for the relationships we observed (Hatak et al., 2016). The empirical findings presented in the next section are primarily based on this second step of our analysis, while the first step serves to contextualize them.

4 Findings

4.1 *Idealistic beginning*

Founded as a non-profit theater cooperative, *Traumschüff* aims to develop and operate a new kind of touring theater. Initially, the team collaborated with a German university's Master's program in Architecture to create a unique theater boat that serves both as a stage and as a living space, financed by a crowdfunding campaign. Each summer, the theater boat sails from one location to another, bringing performances to areas where theater is typically absent. *Traumschüff* not only brings art to underserved places but also focuses on presenting plays that resonate with the local region, creating a theater experience "from the region, for the region." To ensure as many people as possible can attend the theater performance, there are no ticket prices. Instead, the audience is asked for a voluntary donation. Therefore, people from diverse socioeconomic backgrounds are part of the audience.

Many cultural, administrative, and technical staff, as well as volunteers, joining a theater founded as a cooperative, experienced something new. While some did not fully understand what a cooperative meant, for others, this organizational form was a key reason for joining, particularly because, as members, they were all owners of the theater and participated in democratic decision-making. One member described his primary motivation for joining the cooperative as follows:

That's really great. A cooperative is the most democratic structure I know. I8

Others were attracted by the idea of a community and the positive energy as well as the openness. One mother, who is also an actress, reports that this is the first family-friendly theater for her. When she performs on the ship, other team members take care of her child.

Well, it somehow struck me as the first humane theater operation, where it's not about having to constantly cross any boundaries or hide the fact that you have a child, but rather that it's clear that, yes, we are a community here. I10

However, what fascinates everyone – whether they are cultural, administrative, or technical staff, volunteers, or the audience – is the boat itself and how it is used

in various ways as a stage. The audience, in particular, finds it to be a completely different theater experience, watching a play from the shore while the actors perform on the boat. Additionally, the artistic and administrative staff, as well as the volunteers, see the boat as a symbol of freedom, allowing them to “sail into the wider world”.

It was the atmosphere, the freedom. Not confined in any way, just open. [...] But I mean, the whole setup, how everything was done, that’s something you don’t find everywhere; it’s not something you take for granted. I5

4.2 *Humane fit matters*

To create and maintain this sense of openness and of community, the focus was primarily on discovering how future employees in the artistic, administrative, and technical fields could fit in humanely. It was desirable for them to join as members of the cooperative, although it was not mandatory. Therefore, there were no traditional job interviews.

And then I applied for it and went for a bike ride through Oranienburg with someone who is on the board, and we went swimming somewhere by the lake. That’s how we got to know each other. I2

Like many processes, the application process has also evolved, as the original structures were no longer suitable for the growing demands. Although some of the initial idealism has been lost as a result, the human factor still plays an important role in the application process. This is also because, unlike at other theaters, actors at *Traumschiff* are not only responsible for performing but also for additional tasks and responsibilities. This includes doing their own makeup and taking personal responsibility for costumes and props or getting involved in the artistic director team. In one case, an actress even taught herself accounting and took on the position as a part-time accountant until public funding and related requirements increased, leading to a professional accountant taking over the role.

Nowadays, when we are looking for actors, we do it quite traditionally, as one does in theaters, with auditions, even with more conversation, because the human factor is very important to us. Do the people fit with us? Does the concept of a cooperative suit them at all? I3

4.3 *Interactions with local community*

In addition to the collaboration between cultural, administrative, and technical staff, support from local communities is also essential. As the boat travels along the river and serves as a theater stage at various locations, the necessary infrastructure at each stop must be provided. This includes, for example, seating for the audience. In one location where the boat has docked several times, the crew is invited to meals

by the residents each day. Maintaining these local connections and adding new destinations for future summer tours requires a strong network of contacts at each location. Some of these connections are established by volunteers or *Traumschüff* supporters through their private networks, as they are deeply rooted in the region:

For example, a friend of mine who is the head of the local cultural office knows about *Traumschüff* but has never actually been on it. So I offered to the crew or team, ‘Shall I invite her?’ Since we were already passing through her town, maybe she’d have time to come by – just to get to know each other a bit, talk, and perhaps establish a personal connection for next year or the next tour. I was happy to help with networking. [...] It worked well, too. She came on board, and we went out for ice cream, so she got to know the crew a little. I7

The plays that *Traumschüff* performs on the boat are intended to address topics relevant to the region and, in particular, to the audience, transforming them into artistic performances on stage. For this, it is especially important to approach the audience and the local people openly and to continuously engage in conversation. After each performance, the *Traumschüff* crew takes time for this, whether it is a discussion between actors and the audience about the play, a small tour of the boat, or an exchange of ideas for future productions:

I think what really defines us is this openness and the way we approach people. You’re automatically in conversation, but you have to want it. There’s also an attitude behind it. I1

A play that particularly resonated emotionally with the local community was “Treue Hände,” a piece about a factory during the period of German reunification. At the time, the factory was considered modern by those who worked there. Nevertheless, like many other companies in the former German Democratic Republic, it was closed down. This factory holds special significance for *Traumschüff* as well, as it has been converted into a cultural space where *Traumschüff* holds its performances from fall to spring. During the development of this play, the author conducted interviews with those affected at the time to give them a voice on stage and to incorporate their perspectives into the production.

And this factory, where the cultural space is now located, was shut down after reunification. *Traumschüff* even created a play about it, where I served as an interviewee to share my memories of that closing period. I9

While *Traumschüff* primarily focuses on developing and performing theater pieces, it also offers other formats, such as workshops and open stage events. During workshops held throughout the 2024 summer tour, a film featuring positive news from people in each of the visited locations was created. This film was shown at the tour finale and is also available on the website of the theater. The open stage provides

regional artists with an opportunity to showcase their work to the audience, with a member of *Traumschüff* serving as the event moderator. Each act lasts 15 minutes, and the artists are absolutely free to choose what they want to show on stage:

And so, I first wanted to check it out for myself and went to the open stage, but only as a spectator. [...] Then, those who performed and the people from Traumschüff stayed a bit longer and had a drink together. I stayed as well, sat down alone, and had another drink. Then I1 saw me, came over, and started a conversation. We ended up sitting and chatting for hours, and I told her I was thinking about going to the open stage, but I wasn't quite sure about it. And I1 said, 'Do it, go there, perform'. I6

Regarding the impact of *Traumschüff* on the region where it performs its theater plays, all interviewees emphasize the importance of having theater performances at all. However, they also struggle to articulate how these performances impact the region as a whole; instead, they focus on the individual people within the region who are directly reached by the various activities. In this context, the fact that *Traumschüff*'s theater plays address local topics and issues encourages people to reflect on them and fosters openness to different viewpoints. This achievement by *Traumschüff* is also seen by some as an example of best practice that could be emulated in other rural areas. Nonetheless, one volunteer who has lived in the region for more than 20 years noted that the audience has been growing over time but remains smaller than he expected relative to the total number of inhabitants.

I think that for a town with almost 50,000 inhabitants, it is not very famous. I would expect more from it because there is really a fantastic arrangement behind it. It has gotten better. The audience numbers have improved significantly. I4

5 Discussion

As our findings show, *Traumschüff* offers an alternative approach to theater by sailing with a theater boat to rural areas where no theater performances typically take place. Additionally, to make theater accessible to as many people as possible, *Traumschüff* follows a concept of no fixed ticket prices and fosters an open atmosphere, which also encourages people who happen to come across a performance or have not attended a theater for years to participate.

Our findings also demonstrate that members do not only take on various roles and responsibilities within the cooperative (Mamouni Limnios et al., 2018), but *Traumschüff* is also embedded in a network with numerous stakeholders. This network is essential to perform theater in places where it would not typically be accessible, bringing regional themes to the stage for local audiences. As we argue, trust and social capital are necessary to achieve this. According to Luhmann (2014), trust emerges through an initial act of trust from one party toward the other. Our case study demonstrates that, depending on the context, this initial trust may be

extended from the cooperative to external stakeholders or from external stakeholders to the cooperative. While vulnerability is a crucial concept in defining and studying trust, there is only a limited understanding of vulnerability itself in the context of trust (Baghrmian et al., 2020; Nienhaber et al., 2015). Although, for Luhmann (2014), trust presupposes a situation of risk, we argue that disclosing personally sensitive information can be viewed as vulnerable behavior (Nienaber et al., 2015), as illustrated in the development of the theater play “Treue Hände.”

Even more than 30 years after German reunification, it was still difficult for many individuals who agreed to be interviewed by the author of this play to talk about the events of that time and the closure of the factory, a formerly state-owned socialist firm, which today serves as a cultural space where *Traumschüff* performs its plays from fall through spring. For many, the factory’s closure was a significant disruption in their personal lives, as they saw it as a modern facility and one of the largest employers in the region. Although East Germans who lost their jobs continue to exhibit significantly lower levels of general trust (Kellermann, 2024), many were motivated by a desire to preserve their stories and decided to share their experiences. Additionally, the positive energy and respectful atmosphere within the *Traumschüff* cooperative encouraged them to share their histories. *Traumschüff* was able to meet their expectations by authentically bringing their perspectives to the stage. In addition to this specific example, which underscores not only the integration of local communities – considering people’s feelings and problems – to create cultural value for both the cooperative and its communities (Freeman & Menghwar, 2024), it also goes beyond existing research on external stakeholder integration, such as in the process of program planning in theaters (Boerner & Jobst, 2011). This example highlights the direct, reciprocal, and voluntary influence of communities (Kujala et al., 2022) on value creation within the cultural economy.

Furthermore, the open stage format demonstrates that *Traumschüff* is willing to extend a degree of trust; regional artists perform on stage without *Traumschüff* having the ability to assess each artist and the quality of their work in advance. Understanding vulnerability as the extent to which misbehavior might seriously harm an organization (Moreland & Levine, 2002), the open stage format may, on one hand, risk the reputation of the cooperative if regional artists abuse the initial trust. On the other hand, it offers the potential to expand the artistic program provided by *Traumschüff* and to strengthen connections with external stakeholders, which is a defining aspect of community-based cooperatives (Somerville & McElwee, 2011).

While *Traumschüff*, during its summer tour along a river with performances at multiple stops, relies on local support for provisions like seating for the audience, we argue that social capital theory offers a relevant theoretical framework. As a cooperative, *Traumschüff* not only supports its own members but also enriches the region through cultural services, positioning itself as a community-based cooperative. Its open network structure fosters connections with external stakeholders, which helps to mobilize social capital resources (Hatak et al., 2016). Therefore, the resource-mobilizing network is not limited to cooperative membership but also includes a community of supporters and fans who aim to help achieve the

overarching goal of bringing theater to rural areas where it is typically unavailable (Somerville & McElwee, 2011). This underlines the importance of the relational dimension of social capital, which refers to the quality of the relationships that individuals maintain within a network (Granovetter, 2017). While *Traumschüff* docks at the performance locations for only a few days and requires that resources be mobilized in advance for the events to take place, it is also supporters who mobilize resources for *Traumschüff* at these locations through personal contacts, thereby utilizing their networks and acting as intermediaries in support of theater in rural areas. Therefore, not only is the network of *Traumschüff* as a cooperative necessary, but so too is the network of supporters who have personal contacts in the respective locations. While social capital in rural areas can be understood as a particular place-based resource (Lang & Fink, 2019), these supporters act as a bridge between *Traumschüff* and local individuals until they are embedded directly, rather than indirectly, in the open network structure. This also results in the formation of social networks with a shared purpose between the cooperative and external community, facilitating the sharing of resources, ideas, and information (Terzo et al., 2024). Therefore, the strength of *Traumschüff* lies in its ability to mobilize resources for sharing from the network within a specific locality and to address the interest of local communities with these resources (Fink et al., 2024).

6 Conclusion

The purpose of our study was to examine a community-focused theater cooperative and understand how it provides cultural services in rural areas. In this chapter, we emphasized that a trust-based relationship with communities – understood as the relationships, feelings, and problems of people within a specific region – is a crucial factor in mobilizing social capital resources within an open network structure. Thus, we contribute to social capital theory by demonstrating how the provision of cultural services in rural areas relies on sustained support and resources from stakeholders to ensure the organization's survival and the continuation of its social mission.

For practitioners, this highlights the importance of fostering trust-based relationships with communities, thereby strengthening local partnerships to support the long-term viability of cultural cooperatives in rural areas. This includes creating opportunities for exchange both directly linked to cultural services and beyond, with a focus on the specific needs of rural areas, as well as integrating various stakeholders as members of the cooperative. Policymakers, in turn, should enhance the resilience of these initiatives by providing targeted funding schemes and infrastructural support.

Future research may provide deeper insights through comparative case studies of cultural cooperatives and other rural cultural institutions. Moreover, investigating the long-term social and economic impacts of cultural cooperatives could further our understanding of their role in regional development and cultural participation. Finally, exploring the scalability of theater cooperatives and their potential for replication in different rural contexts, while considering regional differences in infrastructure and cultural engagement, would be a valuable avenue for further study.

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20 The challenges of platform cooperativism and the path ahead

Stefano Tortorici

1 Introduction

Cooperativism is not new, but platforms and digital technologies are. Applying cooperative principles to digital technologies and building platform cooperatives means inheriting the hurdles but also the lessons learnt over the two-century history of cooperatives (Benkler, 2017). However, it also requires navigating completely new challenges typical of platform businesses, e.g., expanding the demand till reaching the network effect and the ability to collect and use data. This chapter reviews the legacy and emerging dual challenges of cooperatives and platform cooperativism, namely their political identity and their business hurdles. In the end, it suggests possible paths to strengthen platform cooperativism to address the most pressing concerns of our time: the climate crisis, war, and divisions along gender, race, and class lines.

The structure of the chapter parallels the duality of cooperativism and its primary challenges. The first section outlines the political identity crisis within cooperativism and platform cooperativism. The second, based on an extensive literature review, highlights the challenges of scale, finance, and the market in cooperativism, and – drawing on case studies and data from an international survey – demonstrates how these difficulties persist and may be amplified by the characteristics of the platform economy in platform cooperativism. The third section suggests possible paths to address these challenges.

2 Theoretical framework

This study explores the dual nature of cooperativism (Jones & Kalmi, 2012; Marshall, 2014; Jossa, 2020; Dorigatti & Menzani, 2021) and the challenges faced by both traditional and platform cooperatives (Sacchetto & Semenzin, 2014; Hoyt & Menzani, 2013; Danna, 2019; Grohmann, 2021; Bunders et al., 2022; Mannan & Pek, 2023; Bunders, 2023). Cooperatives are defined based on the definition provided by the International Cooperative Alliance (hereafter ICA), while platform cooperatives are defined according to Ed Mayo (2019) and Trebor Scholz (2023).

To contextualise cooperative challenges, I analysed texts from the Barberini Foundation archive, highlighting obstacles related to identity and business sustainability. This discussion extends to platform cooperatives, engaging with selected platform economy literature (Srnicsek, 2017; Van Dijk et al., 2018; Coveri et al., 2022) to examine their particular financial, governance, and operational struggles that can prevent them from effectively addressing the most concerning issues of our times.

To frame these issues within a broader political-economic critique, I draw on Nancy Fraser's *Cannibal Capitalism* (2022), which portrays capitalism as a self-destructive system that externalises its costs onto nature, labour, democracy, and social reproduction – ultimately generating crises that threaten its own stability. Unlike many other definitions, Fraser offers a working conception of capitalism that is broadly shared and provides a practical tool for assessing what alternatives to capitalist arrangements might entail.

3 Methodology

The research draws on the literature review from my master's thesis, interviews with co-founders of Cotabo, Fairbnb, and Consegne Etiche in Bologna, and my PhD study on platform cooperatives. It is further informed by an international survey on platform cooperatives' identities, dimensions, and challenges; my fellowship and visiting period at the Platform Cooperativism Consortium (hereafter PCC); and an in-depth ethnographic study of The Drivers Cooperative in New York City, including over 15 interviews and observations at internal assemblies and public events during the summer of 2024.¹

The survey gathered 86 responses from managers and co-founders of the 245 organisations of interest from six continents, selected mainly through the directory of the PCC and the literature.² Only 27 out of these 86 respondents were identified as active platform cooperatives based on empirical data. These data were gathered between March and August 2024.³ Interviews with some of the co-founders and workers of the three platform cooperatives in Italy were conducted between March and May 2021.⁴

This study employs a multi-method approach, triangulating textual analysis, interviews, and focused ethnographic observation. Sources include texts from the Barberini Foundation, policy reports, and academic research on cooperativism and platform cooperativism. By integrating these methods, it presents an analysis of the identity crises and structural challenges affecting both traditional and platform cooperatives.

3.1 *The political conundrums of (Platform) cooperativism*

Historically, cooperativism is a movement grounded in a form of enterprise (Jones & Kalmi, 2012).⁵ With its 200-year history, diverse ethics, and varied historical contingencies, cooperativism is plural in nature, and it may be more accurate to speak of cooperative movements rather than a singular movement (see Chapter 1

by Kaswan et al.). Conversely, the International Co-operative Alliance (hereafter ICA) defines a cooperative as a form of enterprise as:

An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

The inherent dualities of cooperativism – different socio-political movements based on a form of enterprise – are deeply embedded within the cooperative model itself. A cooperative is simultaneously an economic entity and a socio-political project (Ratner, 2015b; Jossa, 2020). It inherently embodies two dimensions: an economic one, as it engages with the market, accepting its logic and rules; and a social one, as it «pursues extra-economic ends and generates positive externalities for other members and, virtually, for society as a whole» (Dorigatti & Menzani, 2021). British economist Alfred Marshall succinctly captured this dual nature: «Some movements have a high social purpose; others, an economic purpose. Only cooperatives have both» (Marshall, 2014).

This duality gives rise to two interrelated macro challenges: (a) defining the political identity of the movement and, by extension, its enterprises; and (b) addressing the socio-economic hurdles to advancing these socio-political projects.

The same dualities of cooperativism are also traceable within platform cooperativism. On the one hand, platform cooperativism should define its political identity. On the other hand, data from platform cooperatives underscore how the traditional economic challenges faced by cooperatives persist and may, in fact, be amplified within the context of the platform economy.

3.1.1 Beyond neoliberalism. Cooperativism for climate justice

Cooperatives, since their earliest beginnings, were conceived to enhance human and workers' conditions (Owen, 1816), mutualism and community (Fourier, 1808), and fair trade (Holyoake, 1893); to realise communism (Lenin, 1923), to support fascism and Nazism (Menzani & Medina-Albaladejo, 2018); and more recently to erase the colour line (Du Bois, 1936) and gender oppression (Federici, 2018) or address climate injustice (Imperatore & Leonardi, 2023). In essence, cooperatives have sought to support diverse political projects by building alternative economies to advance them. Cooperatives can thus be defined as an organisational technology capable of serving a wide variety of socio-political projects, ranging from fascism to communism to (neo)liberalism.

The case of Italian cooperatives, as described by historians such as Massimo Fornasari and Vera Zamagni (1997), exemplifies the breadth of political purposes cooperatives have historically supported. In Italy, there have been red, white, and green cooperatives – communist, Catholic, and liberal, respectively – ironically representing the Italian flag and the main political forces that shaped the country's history after the Second World War. These ideological distinctions persisted until recently but have since merged under an abstract single cooperative movement.

Today, the once neat divisions have largely vanished, with the abstract rhetoric of the ICA taking centre stage.

This rhetoric frames cooperatives as a universally good organisational model. However, the ICA's seven principles rely on ambiguous terms, such as democracy and concern for community, and do not explicitly articulate alternative political values to neoliberalism (Ratner, 2015a; Harvey, 2005). Despite cooperatives' potential to foster economic democracy and address the most pressing concerns of our times, their global promotion is often entangled with political and economic agendas that do not align with such political values. This paradoxical tension becomes evident when international cooperative initiatives receive endorsement from governments that simultaneously support policies contradicting the most basic principles of inclusion and economic justice.

Like any technology, cooperatives can serve multiple purposes. They may facilitate shared ownership, democracy, and improved working conditions – or conversely, exacerbate exploitation, as seen in Amazon warehouses in Italy (Euronews, 2024). Alongside false cooperatives, which exploit the cooperative label, there are genuine cooperatives that nevertheless advance deeply capitalist and corporatist political agendas. Most cooperatives currently employ hired workers without granting them a meaningful share in decision-making power, making them conventional employers (Ellerman & Gonza, 2025). Carl Ratner (2015a) has rightly observed that the ICA's ambiguous definitions and principles have contributed to the neoliberal degeneration of cooperatives. Similarly, Ellerman and Gonza (2025) criticised the ICA's broad definition for failing to distinguish cooperatives based on who carries out the activities – hired workers or members. Others, such as Sandoval (2020), have argued that platform cooperatives, in particular, risk degenerating into neoliberalism due to their embrace of entrepreneurial ideology.

Cooperativism today faces significant challenges and multiple crises. Over the past 40 years, many have highlighted its crisis of identity (MacPherson, 1995; Birchall, 1997). Aside from promoting a cooperative world, the ICA fails to distinguish between political values, ultimately endorsing a model of enterprise that is not inherently beneficial. Cooperatives, under certain conditions, can contribute to exploitation, the climate crisis, the perpetuation of gender inequality, and even the support of fascist regimes. Supporting cooperatives indiscriminately risks endorsing a neoliberal or technosolutionist rhetoric, which assumes that collective and political issues can be resolved through socio-economic and technological means alone. Instead, in its current form, much of cooperativism aligns with a neoliberal agenda, and it is actively contributing to global crises. Micken et al. (2025) make a similar point by delving into the relationship between commons and cooperatives. They argue that not all cooperatives genuinely advance the common good; while some are normalist or promote social-reformist political values, only a few actively seek to transform capitalism and can be described as “transgressionist” in their terminology.

Within cooperativism, there is an urgent need to define a shared, collective political identity and to differentiate between cooperatives advancing radical, alternative projects – serving workers, marginalised groups, and the planet – and

those contributing to extraction, exploitation, and marginalisation. Particularly in the face of the climate crisis, which demands urgent and collective political action, cooperatives must support collective solutions to address climate injustice (Tortorici, 2024). It is only by articulating a radical, alternative political vision that cooperatives can reaffirm themselves as a genuine alternative to capitalist enterprises, gain momentum, and fulfil their original *raison d'être*.

3.1.2 What is the political identity of platform cooperativism?

Despite growing networks, annual conferences, and a rich plurality of thoughts and discussions among platform cooperatives, researchers, and policymakers, there is currently no robust debate on the political direction of the movement nor metrics to assess what good platform cooperatives look like. Some platform cooperatives adopt more radical stances than others, but the movement lacks a political agenda and a coherent identity.

While there are collective actions, primarily led by the PCC through coordination, education, and policy advocacy, the political vision of the movement remains ambiguous. The PCC articulates its own political values – prominently displayed through its website, conferences, and research – emphasising inclusivity, accessibility, reversing ownership and governance structures of digital platforms, climate sustainability, and erasing racial and gender divisions. However, these positions are not the outcome of a participatory deliberative process, nor are they universally shared by platform cooperatives, as emerges from my survey and case studies.

Empowering local communities, upholding cooperative values, and strengthening workers' power emerged as the first, second, and third priorities, respectively, in my survey results. By contrast, relatively few respondents expressed strong concern for environmental sustainability or data privacy. While many platform cooperatives lack a strong climate justice orientation, there are nonetheless promising examples of climate justice synergies between commons-based initiatives and platform cooperatives (Srncic & Guttman, 2025).

Some platform cooperatives embrace more radical, socialist, or environmentally focused values, while others lean toward corporate or business-centric approaches. My case studies show that some cooperatives adopt more radical bylaws and are explicitly justice-orientated, such as The Drivers Cooperative in New York City. Others, by contrast, align more closely with moderate democratic ideals or are primarily motivated by economic convenience or cost reduction for their workers. Political tensions often emerge among members, and a cooperative's political orientation can clearly shift over time. This diversity raises critical questions: can a radical political movement emerge from such pluralism? How can coordination among diverse platform cooperatives be achieved to collectively define shared values?

Moreover, how can a coherent political vision for platform cooperativism be strengthened? What alliances could be built, and which actors could advance the platform cooperativism agenda? As the movement gains momentum and traction,

these conundrums are becoming increasingly pressing and should be properly addressed.

3.2 *The digital amplification of cooperative business challenges*

3.2.1 *The traditional hurdles of scale, finance and The market*

Beyond defining a clear political vision for the movement that transcends neoliberalism (Harvey, 2005) and addresses gender, race, and class divisions (Fraser, 2022), cooperatives must also be able to effectively to support these political values in the market. Historically, cooperatives have encountered well-documented challenges in this endeavour. I group these challenges under three umbrella terms: scale, finance, and the market, which encapsulate some primary hurdles they face.

Scaling has always been a critical challenge for cooperatives. First, many have emphasised the inherent difficulties cooperatives face in achieving traditional scaling (Birchall, 1997). Second, even in sectors where cooperatives manage to scale, concerns arise about the erosion of their alternative values, democratic governance, and workers' conditions. In the Handbook of this companion, similarly, Micken et al., Puusa, and Ellerman and Gonza (2025) have each respectively highlighted these challenges, particularly in the context of large cooperatives.

Hoyt and Menzani (2013) have historically shown how, in the pursuit of scalability, European cooperatives have increased their volume of business, but at the price of a significant decrease in participation and the creation of structures typical of large enterprises:

In almost all European countries, the traditional sectors in which co-operative activity had become established – commercial distribution, agribusiness and credit – saw a decrease in the number of these enterprises, as a result of the search for economies of scale, but an increase in the number of members and the volume of business.

The significant growth in the number of members has posed a governance problem, as it has resulted in a decrease in their participation in the organisation's activities and, at the same time, the need to create organisational structures typical of large enterprises.

Italian economist Patrizia Battilani (2014, p. 70), reviewing classical enterprise theory, showed how since the 1970s a progressive hybridisation of capitalist and cooperative enterprises had taken place. The hybridisation process for Battilani is not unidirectional but has involved both actors: on the one hand, capitalist companies have begun to take an interest in stakeholders as well; on the other hand, cooperatives have lost their reference values due to managers detached from social needs. In greater detail, since the 1970s, the capitalist firm returned both (1) to profit maximisation and the overriding interest of shareholders and (2) a conception of the firm “as the expression of a set of stakeholders whose interests it pursues and coordinates”, including corporate social responsibility.

Simultaneously, a significant transformation took place in the management of cooperatives. Individuals rooted in social movements, who embodied the core values of cooperativism, were gradually replaced by the first generation of professionally trained managers. These new managers often adopted cultural orientations that closely aligned with those of traditional corporations. As Battilani (2014) highlights, this shift drove cooperatives toward adopting strategies more commonly associated with conventional enterprises. These included managerial and marketing practices such as recruiting executives from traditional firms and implementing business models more reflective of capitalist organisations. This trend has led to an increasing hybridisation between cooperative and conventional enterprise models, sparking concerns about safeguarding the fundamental identity of cooperatives. Central challenges now include ensuring active member participation and reinforcing strong connections with their communities (Battilani, 2014).

Scaling poses a dilemma, as cooperative growth may compromise internal democracy. Derek Jones and Panu Kalmi (2012) framed the debate in an article with the emblematic title: *Economies of Scale Versus Participation: A Co-Op Dilemma?*. The authors show how, however, this trade-off between democracy and economies of scale is by no means so obvious, and that the same tensions between democracy and growth vary depending on the type of cooperative and that some, exemplified by Mondragon and Finnish credit unions, have shown that growth can coexist with democracy. On the contrary, Kasmir (1996) highlighted the limitations of Mondragon democracy and the complexities of workers' conditions beyond the myth of the Basque cooperative.

In the context of platform cooperatives, some scholars have suggested that blockchain-based governance could offer solutions to challenges of scale and participation (Mannan, 2022; Nabben et al., 2021). While some argue that blockchain can enhance transparency, others note its limitations. Critics contend that blockchain technology cannot resolve governance issues that are fundamentally political in nature – issues that are often particularly difficult to address within dispersed and heterogeneous online communities.

Others single out different ways of scaling for cooperatives: up, out, and deep. While the scaling up typical of capitalist enterprises would be difficult and could lead to degeneration for cooperatives, extension through aggregation into networks and “intensive” scalability may be feasible avenues, according to these authors (Pietrangelli et al., 2018, Scholz, 2023).

Even more effectively than the perspectives we have just seen, some authors have unravelled what Zan (2018) refers to as the teleological bias, i.e., looking at cooperatives from their supposedly value-consistent perspective, through careful sociological analyses that show the definitive assimilation of some Italian cooperative enterprises to capitalist enterprises.

Devi Sacchetto and Marco Semenzin (2014) have written, looking mainly at the Italian case, a crude sociological analysis of the involution of cooperativism. The same authors openly condemn those who use an abstract approach and limit themselves to studying cooperatives from the conceptual distinctions that would characterise them, and show the uniformity between capitalist and some Italian

cooperative firms. The alternative character of cooperative enterprises to capitalist ones is but a “remnant of the past”, except for the value rhetoric.

They write in this regard that the current cooperative system in Italy appears to balance two seemingly contradictory processes: on the one hand, the assimilation of market economy principles, with labour organisation and functional structures resembling those of many other enterprises; on the other hand, the development of social relations characterised by a more informal hierarchy, sustained by an ideological framework that reinforces cooperative principles in opposition to capitalist enterprise norms.

Paraphrasing, the growth of cooperatives has led to a convergence with capitalist enterprises, particularly in production organisation and the internal division of labour. Practices such as organisational flexibility, just-in-time production with zero inventory, and a focus on total quality have become widespread among cooperatives. Similarly, the functional structures of large cooperatives often parallel those of capitalist firms, emphasising the division and segmentation of tasks.

However, unlike other enterprises, cooperatives rely on solidarity values not as superficial embellishments but as a deeply ingrained social and political construct. These values are actively maintained through cooperative management rhetoric, the engagement of individuals within internal labour relations, and mutualistic practices (Sacchetto & Semenzin, 2014). Within cooperatives, social relations often take on characteristics that, while at times resembling corporatism, typically foster a hierarchy that appears more democratic than in capitalist firms (Sacchetto & Semenzin, 2014).

Nonetheless, when examining the entire value chain in which cooperatives operate, the broader impacts of cooperative practices can reveal significant levels of exploitation, particularly affecting migrant workers. The disparities in social relations and working conditions between so-called “false cooperatives” and “authentic cooperatives” are considerable. Still, it is crucial to analyse the social practices of cooperatives within the context of the entire value chain they are embedded in, given their aim to promote solidarity both internally and externally (Sacchetto & Semenzin, 2014).

Sacchetto and Semenzin (2014) further describe the distance between management and labour within large cooperatives but also the progressive reduction of participation in the life of the association and the compression of political involvement to meet economic needs in smaller cooperatives. In large cooperatives, worker-members often struggle to navigate the various hierarchical levels or engage in active participation. The sheer scale of these organisations has diminished opportunities for involvement in cooperative life, as functional divisions fragment both the skills and knowledge of members. In many cooperatives, member participation is limited to an annual assembly, which primarily serves to approve the financial statement, determine profit-sharing distributions, and set compensation for administrators. This assembly often plays a formal role, limited to information sharing, decision acknowledgement, and electing the board of directors for the upcoming term, with direct intervention sometimes proving difficult. Puusa (2025) highlighted that passivity, lack of expertise, the dominant role of the board, and a

director-centred structure can undermine democracy and participation, particularly in large cooperatives.

These new, more limited forms of participation lead to member disengagement and erode trust in cooperative managers (Sacchetto & Semenzin, 2014). In large cooperatives, the experiences of managers and workers increasingly diverge, particularly regarding solidarity, participation practices, and internal democracy. In smaller cooperatives – provided they are not directly tied to exploitative labour practices – managers and workers may share similar experiences. However, even in such cases, economic pressures often suppress the political and social dimensions of collective action. The reduction of social interactions has significant implications for shaping cooperative groups. Since collective identity is built through participation, the scarcity of participatory practices, juxtaposed with rhetoric emphasising solidarity and mutualism, contributes to the formation of a contradictory collective identity (Sacchetto & Semenzin, 2014).

Italian economic historian Vera Zamagni (Danna, 2019) recently highlighted the challenges facing cooperativism in a recent interview, citing its struggles to raise adequate capital and specifically noting the shortage of managers who embrace cooperative values:

Its [the cooperative enterprise's] critical points are basically two: not having enough capital (those who make cooperatives are usually not rich) and not finding enough managers who are prepared to manage an enterprise that is not capitalist. More investment in cooperative culture and management would be needed.

On the one hand, Puusa (2025) clearly outlined how, in some large cooperatives, managers have lost sight of the cooperative duality – prioritising the business dimension while neglecting the socio-political values that underpin cooperative identity. On the other hand, finance has long posed a significant challenge for cooperatives. While they often have access to labour, they frequently lack capital (Forman, 2022), making it difficult to secure the resources needed to launch and subsequently expand their businesses. The absence of adequate infrastructural investment support further limits their capacity to grow and compete in wider markets.

The chronic lack of capital ownership by cooperative members impedes both the formation and the growth of cooperatives. Legislative attempts to address this issue highlight its importance (Bonfante, 2017). Despite access to banks, cooperative funds, and national/international funds, the capital conundrum (Borkin, 2019) persists, hindering the expansion of cooperatives.

Cooperatives face significant challenges in competing within capitalist markets, which are primarily designed for traditional capitalist enterprises. In many countries, cooperatives are not even recognised as a distinct legal structure. Existing legislation is often tailored to conventional firms, failing to account for the unique hurdles and specificities of cooperative enterprises (Penzien, 2020).

Beyond the structural barriers imposed by the market, cooperatives also struggle to compete with capitalist actors that frequently rely on cheap labour, offshoring, and unethical practices. This competitive disparity has long been critiqued by traditional socialist scholars, such as Marx (1864 & 1867) and Luxemburg (1899), who argued that cooperative efforts are either unable to effect systemic change or risk internalising the logic of the market, leading to self-exploitation of workers or eventual failure. Historically, cooperatives have thrived in market niches or sheltered markets. However, when they evolve into industrial giants, they often lose their alternative, movement-driven ethos, further complicating their potential to enact broader societal change.

The debate on whether cooperatives should operate within the market dates back to the movement's origins, with conflicting views on embracing or rejecting cooperatives acting within the market (Zamagni & Zamagni, 2008; Magliulo, 2010). The same Marx (Marx & Engels, 1975) describes in some of his passages communism as based on cooperatives:

If co-operative production is not to remain a sham and a snare; if it is to supersede the capitalist system; if united co-operative societies are to regulate national production upon a common plan, thus taking it under their own control and putting an end to the constant anarchy and periodical convulsions which are the fatality of capitalist production, what else, gentlemen, would it be but communism?

While elsewhere he points out the limits of cooperatives' isolated efforts (Marx, 1864, 1867). More recently, some have firmly defined socialism as the cooperation among cooperatives operating within the market (Jossa, 2020).

The analysis reviewed here, characterised by different approaches, restores the criticality and reality of a cooperative movement in Italy and beyond that has progressively lost its alternative political charge and sometimes flattened into its opposite. Market pressures, individualism, dwindling social support, the growth of cooperatives, their dual structure, sector-specific challenges across countries, under-capitalisation, and other unaddressed factors have contributed to their failure to play a radical transformative role, leading often to a regression into their original opposite.

The development of cooperatives faces significant challenges, particularly in finance, scalability, and effectively managing operations within the competitive market environment. These interlinked challenges underscore the need for a nuanced understanding of cooperatives' challenges and their potential solutions. Cooperatives are everything but perfect; they are facing many challenges, and they have dealt with the same obstacles for centuries. However, the cooperative model of the firm is one of the few viable ones to push forward political value into the economy and expand workers' participation and collective ownership. It is only from solving these challenges that cooperatives can prove to be a viable model for infusing political values into the economy, promoting workers' participation, and addressing the most pressing concerns of our times: the climate crisis, wars, and divisions along gender, race, and class lines.

3.2.2 *The digital raise the stakes*

Similarly, platform cooperatives face significant business challenges, many of which are deeply rooted in the inherent complexities of cooperative enterprises (e.g., democratic governance, achieving scale). However, these challenges are further compounded by the unique characteristics of digital markets, e.g., driving participation, securing financing, and navigating the absence of adequate regulations. The platform business model itself introduces specific obstacles, such as leveraging network effects and managing data effectively.

The platform economy exacerbates the systemic issues of traditional capitalism (Srnicek, 2017). It is uniquely characterised by data exchange and specific features like network effects and cross-subsidisation (Van Dijk et al., 2018), often designed to establish monopolistic dominance (Srnicek, 2017; Van Dijk et al., 2018; Caveri et al., 2022). The market is dominated by infrastructural actors that operate as monopolies, supported by trillions of dollars in financial market capital. As of April 30th, 2025, the combined market capitalisation of the five largest platform companies – Apple, Microsoft, Alphabet, Amazon, and Meta (recognised primarily as platforms; see Gawer & Srnicek, 2021) – stands at approximately \$12 trillion (Companies Market Cap, 2025), almost the half of the value of the top 300 publicly traded technology firms at the end of 2024 (Kai-Hsin Hung (2025).

Platforms operate as data-driven businesses, thriving by continuously enhancing their algorithms through vast data collection. This data is amassed via lock-in dynamics and network effects (Srnicek, 2017; Van Dijk et al., 2018). Most platforms rely on a flexible, precarious, and dispersed labour force, often unable to meet in physical locations and facing substantial barriers to collective action (Della Porta et al., 2023).

Contrary to the early optimism within the platform cooperativism economy (Scholz, 2017; Martin, 2017; Benkler, 2017), these features may amplify the already significant hurdles of establishing cooperative enterprises within the platform economy. This is especially true in an economy dominated by monopolies, lock-in strategies, and financial behemoths. For instance, Uber achieved profitability for the first time in August 2023, 14 years after its inception and after significant investment (Etherington, 2023).

The “capital conundrum” emerges as the most pressing challenge for platform cooperatives (Borkin, 2019; Bunders et al., 2022). The findings of my survey reveal that the vast majority of platform cooperatives started with minimal investment, typically ranging from \$0 to \$100,000. One respondent even highlighted that no investment was required at all. Unsurprisingly, the survey also outlined that, out of the 27 platform cooperatives, “limited access to finance” emerged as the most significant concern, ranking as the primary issue for 15 out of 27 cooperatives.

Even among those platform cooperatives that secured substantial investments, such as The Drivers Cooperative in New York City – which has raised over \$3 million since its inception – the cost of developing and maintaining technology was identified as the main obstacle during numerous semi-structured interviews. Developing and managing an app is neither straightforward nor inexpensive. Many

respondents pointed out that despite significant financial investment, the technology often failed to function properly and was not sufficiently advanced to compete with the apps of capitalist platforms such as Uber or Lyft. These platforms, backed by vast capital reserves, can develop more efficient and sophisticated technologies that outpace their cooperative counterparts.

The capital conundrum is closely linked to two other major challenges faced by platform cooperatives: the development of their markets and the ability to amass and effectively utilise data. Established capitalist platform actors invest millions in marketing campaigns, attracting users during the initial launch phase before subsequently locking them in. Platform cooperatives, on the other hand, typically lack the financial resources to undertake such extensive marketing efforts. While they may have access to a broad labour force, they often face significant challenges in expanding consumer demand.

The survey also highlights that developing and meeting demand is the second most significant challenge perceived by platform cooperatives. It is well established that platform businesses thrive by intermediating between two distinct user groups (Srnicek, 2017; Van Dijck et al., 2018). For example, Uber profits by connecting a vast, always-available supply of drivers with a sufficiently large pool of riders. From the case studies I have examined in depth, with the exception of Cotabo – a longstanding taxi cooperative founded in 1967 that only developed its platform in 2014 – all other platform cooperatives have faced significant difficulties in expanding both supply and demand.

Consegne Etiche – an ethical delivery platform – never fully launched; the project was abandoned due to the local electoral campaign involvement of Fondazione Innovazione Urbana, but even during the beta testing phase, there were evident problems in attracting a decent, paid supply of riders and developing consumer demand. Fairbnb, despite substantial investments, struggled to generate consistent user demand and failed to establish a widespread supply of rental properties before shutting down at the end of 2024. The Drivers Cooperative in New York City, while formally recruiting a significant number of drivers (over 12,000 through its app), faced persistent technological issues that hindered its ability to attract a strong user base of drivers and riders.

These difficulties often lead to the problem of not having access to the vast amounts of data needed to train algorithms and make them as efficient as those used by competitors. Additionally, platform cooperatives may lack the technical capacity to effectively analyse and leverage these data. Owning and collectively managing data also introduces challenges related to data trust – ensuring both the security of the data collected and its respectful use when dealing with third parties, while maintaining transparency and safeguarding the interests of users and cooperative members. Furthermore, the lack of management and social media marketing experience, reported as a key challenge by some platform cooperatives (Grohmann, 2021), could further explain these difficulties.

Ensuring democratic participation is an increasingly intensified challenge within the digital economy. The survey highlights issues of low member participation that have been seen by some as a key reason for the current dominance of

investor-owned gig platforms (Bunders et al., 2022). Mannan and Pek (2023) identify three key challenges to member participation in platform worker cooperatives: member apathy, unequal levels of participation, and constrained participation in certain issues. They also highlight how four distinctive features of platform worker cooperatives – the facilitation of multihoming, the physically untethered nature of work, the relatively low importance of initial platform-worker investments, and the high importance of scale as a strategic imperative – can negatively impact participation within these cooperatives. Bunders (2023) further demonstrates that member participation in four Italian platform cooperatives is negatively correlated with low affective commitment and limited social capital, while size and human capital have no significant effect.

Governance conflicts and concern about management transparency have arisen in both Fairbnb and The Drivers Cooperative. The nature of digitally mediated work often disperses the labour force, reducing opportunities for interaction among heterogeneous workers and hindering effective member engagement. While democratic participation has historically been a challenge in traditional physical cooperatives, such as warehouses or retail shops, this issue appears to be exacerbated in platform cooperatives due to the nature of precarious and digitally intermediated jobs. Participating in cooperative activities requires additional unpaid time and effort. This often leads to dissatisfaction and an increased burden on workers who already have demanding schedules, particularly in sectors like the ride-hailing industry, where working hours often exceed the standard eight-hour day.

3.3 *The paths ahead*

This chapter has outlined the dual challenge facing both traditional and platform cooperatives: defining and asserting a radical political identity while overcoming financial, scaling, and market obstacles. To move beyond neoliberal frameworks, cooperatives must position themselves at the forefront of pressing social issues, including the climate crisis, war, and entrenched gender, racial, and class divisions. This requires a more deliberate and participatory political process that strengthens alliances with radical movements and the solidarity economy.

Strategic collaborations with actors actively countervailing platform power (Culpepper & Thelen, 2020) – such as social movements, unions, and benchmarking initiatives like Fairwork – can reinforce cooperatives' political agenda and working conditions. Applying Fairwork principles (Grohmann, 2021; ICDE, 2023) and other benchmarking frameworks to platform cooperatives (Zhu & Marianovic, 2020; Morell et al., 2020) could prevent degeneration and mitigate risks of self-exploitation, making cooperativism a more robust ethical and political alternative for workers and consumers alike.

Radical politics, however, should go hand in hand with business development. As this chapter has highlighted, the very tensions inherent in cooperativism compel cooperatives to navigate complex business challenges. Platform cooperatives must thrive as enterprises; it is only by achieving economic viability that they can sustain

and advance their political values. Further research is needed to explore viable solutions to the persistent hurdles of scale, markets, and financing.

Institutional support remains essential. Platform cooperatives thrive when they benefit from enabling legal frameworks, financial infrastructures, and markets conducive to growth. Addressing legal barriers and promoting legislative reforms are crucial steps in ensuring their sustainability. Moreover, second-order cooperatives and federated models – as exemplified by CoopCycle and the Open Food Network – and the open cooperativism model (Bauwens & Kostakis, 2014; Papadimitropoulos & Perperidis, 2025), despite their limited diffusion (Srncic & Guttmann, 2025), which warrants further investigation, seem to be viable pathways for scaling while preserving cooperative principles.

Technological innovation also plays a key role. Blockchain could enhance transparency and, in some cases, governance, though its applicability varies across cooperative models. More broadly, reducing reliance on capitalist digital infrastructures (Grohmann, 2021) and developing cooperative digital ecosystems should be other research priorities. Exploring digital public infrastructures, alongside analysing the environmental and social impact of cooperatives, are crucial steps in shaping a sustainable, just, and autonomous cooperative future. Last but not least, platform cooperatives – and the cooperative movement more broadly – must confront the challenge of AI before the terrain becomes irreversibly shaped. In this regard, building broad alliances is essential to developing viable solutions and preserving a minimum level of autonomy for the cooperative movement (Scholz & Tortorici, 2025 a&b).

The challenges faced by platform cooperativism should not hinder its further development. Indeed, a decade after they were first named (Scholz, 2014; Schneider, 2014; Schor, 2014), research is now moving toward a much-needed, more nuanced understanding of the feasibility of platform cooperatives considering different sectors and factors (Bunders et al., 2022), as well as historical, geographical, and political circumstances (Grohmann, 2021). Cooperativism cannot afford to ignore the digital revolution and the most pressing concerns of our time, as its very existence and autonomy depend on its ability to lead these transformations.

Notes

- 1 An in-depth case study article on The Drivers Cooperative is currently under review.
- 2 Surveys: *GoogleForms*: https://docs.google.com/forms/d/1V-gXnI-ER1-i4mUEY8Llib-Y9A3PkFzOU8i1bjtvPNwc/viewform?edit_requested=true; *LiberaForms*: <https://my.liberaforms.org/be-part-of-the-platform-cooperativeseconomic-data>.
- 3 For complete data from the survey on platform cooperatives, please refer to: Tortorici, S. (2025). Mapping platform cooperatives: identities, dimensions and challenges, *Euricse Working Paper Series*, 138|25.
- 4 The interviews were conducted in Italian in May 2021 with co-founders and workers from Cotabo, Consegne Etiche, and Fairbnb. I am grateful to Riccardo Carboni, Damiano Avellino, Michele D'Alena, and Federico Piovesan for their time and insights.
- 5 This paragraph incorporates updated reflections, some of which were previously published in the report *Cooperative Roots for Climate Justice*. The quotes from Dorigatti and Menzani, Battilani, and Zamagni have been translated by the author from Italian.

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21 The cooperative governance of artificial intelligence

The case of READ-COOP's
Transkribus platform

*Morshed Mannan, Simon Pek
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1 Introduction

The use of artificial intelligence (AI) tools has surged in the past decade. ChatGPT, Claude, Grok, DeepSeek, Gemini, and Copilot generative AI software, developed by OpenAI, Anthropic, xAI, Hangzhou DeepSeek Artificial Intelligence Basic Technology Research Co., Ltd., Google, and Microsoft, respectively, are now used by millions of everyday users. At the time of writing, it is reported that ChatGPT leads the pack in terms of popularity, with over 500 million weekly users (Wiggers, 2025). Nevertheless, other generative AI tools are increasingly used, with Grok and DeepSeek each having roughly 16.5 million daily users, followed by Gemini with 10.9 million, Claude with 3.3 million, and Copilot with 2.4 million daily users (Wiggers, 2025). AI tools are poised to have tremendous implications on how humans live, organize, and work, affecting the number and nature of jobs across industries and countries (See, e.g., Gmyrek et al., 2023). They are likely to transform entire business processes like innovation management (Haefner et al., 2021) and industries like financial management (Tóth & Blut, 2024), and are already widely used to provide financial advisory services (i.e., as robo-advisors) (Ji, 2017). Taking the familiar example of academic research, the use of AI is already beginning to spur debates about the transformation and future of scholarship (Kulkarni et al., 2024). On the one hand, generative AI can be used by a researcher to generate new ideas for research and identify gaps in a scientific field, summarize literature, provide a ‘first draft’ of new text, and improve concision. On the other hand, its use raises crucial questions about topics relating to research ethics, such as originality and plagiarism, the maintenance and development of researchers’ independent judgment, perpetuating biases and hallucinations created by the software, paying insufficient attention to diversity and inclusion, and infringing intellectual property and data protection laws (Lancieri et al., 2025; Longpre et al., 2024).

In light of these and other documented and anticipated effects, there is growing interest in regulating and governing different types of AI (Roberts et al., 2023; Taeihagh, 2021). Much of this attention focuses on the role that private businesses and, in particular, corporations can have in governing the uses and effects of AI. As Cihon and colleagues put it (2021, p. 1), “[c]orporations play a

major—perhaps the primary—role in AI research, development, and deployment”. This leaves AI development and research vulnerable to exploitation for the purpose of profit, rather than any broader social or cultural goal. Several alternative approaches to AI development have been proposed or explored to date, including voluntary standards (Elliott et al., 2021), comprehensive systems of public deliberation (Buhmann & Fieseler, 2023), regulatory schemes (Söderlund & Larsson, 2024), worker consultations (Gmyrek et al., 2023), and people’s councils (McQuillan, 2018), as well as states developing their own ‘sovereign AI’ infrastructure (Popko, 2025). Other related topics that have received attention in business environments include how stakeholders like the media and employees can influence corporations’ decision-making regarding AI (Cihon et al., 2021), and the implications of AI on corporate governance itself (Hilb, 2020). While many AI applications simply involve ‘assisted’ or ‘augmented’ intelligence, where decision-making power resides in the hands of natural persons or is shared between natural persons and AI systems, the widely discussed interest in building more autonomous forms of artificial general intelligence (AGI) has raised conceptual questions about the legal capacity, personality, agency, and liability of AI systems themselves (Solaiman, 2017). In business contexts, this is most notable in discussions on the implications of an AI system being a fully empowered director in a corporate boardroom (Drukarch & Fosch-Villaronga, 2022; Möslin, 2018).

An emerging topic that we speak to in this chapter concerns how alternative approaches to organizational ownership, governance, and legal forms support the responsible development and use of AI. Bansal (2024) critically appraises OpenAI and Anthropic’s governance and ownership structures, arguing that the latter’s structure, which combines a public benefit corporation with a purpose trust, positions the company well to be a better steward of safe and responsible AI development by embedding a binding commitment to its values. The ownership and governance of organizations at the forefront of developing AI have come to the forefront in 2024, following the decision by OpenAI to restructure into a for-profit public benefit corporation, with only minority control being held by the non-profit board that previously stewarded its governance (Hu et al., 2024; Milmo, 2024). While public benefit corporations are legally permitted to fulfill hybrid purposes, mixing the pursuit of uncapped profits with achieving social causes, there are question marks over their capacity and intention to balance both purposes—particularly as investors have already poured billions of dollars into the development of these technologies. As businesses in this sector, including OpenAI, have expressed an interest in developing AGI that surpasses human intelligence in fulfilling certain tasks, the oversight, accountability, and legitimacy of the governance of these technologies become a more pressing concern for society at large. It is for this reason that some have called for *relational*, *democratic*, and *republican* approaches to governing these technologies, which can have global socio-economic implications (Laux, 2024; Susskind, 2023; Wiesmüller, 2023).

In this vein, we see significant potential in investigating the role of cooperatives given their distinctive democratic ownership and governance of these organizations

by their members (Michaud & Audebrand, 2022). We know from prior research that cooperatives have the potential to be more responsible stewards of data (Mannan et al., 2022) and technologies like digital labor platforms (Mannan & Pek, 2024) and blockchain-based applications (Mannan, 2018, 2023). To date, however, research on cooperatives and AI is nascent. Work to date has investigated a handful of important topics including the implications of AI on cooperatives' governance (Ramos et al., 2023), the possibility of using worker cooperatives to train AI rather than rely on precarious piece-rate precarious gig work (Sriraman et al., 2017), and how smart farming cooperatives could leverage AI systems to, for example, facilitate resource sharing, scheduling of labor, and machine maintenance (Chukkapalli et al., 2020). Lacking, however, is an in-depth understanding of the role of cooperatives in governing AI systems as commons.

We analyze the case of the Transkribus platform developed by READ-COOP by drawing on archival data, public communications, and published research. Section 2 provides a review of the literature on cooperatives and AI before Section 3 examines the case of Transkribus in depth. Section 4 then draws on the cooperative and commons literature to evaluate Transkribus as a cultural commons and uses Elinor Ostrom's eight principles of governing commons to suggest governance design principles for both Transkribus and future cooperatives seeking to run AI systems. Section 5 concludes.

2 Cooperatives and AI

In the long history of the cooperative movement, long-standing cooperative businesses have had to adjust to industrial and technological change. A notable example of these are credit unions. Many of these non-profit financial institutions in the US, particularly the larger credit unions, developed websites and 'PC banking' (an early form of internet banking) to cater to the interests of borrowers and depositors at the turn of the millennium (Dow, 2007). In France, cooperative banking federations began digitizing their business infrastructure to "save costs and create synergies" (Seran et al., 2024, p. 345). Conversely, cooperatives have also been vectors for implementing new technologies, such as the introduction of tractors for agriculture in East Pakistan in the wake of independence from Great Britain (Ali, 2019) and the deployment of electricity load management devices in the US Midwest since the 1940s (Grimley, 2019). Norwegian consumer cooperatives were pioneers in rolling out technology for self-service in retail stores, with a consumer cooperative opening the first self-service store in 1947 (Ekberg, 2012, p. 1013). Since the late 1960s to early 1970s, large, global cooperatives were formed to govern state-of-the-art private communication networks between commercial banks (i.e., SWIFT) and share library computing and cataloging services between member libraries (i.e., OCLC) (Scott & Zachariadis, 2012; Smith, 1998).

The digitalization of vast swaths of the economy over the past two decades has spurred the formation of a new type of cooperative: the 'platform cooperative'. This type of cooperative adapts traditional cooperative principles to the digital economy, specifically to online platforms (Scholz, 2016; Scholz & Schneider,

2016). These are enterprises that form and operate digital platforms, such as a website or an app, to carry out their primary economic activities and are governed by their users, workers, or other stakeholders. The aim of the platform cooperativism movement is to establish a more equitable and democratic alternative to ‘corporate platforms’, which privilege the goal of shareholder wealth maximization for the benefit of a few investors and founders. Platform cooperatives have thus been hailed as a promising, though imperfect, way to address long-standing global sustainability goals like poverty eradication (Mannan et al., 2023). Among several examples of platform cooperatives, there is the ride-hailing cooperative, The Drivers Cooperative, and the stock photographers’ cooperative, Stocksy.

More recently, ‘data cooperatives’ have also come into the picture. These are democratically controlled structures that “enable the creation of open data and personal data stores for mutual benefit”, in an effort to ameliorate the asymmetries that exist between data subjects and organizations that collect, process, and use their data (Mannan et al., 2022, p. 12). Data cooperatives are not only intended to help users, workers, and other stakeholders control access to their data but also create new ways for vulnerable groups to use their personal and collective data for commercial and non-commercial ends, as well as collectively bargain with data processing entities. Data cooperatives like Salus enable patients to share their medical data with healthcare institutions on their own terms, while the (now defunct) Driver’s Seat Cooperative helped ride-hailing drivers to collect and analyze data about their trips on ride-hailing platforms, thereby enhancing their bargaining position relative to large corporate platforms like Uber and Lyft (Mannan et al., 2022; Micheli et al., 2023). More recently, there has been interest in reconfiguring platform cooperatives by using new technologies (e.g., Decentralized Autonomous Organizations) (Mannan et al., 2024) or by learning from related fields and concepts (e.g., commons management, commons-based peer production) (E. Papadimitropoulos, 2021; Srnc & Guttman, 2024).

Both traditional and platform cooperatives come with a number of shortcomings, such as difficulty in accessing capital and achieving economies of scale, limited market control, slow decision-making, low member involvement in decision-making, mismanagement, and the risk of de-mutualization (Birchall & Ketilson, 2009; Lautour & Cortese, 2016; Mannan & Pek, 2024; Restakis, 2010). Externally, cooperatives confront uneasy exits from investor-owned firms due to path dependencies, lock-ins, vested interest and high switching costs (Papadimitropoulos, 2020). Finally, platform cooperatives are frequently confronted with legal frameworks that are unsuited to their needs and lack a relevant culture and education system (Davis, 2001; Mannan, 2022).

Digital technologies such as AI may help tackle some of these issues. Yet, the literature on how cooperatives can productively utilize and govern AI is limited (Nayebare et al., 2023, p. 6). A rare exception to this is Sriraman and colleagues’ proposal for reforming the governance of machine learning by having the human labelers receive a share of the downstream earnings from the systems that are developed using the data they label, with a worker’s share being contingent on (for example) the number of labels they have provided (Sriraman et al., 2017,

p. 313). This would be akin to a cooperative patronage refund or dividend. Similarly, Freeman has called for companies that develop AI (and robots) to become employee-owned (Freeman, 2018), including rank-and-file workers and not just the founders and white-collar developers that are typically granted stock options. Moreover, unlike employee stock options, the employee ownership Freeman calls for would give workers both financial rights from the income of the firm and the control rights of shareholders.

These calls for the financial returns of automation and AI to be redistributed to workers are implicitly rooted in ‘binary economics’ principles. According to binary economics, the two main factors of production—labor and capital—are seen to be transformed by new technologies, with capital becoming more productive than labor, leading to the necessity of broad-based worker participation in the acquisition of capital (Ashford, 2010; Schneider, 2020). In other words, workers would no longer just be compensated with wages but also financial returns from equity (what Berle and Means (1932, p. 3) referred to as the “wages of capital”). However, this cooperative approach inherently entails “collective entrepreneurship” (Vieta et al., 2024, p. 281) with workers taking on entrepreneurial and technological risks, including willingly foregoing upfront income and investing in the shared business.

The discourse on AI in relation to work mainly revolves around issues of automation and whether AI is going to replace or enhance human labor (Acemoglu & Restrepo, 2019; Brynjolfsson & McAfee, 2014; Frey & Osborne, 2017). Similarly, in agrarian settings, the discussion centers on how AI systems can aid farmers—including those organized into agricultural cooperatives—in boosting productivity and efficiency, as well as enhancing the predictability of climatic changes and crop production (European Commission, 2024). Some argue that AI will lift all boats towards broad-based prosperity, increase productivity and efficiency, decrease costs, make products cheaper, create new jobs, and release humans from toil and drudgery (Brynjolfsson & McAfee, 2014). Others caution about the dangers of AI, calling for state regulation to prohibit the uses of certain types of ‘high-risk’ AI,¹ ensuring transparency and human oversight over many types of AI systems, and coordinating global responses through mechanisms and authorities created under international law (Chesterman, 2024; Zaidan & Ibrahim, 2024). On the political left, we find voices criticizing platform/digital capitalism (Fuchs, 2021; Srnicek, 2016) and calling for the socialist regulation of AI, along with more autonomous Marxists, cooperativists, and anarchist strands envisaging the integration of AI into a commons-based post-capitalist cooperative economy (Benanav, 2020; Castillo, 2024; Ericson et al., 2024; Nayak & Walton, 2024; Srnicek & Williams, 2015; Steinhoff, 2021).

Ramos and colleagues (2023) provide the most comprehensive analysis of the impact that the use of various types of AI systems for decision-making could have on cooperative governance. While potentially creating new efficiencies and market advantages, Ramos and colleagues raise concerns about the implications certain AI systems (e.g., those that use opaque deep learning algorithms) could have for adhering to cooperative principles and values. In particular, the authors raise concerns about the new operational and decision-making risks that the use of AI systems

could pose (e.g., AI systems being trained on biased or poor-quality data), with particular implications for the discharge of cooperative directors' duties of care and information. The use of even assistive decision-support systems or automated decision-making would create fresh obligations for directors to be sufficiently digitally literate to understand their capabilities and risks, as well as obligations to diligently discover and disclose these threats (Ramos et al., 2023). Admittedly, several of these risks are not necessarily distinct to cooperatives, but with any business confronted with the choice of availing assistive decision-support systems to improve decision-making and avoiding them so as not to risk making mistakes due to the potential biases or errors of the technology (Möslein, 2024).

Other scholars have struck a more optimistic note, seeing the potential for using various AI systems to transform the operations of cooperatives. Chukkappalli and colleagues (2020, p. 164047) have proposed an architecture for a "smart farming cooperative ecosystem" as a way of modernizing the databases and planning systems that have been used by farming cooperatives in the past to enable individual farmers to share services and resources. In a smart farming cooperative ecosystem, sensors and drones would be used to collect data, and a broad spectrum of AI applications would be used for marketing, resource allocation, and labor management purposes. Similarly, Chalkiadakis and colleagues (2018) are of the view that the use of AI systems and machine learning would help renewable energy cooperatives to manage consumer demand for electricity by being able to forecast demand, continuously monitor the supply of electricity, and respond to problems if needed.

Conversely, certain AI tools and broader AI systems involving multiple integrated AI models, technical components, and data can themselves be conceived of as a commons in need of a governance structure. Here, a cooperative can be a particular way of structuring the governance of a commons (Papadimitropoulos & Perperidis, 2024; Srnc & Guttman, 2024), just as social corporations can be used to govern commons (Serres, 2024). The commons comes in various forms: material, immaterial, natural, digital, local, global, cosmological, and cyberphysical (V. Papadimitropoulos, 2020, 2024). Elinor Ostrom (2015) analyzed numerous successful cases of self-managed common-pool resources (i.e., forests, pastures, fisheries, irrigation fields), before subsequently expanding her work to include information and knowledge commons. Yochai Benkler (2007) coined the term "commons-based peer production" to describe a "non-market sector of information, knowledge, and cultural production, not treated as private property but as an ethic of sharing, self-management, and cooperation" (Papadimitropoulos, 2018, p. 835) within peers who have open access to the Internet and free/open-source software. Commons-based peer production is a particular institutional form of structuring the right to access, use, and control resources, which differs significantly from managerial hierarchies and markets. The concepts of the commons and commons-based peer production have been influential in conceiving 'cultural commons', 'data commons', and 'digital commons' (Bühler et al., 2023; Madison et al., 2010), types which are discussed in greater detail in the next two sections. All types of commons comprise three constitutional elements: a common-pool resource, a community, and a commoning activity (Bollier & Helfrich, 2012).

Ostrom's commons, in particular, apply mostly in rural commons, wherein Ostrom discovered a number of design principles governing the collective management of limited-access common-pool resources. Scholars today work to expand the application of Ostrom's design principles from rural to urban and digital commons and the cooperative economy as a whole (Foster & Iaione, 2019; Guttman, 2021; Rozas et al., 2021).

In the subsequent section, we review the illustrative case of the Transkribus platform, and we make the case that Transkribus is an Ostromian commons within a cooperative legal structure, which may offer useful broader lessons in how AI systems can be responsibly governed by cooperatives.

3 The case of Transkribus and READ-COOP

READ-COOP is a European Cooperative Society (SCE) with 227 members across 30 countries and 235,000 registered users, which runs the AI system 'Transkribus' (Terras et al., 2025). This system automates the recognition and transcription of print and handwritten historical and archival documents that belong to the public domain (Colutto et al., 2019; Muehlberger et al., 2019; Terras, 2022). Transkribus emerged from the EU-funded tranScriptorium project (2013–2015) and the Recognition and Enrichment of Archival Document (READ) project (2016–2019) at the University of Innsbruck (Kahle et al., 2017). Initially, through this software, digitized historical documents could be uploaded as image files (e.g., JPEG) into the system through a desktop client, segmented into lines or words, transcribed, and annotated with pre-defined or user-defined tags (e.g., names, dates). These documents could be stored locally on the user's computer or shared with others through the TranskribusServer, with this data being hosted by servers in Innsbruck. To automate the transcription process, a large corpus of historical documents and accompanying transcriptions has been submitted as data. This data acts as the 'ground truth' for training Transkribus's handwritten text recognition (HTR)² model using machine learning techniques. This resulting neural network can then be used to automate the recognition and transcription of other texts, depending on the breadth and scope of the training data.

More than 250 of these models have been made publicly available for anyone to use ('public AI models'), with many standard models being trained on a narrow set of data (e.g., 13th-century Arabic manuscripts,³ notarial documents of 17th–18th-century Amsterdam notaries⁴) and a few 'super models' (e.g., The Text Titan 1)⁵ being trained on multilingual data that can transcribe texts in multiple languages. In addition, users can create their own neural network with a custom dataset ('custom AI model'), which they may or may not share with the wider community of Transkribus users. This involves an iterative process in which a user inputs images of historical documents and manually completed transcripts to train the custom AI model, after which the first batch of automatically generated transcripts are produced and corrected before the model is trained again (Massot et al., 2019, p. 9). Indeed, a 'super model' can be used before a custom AI model is used so as to speed up results.⁶ The automated recognition of handwritten and printed text becomes more accurate the more data that is provided. According to the developers

and collaborators of the project, about 15,000 words/75 pages of handwritten text or 5,000 words/25 pages of printed text is sufficient to recognize the text written by one person or from one source with about 95% accuracy (Muehlberger et al., 2019, p. 959). If a model has been trained on the writings of Jeremy Bentham or Michel Foucault—two actual uses of Transkribus (Massot et al., 2019)—then additional texts from their collection will be automatically recognized and transcribed with a very high degree of accuracy. The possibility to find keywords (i.e., ‘keyword spotting’) even when there are inaccuracies in a transcript can make the research process even easier.

Since the release of the first version of the software in 2017, Transkribus is now able to automatically recognize, read, transcribe, and search words in “historical manuscripts of all dates, languages, and formats” (Muehlberger et al., 2019, p. 957). There have been many improvements over the years, ranging from releasing several public models that users can deploy to transcribe their own documents to using a web interface to access the Transkribus platform to improving the design of the platform following feedback from their growing community. It is now possible for Transkribus to export data from tables, a significant achievement, as historical texts often contain tables. It is also possible to scan documents on the go, using their ScanTent, and publish the images and transcripts on Transkribus Sites.

Archivists, scholars, members of the public, and software developers are the four main user groups in this community, with the first three groups being able to contribute historical documents and volunteer effort to correct auto-generated transcripts, and the fourth group their technical expertise. In return, the former three user groups are able to gain easier access to historical data, with the HTR/ATR models potentially noticing text and patterns that humans can miss. For developers in particular, the data made available through this system enables them to refine HTR models (Muehlberger et al., 2019). It is evident that this multi-sided platform, which draws on the contributions of many groups of users—particularly in the form of providing training data for HTR models—needs to have a *legal structure* to ensure the longevity of the endeavor beyond a EU-funded project, a *business model* for self-sustainability, and an *intellectual property management strategy* that enables wide use of their software while not being subverted by market pressures.

Turning to the legal entity to host Transkribus, the founders decided to establish an SCE based in Innsbruck, as they wished to create a structure that enabled user control, prioritized the interests of members over endless profit, and ensured that a valuable service relied on by users continued to exist (Terras et al., 2025). In an early proposal submitted to the European Commission, one of the founder-members of READ-COOP was drawn to the cooperative structure because under Austrian cooperative law, “no more than twice the amount of the purchased share certificate is owed” in the event of business bankruptcy, and the stability of the nominal share price of the cooperative prevents the share from becoming an “item of speculation” (Terras et al., 2025, p. 14). The SCE was a particularly adroit choice due to the need for the cooperative to have transnational membership and the uniform pan-EU recognition of this legal structure (Mannan, 2022). The cooperative structure neatly enables users to also become members of the enterprise, thereby creating loyalty

and attachment, even if the main benefit is in terms of Transkribus offering an improved service instead of monetary profits (Colutto et al., 2019).

READ-COOP SCE was formed on 1 July 2019 with Leopold Franzens University Innsbruck in Austria, University Greifswald in Germany, iui—Innsbruck University Innovations GmbH, and Günter Mühlberger from Austria being the four founding members (Art. 2, READ-COOP Statutes). Günter Mühlberger is a German language and literature scholar with a longstanding interest in the digital humanities at the University of Innsbruck who had a central role in conceiving and developing the idea of Transkribus and eventually became the chair of READ-COOP.⁷ Both natural persons and a range of legal persons can be ‘ordinary members’ of the cooperative, with it being possible for public authorities to be ‘investing members’ (Art. 9(1)-(2), READ-COOP Statutes). Thus, READ-COOP is in principle a multi-stakeholder cooperative. Nowadays, the membership of the SCE includes members from outside the EU/EEA, including Australia, Canada, New Zealand, Switzerland, the United Arab Emirates, the United Kingdom, and the United States. With a recent grant to fund the transcription of handwritten Nigerian medical records and the availability of public AI models in non-European languages like Tibetan, it is possible that more individuals and organizations will be included in the membership of READ-COOP in the future (Terras et al., 2025, p. 16).

Unlike in traditional corporations, including those that develop new technologies, users who become ordinary members of the cooperative can participate in general meetings, join in deliberations (e.g., on suitable pricing plans), vote in elections for cooperative directors, nominate candidates, stand for elected posts, comment on items in the general meeting agenda, request information from the cooperative, and inspect its financial statements (Art. 11(1)(b), 11(1)(f) READ-COOP Statutes). Becoming an ordinary member gives access to all the features of Transkribus, a yearly allowance of credits to transcribe documents, and premium user support.⁸ The statutes allow for a limited variation of the orthodox ‘one member, one vote’ rule of cooperatives, with natural persons being only allowed to have one vote, while legal persons that are ordinary members and investor members are allowed to have up to five votes depending on the number of shares they respectively hold (Art. 20(6)-(7) READ-COOP Statutes). Notably, legal persons need to own a minimum of four shares to have one vote and can potentially hold an unlimited number of shares without gaining more than five votes in total. Investor members are not allowed to have more than 25% of the total vote at a general meeting (Art. 20(8) READ-COOP Statutes), but this is not an issue as of yet since it appears the SCE doesn’t have any investor members.⁹ Investor members can exit the cooperative by selling shares back to it at their face value. Nine of the currently 36 persons working for READ-COOP as employees and freelancers are also private members, and two of them serve as directors, thereby formally contributing to the governance process of the cooperative. For the sake of financial stability, the SCE also commits to setting up a statutory reserve from annual net surplus, reimbursing participations, transactions, or work carried out between the SCE and its members, and creating a voluntary reserve from any remaining surplus (Art. 30(3)-(5) READ-COOP

Statutes). In effect, all the earnings of the SCE are reinvested in the cooperative instead of being distributed as patronage refunds or dividends.

READ-COOP now manages over 400 terabytes of unique data and over 1.2 petabytes of storage capacity, which, along with the processing power and READ-COOP servers in Innsbruck, Austria,¹⁰ amounts to tangible and intangible assets that are expensive to maintain. A business model was therefore required to ensure the sustainability of the cooperative. Initially, to attract users, anyone could create a Transkribus account for free, and while that is still possible, a ‘freemium’ subscription model and a ‘Software-as-a-Service’ (SaaS) model have been introduced. A ‘free’ account gives users 50 credits per month to use for transcriptions, while additional credits can be purchased or obtained through premium plans. The premium plans also give access to the more advanced Transkribus features, such as the super models for transcribing multilingual texts and the HTR models that can transcribe tables.¹¹ Large custom HTR/ATR models are also a source of income, as they are individually negotiated by organizations with the cooperative. In addition, the cooperative is capitalized by the share purchases of its members and financed through the subscription fees paid annually by members. To both generate interest in Transkribus and contribute to the education of students across the world, READ-COOP has operated a scholarship program that gives students over a million free credits to transcribe documents.¹²

The collaborative ethos of this project raised questions about whether the various elements comprising Transkribus should be made available under a free and open-source software (FOSS) license or not. The PyLaia HTR model, for instance, was developed by the Polytechnic University of Valencia (a READ-COOP member) and made available under an open-source MIT license.¹³ However, while some Transkribus tools and clients have been made available through open-source licenses, other components of the Transkribus platform are proprietary (e.g., the datasets) (Terras et al., 2025). Beyond the software, many tutorials and meetings are made available online through YouTube for anyone to view. Over 250 public AI models are open to anyone to use for training purposes, and historical document images and transcripts that are made publicly available can be viewed by anyone. The Terms & Conditions of the Transkribus platform forbid the uploading of copyrighted or otherwise protected material without permission, while also clarifying that any copyright in automated transcripts (‘recognition results’) that might arise in favor of READ-COOP through the ATR model are exclusively licensed back to the user submitting the document for recognition (clause 6.3.1. and 6.2.5., T&Cs).¹⁴ There are, however, many tools, services, documents, and types of data that are only available to members or members who belong to a premium tier.

4 Assessing Transkribus as a cultural commons

In a recent article, self-assessing the formation of READ-COOP by several of its founders, directors, and members, the authors showed how members viewed the cooperative as being a more transparent, trustworthy, approachable, and responsible way of governing AI systems than for-profit companies (Terras et al., 2025).

The cooperative's 5+ year track record has demonstrated the validity of its business model and the possibility of a cooperative structure bringing AI and machine learning closer to the community of users that would benefit from it the most. However, Terras and colleagues (2025) noted that high start-up, research and development, and computing costs are a significant deterrent for more cooperatives developing AI systems, with governance issues also being a problem. Nevertheless, the authors argued that a cooperative entity could be an attractive vehicle for spin-offs of university ventures, given that they often start with taxpayer-funded grants (Terras et al., 2025, p. 32). Conversely, it is possible to build on the argument of Young-Hyman and colleagues (2023, p. 1353) that democratic firms may be more productive in "knowledge intensive industries" than corporate competitors because "they give authority to those with relevant knowledge and encourage intra-firm information sharing". Cooperatives like READ-COOP give authority to the archivists, librarians, academics, users, and developers who have the most relevant knowledge in this particular domain of AI, and by drawing on the contributions of these various groups, they are able to develop public AI models for a wideset of historical documents at a relatively lower cost than if these models were built completely in-house. In this section, we show how viewing the Transkribus platform as a 'cultural commons' helps in developing design recommendations that may aid in strengthening the governance of READ-COOP—as well as other cooperatives managing AI systems in the future.

'Common-pool resources' or 'common goods' are often described as goods that are relatively difficult to *exclude* access from, while also being *rivalrous* as the use of the goods by one person can deprive use by another. Rivalry has also been described as *subtractability*, indicating a gradient scale at which another party is deprived by a person's use, rather than the binary choice of rivalry/non-rivalry (Hess & Ostrom, 2003). Public libraries, archives, and other 'memory institutions' have traditionally been considered common goods because it is normatively difficult to exclude people from using them, while the finite space and physical resources of these institutions mean that some people can use these facilities and others cannot. To further accentuate the rivalry dimension, the units of such a common good, e.g., physical historical documents, are vulnerable to degradation and overuse. This distinguishes common goods from public goods such as sunlight, which are neither rivalrous nor excludable. While public goods are often (but not always) managed or produced by governments (Olson, 1971), common goods are typically governed by their user communities. User communities and their commons may be within a single state, span multiple states, or even exist beyond any single national jurisdiction (e.g., Antarctica as a global or even planetary commons) (Huijbens, 2024).

The advent of the digital age has complicated this analysis. Public libraries and archives with a growing array of electronic resources appear to develop the properties of public goods. Electronic resources, such as an e-book or digitized handwritten manuscript, are not only *non-rivalrous* as multiple users can read them simultaneously, but when viewed as datasets, they are *anti-rivalrous* as the increased use of the resource produces more, richer data (e.g., personal data, metadata) that is

beneficial for the library, document licensor, etc. They also continue to have low excludability. However, as explained by Helfrich (2012), it would be unwise to put too much weight on the distinction between public and common goods since the key distinguishing criterion of exclusion is socially constructed. Whether it is a natural forest commons or a man-made knowledge commons, these common goods are not inherently excludable or non-excludable—they are given this characteristic by legal or technical means. Forests can be privatized, and knowledge can be commodified through patent regimes, making both common goods excludable.

These design choices were also made by the people and organizations behind the digital infrastructure for automatic text recognition discussed in this chapter, which may be described as a ‘constructed cultural commons’¹⁵ (Madison et al., 2010, p. 659). Provided that READ-COOP has sufficient data storage and processing capacity, there is limited rivalry between Transkribus users, as multiple users can use the Transkribus web app simultaneously. Indeed, users add their own historical documents to the system, contribute metadata, and help train HTR/ATR models, causing the available body of data to grow exponentially and demonstrating this commons’ anti-rivalrous properties. The choices around excludability are highly nuanced, and the fact that much of the software code and datasets are proprietary and certain AI models cannot be accessed without a premium subscription does not preclude Transkribus’ status as a commons. Indeed, Madison and colleagues described the Associated Press (AP) as a constructed cultural commons, and it is similar to READ-COOP (Madison et al., 2010, p. 662). AP was formed as a not-for-profit cooperative that enabled newspapers to pool, share, and report news through a centralized wire service, news that would be too expensive for most newspapers to cover singlehandedly.

The design of rules around excludability involves choices about the stakeholders that can download, copy, modify, delete, and republish the software code and datasets and to what extent, and the stakeholders that can participate in decisions about internal governance policies, code development, design, or business planning. The trade-offs between the open publishing of datasets and software code versus protecting the intellectual property that the cooperative depends on were made to ensure financial sustainability and meeting the needs of members (Terras et al., 2025, p. 28). Without these appropriate guardrails, Transkribus may suffer from the problems of other poorly managed commons, such as under-investment in requisite maintenance and improvement (i.e., a manifestation of the free-rider problem) and competitors appropriating material or code without adequate compensation or contributions.

Applying Elinor Ostrom’s eight design principles (Ostrom, 2015) for governing commons successfully over the long term is a helpful analytical tool in evaluating the governance of READ-COOP and Transkribus, and holds lessons for both this case and others looking to maintain an AI system as a commons. Indeed, with the growth of new types of cooperatives that are commons-based and are open to multiple stakeholder groups (Weber & Seidler, 2026), learning from successful examples of long-term commons governance becomes all the more important. The first design principle is the definition of clear boundaries

about who can withdraw resource units (e.g., auto-transcribed images) from the commons and who cannot. The patchwork of internal rules (e.g., READ-COOP SCE statutes, membership agreement, user subscription agreement) and IP rights management policies (e.g., terms & conditions, MIT licenses) establish boundaries for this ‘AI commons’ in different ways. Non-member users, for instance, are able to appropriate 50 credits’ worth of ATR transcription without cost. Member-users not only get credits for image transcription but also additional features and decision-making power over a range of aforementioned strategic decisions. Any person or organization can pay to use READ-COOP’s meta-grapho API to integrate ATR models into existing apps or workflows¹⁶ or fork the PyLaia HTR model subject to the terms of the MIT license, but aside from that, Transkribus software can only be updated or modified by the workers of the cooperative itself. While acknowledging the rationale for balancing open and closed elements of this digital infrastructure, this issue is inadequately addressed in the documentation of the cooperative. Thus, to further clarify their boundaries, *Transkribus and other potential AI commons should have a separate webpage on their website explicitly addressing the topic of making their code and datasets openly available, what is and is not made available, and why.*

The second design principle involves ensuring the congruence between appropriation and provision rules, in terms of being suitable to local conditions as well as balancing contributions and receipt of benefits. In this instance, as a cooperative with membership spread across several jurisdictions, this implies tailoring rules and policies to the needs of a cosmopolitan membership. Consequently, while the cooperative is registered in Austria, its statutes are bilingual, and communications and governance processes are primarily carried out in English. Finding a common language is a standard governance practice in multi-stakeholder cooperatives operating across several jurisdictions (Mannan, 2022). This principle also aligns with the cooperative concept of patronage, where a member’s benefits from the cooperative’s activities are in proportion to the member’s contributions. In this instance, the benefit of using the HTR/ATR models of Transkribus is not limited to cooperative members, with a wide range of free, subscription, and contractual users being able to enjoy these models and other tools. This is done intentionally to ensure that the HTR/ATR models are trained on a diverse, rich set of community-sourced data and the error rates of these various models decrease. This generates positive network effects and reputational gains, as the inclusion of more data causes these models to improve further and attracts more users. Consequently, the ordinary READ-COOP member who is also a Transkribus user may regularly be contributing their own historical handwritten documents, but as public, standard, and super Transkribus ATR models are trained on the documents of many other member and non-member users, they are able to gain disproportionate benefits (i.e., exponentially improved ATR models) from these contributions. Therefore, as congruence between appropriation and provision rules is desirable for many commons, *other AI commons should have multiple mechanisms for non-member users to contribute to the development of their AI systems so as to improve the service offerings for both member and non-member users.*

The third design principle pertains to collective-choice arrangements, whereby those affected by the rules of the commons should have an opportunity to participate in amending those rules. As described in the preceding section, READ-COOP members have voting and deliberation rights over a wide range of strategic, technical, and business decisions, including amending the statutes of the READ-COOP SCE. Even investor members, who do not always have voting rights in cooperatives (Mannan, 2022), are able to weigh in on decisions in the case of READ-COOP, including voting on amending the rules that govern the cooperative. Indeed, the opportunity for participation and contribution to the community is an important reason for becoming an ordinary or investor member (Terras et al., 2025, p. 28). These amendments are subject to a general meeting of members passing a resolution with a three-quarters majority of total votes cast (Article 24(1)(a) read with Article 25(6)(a), READ-COOP SCE statutes). Moreover, given that the statutes can be used to change the rights and obligations of members, the minority of members that vote against amendments to the statutes that would “increase their obligations” (e.g., in terms of payments made to the cooperative) have the right to resign from their membership within two months of the general meeting where the amendment was decided upon (Article 10(2)(c), READ-COOP SCE statutes). This provision of the statutes is derived from Article 15(2) of the SCE Regulation. This right of exit is an important protection for minority members, as it protects them from oppressive decisions by the majority’s amendment power, which is why it can be found in various forms in the laws that govern closely held corporations around the world (Fleischer, 2018).

However, members represent only a small fraction of the total number of registered users (227 members out of 235,000 users). While being able to attend user conferences, large body of users does not have a formal mechanism to propose or vote on amendments to the rules that affect them, such as the general terms and conditions of using the Transkribus platform, which can be unilaterally changed by READ-COOP (clause 18, T&Cs). Although any individual can become a member of the cooperative by buying a share for 250 EUR and paying an annual subscription fee, to make it such that those affected by the rules of the Transkribus platform are able to participate in shaping and changing those rules, READ-COOP could take two steps. *First, they could have a more structured mechanism for this large group of users to be consulted when introducing major changes to the rules the users become party to by using READ-COOP services (e.g., the general terms and conditions). Second, READ-COOP can create a more accessible route for users to become members by allowing weekly or monthly payments towards the nominal share price, or even payments in kind.*

Related to this rule amendment power is the fourth design principle, which concerns monitoring of compliance with these governance rules (Ostrom, 2015, p. 93). This means having individuals and bodies in place to ensure that the commons is managed sustainably, free-riding is avoided, and accountability to the appropriators of the commons is assured (Ostrom, 2015, p. 94). In the case of READ-COOP, in addition to being able to propose amendments to the READ-COOP statutes, members can also nominate, appoint, or remove directors through their general

meetings (Articles 11(1)(b), 23, and 24(1)(e), READ-COOP SCE statutes). Moreover, members have the right to request and obtain information regarding the cooperative, barring information that may be damaging to the cooperative or violate any legal obligations of secrecy (Article 27, READ-COOP SCE statutes). This ensures that directors are ultimately accountable to members and members are well-informed so that they can adequately monitor the governance of the cooperative. However, for non-member users, it appears the main feedback mechanism is limited to contacting support (e.g., reporting a bug) or attending the annual Transkribus User Conference for a fee. To make the monitoring of the cooperative more participatory and responsive, the management of the cooperative *could draw lessons from the experience of multi-stakeholder cooperatives and create additional bodies (e.g., users' councils) for users' input*. Earlier cooperative organizations created for the benefits of libraries, such as the OCLC, have long had the practice of establishing users' councils, and lessons could be drawn from their experience (Hanawalt, 1998). Of course, participation in governance alone does not ensure effective monitoring of, for example, internal free-riding problems between old members or external free-riding between members and non-members. In the cooperative economics literature it is posited that some new members may free-ride on the efforts and investments of older members (Pietrzak & Chlebicka, 2023, p. 33). Similarly, non-members may benefit from the efforts and investments of cooperative members without making proportionate or fair contributions of their own (Avsec, 2023). In platforms like Transkribus, this problem may be exacerbated by the fact that non-member users can also potentially free-ride on these earlier contributions, particularly when using public AI models. The way READ-COOP is trying to address this free-riding concern is by limiting the number of free credits available to users and incentivizing acquisition of premium subscriptions by members and non-members alike in order to gain access to tools and services that are unavailable in the free tier. As libraries and archives comprise most of their current and prospective members, READ-COOP's offer to develop custom ATR models for these organizations to run privately also prevents one organization from free-riding on the efforts of other organizations.

However, rewards for good cooperative behavior need to be coupled with sanctions for violating cooperative rules and norms (Pietrzak & Chlebicka, 2023, p. 38). The fifth Ostrom principle is described as graduated sanctions, meaning that sanctions become more severe in line with the seriousness and context of the offense, which may include punishing free-riding behavior. Examples of such sanctions can be found in the legal documents of READ-COOP and the Transkribus platform. Article 10(5) of the READ-COOP statutes provides broad grounds for members to be expelled from the cooperative, and members facing expulsion from the cooperative are given the opportunity to comment on this proposed decision before it is confirmed, as well as the opportunity to appeal the directors' decision to the general assembly. The terms and conditions for using Transkribus set out such graduated sanctions for a user's account to be suspended and potentially terminated. While a user's account may be suspended for providing out-of-date or inaccurate information (clause 7.2.1, T&Cs), the SCE indicates that it will provide time for users to

take remedial action (clause 7.2.2., T&Cs). Fraudulent and free-riding user behavior, on the other hand, like registering multiple times to use the free tier service, can lead to account termination and data loss (clause 7.2.3., T&Cs). *These are helpful examples of legal strategies for aspiring AI commons, but the opportunity for users to submit appeals to involuntary suspension or termination decisions to an impartial body would ensure more consistent treatment of members and users.*

The sixth principle recommends the creation of an internal conflict-resolution mechanism to resolve conflicts between appropriators as well as appropriators and their fiduciaries. The statutes of READ-COOP do not explicitly mention an internal mechanism for resolving disputes, beyond acknowledging that there may be financial disputes between a retiring member and the cooperative (Art 10(6), READ-COOP Statutes). The terms and conditions for users of Transkribus services and products contain an external dispute resolution procedure through the European Commission's (now retired) online dispute resolution system (clause 19.1, T&Cs). The research of Elizabeth Hoffmann (2006, p. 166), in particular, has shown the "ironic value of loyalty" in worker cooperatives, where loyalty to the cooperative is intertwined with the possibility of formally airing grievances. The existence of such 'voice' mechanisms encourages loyalty to the cooperative, even if it results in some tension, instead of exiting from the cooperative or cancelling a subscription. Conversely, a reliance on more informal dispute resolution practices can be biased against members or users that lack social capital (Hoffmann, 2016, p. 148). There are numerous *best practices* that may be applied in establishing a dispute resolution system that is perceived as procedurally just that Transkribus and other AI commons could draw upon, *ranging from developing handbooks and educational tools clarifying the informal and formal dispute resolution procedures that exist, to a members' council and a users' council comprised of randomly-selected members and users respectively to hear grievances, with a further opportunity to appeal* (see, e.g., Hoffmann, 2005, pp. 62–63, 2016, p. 162; Pek, 2024).

The seventh principle concerns the external recognition of appropriators' right to self-govern a commons, without regular interference by external actors, like the state. The choice of a European Cooperative Society with a separate legal personality facilitated this recognition in the case of the Transkribus commons, as the SCE is a legal entity that is equally recognized across the EU as a legal person. Compared to domestic cooperative societies in several jurisdictions, the SCE allows for greater flexibility in internal governance and board structure. As with any legal person, it also allows the commons to sue and be sued in its own name, as well as own assets separate from its members. Despite the SCE being available as a structuring option for close to two decades, relatively few collaborative projects have availed of this option. This may, however, change with an increase in the formation of cooperatives with transnational membership across the EU, operating in new sectors (e.g., The Mobility Factory SCE¹⁷ in electric car sharing, Space Cooperative SCE¹⁸ in space research). Following a September 2024 stakeholder workshop, recommendations emerged to amend the SCE Regulation to make SCEs more autonomous from national law, to reduce the minimum capital requirement from 30,000 EUR, and to encourage the use of digital tools. The implementation

of such reforms may further encourage the use of SCEs for cooperatives with cross-border activities and members based across several states (EURICSE, 2024, p. 22). *Consequently, potential AI commons that have a strong connection to the EU, cross-border activities, and members based in multiple jurisdictions may wish to use the SCE entity.*

Finally, the eighth principle calls for larger, more complex commons to be organized as nested enterprises within a larger institutional structure. One way of viewing this more concretely is by seeing the Transkribus commons as part of a larger ‘tech/platform cooperative commons’ comprising hundreds of platform and data cooperatives worldwide or even the ‘global cooperative commons’ consisting of the global cooperative movement with over a billion members. This association with the cooperative movement is only fitting for a cultural heritage preservation initiative like Transkribus, as the cooperative movement itself has been recognized as part of the intangible cultural heritage of humanity (Padmanabhan, 2022). *In practical terms, this could entail resource sharing among cooperatives, and mutual support through referrals and mutual email promotion (Toomer-McAlpine, 2022).* This would also be in keeping with ICA principle six, cooperation among cooperatives.

5 Conclusion

AI systems are becoming increasingly part of people’s daily lives, and as Schneider and colleagues have observed, they can be seen as “digital public infrastructure” that can have transformative effects on “human self-determination” and across industries (Schneider et al., 2023). This includes the field of digital cultural heritage, at the heart of this chapter. Given these widespread societal effects and the potential harms that may arise, the responsible, democratic, and participatory development of AI systems is vital. Inspired by prior research investigating how cooperatives can be responsible stewards and users of various other technologies, this chapter explored the role of cooperatives in governing AI systems as commons. We illustrated our argument about the potential of cooperatively governed AI by examining the case of the Transkribus platform, owned and operated by READ-COOP SCE, and observing how the platform has come to be a cultural commons. Drawing on literature on the commons and cooperatives, we evaluated its many merits and made recommendations on further strengthening its governance—as well as that of those aspiring to operate cooperatively governed AI systems in the future. For example, regarding Ostrom’s sixth principle, we argued that Transkribus and READ-COOP’s approach to conflict resolution could be further developed and suggested that they could implement tools like randomly selected adjudication panels. Existing and future cooperatives could adopt our recommendations to improve their governance and increase their impact, and researchers could study and further refine them. More broadly, we hope our chapter spurs interest in investigating how cooperatives and other alternatives to for-profit corporations can serve as responsible stewards of AI.

With such a nascent topic, many questions remain open. An important topic worth considering is novel ways of balancing the affordability of the paid and premium applications with financial sustainability given the costs of maintaining the Transkribus infrastructure. Researchers and practitioners could investigate alternative ways of striking this balance, such as new business models. Given the difficulties many platform cooperatives face dealing with ill-suited legal systems (Mannan, 2022), future research could investigate regulatory interventions geared at facilitating the development and sustainability of cultural commons focused on the use of AI. Another interesting direction for future research in this vein is to explore the potential positive and negative effects of using AI itself in such cultural commons (Ramos et al., 2023).

Of course, alternative ownership structures in themselves may not be enough to address the concerns with AI development. Huawei, for example, has recently developed an ambitious AI strategy.¹⁹ Given its status as an employee-owned company (Hawes, 2021), one may expect that the company would be well-placed to develop and use AI in a responsible manner. However, the company has been accused of having an unclear system of selection to the “Huawei Investment & Holding Company Trade Union Committee” that owns 98.86% of the shares of the company on behalf of employees (Biggiero, 2024, p. 165). As such, absent robust and clearly defined employee control and return rights, the company’s AI ecosystem may ultimately be similar to that of its traditional investor-owned peers. Even more broadly, initiatives for developing ‘sovereign AI’ systems, including national versions of generative AI, have been criticized for ignoring how these projects lock-in long-term dependencies on foreign chip manufacturers (Popko, 2025). It is thus worth asking, what role does the global political economy have in determining the viability of employee or multi-stakeholder ownership as a meaningful alternative? Answers to questions like these could have significant implications for the direction of AI development around the world.

Notes

- 1 This includes “systems using subliminal techniques to manipulate human behaviour, AI systems used for social scoring, scraping of facial images from the internet or CCTV, predictive policing concerning individuals, and real-time remote biometric identification for law enforcement, except in narrowly defined situations” (Söderlund & Larsson, 2024, pp. 40–41).
- 2 Now referred to as automated text recognition (ATR) as Transkribus can also automate the recognition of printed text.
- 3 <https://www.transkribus.org/model/agapet-13th-century>.
- 4 <https://www.transkribus.org/model/amsterdam-notarial-super-model>.
- 5 <https://help.transkribus.org/super-models>.
- 6 <https://help.transkribus.org/super-models>.
- 7 <https://blog.transkribus.org/en/a-short-history-of-transkribus-with-gunter-muhlberger>.
- 8 <https://readcoop.org/join>.
- 9 <https://readcoop.org/members>.
- 10 <https://help.transkribus.org/uploading-files-to-transkribus-overview>.
- 11 <https://www.transkribus.org/plans>.

- 12 <https://www.transkribus.org/scholarship>.
- 13 <https://github.com/jpuigcerver/PyLaia/blob/master/LICENSE>.
- 14 <https://legal.transkribus.org/terms>.
- 15 It can simultaneously also be described as a data commons.
- 16 <https://www.transkribus.org/metagrapho>.
- 17 <https://themobilityfactory.coop/>.
- 18 <https://spacecoop.eu/>.
- 19 <https://www.huawei.com/en/news/2024/9/hc-intelligent-era-xu>.

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Part 4

Education and communication for cooperation



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22 Innovating together

Cooperatives' communication as knowledge flows and innovation

*Lisa Callagher, Frank Siedlok
and Vareska van de Vrande*

1 Introduction

The topic of this chapter is communication in cooperatives and, more specifically, the relationship between knowledge flows and innovation. This focus is motivated by the broad recognition of the importance of innovation in organizational and economic growth (Fagerberg et al., 2006). This is particularly central in the context of cooperatives, with the increasing interest in what constitutes and differentiates the “entrepreneurial cooperative” (Camargo Benavides & Ehrenhard, 2021; Guzmán et al., 2020; Katz & Boland, 2002; Kyriakopoulos et al., 2004; Santos et al., 2024). Furthermore, considering that the cooperative principles are underpinned by communication within and between cooperatives, we focus on knowledge sharing as a vital aspect. Specifically, knowledge sharing is considered to be an important factor in developing an entrepreneurial culture (Kyriakopoulos et al., 2004) and aligning the operations of the member organizations with the strategic vision of the cooperative (Ashforth & Reingen, 2014). Likewise, cooperatives' knowledge sharing has been associated with resilience and widescale innovation and change in response to environmental challenges (Borda-Rodriguez & Vicari, 2015; Cairns et al., 2024; Callagher et al., 2022; Smith et al., 2018). Consequently, we expect knowledge sharing also to enhance innovations positively. For this study, we adopt the definition and measures of innovation from the Oslo manual (OECD, 2005a) as implementing a new or significantly improved product, process, marketing method, or organizational method in business practices, workplace organization, or external relations.

We add to this debate by reporting on the relationship between knowledge flows and new product introduction. The existing literature suggests that knowledge sharing, both internally and externally, positively impacts innovation and performance in many organizational contexts (Baldwin & von Hippel, 2011; Crespo et al., 2020; Hsiu-Fen Lin, 2007; Lee et al., 2020; Michailova & Mustaffa, 2012; Subramanian et al., 2022; Zhou & Li, 2012). Following Mom, Van Den Bosch and Volberda (2007) on internal knowledge flows, we distinguish between top-down and bottom-up knowledge flows between the cooperative and its members. Regarding external knowledge flows, we follow the open innovation literature and distinguish between inside-out and outside-in flows between the cooperative and other

firms (Baldwin & von Hippel, 2011; Dahlander & Gann, 2010). We find a positive relationship with all knowledge flows and new product introductions.

The rest of the chapter is organized as follows. The next section conceptualizes communication as knowledge flows from the open innovation perspective. Then, we outline the method and summarize the key results of a survey of New Zealand cooperatives. Following that, we present and discuss the results related to internal and external knowledge flows and their relationship to product innovation. We close the chapter by outlining the key limitations and future research opportunities.

2 Communication as knowledge flows for open innovation

Since the 1990s, knowledge has become the central construct of much of organizational research (Foss, Husted et al., 2010). Indeed, with the growing popularity of open innovation, managers and researchers increasingly focus on various aspects of knowledge management.

According to open innovation, collaboration across organizations, as well as within them, becomes fundamental for most organizations' innovation processes. Such collaborative arrangements are also beneficial for cooperatives seeking innovation and growth (Santos et al., 2024).

While the traditional and open innovation perspectives in investor-owned firms and cooperatives differ on several dimensions, which we summarize in Table 22.1, our interest in the chapter is in the different kinds of knowledge processes,¹ and more specifically, in the notion of knowledge flows. Knowledge flows are associated with increased innovation and performance across various organizational forms and contexts, revealing that user and collaborative innovations are increasingly competing with, potentially displacing, firm-centred approaches. Unlike the firm-centred view that assumes that organizations internally own and control all aspects of their innovation processes, or the open cooperativism that assumes a commons-based model of collective responsibility and ownership (Papadimitropoulos & Perperidis, 2024), the open innovation perspective emphasizes the importance of external knowledge flows, partnerships across organizations, and shared intellectual property when generated (Chesbrough, 2003). Relatedly, mechanisms for local and non-local knowledge sharing are shown to offer innovation advantages by combining different kinds of expertise, some of which reside within the boundaries of the firm and some that reside beyond it (Baldwin & von Hippel, 2011; Bathelt et al., 2004; Connell et al., 2014; Kelley et al., 2009; Michailova & Mustaffa, 2012; Subramanian et al., 2022).

Specifically, we use knowledge flows as a proxy to establish whether and to what extent knowledge sharing is important in cooperatives and whether knowledge flows relate to innovation. As a measurement, we adapted existing inter-organizational constructs (Gupta & Govindarajan, 2000) to the cooperative context. Measures distinguish the magnitude of knowledge flows, the extent to which cooperatives engage in knowledge sharing, the directionality of the knowledge flows, and to what extent cooperatives provide or receive knowledge to and from members to and from firms outside the cooperative. Regarding the knowledge content, we focused on three

innovation activities: market information, production processes, and product quality. We further distinguish between internal and external knowledge flows to better understand the cooperatives' knowledge flows.

Improved intra-organizational knowledge sharing is a goal across various types of organizations (Foss, Laursen, et al., 2010; Kasper et al., 2013; Michailova & Mustaffa, 2012; Yang & Maxwell, 2011). Internal knowledge flows have been associated with increased efficiency in knowledge creation for innovation (Michailova & Mustaffa, 2012; Paruchuri & Awate, 2016; Zhou & Li, 2012) and integration of strategically important knowledge (Foss, Laursen, et al., 2010). In the context of cooperatives, knowledge sharing among members and the cooperatives has been recognized by both leaders and members as an important factor in developing and adopting innovative practices (Borda-Rodriguez & Vicari, 2015). Cooperatives' internal communication and training to support members' involvement in governance-level decision-making is also associated with innovating business models and more coopetition-based strategies (Basterretxea et al., 2019; Basterretxea & Albizu, 2011; Fiore et al., 2020). Likewise, transparent top-down information sharing has been suggested as central for cooperatives' strategic decision-making processes (Smith et al., 2018; Summers & Chillas, 2021). Hence, increased knowledge flows in cooperatives can improve innovation performance and general competitiveness.

On the other hand, external knowledge flows relate to the knowledge sharing with firms externally, i.e., outside the cooperative or seeking knowledge from outside. Indeed, both seek external knowledge (Baldwin & von Hippel, 2011; Bogers et al., 2010; Cavallo & Burgers, 2024; Chesbrough, 2012), which we refer to as Outside-In knowledge flows, and sharing the cooperative's internal knowledge with other firms, which we term Inside-Out knowledge flows, have been linked to increased innovativeness (Dahlander & Gann, 2010; Harrisson et al., 2012; Henkel et al., 2014) and performance of the organization. Sharing knowledge is the basis of inter-organizational collaborations and, potentially, social innovation and the development of new organizational practices and capabilities (Borda-Rodriguez & Vicari, 2015; Harrisson et al., 2012), which can result in moving from competition to coopetition (Santos et al., 2024). When shared among different interest groups, such capabilities are theorized to make cooperatives and the principles of community concern and democratic decision-making particularly relevant for organizing social innovation (Guzmán et al., 2024). Moreover, recent work has conceptualized cooperatives as intermediaries for interorganizational relationships, providing an ambidextrous function for exploration and exploitation by linking organizations and channelling knowledge between them (Benavides & Ehrenhard, 2024). Therefore, we were interested in the extent to which cooperatives engage in internal (within the cooperative) and external (beyond the cooperative) knowledge sharing for innovation.

3 Data collection

To investigate internal and external knowledge flows for innovation, we collected data through a questionnaire survey of all cooperatives in New Zealand.

New Zealand was an appropriate context considering that the United Nations ranked New Zealand as the most cooperative country (United Nations, 2014), with cooperative businesses contributing 18% of GDP (Garnevskaya et al., 2017). A population-level study of cooperatives in New Zealand is appropriate for our research question, and it also responds to recent calls for studies that investigate firm-level characteristics and roles across cooperatives and mutuals, not only the largest ones, which are represented in the Coop Monitor and reports that rely on the largest cooperatives in a country (Plakias & Entsminger, 2023). Thus, while a handful of New Zealand cooperatives consistently appear in the World Cooperative Monitor (2015, 2023), our survey provides insights into the range of firm-level factors beyond those few larger organizations. In particular, several studies have suggested that innovation and knowledge-related processes explain how specific, mainly agricultural, cooperatives respond to shifting economic, social, and environmental demands (Callagher et al., 2022; Callagher & Garnevskaya, 2023; Siedlok et al., 2021, 2024; Smith et al., 2018). Meanwhile, there needs to be more reliable information on the nature of the cooperative sector at the firm level, including their innovation activities and the knowledge flows that support individual cooperatives.

The population was identified using the New Zealand Companies Office database that lists all organizations legally registered as cooperatives under *The Cooperatives Act 1996*. We also used the institutional membership list provided by *Cooperative Business New Zealand* to identify organizations committed to cooperative principles but have yet to register as such. Cooperative Business New Zealand is a local stakeholder organization that provides advocacy and support for its members. Following this approach, we identified an initial population of 131 cooperatives.

The survey targeted CEOs or the highest senior executives since they are the most informed about their cooperative's growth aspirations, financial performance, innovation activities, knowledge-sharing processes, and managerial capabilities. Using several measures to increase the survey response rate, we excluded ten organizations due to demutualization, business inactivity, or because their contact details were unavailable for the organization or its senior executives, reducing the final population to $n = 121$. We received 68 usable replies, giving us a response rate of 55%, comparable with other recent cooperative surveys over the last decade (Jabbouri et al., 2023; Mathuva, 2016; Pesämaa et al., 2013).

4 Cooperatives in New Zealand: an overview of the key features of the sector

In this section, we provide an overview of three firm-level features of the cooperatives in our study. We summarize cooperative type and size to show the broader range of cooperative businesses operating in New Zealand, and we summarize their market focus, since the domestic and international focus of business activities is an important factor influencing innovation, especially for small open economies like New Zealand (Brache et al., 2022).

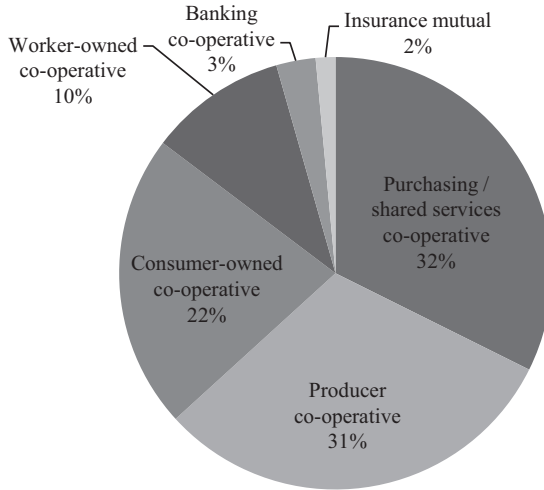


Figure 22.1 Cooperatives by type.

4.1 Types of cooperatives

We followed the six categories Cooperative Business New Zealand used for cooperative type, broadly adapted from the *International Cooperative Alliance*. These were: Producer cooperative, Consumer-owned cooperative, Purchasing/ shared services cooperative, Insurance mutual, Banking cooperative, and Worker-owned cooperative. Results of our study show that New Zealand's cooperative sector is broadly split between purchasing/shared services (32%), producer cooperatives (31%), and consumer cooperatives (22%)² (See Figure 22.1 Cooperatives by Type). This is a useful picture since most exemplar cases examining knowledge processes' role in New Zealand cooperatives are almost exclusively producer cooperatives. In contrast, the activity in New Zealand's cooperative economy is much broader. Also noteworthy is the relatively low number of worker cooperatives (2%). To an extent, this can be explained by being offset by the fact that producer cooperatives are owned by their members and as an outcome of the broader institutional frame and employment relationships in New Zealand.

4.2 Cooperatives size

We measure cooperative size by the average number of full-time equivalent employees, including working directors (FTEs), and the number of shareholders (members) in the previous financial year. The responses to both questions are highly skewed, with the responses about FTEs ranging from 0 to 22,000 with a median of 10 and the responses about membership ranging from 2 to 14,000 with a median of 152.

Commonly, firm size is reported by number of FTEs. Most frequently FTEs of 250 or less are designated as small-to-medium enterprises (SMEs); however, some countries, including New Zealand, set lower limits to distinguish different

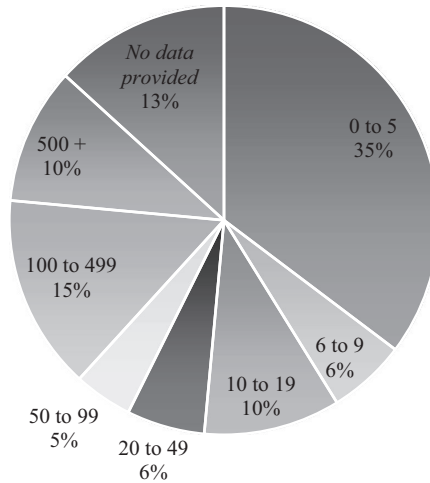


Figure 22.2 Cooperative size by FTE.

sub-classes of SMEs (OECD, 2005b). We use these lower limits to provide future comparison to the make-up of cooperatives compared to the firm demographics in the broader New Zealand economy. Conversely, there are no standardized norms regarding the summary of cooperative size by membership. For instance, both Novkovic (2006) and Oczkowski et al. (2013) use three categories; the former uses 1–15, 16–100, and 100+, whereas the latter use 0–100, 101–500, and 500+. The variations make comparisons by membership size very difficult. To compare New Zealand cooperatives by FTE and membership size, we report cooperative size by membership using the same numerical categories used to report size by FTEs. To do this, we transformed both items into interval variables, distinguishing seven size categories: 0–5 (1), 6–9 (2), 10–19 (3), 20–49 (4), 50–99 (5), 100–499 (6), and 500 or more (7). No data provided by respondents was coded 0.

By FTE size, 35.3% of respondents are micro-enterprises employing 5 or less staff. 26.6% employ between 6 and 99 staff and are considered small enterprises, and another 14.8% employ between 100 and 499 and are considered medium-sized enterprises. Only 10.3% ($n = 7$) of respondents employ more than 500 staff and are considered large enterprises (see Figure 22.2 Cooperative size by FTE). The strong SME representation in our study is typical of the wider New Zealand economy. It also points to some general challenges to innovation and growth in SMEs, particularly investing in innovation capabilities for new product and process development and market capabilities for new market development (Lasagni, 2012; van de Vrande et al., 2009).

The make-up of New Zealand cooperatives looks somewhat different when size by membership is adopted (See Figure 22.3 Cooperative size by Membership). There is greater diversity in cooperatives by size. While 38.4% of cooperatives have less than 100 members, 26.5% of cooperatives have between 100 and 499 members, and 22.1% of cooperatives have more than 500 members. This wider distribution of cooperatives by membership somewhat reflects the range of types of cooperatives as reported earlier.

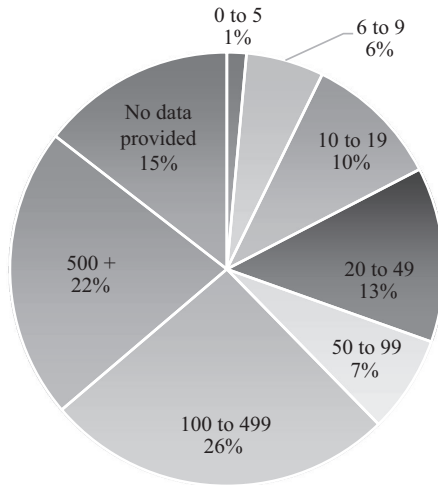


Figure 22.3 Cooperative size by membership.

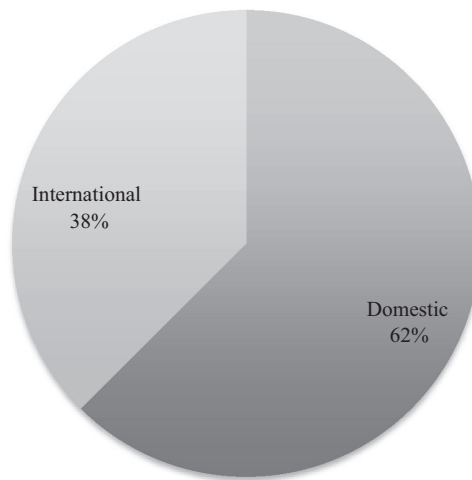


Figure 22.4 Market focus.

4.3 Market focus

For market focus, we closely followed the questions used by Statistics New Zealand regarding the percentage of products or services sold in domestic and international markets in the last year. The market focus reported by New Zealand cooperatives offers two interesting insights that might differentiate them from cooperatives in other countries. First, 38% of respondents reported sales of products or services to international markets (See Figure 22.4 Market Focus). In one way, it is not surprising that over one-third of cooperatives report some overseas sales since exports of agricultural

goods remain an important part of New Zealand's economy, with the internationalization of (mainly dairy) producer cooperatives in New Zealand being of previous research interest (e.g., Nilsson & Ohlsson, 2007). On the other hand, only 5.8% of respondents ($n = 4$; three purchasing/shared services and one worker cooperative) reported their sales having an international focus. Second, only the producer cooperatives report seeing their main sales opportunities overseas in the next three years. Furthermore, only two producer cooperatives see their main sales opportunities in new international markets, with the rest perceiving their future sales opportunities in the current overseas markets. These findings suggest that non-producer cooperatives are not driven to pursue international growth, or if they are, they experience some restraints. Indeed, in comparison to European retail/service cooperatives, international expansion of these types of cooperatives can remain difficult due to NZ's geographical position. In terms of producer cooperatives, future studies should focus on closer examination of the growth strategies to better understand the key opportunities and risks these cooperatives are facing in pursuing international growth strategies.

5 Knowledge flows and innovation

Internal and external knowledge flows and innovation are crucial for open innovation. In this section, we report first on the internal knowledge flows within cooperatives and then on external knowledge flows between the cooperatives and outside organizations. Finally, we consider the knowledge flows-innovation relationship and its implications for innovation in the form of new product development.

5.1 Internal knowledge flows

We refer to internal knowledge flows as those that relate to the knowledge-sharing practices between the cooperative and its members. We asked eight different questions related to the extent to which the cooperative provides information to its members (top-down) and the extent to which it receives information from its members (bottom-up). The questions included were "The co-op regularly provides/receives market information to/from its members", "The co-op regularly provides/receives information related to production processes to/from its members", "The co-op regularly provides/receives information related to packaging design/technology to/from its members" and "The co-op regularly provides/receives information related to product quality to/from its members". All responses were collected on a 7-point Likert scale ranging from "Strongly disagree (1)" to "Strongly agree (7)".

A first analysis of the responses reveals some interesting patterns. First, regarding top-down knowledge flows, 75% of the respondents regularly provide market information to their members, while 71% of the respondents provide information related to product quality. However, when it comes to product processes and packaging design and technology, these figures are remarkably lower (49% and 30%, respectively). In fact, 37% of our respondents strongly disagree with the statement that they regularly provide information regarding packaging design and technology to their members (Figure 22.5 Internal knowledge flows). This can be interpreted in two ways. First, the producer cooperatives undertake most of the market-oriented

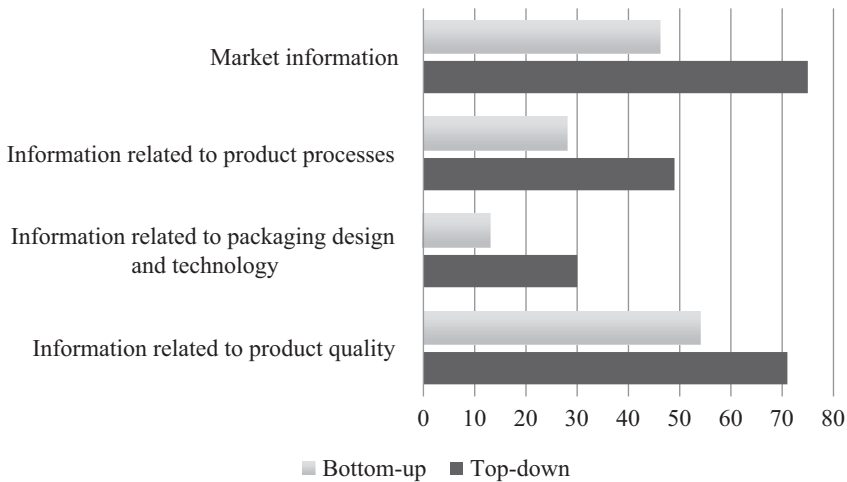


Figure 22.5 Internal knowledge flows.

decisions, including those related to packaging and branding, while the members are not actively involved in those. Considering that some of the packaging decisions can have implications on the production processes, we would assume that member organizations could have valuable input into some of the final design decisions or would be able to make suitable adaptations to their production activities (and in particular, the input that users and other players can have, e.g., Baldwin & von Hippel, 2011; as we know from examples on collaborative innovation, e.g., Carlile, 2004). Second, the data might suggest that many of the cooperatives still operate in commodity markets, with packaging being undertaken by organizations delivering the final products to customers.

Next, we see that while providing information to the members is a common practice, obtaining information from the members is much less used. Information related to product quality is the most commonly used type of knowledge transfer from the members (54%), followed by market information (46%). Only one out of eight respondents receives information related to packaging design and technology from their members (Figure 22.5 Internal knowledge flows).

This distinction is interesting and is further corroborated by our exploratory factor analysis (Table 22.1), which clearly shows two distinct factors (Varimax rotation). As a next step, we compute two different variables to reflect the internal knowledge-sharing practices: top-down ($\text{Alpha} = 0.792$) and bottom-up ($\text{Alpha} = 0.758$).

These findings highlight some interesting patterns. It can be interpreted that effective top-down sharing of knowledge related to market and product quality information enables cooperatives to create a shared understanding about the strategic goals and, consequently, can help in the development of (shared) entrepreneurial culture across the cooperative (Kyriakopoulos et al., 2004). We also interpret this communication pattern as helping to overcome potential tensions among members who might perceive the organizational goals differently, which

Table 22.1 Key differences between traditional and open innovations

<i>Selected Innovation Dimensions</i>	<i>Traditional Innovation in Investor-Owned Firms</i>	<i>Open Innovation in Investor-Owned Firms</i>	<i>Open Innovation in Cooperatives</i>
Ownership structure	Owned by shareholders who expect exclusive control over firm assets.	Owned by shareholders who seek financial returns.	Owned by members (workers, consumers, or producers) with shared goals.
Innovation incentives	Driven by internal R&D, secrecy, and maintaining competitive advantage.	Primarily driven by profit maximization and competitive advantage.	Driven by community benefit, sustainability, and shared economic interests.
Decision-making	Highly centralized, with R&D departments controlling innovation processes.	Top-down, with R&D and strategic leadership making key decisions.	Democratic, with members having voting rights through which they can influence innovation strategy.
IP management	Strict IP control, with patents, trade secrets, and defensive strategies.	IP is often tightly controlled; patents and licensing are central to competitive advantage and share when economically beneficial.	More openness in IP sharing; patents may be collectively owned or open-source.
Knowledge sharing	Limited knowledge sharing, with strict NDAs and confidentiality agreements.	Tends to balance knowledge sharing with competitive secrecy.	More willingness to share knowledge openly within networks and communities.

are known to be potential sources of conflict (Ashforth & Reingen, 2014; Siedlok et al., 2024; Storey et al., 2014). Yet, we are surprised to see the relative lack of bottom-up information sharing, in particular information at the interface of production and market activities, which can lead to misunderstandings and inefficiencies during product development (Carlile, 2004). Leveraging the literature on knowledge sharing in multinational Corporations (MNCs) (Gupta & Govindarajan, 2000; Michailova & Mustaffa, 2012), we assume that members hold particular operational expertise that can inform decisions about packaging or production technologies that can impact on final market strategies being pursued. The lack of top-down information sharing related to packaging could indicate that some of the products are sold as commodities or that aspect of the processing of the product has little bearing on the members’ operations.

5.2 External knowledge flows

We asked similar questions as before, only now focusing on the extent to which the cooperative provides information to and receives information from firms outside the cooperative. In line with the extant literature (Brunswicker & Vanhaverbeke, 2015; Chesbrough & Brunswicker, 2014), the descriptive statistics show that receiving information from firms outside the cooperative is a more common practice than providing information externally. Particularly market information (69%) and information related to product quality (43%) are regularly obtained from firms outside the cooperative (see Figure 22.6 External knowledge flows). Sharing information with external firms, however, is much less common, especially information related to packaging design and technology (9%) and information related to product processes (15%). These knowledge-sharing asymmetries could be caused by cooperatives relying on outside support organizations (e.g. trade representatives, market research organizations) for information, leading to lower levels of co-operation within the respective sectors and/or among cooperatives.

Following an exploratory factor analysis on the external dimensions of knowledge sharing, it appears that external knowledge sharing can indeed be separated into two variables (Table 22.2): inside-out ($\text{Alpha} = 0.858$) and outside-in ($\text{Alpha} = 0.800$).

5.3 Innovation

Finally, we are interested in to what extent internal and external knowledge flows are related to innovation and new product introductions. To that effect, we asked the respondents of our survey several questions related to innovation outcomes. First, we asked, “How many new or significantly improved products or services has your firm introduced over the past 3 years?” The responses to this question range from 0 to 51, with a median value of 1.

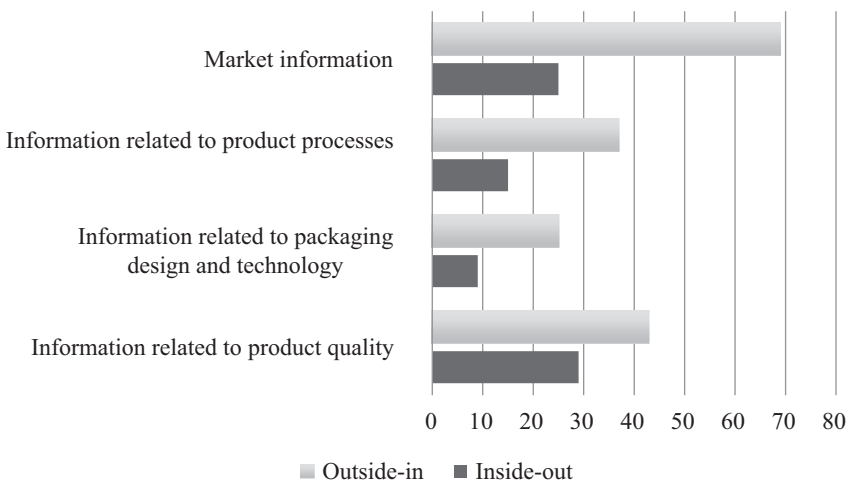


Figure 22.6 External knowledge flows.

Table 22.2 EFA internal knowledge flows

	<i>Component</i>	
	<i>1</i>	<i>2</i>
The co-op regularly provides ...		
... market information to its members	.755	.118
... information related to production processes to its members	.833	.296
... information related to packaging design / technology to its members	.725	.086
... information related to product quality to its members	.625	.330
The co-op regularly receives ...		
... market information from its members	.490	.260
... information related to production processes from its members	.569	.678
... information related to packaging design / technology from its members	.202	.783
... information related to product quality from its members	.137	.870

Second, we asked several questions relating to different types of innovation and whether these innovations were new to the cooperative but not to the industry, or whether they were new to the cooperative *and* to the industry. The results to this question are presented in Table 22.3. About one third of our respondents have indeed introduced innovations that were new to the cooperative but not to the industry, technologically new or significantly improved products (31.9%), technological improvements in supply, storage or distribution systems of products (30.4%), and new or significantly improved services (33.3%). Moreover, nearly one out of four respondents have also introduced technologically new or significantly improved services that were also new to the industry (23.2%), while one out of five respondents have introduced new or significantly improved services to the industry (20.3%).

5.4 *The knowledge flows-innovation relationship*

To further understand how knowledge flows relate to new product introductions, we have transformed the overall innovation variable ("How many new or significantly improved products or services has your firm introduced over the past three years?") into a dichotomous variable, *new product introductions* distinguishing between no new or improved products at all (0) and at least 1 new or significantly improved product (1). Subsequently, we performed a series of t-tests to understand if cooperatives with new or significantly improved products have distinctively different knowledge flows from cooperatives that did not introduce any new or improved products in the past three years (Table 22.4).

The results in Table 22.3 show that cooperatives with at least one new or significantly improved product introduction in the past three years are characterized by higher levels of top-down knowledge flows as well as inside-out knowledge flows. The plausible explanation is that as cooperatives engage in market-focused

Table 22.3 EFA external knowledge flows

	<i>Component</i>	
	<i>1</i>	<i>2</i>
The co-op regularly provides ...		
.. market information to firms outside the co-op	-.062	.909
.. information related to production processes to firms outside the co-op	.420	.804
.. information related to packaging design / technology to firms outside the co-op	.557	.438
.. information related to product quality to firms outside the co-op	.190	.853
The co-op regularly receives ...		
.. market information from firms outside the co-op	.673	.170
.. information related to production processes from firms outside the co-op	.840	.225
.. information related to packaging design / technology from firms outside the co-op	.800	-.157
.. information related to product quality from firms outside the co-op	.775	.277

Table 22.4 Innovation and new product introductions

	<i>Mean</i>	<i>Std. Dev.</i>	<i>Min.</i>	<i>Max.</i>
How many new or significantly improved products or services has your co-op introduced over the past 3 years?	3.85	9.00	0	51
Has your co-op introduced any of the following innovations during the last 3 years?	New to co-op but not to industry	New to co-op and industry		
	#	%	#	%
Technologically new or significantly improved products	22	31.9	16	23.2
Technologically new or significantly improved methods of making products	11	15.9	9	13
Technological improvements in supply, storage or distribution systems of products	21	30.4	10	14.5
New or significantly improved services	23	33.3	14	20.3
New method to produce or deliver your services	22	31.9	12	17.4

strategies, there is a need for continuous and clear communication of the goals to the members (Ashforth & Reingen, 2014). Such behaviour can also be needed as a prerequisite to take advantage of both external (Foss, Husted, et al., 2010) and internal knowledge (Siedlok et al., 2021; Summers & Chillas, 2021) in order to achieve more sustainable change toward greater innovativeness of the cooperative (Borda-Rodriguez & Vicari, 2015; Harrisson et al., 2012; Kyriakopoulos et al., 2004).

Finally, we tested the extent to which innovation differs between cooperatives with a domestic versus international market focus. Based on the innovation output variables, we calculate two new variables: *innovation new to the cooperative* and *innovation new to the industry*. Both variables are created as follows. First, we created a dummy variable for each type of innovation, which takes the value of 1 if a respondent indicated that they had introduced such innovation in the past three years. Second, we added the dummy variables for the two types of innovations: new to the cooperative and new to the industry. We then compare the average scores for these two types of innovation with the market focus of our respondents. The results are presented in Table 22.5.

These results suggest that cooperatives with an international focus are also more innovative. Cooperatives with an international focus have introduced, on average, between two and three new types of innovation (new or improved products, new or improved methods of making products, improvements in supply, storage or distribution systems of products, new or improved services, or new methods to produce or deliver services) in the past three years, while cooperatives with a domestic focus on average introduced between one and two such types of innovation. This conforms to the literature suggesting that internationalization growth strategies are often related to greater innovativeness (Table 22.6).

Table 22.5 Mean comparisons of different knowledge flows

<i>Variable</i>	<i>Mean (no new or improved products)</i>	<i>Mean (at least 1 new or improved product introduction)</i>	<i>Difference</i>	<i>p-value</i>
Top-down	3.328 (0.361)	4.917 (0.252)	-1.589 (0.434)	0.0007
Bottom-up	3.117 (0.297)	3.417 (0.288)	-0.3 (0.434)	0.4929
Inside-out	2.000 (0.297)	3.211 (0.327)	-1.211 (0.499)	0.0193
Outside-in	3.613 (0.349)	3.750 (0.300)	-0.137 (0.467)	0.7696

Table 22.6 Relation between innovation and international market orientation

<i>Variable</i>	<i>Domestic</i>	<i>International</i>	<i>Difference</i>	<i>p-value</i>
Innovation new to co-op	1.821 (0.313)	2.833 (0.405)	-1.012	0.0725
Innovation new to industry	1.160 (0.330)	2.500 (0.342)	-1.340	0.0242

6 Discussion and conclusion

Our study makes two timely contributions to advancing our understanding of the role of communication and innovation in cooperatives. First, from the open innovation perspective, firms rely on external and internal knowledge flows to drive innovation (Chesbrough, 2003). Recent studies suggest that the possibility of internal knowledge flows is beneficial for cooperative resilience (Borda-Rodriguez & Vicari, 2015; Cairns et al., 2024) and innovation (Siedlok et al., 2024; Smith et al., 2018), particularly in regard to members accessing proprietary information and sharing knowledge related to process innovations that improve production quality and quantity (Borda-Rodriguez & Vicari, 2015; Mazzarol et al., 2013). Adding to what is known already about internal knowledge flows, our study found a prevalence of multi-directional knowledge flows involving cooperative management, staff and members. We labelled these top-down knowledge flows as knowledge shared from the cooperative to the members and bottom-up knowledge flows as knowledge shared from the members to the cooperative. In addition, we found that knowledge sharing extended beyond the boundaries of the cooperatives to include other firms. The external knowledge we label 'inside-out knowledge flows' as knowledge shared by the cooperative to other firms, and outside-in knowledge flows as knowledge shared by other firms to the cooperatives. Furthermore, our results confirm the existing literature that external knowledge sharing can indeed be separated into two variables - inside-out ($\text{Alpha} = 0.858$) and outside-in ($\text{Alpha} = 0.800$). These results support earlier findings suggesting that cooperatives benefit from coopetition (Santos et al., 2024) and are consistent with recent conceptualizations of cooperatives as intermediaries whose capacities to link organizations and channel knowledge between them support ambidexterity (Benavides & Ehrenhard, 2024).

Yet, what is also clear from our population-level study is that knowledge flows are not a universal cooperative feature. Rather, variance is observed in the presence and strength of knowledge flows, market focus, and new product innovation efforts, suggesting firm-level differences. These findings point to the value of and need for more population-level studies that complement case-based insights to unpack the firm-level choices available to cooperatives.

Second, the relationship between knowledge sharing and innovation has not been formally tested in the context of cooperative organizations to the best of our knowledge. Our results mostly confirm insights from the wider knowledge-sharing literature showing that in inter-organizational arrangements involving multi-actor organizations, such as host-subsidiary relations in MNCs (Michailova & Mustaffa, 2012), hub-spoke relations in networks (Harrisson et al., 2012; Swan & Scarbrough, 2005), or public-private collaborative arrangements (Harrisson et al., 2012), knowledge sharing is positively associated with higher levels of innovation. Our study found that high levels of knowledge sharing are indeed positively related to product innovation.

However, we found no such relationship for process innovation. Some extant studies offer possible explanations for this. Process innovation is primarily an internally-oriented improvement that is embedded in physical machinery,

equipment, and the like and captured in organizational documents (Wong et al., 2008). Such improvements – especially incremental ones – can rely on internal knowledge involving a certain group within an organization, making cooperative-wide knowledge flows (both top-down and bottom-up) less necessary. Also, since process innovations are hard to protect and organizations often have existing relationships with equipment suppliers, there could be less need for outside-in knowledge flows. Plus, unless cooperatives provide processes in a form that could be licensed or sold, then demand for Inside-out knowledge flows can be expected to be low too. Moreover, recent work has established different drivers of product and process innovation (Un & Asakawa, 2015); this suggests that more work is required to unpack the antecedents of process innovation in cooperatives. Finally, it would be remiss of us to overlook the need for research into the role of organizational, market and business model innovation in cooperatives.

Our study offers two practical implications for managers in cooperatives and policymakers supporting cooperatives in innovating with international markets in mind.

Our study shows different types of knowledge flows are used in cooperatives. Managers, therefore, are encouraged to review what types of communication strategies will support their innovation effort. Where much of the open innovation literature gives advice about enabling cross-functional collaboration among employees, in cooperatives these strategies can be adapted to encourage communication between managements, employees, and members. Likewise, communication strategies that leverage external knowledge sources, like partnerships with universities, research institutions, external experts, and other cooperatives to access new scientific, technical, and market knowledge, can also involve members' businesses (Siedlok et al., 2024). These are especially important implications for managers who are unfamiliar with cooperatives.

Regarding innovation as new product development, we found a significant relationship between knowledge flows and market focus indicating that domestic and export market focus influence the cooperative's open innovation efforts. While governments and their associated agencies give particular importance to supporting knowledge flows between innovating cooperatives and buyers in the export markets, they overlook the importance of other knowledge flows, which cooperatives can use to orchestrate effort among member firms and other cooperatives (Callagher et al., 2022). Therefore, we suggest policies that support internationalization could be reviewed to account for the knowledge flows used in cooperatives whose innovation efforts are internationally focused. Practical steps might include opening up joint trade missions to include cooperatives' members, as well as their senior management, and translating market insights for them. Internationalizing cooperatives face several tensions, including balancing the values and preferences of members and the priorities and demands of customers and value chain partners (Siedlok et al., 2021). The open innovation perspective and knowledge flows offer a lens through which such policy supports can assist cooperatives in managing such tensions.

Notes

- 1 The vocabulary surrounding knowledge processes is vast, including knowledge production and creation, knowledge transfer, translation, sharing integration, assimilation, coordination, and orchestration. We adopt the knowledge flows term and its associated measurements, which have been used in Open Innovation and inter-organizational research.
- 2 We have noted some inconsistencies in how cooperatives define their type and believe this number might be higher than in reality.

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23 Transforming towards commoning cooperatives

The potential of the pattern language of commoning for organisational learning

Susanne Maria Weber and Thorben Seidler

1 Organisational education—on the search for alternative forms of organising

Over the last 20 years, organisational education has been established as an educational sub-discipline that systematically addresses learning within, between, and across organisations (Göhlich et al., 2016). Organisational education is interested not only in organisations with an educational aim but also refers to any organisation, whether for-profit, nonprofit, administrative or social movement. In general, an organisational education research perspective views organising as a human activity and collective endeavour. By doing so, it does not limit itself to a functional approach to organising but also encompasses normative and ethical claims. In this regard, it goes beyond classical management perspectives (Göhlich et al., 2016).

Although organisational education perspectives on organising and organisational learning are strongly connected to cultural, process, and practice theoretical as well as discourse perspectives (Weber & Wieners, 2018; Göhlich et al., 2018), specific power-critical forms of organising, such as cooperatives, have not been discussed in this context. Critiques of ‘Western’ rationalities of organising ‘optimisation’ (Weber & Wieners, 2023) have led to claims for ‘transcending critique’ and arguing towards a post-anthropocentric approach in organisational education research (Weber, Spahn & Heidelbergmann, 2024).

Cooperatives are closely aligned with such claims for alternative rationalities of organising. They aim to provide alternatives to state— or market-driven organising. As an ethically inspired type of organisation, cooperatives are less frequently addressed in conventional management learning contexts (Warren, 2025). Nevertheless, they have a longstanding tradition dating back at least to the 19th century (see Chapter 1 of this volume). Although, in general, cooperatives have emerged to strengthen employees and build on the voluntary self-responsibility of their members (Wilson et al., 2021: 12), such approaches to a self-organised economy grounded in democratic and cooperative values have difficulties in fulfilling this claim over time.

As we will see in the chapter, a substantial body of literature has emerged addressing the existing challenges and problems of cooperatives. Well-documented problem

areas include changes in membership commitment, risks of losing democratic participation, the potential lack of organisational learning, the gap between laypeople and technocrats, or the risk of losing the cooperatives' ethos. From an organisational education perspective, these problems and shortcomings highlight the learning potential of cooperatives, which depends on learning within, among, and between organisations.

Primarily, the 'new' forms of cooperatives, or the so-called 'new cooperatives' (Vieta, 2010), are of interest from an organisational education perspective (see also Chapter 4 in this volume by Denise Kasparian and Julián Rebón). They address the typical problems of traditional cooperatives by connecting with communities, establishing democratic governance, maintaining transparency, and adopting a need-based and care-economy approach. By this, they align with the onto-epistemic approach of commoning, which is interested in alternative patterns of organising.

Both cooperatives and the commoning discourse are interested in alternative forms of organising. Both offer potential for organising beyond traditional capitalist principles. This is why this chapter is interested in the potential of organisational learning in, of, and between cooperatives and their contexts.

Cooperatives can be regarded as alternative organisations, which not only represent but also might strive to diffuse and generalise a different mode of organising. Otto Scharmer (2008) claims such an alternative pattern of socio-ecological systems organising. Regarding the vision of ecosocial transformation, the commoning discourse is of specific interest and can offer a potential for cooperatives to organise toward the common good. Drawing on need-based approaches (Weber in print), *Commoning* aims to promote a threefold notion of democratisation—social togetherness, peer governance, and a care economy.

How can cooperatives transform their challenges and limitations into potential and alternative patterns of organising? How can they transform into agents for ecosystem change? In which ways might commoning be a solution approach to the problems and learning challenges faced by cooperatives? Especially the so-called 'new' cooperatives closely connect to the discourse of commoning. To learn more about the nexus between commoning and cooperatives, we will primarily refer to the *pattern language of commoning*, which is a methodology for complex transformation. We will reflect on in which way it can support organisational learning of cooperatives and their transformation into commoning organisations (Weber, 2022). The notion of democratisation in commoning is connected to three root concepts: social togetherness, peer governance, and a care economy (Helfrich & Bollier, 2019; Bollier & Helfrich, 2019; Weber, 2025). Such approaches on organisational learning as a form of democratisation from within differ from approaches that refer to externalising control, such as reporting, as Guerreschi, de Stefano, and Lopez discuss in Chapter 14 of this volume.

This chapter will first explain the traditional understanding of cooperatives and the debate and development toward 'new cooperatives' (Vieta, 2010). We will then define a set of well-documented selections of the traditional problem areas of cooperatives. Based on the principles of the International Cooperative Alliance (ICA), we will focus on learning challenges in cooperatives across five traditional problem areas.

After this, we will discuss commons and commoning, focusing on the newly established field of commoning, in which the commoning patterns can also be situated. These will be presented in more detail, as the commoning patterns can be regarded as a solution approach to the problem areas and learning challenges of cooperatives.

We will conclude by suggesting a pattern language-based approach to organisational learning, which supports cooperatives' learning by and with the pattern language of commoning.

2 Cooperatives as a specific type of organisation between tradition and renewal

If we examine the cooperative concept more closely, we can differentiate between 'old' concepts and Vieta's new approach (2010). After explaining these differences, we will focus on the classical ICA principles and the challenges in cooperatives based on five defined problem areas.

The first cooperatives were developed in the 19th century to strengthen the rights of employees. These formed associations to assert claims against employers jointly. Accordingly, the basic idea of cooperatives as a self-organised economy based on democratic and cooperative values, through the voluntary self-responsibility of its members (Wilson et al., 2021: 12), was established. The idea of the cooperative quickly spread internationally. Just 80 years after the first cooperative was founded in 1844, more than 100 million people worldwide were organised in cooperatives (Hilson, Neunsinger & Patmore, 2017: 3). Obviously, this type of organisation is of core interest from an organisational education perspective, which is interested in organisational learning in, of and between organisations (Göhlich et al., 2016).

Cooperatives are characterised by certain design principles that have been reconceptualised over the last 300 years. The first cooperative was founded in Rochdale, Great Britain, in 1844 by an association of weavers, with the basic ideas of self-help, equality, and solidarity in self-organisation (Spear, 2021: 90). Against industrialisation and colonisation, the international movement soon developed with many different forms of cooperatives (Hilson, Neunsinger & Patmore, 2017: 6). At the end of the 19th century, in 1895, the International Co-operative Alliance (ICA) was formed, which represented countries such as India, Australia, Argentina, the USA and various European countries. By 1935, the number of countries represented had already grown to 40, with a membership of 100 million people (Hilson, Neunsinger & Patmore, 2017: 3).

The development of cooperatives and the cooperative movement can look back on a long tradition. Nowadays, consumer cooperatives have established themselves alongside the classic producer cooperative form, with a history dating back to the last century (Hilson, 2017: 20). Well-known examples include housing cooperatives, which were established to provide affordable housing access. The same applies to farmers' cooperatives to provide access to food in poorer areas (Guttmann, 2021: 6).

The early so-called Rochdale Principles were formulated. The International Cooperative Alliance (ICA) last revised them around 30 years ago, which is why they are now known as the ICA Principles. The ICA attempted to develop a uniform

and universally valid concept that includes all forms of cooperatives. In 1937, the ICA formulated common principles that should apply to all cooperatives (Guttmann, 2021: 5). These principles were revised in 1966 and again in 1995. They will be explained shortly in the following.

Concept One: The Member-Owned Business (MOB) concept was formulated by Johnston Birchall (2011), a professor at the University of Stirling who researched cooperatives. As a committed researcher, he contributed to their further development: In 2011, he proposed a new conceptualisation of cooperatives based on the ICA principles. Arguing that the principles of the ICA were insufficient to close the gap between member associations and cooperatives (Birchall, 2011: 5), he developed a people-centred focus on cooperatives. Identifying producers, consumers, and employees (Birchall, 2011: 9), he differentiated three different types of members in cooperatives. While ownership refers to the governance structure, it also carries limitations. Focusing on members excludes the environment of non-members (Birchall, 2011: 12). Based on this critique, the emergence of new co-operatives and the New Co-operative movement led to the formulation of a second concept, which is crucial for connecting to the concept of commoning.

Concept Two: New Cooperatives¹ connect traditional cooperatives and the principles of commoning. How can the organisational type of new cooperatives be conceptualised further? Gibson-Graham (2006: 6, 21) views cooperatives as a solution to the problems caused by capitalist economies and their crises (Vieta, 2010: 5). Democratically organised cooperatives in all fields of crisis are regarded as much more resilient than capitalist organisations or enterprises (Vieta & Lionais, 2022: 9). According to the diverse approaches taken, the new alternative cooperatives focus primarily on 'collective economic practices' (Vieta, 2010: 3). Svensson (2022: 41) views such collectives as need-based, enabling the creation of future imaginings that go beyond the neoliberal narrative. Suggesting 'alternative economic, productive, cultural, and social practices in the present and for tomorrow' (Vieta, 2010: 4), they are based on their own research of practitioners, activists, academics, and researchers. Vieta (2010: 2, 6) developed the first systematisation and conceptualisation of such experimental forms of a 'new cooperativism'. Such movements fostered stronger solidarity between producers and consumers, a stronger community within the cooperatives, and a focus on sustainable development (Ridley-Duff & Shanghnessy, 2022: 4). Other alternative ways of building cooperatives are supported by the Internet, where we can observe the rise of peer-to-peer production and crowd-based forms of collaboration and economy (Ridley-Duff & Shanghnessy, 2022: 4). Vieta (2010: 2) conceptualises five dimensions of new cooperatives: They

- 1 emerge as a direct reaction of employees to the crises of the neoliberal model,
- 2 do not necessarily closely relate to the forms of traditional cooperatives but are primarily oriented toward the direct social and economic needs of protagonists,
- 3 follow a just redistribution of wealth and an ethical way of dealing with nature and other people

- 4 follow a politics of equal justice in ways of decision-making and collective work, taking into account a culture- and gender-sensitive way of working
- 5 follow a stronger orientation toward fostering and developing local communities and their social well-being.

In general, such new cooperatives are more open in their structures and forms of organising (Vieta, 2010: 3). This new organisational approach of cooperatives connects cooperatives to the world of commoning.

2.1 *Commoning and ‘new cooperatives’*

There are different conceptualisations of the term ‘Commons’. Elinor Ostrom’s design principles for the commons emphasise that the commons will only be sustained if people connect and interact based on specific rules, and communication is grounded in these principles. While cooperatives are regarded as an economically viable type of membership-centred organisation, Commons do not necessarily follow economic goals (Guttmann, 2021: 9). Members may be able to decide democratically. Still, they do not need to possess specific abilities. While in cooperatives, rules are defined; in commons, they will need to be generated based on the design principles of Ostrom (Guttmann, 2021). In this chapter, we will refer to the social practices of commoning, which are regarded as particularly helpful in addressing cooperative challenges. We will also identify conceptual connections between new cooperatives and commons.

New cooperatives intend to support local communities. By doing so, they intentionally go beyond the limited notion of a membership-based community concept. As new cooperatives become more closely connected to the local culture, they generally support public spaces. As de Reuter and Dyer-Witthof put it (Vieta & Lionais, 2022: 18), they intend to contribute to ‘commonwealth’. ‘New commons-based co-operative forms’ enlarge membership into the local communities and refer to ‘commons thinking’ (Vieta & Lionais, 2022: 16). Conaty and Bollier (2014) show such best practice cases, in which cooperatives open up for multi-stakeholder and commons approaches. Such a ‘commons agenda’ (Conaty & Bollier, 2014: 27) includes sharing knowledge and a social needs approach, implying decommodification² and decapitalisation. In the best cases, such as those in Italy, Japan, and Quebec (Conaty & Bollier, 2014: 27), co-production is strengthened, as is socio-political coordination in local contexts (Conaty & Bollier, 2014). So could cooperatives broaden their concepts of cooperation based on commoning? Would these then alter the ICA principles as well?

2.2 *ICA-principles*

The final proposition of ICA principles comprises seven principles (Spear, 2021: 91):

- 1 Principle: Voluntary and Open Membership
- 2 Principle: Democratic Member Control
- 3 Principle: Member Economic Participation

- 4 Principle: Autonomy and Independence
- 5 Principle: Education, Training and Information
- 6 Principle: Co-operation among Co-operatives
- 7 Principle: Concern for Community

These seven principles form the foundation for the present ICA-formulated definition of cooperatives: ‘A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise’. (Spear, 2021: 91) These seven principles are not to be understood as moral principles but as a commonly recognised standard for all cooperatives (Wilson et al., 2021: 17). Four of the seven principles will be explained in more detail, as they are relevant to the question of whether commoning might support the organisational transformation of cooperatives toward the common good.

2.2.1 First principle: voluntary and open membership

‘Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination’ (Wilson et al., 2021: 17). Membership in general should be open to anyone, and any member would benefit from the advantages of membership, given possible limitations such as geographical space, which would be relevant, for example, for food co-ops. Some cooperatives, such as housing cooperatives, may have limited space. Membership here is crucial, and by becoming owners, ownership is achieved (Wilson et al., 2021).

2.2.2 Second principle: democratic member control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote), and cooperatives at other levels are also organised democratically (Wilson et al., 2021: 19).

Democratic participation is not directly tied to the amount of money contributed (as a shareholder), but rather refers to one person, one vote. In this sense, members will need to make informed decisions to ensure a needs-based approach to the cooperative. In the event of a cooperative’s increasing complexity, representatives will be elected to serve as delegates. Members will then represent the cooperative’s interests. Members must deal with conflicts through communicative processes (Wilson et al., 2021).

2.2.3 Third principle: education, training, and information

Education, training, and the flow of information are the essential means to enable the second goal of ‘Democratic Control.’ The fifth principle can be differentiated into three fields: (1) Education and training may help members to identify better with and understand the cooperative. (2) Training may support members in

fulfilling their role as responsible and autonomous members. (3) Transmission of information and distribution should transmit the value and benefit of cooperatives to others. Such external groups might be students, who would learn more about cooperatives in schools. The International Labour Organisation (ILO) argued that governments should establish such educational programmes (Wilson et al., 2021).

2.2.4 *Sixth principle: cooperation among cooperatives*

‘Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures’ (Wilson et al., 2021: 33). Cooperation between cooperatives can be categorised into two areas: (1) Cooperatives may support one another in their developmental process. They should share knowledge and support each other regarding financial questions or marketing. (2) By merging into larger structures, cooperatives may represent their interests more effectively in politics at the regional, national, and international levels. In both settings, democratic principles would be the core, and the collective orientation should be worked on and legitimised (Wilson et al., 2021).

In the following sections, we will examine the challenges of traditional cooperatives in more detail. Based on this, we will see how commoning and the pattern card deck Pattern Language of Commoning can benefit their organisational transformation toward the common good.

3 **Problems of traditional cooperatives**

Traditional cooperatives face problems and challenges, which have been addressed in the framework of Laidlaw (1980). Laidlaw (1980) identified six fields of issues and challenges that cooperatives face. These will be introduced shortly. In problem field five, two of Laidlaw’s problem fields have been integrated (Laidlaw, 1980: 48–56).

Problem Field One: The Commitment of Members (Field One according to Laidlaw, 1980): Members’ participation is lacking. Members may feel less connected, especially in consumption cooperatives, and participate only marginally in their membership role.

Problem Field Two: Democratic Participation (Field Two, according to Laidlaw, 1980): Members’ democratic participation is lacking. In many cooperatives, decisions are made by a smaller number of members rather than the majority.

Problem Field Three: The neglect of Education (Field Three according to Laidlaw (1980)): Missing education. To realise the membership role in a cooperative, members need to be trained to develop the necessary capacities and knowledge accordingly. New members, especially, should be taken into account in this regard.

Problem Field Four: Layman and Technocrats (Field Six according to Laidlaw (1980)): Centralised Governance by Power Allocation. Regarding problem six, Laidlaw observes that large cooperatives often establish a governance structure in which a few managers make all the essential and relevant decisions. Ideally, technocrats should be on the same level as elected members (laypeople).

Problem Field Five: Sectoral Solidarity & Attitude to International Development (Fields 10 and 11 according to Laidlaw (1980)): Missing Participation.

Problems 10 and 11 describe a lack of collaboration and cooperation between cooperatives at the national (Problem 10) and international levels (Problem 11). Especially in Western countries, there is no unified movement of cooperatives that would strengthen itself through experience and cooperation.

In the following, these problems will be explained in more depth based on the literature:

3.1 *Ad Problem Field One: The Commitment of Members (Field One according to Laidlaw (1980))*

Based on Laidlaw's (1980) foundations, existing literature supports this problem analysis. Conaty & Bollier (2014: 1) note a decline in member engagement. Guttman (2021: 7) considers the reasons for the missing involvement of members in the often complicated financial situation of cooperatives, which may lead to a reduction of services, dissatisfaction, missing engagement, and accordingly 'free-riding' (2021: 7). If this is happening for a more extended time, membership identification will diminish. Members will become users or clients (Sousa & Hermann, 2012: 7), which means a shift from 'member' towards 'customer' (Sousa & Hermann, 2012: 7). The cooperative identity will be affected by this, as initially it is grounded in a participatory and equal shape and lead of cooperatives. Cooperatives in this culture tend to resemble market-based customer relations and client relations, and the strength of membership-based organisations is lost. Sousa and Hermann (2012) see this as a general trend in the field of the cooperative movement in its historical development. Girard (2015) views it as a process that unfolds over time within cooperatives. While initially, members in a cooperative will be closely connected, with a high level of engagement, the growth of cooperatives will lead to the formation of subgroups of members, and cooperation will become more complex, as differing ideas on how to move forward may emerge. While idealism regarding the values and goals is shared in the beginning, this may become an 'impersonal relationship among members' (2015: 130).

3.2 *Ad problem field two: democratic participation*

Birchall (2015) identifies three core elements of successful cooperative governance. (1) participation of members, (2) participation, and (3) expertise. Birchall views the management as being responsible for supporting the participation of all members. Leaders need to include members and offer possibilities for participation, as well as the value and necessity of their participation. If they don't do this, members will diminish their level of participation (2015: 27). Management may decide to transform foundational structures and even change the legal status, called 'demutualisation' (Fulton & Girard, 2015). Decreasing engagement often may be related to a lack of knowledge exchange, so that members will not have a holistic picture of the situation and development of the cooperative (Fulton & Girard, 2015: 2). Missing knowledge exchange (Problem field 3 of Laidlaw) directly affects functioning democratic participation and decision structures in cooperatives (Novkovic & Miner, 2015). This problem mirrors problem field four, 'centralised governance.'

Democratic participation refers not only to democratic voting but also to a form of social togetherness (Girard, 2015). The goal of a cooperative is not primarily to gain growth and wealth but to prioritise a need-based approach and the well-being of members. This will be supported by dialogical interaction and collective decision-making. Even in conflicting situations, people perceive the democratic process as alive and a living democracy in action (Girard, 2015: 131).

3.3 *Ad problem field three: the Neglect of education*

To support the collective participation of members, people will need competencies and know-how, which will become more critical and complex the more the cooperative grows (Novkovic & Miner, 2015) or develops into national or international structures (Birchall, 2015: 25). The rising complexity will need more training to avoid, management taking over responsibility and decision-making for members (Birchall, 2015: 25). Training is necessary to prevent stress and excessive demand (Novkovic & Miner, 2015: 19), to make use of democratic rights (Sousa & Herman, 2012: 14) or to avoid a lack of participation (Anania, 2022: 61).

3.4 *Ad problem field four: laymen and technocrats*

One of a cooperative's core structures is membership control (ICA-Principle Two). As mentioned above, missing engagement has a direct impact on decision-making structures and processes. As short- and long-term decisions will need to be made, a more differentiated organisational structure will often emerge over time. Leading positions of decision-makers and leaders will emerge. There will be departmental structures, expert groups, and administrative structures in specific fields of cooperatives (Novkovic & Miner, 2015: 19). Birchall (2015) mentions the challenges of the growing size of a cooperative, to 'control the managers' (Birchall, 2015: 25). Representation of members can be critical (Birchall, 2015: 28), as managers may not represent the interests of members.

Guttmann (2021: 13) questions whether the ICA principles governing cooperatives do 'provide explicitly for rule-compliance mechanisms such as monitoring or imposition of sanctions.' The essence of the cooperative's mission can erode over time. Even if cooperative members may formally object and sanction, management might build structures and secure hierarchical power structures (Birchall, 2015: 25).

3.5 *Ad problem field five: sectoral solidarity & attitude to international development*

Laidlaw (1980) identifies the challenges faced by cooperatives at both the national and international levels. Vieta and Lionais (2022: 12) have seen the risks of losing the cooperatives' identity and adapting to capitalist structures. Generated knowledge and resources would then be retained within the enterprise to capitalise on advantages, even in a cooperative market (Sousa & Herman, 2012: 7; Ridley-Duff, 2020: 11; Guttmann, 2021: 7).

Isolating oneself and ignoring potential advantages that might emerge based on cooperative fusions may be critical to long-lasting cooperative ways of thinking and acting. Will cooperatives view themselves as movement organisations and develop strength based on communication, dialogue, and collective alignment? Guttman (2021: 7) notes that only then will advantages emerge regarding pushing collective political interests.

As we identified typical problems in traditional cooperatives, in the next part, we are interested in learning more about how commoning patterns might contribute to solving issues defined in cooperatives.

4 Commons and commoning

To better connect with the field of commoning, we will first explain emergence and context before presenting selected patterns of commoning.

4.1 *Emergence and context*

As already mentioned, Elinor Ostrom has become famous for her approach to ‘governing the commons’ (Ostrom, 1990), which primarily referred to commons as collective goods. For several decades, the term ‘commoning’ has emerged, referring to a social practice approach.

We intend to shortly differentiate between the various conceptualisations and explain why the concept of commoning is best suited for addressing organisational problems and issues of organisational learning in the cooperative world.

Euler (2020: 45, 49) discusses the historical development of different concepts and definitions of the commons. In a goods-oriented theory perspective, different terms related to the commons have been used. Ostrom’s (1990) approach to the common good refers to the diminishing of common resources through excessive use, such as natural resources like water, air, land, fish, and pasture.

Based on Ostrom’s work, Helfrich developed a social scientific view in this field. Euler (2020: 51) explains that goods must also be related to human use. Depending on its use, a pasture may remain viable and not necessarily be overexploited. The use of goods must be understood from a social perspective, considering the forms of social interaction, rules of use, the collective involved, and the goals of use.

4.2 *Commoning as a social practice*

The social dimension of the commons is rooted in relational patterns. To focus on the activity involved, the term ‘commoning’ has been established (Euler, 2020). Helfrich (2017: 108) recognised the need for literature to address the social processes of commoning. Against the notion of humans as individuals, we should not forget the collectivity of our existence and address social relations more deeply (Helfrich, 2017: 109). Commoning, therefore, is defined as the multiplicity and diversity of social processes through which people organise themselves on an equal footing to use resources together or share knowledge, spaces, and other things. Commoning is oriented toward satisfying specific needs, protecting their

autonomy and freedom, and promoting the sustainable use of natural resources. Like self-organisation processes, commoning is not fixed to rigid structures and procedures. It is always process- and result-oriented. It will always depend on the respective context and social conditions (Helfrich, 2017: 109).

Commoning as an open process leads to the question of how to understand and address social relations as a social practice. Before taking a closer look at the pattern language of commoning, we will shortly connect to the new cooperatives, closely related to the ideas of the commons. Rather than following open structures only, they are interested in collectively administered goods (commons) and new forms of social togetherness. They refer to social praxis in cooperatives to gain a deeper understanding of the dynamics of living. As we will see in the following, they can be supported nicely based on the approach of commoning. Cooperatives, in this sense, might become an institutional framework that enables humans to cooperate in a self-responsible and collective manner. As new cooperatives and commoning follow quite similar approaches, commoning might support the organisational learning of cooperatives.

The pattern language of commoning will not be introduced in its entirety, but we will highlight the most relevant patterns that relate to the most pressing structural problems of cooperatives. By utilising selected commoning patterns, we can further develop certain ICA principles and implement them more effectively in practice.

As commoning patterns are, by nature, not concrete, context-specific instructions for action, they remain abstract at this level. Still, they are always specified through examples, which show concrete implementations of the described solutions. In general, the commoning patterns solve recurring problems in culturally different circumstances where people want to organise themselves together as equals. Both cooperatives and commons show how people can work together in self-organisation on an equal footing. Cooperatives were developed from a purely economic context. In contrast, commoning is a more open practice and can be applied wherever people want to organise themselves together on an equal footing in a needs-oriented way. Patterns are the standard core solution to recurring problems in the commons (Helfrich & Bollier, 2019: 91).

4.3 *Patterns of Commoning*

Patterns are identified and defined through the analysis of recurring solutions to problems. They are ‘successfully realised solutions for typical problematic situations’ (Helfrich & Bollier, 2019: 95). They are universal, as they contain the core of a solution in various forms of the defined problem across different contexts. In this sense, they are directly problem-oriented and found outside the world of practice.

To make the patterns more accessible, Silke Helfrich and many others have designed a conceptualisation of a threefold notion of democracy. It supports the grouping of patterns to specific fields of democratisation and is called the Triad of Commoning (Bollier & Helfrich, 2019: 94). This triad refers to the three fields:

- Social togetherness
- Self-organisation by peers and peer governance
- Caring and self-reliant economy

All the patterns in the field of social togetherness support togetherness and the feelings related to it (Bollier & Helfrich, 2019: 85). The second field refers to all patterns that build the foundation for successful self-organisation and peer governance. The third field refers to supplying what we need for living. The triad of commoning is based on the assumption that a relational perspective is a core component (Bollier & Helfrich, 2019: 95). Where humans relate to each other, as well as to the networks and the world, including humans and non-humans, these relationships become relevant.

In the following, we will introduce relevant patterns from all three fields of democratisation. They can be found in Silke Helfrich and David Bollier's foundational book, 'Free, Fair, and Alive—The Power of Commons' (Helfrich & Bollier, 2019; Bollier & Helfrich, 2019). We will cite the patterns accordingly.

4.4 Social togetherness

Pattern: To cultivate common intentions and values (Helfrich & Bollier, 2019: 99)

Reflecting on intentions will be the core of reaching common goals. Only when a common understanding of the direction to go emerges can this path be walked together. We cannot assume that intentions and values are the same, so we must cultivate them.

Successful social togetherness occurs through cooperation and collaboration, which must be cultivated daily (Helfrich & Bollier, 2019: 99). Building on the insight that intentions may vary, it is essential to acknowledge and balance them by highlighting and cultivating the shared foundations that underpin them. This is an iterative process that may take some time to complete.

Pattern: Establishing and cultivating rituals of togetherness (Helfrich & Bollier, 2019: 100)

Collective values and intentions are practical when they are lived. Rituals will support this once they are lived iteratively and become part of daily life. Rituals can be developed together or emerge based on collectively shared experiences. They can be deeply rooted in culture and seamlessly integrated into daily life. Be it food or more complex rituals, happiness and joy should be involved (Helfrich & Bollier, 2019: 100) to support the emotional connection between people, which will carry them even through difficult times.

Pattern: To reflect on one's own governance (Helfrich & Bollier, 2019: 109)

People often act unconsciously, and social dynamics are usually opaque. In a profit-oriented economy, people tend to prioritise their financial gain by establishing and utilising power structures. Individuals may exploit the commons; therefore, collective reflexivity is essential. It is helpful to reflect on how things are organised.

Ways of organising things can be reflected based on self-organisation by equal peers. This allows us to identify where deviations occur and which patterns are being disregarded, as well as which must be strengthened, established, and cultivated. It is also essential to see what already works. This allows us to identify and recognise successful solutions. Observing governance helps us find practices of successful, need-based economies.

4.5 Self-organisation by equals

Pattern: To orient ourselves in Diversity (Helfrich & Bollier, 2019: 120)

In the commons, we do not assume that humans will always share the same ideas, motivations, and assumptions for collectively changing something. They will be differently oriented, but still may have the will to work together on a common path, which will emerge through cooperation. Humans connect to the collectively shared ‘experiences and motivations’ (Helfrich & Bollier, 2019: 120), which enable ‘collective action’ (Helfrich & Bollier, 2019: 120) in the making. Only by collectively working together can we strengthen cooperation, social connectivity, and solidarity. In a plural variety and diversity, any system will become resilient and robust against any trouble.

Pattern: To distribute Knowledge generously (Helfrich & Bollier, 2019: 127)

Distributing knowledge to others allows people to live freely. It enables the development of a social structure and a social togetherness based on self-organisation and heterarchical structures. Still, learning how to share knowledge and find adequate forms will be interesting. In Wikipedia, we will see red links, indicating that a contribution is still missing and that anyone can feel invited to write one, without central coordination (Helfrich & Bollier, 2019: 128). Individuals do not coordinate this indirect way of inviting others to take action, which prevents the building of hierarchies and control. It supports the idea that knowledge can be shared at eye level’ (Helfrich & Bollier, 2019: 129).

Pattern: To build on Heterarchies (Helfrich & Bollier, 2019: 136)

Heterarchies will be needed in complex situations. While hierarchies follow a strict order with rankings of individuals, heterarchies unite and combine hierarchical orders, yet still maintain the ability to structure and order themselves.

This reorganisation is carried out by the people with the legitimacy to make decisions, initiate actions, and solve problems. The network of people involved must give each individual the confidence to take action independently. In doing so, it is acknowledged that mistakes occur and incorrect decisions are made. These can be questioned, edited, and, if necessary, changed afterwards. This also requires appropriate processes. This establishes a form of organisation that promotes self-efficacy and self-organisation. If structures develop in which people are overwhelmed (because they have only known hierarchical structures up to now), heterarchy offers the opportunity to react quickly, thanks to its flexible form. People help each other find a better form and usually do this more effectively (because they are responsible for it) than in formal ‘representation or delegation procedures’ (Helfrich & Bollier, 2019: 137). However, a heterarchy is only a basic structure that must first be filled with life by applying various patterns of the triad of commoning.

Pattern: Monitor compliance internally within the Commons and impose gradual sanctions (Helfrich & Bollier, 2019: 138).

‘No commons can exist in the long term if it is not ensured that the participants follow the rules they have agreed on’ (Helfrich & Bollier, 2019: 138). Sanctions are usually imposed in response to non-compliance with rules. In non-commons contexts, these can be and are often imposed from outside or above in hierarchical structures. In common, on the other hand, the regulations and sanctions are determined jointly. This social process of negotiation creates cohesion and trust among people. As a result, sanctions are rarely applied, as the ‘social consequences

of rule violations (...) weigh heavily' (Helfrich & Bollier, 2019: 139). The more impersonal the cohesion among those involved, the more likely it is that rules will be broken. However, it is also worth noting that the sanctions are implemented in stages. While the first step is usually a warning, it will be reinforced if the rules are repeatedly broken. The punishments should be derived from a joint reflection on the misconduct. Rule violations and sanctions are jointly defined, reflected upon, and determined by the participants. They do not follow an impersonal automatism, such as a political law.

Pattern: Distinguishing commons and commerce (Helfrich & Bollier, 2019: 143)

Commons work against enclosures, against turning what is shared (e.g., land, water, creative content) into a commodity by being acquired with money and then having an owner. Commons always strive to keep it freely accessible to all concerned. Using money to exchange goods causes people to stop 'contributing without constraint' (Helfrich & Bollier, 2019: 144). The attitude may develop that the same work without payment might be worth less, or that one should follow goals that promise more money than others.

Commoning intends to avoid cash flows as much as possible and to share and pass on in an unconditioned way. Monetary income can be decoupled from the services provided and activities undertaken. Counteracting the culture of prices, joint action is supported among consumers and producers based on motivation, purpose, and enjoyment of the work. Decoupling giving and taking makes monetary income unrelated to 'specific services or products' (Helfrich & Bollier, 2019: 146). By making an essential contribution, customers enable the commons to function and work and then receive the goods or services provided.

4.6 *Caring and self-determined management*

Pattern: Contribute & Pass on (Helfrich & Bollier, 2019: 172)

In this context, passing something on means making it available to others. This includes everything that does not disappear through use, like design, code, information, and knowledge. All these can be multiplied at will and thus passed on without loss. The more openly something is shared, such as a design or code, the more people can participate in its further development and contribute to its success. It is essential to ensure that sharing is free of charge, voluntary, and not based on reciprocity. This keeps production costs very low, as there is no direct payment, and at the same time, it saves time to evaluate the services provided and set prices accordingly. This practice must be distinguished from the use of finite resources, the quantity of which dwindles as they are passed on.

Pattern: Rely on distributed structures (Helfrich & Bollier, 2019: 182)

To function well above a specific size, individual units (such as teams) must be able to work together as autonomously as possible. This form of cooperation forms 'semi-autonomous spheres' (Helfrich & Bollier, 2019: 182), whereby those units that complement each other can quickly join forces. As no superordinate authority forms a single node for all units that join, the connections are controlled and established by the participants. They can be dissolved and reformed elsewhere if they

are no longer beneficial. The self-organisation of peers prevents the ‘concentration of power’ (Helfrich & Bollier, 2019: 182). Power and creativity thus remain in the local context while simultaneously enabling coordination on a large scale. Everyone involved also benefits from the cooperation.

5 **Supporting organisational learning in cooperatives: using the pattern language of commoning**

In the following, we will demonstrate how patterns of commoning, as solution patterns, can contribute to supporting cooperatives’ social practices and expanding the ICA principles to address the multiple challenges of our time. As we have shown the connection between new cooperatives and commoning, and after introducing the pattern language of commoning, we will identify the matches and potentials to the challenges, ICA principles, and fields of problems. By this, we will identify the potential of organisational learning by the solutionary patterns language of commoning.

5.1 *ICA-principle one: voluntary and open membership*

How patterns can support organisational learning in Problem Area One: The Commitment of Members and Lack of Member Participation

As discussed previously, cooperatives are primarily characterised by a membership-based concept, which serves as the basis for decision-making in day-to-day business. As we saw, this formal membership structure does not automatically lead to successful cooperation. Generally, this phenomenon is addressed differently from the outset. Everyone involved is aware that people have different ideas, wishes, and intentions. The pattern of *aligning oneself together in diversity* shows that people who come together do so out of a shared ideal. Still, it is, above all, essential to bond through the shared experiences of working together. Social cohesion thus arises from the knowledge that all those involved have together, that they can work well together, and that they are walking a familiar path.

Cohesion is, therefore, less the result of a shared theoretical ideal. The growing cohesion is further strengthened through the development of shared intentions and values. These are not present from the outset but must be developed through reflection and communication. The findings should then be established in *rituals of togetherness* to make them tangible for everyone involved in everyday life. Members who join over time must be actively engaged and bring new impulses, which may also change the rituals of togetherness. As the commoning patterns show, practising social interaction is core. It is created in personal connections, where different intentions and values can and should coexist. Argentine cooperatives provide concrete examples of successfully cultivated rituals of togetherness to address diversity and difference (Vieta & Lionais, 2022: 18).

The changing nature of membership over time and the potential lack of engagement might also be addressed. Equally distributing work will help to keep people in. In commoning, keeping commons and commerce apart means decoupling the

work performed from a specific paid service whenever possible. Members may be happy to contribute to their work without insisting on payment. Work may give pleasure and fulfil one inwardly. Cooperatives might, therefore, go beyond the notion of payment for contributions and the expectations of receiving a specific service in return. Membership fees might be designed to finance the cooperative in general. As it requires the active participation and involvement of the members, members might freely choose the workload for the joy of working together or define a minimum contribution of time. This practice is exemplified by the cooperative Justseeds (Greenwald, 2010), a collective group of artists in the USA who produce and market their art together.

5.2 ICA-principle two: democratic member control

Problem Field Two: Democratic Participation. Missing democratic participation of members

The problem of a lack of democratic participation in decision-making also applies to larger cooperatives at the management level. Against a management-centred perspective on processes and structures for democratic rights, the commoning approach of *sharing common intentions and values* might be relevant. Especially when the cooperative expands, social interaction must be adapted accordingly. Management should secure participatory decision-making and deliberately organise meetings. The cooperative may wish to disseminate the necessary knowledge quickly and easily by generously sharing it. A culture of living democracy arises from the social process of jointly negotiating compromises and struggling to make the right decisions. Commoning focuses on the process of social interaction, rather than just the formal decision-making structure. The patterns *that cultivate shared intentions and values and establish rituals of togetherness* may support the vitality of a formal democratic structure. The space to negotiate and make decisions must be provided, and expressions of shared values will vary.

In new cooperatives, the well-being of employees is often more critical than the cooperative's economic success. New cooperatives establish new collective practices for decision-making, management, and remuneration. Not only are members involved as voting members, but also non-members such as employees (Vieta & Lionais, 2022: 18). Successfully reflecting on their governance, they collectively decide to break down and expand certain cooperative principles. All those directly affected by the decision have a say in the matter.

Problem Field Four: Laymen and Technocrats. Centralised Governance through Power Allocation

Every cooperative pursues a specific mission aligned with its members' needs. If suspicions arise that decisions do not align with the mission, rules and mechanisms are needed to correct the course. The size of a cooperative makes it more challenging to monitor the diversity and different interests. Aligning themselves with diversity, cultivating common intentions and values, and establishing rituals of togetherness may help foster diversity and, in turn, promote joy and vitality.

A formal membership structure in large cooperatives may diminish such everyday rituals of togetherness. To foster a more personal relationship among members, rituals of togetherness should be actively organised. Members might feel like they are part of a social community. They might not only have a voice in the democratic voting process but also enjoy meeting other members. The GLS Bank organises annual general meetings like a small cultural festival, during which exchange, art, and culture are considered just as much as the formal vote.

The challenge that decision-makers in cooperatives may need to overcome to avoid prioritising self-interest can be addressed by implementing monitoring and sanctioning rules. As Guttman identified, a lack of the corresponding basic requirements in the ICA principles regarding monitoring regulations and the governance structure of cooperatives needs to be addressed. To avoid the abuse of power, in commoning, consciously *reflecting on one's governance* helps to control power imbalances. *Rules and sanctions* are developed in conjunction with internal compliance within the community. Sanctions will be imposed in stages. This creates social cohesion and strengthens mutual trust. Appropriate rules should be regularly reviewed and negotiated by those who are directly affected in day-to-day business. Such processes might be consciously established in daily routines, such as meetings.

Responsibility may not be solely placed on the members. As they may lack access to critical information, an overall *heterarchical* structure would encourage employees to take more responsibility and organise themselves. In line with the pattern of *relying on distributed structures*, decisions are made by those directly affected by them. Rules can be developed independently by those affected. Rule violations can be sanctioned in stages based on the pattern of *observed compliance with regulations internally*.

5.3 *ICA-principle five: education, training, information*

Problem Field Three: The Neglect of Education (Problem Area Three according to Laidlaw (1980)): Lack of Education:

The fifth ICA principle clearly states that a functioning democratic organisational structure and member ownership only work if people are properly educated and have access to relevant information. However, the implementation of this often remains unclear. Especially in growing cooperatives that extend beyond local reference areas, there is a lack of suitable opportunities and practices for education and information transfer, as Novkovic and Miner (2015) and Birchall (2014, 2015) describe. How to manage the abundance of information and the overwhelm of members in cooperatives? Commons counters this problem by *building on heterarchy* and *relying on distributed structures*. Decisions are left in the hands of the people directly affected by the decision. Increased self-organisation enables the reduction of complexity, as problems are addressed directly where they originate. The people who are affected can work independently on the solution strategy. They do not need to solve problems that do not affect them (and are, therefore, more difficult to understand). At the same time, this relieves management of the burden.

Decisions at a higher level may be made by individuals who have a comprehensive overview. To counteract the challenges of power imbalances and self-serving management decisions, the commoning approach recommends sharing knowledge generously. In this sense, it is crucial to create opportunities that enable the rapid dissemination of this knowledge within the network. Training can support the network, allowing the people to easily connect and share information through digital platforms, social networks, and intranets. Training can be provided by a central hub or by members through self-organisation and self-responsibility. An information-sharing culture may encourage and invite others to get involved. The Justseeds cooperative utilises wikis and communication channels, facilitated by Crabgrass software, to organise and share information and knowledge in a meaningful way. Training enables the practice and application of the pattern: *observe compliance with rules internally within the commons & sanction gradually*.

5.4 ICA-principle six: cooperation among cooperatives

Problem Area Five: Sectoral Solidarity & Attitude to International Development. Lack of Cooperation

Nowadays, cooperatives are generally companies that operate on the market and are subject to economic competition among cooperatives, and enterprises, and within their ranks. Focusing on the added value of their members may be contrary to cooperation between cooperatives—unhealthy isolation from the outside world may result. Commons pursues an economy oriented towards the needs of the people concerned but does not restrict this to certain members.

As the *New Cooperatives* approach suggests, breaking up the closed cooperative structure makes cooperatives more inclusive and creates added value for non-members. Sharing more knowledge and resources to enable increased co-production between cooperatives (or other local actors) happens by *contributing and passing on*. Such resources do not diminish through sharing. Building cooperatives that share their knowledge can be designed for a particular local area and tailored to the people's needs.

It can be extended beyond local contexts when cooperatives share their experiences of successful democratic participation. In the pattern of *contributing & passing on*, care must be taken to ensure that this is always voluntary and not based on reciprocity. No consideration should be expected in return for the shared knowledge and experience. Each cooperative or each person involved must assess for themselves how much time they can make available to pass something on.

Cooperatives can align themselves in diversity to position themselves more strongly as a joint interest group. Overlapping values and intentions can be developed and shared in jointly organised meetings and congresses. In line with *keeping commerce and the commons apart*, cooperatives might establish associations, pooling resources to finance joint meetings. Decoupling giving and taking means avoiding cash flows and organising in an 'associated' way.

People come together voluntarily as a free association. By doing so, they transcend contractual agreements between two parties. Such successful commons-cooperative

alliances (Guttmann, 2021: 10) can be found in Latin America (Vieta & Lionais, 2022: 16–18), where cooperatives form alliances to support each other in transferring companies into common ownership. They develop new forms of governance, including joint administration, cooperation, and culture. Organisational goals follow the prevalence of social values before economic goals. By this, they forge radical new paths towards social coexistence. Such cooperatives (Vieta & Lionais, 2022: 16) typically emerge from financial crises. Taken over by the workers, they continue to be managed collectively. By forming alliances and umbrella organisations, they share experiences, pool their common interests, and facilitate the conversion of private property into community property. *Contributing and sharing* (in the form of experience and knowledge), and *aligning themselves across diverse umbrella organisations, while keeping commons and commerce separate (counteracting enclosures by communising property), they put commoning patterns into practice.*

Digital platforms may support information flows, support codes that are freely accessible, and create spaces free of exchange logic.

6 Conclusion

After establishing the connection between ‘new’ cooperatives and commoning, based on our introduction to ‘old’ cooperatives, we have introduced the pattern language of commoning to address typical challenges faced by cooperatives. The ICA principles and their respective fields of application have been connected to the solution-oriented patterns of the language of commoning.

As we have seen, the concepts of cooperatives and commoning can be strongly connected—both support self-organisation, equal footing, and need-based approaches.

Commoning patterns differ from cooperative principles in forming new solutions to challenges (differentiation). Through legal and contractual regulations, cooperatives are often highly formalised in their basic structure. On the other hand, commons are more open and are not limited to one legal form. The ICA principles aim to contribute to the design of the formal structure of cooperatives, including membership, democratic control, and cooperation. In contrast, commoning patterns are process-oriented in terms of social practice. Commoning patterns enable more significant differentiation and, therefore, more targeted solutions for different challenges and problem areas.

As various problem areas of cooperatives have a long tradition, organisational learning is crucial for both traditional and new cooperatives. New cooperatives demonstrate an opening up toward commoning and the first extensions of the ICA principles. We have demonstrated that common patterns are often effective in solving problems within cooperatives. The pattern cards go beyond the ICA principles by addressing the conditions for successful social relationships. Beyond hierarchical structures, commoning and pattern cards suggest facilitating democratic co-creation.

Commoning and living the essence of the commoning patterns require the commitment of all participants and the willingness to take responsibility. They also

require a desire to foster common cohesion by practising respectful interaction, open communication, and investing time in creating everyday routines, meetings, rituals, and conflict resolution processes. Nevertheless, small and locally organised cooperatives may find it easier to orient themselves towards commoning than big or international ones.

New cooperatives may encourage commoning as a lived social practice. Commoning patterns may offer helpful extensions and solutions, particularly at the level of social interaction. Successfully applying and integrating commoning patterns might even contribute to the next revision of the ICA principles. The ICA may also wish to align with the commoning approach.

We have seen that commoning sets other basic assumptions: from a commons perspective, the problem of emerging high diversity in cooperatives is seen as desirable. Heterogeneity is assumed from the moment people come together. Democratic participation is strengthened, as decentralised decision-making is suggested. Education is seen as reducing the complexity of information, making people more capable of acting robustly. In general, we can demonstrate that commoning introduces the dimension of social interaction: in almost all problem areas, the commoning patterns of social togetherness serve as a solution approach. Commoning shows *how* to address organisational change in cooperative organisations. Moreover, it adds new, explicitly non-capitalist characteristics. It helps eliminate the principle of strict reciprocity and rethink the relationship between money (financing) and service provision by proposing a decoupling of these two elements. As we have shown, there is considerable potential for organisational education and learning within cooperatives as future commoning organisations.

Notes

- 1 John Curl (2010) was the first to distinguish between “new” and “old” cooperativism in his essay: *The Cooperative Movement in Century 21* (Curl, 2010: 21).
- 2 Decommodification describes the decoupling of land (or other spheres) from the market in order to reduce the dependency of social needs on the market.

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24 The development of new cooperatives through social spin-offs and the quintuple helix

Towards an innovative and socially responsible university spin-off model

Federico Li Bonilla

1 Introduction

Often referred to as QHS, the Fifth Systemic Helix Methodology seeks to find diverse solutions and recommendations by means of multidisciplinary approaches combining specific knowledge. Its major goal is to promote integration and cooperation among many spheres of life. Experts from academia, business, associations, colleges, government, and other sectors come together under the QHS approach to do a joint analysis of initiatives pertinent to society interests, in so doing hopefully attaining sustainable development. Emphasizing a culture of hard effort to reach creative goals, the QHS approach to the way it is developed and presented is related to the typical traits of Generation X.

The shortcomings that affect territorial development and produce a loss of competitiveness are known, which fit technological management shortcomings as reported by Velásquez (2004) and cited by Santana (2017), including “absence of management information systems, absence of quality certifications, technological backwards and illiteracy, inadequate risk management, and low export capacity” (p.52). Many of a technological nature, these elements help to explain the loss of employment possibilities in rural areas and boost migration to metropolitan areas; even in cases where these territories have tertiary education, the basis of the social spin-off model is still QHS.

In a model suggested by Li and Sandoval (2012), satisfactory results of the social development process in localities with cooperative affiliations, cantonal income, educational level, and regional variables, such as the degree of urbanization and the extent of the territory, grow at a decreasing rate concerning the explanatory variables considered, where there is a positive relationship between the degree of regional development (territories) and the level of affiliation (cooperatives) of their residents.

According to the International Labour Organization (ILO, 2017), high technology is essential for national development; hence, in the fourth industrial revolution, constant innovation and the application of disruptive technologies are vital as supporting factors for a nation’s competitiveness.

Conversely, Li and Sandoval (2012) show a relationship between the level of education and the level of associativity whereby more coverage of the population in secondary and tertiary education corresponds to a higher level of associativity

and development in the territory. Therefore, programs like UNED's and notions like the Social Economy are likely strongly associated with regional resilience in future development (Espinach, 2018; Porter, Stern, and Green, 2017; Sanabria Garro and Li Bonilla, 2025) and cannot be disconnected from concepts of territorial empowerment (Baiocchi et al., 2013).

Similarly, Fernández's "territorial approach to rural development" understands the territory not as a physically "objectively existing" space but as a social construction, that is, as a set of social relations that give rise to and simultaneously express an identity and a shared sense of purpose among multiple public and private agents.

The rural periphery of Costa Rica overlaps according to the idiosyncrasy and social culture of the populations. All things considered, the main players and, concurrently, the ultimate goal of the territories are the people and their dynamics of communal construction. (Li-Bonilla, 2013)

Compared to the Greater Metropolitan Area (GAM) of Costa Rica, these are the most unequal territories, since the lack of socioeconomic development opportunities means the gap is widening and hence raises the poverty of people living in the coastal and border areas of the nation. Within this context, the establishment of associative businesses in the community for the territory contributes to territorial empowerment. This creates sustainable development (Li and Sandoval, 2012). Growth will increase in the periphery by empowering productive property based on technology and innovation.

Costa Rica, with very high indicators of quality of life and basic services and health, must work on (Organization for Economic Co-operation and Development [OECD], 2018) indicators, including employability in rural areas, access to information, communications, and high technologies, among other factors. The spin-off model intends strategies implemented from the university environment (Berraza and Rodriguez, 2012), where it applies the social spin-off model of the Universidad Estatal a Distancia (UNED). The social spin-off model plans strategies implemented from the university environment.

Under cooperative and entrepreneurial models (Li, 2013), the provision of technological support suitable for territorial entrepreneurship fosters teamwork among local stakeholders (Ahumada, 2004) and development of business ideas (Rodeiro, 2008), which promote territorial sustainable development (Espinach, 2017), so improving the use of technological tools. This then creates the development of competencies based on the surroundings where individuals' capacities grow (Chiavenato, 2009). Encouragement of territorial innovation will help to create sustainable development. Using the Costa Rican cooperative model's premises creates alliances for sustainable development working with the SDGs (Li, 2013; Espinach, 2018).

Cooperatives are a business model with the natural ability to democratize the economy and guide growth toward shared well-being (Li-Bonilla 2013). To demonstrate the value of cooperativism and its contribution to Costa Rica's GDP: cooperatives in Costa Rica helped to contribute about \$1.65 billion to the country's GDP in 2021. As a GDP percentage, this figure accounts for around 3.5% of Costa Rica's overall GDP. (Li-Bonilla 2013)

This chapter investigates a novel route for the formation of cooperatives: the university social spin-off conceived and motivated under Quintuple Helix's framework. Seeking to match the creation of new businesses emerging from the academic sphere with a social mission and a dedication to sustainable territorial development, this approach suggests a substitute for the conventional spin-off model. (Pazos, D. R., Babío, N. C., & López, S. F., 2012)

First, the goals are to critically examine the constraints and problems of the conventional university spin-off model, especially with relation to the privatization of public knowledge and the primacy of shareholder value over the common good. Second, from the Triple Helix to the more comprehensive framework of the Quintuple Helix, which combines civil society and the environment as main actors, to expose the theoretical evolution of innovation models. Third, define and set the context for the idea of social spin-off, particularly considering the models and contributions created at Costa Rica's Universidad Estatal a Distancia (UNED). At last, the goal is to suggest a conceptual and strategic framework for the encouragement of new cooperatives by means of university social spin-offs, thus integrating the ideas of the Quintuple Helix as a driver for ethical local and regional development.

In order to reach these goals, issues related to the conventional university spin-off model will be examined. Then, the framework supporting the proposal will be discussed, exploring the idea of social spin-off and outlining the path towards more complex and inclusive innovative models. The chapter then examines how the cooperative social spin-off might function successfully inside the QHS paradigm, stressing the synergies and approaches for its encouragement. Finally, suggestions and conclusions will be presented targeted at colleges, legislators, and other players in the innovation ecosystem.

2 Thirdly development

2.1 QHS approach for integration and methodical development

The quadruple and quintuple helices (QH) can be seen as extensions of Leydesdorff and Etzkowitz's (1996) Triple Helix model. The Triple Helix emphasizes the interactions between government, industry, and academia to encourage innovation; the Quadruple Helix includes civil society as a fourth actor; and the Quintuple Helix adds the environment as a fifth component (Carayannis & Campbell, 2018; González-Martínez et al., 2021).

These extensions capture the growing complexity and variety of the participants in systems of innovation and development. Whereas the Quintuple Helix stresses the need for including environmental sustainability in innovation processes, the Quadruple Helix acknowledges the part that civil society plays in the co-creation of policies and solutions. Both models enlarge the original framework to handle ethical, social, and environmental issues, including the inclusion of several players in the implementation and assessment of public policies.

The chapter emphasizes that these extra helices, especially the environment—which must be defended by indirect players like advocates or sustainability managers,

are broad and difficult to define actors and consequently require more nebulous representation (Carayannis & Campbell., 2018). Consequently, the application of instruments such as social network analysis (SNA) can help map the interactions between these players and assess how institutional configurations influence outcomes in terms of reciprocity, inclusion, and sustainability (Warren (2024, 2025a,b).

Derived from this foundation, the Fifth Systemic Helix (QHS) is a method applying a systemic approach to assess competitiveness and encourage innovation and development in many sectors. Five main actors make up this approach: academics, business, government, associations, and specialized consultants.

3 Principal traits of QHS

As a model of articulating in daily life, the virtuous circle of an idea describes the phases of the gestation of an idea, including its development, dissemination, and practice. This is the case of the Fifth Systemic Helix methodology (QHS), which aims to articulate and integrate all sectors of society as a strategy for seeking solutions and an eclectic proposition of multidisciplinary methods, converging in an emergent sum of specialized talent. The QHS approach combines the voices of professionals from academia, companies, associations, consultancies, and government to jointly create analyses of initiatives on subjects of interest inside the society ecosystem for its sustainable development.

Though professional development has several cycles and phases depending on each professional profile, the learning curve has always been a reduced effect. Learning strategies now abound in efficiency, effectiveness, productivity, and competitiveness. Throughout the several phases of their professional development, people often follow different paths, including changes in sector type, positions, and hierarchical levels. On a chronology, those who have undergone academic training follow their occupational profile with the acquired competences. They share their knowledge and experience through teaching as professional trainers and professors as well as via consulting activities as they grow and organize their professional competencies.

4 Problems with the spin-off model applied by traditional universities

Considered as a means of spreading knowledge and technology from academia to the commercial sector, the conventional university spin-off model has been shown to be a useful instrument for innovation and economic growth. Its application and underlying philosophy, however, are not without major criticism challenging its fit with the public goal of universities and their larger socioeconomic influence.

5 Socioeconomic consequences

Furthermore, regarding socioeconomic equity and innovation governance, the conventional spin-off model can have unexpected results. The concentration of economic gains and control over the future direction of Research and Development

(R&D) in the hands of a small group of people – investors and major academic entrepreneurs – can aggravate rather than reduce current inequality. The literature on economic inequality cautions that the concentration of market power and lack of competition might disproportionately affect the most underprivileged groups of society. As social actors, universities have a responsibility to help lower socioeconomic inequality; yet a knowledge transfer model with a concentration on benefits could run against this goal. Actually, it has been noted that the paradox of fast technological development coexisting with pockets of poverty and unequal distribution of income and wealth exists.

Spin-offs are derived from intellectual property (IP) created in universities, usually with heavy public funding invested. Control over this IP and, thus, the direction of the next R&D can wind up in the hands of spin-off founders and investors. Should these businesses be primarily driven by profits, the economic gains will be shared among a small number of owners. Another issue arises when bigger businesses acquire university spin-offs. Under such circumstances, the control of R&D and the resources and capabilities of the spin-off usually coincide with the strategic interests of the acquiring entity, which may not coincide with the public good or the needs of the local or national community that first supported the research. These phenomena might lead to a “brain and value drain” from the public domain to favor private interests. Should major companies absorb the most successful spin-offs and their intellectual property, the wealth created and the control over innovation will veer even more away from the setting that supported the initial research, thus sustaining cycles of dependency and inequality in access to advanced technologies and their benefits. Moreover, the choice of R&D projects for spin-off development could be skewed towards those with more immediate commercial potential, thus excluding fields of research that, although vital for the solution of urgent social issues, do not provide appealing short-term financial returns. (Fini et al., 2018)

6 Other objections and constraints on the traditional model

Apart from questions regarding privatization and equity, the conventional university spin-off model confronts several operational and structural difficulties. With a rather low number of institutions effectively developing spin-offs and with technology transfer rates often not meeting expectations, universities, especially public ones, have difficulty ensuring that their technological creations effectively reach the target audience. In a study of 135 examined public institutions, for instance, only 58 had technology transfer systems; out of 199 scientific and technological institutions, only 31 had created spin-offs. (Olmos-Peñuela, J. et al., 2014).

Important obstacles include the absence of clear, efficient internal rules, as well as bureaucratic procedures for IP management and suitable marketing plans. Furthermore, added in many cases is the inability to recruit specialized staff for Technology Transfer Offices (TTOs), restricting the institutional capacity to efficiently support the founding and growth of new businesses. These difficulties are exacerbated in the Latin American setting by a “deficit of entrepreneurial spirit” (Lederman, D., Messina, J., Pienknagura, S., & Rigolini, J., 2013) in scientific institutions and a lack of legacy in venture capital and other early-stage financing sources.

Still another important issue is the regular lack of university research suitable for direct commercialization. This disparity, sometimes referred to as the “valley of death,” causes outside businesses to be reluctant to license technologies in early stages or fund their development because of the related risk and expense. OTTs thus often favor “quick” and less complicated licensing agreements over starting the spin-off creation process, which could create conflicts of interest should the academic be also be a shareholder and executive of the company.

On their side, academic entrepreneurs sometimes lack knowledge of how markets work, experience in business management, and a business-oriented attitude, which makes it challenging to translate a technical discovery into a solution for market need. Moreover, institutional incentives inside universities hardly reward technological transfer activities to the same degree as scientific publications, which deters researchers from using entrepreneurial processes. These constraints reflect a deeper cultural and structural disconnect between the academic ethos, generally oriented toward fundamental research and publication, and the entrepreneurial ethos, focused on the market and profitability, not only isolated operational or financial issues. More than just surface changes are needed to close this divide; it also calls for a redefining of the university’s role in society, a review of the incentive systems for its researchers, and the building of more strong, varied support systems able to value the social and environmental as well as the financial impact of innovation.

Turning to theoretical frameworks that provide a more complete view of innovation and acknowledge the value of socially purposeful businesses, such as cooperatives, could potentially help to solve the constraints of the conventional spin-off model pointed out above and suggest alternatives more aligned with sustainable development and social equity.

7 Integrating the surroundings for sustainable development, the quintuple helix

The intellectual development carried on with Carayannis and Campbell’s formulation of the Quintuple Helix, which features the “natural environment” as a necessary fifth helix and places innovation in the inevitable framework of ecological sustainability and the required socio-ecological change for our civilizations. The Quintuple Helix is articulated around five interconnected subsystems: (1) the educational system (universities, research centers), which generates human capital; (2) the economic system (industry, businesses, services); (3) the natural environment, which provides natural capital and sets ecological limits; (4) the media and culture-based public (which includes civil society); and (5) the political system (government and public administrations), which defines political and legal capital. Since it regards the environment not only as a receiver of impacts but also as a motor and a necessary context to produce knowledge and innovation, this theoretical framework is intrinsically connected to sustainable development and the achievement of the Sustainable Development Goals (SDGs).

Thus, central processes in this approach are “eco-innovation” and “eco-entrepreneurship.” Not only is the Quintuple Helix a descriptive model of more complicated interactions, but it also serves as a normative framework supporting a

Table 24.1 Helix models comparatively triple, quadruple, and quintuple helix

<i>Characteristic</i>	<i>Triple Helix</i>	<i>Quadruple Helix</i>	<i>Quintuple Helix</i>
Main Actors	University, industry, government	University, industry, government, civil society/public	University; industry; government; civil society/public, natural environment
Main Focus of Innovation	Economic and technological development, commercialization of knowledge	Co-creation, social demand, public acceptance, open innovation	Sustainable development, eco-innovation, socio-ecological resilience, responsible innovation
Main goals	Economic development, competitiveness, technological transfer	Social welfare, validity of innovation, answers to social issues	environmental and social sustainability, equity, quality of life; “knowledge democracy”
Principal Reference Source	Etzkowitz & Leydesdorff	Carayannis & Campbell	Carayannis & Campbell

Author: original creation

quite different kind of innovation: one that is intrinsically responsible, sustainable, and co-generated. It calls for a “knowledge democracy” and “ecological sensitivity” going beyond simple actor addition. It calls for a change in the conception, management, and evaluation of innovation such that long-term socio-ecological resilience and collective well-being take precedence over simple economic optimization. Through creative ideas suited for the demands of the 21st century, the flow of knowledge among the five helices aims to support sustainability. Table 24.1 shows the exploration of the application of the Quintuple Helix (or “Systemic Fifth Helix”) for the analysis of innovation and development in the context of Latin America, as can be seen in some conceptualizations that also involve society and the environment.

8 The social spin-off: foundations and participation

The idea of the *social spin-off* arises as a substitute that tries to give social impact and community development top priority in view of the shortcomings of the conventional spin-off model.

Social spin-off definition and traits

Rather than concentrating just on maximizing economic profit for its owners or shareholders, the social spin-off can be defined as a company or entity that is incorporated from a parent organization (such as a university, a research center, or even another social enterprise) with the main objective of addressing a particular social need or problem. Many times, functioning as hybrid companies, these entities combine a social mission with business operations to create income that will help them to scale and maintain their influence. Often, the unique qualities of social spin-offs consist in the generation of environmental, cultural, or social values; participatory and

democratic governance involving their stakeholders—beneficiaries, workers, and the local community—in decision-making; reinvesting of surpluses in the community or the social mission of the company instead of being paid as dividends; social innovation; and promoting local growth and the enhancement of quality of living.

A prominent instance of the useful implementation of the social spin-off concept in the university environment is the model developed at the Universidad Estatal a Distancia (UNED) in Costa Rica. Based on the ideas of Solidarity Social Economy (SSE), this “Social Spin-off Model (SOS) for the creation of university-based cooperative enterprises in the community for the territory” has the main goal of producing social progress and territorial development, especially in communities with low indicators of social, environmental, and economic progress. The UNED SOS model has as its goals the free flow of knowledge and learning to communities, the stimulation of financial democracy, innovation, and the transfer of technological resources to produce job sources with limited economic resources. The intention is to strengthen the social fabric in the territories, so empowering people and groups.

Complementing techniques are extensive and distinguished by various free services until cooperatives’ break-even point and renunciation of licensing fees. The phases of assistance consist of: 1) identification, approach, and diagnosis of training and competency requirements with the community; development of personal and group soft skills as well as the formation of a pre-cooperative group; development of technical and management hard skills; building of social capital; preparation of a feasibility, viability, and utility study; assembly constitution for the development of legal and cooperative foundation; And strategic management coaching and mentoring for the Board of Directors and management until the break-even point.

This model was applied and modified even during the COVID-19 pandemic, proving its adaptability and relevance in producing improvement in impacted areas. Targeted in sectors including agriculture, gastronomy, handicrafts, and tourism, including a Bribri (indigenous tribe) self-managed cooperative, regarded as historic for Costa Rica. The outcomes include the development of several university-based cooperatives and the development of existing ones. Later studies have kept examining the effects of this initiative, for instance, in connection with the organizational social capital of the cooperatives developed.

UNED’s SOS model breaks significantly from the conventional spin-off paradigm. UNED presents itself as a direct agent of social development by absorbing the expenses of knowledge transfer and business development (through free funding and intense support) and concurrently externalizing the main benefits towards the community (focusing on territorial development and financial democracy). This strategy redefines the “success” of a university spin-off based on its social impact and ability to sustain the territory rather than in terms of income generated for the institution. This model of “territorial university” in action employs university knowledge as a public good for community emancipation and local problem-solving.

9 **Encouragement of new cooperatives in relation to the quintuple helix**

Framed within the ideas of the Quintuple Helix, the creation of new cooperatives via the university social spin-off mechanism presents an approach to produce long-lasting socioeconomic and environmental impact.

9.1 *Cooperative principles and their correspondence with Solidarity social economy and sustainable development*

As a type of business structure, cooperatives are controlled by a set of values and principles that set them apart and make them especially fit to support sustainable development with regard for people. The seven basic cooperative principles of the International Cooperative Alliance (ICA) are arguably operational rules rather than just words that help to define the nature and operation of cooperative businesses.

These principles naturally complement the goals of sustainable development as well as the ideas of the Solidarity Social Economy (SSE). Democratic management (“one member, one vote”), equitable economic participation, the primacy of people over capital, and a commitment to education and cooperation are elements that directly relate to the search for a more just, inclusive, and environmentally responsible society; the seventh principle, “Concern for the Community,” explicitly states that “cooperatives work for the sustainable development of their communities through policies approved by their members.” Unlike conventional corporate models, which sometimes call for outside rules or Corporate Social Responsibility (CSR) projects to handle social and environmental issues, cooperatives should internalize these elements in their own design and management. When sustainability and equity are not secondary goals but rather constitutive of their identity and business practice, this “design integration” makes them especially appropriate vehicles for reaching the goals proposed by the Quintuple Helix.

9.2 *The cooperative social spin-off: an original model for generating social, financial, and environmental value*

Under the Quintuple Helix, the development of cooperatives by means of a university social spin-off model embodies a potent and transforming synergy. The social spin-off serves as the means of disseminating knowledge, technology, and first university support (Educational Helix and, in public universities or those with promotion policies, Political/Governmental Helix). Based on the needs of its members—workers, producers, consumers, etc.—and focused on the benefit of the community as a whole—the cooperative legal and organizational form facilitates a democratic business structure (Civil/Public Society Helix). When deliberately framed within the Quintuple Helix, the entrepreneurial process is able to integrate—from its conception—the sustainable development goals (Environmental Helix) and the required economic viability (Economic Helix) for its sustainability.

Conceived in this sense, a cooperative social spin-off goes beyond the concept of being only a company with a social goal to become a “microecosystem of social

innovation” in itself. Its construction and operation reflect the dynamic interaction among the five helices at the local level: The university offers knowledge, research, training, and technical support—the educational helix.

The government—local, regional, or national—or the university’s own administration can offer support for the SSE, tax or financial incentives, and a good regulatory environment. Operating in the market, the cooperative generates goods or services, creates employment, and looks for its financial sustainability. The cooperative is owned by its members, who are part of the community and democratically under control by the civil/public society helix. It supports citizen involvement and answers shared needs.

Environmental Helix aims to sustainably develop its surroundings and community, encouraging responsible behavior and helping to create socio-ecological resilience. (Voigt, L., & von der Oelsnitz, D., 2025).

The SOS model of UNED in Costa Rica seeks to demonstrate this integration, whereby the university helps cooperatives with a strong emphasis on territorial development and community empowerment. This kind of spin-off not only creates direct impact but can also act as a catalytic node for more general changes in the territory, thus promoting a culture of cooperation, social innovation, and sustainability. (Putnam, R. D., 1993).

The SOS model breaks rather significantly from the conventional spin-off paradigm. UNED presents itself as a direct agent of social development by internalizing the

Table 24.2 Comprehensive comparison: cooperative social spin-off against conventional university spin-off

<i>Characteristic</i>	<i>Traditional University Spin-off</i>	<i>Quintuple Helix Model Cooperative Social Spin-off</i>
Main Objective	Maximizing economic benefit and value for shareholders	Creation of social, economic, and environmental value; community development
Governance model	Hierarchical, investor-oriented	Democratic (one partner, one vote), participatory, possibly multi-stakeholder
Treatment of PI	Key assets for exclusive commercial exploitation are intellectual property.	Shared knowledge, social licenses, IP in service of the mission
Measuring Success	Financial profitability, market share, company valuation	Social and environmental impact, sustainability, and well-being of members and the community
Reinvestment of Profits	Mainly to shareholders, company growth	Mostly in the social mission: the community, the members, indivisible reserves
Main Focus	Technological innovation; financial gains	Social/environmental solutions; equity, inclusion; resilience
Relationship with University/Community	Transactional (license, investment), possible later disconnection	Collaborative, long-term, geographical anchoring, community empowerment

Author: original creation

expenses of knowledge transfer and business development (through free funding and intense support) and concurrently externalizing the main benefits to the community (focusing on territorial development and financial democracy). This strategy redefines the “success” of a university spin-off based on its social impact and help to sustain the territory rather than in terms of income generated for the institution (Table 24.2).

10 Suggestion for the sector of cooperative and social economy

The capacity of cooperatives to engage in organizational activities concerning education, training, and the enhancement of associativity defines their basic values. Table 24.3 traces a timeline connecting cooperatives to the QH and thereby initiating multisectoral relationships targeted on unity and synergies, so improving the principles of cooperativism and the social economy.

By combining several forms and organizing activities between sectors and cooperative networks, cooperativism creates an environment that improves well-being inside the economy and so establishes and strengthens the sustainability of these organizations (Silva Nader Motta, 2025). The methodical research should expose chances to raise communal wealth by means of education and cooperative values, thus promoting the development of effective cooperative models. Originating in two main sectors and involving a wide spectrum of activities, the historical development of cooperative businesses took place during the height of the Industrial Revolution. The first concentrated on consumer behavior, the second on industrial or creative activity. Like capitalist companies, cooperative businesses want to create; but their objective is not maximum profit but rather to improve and raise the welfare of their members, reflecting the ideas of solidarity economy organizations. (Voigt & von der Oelsnitz, 2025 p. 11).

11 Community curiosity

A consensus has been reached on the development of a key questions bank for the approach to the identification and consideration of all integral approaches to develop a sectoral competencies dictionary, which integrates the dictionary of labor, professional, and research competencies, thus strengthening the sectoral development of the social and solidarity economy, thus promoting development and social impact, and implicitly considering the 17 Sustainable Development Goals for the 2030 Agenda of the United Nations. This is the result of the documentary research and the strategic application of the Fifth Systemic Helix methodology for the sectoral competencies dictionary.

Globally, cooperatives are, together with employee-owned firms (see Chapters 4 and 5 of this volume), the most common form of social economy organization available. Following the cooperative values, cooperative education should concentrate on developing administrative skills, considering the required capacities and competencies for the participatory implementation of planning, direction, and evaluation of the cooperative organization in view of its internal and external challenges. Through creativity and human development, a cooperative manager should see management

models as a means of guiding the education and growth of the members of the company as well as the enhancement of its social base. (Smith, J.; 2020).

Enhancing self-management skills maximizes the involvement of cooperative members, so enabling decision-making for the advantage of the cooperative organization and its contacts with outside entities that can support continuous development and prosperity inside the cooperative movement by social interaction. The ideas of alliances and strategies of sectoral inter-cooperative as well as the increase of solidarity help to explain the expansion of cooperative businesses. This work informs sectoral public policy decisions inside the social economy and acts as a reference to investigate cooperativism from a systemic point of view. (González, M.;2019

12 Approaches for cooperative development from university social spin-offs

With the university playing a basic catalytic role within the Quintuple Helix, the promotion of new cooperatives through social spin-offs calls for an active and coordinated commitment from several players. Universities must surpass simple technology transfer if they are to become real engines of social entrepreneurship. They must proactively encourage a culture of social entrepreneurship and responsible innovation all around the university. Directly involved in regional and social development, the “territorial” or “socially entrepreneurial” university actively participates in networks including other Quintuple Helix players (government, companies, civil society, and the natural environment). University support systems, including Technology Transfer Offices (TTOs), must change. They must become “social impact incubators,” not just protectors of intellectual property and negotiators of profit-driven licenses (Li-Bonilla, F., Espinach-Rueda, M., y Torres-Vindas, J., 2022; Li Bonilla, F., & Espinach Rueda, M., 2023; Rodeiro, 2008). This calls for developing new internal competencies and establishing success criteria that value community development, the creation of quality jobs in cooperatives, and thorough sustainability, in addition to the economic viability of new businesses. To help academic entrepreneurs identify socially sustainable business prospects, universities must engender a culture of sustainability and social responsibility. Beyond this, strong and tailored accompaniment techniques are fundamental for the effective creation of social spin-offs. Inspired by leaders like the SOS of UNED and other pertinent models in Latin America, these approaches have to include several phases and main elements:

- 1 Beginning with a participatory diagnosis of the needs and possibilities of the communities and territories, identify teachers and students that can thus participate in practical research and outreach initiatives.
- 2 Encourage the development of pre-cooperative groups—which could be multidisciplinary—students, teachers, and members of the community. Train in soft skills (leadership, communication, and teamwork) and hard skills (business management, project development, cooperative principles, marketing, and social finance).

- 3 Support the creation of Possibility, Feasibility, and Utility (PFU) studies with an approach that combines social, environmental, and economic sustainability by means of a social business plan.
- 4 Provide or enable access to social seed capital, derived from the university itself, public monies, impact investors, ethical banking, or other sources.
- 5 Legal Constitution and Startup: Consult on the administrative and legal elements for the cooperative constitution.
- 6 At least until the cooperative reaches its financial break-even point and attests to operational autonomy, offer coaching, mentoring, and continuous training in strategic management, cooperative governance, and market access.
- 7 Value chains, fair markets, allies, and other helices help the new cooperative to connect with other cooperatives, so fostering the principle of “cooperation among cooperatives.” Emphasizing the need for support ecosystems and strategic alliances, organizations such as ECLAC and ILO also promote approaches and exchange spaces for cooperative development in Latin America.

SOS's main goal is to help associative businesses to grow and flourish. UNED engages in this in cooperation with Social Security and the Ministry of Labor. It also deals with several local governments and municipalities where associated companies are situated. UNED also intervenes in several scattered governmental agencies. One among them is the Institute of Rural Development (INDER). Its constitution makes clear that social economy organizations should receive priority. UNED cooperates with the Ministry of Planning as well. For decades, this ministry has included nonprofit organizations in public development plans.

In the cantons of La Cruz and Santa Cruz, in the province of Guanacaste, UNED is assisting three cooperatives and one integral development association. These cooperatives, including Coopeemprenderoras de Cuaginuikil, R.L. and CoopeOropendolas, R.L., are using the Fifth Helix. Two other supported projects include Coope Pargos, R.L., from the poorest canton in Costa Rica, Canton La Cruz, and the Integral Development Association of Guaitil in the canton of Santa Cruz, another region with an at-risk population. (IFAM., 2023) (INCAE., 2019).

The academy offers on-site ongoing support every 15 days. The academic component depends on this continuous support; UNED and other public universities support this with particular events. Support is also provided by public ministries and scattered agencies, including INDER and the Mixed Institute of Social Aid (IMAS). By means of associative businesses, these public bodies assist individuals living in poverty in escaping their prior situation.

Beyond this, public banks in Costa Rica are obliged to donate 10% of their profits to the National Institute for Cooperative Development (INFOCOOP). Part of the Income Tax (ISR) funds go to DINADECO, the National Community Development Directorate. Law 3859 sets the level at 2% of all collected taxes. The funds finance projects in two domains. Projects of community organizations are funded from one part. The other part is referred to as the “Revolving Fund” and is applied towards other community development goals. From the hub of associativity, DINADECO and INFOCOOP help affiliated businesses. This support is managed by the MTSS's Department of Social and Solidarity Economy.

In the SOS model, the consultant helix (Table 24.1) is triggered when hired experts provide particular assistance. Among them are experts in lowland grass (warm climate), IT professionals to close the digital divide for those with digital illiteracy, chefs to enhance corporate menus, etc. Additionally, public accountants serve an essential role by ensuring the profitability of companies.

[need new section here: for example: The Role of the Model in Costa Rica's Political Economy]

Without one of these helices, Costa Rica's social associative model is unimaginable. One in three people works for a social economy company, which has helped territories to grow, productive property to be empowered in local communities, and financial democratization in their areas to take place. This has encouraged a circular economy and stopped local populations from losing riches. Along with public universities, foundations and nonprofit organizations, municipalities, and the active forces of the nation, which gather in a fifth helix, the intervention of many actors—including the Central Government—comes together. As is usual in paradigms, sometimes the paradigms of the fourth and fifth helix overlap (sometimes there is an overlap between the two); this does not diminish the significance of the QH for the development and support of cooperatives and associations in

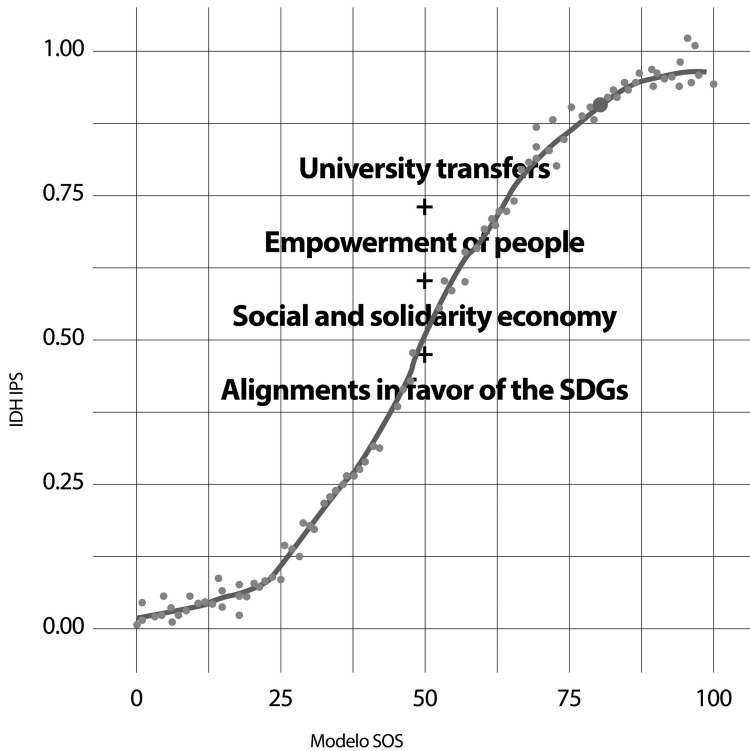


Figure 24.1 Graph showing how the Social Spin-Off model behaves. The X-axis is intellectual property (IP) + research and development (R&D); the Y-axis is the particular social spin-off. The graph reveals that the greater the university's investment in the project, the higher the impact.

Source: Li, Espinach & Torres (2022).

Costa Rica. As such, Costa Rica would not have a sizable middle class or notable Latin American-level development. This is the result of missing an army, the fifth helix system, and social spin-offs perfected since 1919. (Li-Bonilla, 2013)

The SOS model for the territory uses the principles of cooperativism, the basis of administration, and is motivated by the planned social level and primary and secondary economy, inspired by the idea of spin-off but not in high-tech university companies. Using in-person attendance and synchronous communication technologies, UNED involves its students, graduates, staff, or auxiliary affiliates, who engage with community members in training processes to generate cooperative projects, reflecting the intense use of disruptive technologies. The model aims to provide UNED graduates and students in their territory choices for associative entrepreneurship that enables them to manage mechanisms to enable territorial development and population retention in their communities, stopping migration to the cities and contributing to achieving the SDGs (Figure 24.1).

13 Influence of the quintuple helix and the social spin-off model

Apart from saving six cooperatives threatened by the Cooperative Promotion Institute (INFOCOOP) and helping 17 pre-cooperative groups, this model has influenced the establishment of ten cooperatives throughout Costa Rica.

More than 100 entrepreneurs have also received advisory and support directly affecting 5,000 individuals connected with pre-cooperative groups², and the formation of cooperatives has been demonstrated to yield tangible benefits for the families of their members. In the cooperatives with which we have been involved, it has been observed that there is an approximate ratio of four members per associate, with six cooperatives in the cantons of Santa Cruz, Coto Brus, Upala, and Puerto Jiménez supported and sustained.

Given that each associate has an average of 4 family members and 1,025 associates (number of people affiliated with cooperatives that have been created and rescued) have been directly impacted and 800 indirect jobs have been created, the number of lives improved is around 5,000 people (Figures 24.2–24.5; Table 24.4).

Table 24.3 Timeline connecting cooperatives

<i>Cooperative Established</i>	<i>Location</i>	<i>Founded</i>
Coope Agri Sur R.L.	Ciudad Neily, Puntarenas	2020
Coope Arte Sur R.L.	Ciudad Neily, Puntarenas	2020
Coope Coto Brus R.L.	San Vito, Puntarenas	2019
Coope Kaneblok Ñita R.L	Alta Talamanca, Limón	2020
Coope Caribe Sur R.L.	Baja Talamanca, Limón	2020
Coope Valle Unidos R.L.	Valle la Estrella, Limón	2020
Coope Cuajuniquil R.L.	La Cruz, Guanacaste	2020
Coope Pargos R.L.	Sanat Cruz, Guanacaste	2020
Coope Altura R.L.	Cañas, Guanacaste	2020
Coope Oropendola R.L.	La Cruz, Guanacaste	2020

Table 24.4 Results of a large survey conducted by Li, Espinach & Torres (2022) showing that cooperative entrepreneurs feel significantly more confident and valued than their salaried and unemployed counterparts

	<i>Employment status</i>		
	<i>Entrepreneurs</i>	<i>Unemployed</i>	<i>Salaried</i>
I value my experience			
Always	58%	18%	24%
Sometimes	75 %	25%	0%
Often	39%	32%	29%
I consult experts			
Never	71%	29%	0%
Always	57%	21%	21%
Sometimes	47%	29%	24%
Often	44%	24%	32%
I am guided by intuition			
Sometimes	55%	21%	23%
Never	69%	8%	23%
Often	31%	46%	23%

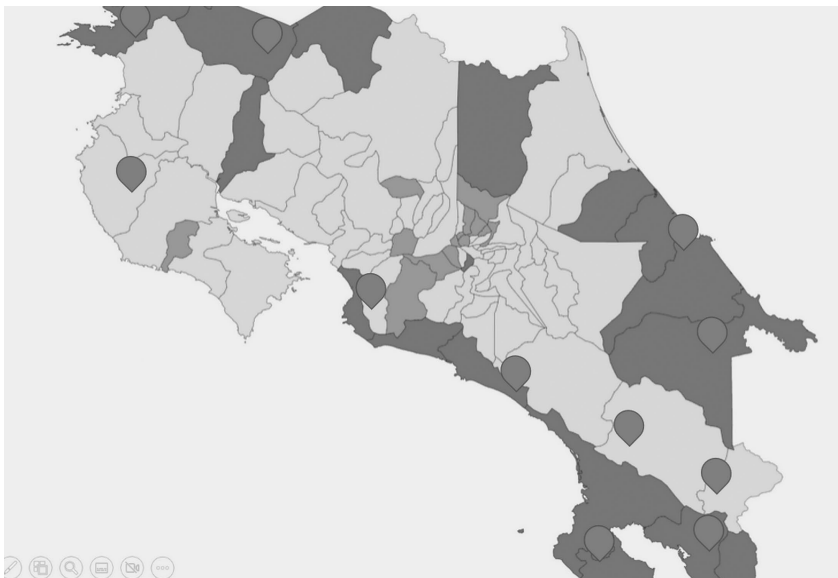


Figure 24.2 Location of cooperative spin-offs in Costa Rica.

Source: Li, Espinach & Torres (2022).

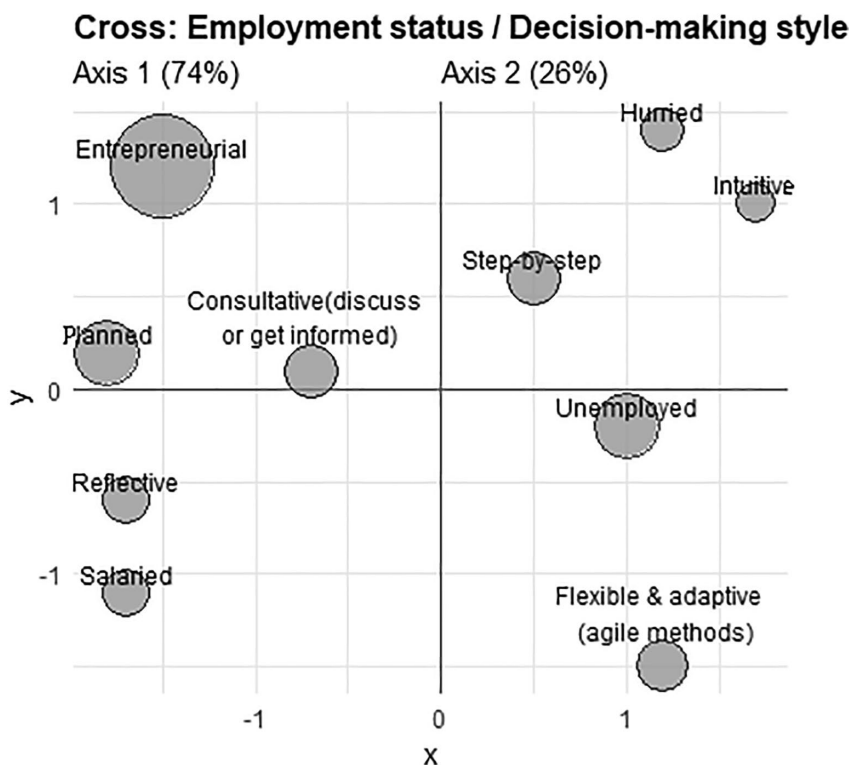


Figure 24.3 A correspondence map comparing employment status with decision-making style as derived from an associational survey. It seeks to project the survey results onto the horizontal (74% of results) and vertical (26% of results) axes. The distance between elements visualizes over- or under-represented associations.

Source: Author’s own elaboration from Li, Espinach & Torres (2022).

14 Corresponding

The work displayed here does not aim to be the fix or panacea for the structural issues in Costa Rica, Latin America, or the world. Rather, a utopia of a possible world grounded cooperatively from the bottom up Initiated by projects like those of UNED in Costa Rica, the SOS model shows that it is feasible to transfer knowledge and promote entrepreneurship from the university with a main emphasis on social impact and territorial development (Sanabria Garro and Li Bonilla, 2025). This model redefines success and acts as a tool for local development policy by internalizing the expenses of support and externalizing the advantages towards society. By combining the educational, financial, political, social, and environmental aspects into a whole innovative system, the Quintuple Helix offers the perfect conceptual framework for this kind of endeavor. Cooperatives

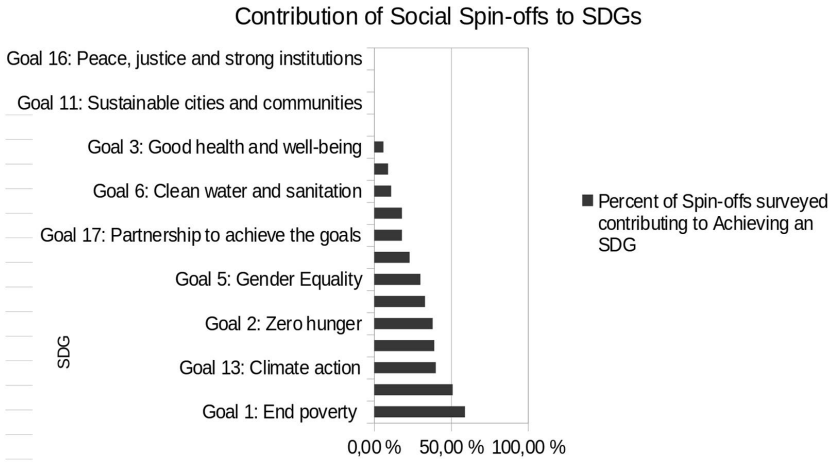


Figure 24.4 Contribution of the social spin-off program to the SDGs.

Source: Li, Espinach & Torres (2022).

naturally fit this vision with their democratic values, involvement, and concern for society.

Using the Quintuple Helix approach, the following suggestions are meant to help cooperatives grow successfully by means of social spin-offs:

15 In reference to universities

Integrate university social responsibility and innovation as transversal axes in teaching, research, and outreach to promote an institutional culture of social entrepreneurs.

Create adaptable systems, including social licenses, common good patents, or shared ownership models, that help spin-offs with mostly social goals to be created without compromising appropriate knowledge management. Reorient or establish groups specialized in social and cooperative entrepreneurship, arming them with people knowledgeable in community development, social economy, cooperative models, and social impact measuring, so transforming the Knowledge Transfer Office (KTO). Their success criteria (often dubbed “KPIs”) ought to reflect the generation of environmental and social values. Train students in the ideas and practices of cooperativism, social and solidarity economy, and sustainable development, regardless of their field of study, so include the SSE in curricula. Establish Social Seed Capital: With return criteria emphasizing social and environmental impact, either create or enable access to initial investment funds especially targeted at social and cooperative spin-off projects.

16 Regarding policymakers—governments and public entities

Simplify the processes for the founding and running of cooperatives by means of social spin-offs, thus creating favorable legal and regulatory frameworks. legally acknowledge the figure of the university social spin-off.

Establish exemptions or reductions in parafiscal contributions for cooperatives resulting from social spin-offs and particular public funding lines that support their creation and consolidation, thus offering fiscal and financial incentives.

Articulate policies that support effective interaction between universities, the public sector, the private sector with social responsibility, civil society organizations, and environmental experts to support these ventures, thus promoting intersectoral collaboration (quintuple helix).

Targeted at both entrepreneurs and officials, support national and regional programs in education and training on cooperativism, management of ESS enterprises, and sustainable development.

17 Regarding other ecosystem actors—impacts investors, NGOs, cooperative networks

Create impact investment vehicles that grasp the hybrid character—social and financial—of social spin-offs and their maturation cycles.

Fields including cooperative governance, strategic planning with an impact focus, access to fair and sustainable markets, and measurement of social and environmental outcomes offer mentoring and specialized technical support.

Promote platforms and venues for the sharing of experiences, commercial cooperation, and the strengthening of the cooperative movement and the SSE thus helping the creation of networks and intercooperation.

18 Notes and reflections on conclusions

While fostering innovation, the conventional university spin-off model clearly limits the privatization of public knowledge, a focus on shareholder value at the expense of the common good, and a possible aggravation of socioeconomic inequalities, the analysis carried out over this chapter shows. Given this reality, the growth of new cooperatives derived from social spin-offs, presented within the framework of the Quintuple Helix, seems like a strong and interesting substitute. This strategy enables the alignment of university missions with the advancement of a more fair, inclusive, and sustainable development, so putting innovation under the service of society and the environment.

The shift towards a cooperative social spin-off model inside the Quintuple Helix is not only a question of applying fresh tools or separate policies. It basically calls for a shared change of perspective, a real “cultural paradigm shift” among all the players in the innovative ecosystem. It is about moving from a vision of innovation essentially as a driver of economic growth towards a conception of innovation as a driving force for comprehensive social well-being and environmental regeneration, where economic development is understood as a means to achieve these higher ends and not as the

ultimate end in itself. (Nussbaum, M., 2011). Although this cultural change is maybe the toughest obstacle, it also offers the greatest transforming power for our countries.

This work shows a sui generis university social spin-off model that improves local development of people in businesses under the associative model of cooperatives in the territories. The building of intra- and extra-organizational relational social capital—of the cooperatives established with the help of different kinds of university resources—is given special focus. It is estimated that 30 groups of cooperatives have been assisted in different areas of Costa Rica from 2019 to date (Li-Bonilla, F., Espinach-Rueda, M., & Torres-Vindas, J., 2022) (Li-Bonilla, F., Espinach-Rueda, M., & Sanabria-Garro, O., 2022). The model could be copied all around the world.

With a clear view through the Social Spin-Off model, the case study boldly explores the application of the Fifth Helix in Costa Rica. Using a cooperative and social economy model, this strategy emphasizes the development and support of associative businesses from the National University of Distance Education (UNED). Supporting these businesses means working with several government agencies, including the Institute of Rural Development, local governments, and scattered offices, including the Ministry of Labor. Public support comes from ministries, public banks, and IMAS and DINADECO agencies. To enable associative businesses to flourish and pull people out of poverty, The Fifth Helix offers academic support, government aid, and consulting services. Interwoven with several helices, the Social Spin Off model has been instrumental in forming Costa Rica's social associative model and promoting middle class growth as well as environmentally friendly development in the nation.

Notes

- 1 The UNED's constitution clearly states that it must start with nine degrees programs, including Cooperative Business Administration. Since 2006, the author has worked diligently on social economics and cooperativism, as assigned by the rector. In 2019, the UNED launched a social spin-off project led by the author with guidance from the rector.
- 2 According to INFOCOOP, the formation of a cooperative is preceded by the establishment of a pre-cooperative entity, which is required to have a board of directors and a manager. This pre-cooperative phase is essential for the subsequent development of the "Probability, Feasibility, and Social Utility" project.

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25 Cooperative data in a comparative perspective

Avoiding pitfalls for robust data aggregation

Véronique De Herde and Tine De Moor

1 Introduction

Researchers, think tanks, and (non-)governmental agencies often present cooperatives as relevant structures to support bottom-up collective initiatives toward fairer and more sustainable economic practices (Defourny, 2009; Dufays et al., 2020; International Labour Organization, 2023; Novkovic, 2022; United Nations, 2022). The current redevelopment of cooperatives as an alternative business model comes as no surprise in the current context of power imbalances and uncertainties (Muñoz et al., 2020; Novkovic, 2009).

Comparative and aggregated data analysis over time and space can help grasp the full extent of this movement in redevelopment. They can also help grasp the effective impact of cooperative development on society, beyond their own members' benefits (Artis et al., 2015; Novkovic, 2023; Novkovic et al., 2022). Haverman and Nedzhvetskaya (2022), for example, perform this analysis across two European countries over the 19th and 20th centuries. Cooperatives, as user-value orientated and participatory organizations, may support broader evolutions in income and power distribution, decommodification of work and essential goods, value chain resilience, longevity, and economic justice (Novkovic, 2022). Capturing this variety of impacts implies designing appropriate indicators in light of newly collected or existing data on cooperative development (Artis et al., 2015; Novkovic, 2022).

These comparative and aggregated research endeavors require a mobilization of past and present-day data across sectors and at a national or international comparative level. This chapter focuses on outlining standards of historical critique to perform this cross-sectoral and comparative analysis of cooperative development and impact. This chapter analyzes how to adequately aggregate a variety of relevant sources in accordance with the epistemological rigor of history as an academic discipline. This chapter aims to support a call for adequate coordination and treatment of past historical sources of cooperative data and future historical sources in the making by researchers and practitioners of the cooperative realm.

2 Challenges of data aggregation over time and space

The scientific literature offers several examples of comparative and aggregated data analysis on cooperative development. These studies typically focus on limited time spans and sector-specific developments, approached from regional (Medina-Albaladejo et al., 2021), national (Henriques et al., 2020; McLaughlin et al., 2023), or cross-national comparative perspective (Fernández, 2014). These source-based investigations draw on a combination of primary materials, including regional or national registration and compilation data (Medina-Albaladejo et al., 2021), sector-specific sources (Henriques et al., 2020; McLaughlin et al., 2023), and datasets compiled by international organizations (Fernández, 2014). However, when attempting to trace cooperative development across sectors and over longer timeframes, these sources may prove limited or incomplete. In such cases, researchers have supplemented datasets with a wide array of additional materials, including national and local newspaper screenings, and sources from value chain intermediaries (Patmore et al., 2021, 2023). In that instance, data collection was primarily the result of a multi-year, consortium-based effort conducted within the framework of a funded research project (Balnave & Patmore, 2019). Noticeably, Co-operatives UK has institutionalized a long-term multi-partner national database, continuously updated using a variety of historical sources (Co-operatives UK, 2021)¹.

Outside the geographical scope of consortia projects or institutionalized databases, researchers need to find data sources that are not only valid and credible but also exploitable at a reasonable time cost and accessible. Additionally, they may face challenges of comparative measurement across countries. Legal definitions, standards of data gathering, and processes of data aggregation may indeed vary in time and space (Artis et al., 2015; Fici, 2013; Novkovic, 2022). Ultimately, collective organizations, which may have previously adopted the cooperative status, could, under the influence of the evolving legal framework, select another status compatible with that new framing (Bouchard et al., 2015; Serres et al., 2022; Serres & De Moor, 2023; Van Baelen, 2021). The reverse may also have been true. As the national legal framework evolved throughout history, some organizations, considered in the past as cooperatives, may no longer answer to the cooperative principles and their translation in legal frameworks (Fici, 2013).

The challenges, hence, relate to the issue of source interpretation and value for comparison across time and space. They concern:

- the comparability of sources due to differing measurement and aggregation standards (Artis et al., 2015);
- the evolving legal definitions over time and across regions, which complicate the coherent and exhaustive categorization of organizations as objects of study over time and space (Fici, 2013);
- unequal access to reporting sources over time and space, depending on the capabilities, institutional resource and agency to compile and archive these sources (Kipping et al., 2013; Lipartito, 2013).

This chapter explores these challenges, resorting to an analysis of the historical evidence related to the forelast wave of cooperative development in Western Europe over the 19th and 20th centuries. We set the geographical boundary of our source quest on Western Europe, specifically. We believe, however, that the historical critique we apply to the uncovered sources applies more broadly to sets of sources covering other geographical areas. By drawing from this analysis insights on source preservation of the current wave of cooperative development, the aim of this chapter is to support a call for adequate treatment and anticipation of data collection related to cooperatives' development.

3 A framework of historical critique for analysis

Given the above-mentioned challenges, interpreting cooperative data from a paradigm of a-historicity, conflating them over times and places to reach de-contextualized insights on cooperative development, makes little sense (Clark & Rowlinson, 2004; Spector, 2014). Our intention is hence to consider sources of data on cooperatives from a historical perspective, that is, as witnessable extracts of the studied past times and of their evolutions (Heller, 2023; Lipartito, 2013; Yates, 2013).

The validity of the sources of data refers to the accurate identification of their producer and time of creation. It is of crucial importance to assess where and by whom the data were produced and whether they rely on primary data (in our case, directly communicated by or generated by cooperatives) or result from the compilation of primary data in secondary sources. Beyond validity, the sources must be credible, in the sense that the information they contain "...were not created to make a statement, take a position, or advance a theory ..." (Lipartito, 2013, p. 290 referring to Rowlinson, 2004). When we talk about numerical data, like the ones indicating features of cooperative development, the intentionality of the authors of the sources, or the worldview expressed, may in appearance not matter so much as with narrative primary sources (Lipartito, 2013). Notwithstanding, documents may be created following a particular paradigm in line with the author(s)' world view. Historical critique hence requires assessing the motivations underlying the creation of a source of data (Rowlinson & Hassard, 2013). Data should at best have been compiled according to standards of rigor and designed to provide a faithful picture of reality. Secondary sources, that is, sources mobilizing or commenting on the primarily generated sources of data over time, may be of use in this analysis (Lipartito, 2013).

Finally, historical critique requires raising the overarching question of what the data represent and how to identify their possible shortcomings in terms of exhaustiveness (Kipping et al., 2013). The latter dimension, that of what the data represent, is of fundamental importance for comparative and aggregated analysis. Indeed, assessing the evolution of cooperatives over a long period of time may require triangulating a variety of sources, some of which may evolve over time, and some of which may provide the same information twice. The question of their mutual coherence, and of their coherence over time, is hence one of the fundamental points of discussion in such an endeavor (Kipping et al., 2013).

Data analysis ought to consider the sources under these three different angles of historical critique:

- Criteria of validity:
 - Data producer
 - Time of data creation
- Criteria of credibility:
 - Intentionality and scope of the data production
 - Expected rigor of the data collection
- Criteria of representativity
 - Nature of the source: primary or secondary
 - Degree of exhaustiveness of the data

4 Application of the epistemological framework to a selected set of cooperative data

Drawing on the papers and databases described in the introduction and on several secondary sources (Cole, 1944; Gide, 1971; International Labor Office, 1934), we identified three main sources covering cooperative development in Western Europe over the 19th and 20th centuries:

- The mandatory registration data and related statistics, compiled at national level;
- The data and statistics of national cooperative unions and federations;
- The statistics and compilations of international cooperative federations.

The following subsections analyze these three types of sources based on our epistemological framework as an illustrative case of the added value of historical critique in navigating the challenges of data comparison and aggregation over time and space.

4.1 Registration data at national level

Cooperatives appear usually as an “entry in a commercial register” or in “a special register for co-operative societies” (International Labor Office, 1934, p. 867). Researchers may access registration data and files, either in the form of written or printed archives or in the more recent form of digital open datasets. These data are contingent upon the existence of a legal framework recognizing cooperatives as distinct organizations and upon the definition of cooperatives, which may vary over time and places (Fici, 2013; International Labor Office, 1934). Within that frame, researchers may expect valid and credible datasets, that is, unless there are doubts about the ability of the national services to perform their registration and compilation duties adequately.

The availability of the primary registration datasets in their archival form depends upon the proper archival of the registers. Other primary sources, complementary to the former, exist, e.g., the mandatory depot of foundational acts, statutes, statute modifications, and board nominations in the official state gazette (see, e.g., for Europe, European Forum of Official Gazettes, 2009). The treatment of all these sources nevertheless requires a work-intensive translation effort from historical copies to exploitable datasets. The triangulation of registration data with mandatory depots in official gazettes requires a careful case-by-case analysis. For instance, cooperatives may remain in existence as empty shells, specifically in situations of coordination leading to mergers, for several decennia. They may also fail to register an effective dissolution (International Labor Office, 1934). Other complementary sources, like newspapers, may help bring micro-level clarity to the extent of a phenomenon likely to artificially increase the macro-level numbers.

The recent digitization of registration datasets in open data repositories facilitates data compilation. The absence of a proper policy of digital archiving may require researchers to download the datasets on a regular basis over time to avoid data losses (see e.g., Dufays & Mertens, 2017; Staessens et al., 2021).

The content of the registration databases varies. The databases usually include the name, date of foundation, main address, object, membership, number of subscribed shares, and dissolution date of cooperatives (International Labor Office, 1934). One may thus expect reliable information on sectoral distribution and membership from these datasets. Recent studies, however, urge caution when interpreting membership data recorded at the time of registration. These figures reflect only the initial situation and, when aggregated, may obscure multiple-counting due to individuals holding simultaneous memberships in different cooperatives (Staessens et al., 2021).

4.2 *National statistics based on registration datasets*

Central statistic offices provide aggregated statistical compilations. These secondary statistical datasets are likely, in most countries, to rely on the primary registration data. Beyond statistics based on registration, other administrations in charge of a particular sector may also publish statistics of relevance for cooperatives (Fauquet, 1939; International Labor Office, 1934). These secondary sources may provide researchers with a straightforward source of numerical data on cooperative development.

Statistics build upon the provisions of identification foreseen in the primary registration acts. They could be deemed exhaustive within this frame. As for registration data, researchers may expect valid datasets, with a straightforward identification of producer and date of production.

Secondary sources offer words of caution as to how the contingency linked to the legal definition of cooperatives affects the credibility of the statistical datasets. For instance, rigorous statistics on cooperatives would ideally cover every institution “which conforms with certain legal requirements” (International Labor Office, 1934, p. 868), integrate cooperatives registered under different acts, and exclude

the institutions that the acts allow to identify as non-cooperatives (International Labor Office, 1934, p. 869). Assessments of the credibility of national statistics in adequately reflecting these provisions vary across secondary sources. Some affirm that the data “conform on the whole with the standards universally accepted by co-operators” (International Labor Office, 1934, p. 869), while others caution that the statistics “are very uneven in value, even if comparison is limited to countries where the co-operative movement is already highly developed and of long standing” (Fauquet, 1939, p. 454).

It’s therefore probably safe to advise researchers to investigate the methodology of statistical compilation and/or to try to find secondary sources in the archival sets of statistical offices providing explanation as to:

- whether the statistics cover all or only parts of the acts registering cooperatives.
- whether the statistics duly exclude non-cooperatives possibly registered under the same acts.

Beyond the accurate translation of registration provisions, the credibility of cooperative statistics is also shaped by the methodology used in their compilation. In many instances, figures are derived by comparing the number of cooperatives registered in previous years with those newly registered or dissolved in the reporting year. However, this approach

does not take into account the societies which have begun to function but which have not yet been registered, those which have ceased to function but have not formally gone into liquidation, and those which are dissolved but have not registered the fact (a common case).

(International Labor Office, 1934, pp. 873–874)

The issues of credibility and the contingency of legal definitions inevitably impact transnational comparison. Not only are these comparisons contingent upon varying legal definitions and upon the rigorous compilation of cooperative data across differing acts. The methodology of statistical compilation is also likely to vary, in particular in the way the offices classify the cooperatives in sub-groups (Fauquet, 1939; International Labor Office, 1934). Statistics generally follow two orders of classification: territorial (e.g. urban, rural cooperative) and/or functional (e.g. credit, supply, purchase, processing cooperatives). There are also cooperatives overlapping this classification (Fauquet, 1939; International Labor Office, 1934). The different types of cooperatives did not develop in a similar way in every country. The statistics are likely to reflect each country’s specificities in the “different numbers of groups and subgroups and their different degrees of precision” (Fauquet, 1939; International Labor Office, 1934, p. 869). Some statistics may roughly “classify widely different types of societies under one head” (International Labor Office, 1934, p. 869), and others may be differently detailed. These classifications may also vary over time as classification methods evolve at national level. Retrospectively, no subdivision of comprehensive classifications is possible, meaning

that the data can only be compared when aggregated to the widest subclassification adopted (International Labor Office, 1934).

In terms of content, the statistical datasets present aggregated data on cooperatives. The richness of the statistical datasets may vary considerably from country to country and over time. Older records sometimes mention the number of cooperatives solely. Membership figures and business volumes may be missing from some records (International Labor Office, 1934). The caution advised for the aggregation of membership data expressed in the previous point (Staessens et al., 2021) understandably also applies to the interpretation of aggregated membership numbers in the official statistics (Fauquet, 1939).

4.3 *Registration data of national or regional cooperative unions and federations*

Cooperative unions and federations are representative and federative bodies commonly found in cooperative development. To identify these organizations and understand their sectoral and societal scope, researchers can rely on various sources. These include secondary literature (Cole, 1944; Gide, 1971), primary sources from national federations such as the yearbooks available at the Bibliothèque Nationale de France (2023) which contain rich information on the federative landscape in other countries, repertoires of international federations (International Cooperative Alliance, 1910, 1926; Plunkett foundation for co-operative studies, 1927), and scientific literature (Morales Gutiérrez et al., 2005; Patmore & Balnave, 2018; e.g., Scholliers & Grauwels, 1982). A solid understanding of the socio-political context is particularly important, especially in countries where cooperative organizations evolve within socio-religious segmented spaces, as seen in Ireland, Belgium, and the Netherlands (Colvin & McLaughlin, 2014; Henriksen et al., 2015; Scholliers & Grauwels, 1982). Secondary sources can further help trace the historical evolution of federations and how they changed names, expanded or narrowed their scope, merged, split, or experienced internal dissent. Such contextual knowledge is essential for interpreting data from a historical critique perspective.

Depending on the federation, the registration information available may cover a scope that differs from the official registration data covered in the previous points. The federations may indeed represent a subcategory of all cooperatives or endorse a definition of cooperation that does not align entirely with the legal framework defining cooperatives (Fauquet, 1939; International Labor Office, 1934). The way they define cooperatives, potentially excluding some and including non-cooperatives assimilated as cooperatives, makes these data an interesting complement to official registration data. Within this frame, and considering the specific scope of the federations, the registration data, if available in the archives, may constitute valid and credible complementary information to official registration data.

Like official registration data, registration lists or files are micro-level data that need to be aggregated. Hence, the work-intensive translation effort from historical copies to exploitable datasets also applies in this case, with the multiplying effect that researchers may identify various federations depending on the way the cooperatives

group themselves. Another issue may be the adequate conservation of the related archives by the federations. If the federation is no longer active or wasn't part of a larger socio-political movement, and no one ensured proper archival conservation, researchers may not find relevant data to exploit (Rowlinson & Hassard, 2013).

Rather than accessing actual registration data, researchers may instead encounter annual lists of members, which are often accompanied by member-specific details such as creation dates, sales figures, and share volumes. Alternatively, yearbooks may present aggregated data on the business volume of cooperative enterprises (Bibliothèque Nationale de France, 2023; Gide, 1971). While yearbooks are rich in textual information, extracting usable data from member lists, much like with official registration records, requires a labor-intensive process of translating historical documents into exploitable datasets. If yearbooks are not available or only available for a limited time period, researchers may look alternatively in the archive inventories and library catalogs for annual reports, surveys, or monthly newsletters likely to contain relevant information. This is a time-intensive effort of retracing and identifying available historical sources.

The cross-national comparison of the data obtained may be rendered complicated by the varying and specific scope adopted by each federation within its own national context. This dimension appears even more clearly in the next point dealing with the macro-level statistics of these federations.

4.4 *Statistics from national or regional cooperative unions and federations*

Statistics provided by national cooperative unions and federations typically offer aggregated data. When a federation does not include a dedicated statistical section in its yearbook, such data may still be published periodically throughout the federation's existence.

What we detailed in the previous point, regarding the specific scope of federations, applies also to their statistics. This difference in scope with official statistics is what makes their relevance for comparative and aggregated analysis from a historical critique perspective. Federations may base their statistics on national registration data or statistics, but often go further by producing "a new compilation in which the co-operative federations use their own judgement and their own information as well" (International Labor Office, 1934, p. 867). Within the consideration of their specific scope, and provided the researchers can find assurances as to the rigor and methodology of the federations (see the next heading in this regard), these statistics hence offer an interesting complementarity with the official national statistics.

The main issue, in terms of cross-national comparison, lies in the comparability of the figures gathered by organizations and federations. There is, first, the already mentioned difference in scope of each federation. More importantly, this difference in scope may influence the classifications of the statistics (Fauquet, 1939). The choices of classification may vary from more comprehensive to more homogeneous subgroups. As for national statistics, the data can only be compared when aggregated to the widest subclassification adopted (International Labor Office, 1934).

In terms of content, the federation statistics may contain more detailed sets of data than official statistics (International Labor Office, 1934, p. 873). The caution advised regarding the aggregation of membership data (Staessens et al., 2021) understandably also extends to the interpretation of aggregated membership figures reported in federation statistics.

4.5 *Compilations of international co-operative federations and organizations*

This section covers a range of organizations that published, on a regular or on an occasional basis, relevant material for comparative or aggregated analysis. International organizations and federations range from:

- The international federations of cooperative organizations: e.g. the International Cooperative Alliance and the International League of Agricultural Co-operative Societies;
- The multilateral organizations: e.g. International Labor Office - ILO, the League of Nations, and the Organisation for Economic Co-operation and Development - OECD;
- The private organizations: e.g. the Horace Plunkett Foundation.

To understand the context in which the international co-operative federations developed and their scope, secondary sources (Cole, 1944, pp. 352–363; International Labor Office, 1959, pp. 541 and following) or recent monographs (Patmore & Balnave, 2018) are of help. For instance, the scope of the International Cooperative Alliance (ICA) changed following dissent by several agricultural cooperative federations between 1904 and 1912, leading to the creation of the International League of Agricultural Cooperative Societies. The International Cooperative Alliance henceforth mainly represented consumer cooperative federations (Patmore & Balnave, 2018).

The ICA was prolific in publications on cooperative development. In addition to periodicals, the organization regularly published yearbooks and statistical reports throughout the 20th century, which are valuable resources for comparative and aggregated analysis (International Cooperative Alliance, 1898, 1910)². Contrary to any assumption, we found aggregated data both in the yearbooks and in the statistics, and data on individual cooperatives in the statistics. The sources provide the data country by country, with a categorization that may vary, depending on the nature of the cooperative development in each country.

In terms of scope, the data reflect the focus of the ICA and of its federation members. What we explained in the two previous subsections in terms of validity and credibility applies for these data as well. Interestingly, the sources provide information on the way the national federation produced the aggregated statistics by mentioning that they resorted to surveys of their members (International Cooperative Alliance, 1898) and the number of respondents. Researchers can thus ideally consider the credibility and representativity of the national/federation statistical data (see previous heading) under this angle.

The richness in information is important in the aggregated and in the individual cooperatives' data. The content of these documents spans a range of data, from membership figures to business volume, with features tailored to each cooperative type (e.g. inventory value for housing, consumer, and producer cooperatives; number of loans granted for credit cooperatives; and volume of milk collected for dairy cooperatives). The documents also enable a clear differentiation between cooperative types, including distinctions based on rural-urban settings and on the specific functions of the cooperatives. Like registration data, the compilation of this richness of data into exploitable datasets is time intensive. The availability of these sources over a long time span (see footnote n° 2) makes them an adequately centralized source of information over a variety of countries – within the specific scope of the involved federations.

Statistics produced by multilateral organizations, such as the International Labour Organisation, represent the highest level of data aggregation. The figures are typically presented in broad comparative tables where each row corresponds to a single country and is further aggregated into continental or global totals (International Labor Office, 1934, 1939). Although these sources are not available for a long time span, they can adequately serve as mile markers to put in perspective with the other sources. Their validity and credibility lie in the corpus of historical critique explanation accompanying them (Fauquet, 1939; International Labor Office, 1934, 1939). The services in charge of these statistics discuss the issues related to the compilation of data from national sources and the limits to their compilation enterprise. They rely on a diversity of sources: national statistics, federation statistics, and “estimates by well-informed writers” (International Labor Office, 1934, p. 867). They can thus be assumed to be as exhaustive as possible. They faced the limits of cross-national comparisons already described in the previous points. They oriented their choices of aggregation accordingly, that is, by aligning as much as possible with the sub-groups proposed by national federations/central statistical office and regrouping numbers into homogeneous categories when the sub-groups didn't match in content or level of detail from one country/federation to another (Fauquet, 1939; International Labor Office, 1934).

Practical, valid, and reliable for research, these data are, sadly enough, only available for specific and limited years. Indeed, their availability depends upon the multilateral organizations taking the initiative of doing the aggregation exercise. In the search for relevant aggregated data, sectoral statistics from multilateral organizations, such as the agricultural export data compiled by the League of Nations and the International Labor Office (1926) or yearbooks from private organizations like the Plunkett Foundation for Co-operative Studies (1927), serve as valuable complements to the aforementioned sources.

The yearbooks of the Plunkett Foundation³ provide statistics on agricultural cooperatives and include reports on national developments in agricultural cooperation (Ajates Gonzalez, 2018). In terms of geographical coverage, editions published before 1930 appear to focus primarily on the British Empire, while those from the 1930s onward also include European countries (Forrester, 1930). However, statistical content is not consistently present in every annual edition (Forrester, 1930).

The yearbooks are organized into country-specific chapters, authored either by local correspondents or by British journalists (Ajates Gonzalez, 2018). The credibility of these descriptions must be assessed in light with the authors' intentions. For example, Ajates (2018) highlights instances where narratives are shaped to emphasize the role of certain socio-religious organizations in the development of cooperatives. Consequently, researchers should subject such accounts and datasets to rigorous historical critique. This includes consulting additional secondary sources in national archives to better understand the authors' motivations, evaluate the methodological rigor of data collection, and assess the comprehensiveness of national coverage. Due to their sectoral orientation, these sources tend to present more homogeneous datasets, which enhances cross-country comparability. However, researchers may still encounter significant variations in how cooperatives develop across different times and regions, making cross-national comparisons complex (Ajates Gonzalez, 2018; International Labor Office, 1934). It is therefore crucial for researchers to contextualize the data appropriately to capture the specific dynamics of cooperative development.

5 Key takeaway for further data analysis on cooperative development

The results, beyond the angles of historical critique (validity, credibility, and representativity), cross practical dimensions:

- the investigative effort, in terms of time and compilation, and its link with the aggregation level of the data.
- the availability of the sources in time, space, or scope.

Mobilizing data on cooperative development, in this regard, is not only a question of obtaining the “best” data, in the sense that the data represent the reality accurately. Reaching this horizon of comparative and aggregated analysis over time and space is about navigating the sources and triangulating them in full awareness of their value and limits. The latter includes the investigative effort that their identification and analysis entail, illustrated as a stepwise approach to the available sources in Figure 25.1.

Data on cooperative development are not just “data”: they result from the production of information by a given institution for a given purpose, within a certain scope. Our analysis showed that the data reflect the scope of these institutions: who they represent in the case of federation, which geographical area they cover, what legal framework defines cooperatives in that area at the time of data collection, and which worldview may lead the institution to extend the definition of cooperatives beyond this legal framework. When data are aggregated, the methodology and rigor of aggregation may vary in time and space. Our results illustrate by the book the cautionary principles of historical critique presented in the section “A framework of historical critique for analysis” on page 495. Data on cooperative development cannot just be conflated over time and space. Before doing so, researchers

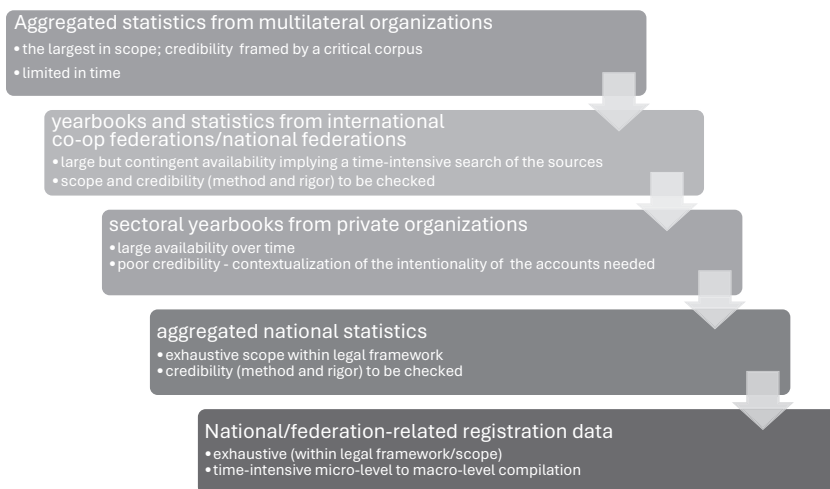


Figure 25.1 Illustration, based on authors' analysis, of a stepwise approach of sources into the investigation process.

must rely on a complementary analysis of secondary sources shedding light on the different dimensions of validity, credibility, and representativity as described above. From there, researchers may design appropriate methods to overcome the comparative hurdle across time and space, e.g., by resorting to relative data (see e.g., Fernández, 2014). The application of the principles of historical critique, as illustrated in Table 25.1, helps identify these limits and how to deal with the challenges of differing standards, shifts in legal definition, and limited availability/redundancy of sources on the robustness of the scientific endeavor.

To deepen this critical appreciation, researchers might reflect on how the entire life cycle of the sources they engage with, from initial creation, (partial) preservation or transformation into archival record, to the subsequent use by the researchers themselves or others, shapes the meanings these sources acquire as research material. Each stage in this trajectory influences not only how these sources are analyzed in the present but also how they may inform future scholarly inquiries (see De Herde & De Moor, 2025 for a comprehensive understanding).

In organizing research endeavors, it is unsurprising that extensive databases on cooperative development are often the product of collaborative consortia (see “Challenges of data aggregation over time and space” section). Beyond the time-consuming task of assessing source credibility, researchers frequently face limitations in the temporal scope and completeness of available data, necessitating the combination of multiple sources. The further back in time one investigates, particularly before systematic data collection by federations or formal registration, the more challenging the search becomes. In such cases, specialized teams with deep knowledge of their respective archival landscapes are essential. Achieving data saturation across long time spans through a mix of primary and secondary sources is not a task for individual researchers or even isolated teams. Ideally, it should evolve into a coordinated effort among research teams across countries. While our

Table 25.1 Illustration of how the application of the principles of historical critique informs the challenges of differing standards, shifts in legal definition, and unequal availability/redundancy of sources

<i>Tenet of Historical Critique</i>	<i>Focus</i>	<i>Differing Standards of Data Collection</i>	<i>Shifts in Legal Definition</i>	<i>Unequal Availability/Redundancy of Sources</i>
Validity	Producer Time of production	Mobilize secondary sources to acquire knowledge about the producer and their methodologies at the time of production of the data.	Shifts are expected over space and time – background knowledge needed.	
Credibility	Intentionality and scope of data production Expected rigor	Mobilize secondary sources to assess intentionality, scope, and rigor at the time of production of the data.		
Representativity	Primary or secondary source Exhaustiveness			Apply source triangulation, considering source availability and scope – caution in the interpretation of possibly redundant datasets.

study focused on European data, we contend that the challenges outlined here are globally relevant. Geographic segmentation of such research may naturally align with socio-political boundaries and their corresponding systems of organizational registration. The challenges identified in this study also lead to important recommendations for proactively ensuring the conservation of data on future cooperative development. As legal definitions and organizational forms evolve, particularly with the growing inclusion of social enterprises, some of which might previously have adopted the cooperative model, it becomes essential to closely monitor and adapt data collection practices. Our findings on the limitations of historical sources

reinforce the longstanding call, voiced by Fauquet (1939) and later by Artis et al. (2015), for coordinated standards and methodologies in data collection and aggregation. The quality of tomorrow's cooperative research depends on the careful preservation of today's data. This is a call to action for all stakeholders – public administrations, cooperative federations, and the research community – to support future research by placing the scientific dialogue around source production, preservation, and analysis at the heart of comparative inquiry.

6 Conclusion

Data on cooperative development are necessary if we want to assess the importance of their development and their impact over time and space. To do so, the question of data collection and robust analysis is central. Following the epistemological principles of historical critique, we derived from a European source analysis of cooperative development over the 19th and 20th centuries a series of heuristic challenges. Navigating through the galaxy of longitudinal data revealed a series of pitfalls researchers need to acknowledge before they aggregate data. They need, first, to undergo a thorough screening on their credibility, if needed, by mobilizing complementary sources. This screening can help assess under which scope these data can be considered exhaustive. Second, researchers need to triangulate several sources of data to fill the gaps left by the contingency of data collection and preservation across time and space. Practically, these findings call for the consideration of data collection and analysis on cooperative development as a collective endeavor, where research teams coordinate their micro-level investigative efforts towards the identification of macro-level datasets and patterns. These findings also support a proper consideration of aligning methods of data collection and aggregation on prospective development of cooperatives and other institutions of collective action. This chapter is a call for applying a dimension of collective action into research policy and source mobilization on cooperative development.

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Notes

- 1 The open data guide describes the origin of the collected data: annual returns and accounts submitted to the Financial Conduct Authority, information submitted to regulation authorities, supervising departments or federations, a variety of historical sources (mentioned as such without further details). For some co-operatives for which the data are not publicly available, the dataset provides aggregated information

- 2 Starting 1910, the yearbooks are available in the ICA archives (Brussels) for the years 1913, 1926, 1929, and 1936. Starting 1898, the statistics are available in the ICA archives (Brussels) for the years 1929, 1933, 1949, 1958, 1960, 1962, 1964, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1974, 1975, 1977, 1978, 1979, 1981, and 1982. The documents may have changed title over the years (e.g. the statistics), and the copies of the documents in the archives may alternatively be in French, German, or English (for the yearbooks) or published right away in the three languages (for the statistics).
- 3 A random web search based on the title of the yearbook identifies regular editions ranging from 1925 to the 1970s.

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Part 5

Cooperatives, care and development



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26 Women's cooperatives promoting resilience

Comparing Indian, Polish and Turkish contexts

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1 Introduction

Women's cooperatives around the world have different origin stories, shaped by unique historical, geopolitical, and cultural contexts. Yet all share a common factor: women organized around their own needs with their small capital and mobilizing public and or private resources based on solidarity and resilience, responding to urgent social and economic needs within their communities. This chapter examines how women's cooperatives in India, Poland, and Türkiye evolved, adapted, and responded to socio-economic shocks, integrating lessons from historical analysis and contemporary literature. Complementing these perspectives, data from 19 semi-structured interviews with practitioners, policymakers, scholars, and civil society representatives provide insights into current trends, challenges, and innovations. By highlighting both the similarities and differences across these contexts, this chapter illustrates how women's cooperatives have adapted global cooperative principles to local needs, creating resilient, adaptive, and innovative responses to crises. This analysis underscores the dynamic and interconnected nature of women's social entrepreneurship and cooperative movements globally.

2 Women (in) cooperatives

In this chapter, the term *women's cooperatives* refers to women-led organizations that are collectively run by women in the form of cooperatives as legal entities that operate across various sectors for economic and social purposes. This includes legally established women's cooperatives, women-led cooperatives within cooperative structures, and women in cooperative-like collective legal entities. Globally, women's participation and leadership in cooperatives have increased, with strong representation in various sectors. Women constitute 60% of cooperative members in South Africa and 95% of consumer cooperative members in Japan. Uganda has seen a 132% rise in women's participation in agricultural cooperatives. Leadership roles are notable in worker cooperatives in Spain (40%), financial cooperatives in Tanzania (65%), and retail cooperatives in the UK (41%) (ICA, n.d.). Women are especially active in finance and insurance cooperatives and are often founding members of housing, consumer, and artisanal cooperatives (ICA & ILO, 2015, p. 11).

International organizations and networks such as the International Labour Organization, the World Bank, United Nations agencies, the International Cooperative Alliance and the Intercontinental Network for the Promotion of Social Solidarity Economy, promote such cooperatives in order to advance gender equality and women's empowerment through funding, research, recommendations, multi-partnership projects, and specialized programs worldwide. Yet, despite a few decades of scholarly work (Dean, 1985; Gerritsma, 1986; Mutiso, 1987; Smith-Sreen, 1990; Bergström, 1994), there are still gaps in the collective understanding of women and cooperatives. Most existing research consists of policy recommendations from international organizations, a few case studies, and country-specific reports.

The academic literature focuses on less developed nations. In Latin America, cooperatives emphasize economic empowerment through fair trade and collective action, though gender inequalities persist despite increased income opportunities (Dilley, 2011; Ganem-Cuenca, 2011; Ferro-Medina, 2019). Research in Africa highlights how cooperatives promote women's financial independence and social participation, though structural and cultural barriers remain (COOP AFRICA, 2007; Ferguson & Kepe, 2011). In the Asia-Pacific region, they enhance income and bargaining power, but leadership and policy-making opportunities remain limited (Azad, 2017; Kurimoto, n.d.). Studies on Arab states reveal that cooperatives serve as survival mechanisms for women facing economic and social instability, yet they struggle with state control and donor influence (Esim & Omeria, 2010). In Mediterranean countries, they foster employment, economic participation, and social transformation, though challenges persist in management, funding, and gender equity (Koutsou et al., 2003; Gómez Carrasco, 2019).

Responding to a notable lack of comparative studies, including in relation to other organizational structures (ICA, 2016, p. 16), our study compares three countries (India, Poland and Türkiye) to highlight their different historical foundations, legal frameworks, and support mechanisms. Most importantly, we examine how women's cooperatives enhance resilience to internal and external shocks.

3 (Short) history of women's cooperative activism

3.1 India

The history of cooperative activism in India, is deeply interwoven with colonialism and global working-class movements, emerging initially as a grassroots response to British economic exploitation (Baviskar & Attwood, 1995). The formal introduction of cooperatives in India began in the latter half of the 19th century, with the enactment of the Cooperative Credit Societies Act of 1904, legislated by the colonial government to mitigate rural indebtedness and improve agricultural productivity (Singh & Pundir, 2000). However, cooperatives soon evolved beyond their intended scope.

India drew inspiration from socialist and cooperative ideologies prevalent in late 19th and early 20th century global labor movements, and positioned cooperatives as platforms for economic justice and collective self-reliance, subtly resisting colonial economic dominance (Birchall, 1997).

It further intersected prominently with India's nationalist struggle. Leaders like Mahatma Gandhi envisioned cooperatives as foundational elements of economic independence, advocating for village-based cooperative models to dismantle economic dependency and achieve true political liberation (Gandhi, 1962; Baviskar & Attwood, 1995). Thereby, popularizing cooperatives, aligning collective economic empowerment closely with the political ethos of the independence movement.

Following independence, these ideals became institutionalized through governmental policies and prominent initiatives like the National Cooperative Development Corporation (NCDC), Anand Milk Union Limited (Amul), and Self-Employed Women's Association (SEWA), highlighting the continued vitality and relevance of the cooperative model (Datta & Gailey, 2012).

The history of cooperatives in India is intertwined with global working-class movements, serving as a key mechanism for economic self-reliance and collective action (Thompson, 1963; Polanyi, 1944).

Since the early 1970s, women-only cooperatives emerged, serving various functions, including production, service provision, training, and advocacy (Datta & Gailey, 2012). Composed primarily of informal women workers, these cooperatives operate notably in agriculture, dairy, handicrafts, textiles, and microfinance, fostering self-employment and social inclusion and enhancing their agency and political participation (Fraser, 1990; Mohanty, 2003; Bhatt, 2006). India's female population constitutes 48.4% of the total population, yet as of 2023, only 28.7% participated in the labor force, leaving a vast majority engaged in the informal sector where they lack job security, legal protections, and worker rights (ILO, 2024). Consequently, cooperatives have become crucial mechanisms for their economic empowerment, social security and resilience-building.

Cooperatives are integral to poverty alleviation, harnessing women's collective agency and enhancing their bargaining power within communities (Sen, 1999). Through active engagement in cooperative governance and decision-making, women challenge traditional norms, fostering greater representation in both economic and public spheres (Kabeer, 2001; Chant & Sweetman, 2012).

However, systemic gender inequalities, institutionalized dominance, and cultural barriers remain. In many cases, women's access to resources is still mediated by male approval, limiting their autonomy and reinforcing traditional power structures. These constraints make it difficult for women to fully realize their economic potential, even in cooperatives. By positioning women as active contributors rather than passive beneficiaries, cooperatives contribute to a more inclusive and equitable society.

3.2 *Poland*

The origins of women's cooperatives in the Polish lands can be traced to the 12th century, when the women's religious movement stabilized. Nunneries, usually founded on church foundations, focused on children's education, tailoring and catering,¹ (Frączak, 2006). From a modern organizational and legal perspective, cooperatives in Poland date back to the 19th century, when the first food and

savings and credit cooperatives were established (Frączak, 2006; Pacut, 2018; Waligóra 2022). The tradition of the cooperative movement is based on the principles of members' participation in the management of a joint venture, of social solidarity, and of the inclusion of small producers in the economy (Departament Ekonomii Społecznej, 2023).

The most important phenomenon of women's social entrepreneurship of the 19th century was the Rural Housewives' Clubs, which developed variously according to the historical and political situation of the Polish state ruled by the partitioning powers (Manteuffell, 1970; Frączak, 2021; Lisowska & Łojko, 2022). The Clubs are one of the few social organizations which, despite the lapse of nearly 150 years, have stood the test of time (Frączak, 2021). After the Second World War, with the support of state authorities, women's organizations grew (Szczepańska, 2019). In the beginning of 20th century, Polish women also united entrepreneurially because they were not allowed to join designated male associations. Then, during the time of real socialism in Poland, the state created intermediate (gender neutral) economic forms such as labor cooperatives, food cooperatives or cooperatives of invalids (name used in Polish law) (Garbat, 2015; Florek-Paszkowska, 2016; Topolska 2017).

After 1989, Poland transitioned from a centrally controlled economy to a market economy. Legislation regulating the functioning of social entrepreneurship gradually emerged. Article 20 of the Constitution (1997) states that the social market economy, based on freedom of economic activity, private property and solidarity, dialogue and cooperation between social partners, constitutes the basis of the economic system of the Republic of Poland. Thus, social cooperatives, regulated by the Act of April 27, 2006, emerged the most important legal form of action and, according to data from the Ministry of Family, Labour and Social Policy, the majority of members of social cooperatives are women.

Traditionally, apart from social services social cooperatives offer services in catering, education, handicrafts, rural tourism, health care, psychological support and coaching, and the arts. This has been the case since the beginning of social cooperatives, but for decades, their activities were blocked by the political situation. Thanks to the Law of 5 August 2022 on the social economy, social enterprises are experiencing a revival. Through the complex history of women's cooperativism in Poland, women have become leaders in local level politics and active in local communities.

3.3 *Türkiye*

The history of cooperatives in Türkiye dates to the Akhi system, in 13th-century Anatolia, which was centered on social protection, economic solidarity, and ethical trade practices and sought social justice (Öztürk, 2015). The system was inclusive of women through a branch, *Bacıyan-ı Rûm*, established in the 13th century (Sırım, 2015) with parallel but distinct regulations supporting women's participation in economic and social life (Cora, 2017). In the late 19th century, the first cooperative system started in the last decades of the Ottoman Empire. The establishment of homeland funds in 1863 by Mithat Pasha, aimed at providing low-interest agricultural

loans for farmers, has been viewed as Türkiye's first state-led cooperative initiative (Özdemir & Başaran, 2003). The establishment of the Agricultural Bank, opening of Village Groceries (Yıldırım-Kocabaş, 2011), and consumer cooperative stores followed until the early 1900s (Hazar, 1981). Unlike the Akhi system, these cooperatives were male dominated.

Following the establishment of the Republic of Türkiye in 1923, cooperatives became an integral part of national development policies and academic activity (Mülayim, 1982). In 1935, the agricultural sales law and agricultural credit cooperatives law were enacted (Çıkin, 2003). In the 1960s and 1970s, the cooperative movement increased considerably as a part of state policy. The Cooperatives Law enacted in 1969 provided the legal framework. Between 1969 and 1979, new cooperatives were established 11 times more than in the previous 20 years. Further, promoting cooperatives were integrated into the Five-Year Development Plans between 1962 and 1980 (Canbaşı, 1986).

The first women's cooperatives in Türkiye emerged in response to natural disasters, particularly earthquakes. Following the 1999 earthquakes, grassroots women's organizations, supported by the Foundation for the Support of Women's Work (FSWW), established Women's and Children's Centers, leading to the formation of women's cooperatives (55 with 640 members in 2016; 108 with 1,427 members in 2019, over 350 in 2020, and over 1000, in 2021 (Cazgir, 2022). Since the 2000s, women's cooperatives have shifted from a focus on access to food to become a central movement of social and economic empowerment for women. This shift indicates the evolving character of cooperatives from being purely economic organizations to also fostering social resilience for a more inclusive and sustainable future.

Despite cultural differences across the three countries, a primary element driving women's cooperatives is a needs-based response to crises, exemplified by the ability to reinforce social capital and build and strengthen social resilience in India, Poland and Türkiye. They frequently are first to address publicly identified needs, before government agencies step in.

4 From historical women's social movement to today's economy of solidarity: the role of women's cooperatives in building resilient communities

Historically, women's movements laid the foundation for cooperative models for mutual aid, economic self-sufficiency, and social justice. In the 19th and early 20th centuries, feminist movements in Europe and North America linked economic independence to political participation, leading to the formation of women-led trade unions, cooperative guilds, and mutual credit associations. Similarly, post-colonial feminist movements in the Global South integrated cooperative structures into broader struggles for self-reliance and economic decolonization, such as India's Swadeshi movement, where women-led cottage industries became symbols of resistance and empowerment (Hashmi & Kumar, 2022). These early cooperative models provided an alternative to exploitative labor structures and demonstrated how women's collective action could create sustainable economic pathways.

In the contemporary era, women's cooperatives remain central to the solidarity economy, offering a people-centered alternative to profit-driven markets. Additionally, as economic crises, displacement, and climate shocks increasingly threaten livelihoods, women's cooperatives have emerged as crucial actors in resilience-building (Utting, 2015). The expansion of microfinance and self-help groups (SHGs) in South Asia and Africa has enabled women to access credit, build businesses, and foster economic and social security through collective ownership models (Kabeer, 2005), for example, India's Self-Employed Women's Association (SEWA). In refugee contexts, women-led cooperatives facilitated livelihood restoration and community integration, for example, Afghan refugee women in India formed cooperatives for handicrafts and food production (ILO, 2021), while, in post-conflict Rwanda, women's agricultural cooperatives contributed to reconciliation and long-term community rebuilding (Newbury & Baldwin, 2001).

Beyond crisis response, women's cooperatives are also central to climate resilience and sustainable development. Women-led agroecology cooperatives, such as India's *Navdanya* movement, reinforce local food security through organic farming and seed preservation, (Shiva, 2016). Additionally, financial cooperatives like Mann Deshi Mahila Bank enable rural Indian women to access banking services and build assets (Datta & Gailey, 2012). Meanwhile, the ILO's cooperative development program and India's National Rural Livelihoods Mission (NRLM) continue to include women's cooperatives in broader economic policies (ILO, 2019; Government of India, n.d.). Challenges include commercialization pressures, financial sustainability, and attempted co-optation by neoliberal economic models (Benería, Berik, & Floro, 2015). However, stronger cooperative policies, capacity-building programs, and expanded financial access will help maximize the impact of women's cooperatives in resilience-building. As crises continue to reshape economies and societies, they remain powerful models of economic justice, collective empowerment, and sustainable development.

5 Results of fieldwork in India, Poland and Türkiye

5.1 India

5.1.1 Dominant forms

Modern women's cooperatives address diverse economic and social needs, leveraging both traditional knowledge and contemporary opportunities. Self-Help Groups (SHGs) remain a dominant model, often using microfinance, where women pool savings to access small loans, supported by government initiatives like DAY-NRLM (Deendayal Antyodaya Yojana - National Rural Livelihoods Mission). Many SHGs have expanded into livelihood cooperatives, engaging in collective production across agriculture, micro-financing and handicrafts. Similarly, dairy cooperatives, such as Amul, Pethapur Dairy Cooperative (SEWA promoted) foster women-led village-level units in milk production and management. Various agricultural cooperatives focus on sustainable farming practices, organic production, and seed preservation in states like

Maharashtra and Karnataka. However, women's participation, particularly in agricultural cooperatives, remains restricted due to systemic barriers. The number would have been significantly higher if women were formally recognized as farmers rather than agricultural laborers, as land ownership remains a prerequisite for such recognition, thereby making women's engagement invisible.

Cooperatives focused on handloom and handicraft have significantly contributed to preserving traditional crafts while providing sustainable income. A SEWA promoted cooperative, Abodana Cooperative, Gujarat, is ensuring the preservation and promotion of indigenous artistic traditions such as block-printing and appliqué work. Similarly, Charaka Women's Collective in Karnataka, a *khadi* collective, have revived traditional dying techniques and textiles which were at the brink of extinction. Healthcare and welfare cooperatives have also emerged, providing essential medical services and childcare support. Urban and contemporary cooperative models have also emerged, enabling women to leverage new economic opportunities and digital tools. Service cooperatives like SWaCH in Pune enable women's livelihood through waste management, cleaning services, and catering. Furthermore, women-run enterprises increasingly leverage digital marketplaces such as Amazon Saheli and ONDC network (Open Network for Digital Commerce) to promote and sell their products. Furthermore, women-led financial cooperatives like Mann Deshi Mahila Sahakari Bank and SEWA Bank strengthen financial autonomy through financial literacy and access to micro-loans to women enterprises, thereby fostering opportunities for leadership, collective decision-making and social transformation.

5.1.2 Regulations and government support

A recent initiative mandated women's representation in cooperatives through the Multi-State Cooperative Societies (Amendment) Act, 2023 which emphasizes increased participation of women in governance roles. Similarly, the Ministry of Cooperation has introduced model by-laws for Primary Agricultural Cooperative Societies (PACS) to ensure women's active presence on cooperative boards. The upcoming National Cooperative Policy aims to create a comprehensive framework for the growth of cooperatives in India, with a special focus on women-led enterprises. It is expected to address key challenges such as access to credit, training, digital literacy, and market linkages, which are also getting attention from the National Cooperative Union of India's Committee of Women Entrepreneurs (CoWE). Collectively, these strategic initiatives are enhancing women's socio-economic empowerment and promoting sustainable and inclusive economic growth. Since the inception of the Ministry of Cooperation on 6th July 2021, several initiatives have been aimed to actualize the vision of "Sahakar-se-Samridhi" (prosperity through cooperation).

The National Cooperative Development Corporation (NCDC) introduced specialized financial schemes, including the Nandini Sahakar Yojana, which provides targeted funding for women-led cooperatives, and Swayam Shakti Shahakar Yojana, which offers working capital loans to women's SHGs to facilitate collective

socio-economic activities. Additionally, the Rashtriya Mahila Kosh (RMK), Mudra Yojana, and the Stand-Up India Scheme provides credit support to women's groups, enhancing their financial independence. The National Rural Livelihoods Mission (NRLM) also supports SHGs and cooperative models that empower rural women by linking them to markets and financial systems. Also, the National Cooperative Development Corporation (NCDC) has disbursed cumulative assistance of approximately \$1.63 billion USD for developing women-led cooperatives as of March 31, 2024. However, the government has not conducted a formal impact assessment of these initiatives, leaving a gap in understanding their long-term effectiveness.

Policy-level interventions also reinforced women's participation in cooperative governance. The Multi-State Cooperative Societies (MSCS) Act 2002 (Government of India, 2002)² introduced mandatory reservation of two seats for women in the board of multi-state cooperatives, promoting gender-equal growth in the cooperative sector. The Ministry of Cooperation also formulated model by-laws for Primary Agricultural Credit Societies (PACS), requiring the inclusion of women on their boards, thereby ensuring representation in decision-making across over 100,000 PACS nationwide. At the state level, initiatives like JEEViKA, a World Bank-supported program in Bihar, has mobilized over 12 million rural women into SHGs to access financial services, sustainable agricultural practices, and water-efficient techniques such as drip irrigation and rainwater harvesting, leading to increased productivity. The success of JEEViKA illustrates how women's cooperatives simultaneously address climate resilience, food security, and economic empowerment through collective action.

Other states, including Kerala, Gujarat, and Maharashtra, have pioneered cooperative-friendly policies that strengthened governance models for women's cooperatives. However, significant challenges persist, particularly in navigating bureaucratic processes, securing financial access, and scaling cooperative enterprises effectively. While government support has facilitated an enabling environment, addressing these structural barriers remains crucial for the sustained growth and impact of women-led cooperatives in India. For example, most rely on member contributions, loans from cooperatives and commercial banks and grants from government or donor agencies, but limited revenue streams and market access hinder sustainability beyond the initial phase. This is where collaborations with corporations and non-governmental organizations (NGOs) can help scale cooperative operations and enhance sustainability. Increasingly, successful cooperatives are adopting hybrid financing models, strategically combining government grants, bank loans, and reinvested earnings to boost financial stability. Some have also used e-commerce platforms and direct-to-consumer sales to reduce dependency on intermediaries.

5.1.3 Response to social problems

Women's cooperatives use their local knowledge to enhance disaster preparedness and resilience (ADB, 2008). Supported by strong networks, they share crucial information and practices, fostering empowerment and preparedness in their communities. During conflict and crisis, they become critical platforms for restoring

social coherence, promoting democratic governance and facilitating sustainable recovery (ILO, 2014; ILO, 2021; UN Women, 2022). The crisis, however, often amplifies existing gender inequalities, notably evident during the COVID-19 pandemic, when women's unemployment was three times higher than the previous year (Vyas, 2020). Despite such challenges, women's cooperatives swiftly adapted through digital transition, diversified products and strengthened community support systems. For instance, Lok Swasthy SEWA Cooperative, a women-led health-care cooperative, transitioned to e-commerce platforms and shifted production to essential goods such as masks and sanitizers (Hiriyur & Chettri, 2020). This not only supported the cooperative members but also contributed to pandemic relief efforts. They also provided relief aid, within their communities.

5.1.4 Future of women cooperatives

The new National Cooperative Policy signals a growing institutional commitment to strengthening women's participation. Measures such as the mandatory representation of women on cooperative boards, financial support schemes and formalization of SHGs into structured business entities offer avenues for women's cooperatives to gain legitimacy, funding, and market access. Additionally, establishing a Cooperative University offers opportunities to strengthen women's managerial and entrepreneurial capabilities, enabling them to scale enterprises effectively. This increased awareness and policy focus holds potential to enhance systemic support, regulatory clarity, and investment for women-centered cooperative models.

Nevertheless, the transition from informal collectives to formal business entities, despite offering recognition and access to finance, also risks imposing bureaucratic hurdles that may disproportionately affect marginalized women. As Henry (2012) emphasizes, legal frameworks can either enable grassroots economic initiatives or create new barriers that exclude women from cooperative leadership. The challenge, therefore, lies in crafting policies that integrate women's cooperatives into formal financial and economic systems without eroding their participatory and community-driven nature.

5.2 Poland

5.2.1 Dominant forms

Women are in the majority in social cooperatives and social entrepreneurship in Poland, at 73,20% of approximately 9,500 members (Ministry of Family, Labor and Social Policy, 2024). Social cooperatives³ are the most popular form, followed by associations and foundations run or co-run by women. Another popular form is the Rural Housewives' Clubs, whose operation is governed by a separate law from cooperatives and who are also financed by funds from the Ministry of Agriculture and Rural Development. However, the same idea lies behind the operation of both forms - to stimulate socio-economic activity.

Women also form informal or partially formalized grassroots organizations, such as food cooperatives or community gardens serving to improve the quality of life. Also, sometimes various activities, organized by women and aimed at charity or addressing crises, become the foundation for the creation of social enterprises.

5.2.2 *Areas of activity*

Woman cooperatives provide various services and conduct small, artisanal production. The services concern practically every sphere of social life: care for dependents (children, seniors, chronically ill people, people with disabilities), socio-cultural animation or cleaning. They are also present in education, tourism and hospitality. Their production is related to gastronomy, crafts and art, including regional dishes, personalized clothing, ceramics, jewelry, handmade soaps, and CDs/music/theater pieces. More importantly, they are able to transform their operations in the face of need. For example, during the COVID-19 pandemic, many of them started sewing face masks. In the refugee crisis and natural disasters, it was “natural” for social enterprises to join forces to quickly respond.

5.2.3 *Regulations and government support*

There are few legal acts relating to the social economy, which provide a basis for the creation and operation of cooperatives. Only the law on Rural Housewives’ Clubs can apply uniquely to women’s cooperatives, since women are not a special interest group in the laws governing cooperatives; they are considered equal to men as founders/members of social enterprises. The social economy-related legislation relates to the establishment, functioning, powers and obligations of cooperatives operating in various legal forms, such as foundations, associations and Rural Housewives’ Clubs. Irrespective of their legal form, cooperatives must comply with general legislation, such as the Civil Code (*lex generalis*) and specific legislation (*lex specialist*) applying to their purpose, for example, women’s cooperatives engaged in municipal waste management must fulfil the specific conditions for carrying out that activity.

The government supports and stimulates social cooperatives in general, with the Ministry of Family, Labor and Social Policy being primarily responsible for their financial support through the Social Economy Support Centers (OWES), distributed by local Social Economy Support Centers run mainly by third sector organizations. The government supports social enterprises (a category broader than social cooperatives) only through partial funding, hence the proactive ones seek funds from other sources, public, EU or private funds through competitions and grants for activities or proposed activities (e.g., for civil society). Also, some women’s cooperatives are self-sufficient with their income from selling products and services in local or regional communities.

Women’s social enterprises are not the special subject of any public programmes; they are subject to market practices like other businesses. Local governments often do not appreciate the importance of social enterprise for activating the

workforce and social capital. Local authorities however support women's activities. Sometimes the cooperatives self-finance their activities; this could strengthen their independence from state administration. However, the Rural Housewives' Clubs are subsidized by the Agency for Restructuring and Modernisation of Agriculture and are entitled to public funds in ministerial or programme competitions. Also, many private companies prepare programmes for them.

An exception was a crisis shield against the negative effects of the Covid-19 pandemic, which covered social economy enterprises carrying out economic activities, social cooperatives, social assistance organizations, vocational activity organizations, occupational therapy workshops, social integration centers or clubs, support centers for people with mental disorders, community self-help homes and self-help clubs (Stowarzyszenie na Rzecz Spółdzielni Socjalnych, Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych, 2020).

5.2.4 Response to social problems

They are the first line of support when social capital is needed,⁴ for example, the influx of war refugees from Ukraine or the 2024 flood in southern Poland. Due in part to the type of services they provide they are likely to play an increasingly important role in the decentralization of social services. They also preserve cultural heritage at various scales.

5.2.5 Future of women's cooperatives

The interview data indicated that the women's social entrepreneurship movement will grow, seeing the activity of foundations and associations, especially Rural Housewives' Clubs led by women and grassroots social self-organization of women. Though the women's cooperative movement is not currently distinguished as a specific subset in academic literature and public statistics, one may assume that it will also grow.

5.3 Türkiye

5.3.1 Dominant forms

After the 1999 earthquakes, beyond the immediate human and material losses, society faced household and micro enterprise losses and housing issues, while the country had to cope with damaged infrastructure, weakened economic sectors and a heavy social and economic burden (Bibbee et al., 2000; ISDR, 2001). In that environment, women established the first women's and children's centers to address their recovery needs, laying the foundation for a women's cooperatives model.

Data on regional distribution shows that the Marmara Region has the highest share of women's cooperatives, followed by the Mediterranean Region, Central Anatolia Region, Aegean Region, and Black Sea Region. In contrast, the Eastern Anatolia Region and Southeastern Anatolia Region have lower shares (Şahankaya

Adar et al., 2023). This distribution reflects regional differences in the development of women's cooperatives and enterprises, highlighting the influence of socio-economic factors.

5.3.2 *Areas of activity*

According to the founding articles of association for women's cooperatives (Turkish Ministry of Trade, n.d.), their primary objective is to address the economic, social, and cultural needs of their members by supporting the production and marketing of goods and services within the framework of their activities. Modern forms can be categorized into production, agricultural, café/restaurant service, social service and solidarity, and tourism cooperatives. There has also been a marked increase in agricultural production cooperatives particularly in post-earthquake areas.

5.3.3 *Regulations and government support*

All cooperatives are governed by the Law on Cooperatives No. 1163, and there is no specific legal framework for women's cooperatives. Cooperatives are established under the Ministry of Trade and the Ministry of Agriculture and Forestry. The first women's cooperatives were under the Ministry of Trade, starting with the "Women, Environment, Culture, and Business Cooperative". In 2013, a new category of cooperatives, titled "Women's Initiative Production and Business Cooperative", was introduced to address emerging needs. Over time, the overall number has grown, with many now being established under the Ministry of Agriculture and Forestry. This distinction resulted in differences in legislation and operational practices between the two types of cooperatives, for example, funding opportunities are often restricted to specific types, and certain areas of activity may be subject to limitations.

The proposal for a social cooperatives law in Türkiye has been debated since the COVID-19 pandemic. Civil society, public institutions, and academic researchers have collaborated to explore successful models from other countries and held consultations. However, there has been no significant progress. An expert lawyer⁵ emphasized three key conditions for effectively integrating women's cooperatives under the social cooperatives law - a clear legal definition, operation on a non-profit basis and framing their main operational area and services to ensure alignment with the scope of social cooperatives. Integration would foster their growth and contribution to the social and economic landscape.

Amendments to Municipal Law No. 5393 are also being discussed, to enable municipalities to purchase products and services from women's cooperatives and thus support them through social procurement. Currently, municipalities do provide support to women's cooperatives despite reservations due to legal concerns, for example, legal audits. The proposed amendments aim to address such challenges. Foundation for the Support of Women's Work (FSWW) has published a "Booklet of Methods and Principles for Cooperation Between Women's Cooperatives and Municipalities", which outlines suggestions for amending relevant sections of the Municipal Law (2021a, p. 12). However, practical changes have yet to be implemented. It has been

suggested that other relevant public entities should contribute more actively to the process, and that greater advocacy by women's cooperatives is essential. However, women's cooperatives believe the responsibility lies with policymakers and note that the requisite legal steps have yet to be initiated.

State policies and government strategies on women's cooperatives increasingly include measures to strengthen them and enhance their role in economic and social empowerment within the broader context of women's empowerment and gender equality. These have been incorporated into key documents and reflect the historical state-led establishment and support of cooperatives, from the late-Ottoman period to modern Turkish cooperativism.

The "Women's Cooperatives Promotion and Capacity Development Project" (Women-Coop), launched by the Ministry of Trade in 2012, has economic empowerment of women entrepreneurs as its primary objective: to enable them to engage in activities within the framework of cooperatives. The "Cooperation Protocol on Strengthening Women's Cooperatives", signed in 2018 under the coordination of the Ministry of Family and Social Services, and in collaboration with the Ministry of Agriculture and Forestry and the Ministry of Trade, was renewed in 2023 for an additional five years. Its goal is to establish strong collaborations to support activities designed to strengthen women's cooperatives. Furthermore, efforts are being made to provide comprehensive training, consultancy, and technical support in project development and implementation, product development, sales and marketing, technology usage, branding, and accounting, etc. These efforts involved collaborations with other institutions and organizations. The protocol also envisions the introduction of new initiatives to foster economic cooperation and best practices among women's cooperatives. Cooperation under this protocol began actively in the past year: provincial visits were conducted, and local training and consultancy services were provided to address the needs identified during the visits.

The Empowerment of Women Strategy Document and Action Plan for the periods 2018–2023 and 2024–2028 (Aile Sosyal Politikalar Bakanlığı, 2018, 2024) includes specific targets for supporting women's cooperatives. Although the initial document included support targets for cooperatives in general, the latest version focuses more extensively on women's cooperatives. This updated document aims to strengthen women's cooperatives by revising regulations to better meet their needs, which is particularly relevant in the current landscape. It also emphasizes improving access to technology and infrastructure, ensuring that women acquire the necessary skills to succeed. Financial support will be provided to help women's cooperatives grow, become more competitive, and ultimately enhance women's roles in the economy.

Though the cooperatives are mostly small-scale organizations established with low-budget financial contributions from members, the increasing emphasis on supporting women's cooperatives since the last few years has led to the expansion of funding mechanisms. These include public grants, in-kind support from local governments, partnerships with the private sector, and social procurement initiatives, all of which contribute to enhancing their financial support and operational capacity. Regarding fundraising, they can collaborate with national Ministries through grants and regional

development agencies through partnerships like a collective industrial kitchen⁶ and local governments in various forms, either in-kind and cash contributions, or support through social procurement, space allocation for production and sales activities, training and consultancy, and joint projects that align with local development objectives. Additionally, non-governmental organizations and international cooperations provide project-based support. Private sector collaboration opportunities tend to be more limited in scope, for example, social procurement during high-demand periods such as New Year's, Mother's Day, and various cultural festivals.

5.3.4 *Response to social problems*

Beyond economic activities, Turkish women's cooperatives collaborate with various sectors to distribute resources efficiently, foster community relations, and enhance cooperation within their network and among social groups. They respond effectively to crises such as migration, the Covid-19 pandemic, other natural disasters, and economic shocks. They adapt their operational areas and build solidarity to support their members, their network, and the local community. Türkiye is home to over 4.1 million foreign nationals, with 3.1 million seeking international protection. The largest group consists of Syrians (IOM, 2025). Women's cooperatives have strategically and non-strategically involved migrant and refugee women as members, supported their livelihoods, engaged them in social activities within the cooperative, and supported women's leadership in reaching out to refugee and migrant communities in times of crisis. As a globally leading host country for refugees and migrants, Türkiye can learn how to effectively manage and respond to the migration process from bottom up. ILO (2018) reports that the first Syrian-Turkish women's cooperative was established in 2018 in Mardin. Despite the success stories, however, some women's cooperatives, particularly in Western Türkiye, have fallen short in integrating Syrian refugees. Only a few cooperatives on the periphery of the metropolitan cities have engaged in working with Syrian and other migrant and refugee women⁷.

5.3.5 *Future of women's cooperatives*

Women's cooperatives play an important role in crisis management by strengthening communities through solidarity and resilience. In Türkiye, they generate economic and social solutions, demonstrating the value of community action; they are urgently needed in the care sector, for daycare centers for the elderly and children, especially in the cities. Over the last years, their impact spans agriculture, gender equality, rural development, and disaster recovery. In earthquake-affected areas, they cooperate with local governments and civil society, even continuing to work in the post-earthquake area. Women have learned to organize around their economic and social needs and create solutions to their own problems. The future of women's cooperatives is uncertain, especially those established without understanding the essence and principles of the cooperative movement, but there is a strong view that successful women's cooperatives will continue to operate and inspire the movement.

6 Discussion

While each country has distinct historical and political contexts, their experiences collectively contribute to a larger conversation about scaling up and institutionalizing women's cooperatives as a force for economic and social transformation worldwide. A key takeaway is that they are not just operating in the market economy but are also catalysts for gender equality, social inclusion and resilience. Their ability to self-organize in response to shocks, engage in solidarity-based economies, and empower marginalized communities aligns with the goals of the Global Women's Cooperative Movement (GWCM). To scale up their impact, international institutions, policymakers, and cooperative federations must work toward structural reforms that enhance financial access, governance, and cross-country collaboration. This discussion synthesizes the findings across India, Poland, and Türkiye and situates them within the broader context of the global movement for cooperative justice and resilience-building.

Historical development: Women's cooperative structures in the three countries have evolved in response to economic needs, political transformations, and gendered labor markets. India's SHGs and women-only cooperatives emerged as a working-class alternative providing self-employment and economic independence for women since the 1970s and empowering them through collective organization and microfinance. Poland's cooperative tradition dates to the 12th-century religious movements, with 19th-century Rural Housewives' Clubs playing a vital role in organizing women, particularly in rural settings. Under socialist rule, cooperatives received significant state support but were later redefined in the post-1989 period within a market-driven social economy. Poland's legal infrastructure today is robust, yet women's cooperatives remain dependent on broader social economy policies rather than specific gender-targeted measures. Türkiye's cooperative history is rooted in the Akhi tradition, which emphasized economic solidarity and moral trade, having an independent space for women. However, women's cooperatives only gained momentum in the post-1999 earthquake period, when they organized as grassroots crisis response mechanisms. The rapid growth of women's cooperatives since the 2000s suggests their increasing importance in social and economic resilience, however, due to their small capital, most of them – especially newly established ones – remain dependent on external resources.

Government support: The level of government support for women's cooperatives differs across the three countries, influencing their stability, scalability, and financial viability. India has a mix of legal structures and government programs, including the Multi-State Cooperative Societies Act (2023), the Nandini Sahakar Scheme, and the National Rural Livelihoods Mission (NRLM), which provide financial and technical assistance to women's cooperatives. However, many women-led cooperatives remain financially constrained and struggle with bureaucratic hurdles, limiting their growth beyond local markets. Poland's legal framework for cooperatives is highly formalized, with clear legislation supporting social enterprises, including the Act on Social Cooperatives (2006) and the Act on Rural Housewives' Clubs (2018). Despite this, women's cooperatives are not

specifically prioritized in policy interventions, and government support remains indirect, channeled through broader social economy initiatives rather than targeted funding for women-led enterprises. Türkiye's cooperative policies remain fragmented. Women's cooperatives have no specific regulations or legal framework, instead they fall under general cooperative laws. Although government assistance has increased since the COVID-19 pandemic, it remains unpredictable.

Resilience and care: One of the characteristics of women's cooperatives is their ability to adapt and to mobilize rapidly in times of crisis. Across India, Poland, and Türkiye, cooperatives have demonstrated exceptional adaptability during economic shocks, natural disasters, and refugee crises. For example, immigrant women in Istanbul describe their experience of solidarity within the cooperative:

There is a spirit of collective work..., a system of mutual aid, and solidarity... We strengthen each other. This is also how our organization was founded. That's why we don't have much difficulty working with women from different countries. Because they are all like us—whether they come from Syria or anywhere else..., women who have experienced war share common struggles with those living in poverty. And when they have children, we also come together over issues related to them

(FSWW, 2021, p. 19).

Regardless of the nature of the crisis and the geographical latitude in which it occurred, women's social enterprises were the front line of the response, often ahead of state institutions. Yet, their energy has an intensity proportional to the crisis or issue, and its organization depends on the density of local social capital.

Overall, the experiences of the three countries drawn from the global COVID-19 pandemic, natural disasters, and mass migration demonstrate that the solidarity within women's cooperatives, both among members and between cooperatives, as well as their solidarity with local communities, positions them as key players in the movement toward a more caring society. Their commitment to resilience and collaboration promises a strong foundation for building a sustainable future.

Access to finance: In India, while microfinance and SHGs have improved economic access, many women's cooperatives remain small-scale and local, dependent on NGO funding or state subsidies. Developing cooperative e-commerce platforms, facilitating B2B partnerships, and integrating cooperatives into national supply chains could increase their market viability. In Poland, social cooperatives have legal backing but limited financial sustainability; many rely on government funding and struggle with self-sufficiency. Introducing cooperative tax incentives, state-supported procurement programs, and access to cooperative-specific investment funds could strengthen their economic base. However, in Türkiye, where legal barriers prevent women's cooperatives from competing for municipal contracts, forcing them into informal networks or donor-funded models, advocacy should focus on securing procurement quotas for them in public services, agriculture, and social care.

Responsibility and learning: An understanding of the role and responsibility of cooperatives and their networks, not only in global or nationwide shocks but also

in local crises, is important. These are moments when local communities are more fragile and bottom-up actions become crucial. For example, in the Izmir earthquake in 2020 (Türkiye) collective action caused fewer casualties and less damage in the region. Women's cooperatives conducted damage assessments through communication groups and showed solidarity, through coordination, communication, and cooperation, with those affected⁸. This response became the first step in expanding solidarity actions in the next devastating earthquake in 2023. Aid distribution became faster and social procurement extended further. With the women's cooperatives being the most active locally organized entities, "women became the center of solidarity" and "women embrace[d] cooperatives for recovery".

The Covid-19 pandemic turned out to be a collective learning process for women's cooperatives responding to crises on a national scale. Through collaboration with local governments and the private sector, needs assessments in the community, provision of sanitary and hygiene kits, and in-kind aid to people in need, women's cooperatives, as young and dynamic structures, underwent significant *organizational learning* (Göhlich et al., 2018). This is important for the global cooperative movement because organizational learning needs to be a continuous but dynamic process and so the idea of evolving learning for collective action increases the legitimacy of the cooperative movement as being not just an economic entity. Additionally, the extensive organizational learning process demonstrated by women's cooperatives that learned to act together shows that it is not always necessary to allocate large budgets to achieve this, but rather to coordinate and organize, take responsibility for social action, and reflect the lessons learned in previous crises into organizational practices.

Network potential: In India, cooperatives are often isolated from global trade networks, relying on localized production and domestic markets. More international partnerships could expand opportunities for cooperative exports. The Poland case shows that cooperatives have access to EU social economy funding, yet they do not actively participate in transnational cooperative alliances that could offer additional market and policy support. In Türkiye, international donors and NGOs support the growth of cooperative movements, yet women's cooperatives are mostly incapable of connecting with international peers. Furthermore, while women's cooperatives across the three countries function within national legal and economic frameworks, transnational collaboration remains underdeveloped. Strengthening global networks could provide women-led cooperatives with mentorship, funding opportunities, and cross-country knowledge-sharing platforms.

Across the three countries, women's cooperatives are largely disconnected from global economic structures, limiting their ability to scale. India's domestic focus, Poland's EU funding but limited global reach, and Türkiye's NGO-dependent model illustrate the need for greater international cooperation. To promote women's cooperatives across the globe, GWCM must pay special attention to deepening the global partnership, as well as cooperative to cooperative (C2C) partnerships. Strengthening and establishing more cross-country networks will lead to women cooperatives scaling collectively, creating economic alliances supported by solidarity, and minimizing reliance on government funding and external donations.

7 **Final remarks for future directions**

Historical analysis, literature and field research have shown India, Poland and Türkiye associate in the form of women's cooperatives and a consequently improved quality of social capital. This applies to both the horizontal reproduction of this capital and trust in superior institutions that condition the quality of functioning of women's cooperatives. A key aspect of these cooperatives' capital-building role is their ability to attract individuals willing to engage in social and economic organizational practices. Although women's cooperatives have a comparatively brief history in relation to the wider cooperative tradition, they remain dynamic and strongly oriented toward learning. Their experience, operating within specific contexts, often in response to crises, has shaped their functioning and offers promising collective organizational practices for the future.

Despite the cultural differences and geographical distance of the analyzed cases of women's cooperative organizations, the authors found out some similarities in historical trajectory, legal framework, tensions between institutionalization and informality, better solutions from integration to national and global networks, and, most importantly, dynamism and learnability. The insights from the three countries highlight similarities and differences, guiding toward meaningful discussions celebrating pluralism and strengthening women's cooperatives as a dynamic movement.

7.1 *Lessons for the global women's cooperatives movement*

While the literature on women's cooperatives lacks country-specific and comparative studies, focusing on women's cooperatives operation in the social field, rather than with an economized focus, allowed us to learn from practices in different countries. Based on the discussion above, we make some important recommendations for the global women's cooperative movement in the following areas: policy and legal frameworks, education and capacity building, networking capacity, international "community of practice" (Lave & Wenger, 1998), and financial and economic conditions.

Public institutions and international policymakers must recognize the role of women's cooperatives within the broader cooperative movement, promote women's participation in cooperatives, and ensure that legislative regulations meet the needs of movements, by involving women in policy-making discussions. While literature exists regarding women's empowerment and access to resources, there is a significant gap in knowledge about their role in fostering social and economic resilience, multi-stakeholder partnerships in their ecosystem, their networks and communities of practice. Further research may discover their unique and shared strategies, institutional conditions, and yield broader lessons for the global women's cooperative movement.

Supportive policy and frameworks that provide access to finance, tax incentives and legal protections are necessary for cooperative enterprises to institutionalize. Rather than overemphasize women's empowerment through cooperatives

as a political discourse, governments should address the gender gap across social, political and economic life, eliminate systemic barriers, and create an enabling regulatory environment for them to thrive. Additionally, non-formal education and training opportunities, e.g., through applied cooperative schools, can equip women with the knowledge and tools to lead and expand their ability to operate in a more just landscape with market-driven organizations.

Networking and knowledge transfer have a critical role in sharing best practices among cooperatives. Stronger global networks enable peer learning, market access, and advocacy, ultimately strengthening women's cooperatives across borders. Digital platforms further enhance connectivity and scalability, allowing cooperatives to exchange knowledge and resources more efficiently. As women's cooperatives are young but emerging as key actors in the cooperative movement, their ability to establish an international community of practice and engage more with global discussions may not increase their ability but also enhance their capacity to operate effectively and empower other cooperatives through knowledge exchange, collaborative learning, collective action for legislative change, and cooperation with both public and private sectors. Furthermore, integration into larger coalitions, such as global movements, increases their resilience during crises.

For women's cooperatives to thrive globally, several key conditions must be met; including access to international resources and transnational funding to overcome financial barriers and ensure sustained investment. Institutions must establish gender-sensitive financial mechanisms that combine public and private capital to foster cooperative growth. Finally, shifting cultural norms and ensuring fair market access are essential to sustainability. Ethical trade, inclusive supply chains, and advocacy efforts can create more equitable economic systems that empower women. By addressing these interconnected factors, women's cooperative capital can be scaled globally, driving economic resilience and gender equity.

To sum up, our focus on women's cooperatives raises hope for more resilient societies for which, in an era of growing imbalances and destabilization, the need has never been greater. While crises themselves present challenges, their unprecedented intensity and forecasts offer little hope. However, we see a strong connection between locally driven structures and enhanced social resilience, with women's cooperatives serving as a social vaccine against an array of complex and evolving challenges.

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Notes

- 1 this remains the case currently.
- 2 And its 2023 Amendment.
- 3 Like other entities, they can apply for legal status as a social enterprise.
- 4 as is the entire third sector in Poland.
- 5 In the interviews.
- 6 a shared facility that facilitates supplying products to large supermarket chains across the country, thereby expanding market reach.
- 7 While the interviews focused on Syrian refugees, Türkiye also hosts other migrants, for instance, the Meryem Women's Cooperative, in Adana, includes Turkish, Syrian, Afghan, and Iranian women.
- 8 A similar communication process during floods and forest fires in 2021 allowed effective collaboration between local women's communities and public institutions reporting on crisis impacts and urgent needs.

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27 Work integration in prisons

A taxonomy of social cooperatives

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1 Introduction

The French Enlightenment philosopher Voltaire would judge the degree of a society's civilization—in terms of its ethical and moral progress—by how that society treated its convicts and their prison conditions. His judgement, which is also relevant today, has to do with how we deal with revenge and repression, with the role we assign to expiation, and with a person's dignity. The necessary question is thus: what kind of institutions should we create for our prison system? With what purpose, and how to make reclusion instrumental to re-socialization?

For decades, the cooperative movement has been addressing these fundamental questions, based on its core values of democratic participation and workers' emancipation, to propose work integration and training to one of the most marginalized categories of our societies, embedded in an extremely constraining context. These cooperatives seek to strike a balance between economic sustainability and the promotion of human dignity, guaranteeing the right to work, and contributing to the effective development of the prison system as a rehabilitative rather than repressive institution.

Although undeniably relevant, cooperatives operating in prisons remain an under-researched topic, with a predominance of research focusing mainly on specific case studies, resulting in a need for a more comprehensive understanding of the phenomenon.

In this chapter, we look at the challenges faced by 28 cooperatives operating in the Italian prison system. We first created a dataset of all the main cooperatives currently operating within Italian prisons, utilizing information primarily sourced from the official website and documents of the Italian Ministry of Justice. This data served as the foundation for systematically categorizing these projects into a taxonomy that highlights their distinct - but interwoven - social and economic processes (Battilana & Lee, 2014; Mongelli et al., 2017). We identified differences in task-job creativity and approaches to work integration, eliciting 4 typologies of cooperatives working in prison. We then set about conducting interviews ($N = 10$) to explore how each sub-type relates to different aspects such as relationships with and impacts on beneficiaries, resource availability, and so on.

Our collection of cases is relevant for several reasons. Studying cooperatives in the extreme context of the prison system, characterized by disempowered beneficiaries,

limitations to organizational operations and an extremely bureaucratic approach to problems, offers theoretical reflections for cooperatives operating in resource-constrained settings. Moreover, our mapping contributes to building on good practices to scale up impact and replicate positive experiences, illustrating how the Italian case study could inform similar efforts elsewhere, both in the global north and south. Finally, the chapter sheds light on the work of organizations capable of going beyond the prison experience, linking their beneficiaries to the outside world, providing them with new agency, and empowering them. In doing so, it supports a perspective on social cooperatives that looks beyond prisons conceived as reclusive systems and points to spreading more open and rehabilitation-oriented approaches.

2 A brief contextualization of cooperative economics in the evolving role of prisons

Understanding the potential of cooperatives in contexts of marginality, such as prisons, and evaluating their transformative role towards other forms of possible governance first requires some reflection on their history. The development of the modern prison has its roots in the 18th century, when a new sensitivity to prison conditions emerged. Marking a turning point were, among others, the enquiries of John Howard (1777), who denounced the inhumane conditions of English prisons, as well as the contributions of the Quakers, whose opposition to capital punishment and attention to prisoners' conditions were well established in the writings of founder George Fox, who was outraged by prison promiscuity and by the hanging of girls accused of theft. It was, however, between 1809 and 1823 that Quakers took a leading role in the evolution of English prison policies, especially through the founding in 1809 of the *Society for the Diffusion of Knowledge upon the Punishment of Death and the Improvement of Prison Discipline* by William Allen and Basil Montagu. This association actively engaged in prison reform and the overcoming of corporal and capital punishment. The society's initiatives, inspired in part by the achievements of the *Philadelphia Society*, helped promote a reformatory view of punishment, as opposed to a purely punitive approach (Cooper, 1979). This reformatory perspective found implementation in various models: on the one hand, the *Pennsylvania system*, which favoured individual solitary confinement as a means of personal reflection; on the other, the *Auburn system*, where inmates worked together in silence and were separated only at night (Blomberg, 2017). In his work, *Surveiller et punir*, Michel Foucault (1975) highlighted how the prison had become one of the main tools of social disciplining in the modern age, acting not only as a place of segregation but also as a context suited to shape and re-educate prisoners.

It is within this historical framework, marked also by reformist instances, that we find projects of cooperative economics in prisons, which have been gradually taking hold. Cooperative economics is not a recent phenomenon: as early as the first half of the 20th century, Emelianoff (1948) described its potential, while current literature emphasizes its potential to promote collective and democratic governance (Altman, 2017; Huybrechts & Mertens, 2014). In sectors as diverse as agriculture and financial services, cooperative models have proven effective in

combining efficiency with values such as social justice and sustainability (Pérlieux & Nyssens, 2017). Employed in prison settings, such approaches can strengthen the sense of community and empowerment of incarcerated people, helping to reduce recidivism and inequality (Ben-Ner & Ellman, 2013).

Integrated with the vision of the Social and Solidarity Economy (SSE), which aims at social goals and democratic relations among different stakeholders (Laville, 2015; Utting et al., 2014; Warren, 2024; Borzaga et al., 2019), cooperative economics can thus become a concrete tool for re-education, occupational rehabilitation, and inclusion. A closer look at the historical evolution of the prison institution, as well as Foucault's theoretical reflection, helps to understand how and why such practices also find fertile ground in contexts of restriction of personal freedom, helping to give substance to the idea of a punishment that is not only restriction but also an opportunity for individual and collective redemption.

In Italy, the cooperative economics and the SSE framework have been conformed in the so-called "Terzo Settore" (Third Sector), which groups all private entities that pursue civic, solidaristic and socially relevant purposes and that promote and carry out activities of general interest and public utility, assisting social concerns to complement and support the public sector. Included in this set are social cooperatives, a particular form of cooperative introduced and regulated in Italy by Law 381/1991 and Decree 112/2017 as a social firm, aimed at pursuing the general interest of the community in human promotion and social integration of citizens. Social cooperatives are the firms that best fit into the SSE framework, being characterized by the mission of responding to social needs while promoting economic sustainability (Borzaga & Fazzi, 2014; Campopiano & Bassani, 2021; Candemir et al., 2021). As Chapter 3 by Jerome Warren and Alessandro Narduzzo argues, social—and later community—cooperatives in Italy can be viewed via a lens of institutional innovation. They can be treated as multi-stakeholder cooperatives, as they integrate different categories of stakeholders (e.g., workers, users, volunteers) into their governance, ensuring more democratic decision-making and broader participation (Defourny & Nyssens, 2017; Lund & Novkovic, 2023).

In the Italian context, social cooperatives can be distinguished into two types: (i) those aimed at carrying out social, social-health, and educational services, vocational education and training, extracurricular training, and job placement (type A); and (ii) those that carry out different activities - agricultural, industrial, commercial, or other services - aimed at job placement of disadvantaged people (type B). Type B cooperatives, which in some cases are active even within prisons to foster detainees' work integration, are of particular interest in this chapter and share a structural similarity with analogous social firms in Europe, known as WISEs (Work Integration Social Enterprises). Indeed, in many European countries, WISEs can take different legal forms (not only cooperatives), such as associations, foundations or joint stock companies with a social mission (Spear & Bidet, 2005). Type B social cooperatives, as well as WISEs, thus pursue a dual purpose: (i) to provide employment opportunities for socially and/or economically disadvantaged people; (ii) to generate income and maintain economic sustainability by operating as product or service firms in traditional sectors.

3 Research focus: social cooperatives creating jobs in prisons

Social cooperatives are also active in jails, where they contribute to the reintegration of prisoners into society. This case-based research chapter focuses on social cooperatives that use work as rehabilitation and empowering means. In this section, before discussing the cases, we sketch an overview of how they came into existence, what these cooperatives do in Italy and why their work is important and beneficial for the prisoners and the evolution of the penal institutions.

The emergence of social cooperatives in Italy began in the mid-1960s as part of a wider movement to combat social exclusion and promote economic solidarity. A key milestone in this timeline was Franco Basaglia's radical reforms in mental health care (Warren, 2024), which challenged the institutionalization of mental illness and led to the abolition of Italian asylums (the so-called "Legge Basaglia"—Law 180, 1978). His approach, which emphasized community-based care, led to the creation of the *Cooperativa Sociale Lavoratori Uniti* by Basaglia in Trieste in 1972. Believed to be the world's first social cooperative, it was set up to provide meaningful employment opportunities for psychiatric patients, helping them to reintegrate into society and achieve economic independence (Bennett, 1985).

In the 1980s, the cooperative model counted about 600 cooperatives (Warren, 2024; Borzaga & Failoni, 1990) and started to extend to the prison system, marking a significant shift in society's approach to rehabilitation and reintegration. The first prison-based cooperative, "*Cooperativa 29 Giugno*", founded in Rome's Rebibbia prison in 1985, was set up by inmates to provide structured work opportunities to improve their economic, social and professional conditions.¹

This development was part of a wider historical trend in Italy, where cooperatives became tools to address systemic failures in traditional institutions such as asylums and prisons, providing an alternative to the dehumanizing and punitive structures of asylums and prisons, pushing in the direction of rehabilitation, social integration, and economic empowerment.

Work opportunities in prisons facilitated by social cooperatives unlock potential, foster meaningful creation, and provide inmates with a source of income (Bernardi & Venturoli, 2018). These initiatives prioritize empowerment, helping inmates build self-confidence, develop a sense of responsibility, and regain agency. Beyond imparting valuable work experience and discipline, such programmes prepare individuals for smoother reintegration into society, often placing them in a more advantageous position compared to those without prior work or education (Kalica, 2014). Through regular work and income, social cooperative projects enable inmates to undergo a transformative process, reshaping their identities. As Mongelli et al. (2018) highlight, this shift allows inmates to be seen—and to see themselves—not merely as criminals, but as "regular people" and, more importantly, as "workers". This redefined identity is pivotal for successful reintegration, offering a sense of purpose and agency to rebuild their lives. By laying a foundation for post-release stability, these initiatives not only reduced recidivism rates but also alleviated broader societal costs, demonstrating the profound impact of cooperative-led prison work programmes. Through job-related experiences,

cooperatives operating in jail may also have a potential catalyst role for transformation of the prison system in more participatory terms, fostering inmates' sense of responsibility over their collective experience (Gonza et al., 2024; Ellerman & Gonza, 2024).

Data from Antigone (2017), an Italian non-profit organization focused on reforming the prison system, underscores the rehabilitative benefits of prison work. Work not only provides constructive activity, but it also greatly reduces recidivism rates. Among the 18,654 inmates participating in jail work within the Italian prison system, the recidivism rate is notably low at 2%. This contrasts sharply with the national recidivism average of 68.7% among the broader prison population of 56,107 inmates (Il Sole 24 Ore, 2023).

A powerful success story is that of *Made in Carcere*, a social cooperative dedicated to improving the lives of incarcerated women by offering them a "second chance". This cooperative involves inmates in the production and packaging of fashion products, treating them as regular employees with a standard salary. When inmates enter the *Made in Carcere* laboratory, no one asks them what the committed crime was. There, they become workers, with responsibilities and agency, far from the crime they are identified with for the rest of the day. Through this experience, inmates begin to recognize their value, expanding their range of choices and enabling them to experience self-determination. Thus, through work, not only do inmates learn new skills, but they also increase their level of empowerment, nurturing a sense of agency, dignity and personal growth (Mongelli et al., 2018).

3.1 *Research setting: the Italian prisons system*

In Italy, working in prison was formally recognized as a tool for rehabilitation and social reintegration on 26 July 1975 (Italian Law N. 354), which transformed working in prison from punitive to supportive, fostering reintegration of convicts into society (Italian Law No. 354 of 26 July 1975, art. 1). Indeed, working in prison is now intended to promote the re-education of offenders with a view to their reintegration into society (Italian Law N. 354 of 26 July 1975, art. 1).

In Italy, prisoners can be employed either by the prison administration or by external employers. The primary difference between the two employment types lies in compensation. When employed by the prison administration, prisoners receive two-thirds of the remuneration established by the CCNL (National Collective Labour Agreement) for equivalent work levels (Cavotta & Rosini, 2021). The prison administration offers employment in domestic, industrial, and agricultural sectors. In domestic roles, prisoners handle tasks essential for the prison's daily operations. Industrial roles involve producing items such as clothing and furniture for public institutions. Agricultural roles include working on prison-owned lands and the like, with activities that encompass specialized tasks such as beekeeping and milking (Ministry of Justice).

To encourage external organizations to engage with prison employment and enhance the competitiveness and productivity of jail-based organizations, the Italian Parliament enacted Law N. 193/2000, widely known as the "*Legge Smuraglia*".

This law grants financial benefits to organizations that employ prisoners and promotes social cooperatives working in prisons as contexts (Furfaro, 2008). By broadening the definition of “disadvantaged people” to include prisoners, this law strategically positions social cooperatives—dedicated to human development and social inclusion—as rehabilitative instruments within the prison system.

The *Legge Smuraglia* was, however, one step forward in a system that is walking backward. The Italian prison system has proved several times its failures in rehabilitating inmates, applying an outdated view that prioritizes punishment over reintegration. The Italian prisons remain repressive rather than rehabilitative, and control and surveillance of inmates often take precedence over agency creation and opportunity development (Mongelli et al., 2018). In contrast, exemplary prison systems (e.g., Norway, the Netherlands, etc.) prioritize rehabilitation through education, skill-building, and psychological support aimed at reducing recidivism via social reintegration. These systems demonstrate that a supportive environment, where inmates can imagine and act for a change in their lives, can more effectively prepare them for acquiring productive societal roles, highlighting, even more, the gap of the Italian approach, where reintegration efforts remain underfunded and undervalued (Pratt & Eriksson, 2013).

4 Data and methods

Addressing the lack of a comprehensive overview of social cooperatives working in prisons, our empirical effort is dedicated to developing a taxonomy to clarify the emerging and possibly different forms and functions of social cooperatives within the prison system, understanding whether (and eventually how) they differ in their goals, organizational practices and impact on prisoners.

4.1 Case selection and data collection

To realize the taxonomy, we mixed two different data sources. On the one hand, we relied on the information provided by websites that work as online shops and advertisers for jail-based production projects (e.g., the website of the Italian Ministry of Justice, that of “Economia Carceraria”/“Jail Economy” and of “FreedHome”). On the other hand, we accessed the list of government-supported initiatives present on the Ministry of Justice website, which we used as a proxy for relevance, sorting the list by the size of funding received. We pooled the two data sources together to make sure we got the most relevant, active and visible organizations. We initially selected 47 projects implemented by 33 organizations, including cooperatives, social enterprises or associations. As this research focuses on cooperatives, we excluded from the initial pool any organization that was not identified as a cooperative. Our final sample included 28 different projects implemented by 28 different social cooperatives.

Most of the projects in the dataset involve between 10 and 15 prisoners, and some initiatives have more than 30 years of experience. Activities range from the growth and sale of plants to the production and sale of food products, from packaging workshops to the production of handicrafts. Table 27.1 breaks down our sample into the 3 main categories of activities developed by the social cooperatives.

Table 27.1 Sample breakdown of social cooperatives' work-integration activities

Type of Work-Integration Activities	#	%
Production and sale of baked goods and confectionery	14	50
Agriculture and processing of agricultural products	4	14
Crafts and material processing	10	35

In the food sector, a Sicilian cooperative, active since 2005, produces and sells typical local products such as dried fruits, herbs, spices and preserves, and employs between 8 and 12 inmates. Another cooperative, located in the province of Bergamo, started a bakery in 2013, permanently employing between 5 and 6 inmates.

In the handicraft sector, some cooperatives focus on the production of canvas bags and tailoring items, providing inmates with the opportunity to learn practical skills. Another handicraft initiative is the carpentry workshop, active since 2016, which allows inmates to acquire specific skills in woodwork.

As a further step, we collected detailed information on each of the cooperatives and the projects carried out through online searches, including the examination of relevant websites, articles and social reports. This approach allowed the development of a comprehensive database, including details such as the prison in which the project is carried out, the year in which the project started, the main activity carried out and the prison population targeted by the project.

5 A taxonomy of social cooperatives working in prisons

As a first step, we undertook a collective iterative exploratory analysis by having four researchers read together the social and economic processes for each of the selected projects to capture and interpret emerging differences from the project descriptions reported in the database. Two main intuitions emerged from this collective brainstorming phase: some economic processes are more creative than others (*low* vs. *high creativity*), and social processes differ in the role given to training (*on-the-job* vs. *formal training*). Once the categories and their sub-dimensions were identified, three researchers independently labelled the economic and social processes of each project, then debated the difference in their classifications to converge on a commonly agreed set of labels. We now describe these findings in further detail.

Creativity can be defined as the additional stimulus employees receive from having control over their work and especially their ideas (Sun et al., 2012). This concept goes beyond the mere execution of tasks to emphasize a more engaged and thoughtful participation in the work process. Fostering creativity of this kind in a disempowered context such as jails allows us to “convert organizations into learning spaces” (Vieta et al., 2024), generating opportunities for rehabilitation, making inmates acquire higher self-confidence, agency and more useful skills to be leveraged once outside, with a net positive impact for the whole community (see also the “spillover effect” in Vieta et al., 2024). However, it also carries some difficult challenges in the ways such

creativity can produce value that is then brought to the market. Thus, we used high or low content of creativity embedded in the work activities run by the social cooperative with inmates as the main criteria for classifying the economic processes of social cooperatives. One example of an economic process that could be considered highly creative is the production of handicraft bags. In these cases, each piece is unique and carries with it a piece of the life of the person who made it, for individual expression is intimately linked to the identity of its creator. Conversely, an example of an economic process with a minimal creative component is the engagement of inmates in agricultural work. This is because agricultural tasks are characterized by routinization and structure, with an emphasis on physical labour and adherence to established processes for planting, harvesting and maintenance. The focus is on manual skill and efficiency, rather than creative decision-making or individual input, as opposed to more creative tasks such as designing or making unique products.

As far as the social process implemented by prison-based social cooperatives is concerned, we observed that all cooperatives run activities aimed at reintegrating inmates into society by equipping them with work-related skills, typically through specialized courses and training. At the same time, our analysis reveals distinct variations in the balance between on-the-job and formal training among these initiatives. In some projects, on-the-job training predominates, especially when the emphasis lies on fostering economic self-sufficiency by directly supporting labour market integration. Conversely, in other projects, employment activities serve more as an extension of primary training efforts, where structured training sessions—whether preceding or accompanying employment—form an integral part of the rehabilitation pathway.

From these distinctions, we categorized projects as either primarily focused on work integration or education. This analytical approach aligns with recent literature on social cooperatives, such as the framework by Marocchi (2023), which differentiates between “mainly productive” and “mainly formative” work integration social enterprises.

For instance, projects centred on immediate labour market entry might involve inmates in practical work tasks, such as bakery production, encouraging learning through direct experience. In contrast, projects emphasizing preparatory workshops on life skills, vocational training, or personal development highlight the training component as fundamental to the reintegration process.

This taxonomy categorizes prison-based social cooperatives along two main dimensions: the degree of creativity involved in their economic activities and the focus on either on-the-job or formal training in delivering work-related skills to inmates (Table 27.2).

As shown in Table 27.2, the category “predominantly on-the-job training with low creativity content” emerged as the most common in our sample, encompassing a total of 15 social cooperatives. This prevalence underscores a strong focus on practical skill acquisition within these cooperatives. Conversely, the category “predominantly formal training with high creativity content”, represented by only 3 social cooperatives, stands out as the least common typology in our dataset.

In the second phase of our research process, we conducted interviews ($N = 10$) with representatives from various social cooperatives. Given the higher frequency

Table 27.2 A taxonomy of social cooperatives working in prisons along social and economic processes (numbers represent the frequency for each quadrant).

	<i>Predominantly on-the-Job Training</i>	<i>Predominantly Formal Training</i>
Low content of creativity	15	5
High content of creativity	5	3

Table 27.3 Number of interviews per typology and social cooperatives' main activities

<i>Typology</i>	<i>#Interviews</i>	<i>Interviewed Social Cooperatives' Main Activities</i>
high creativity content - focus on on-the-job training	2	production of accessories (1); creation of printed t-shirts (1);
high creativity content - focus on formal training	2	ceramics manufacturing (1); manufacture of apparel (1);
low creativity content - focus on on-the-job training	4	production of food products (3); production of beer (1);
low creativity content - focus on formal training	2	cultivation and sale of plants (1); production of gowns (1);

of *low creativity content - focus on on-the-job training*. In this case, we conducted interviews with four social cooperatives in this category. For each of the remaining categories, we interviewed two cooperatives, allowing for a balanced exploration of both dominant and less frequent typologies. Table 27.3 displays a breakdown of interviews for each typology identified with a summary description of the main activities developed by each social cooperative interviewed.

The interviews were semi-structured, audio-recorded and transcribed for analysis. The duration of each interview was up to 40 minutes. Our main goal was to uncover how social cooperatives work and what impact mechanisms they activate on prisoners. More specifically, we tried to gain in-depth insight into the challenges that social cooperatives face in implementing their projects, the procedures applied to involve prisoners and how the benefits, both material and immaterial, influence prisoners' identity and sense of agency when they participate in the projects.

6 Social Cooperatives working in prison: common characteristics and challenges

In this section, we discuss findings that emerged as common to all the 10 social cooperatives interviewed. Specifically, we discuss the challenges stemming from their operational context, notably the complicated relationship with prison staff, as well as the positive but still small-scale impact they create in the prison system.

A first shared challenge emerged, concerning the complex relationship social cooperatives have with prison staff, particularly at lower hierarchical levels.

Interviews reveal a prevailing sense of resistance among these staff members toward work integration initiatives (similar or other experiences; see for example, Bennett, 1985; Foot, 2014). This resistance seems rooted in the fact that such initiatives for inmates introduce changes and add responsibilities beyond what the prison staff is traditionally brought to think. As a consequence, lower-level officers, who primarily focus on enforcing confinement and maintaining order, maintain the same approach when re-education activities led by social cooperatives are in place.

These resistances seem particularly pronounced among lower-level staff than among prison directors, with whom it is easier to foster a collaborative environment, especially when they recognize and share the positive effect of working integration activities.

Obstacles like restrictions on daily activities for security reasons, extensive bureaucratic procedures, and limitations of autonomy also emerged as considerably hindering the effectiveness of reintegration projects.

These findings come as no surprise, as previous empirical research already highlighted the repressive mindset of prison staff and their hindering role in blocking prisoners from exercising their agency (Mongelli et al., 2018). This generates difficulties in evolving identities and roles, as observed in other relatable fields (Foot, 2014, Bennet, 1985, see also the discussion on the role of hierarchies and structures in Biggiero, 2024).

Another key challenge revealed by the interviews is that work-integration activities are usually accessible to only a selected group of prisoners. Participation requires inmates to undergo a selection process governed by specific criteria set by the prison administration. For instance, selection may depend on an inmate's legal status, performance in job interviews where they present their CV, or behaviour during incarceration. This selective access risks creating exclusion and inequalities, highlighting that such opportunities are not yet a right for all prisoners. This implies that the reach of these initiatives remains restricted to relatively few individuals.

As for the benefits, interviewees emphasized that the most significant positive changes observed occur when prisoners transition from the confinement of jail to the workplace. This shift marks a turning point for prisoners' psychological well-being. In prison, inmates often endure isolation, monotony, and lack of stimuli, while the workplace reintroduces opportunities for meaningful interaction with fellow inmates or external parties, such as customers or suppliers.

Social cooperatives commonly facilitate these social interactions, aiming to nurture teamwork and relationships that promote a sense of belonging. This emphasis on connection supports inmates' personal, social, and psychological development.

Connected to the previous point, a defining feature of social cooperatives is their role in helping prisoners construct a new identity. Working in a cooperative setting allows inmates to acquire the role of "workers", which distances them from the confining role of "prisoners". Unlike the repressive mindset typical of the prison context—where inmates are primarily identified with their crimes—social cooperative projects enable a gradual shift toward a different, more generative identity (Rogers et al., 2017, and Foot, 2014).

The link between the inner identity of the prisoner and that of the worker, which bridges with similar workers outside the prison; the need to act to providing agency to inmates in an environment where the prison staff adopts a limiting, punitive cultural perspective; and the impossibility to easily overcoming bureaucratic and administrative burdens in an environment that often doesn't understand and welcome their efforts are all examples of the bars social cooperatives shake and try to break within jails.

This requires huge levels of problem-solving and the ability to balance compromise but also push forward when needed. However, social cooperatives can thrive when there are supportive conditions enabled by prison directors, who can act on staff, bureaucracy and the space given to cooperatives to foster their activities. This alliance—often developed on a personal level—is what makes social cooperatives' work possible in jails, contrasting the limitations put in place by the prison system itself.

In the following sections, we will explore the specific typologies of social cooperatives, examining the mechanisms leading to impact and the primary challenges they encounter, as summarized in Table 27.4.

6.1 *High creativity content and on-the-job training prevalence*

In this section, we examine the distinctive features of social cooperatives that implement work-integration activities with high levels of creativity in their economic processes and emphasize on-the-job training (OTJT) over formal education as part of their social mission. From our taxonomy of social cooperatives working in jail, 5 cases pertain to this typology.

High-creativity OTJT projects involve the production of handcrafted items, such as tailoring bags from repurposed materials and creatively screen-printing fair-trade t-shirts. Inmates engage in the entire production process, transforming raw materials into finished retail products. In these projects, work activities and training seamlessly align as workers are directly “inserted” into the job.

Table 27.4 Summary of impact mechanisms and main challenges per typology of jail-based social cooperatives

<i>Typology</i>	<i>Impact Mechanisms</i>	<i>Main Challenges</i>
high creativity content - focus on on-the-job training	Immediate economic reward Focus on personal expression.	Balance inmates' sense of autonomy with structured work-related tasks.
high creativity content - focus on formal training	Higher focus on personal expression and self-development	Stricter access criteria and limited impact
low creativity content- focus on on-the-job training	Larger scale of convicts involved Immediate economic reward Partnerships with external actors	Balancing scale with surveillance Limited material and financial resources
low creativity content - focus on formal training	Convicts' continuous training Convicts' direct relationship with customers	Additional costs for increasing trained staff

Social cooperatives implementing high-creativity OTJT projects prioritize hands-on learning, integrating inmates directly into work activities, where working itself becomes the central rehabilitative tool. Convicts generally have considerable freedom in organizing and managing their work, a necessity in creative production processes. For example, inmates involved in crafting bags participate in every stage of production and have the freedom to express themselves creatively through their work. With a high degree of creativity in their activities, prisoners are not confined to rigid, predefined tasks; instead, they can leverage their creative skills to devise innovative solutions to challenges and make decisions on how to tackle various issues. This freedom not only makes room for creativity but also fosters the development of problem-solving skills and enhances their engagement in the work process.

Additionally, these high-creativity OTJT cooperatives place a strong emphasis on immediate economic rewards. From the start, prisoners receive a salary, with full autonomy in the decisions on how to spend it. This personal control enhances their sense of independence and financial responsibility. In both the 2 interviews we ran, it emerged that inmates—particularly women—use their earnings to support their families. Contributing financially helps strengthen emotional bonds and provides inmates with a renewed sense of purpose, essential for their reintegration. Furthermore, this financial support can alleviate the fear and helplessness often experienced in prison, encouraging a more positive outlook.

6.2 *High creativity content and formal training prevalence*

This category is the least frequent in our sample, as only 3 out of 28 projects combine highly creative working activities with formal training (FT). Different from the previous typology, high-creativity FT social cooperatives offer formal training before and throughout the carrying out of work activities. These projects include the creation of handicrafts such as woodworking workshop accessories, bracelets, and ceramics. Similarly to the previous typology described, inmates exercise their creativity at every stage of the production process. In these initiatives, practical work and training are organized as two distinct or parallel phases, as social cooperatives provide a training period before integrating workers into productive activities.

High-creativity FT social cooperatives view work placement not merely as an end in itself but as a catalyst for meaningful changes in prisoners' attitudes and behaviours. While this perspective is likely applicable to all work integration projects, this particular typology places greater emphasis on transformative personal development rather than solely on immediate economic benefits and direct work integration.

These projects tend to be more resource-intensive and require greater effort because training is not merely a byproduct of work (through learning by doing or learning from and with colleagues); it involves additional investments and specialized expertise. This configuration of cooperatives adopts a long-term approach, aiming to equip inmates with a skill set they can leverage for future opportunities and pursue autonomously after their release from prison.

Aligned with this perspective, our interviews revealed that entry into these initiatives may be more challenging for convicts compared to other cooperative models. Participation requires not only a willingness to engage but also a proactive and open attitude toward learning. Consequently, the selected prisoners are not solely focused on financial rewards; instead, they are motivated to achieve outcomes that enhance their self-esteem and help them recognize that they have access to transformative opportunities that can change their lives.

This approach seems key, especially considering that most prisoners in Italy are relatively young and thus deprived of valuable learning opportunities that could facilitate their reintegration into society (Mongelli et al., 2018).

6.3 *Low creativity content and on-the-job training prevalence*

According to our classification, this is the most common type of social cooperative operating in prisons, accounting for 15 out of 28 cases.

Low-creativity OTJT projects focus on generally less creative productions, such as food, with an emphasis on. Examples include patisserie workshops, bakery preparation and fruit and vegetable processing for preserves. Prisoners are involved only in the actual production phase, transforming raw materials into finished products ready for sale, without being involved in the design or ideation of the products.

Work and training are closely intertwined in these initiatives, with workers integrated into their roles from scratch. Productive tasks in this category require less creativity compared to the other typologies discussed, as they prioritize efficiency and standardized work performance.

While routinized tasks may limit creative expression, they allow social cooperatives to ensure broader accessibility for inmates. The four interviews support this observation, indicating that the entry criteria for their initiatives are less stringent, leading to higher participation and enabling low-creativity OTJT projects to operate on a larger scale. However, interviewees emphasize that involving a greater number of prisoners necessitates increased supervision and control, which has several implications. Enhanced surveillance restricts the flexibility of work activities and diminishes inmates' autonomy, creating a more rigid environment. Additionally, strict oversight impacts the availability of material resources, as security measures complicate and slow down the procurement and distribution of supplies essential for large-scale production.

One interviewee noted that the increased security and surveillance associated with large-scale prisoner participation presents challenges in securing material resources, such as bakery equipment or space for laboratory operations. To address these challenges, social cooperatives frequently seek financial support from external for-profit organizations or establish partnerships.

6.4 *Low content of creativity and prevalent formal training*

Low-creativity FT projects include services such as paper craft workshops, catering services and gown-making. Inmates focus on learning new skills needed for their

jobs. In the catering service, for example, they learn how to interact effectively with customers to ensure a positive customer experience. In these projects, work activities and training are structured as separate components, with formal training preparing inmates for specific skills.

Low-creativity FT social cooperatives focus on structured productive tasks but differ in their emphasis on formal training and the acquisition of skills before starting work, although the tasks are not particularly creative and dynamic. Production here remains stable, with no variation in design, requiring precision and adherence to pre-defined standards rather than personal expression. A good example of this is the initiative where inmates produce judicial gowns, where creativity is minimal because the product must meet specific, unchanging requirements.

Formal training requires inmates to have a proactive attitude and willingness to make a great effort to acquire or improve specific skills related to the core activities of the projects. On the social cooperative side, increasing the level of formal training also means expanding the size of trained staff, with the associated costs. However, unlike the *predominantly on-the-job training and low creativity content* category, where increased supervision of prisoners' work activities is often necessary, this category relies on formal training to enable prisoners to carry out their tasks autonomously. The formal training thus sets the foundation and ensures that prisoners can carry out their tasks responsibly, reducing the need for constant supervision.

7 Discussion and conclusion

The goal of this chapter was to provide a first understanding of how social cooperatives operate in prisons, revealing both the contextual challenges stemming from limited resources and the pervasive disempowerment of individuals within the system, and their potential as catalysts for rehabilitation and societal reintegration.

These organizations, rooted in cooperative economics and the broader Social and Solidarity Economy (SSE), offer a compelling alternative to purely punitive models of incarceration.

Our analysis, based on a unique dataset including 28 case studies has provided a thorough examination of the landscape of jail-based social cooperatives, identifying common traits and challenges and emphasizing diverse intervention models.

Jail-based social cooperatives share a common goal: to foster social integration by alleviating the constraints imposed by incarceration. They do so by implementing strategies that promote identity creation and agency acquisition among inmates, ultimately empowering them. This empowerment is crucial, as it fosters awareness among prisoners that a new life is possible also for them.

As such, the impact of social cooperatives in prisons extends beyond their immediate beneficiaries, through their families and future co-workers (once freed), with a spillover effect in the broader community (Vieta et al., 2024).

Firstly, the successful reintegration of former inmates into society reduces recidivism rates, leading to safer communities and lower costs for the criminal justice system. Social cooperatives contribute to this process by providing ex-offenders

with valuable work experience, skills, and social support networks, increasing their chances of securing employment and leading productive lives.

Secondly, the presence of social cooperatives within prisons can challenge negative stereotypes and promote a more nuanced understanding of incarcerated individuals. By showcasing the potential for rehabilitation and the capacity for prisoners to contribute to society, these organizations can help to break down barriers and foster greater social inclusion.

Finally, the success of social cooperatives in prisons can inspire similar initiatives in other marginalized communities, demonstrating the power of cooperative models to address social and economic challenges. The Italian experience, as highlighted in this chapter, offers valuable lessons for other countries seeking to improve their prison systems and promote the rehabilitation of offenders,

By providing prisoners with opportunities for meaningful work, skill-building, and democratic participation, social cooperatives act as catalysts for more participatory governance. They empower inmates to take control of their lives, fostering a sense of agency and responsibility that is often absent within the confines of the prison system. This empowerment extends beyond the individual level, as cooperative structures encourage collective decision-making and shared ownership, promoting a sense of community and mutual support. The historical emphasis on democratic participation within cooperative economics, as highlighted by Emelianoff (1948) and more recent scholars (Altman, 2017; Huybrechts & Mertens, 2014), underscores the potential of these organizations to cultivate participatory skills that can be transferred to life beyond prison walls.

Despite the selective access to work-integration activities, the cooperatives significantly enhance inmates' psychological well-being and facilitate identity transformation from "prisoner" to "worker". By promoting meaningful social interactions and a sense of belonging, they empower inmates to reclaim their humanity and develop essential skills for reintegration. Ultimately, these efforts contribute to a more inclusive approach to rehabilitation within the prison system.

However, as our qualitative analysis highlights, jail-based social cooperatives navigate a challenging landscape marked by bureaucratic hurdles and contextual resistance from lower-level prison staff. Their success relies on effective problem-solving and the ability to foster collaboration with supportive prison directors.

By categorizing jail-based social cooperatives according to their objectives and operational contexts, we established a reference taxonomy aimed at enhancing our understanding of these organizations within the challenging environment of prisons. This framework serves not only to advance academic discourse but also to guide future research into the various profiles of social cooperatives that may emerge in prison settings.

The taxonomy delineated four distinct types of social cooperatives based on their approaches to creativity and training:

High Creativity with On-the-Job Training (High-creativity OTJT): by integrating creative activities with practical training, these cooperatives facilitate the development of professional skills while promoting autonomy and responsibility among inmates. This dual approach addresses both economic incentives and psychological needs essential for successful reintegration.

High Creativity with Formal Training (High-creativity FT): These cooperatives emphasize empowerment through creativity and structured learning, fostering intrapersonal growth such as self-awareness and self-esteem.

Low Creativity with On-the-Job Training (Low-creativity OTJT): cooperatives in this category focus on enhancing inmates' material conditions by providing immediate access to work opportunities. This model not only offers economic rewards but also reinforces prisoners' roles as active agents in their rehabilitation, thereby enhancing their financial autonomy and social identity.

Low Creativity with Formal Training (Low-creativity FT): this model emphasizes skill acquisition through structured training programmes, fostering a proactive attitude among inmates. Although less creative, this approach is well suited to transferring marketable skills to inmates and enhances their self-sufficiency, ultimately boosting their confidence and easing their transition back into society.

Each model tends to address unique aspects of inmate rehabilitation, from fostering self-esteem to enhancing economic independence. By understanding these differences, we not only appreciate the significant contributions of social cooperatives in the Italian prison system but also lay the groundwork for future research and practical applications that align with perspectives that go beyond the prison as a repressive system and see rehabilitation as a social, work-based process. In conclusion, social cooperatives operating in Italian prisons represent a promising approach to rehabilitation and societal reintegration. By fostering participatory governance, promoting skill-building, and generating positive spillover effects, these organizations offer a compelling alternative to traditional, purely punitive models of incarceration. Further research is needed to fully understand the long-term impact of social cooperatives on recidivism rates, social inclusion, and community development. However, these organizations have the potential to play a significant role in creating a more just and equitable society.

Ultimately, these insights pave the way for exploring how social cooperatives can serve as part of a broader strategy to reimagine and transform the incarceration system itself toward more effective reintegration.

Note

- 1 Franco Basaglia's pioneering work in Italy, particularly his efforts to dismantle psychiatric institutions and promote community-based care, significantly influenced abolitionist movements. a. His approach to deinstitutionalization and emphasis on human rights resonated with activists throughout the world seeking to reform or abolish carceral systems. Basaglia's methods demonstrated the possibility of replacing oppressive institutions with community-centred alternatives, inspiring similar strategies within abolitionist circles (Foot, 2014).

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28 Struggling for economic viability and environmental sustainability at an Italian worker-recuperated enterprise

The case of ex-*GKN*

Daniele Bigi, Marco Lomuscio, and Marcelo Vieta

1 Introduction

The economic and social transformations of the past decades, driven by neo-liberal practices and policies, have generated political instability, market downturns, and recurring crises in mature economies. In particular, the decision of multinational companies to offshore or downscale operations has repeatedly triggered significant disruptions in local economies, leading to plant closures, mass layoffs, and long-term negative social consequences for communities. Workers confronted with the realities of industrial decline and job loss have responded in diverse ways, ranging from labor strikes to the establishment of alternative models of ownership and control (Atzeni, 2010; Delgado et al., 2014; Roelants et al, 2020; Pohl, 2018).

A compelling alternative to conventional capitalist ownership structures has been the workers' takeover (WT), also known as workers' buyout (WBO), alongside other forms of labor-managed firms (LMFs) and worker-recovered enterprises (WREs) (Vieta, 2020). These organizational forms challenge the top-down hierarchy of traditional firms, offering a model in which workers collectively control and manage the enterprise and democratically reconstitute their workplaces, often as worker cooperatives. These worker-led models have proven to be not only expressions of resistance to capital flight and economic displacement but also, in some instances, vehicles for transformative changes in how firms operate in relation to sustainability, community needs, and social equity.

This chapter examines a contemporary case of worker-led resistance and organizational transformation in the context of the former *GKN* plant in Campi Bisenzio, Tuscany (Italy). In 2021, after being informed of the plant's impending closure, the workers at this facility initiated a series of actions aimed at preserving their jobs and reorienting production toward ecologically sustainable and community-oriented outcomes. Their final aim has been to transition the ex-*GKN* plant into a collectively organized LMF embracing both economic viability and environmental sustainability. In generating social and entrepreneurial innovations, the ex-*GKN* workers have also drawn on past and present models, including WTs and WBOs as established under Italy's Marcora Law framework and the more radical tradition of

WREs observed in Latin American countries, particularly in Argentina and Brazil (Azzellini & Vieta, 2025).

This chapter is guided by the following two questions: (1) “How can workers recover a factory characterized by a large workforce (more than 400 employees) that used to be active in the capital-intensive automotive sector and owned by an investment fund?” and (2) “In a comparative perspective, given the common neo-liberal context, what similarities and differences can be observed between *GKN*’s recuperation process and others that took place in Italy and Argentina with regard to economic, social, and environmental sustainability?” As to the first question, findings reveal that workers’ collective resistance and the labor struggle, in conjunction with solidarity from related unions or other workers’ or community organizations, are essential to realize worker-led company rescues. As to the second question, other conflictual recoveries that took place in Italy and in Argentina have also displayed the same environmental concerns central to the ex-*GKN* recovery strategy, suggesting that WREs may be an effective vehicle for bottom-up projects concerned with climate justice and working-class environmentalism (Leonardi & Feltrin, 2024; regards these issues and cooperatives, also see Albanese, 2024).

Specifically in this chapter, we will compare the ex-*GKN* case with similar cases in Italy and Argentina, such as *RiMaflow* and *Officine Zero* in Italy (Azzellini & Vieta, 2025; Orlando, 2021) and *Unión Solidaria de Trabajadores* in Argentina (Vieta, 2020), in order to gauge whether the case of the recuperation of *GKN* is closer to a WBO or a WRE, and whether WT is adequate for the just transition to more ecologically sound production. Considering that the ex-*GKN* recuperation process is still ongoing as of this writing, we will also recall a similar attempt at self-management from the 1970s, the UK’s *Lucas Corporate Plan*, to argue that the social and environmental orientation of worker-led firms can manifest even before the full establishment of the recovered firm and that there is historical precedence suggesting the suitability of LMFs for ecologically sustainable production.

The socio-political transformations and informal learning processes that workers go through in recuperating their former workplaces (see Vieta, 2014, 2019) open up for them an awareness of the possibilities for businesses to engage in wider socio-economic change, such as environmental justice. These experiences corroborate our argument regards WREs’ economic viability and potential for environmental sustainability, while showing that workers’ collective management of firms is feasible and that WTs and LMFs can be successful in different economic conjunctures. Our contribution here thus complements and extends the emergent WRE literature, which tends to focus on Latin America and solely on issues of workplace democracy (for a discussion and review, see Azzellini & Vieta, 2025), and enriches the ongoing debates about the broader role of LMFs for navigating economic transitions and achieving ecological sustainability (e.g., Basterretxea et al., 2024; Cheney et al., 2023).

The rest of this chapter is structured as follows: We first provide a brief theoretical overview of the literature on workers’ self-management and workers’ takeovers. We then embark on the case of the ex-*GKN* workers’ struggle, homing in on the plant’s worker-led reindustrialization project and the fundraising and

community support strategies pursued by the ex-*GKN* workers. The last section of this chapter highlights the similarities between the *GKN* case and the other WRE and WT cases we touch on, allowing us to draw out some preliminary conclusions concerning their possibilities for creating more humane and sustainable businesses and workplaces that aspire toward transitioning to other, less exploitative and more environmentally just modes of production.

2 Theoretical background

The theory of the firm has long served as a foundational framework in economics to understand the nature, boundaries, and operational structures of businesses. Neo-classical theories of the firm conceptualize it as an entity that exists to minimize transaction costs, exploit economies of scale, and maximize profit for shareholders by efficiently allocating resources in competitive markets (Coase, 1937; Williamson, 1981). Neoclassical models assume that firms are rational profit-maximizing entities with clear hierarchies where decision-making authority is concentrated in the hands of owners or managers (Hansmann, 1988).

This traditional conception of the firm has been subject to critiques. LMFs, worker cooperatives, social enterprises, and other forms of collectively governed enterprises challenge the notion that firms must be solely motivated by profit and controlled by capital owners (Borzaga et al., 2022). They are business models where workers or other member types democratically exercise decision-making power and where the firm's objectives encompass broader socio-economic values. In these firms, the priorities often extend beyond maximizing shareholder value to include securing stable employment, fair wages, and ethical practices that reflect workers' and even a community's broader interests (Dow, 2018).

WREs represent a significant development in the landscape of worker-owned and managed firms, particularly in contexts of severe economic disruption. The concept of WREs gained international prominence during Argentina's economic crisis in the late 1990s when numerous enterprises were abandoned or closed by their owners, many under questionable circumstances, leaving workers without jobs (Vieta, 2010, 2019, 2020). In response, workers began occupying and restarting production in these closed factories, often in defiance of property laws and bankruptcy proceedings, but grounded in the broad social legitimacy gained by these struggling workers with few options left in a conjuncture of a crumbling economy and social unrest (Sobering, 2022; Vieta, 2020). Over time, many of these worker-recuperated enterprises were formalized into worker cooperatives, with legal recognition coming later as a result of further labor and political struggles. In the ensuing decades, the WRE movement has been characterized by a deep commitment to social justice, economic democracy, and community solidarity (Azzellini & Vieta, 2025; Vuotto, 2012). Workers in WREs typically embrace horizontal decision-making structures, and the enterprises are often integrated into broader social movements. These movements are not only responses to capitalist crises but also represent a profound critique of the existing economic system, pushing for more equitable forms of production and ownership (Azzellini & Vieta, 2025).

In the UK, in the 1970s, the *Lucas Corporate Plan* was an experiment in workers' self-management of a capital-intensive firm, the *Lucas Aerospace Company*. The *Plan* set out to develop worker-led and community-centered innovations of new "socially useful" products, in part as a solution to the threat of massive layoffs at Lucas. Through a joint worker–union council, the company's skilled and semi-skilled workers were folded into the management, decision-making, and product proposal and design areas of the company for a time. There, they began to deploy their skills and knowledge for proposing and producing new, technologically sophisticated products in collaboration with the communities (rather than markets) that would benefit most from such technologies (Cooley 1980; Noble 1984).

Through worker innovation and community collaboration, Lucas went from producing jet turbines to co-inventing and co-producing energy-saving domestic products, medical machines, and versatile power generation devices. The relative success of the *Lucas Plan* inspired other experiments in "socially useful production," such as the *Greater London Enterprise Board* and the *London Innovation Network* under the political leadership of then-London councillor Ken Livingstone. All of these initiatives, however, were perhaps too promising for their time, displaying the potential of workers' self-management that overtly threatened the capitalist status quo. Predictably, the conservative Thatcher government eventually shut them all down by 1985 (Vieta, 2020).

The institutional framework in some countries has, in recent decades, further facilitated these company transitions through legal mechanisms, such as Italy's Marcora Law framework, allowing workers to use their unemployment benefits and access government funds to acquire and restructure distressed firms (Lomuscio, 2024; Vieta, Depedri, & Carrano, 2017). WBOs represent a pragmatic form of worker self-management, often pursued not as a radical political gesture but as a necessary strategy to save jobs and maintain economic stability. These forms of conversions of conventional capitalist firms to employee ownership (EO) models, including at times innovative uses of employee stock ownership plans (ESOPs) and other EO legal forms (see Juri et al. and Travisani & Cordova, this volume), have hence also been characterized as "negotiated conversions" (Azzellini & Vieta, 2025; Cheney et al., 2023). Unlike WREs, which may be born from more confrontational or extralegal actions and have thus been termed as "labor-conflict recuperations," WBOs tend to emerge in negotiations between ex-employees, exiting owners, unions, local authorities, and the state, and operate within established legal and economic paradigms (Azzellini & Vieta, 2025; Cheney et al., 2023; Vieta, 2020). While they represent different pathways to worker ownership and workplace democracy, both WBO and WRE processes have challenges rooted in the difficulties of transforming a strictly capitalist and hierarchical workplace to a more democratic one. In both WREs and WBOs, workers must learn and acquire new skills related to business management and governance, and they must navigate the complexities of maintaining their businesses' profitability in competitive markets, all the while upholding the principles of workers' self-management, collective ownership, and cooperativism (Vieta, 2014, 2019).

One of the key questions in the contemporary debate on LMFs – whether emerging as *ex novo* startups or as WREs or WBOs – is their viability, both in terms of their economic robustness and their environmental sustainability. Increasingly, LMFs and cooperatives are seen as more conducive to sustainable practices than their profit-maximizing counterparts (see, for instance, Albanese, 2024; Bianchi & Vieta, 2019; Filippi et al., 2023; Preluca et al., 2022). In cases like the ex-*GKN* plant, where workers are explicitly seeking to reorient production toward environmentally sustainable markets, LMFs hold significant potential for leading the transition to a greener economy. The participatory nature of LMF governance allows for the incorporation of environmental and social goals into the strategic objectives of the firm, making them uniquely positioned to address the twin crises of economic instability and ecological degradation. Nonetheless, these enterprises face particular challenges in maintaining competitiveness, particularly in sectors where capital intensity and high value-added production are critical. LMFs thus must balance the need for economic success with the desire to maintain worker control and avoid the hierarchical structures that characterize traditional firms (Cheney et al., 2023).

Grounded in the key theoretical debates we have just reviewed, we now turn to the case of *GKN*, offering empirical evidence for answering the main questions that drive this chapter.

3 Case background

The plant in Campi Bisenzio, formerly a FIAT compound, was acquired by the British multinational company *GKN Driveline* in 1994. In 2018, the British investment fund *Melrose* acquired *GKN Driveline* and, as a consequence, became the owner of the plant in Campi Bisenzio. On 9 July 2021, *Melrose* attempted to close the factory with an email to its workforce of more than 430 direct employees plus around 80 indirectly contracted workers providing the cleaning, kitchen, and security services. Their *collettivo di fabbrica* (the union-affiliated factory workers' collective permitted by Italian labour legislation), organised years before and, already cautious of *Melrose's* interests, entered the factory on that day and launched a workers' assembly that was still ongoing as of this writing. Becoming the longest-lasting workers' assembly in Italian labor history, it also marked the beginning of the ex-*GKN* workers' struggle to save the factory and their jobs. Although the collective dismissal was cancelled by the Florence Tribunal in September 2021, *Melrose* was still able to initiate a new procedure and closed the factory in the following months, complying with Italian law; in that case, the Tribunal's sentence would only represent a setback in the fund's strategy¹. To prevent this closure, the workers' assembly deliberated to block the factory's gates and prevent the removal of machines until the workers were sure that a new production cycle would start and that their employment would be restored; thus, the permanent assembly gained time for the workers to rally support, continue to resist and elaborate a new strategy of struggle.

The workers' efforts to defend their jobs evolved into an intense and complex legal struggle and mobilization effort, seeking to establish political alliances with

workers from other struggling workplaces, labor organizations, as well as with numerous Italian social movements. We next present and assess the three phases of the ex-*GKN* workers' struggle to recuperate the factory and their concurrent reindustrialization plans.

3.1 *First phase*

The first phase of the struggle, spanning from July 2021 to August 2022, began with the first round of negotiations between the *Melrose* fund, the workers, their trade unions, and the Region of Tuscany. These negotiations took place at Italy's Ministry of Economic Development, which attempted to mediate between the opposing positions, ultimately without success. In December 2021, the economic advisor of the *Melrose* fund, Francesco Borgomeo, legally purchased the factory and created a new firm called *QF²* on *GKN*'s premises. In another round of negotiations, in January 2022, he committed to look for potential investors to reactivate the factory and to restart production himself if none of the interested investors proceeded with the acquisition by August 2022.

Throughout these months, the ex-*GKN* workers began collaborating in parallel with various academic groups, particularly from the School of Advanced Studies of the University Sant'Anna of Pisa, Tuscany. Together with allied legal experts and the supporting academics, the ex-*GKN* workers produced a draft legislative proposal against the plant's delocalization plans, which could be applied to their case while preventing other similar cases from occurring³. The proposed law would apply to all firms with more than 100 employees that cease activity in Italy without demonstrating substantial (in addition to formal), financial difficulties; firms in these situations would have to elaborate an industrial plan to protect the workers' employment, and this plan would need to be approved by public institutions and by the workers' unions, who would afterward monitor its implementation. Unfortunately, this proposal was not taken up by Italy's Democratic Party (then controlling the Ministry of Labour in Prime Minister Draghi's interim government), which instead supported another, watered-down reform that has a more limited field of application, does not require a public approval of the firms' proposed plans, and only prescribes pecuniary sanctions for the firms that fail to comply while not annulling their closures or collective dismissals⁴. At the same time, with the assistance of allied economists and engineers, the ex-*GKN* workers created an inventory of the plant's assets and of the workers' skills: this would form the basis of the first reactivation strategy envisioned by these initial mobilization efforts, presenting the plan to the public in March 2022.

The first reindustrialization plan put forward two hypotheses for reconvertng the factory. One hypothesis encompassed an incremental reconversion strategy focused on public transportation, whereby the factory would restart by producing axle shafts for buses, aiming to create a value chain between *GKN* and *Industria Italiana Autobus*, the only Italian-owned bus producer. A more radical reconversion strategy suggested a shift to the production of components for renewable energy technology. Both strategies would require a decisive public intervention

to create new and sustainable value chains and would entail agreements with research centers and smaller firms to perform research and development activities in the factory. However, neither of these reconversion hypotheses was taken into consideration during negotiations with the Ministry of Economic Development, and the ex-*GKN* workers' situation remained dependent on the new ownership's decisions.

In September 2022, notwithstanding previous press announcements, the factory's new owner failed to present a list of potential investors to the workers' group. Moreover, instead of reactivating the factory himself as he had publicly agreed to do, the new owner began complaining about the permanent workers' assembly and sought to characterize it as an illegal occupation of private property – a similar move taken by recalcitrant owners in countless WRE experiences in Argentina and elsewhere (Azzellini & Vieta, 2025; Vieta, 2020). This opened the second phase of the struggle. Fearing that the new ownership had no real interest in the reactivation of the factory, by October 2022, the workers were evaluating a different strategy: taking the path of a WBO. Italy's Marcora Law provisions allow workers to receive public funding to acquire the previous firm through *Cooperazione Finanza Impresa (CFI)*, a cooperative financing agency controlled by Italy's Ministry of Economic Development and the three largest Italian cooperative associations. This strategy was worthy of consideration; with numerous examples in Italy of Marcora Law conversions to draw from,⁵ a WBO solution, it was felt at the time by the workers' collective, could allow the creation of a cooperative firm and restore the workers' employment despite and in response to the new owner's and government's inaction.

3.2 *Second phase*

In order to access Marcora Law support, the workers needed to present a financially viable business plan. Building on the awareness that had been generated by the first reindustrialization plan, two new business activities started gaining traction among the workers: the production of cargo bikes and photovoltaic panels. The first could serve as more ecologically friendly modes of transportation in a new, socially and environmentally sustainable logistics model, as cargo bikes contribute to decarbonizing the “last mile” of delivery while generating employment in the delivery sector. This idea was first advanced in October 2022, following a meeting in Turin, Piedmont, of activists and professionals supporting the ex-*GKN* workers, and was soon found to be a coherent way to recover and reopen a company formerly in the automotive sector in an environmentally sustainable way. The production of cargo bikes required small investments and could be promptly set up by a worker cooperative with finance. Moreover, many ex-*GKN* workers were qualified steelworkers and welders, and, it was reasoned, they could easily gain new skills in this line of production. By January 2023, the ex-*GKN* workers had also been contacted by an Italo-German startup that had become aware of the ex-*GKN* struggle and wanted to collaborate to produce an innovative and environmentally sustainable model of photovoltaic panel, which it was expecting to patent.

The start of the workers' second phase coincided with the formation of a new solidarity group, which, starting from the two ideas sketched out above, would evaluate potential productive activities and their occupational and financial outlooks to develop a second reindustrialization plan. After having participated in demonstrations and other public activities organized by the ex-*GKN* workers' collective, at this moment two of this chapter's authors decided to increase their involvement in the struggle and support the workers' efforts as both activists and researchers in the spirit of participant researchers. Drawing inspiration from the University of Sant'Anna's group of economists who had contributed to the first reindustrialization plan, we entered the newly formed "Reindustrialization Group" and started researching the ex-*GKN* recovery process through a Participatory Action Research approach (Adelman, 1993; Kemmis et al., 2014; Carabini, 2024).⁶ Another source of inspiration was the University of Buenos Aires's *Facultad Abierta* program, which acts as a data collection center concerning the *empresas recuperadas* of Argentina and provides know-how and support to worker-recuperated experiences in the country (Esper, Cabantous, Barin-Curz, & Gond, 2017; Ruggeri, Antivero, Polti, & Vieta, 2018).

The Reindustrialization Group had two goals. On the internal side, we were to develop the business plan for the future worker cooperative and to provide support to the ex-*GKN* workers in their negotiations with customers, suppliers, and investors, including with the Italo-German photovoltaic startup and other institutional investors. The Reindustrialization Group collected information about both the photovoltaic and cargo-bike markets and their technical features. The goal here was to, on the one hand, help the startup in the development of its product, and, on the other hand, assist the institutional investors in the assessment of the business opportunity. The photovoltaic startup was composed of energy engineers and researchers with years of experience in the photovoltaic market. The Reindustrialization Group, working with the startup, thus had to quickly acquire analogous competencies in order to interact with the startup and verify its proposals, to assess their implications, to coherently construct *GKN*'s new business plan, and to use these plans and proposals for the ongoing negotiations with customers, suppliers, and investors. Given the social science background of the two authors of this chapter who worked in the Reindustrialization Group, we took on a supporting role, assisting the engineers and technicians with the collection of relevant data and with writing up and translating necessary documents and reports.

On the external side, we organized public presentations and discussions to maintain the struggle's visibility against the ownership's declarations and misrepresentations. From a wider perspective, these events also had the aim of rekindling debates about the situation of Italy's industrial infrastructure, a debate whose relevance and urgency had only been reaffirmed during and after the COVID-19 pandemic (Cresti, Lucchese, & Pianta, 2020). All along, we collected the documents produced by the Reindustrialization Group while performing an ethnography of the struggle, which included recording public and internal meetings, interviewing workers and other supporters, participating in the workers' collective's tours or traveling on their behalf to exhibitions and conferences. Our external activities also

entailed meeting other political, economic, and social organizations and looking for ways to increase the social movement-based mobilization and “convergence” initiative called for by the workers’ collective and that was occurring in parallel to the micro-economic strategy that was unfolding.⁷

3.3 *Third phase*

At the end of September 2023, we entered a due diligence process with the Italo-German startup and the investors: we needed additional technical information about the panels and the machinery to produce them, which would enable the consolidation of our business plan and of the financing agreement with the investors. The patenting process had not been completed by then, but the non-disclosure agreements, it was reasoned, should have permitted a sufficient exchange of technical information between the involved actors. Unfortunately, in early 2024, due to difficulties in the patenting process that postponed its completion to an indefinite future, our reindustrialization strategy could no longer rely on the innovative panels, and we had to revise the scope of collaboration with the startup toward R&D activities. In the same period, after the Florence Tribunal cancelled the second collective dismissal attempt by the firm⁸, in January 2024, QF stopped paying the workers’ wages: these changes opened the third phase of the struggle.

The evolution in the negotiations with the Italo-German startup and the investors caused the reindustrialization project to enter a third phase; this, in turn, necessitated a reorganization of our group. We had to redirect the effort toward the production of photovoltaic panels without losing the experience and the contacts that we had gathered in the previous year and a half. Considering the researchers and activists who had left the group during the second phase, it was also necessary for us to step up and take more responsibilities in the group. Rooted in our PAR perspective, we shifted from the participant observation we performed during the elaboration of the second phase to a different, more proactive posture that Seim (2021) calls “observant participation” (p. 3; also see Carabini, 2024, p. 214). The change in approach implied a change in the nature of the data collected as well as in the focus of observation. If, during the second phase, we thought of collecting interviews, we would now direct our observations to the experience of what this struggle entails in a collaborative effort. Also, by the third phase, we had much less time to organize public discussions because we needed to give priority to the reindustrialization’s goals. Lastly, we needed to recognize our emergent positionality as our perspective as researchers became more and more entangled with the experiences of the workers after spending such a long time with them. This last point corroborates Seim’s analysis of the differences between participant observation and observant participation, although it should be noted that we only partly proceeded with this epistemological shift for the reasons Seim describes.⁹ Rather, our shift to observant participation was more pragmatic; we needed to take up more responsibilities because there was urgent and necessary work to do beyond research in order to help secure the future viability of the plant, and we were among the people who were aware of this and could carry it out.

4 **The reindustrialization and fundraising strategies developed**

It is hopefully clear by now that the reindustrialization of the plant represents one of the main objectives of the ex-GKN workers' struggle, contributing to securing their jobs *and* the safeguarding of the territory's economic life – indeed, the reactivation of the plant is essential to both preserving local jobs and also protecting the productive feature of the city of Campi Bisenzio from the consequences of speculation, offshoring, and deindustrialization. In response, throughout the struggle to recuperate the factory, the ex-GKN workers' collective produced three different reindustrialization plans: the first plan was later published as the *Piano per il futuro della Fabbrica di Firenze* ("Plan for the future of the Florence factory") (Cirillo, Feltrin, Leonardi, & Salvetti, 2022); the second plan centered around the photovoltaic production line in collaboration with the Italo-German startup; and the third and current plan (as of this writing) adds three new economic axes to the second plan's production activities. We describe their evolution respectively.

The first plan could be *prima facie* described as a "position paper." It described the productive activities that could be hosted by the plant and argued for their realization from an industrial policy perspective, envisioning the creation of sustainable value chains in Tuscany. The plan also connected them to the decarbonization goals of the *Piano Nazionale di Ripresa e Resilienza* (National Recovery and Resilience Plan, or PNRR) and to the related funding it provides.¹⁰ This plan connected the plant's closure to the broader delocalization tendency that is taking place in Italy and contained an analysis of GKN's performance leading to its intended closure, which countered the ownership claims about its inefficiency. Coherent with the worker collective's analysis at the time, this first plan called for the Italian state's intervention and advocated for reliable and up-to-date industrial policies at the regional and national levels. This is why the first plan's position paper dedicated much space to the analysis of the industrial context of the factory, starting from the automotive sector at the national level and widening the perspective to analyze Italy's industrial strategy overall or lack thereof. The public presentations of the position paper had the intention of socializing the worker collective's struggle, while providing analysis and proposed solutions, which aspired to create sufficient public opinion to put pressure on the state in order to obtain its intervention. This emulated the political strategies taken on by Argentina's WRE movement (Vieta, 2020). While public awareness was raised, and the position paper still serves as a foundational text, the two reconversion strategies recommended in the plan were not ultimately developed into actual alternative business plans. Their environmental sustainability strategy, moreover, is argued from a purely theoretical angle and with reference to other secondary studies, rather than on the basis of an empirical internal analysis or from assessments of actual undersigned agreements.

The second plan was developed under changed circumstances by a different group of researchers; more importantly, this plan would be presented to potential investors, including CFI, with the goal of receiving funding for its implementation

under Legge Marcora provisions. This second business plan hinged upon the creation of a worker cooperative, following the experiences of other Italian WBOs and WREs. The central tenets of the business plan were the production of cargo bikes and photovoltaic panels. The photovoltaic project entailed a collaboration with the Italo-German startup, which was developing photovoltaic cells that did not use rare earth materials, making them extremely competitive and compelling from an environmental sustainability perspective.

As part of this second plan, the Italo-German startup brought a business proposal centered around the panel's prototype, and this helped the ex-*GKN* workers' collective focus on concrete efforts to create a product that could be sold in specific markets, as well as offering a compelling business case in the negotiation with the prospective institutional investors such as CFI. At the core of the startup's patenting process was an innovative type of photovoltaic cell with base materials produced with nanotechnology. In a controlled environment, the cells had superior energy conversion efficiency parameters compared to traditional solar panels. The photovoltaic panels would, moreover, be only one of the potential applications of the nanotechnology – the startup was also planning to develop a battery based on the same material, which could be integrated with the panel as its energy storage component. The battery, in turn, could also provide electricity to an e-bike such as a cargo bike, and this reinforced the idea of having these two avenues of development within the business plan.

The real selling point of the nanotechnology material – also called a “paste” – had to do with its environmental features: since this paste does not require silicium, the value chain we hoped to establish would not require the extraction of this material, an activity which has heavy environmental impacts. Furthermore, once the panels have outlived their lifecycle, they would not require all the waste disposal apparatus that silicium does. Deeming it to be an innovative photovoltaic panel which is sustainable from “the well to the wheel,”¹¹ and trusting in the startup personnel and the patenting process they had already started, we opened the negotiation with the institutional investors with these panels at the center of our business proposal. In hindsight, this choice generated two liabilities in the collective's struggle for reindustrialization.

On the one hand, since the technology was yet to be patented, we had to enter particularly strict non-disclosure agreements and had to pay attention to the possible information leaks even among the *GKN* supporters, which in turn, and in time, reduced the number of people who could be up-to-date with the struggle and participate in the social and political mobilizations occurring at the same time. The innovativeness of the product was the second liability: the startup would not disclose information that could jeopardize their business, whereas the investors needed that very information in order to evaluate the business opportunity. It took us months of research and study of the photovoltaic market to even begin identifying the tests and certifications that could be useful to the investors. However, during this time, more and more *GKN* workers were pressured to find another job. When we had finally collected enough information, we proposed a due diligence process to the startup and the institutional investors. The startup, however, could

not follow through with this in the end, and so we had to restart from scratch and rethink other production projects.

The third and current reindustrialization plan builds upon the second, as it keeps the production of photovoltaic panels and cargo bikes while assimilating the research and market analysis we performed and adding a revised vertically integrated production process in the photovoltaic sector. In addition to the production of panels, this includes their installation and, more importantly, their recovery and recycling. Both new activities are bound, at least initially, to the Region of Tuscany. For the installation of panels, this prudence is prompted by the presence of larger and more experienced players. For their recovery and recycling, this is because the legal framework for recycling and waste disposal in Italy falls under a Region's purview.

The production of panels has also undergone changes. Since we could not rely on the startup's innovative technology, we have started evaluating assembly lines for traditional, silicium-based panels. This, in turn, motivated the addition of the recovery and recycling direction to the plan and pushed us to further develop our commercialization strategy. We now hope to produce both traditional and customised photovoltaic panels for installations that cannot as easily be served by our competitors, namely in the agri-voltaic and building-integrated photovoltaic sectors. Given the social dimension of the struggle, we have also created partnerships with the network of European energy communities and cooperatives and with some of its larger actors, and established collaborations with research, business, and policy-making groups that share the effort toward photovoltaic energy production as a means to an environmentally sustainable future.¹²

Obviously, no reindustrialization can happen without funding, which is the reason why the collective initiated two fundraising initiatives. In March 2023, a crowdfunding campaign was launched with the goal of securing €75,000 within two months; by the deadline, we had actually doubled the initial goal. The popular support for the ex-*GKN* workers was the reason for this success, and this even though the second reindustrialization plan was not yet completely defined. The funds thus collected were used to found *GKN For the Future*, or *GFF*, the legal entity that we hope will reactivate the factory. Considering the amount of total funding needed for our plans, we also decided to make it a joint-stock cooperative, so as to guarantee that the ex-*GKN* workers keep control over the new company while also allowing investor-members the possibility to confer capital, which would further facilitate our fundraising strategy. This strategy taps into the investor-member category for cooperatives that is afforded by Italian business and cooperative legislation (for details, see: Vieta, Depedri, & Carrano, 2017). The second initiative was called *Azionariato Popolare* ("Popular Shareholders") and also made use of *GFF*'s cooperative structure. The goal was to sell at a minimum of €1million of shares by September 2024 to individuals and associations in Italy and beyond. We managed to collect €1,300,000, surpassing by almost a third the initial goal. The geographical distribution of these funds is also telling: more than €400,000 came from abroad, particularly from Germany and other European countries, while even collected funds from the USA and the Philippines, showing the visibility that the political mobilization was able to maintain against the ownership's maneuvers.

While the workers' and community collective were working to recover the ex-*GKN* workers' jobs as well as convert the plant's production line, the owner was also collecting funds. He first requested public funds under the *cassa integrazione guadagni* framework (part of Italy's unemployment and business bankruptcy insurance system). These public funds provide entrepreneurs of ailing firms assistance with employee wages that they are temporarily unable to pay in full. To receive it, the entrepreneur has to provide documentation proving that the company's crisis is temporary and the details of the wages they are able to pay, so that the *Istituto Nazionale di Previdenza Sociale* (National Institute of Social Security, or INPS) may cover the difference. The request, approved in March 2023 by Italy's Ministry of Labour, would retroactively cover the period from 10 January 2022 to 9 October 2022. Previous requests for this funding by the owner had been denied by INPS since he could not demonstrate the temporary character of the crisis. Under questionable circumstances and with the *cassa integrazione* finally secured, the ownership put the firm in liquidation in February 2023, but did not announce it to the workers; the workers' collective would only learn of it thanks to the publicly accessible administrative documentation related to the first phase of the workers' struggles from the period when the *GKN* was known as *QF* (see above).

The ownership received public funding in March 2023. In May 2023, the Italian government modified the *cassa integrazione* framework with National Decree 48/2023 and introduced a new situation of eligibility, extending admissibility to firms which "could not implement, during 2022, the reorganization and restructuring plans [...] due to the inaccessibility of the company premises, [...] even if the company is already in liquidation." This law was passed on 4 May 2023 and the owner's request for *cassa integrazione* under this new article was approved on the 15 May, not even two weeks later. Moreover, the reformed law establishes that these requests can only cover periods up to the end of 2023 at most – this was exactly the term of the ownership's request. In short, the new ownership was indeed able to receive public funding to pay the workers' wages for the period between 10 January 2022 to 31 December 2023.

The total amount that INPS and the Ministry of Labour have spent for the plant in Campi Bisenzio is not publicly available, but considering the number of months, it would only take an average of €1,500 per month per worker for 200 workers to surpass €7,000,000 of public funding¹³. Such an amount could have covered the financing needed for the second reindustrialization plan and around 90% of the third, restoring the workers' employment and, in time, Campi Bisenzio's local economy. According to the plan's financial flow projections, moreover, such an investment could be completely repaid by the seventh year of its implementation, generating more than €60,000,000 of public revenues in its first decade.

These plans, however, were not taken into consideration by Italy's national government, which preferred supporting the owner's financial needs even though there was no prospect of using this public funding to restart the factory's production. It is because of these more-than-coincidental circumstances that the ex-*GKN* workers' collective suspects that the current or previous ownership engaged in some form of insider (and perhaps even illegal) dealmaking with the Italian government.

As of March 2025, the workers had collaborated on elaborating a new law for the Region of Tuscany that would allow the creation of an industrial consortium by the Region in the factory, a legal framework in which the reindustrialization plan could be implemented side by side with other economic and R&D activities in the same space. Moreover, such consortia could also be used to recover other productive sites. The law was promulgated at the end of December 2024, and in March 2025, after a positive technical evaluation of the financial dimension of the third reindustrialization plan, the Region of Tuscany began procedures to create an industrial consortium in the factory's building, which could be implemented by the end of summer 2025. The institutional investors have also started their formal evaluation procedures and could deliberate on the agreed funding before the completion of the industrial consortium, which it is hoped could increase the political pressure on local institutional actors toward implementing the plan.

There have also been negative developments. In October 2024, the workers' collective discovered that the ownership had sold the real estate to another firm of the same group in March 2024, thus protecting it from being confiscated by the Province of Florence's bankruptcy tribunal, which it would have imposed on *QF* in that same month. Once the collective denounced the sale, the liquidator claimed it was collecting funds to pay out the workers' owed wages. The workers, however, who are creditors to *QF* based on their unpaid wages, have not to date received any compensation from the sale and had been without pay for the fourth consecutive Christmas, even though the Florence Tribunal has repeatedly demanded that the workers be paid.

5 Discussion and conclusion

From the development of the ex-*GKN* workers' recuperation struggle so far as of this writing, we can begin to draw several insights regarding how workers can recover a large, capital-intensive firm owned by an investment fund in order to potentially repurpose it to other, more just ends. Most immediately, we learn that good ideas are not enough if workers are to have a chance at converting failing firms to LMFs; it is also necessary to organize and struggle against the capitalist establishment, and against often indifferent or antagonistic state institutions. Even the legal recognition provided by the Marcora Law framework and the support offered by institutional players and investors such as CFI do not guarantee that the unemployed workers' business plans will be taken into consideration at the relevant institutional level, which is particularly important when the opposing side is a large financial actor. Like the ex-*Maflow* workers who a decade before managed to organize into the Milanese WRE *RiMaflow* (Azzellini & Vieta, 2025), the ex-*GKN* workers' unemployment was not caused by the inefficiency of their plant (Cirillo et al., 2022). Their unemployment was, rather, caused by the strategies and tactics of global capital, as articulated by equity funds such as *Italian Lifestyle Partner* in the case of *RiMaflow* (Orlando, 2021) and *Melrose* in the case of *GKN*. In both cases, new entrepreneurial owners bearing the flags of saviors of the workers and the local community's economy – and, even after receiving public funding with

the condition of reactivating production toward those very ends – failed to proceed with the reactivation of the factory and the restoration of the local economy. Paralleling similar questionable ways that former business owners and, in some cases, a revolving door of speculative entrepreneurial owners played with the Argentine legal system that make up the backstory of many current WREs there,¹⁴ this marks a clear distinction between the ex-*GKN* recovery and the more common “negotiated conversions” that are prevalent in Italy (Azzellini & Vieta, 2025). In contrast to many WBO cases in Italy, the ex-*GKN* workers’ collective and the ownership have never engaged in a constructive dialogue or “negotiation,” even when the last hurdle for reactivating the factory – and restarting economic activity – was securing the workers’ legal rights to use the factory in order to engage in the new proposed productive activities under a lease contract, as permitted by Italian legislation.

The parallel with *RiMaflow* highlights a second insight. Both plants originally operated in the automotive sector, which has faced a decades-long decline in overall demand that began well before issues of climate change came to inspire debates at the European Parliament on the abandonment of endothermic (i.e., internal combustion) engines. More recently, strong arguments have been made that countries should not continue to subsidize the automotive industry while, at the same time, accepting their delocalization to other less-regulated labor and production markets, thereby generating unemployment and social unrest in the affected regions of the outsourcing country without guarantees that the productive activities that take their place will be environmentally sustainable.

For Italy, in particular, the phenomenon of delocalization has produced a degradation of its industrial base and the impoverishment of its workers, increasingly occupied in low-value-added sectors (Cresti, Lucchese, & Pianta, 2020). Within these new political economic realities, WTs can play a double role: they offer better guarantees toward the effective usage of public money and ensure that local businesses stay local, as workers are reluctant to leave their communities and the firms where they work. Additionally, the solidarity that emerges among workers when their livelihoods are at risk pushes WREs to find, and even invent, new forms of work that both maintain the workforce employed and its well-being front and center (Atzeni, 2010; Vieta, 2014, 2019).

Lastly, we turn to environmental sustainability. Compared to both the majority of contemporary workplace recuperations and negotiated conversions, the ex-*GKN* workers are an exceptional group in this regard. From the beginning and consistently, they have pushed for an ecological reconversion of their plant and have taken on the risks of such a move, especially in the second phase we described, by betting on an innovative line of production in renewable energy technology. This sustainability and climate change focus brings to light the underutilized possibilities for WREs as projects that not only save jobs and local economies but also can transition firms into environmentally sustainable ones. There is historical precedent for this, as mentioned earlier with respect to the UK’s *Lucas Corporate Plan* and other related initiatives in the 1970s and 1980s.

LMFs’ potential openness to consider environmental concerns and their appropriateness as business forms for the transition to a more just economy also resonates

with other WREs today, prefiguring the conversion and transition of production into more sustainable processes and outcomes. In the first months of their struggle, for instance, many ex-*Maflow* (now *RiMaflow*) workers started repairing electronic appliances as a source of both employment and revenues to sustain their struggle, as well as out of an interest in recycling and converting to a more ecological mode of production. Moreover, their new productive activity helped other families in the local community reduce expenses and, from a systemic perspective, reduced the flow of electronic waste into local dumps (Azzellini & Ressler, 2014; Azzellini & Vieta, 2025).

Similarly, *Officine Zero*'s workers, a former rail yard in Rome converted to a cooperative in 2013 by its workers and members of a local social center, also began their WRE by dedicating themselves to the recovery and repair of appliances, which in time led them to opening their space to craftwork and the organization of dedicated workshops that currently contribute to the economic sustainability of their cooperative and the surrounding community (Azzellini & Vieta, 2025). Both of these Italian examples of earlier WREs have embraced what we can now characterize as a circular economy perspective and parallel the sustainability initiatives proposed by the ex-*GKN* workers (for fuller accounts of the *Officine Zero* and *RiMaflow* cases, see Azzellini & Vieta, 2025).

Argentina also has at least one case of a WRE focused on environmental sustainability, preceding the Italian cases by almost two decades: *Unión Solidaria de Trabajadores (UST)* (Vieta 2020). The *UST* workers had previously worked in the waste management sector under the auspices of a private-public partnership between the Argentine state and the Argentine multinational *Techint*. The previous firm, *SyUsa*, a branch plant of the *Techint* group, had won a concession to manage one of Buenos Aires's massive waste landfill sites in Villa Dominico, an outlying neighborhood of Buenos Aires. Faced with increasing criticisms and public outcry over the pollution of its waste management sites, the *Techint* group decided to abandon the Villa Dominico site in 2003, and it came under the sole responsibility of *CEAMSE*, a public waste-management utility firm.

After threatened layoffs, the workers formed a cooperative to take over the plant that managed the waste dump and, with the intervention of Argentina's Ministry of Labour and their union, would eventually win in 2004 a multi-year contract to continue managing the Villa Dominico site; eventually, the *UST* workers were even able to address and solve the very issues giving rise to the critiques *Techint* had faced. In the ensuing years, the *UST* workers have converted the waste dump into a flourishing and multi-hectare ecological park for public use, started a community recycling program, and spearheaded numerous new cooperatives dedicated to local socio-economic development, including a high school equivalency project for the community, a community bank, a sports and recreation center for local youth, and other socially and ecologically sustainable initiatives (Vieta, 2020, pp. 62–76). *UST* is now continuing the task that had been assigned to *Techint* and in more efficient and ecologically sound ways, all the while maintaining over the years the concrete solidarity to the neighborhood that the Villa Dominico community first showed the *UST* workers when supporting their struggle early on.

The cases of *UST*, *RiMaflow*, *Officine Zero*, the *Lucas Corporate Plan* we introduced earlier, and now the case of ex-*GKN*, all help to highlight the potential that WREs hold for rethinking and carrying out an inclusive and ecologically sensitive industrial transition. Organized workers, we learn from these cases, can collectively restore the economic viability of a productive entity after experiencing crises. They can also do so while also maintaining and further developing the skills acquired and learned by workers over years, all the while preventing the closure of the firm, the subsequent loss of local knowledge and industrial capacity, and the socio-economic depletion that layoffs and unemployment would entail. The relations of reciprocity and solidarity these workers have established between themselves, with the surrounding community, and even with the environment, all guarantee that the revenues will be used for the joint well-being of their firm and the surrounding communities.

Even from a liberal economic perspective, WREs make sense, since these workers, via the self-management of their own productive capacities, save jobs, keep workplaces open, and sustain local economies. This also benefits society at large, as the workers do not become recipients of unemployment benefits, but rather continue to be contributors to productive and consumer activity that generates tax revenues for public coffers. This is particularly relevant when, as in the ex-*GKN*, *RiMaflow*, *Officine Zero*, *UST*, and *Lucas Plan* cases, there is no viable alternative business plan by the former owners to reactivate the factory.

Lastly, the case of *GKN*, as with the other WRE cases we have reviewed, also shows how LMFs can be adequate business forms for more efficaciously aligning industrial activity to ecological sustainability compared to their capitalist counterparts. As worker-owners, WRE workers have vested interests in both securing good working conditions while, at the same time, securing the long-term viability of the firm, which today must include environmental concerns. Moreover, by living in neighborhoods close to their jobs, worker-owners also have deep commitments to maintaining the business locally and in its sound management, touching on both ethical issues (i.e., creating less exploitative and more democratic firms) and ecologically sound results (i.e., ensuring more sustainable production processes and products).¹⁵ Through workers' self-management, LMFs emerging from WTs and WREs are able to pursue an economically viable and a satisfactory balance between the oft-conflicting goals of feasible production, saving jobs, and ecological sustainability.

Notes

- 1 In the Tribunal's determination, Italian law and the applicable national contract require the owner of a firm with more than 150 employees to communicate the decision to cease business activities to its workforce and to its union representative's months ahead. This is in order to evaluate alternatives to the closure and to prevent subsequent unemployment (Frosecchi, 2021). Given this required communication, the factory's closure by *Melrose* was still possible in the following months.
- 2 QF is derived from the Italian name of the new firm: *Fiducia nel Futuro della Fabbrica di Firenze* (Faith in the Future of Florence's Factory), made up of four words starting with an F, hence *quattro effe* (four Fs) and QF.

- 3 In an assembly at the end of August 2021, the workers defined the main contents of a law proposal aimed at contrasting delocalization cases like the one threatening their employment (<https://poterealpopolo.org/fermiamo-le-delocalizzazioni/>); these were further elaborated in collaboration with the *Potere al Popolo!* party and were presented as an amendment to the 2022 Budgetary Law by senator Matteo Mantero (<https://www.senato.it/leg/18/BGT/Schede/FascicoloSchedeDDL/ebook/54522.pdf>).
- 4 The differences between the two law proposals can be found here: <https://poterealpopolo.org/delocalizzazioni-differenze-emendamento-governo-mantero/>, while a broader reconstruction of the debate surrounding the government's proposal and its evolution can be found here: <https://poterealpopolo.org/dl-antidelocalizzazioni-critiche/>.
- 5 Dating back to the mid-1980s, by late 2024 around 380 WBOs had been created across Italy using Marcora Law provisions (Lomuscio, 2024; Vieta, Depedri, & Carrano, 2017).
- 6 For more on the role of participatory action research (PAR) in researching cooperatives and worker-owned firms, see Carabini (2024).
- 7 At the same time that the reindustrialization negotiations and planning were occurring, the ex-GKN workers and their supporters were involved in a political movement, working with various social movement actors in what has been called the *Insorgiamo* (Let's rise up) initiative. As Azzellini and Vieta (2025) have recently summarized in their analysis of the *Insorgiamo* movement that has emerged since in Italy and throughout Europe from GKN's struggles: "On 26 March 2022, 25,000 people marched through Florence in a demonstration for the convergence of struggles initiated by the GKN workers under the slogan 'For this, for that, for everything – we rise up.' In addition, the GKN workers have been cooperating closely with the environmental movement Fridays For Future Italy and have reached out, worked with, and supported the struggles of other workplaces, precarious workers, farmers, students, feminist organizations, and the LGBTQI+ movement" (p. 160).
- 8 QF had started another collective dismissal procedure at the end of October 2023, with the layoffs becoming effective on 1 January 2024, but the Tribunal of Florence was able to overcome this outcome by emitting a sentence on 27 December 2023 (<https://www.toscana-notizie.it/-/sentenza-gkn-giani-vittoria-dei-lavoratori-e-del-sindacato->); before, in the uncertainty about the Tribunal's decision, the workers had also called for a mobilization on Year's Eve which included 5,000 supporters (https://www.ansa.it/sito/notizie/cronaca/2024/01/01/in-5.000-hanno-partecipato-a-capodanno-con-gli-operai-ex-gkn_d85eb1fb-70dc-4629-ba5c-563de581cbe1.html).
- 9 Writes Seim (2021): "Where participant observation presents more opportunities for mobile positioning, outward gazing, and inscription, observant participation presents more opportunities for fixed positioning, inward gazing, and incarnation" (p. 121). Seim thus ultimately calls for a mixed-methods hybrid approach for a more self-reflexive and ethical ethnography. For similar arguments, merging anthropological research approaches with PAR and cooperative studies, see Carabini (2024).
- 10 The *Piano Nazionale di Ripresa e Resilienza* (National Recovery and Resilience Plan, or PNRR) is the Italian application of the NextGenerationEU initiative (https://next-generation-eu.europa.eu/index_en), which supports economic recovery, platform digital transformation, and sustainable development geared to the EU's economic recovery (PNRR, 2021). Specifically, and in the spirit of the PNRR initiative, the first plan connects the incremental reconversion strategy to the decarbonization of the public transportation system, promoting the production of battery-powered buses by an Italian firm, while the radical reconversion strategy would contribute to the decarbonization of the energy production system.
- 11 This expression refers to a framework, called Well-to-Wheel (WTW), used for comparing the environmental impacts of different energy sources for vehicles: "Life cycle analysis (LCA) addresses the environmental aspects throughout the life cycle of a product, from raw material acquisition, through production, use, end of life treatment and

- final disposal. Well-to-wheel (WTW) analysis is an application of LCA which is used to compare drivetrains/vehicles from a global perspective. Such an analysis gives the overall picture of the energy resource utilization and its emissions involved right from the point of primary energy source extraction (well) to its point of utilisation (wheels). This analysis shows not only the emissions caused by burning of the fuels, but also takes into account the emissions involved in production, transportation and distribution of the fuels” (Ramachandran and Stimming, 2015, p. 3314).
- 12 In particular, we attended the May 2024 meeting organized by *Rescoop*, the European federation of energy communities, in Prague (<https://www.rescoop.eu/news-and-events/events/save-the-date-european-energy-communities-forum2024-prague>), which helped us sign an agreement with the energy community *Energia Bonita* (<https://clean-energy-islands.ec.europa.eu/news/energy-community-and-factory-collaboration-sparks-hope-sustainable-industry>), as well as the Integrated Photovoltaic Conference 2024 that took place in Florence, in November 2024 (<https://www.ipv-conference.com/ipv-conference-2024/#report>), among other initiatives.
 - 13 Estimates about the actual spending vary: in April 2025, the workers’ collective calculated a minimum of €13 millions (<https://www.novaradio.info/2025/04/02/ex-gkn-ok-allo-statuto-del-consorzio-industriale-polemica-sui-costi-il-collettivo-ricorda-a-qf-regalati-oltre-13-milioni-di-cigs-ascolta/>), while in a previous interview Prof. Pasquale Tridico, former director of INPS, estimated the total expense at €22 millions for 2022 and additional €33 millions for 2023 (<https://jacobinitalia.it/la-gkn-nel-paese-che-non-cresce/>). Beyond the actual amount, it should be recalled that this money comes from the Italian workers’ social contributions and that it was used to support a firm already in liquidation.
 - 14 See the Argentine cases of the health clinic *Salud Junín* (in Azzellini & Vieta, 2025; Vieta, 2020) and the construction firm *Unión Solidaria de Trabajadores (UST)* (in Vieta, 2020).
 - 15 For a theoretical analysis of the benefits of cooperative ownership for local economies and the environment, see: Albanese (2024). For further case studies supporting these claims, see Bianchi and Vieta (2019).

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29 Poverty alleviation through global economic cooperation

The African context

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1 Introduction

Global economic cooperation (GEC) has emerged as a key paradigm in poverty reduction efforts across developing countries. This shift reflects a growing understanding that focusing solely on economic growth before tackling poverty, or only redistributing wealth post-growth, is neither an optimal nor sustainable strategy. Concepts of inclusivity, such as inclusive neoliberalism and social cohesion, first appeared in development literature in the late 1990s and early 2000s (Brassey et al., 2023). However, the idea of inclusive economic growth began to take shape in the late 2000s and gained momentum in the 2010s. Over the past three decades, rapid economic growth in developing nations has played a crucial role in significantly reducing absolute poverty. Global economic cooperation has a significant role in poverty reduction through fostering economic growth, facilitating the flow of capital and resources, and enabling countries to address systemic challenges more effectively (United Nations, 2023).

As a result, it is believed that global economic cooperation is a powerful tool in the fight against poverty. Through promoting trade, investment, knowledge exchange, and environmental sustainability, providing targeted aid, and maintaining global stability, such cooperation enables countries to grow economically, create jobs, and improve the overall quality of life for their citizens, thereby reducing poverty on a global scale. Through global cooperation, the countries of the world can share knowledge and best practices in areas such as agriculture, healthcare, education, and technology, as well as ensure that aid reaches those in need quickly, preventing further poverty exacerbation due to conflicts, natural disasters, or pandemics.

A major component of African cooperative development strategies is represented by the Washington Consensus-led structural adjustment programs, implemented through the 1980s and 1990s (United Nations, 2023), which were based on neoliberal ideologies. Due to this approach, there were economic stagnation and crises over the past two decades, which contributed to persistent poverty. As a result, the United Nations (2023) has called for a broader concept of redistribution, including social opportunities and greater economic participation. Akinwalere and Chang (2024) propose diverse strategies to alleviate poverty as a result of the

global campaign against poverty. Stiglitz (2002), in his book 'Globalization and Its Discontents', provides an analysis of the neoliberal policies that underpinned the Washington Consensus-led structural adjustment programs (SAPs) implemented in Africa during the 1980s and 1990s. He argues that these policies, imposed by international financial institutions such as the International Monetary Fund (IMF) and the World Bank, often prioritized market liberalization, privatization, and fiscal austerity at the expense of social and economic stability (IMF, 2023). Stiglitz (2002) contends that these structural adjustment programs failed to account for the unique socio-economic and institutional contexts of African nations, leading to adverse effects such as increased poverty, economic volatility, and weakened state capacity. He emphasizes that the one-size-fits-all approach of the Washington Consensus neglected the role of government in fostering development and protecting vulnerable populations.

Instead of promoting sustainable growth, many African countries experience rising inequality, deteriorating public services, and dependency on foreign aid. In contrast, cooperative development strategies in Africa, particularly those promoted by the United Nations, aim to foster inclusive economic participation and local empowerment. However, the legacy of structural adjustment policies, such as weakened state institutions and economic instability, has often hindered the effectiveness of cooperative models. Stiglitz's (2002) critique suggests that successful development strategies should prioritize policies tailored to local needs, emphasizing social safety nets, investment in human capital, and equitable economic growth rather than rigid neoliberal prescriptions.

According to Brassey et al. (2023), global economic cooperation should address poverty on all dimensions through agencies such as the United Nations (UN), the International Labour Organization (ILO), and the International Cooperative Alliance (ICA). Global economic cooperation is argued to offer key benefits to the poor: it enables them to identify economic opportunities, empowers them to advocate for themselves, and provides security by enabling them to transform individual risks into collective risks. This has resulted in global economic cooperation being increasingly seen as crucial to reducing poverty and social exclusion (Birchall, 2003; Birchall, 2004; ILO/ICA, 2003). While global economic cooperation is often discussed as a means to alleviate poverty, actual evidence of how these initiatives work is often lacking. This is largely due to a lack of recent literature that explores the impact and relevance of global economic cooperation in the African context (Brassey et al., 2023).

Myriad studies (Gilpin, 2021; Hussi et al., 1993; Porvali, 1993; United Nations, 2023), for example, have called for more advancement of knowledge in the area and acknowledged the potential role that global economic cooperation could play in the development process and poverty reduction in Africa, given that actors in the field avoid patterns of exploitation and instead prioritize Africa's development goals, respecting sovereignty and local contexts. Furthermore, Ellerman (2004) critiques traditional top-down approaches to development and advocates for models that emphasize autonomy, self-determination, and knowledge-based assistance. His concept of 'autonomy-respecting assistance' aligns with the call for global

economic cooperation that prioritizes Africa's development goals while respecting sovereignty and local contexts. Furthermore, Ellerman (2005), in his work 'Helping People Help Themselves' argues that genuine development occurs when external actors support local capacity-building rather than imposing external agendas, thereby avoiding exploitative patterns. His insights reinforce the idea that effective economic cooperation should empower African nations to drive their own progress rather than perpetuate dependency.

As a result, there is a dearth of literature on how global economic cooperation can focus on creating reciprocal partnerships that benefit African nations and their international counterparts, thereby reducing poverty in the continent. This includes fair trade agreements, equitable investment practices, and technology transfer that empowers local industries. In essence, there has been limited, if any, literature on how global economic cooperation has fared in its contribution to the reduction of poverty in Africa. We therefore aim to bridge the aforementioned gap in the cooperation literature by asking our research question: *In what ways could global economic cooperation contribute to the reduction of poverty in Africa?* This sees us exploring how a cooperative governance model, grounded in democratic deliberation, inclusivity, and mutual accountability, can effectively respond to the pressures, tensions, and transformations, particularly in the context of poverty alleviation in Africa.

To respond to the calls above, the current chapter is written with three reasons: Firstly, there is a need to advance the knowledge in global economic cooperation (Akinwalere & Chang, 2024; Hussi et al., 1993; Porvali, 1993; United Nations, 2023). Our review on global economic cooperation can lead to the formulation of new economic theories that better explain the dynamics of international trade, finance, and development. These theories can address the complexities of interdependence, global value chains, and multinational institutions, advancing knowledge of the role of global economic cooperation in reducing poverty in Africa. Secondly, through integrating insights from economics, political science, sociology, and environmental studies and applying these insights to the African context as a case study, this chapter can offer nuanced insights that contribute to the understanding of both successes and failures, providing insights to global economic cooperation literature, in line with the aforementioned call (Brassey et al., 2023). Thirdly, it is our belief that the current chapter will help regional governments, scholars, and policymakers to develop a better understanding of global economic cooperation, as our conclusions can provide evidence-based recommendations for international organizations, regional governments, and non-governmental organizations. This can lead to the development of best practices for fostering cooperation in various economic areas.

This book chapter employs a conceptual framework to analyze and interpret existing information on the topic. We adhere to institutional research ethics guidelines for data collection, ensuring that individual names, source identifiers, and organizational titles are anonymized, except where necessary for originality and copyright reasons (Kara, 2018). We also comply with data protection regulations by restricting the data to literature review purposes and storing it on a password-protected

server to maintain confidentiality. Access to the server is therefore restricted to researchers who log in. As part of our methodological approach, global economic cooperation literature has been critically reviewed to support and justify our argument for alleviating poverty in Africa. Our goal is to describe, analyze, and compare various viewpoints from experts in economic cooperation by exploring the application of diverse models such as multi-stakeholder cooperation and the Triple Helix Model of Innovation, which underscore the dynamic interactions among government, industry, and academia in promoting sustainable economic development as well as highlighting the interconnected roles of diverse sectors and institutions in driving innovation, with governments providing policy support and infrastructure, industries contributing market-driven expertise and investment, and academic institutions advancing research and knowledge creation. Applying these theoretical perspectives enables us to seek to explain global economic cooperation within the framework of current African business policies and practices. This chapter aims to clarify the relevance of global economic cooperation in alleviating poverty in the African business environment. Finally, we present new insight and recommendations for the African economy in alleviating poverty, as we argue ways global economic cooperation can achieve this.

The structure of this chapter is designed to provide a coherent and systematic exploration of the research topic. The subsequent sections are organized as follows: The research context establishes the foundational background of the study, outlining the theoretical landscape that informs the research. The section situates the study within existing literature, highlighting the key debates, gaps, and justifications for the research focus. The Discussion of Observation section presents the core results of the study, analyzing key patterns, trends, and insights derived from the data. Our suggestions are interpreted in relation to existing theories and evidence, contributing to a nuanced understanding of the research problem. Finally, the Discussion and Conclusion synthesizes the study's key contributions, reflecting on the implications of our suggestions, knowledge advancement, limitations, and avenues for future research. It offers a critical reflection on the broader significance of the research, positioning it within the wider academic discourse.

2 The research context

Among the Sustainable Development Goals (SDGs) is the commitment 'to eliminate poverty everywhere by 2030'. As world leaders set out to reduce poverty but also achieve sustainable development that leaves no one behind, the 2030 Agenda for Sustainable Development represents a significant shift. It was based on past accomplishments that by 2010, the global poverty rate had been halved, five years earlier than the first Millennium Development Goal (MDG). It has been found that even in the world's poorest continents, such as Africa, dramatic progress can be made (Brassey et al., 2023; Balogun & Butchard, 2023) if the world's biggest challenges are taken into account. Low-income countries (LICs) account for a large share of poverty globally, while middle-income countries (MICs) also account for a large share. This raises the question: how can global economic cooperation benefit Africa?

Approximately 60% of Africans are under 25 years of age, making the continent among the youngest and fastest-growing populations in the world. The continent is becoming a hub of economic activity and consumer markets, so action must be taken to alleviate poverty in the continent (United Nations, 2023).

2.1 *Why the African context?*

Africa's rapid population growth, with millions of young people entering the workforce annually, presents both a challenge and an opportunity for global economic engagement. However, the continent faces significant obstacles, including high debt levels, which limit investments in critical sectors such as healthcare, education, and social welfare. Infrastructure deficits in transportation, energy, and telecommunications further impede development. Additionally, Africa is highly vulnerable to climate change, facing threats from droughts, floods, and shifting weather patterns, alongside ongoing internal and cross-border conflicts (Biryabarema, 2017). Despite these challenges, Africa's vast reserves of critical minerals, such as cobalt, lithium, and copper, provide a comparative advantage, especially as the global shift towards cleaner energy increases demand for these resources. Africa holds at least 20% of the world's reserves of key metals required for the energy transition, including those needed for electric vehicles (Porvali, 1993). Effective global economic cooperation can help African economies capitalize on this growing demand by processing these minerals locally, thereby adding value through intermediate products such as batteries and solar panels. Moreover, initiatives like the African Continental Free Trade Area (AfCFTA) can promote regional integration, reduce poverty, and foster economic growth by lowering tariffs and boosting intra-African trade (Biryabarema, 2017).

Africa also has significant potential in renewable energy, particularly solar power and green hydrogen, which can support its development. However, the continent faces critical infrastructure challenges, particularly in ports, roads, and railways, that hinder trade and economic growth. Regional initiatives like the Programme for Infrastructure Development in Africa and South-South collaborations, such as the Silk Road Economic Belt, are essential in upgrading infrastructure and fostering economic cooperation (Balogun & Butchard, 2023). Furthermore, global economic cooperation can bring in technical expertise, financing, and partnerships to help build the necessary infrastructure, facilitating trade and reducing poverty (UNDP, 2016). In terms of digital transformation, Africa has made strides in increasing digital skills development, particularly in countries like Kenya, positioning the continent for a digital economy (Hiez & Tadjudje, 2013). Global economic cooperation can support the adoption of digital technologies to improve supply chains, logistics, and regulatory compliance, thus enhancing trade and investment opportunities (Gilpin, 2021). Additionally, partnerships with global academic institutions can foster research and development, particularly in agriculture, health, and technology, driving improvements in living standards and poverty reduction (Biryabarema, 2017).

Cooperatives have been known to contribute towards Africa's economic development, offering a grassroots-driven alternative to top-down economic policies. The AfCFTA could facilitate trade among cooperatives, creating regional value chains that empower local producers and reduce dependence on foreign intermediaries. A pan-African cooperative economy could foster economic sovereignty, building on indigenous values and creating self-sustaining ecosystems rooted in local needs and capacities, as argued by *Mogobe Ramose Molefe*, in his handbook 'Ubuntu and decolonial thought' (Fe'viliye', 2010; Ramose, 1999), as it also builds on indigenous values.

When supported by ethical global partnerships, cooperatives could become a key tool for sustainable development and poverty alleviation across the continent (Hiez & Tadjudje, 2013). Global economic cooperation in health and conflict resolution is crucial for Africa's stability and development. By strengthening health systems, enhancing access to vaccines, and improving disease monitoring, partnerships can reduce Africa's dependence on foreign medical supplies and improve access to essential medicines. Additionally, cooperation through organizations like the United Nations can help resolve conflicts, provide peacekeeping forces, and address issues such as terrorism and human trafficking, all of which contribute to the continent's economic and social instability. This comprehensive approach to global economic cooperation can significantly reduce poverty and enhance Africa's long-term development prospects.

To answer the research question: *In what ways could global economic cooperation contribute to the reduction of poverty in Africa?*, research shows that global cooperation can provide support for African countries through various channels, such as strengthening institutions, promoting good governance, and combatting corruption, a significant issue that is evident in all African countries. Transparent and effective governance is essential for sustainable economic development and attracting foreign investment. We attempt to answer our research question and establish how global economic cooperation, when properly structured and aligned with the priorities of African nations, can also help African nations establish robust legal frameworks to protect intellectual property, enforce contracts, and regulate business practices, creating a more investor-friendly environment and reducing poverty (Balogun & Butchard, 2023). In addressing our research question above, we can argue that global economic cooperation initiatives can indeed offer key benefits to the African continent, enabling them to identify economic opportunities, empowering them to advocate for themselves, and providing initiatives that assist the African continent to transform individual risks into collective risks (UNDP, 2016).

3 Discussion of observations

This section evaluates the role of income increase, economic growth, poverty reduction and inequality reduction, in their distinct contributions to reducing poverty, as well as that of multi-stakeholder cooperation, including the Triple Helix framework of innovation, in addressing poverty and inequality in Africa. We explore

how decentralizing post-colonial hierarchies can enhance the effectiveness of regional governments in improving outcomes at different levels. The analysis highlights the contributions of regional organizations, international development agencies, NGOs, and private sector partnerships in poverty alleviation. Also in this section, we aim to demonstrate how effective collaboration between governments, industry, and academia can drive sustainable solutions and improve the welfare of people across Africa, fostering equitable development and reducing inequalities.

4 Multi-stakeholder cooperation and the Triple Helix framework of innovation

Multi-stakeholder cooperation is vital to alleviating poverty and is essential as it fosters inclusive economic decision-making by bringing together governments, businesses, civil society, academia, and international organizations to co-develop sustainable policies and initiatives. Such engagement ensures that diverse perspectives, especially those of marginalized communities, are incorporated, minimizing elite capture, corruption, and exclusionary policies (Frank & Gills, 1993). Effective cooperation requires transparent, democratic deliberation across institutions and organizations, ensuring economic policies reflect broad, participatory discussions rather than being shaped by a few dominant actors. This necessitates governance mechanisms like participatory budgeting, open consultations, and collaborative platforms to shape development strategies.

A conceptual framework for facilitating this process is the *Triple Helix model of innovation*, which underscores the dynamic interplay between government, industry, and academia in fostering sustainable economic development (Dirlik, 1994). Adopting a cooperative/democratic approach is pertinent in reducing poverty and can be strengthened by frameworks like the *Triple Helix model*, where governments, academia, and civil society collaborate to foster sustainable, knowledge-driven development. This model has evolved into the *Quadruple and Quintuple Helix frameworks*, reflecting a broader stakeholder mandate and promoting continuous communication and feedback across sectors to ensure evidence-based policymaking, as König, Suwala and Delargy (2020) pointed out in their study on ‘Helix Models of Innovation and Sustainable Development Goals: Industry, Innovation and Infrastructure’. In practice, governments provide regulatory support, universities drive research, and cooperatives implement strategies, generating real-time feedback that refines policies. This iterative knowledge-sharing process supports Africa’s transition from raw material exporters to knowledge-driven economies with resilient cooperative networks. Global cooperation further enhances these efforts, enabling technology transfer and fair-trade partnerships aligned with Africa’s long-term development goals (Dirlik, 1994).

The Quadruple Helix incorporates civil society and media, emphasizing public engagement, social innovation, and cultural dynamics, while the Quintuple Helix adds the natural environment, stressing sustainability in economic policy (Warren, 2024). According to Angrist et al. (2023), this model empowers universities to drive innovation and cooperative enterprises, with governments

ensuring supportive legal frameworks. International organizations and development partners provide capacity-building, training, and funding aligned with local goals. The advantage of such democratic partnerships lies in *decentralizing decision-making and tailoring development to genuine community needs*. Open, inclusive deliberation helps address the root causes of poverty and inequality, ensuring cooperative and global economic efforts are equitable, sustainable, and impactful (AfDB, 2022).

5 Decentralising hierarchies of post-colonial networks in alleviating poverty

Addressing poverty alleviation through global economic cooperation from an African perspective requires a multidimensional approach that integrates trade, investment, knowledge-sharing, and technological innovation within a framework promoting equity and sustainability. Despite Africa's vast resources, poverty remains persistent due to the enduring effects of colonialism, economic disparities, structural dependencies, and limited access to global markets under fair terms (Mancuso, 2008). Global economic cooperation, through regional trade agreements, international development partnerships, and South-South collaboration, offers opportunities for poverty reduction by fostering inclusive growth, improving infrastructure, and enhancing financial access for small enterprises.

Beyond traditional state-led cooperation, decentralized and non-hierarchical networks play a crucial role in addressing poverty at the grassroots level. Digital platforms, blockchain-based financial systems, decentralized autonomous organizations (DAOs), and cooperative networks empower local entrepreneurs by providing direct access to markets, bypassing exploitative intermediaries. These decentralized approaches reduce dependence on hierarchical governance structures and promote peer-to-peer economic interactions (Hiez & Tadjudje, 2012a). Crowdsourced funding, microfinance, and community-led solar energy projects demonstrate how non-hierarchical models enhance self-sufficiency and resilience. Integrating these models with global economic policies can create sustainable pathways out of poverty, yet challenges such as digital access gaps, regulatory barriers, and geopolitical imbalances must be addressed (Hiez & Tadjudje, 2012c).

A key question is how to practically envision the governance of mutually beneficial cooperation between African nations and former colonial powers. A paradigm shift from historical dependency to one based on reciprocity, equity, and shared prosperity is essential. Cooperation should be structured around fair-trade agreements, equitable investments, and technology transfers, with a focus on Africa's long-term development, rather than continuing extractive models. Governance mechanisms should ensure African nations have an equal voice in decision-making and enforceable protections against exploitative practices (Blomström & Hettne, 1984). Economic diversification, where former colonial powers support African-led industrialization, would contribute to poverty reduction by adding value within the continent.

Moreover, transparent mechanisms such as independent oversight bodies, joint economic councils, and periodic evaluations by neutral international institutions

are critical for ensuring accountability. Reciprocity should also extend to cultural and academic exchanges and skills development. Regional bodies like the African Union (AU) and the African Continental Free Trade Area (AfCFTA) would enhance Africa's bargaining power, ensuring fair agreements (Cardoso & Faletto, 1979). Furthermore, cooperation should embrace sustainable infrastructure, clean energy, and technology-driven industries, ensuring long-term mutual benefits (Mancuso, 2008).

Sustained economic growth is crucial for poverty reduction, with studies showing that increased incomes account for the majority of poverty reduction globally (International Monetary Fund, 2023). Reducing inequality, as argued in *The Spirit Level* (Wilkinson & Pickett, 2009), also contributes to better social outcomes. Although many Africans remain in poverty, continued and targeted economic cooperation through the collaboration of diverse organizations, partnerships, and agencies, as listed below, is necessary to achieve significant poverty alleviation across the continent.

5.1 *Regional organizations*

The African Continental Free Trade Area (AfCFTA) paves the way for a unified market where goods and services can flow freely, unlocking opportunities for economic growth among 54 African Union nations. As one of the largest free trade areas globally, the agreement took effect on January 1, 2021, aiming to foster economic integration, increase intra-African trade, and enhance Africa's global competitiveness. Although Africa does not yet have a fully continental equivalent to the European Cooperative Society (SCE), the African Continental Free Trade Area (AfCFTA) are laying groundwork for cross-border cooperative enterprises (Hiez & Tadjudje, 2013). The AfCFTA seeks to progressively eliminate tariffs on 90% of goods and harmonize regulations across countries to facilitate trade and investment (Brende & Sternfels, 2022). It supports industrialization, accelerates growth, reduces poverty, and grants African businesses access to larger markets.

The African Union (AU), founded in 2002 as the successor to the Organization of African Unity (OAU), promotes unity, peace, and development across Africa (China-Africa Research Initiative (CARI), 2020). The Economic Community of West African States (ECOWAS), established in 1975, strives for economic integration and sustainable development, supporting free trade, a customs union, and conflict resolution (China-Africa Research Initiative (CARI), 2020). ECOWAS also aims for a common currency and promotes education and healthcare to alleviate poverty. However, instability in the *Sahel region*, including military coups in *Mali*, *Burkina Faso*, and *Niger*, has weakened regional cooperation (Tatar et al., 2022). Their departure from ECOWAS complicates monetary unification, as governance instability hampers policy coordination. Conflict also undermines social development efforts, exacerbating poverty. ECOWAS continues advocating for progress, but political stability remains essential (Liu, 2023). Similarly, the East African Community (EAC), established in 2005, promotes political, economic, and social integration among its members. In 2010, it initiated efforts to eliminate internal

tariffs and harmonize external tariffs, enabling free movement of goods, labor, services, and capital. The EAC also aims to introduce a unified currency to enhance economic stability and reduce poverty (Tatar et al., 2022).

Regional cooperative agencies can significantly contribute to reducing poverty in Africa through global economic cooperation. Fostering collaboration, particularly through *South-South cooperation*, allows developing nations greater autonomy, self-organization, and collective bargaining power. Initiatives like BRICS advocate for more equitable global governance and new growth patterns. Strengthening regional cooperation attracts foreign investment, liberalizes trade, and improves global market access, creating jobs and enhancing resilience. Collaborative knowledge can inform inclusive policies, ensuring marginalized communities' benefit. Advancing these mechanisms addresses structural inequalities and fosters sustainable poverty reduction across Africa and the Global South.

An African analog of the European Cooperative Society (SCE) has begun to emerge through frameworks such as the *OHADA Uniform Act on Cooperatives*, offering a harmonized legal structure for cooperatives across 17 French-speaking African countries. The *OHADA (Organisation for the Harmonization of Business Law in Africa) Cooperative Regulation* standardizes business laws across member states, promoting integration and transparency. It defines cooperatives as autonomous legal entities based on mutual assistance and democratic management (Hiez & Tadjudje, 2013). OHADA establishes rules for membership, financial management, governance, and accountability. It classifies cooperatives into agricultural, financial, and service sectors, supporting productivity and empowerment through examples like the Oromia Coffee Farmers' Cooperative Union in Ethiopia. Harmonizing accounting standards and fiscal responsibilities enhances cooperative sustainability (Mancuso, 2008). Institutions like the AU, OHADA, and AfCFTA can harmonize cooperative regulations and prevent monopolization. Regional cooperation strengthens bargaining power with international investors, ensuring ethical economic partnerships (AUC & OECD, 2024). International collaboration with bodies such as the ICA, ILO, and UN can provide technical support, funding, and capacity-building. Global cooperation should prioritize fair trade, ethical investment, and technology transfers to empower African cooperatives, as the ability to combine commercial interests with democratic management processes fosters 'schools of democracy' that enable rural development, civic engagement, and the emancipation of women, rather than reinforcing dependency as seen in the study 'The Role of Women's Cooperatives as an Institution to Empower Women in Supporting the Achievement of the SDGs' (Suseno & Nataliningsih, 2023). This perspective is further supported by Bigi, Vieta, and Lomuscio and again by Kardelen, Walgora, and Aurora on women's co-ops in Turkey, India, and Poland in 'The Routledge Handbook of Cooperative Economics and Management' (Warren et al., 2024).

A critical institutional mechanism supporting the multi-stakeholder approach as mentioned earlier is the *OHADA Cooperative Regulation* (Dirlik, 1994). Through simplifying registration, governance, and financial structures, OHADA strengthens cooperatives' role in economic democracy and poverty alleviation, enabling small-scale producers, women entrepreneurs, and marginalized groups to access

Table 29.1 Regional cooperative agencies in poverty alleviation in Africa

<i>Regional Cooperative Agencies</i>	<i>Roles</i>
The African Continental Free Trade Area (AfCFTA)	Aims to establish a unified continental market for goods and services to enhance intra-African trade and foster economic cooperation.
African Union (AU)	Promotes economic integration and development across Africa through various initiatives and policies.
Economic Community of West African States (ECOWAS)	Works to promote regional integration and economic cooperation among West African countries.
East African Community (EAC)	Focuses on fostering economic, political, and social integration among its member states.
The OHADA (Organisation for the Harmonization of Business Law in Africa) Cooperative	Governs cooperatives in OHADA member states, promoting economic integration and uniformity in business laws

regional markets without prohibitive barriers. Integrating OHADA into the *Triple Helix* model can enhance regional knowledge-sharing, legal coherence, and financial support for cooperatives (Frank & Gills, 1993). OHADA’s model can also inform global initiatives like fair-trade agreements, impact investment funds, and cooperative alliances, helping African cooperatives scale and attract sustainable investment (Evans, 1979). This supports path-dependent processes reinforcing firm types like cooperatives, as argued by Linda Bennison in *The Routledge Handbook of Cooperative Economics and Management*. *Path dependency*, where historical choices and institutional frameworks shape resilient economic structures (Warren, Biggiero et al., 2024). She identifies critical junctures that led to the dominance of corporate firms over cooperatives in Australia, highlighting the influence of British legal traditions and free-market policies. Embedding multi-stakeholder cooperation and OHADA into poverty strategies fosters shared prosperity and economic sovereignty (Angrist et al., 2020) (Table 29.1).

5.2 *International development agencies*

The United Nations Economic Commission for Africa (UNECA), established in 1958, is one of the five regional commissions of the United Nations. Its core objectives are to advance economic and social development across African nations, promote regional integration; and provide policy guidance and technical support. UNECA serves as a pivotal platform for collaboration among African governments, regional organizations, and international partners to address development challenges (Liu, 2023). The organization’s mission encompasses promoting economic growth, social development, and regional integration, supporting the African Union (AU) and other regional initiatives; and aligning with global frameworks like the Sustainable Development Goals (SDGs) and Agenda 2063. It achieves this through policy recommendations that enhance economic performance, trade, and investment (China-Africa Research Initiative (CARI), 2020).

Table 29.2 International development agencies in poverty alleviation in Africa

<i>International Development Agencies</i>	<i>Roles</i>
United Nations Economic Commission for Africa (UNECA)	Supports economic and social development through policy analysis, research, and capacity-building.
World Bank	Offers financial and technical support for development projects across Africa.
United Nations Development Programme (UNDP)	The core mission is to eradicate poverty, build democratic governance, prevent crises, support recovery efforts, and promote sustainable development.

The World Bank, an international financial institution, offers loans, grants, and technical expertise to developing countries for initiatives focused on poverty alleviation and sustainable development. As a member of the World Bank Group, it addresses global challenges such as poverty, inequality, infrastructure gaps, and climate change. Its operations include providing loans to middle-income countries and concessional loans and grants to the poorest nations, aiming to reduce extreme poverty and promote income growth for the bottom 40% (Akinwalere & Chang, 2024; World Bank, 2022). The United Nations Development Programme (UNDP), as the UN's global development network, works to eradicate poverty, reduce inequalities, and foster sustainable development. It plays a key role in advancing the SDGs and collaborates with regional governments and partners to address development challenges. Through programs focusing on job creation, income generation, and social protection, UNDP supports inclusive economic growth, particularly for marginalized communities (Liu, 2023). These agencies' roles in global economic cooperation to reduce poverty in Africa offer valuable insights into successes and challenges in international development efforts (Table 29.2).

5.3 *Non-governmental organizations (NGOs)*

Non-Governmental Organizations (NGOs) are integral to poverty reduction in Africa, operating at both grassroots and national levels to tackle multifaceted issues such as education, healthcare, economic empowerment, and social development. By mobilizing resources, offering technical expertise, and advocating for policy reforms, NGOs complement the efforts of regional governments and deliver services in regions where public systems are inadequate or nonexistent. For example, Amref Health Africa provides healthcare in remote areas, addressing diseases like malaria, HIV/AIDS, and tuberculosis, and enhancing maternal and child health (Africa Co-operative Development Strategy, 2023; World Bank, 2022). Moreover, their focus on preventive healthcare, immunization, and improved sanitation helps mitigate disease transmission, which contributes to poverty. Organizations such as *Room to Read and Build Africa* prioritize access to quality education, constructing

Table 29.3 Non-Governmental Organizations (NGOs) in poverty alleviation in Africa

<i>Non-Governmental Organizations (NGOs)</i>	<i>Roles</i>
Amref Health Africa	Provide healthcare services in remote areas to improve maternal and child health.
Room to Read and Build Africa	Focus on improving access to quality education.
World Food Programme (WFP) and CARE International	Focus on reducing hunger and improving food security.
BRAC and Kiva	Work to provide access to microloans and financial services to low-income individuals.
International Rescue Committee (IRC) and Oxfam	Provide immediate disaster relief in times of famine, drought, and conflict.

schools, supplying teaching resources, and training educators, with a focus on gender equity to ensure girls, who are disproportionately affected by poverty, have equal educational opportunities.

Similarly, the World Food Programme (WFP) and CARE International tackle hunger and food insecurity through food distribution, sustainable agricultural practices, and community farming projects, while also training farmers in modern techniques to improve productivity and income (China-Africa Research Initiative, 2020). Furthermore, BRAC and Kiva provide microloans and financial education to underserved populations, particularly women, enabling them to start or expand businesses. The International Rescue Committee (IRC) and Oxfam provide immediate relief during crises, supporting disaster risk reduction and climate adaptation strategies (World Meteorological Organization, 2023). These organizations contribute to long-term resilience, offering insights for global economic cooperation and evidence-based recommendations to reduce poverty in Africa (Table 29.3).

5.4 *Private sector partnerships*

Private sector partnerships in Africa are increasingly acknowledged as crucial drivers of poverty alleviation, fostering economic growth, job creation, innovation, and improved access to essential services. The continent’s development challenges are substantial, yet private sector involvement is yielding transformative opportunities. Small and medium-sized enterprises (SMEs) are central to African economies, with large corporations facilitating their growth through supply chain integration and investments. Initiatives such as the *Tony Elumelu Foundation Entrepreneurship Program* have supported thousands of entrepreneurs across Africa, generating jobs and stimulating local economies (Balogun & Butchard, 2023).

Agriculture, a key sector for poverty reduction in Africa, supports many livelihoods. Agricultural cooperatives are widely regarded as important mechanisms for empowering smallholder farmers by pooling resources, enhancing bargaining power, and improving market and input access (Harrison, 2019; UNCTAD, 2023). In parallel, the private sector plays an essential role in transforming agriculture by introducing modern farming techniques, expanding market access, and improving

food security. Companies like Unilever, Olam, and AGRA (Alliance for a Green Revolution in Africa) collaborate with smallholder farmers to boost productivity, improve supply chains, and create value-added products, increasing rural incomes and reducing inequality. They provide agritech solutions, such as irrigation systems, mobile platforms for market information, and access to financing (World Bank, 2022), which enhance farmers' productivity and livelihoods, thus contributing to poverty reduction.

Infrastructure, including energy, transport, and communication networks, is crucial for poverty alleviation, with private sector partnerships being essential in developing and maintaining such infrastructure in underdeveloped regions. Platforms like Africa50 focus on critical infrastructure in energy, transport, and water supply (Africa CDC, 2022). Private investments in renewable energy, such as solar farms in Kenya, Nigeria, and South Africa, provide power to underserved rural areas, stimulating economic growth. Transport infrastructure, developed in partnership with the private sector, facilitates market access, allowing small businesses and farmers to reach broader markets and secure better prices (Brassey et al., 2023).

Mobile phone companies and fintech platforms, like M-Pesa in Kenya and MTN Mobile Money, drive financial inclusion by offering savings, credit, and insurance to previously unbanked populations. The tech revolution, with companies like Andela and Flutterwave, creates jobs, fosters new business models, and improves access to education and markets (United Nations, 2023). The private sector also improves healthcare access through collaborations with governments and NGOs, tackling diseases like malaria and HIV/AIDS and strengthening healthcare systems. Investments in education, such as Bridge International Academies, support poverty reduction by providing essential skills in underserved areas (Tatar et al., 2022). Oil companies like Shell and Total (although responsible for polluting the delta and occasionally contributing to political instability) also contribute to community development in regions like the Niger Delta (Brautigam, 2019) (Table 29.4).

Collaborations between African regions or countries and institutions like the World Bank, historically associated with the Washington Consensus model of market liberalization and fiscal austerity, require a fundamental reorientation of development practice. Rather than perpetuating top-down, paternalistic models that reinforce dependency and external control, as critiqued in Joao Braga's *Decolonizing Structuralism: Integrating Dependency and Postcolonial Theories*, what (such collaborations?) must be reconstructed on principles of equity, historical redress, and genuine self-determination with clarity shown in terms of how regional governments can improve outcomes at different levels (as discussed below). This involves dismantling neocolonial economic structures through debt restructuring, reparative investments, and fair renegotiation of trade agreements, ensuring African states exercise real agency in designing and implementing development policies. Moving beyond the rigid global hierarchies outlined by structuralist and dependency theories (Cardoso & Faletto, 1979; Blomström & Hettne, 1984), a postcolonial vision must embrace collaborative, mutually beneficial growth trajectories determined by Africans themselves.

Table 29.4 Private sector partnerships in poverty alleviation in Africa

<i>Private Sector Partnerships</i>	<i>Roles</i>
Tony Elumelu Foundation Entrepreneurship Program	Supports thousands of African entrepreneurs, helping to generate jobs and stimulate local economies.
Unilever, Olam, and AGRA (Alliance for a Green Revolution in Africa)	Work closely with smallholder farmers to increase productivity, improve supply chains, and create value-added products.
Africa50	Works to develop critical infrastructure in areas like energy, transport, and water supply
M-Pesa in Kenya, MTN Mobile Money, and Paga in Nigeria	Allow previously unbanked populations to access savings, credit, and insurance services.
Andela, Flutterwave, and Jumia	Facilitate new ways to do business, especially for young people
Philips and Novartis	Collaborate with regional governments and NGOs to provide affordable healthcare services and medical equipment.
Bridge International Academies	Developed low-cost schooling models, offering affordable education to children in impoverished communities across Africa.
Shell and Total	Focus on education, healthcare, and local economic development

This governance model should be anchored in legally binding frameworks, co-managed by independent institutions guaranteeing transparency and accountability. Africa’s economic agenda must prioritize industrialization, infrastructure, and technology transfer under conditions enabling sustainable self-reliance (Bentaouet Kattan, Khan & Merchant, 2023). Former colonial powers must shift from resource extraction to co-investment strategies fostering genuine economic diversification. Trade agreements should ensure value addition occurs within Africa (Cardoso & Faletto, 1979). Governance structures must also incorporate decentralized financial systems, such as blockchain-based platforms and digital currencies, to empower local entrepreneurs and bypass traditional intermediaries.

The postcolonial critique highlights the need to deconstruct the epistemic dominance of Western economic theories in poverty alleviation policy. Governance must include African intellectuals, policymakers, and civil society actors, rather than relying on Western-centric institutions like the IMF and World Bank (Blomström & Hettne, 1984). Recognizing criticisms of the World Bank’s colonial-style practices, programs fostering academic and technological collaboration should emphasize *co-learning* rather than one-directional *knowledge transfer*. Initiatives like the African Continental Free Trade Area (AfCFTA) and strengthened regional blocs (Hiez & Tadjudje, 2012c) must ensure Africa negotiates from collective strength, embedding governance within a *decolonial economic framework* for lasting transformation.

6 How regional governments can improve outcomes at different levels

Alleviating poverty can mean that regional governments act in the interests of broad social groups such as ethnic and religious minorities, women, persons with disabilities, and other marginalized communities in Africa. This requires a combination of legal frameworks, participatory governance, institutional oversight, and multilevel cooperation to counteract corruption and ensure equitable outcomes (AUC and World Bank, 2022). Regional governments must establish and enforce inclusive policies mandating the representation and participation of marginalized groups in cooperative governance structures, decision-making bodies, and economic planning. These policies should be backed by constitutional guarantees, anti-discrimination laws, and affirmative action programs prioritizing economic empowerment for historically disadvantaged groups. Specific measures, such as gender quotas in cooperative leadership, financial inclusion programs for persons with disabilities, and land rights protections for ethnic minorities, can dismantle systemic barriers excluding these groups from economic opportunities (Evans, 1979).

Transparency and accountability mechanisms, including independent monitoring agencies, civil society watchdogs, and public financial disclosures, are critical to ensuring that cooperative funds and poverty alleviation programs do not fall prey to corruption and elite capture. Digital technologies, such as blockchain-based cooperative financing, open-data portals, and mobile auditing platforms, can enhance transparency and enable real-time tracking of financial transactions, ensuring that resources reach intended beneficiaries rather than being siphoned off by corrupt officials (Dirlik, 1994). Cooperation at local, national, regional, and international levels improves outcomes, mitigates corruption, and ensures that cooperative economies function effectively as poverty alleviation mechanisms.

At the local level, grassroots organizations, community-based cooperatives, and traditional leadership structures should be actively involved in implementing policies, ensuring that economic programs reflect the actual needs of marginalized populations (Jung, 2023). Local governments must collaborate with cooperatives to provide infrastructure, training, and logistical support, thereby enhancing economic development, social welfare, and community resilience while maintaining participatory governance that holds officials accountable. At the national level, governments should create independent regulatory bodies to oversee cooperatives, enforce compliance with anti-corruption measures, and ensure equitable resource distribution. They must also foster an enabling environment for cooperatives through tax reforms, financial incentives, and integration into national development plans (ACLED, 2023).

Strengthening legal and institutional frameworks, promoting multi-stakeholder cooperation, and leveraging technology for transparency and accountability are all ways regional governments can improve outcomes at different levels and ensure that poverty alleviation through cooperatives is both effective and equitable, leading to sustainable economic empowerment for all social groups in Africa.

Cooperatives prioritize local wealth creation, democratic governance, and equitable resource distribution, which are key elements for countering the structural inequalities that have long plagued African economies (Warren et al., 2024). As seen in the *handbook* by *Mogobe Ramose Molefe*, the South African philosopher, known for his contributions to African philosophy, especially *Ubuntu* and *decolonial thought*, emphasizes the need to also build upon indigenous African ethical systems and prioritize democratic governance in battling poverty (Ramose, 1999). Harmonizing cooperative regulations strengthens regional collaboration, cross-border trade, and scaling up cooperative enterprises (Hiez & Tadjudje, 2012a). This approach fosters greater economic self-reliance, reduces racial inequality/colonialism and reduces vulnerability to external shocks. Former colonial powers could support cooperative-driven development through fair trade agreements, knowledge-sharing programs, and investments in cooperatives rather than extractive industries. Moreover, integrating cooperative networks with digital, decentralized platforms such as blockchain-based cooperative financing and peer-to-peer trade systems can expand market access and financial inclusion for millions of marginalized Africans (Warren et al., 2024).

7 **Racial inequality/colonialism and its lingering legacy**

Racial inequality and the lingering legacy of colonialism continue to shape Africa's political and economic realities, impacting governance, development, and social justice. Colonial history left many African nations with weak institutions, arbitrary borders, and economic systems designed to benefit former colonial powers rather than local populations. This historical backdrop is crucial for understanding ongoing struggles where entrenched inequalities based on ethnicity, class, and colonial legacy hinder genuine progress. In this context, organizations like ECOWAS (Economic Community of West African States) were conceived as models for regional integration and collective development, offering hope for shared African prosperity (ACLED, 2023). Yet, in recent years, ECOWAS has faced severe challenges, particularly due to the rise of military coups in the Sahel region. These coups, often driven by dissatisfaction with governance failures and corruption, have severely undermined ECOWAS's authority in promoting regional stability. Its inability to prevent such political shifts reflects systemic issues rooted in colonial-era governance models never fully adapted to post-colonial Africa's realities.

The research question then emerges: *in what ways could global economic cooperation contribute to the reduction of poverty in Africa?* A cooperative governance model may offer answers by exploring how governance rooted in democratic deliberation, inclusivity, and mutual accountability can address these tensions, particularly in alleviating poverty. Biggiero, in *The Routledge Handbook of Cooperative Economics and Management*, distinguishes between worker cooperatives and other cooperative forms, emphasizing the necessity of democratic ownership and decision-making within these organizations. He highlights the challenges and opportunities associated with establishing cooperative models, particularly regarding governance structures and member participation

(Warren et al., 2024). Empowering local communities, civil society, and marginalized groups in decision-making processes fosters bottom-up economic and political engagement, creating more resilient institutions.

A cooperative approach/model, emphasizing mutual benefit, solidarity, and shared responsibility, counters the divisive, exploitative tendencies of colonial legacies. For instance, cooperative governance could promote inclusive policy-making by encouraging broad participation from all societal segments, including ethnic minorities, women, and young people. It decentralizes power, reducing corruption and political instability risks, as local communities gain control over their resources and development priorities. Through fostering inter-community cooperation and cross-border partnerships, cooperatives could bridge divides and strengthen governance trust within a regional context like ECOWAS (Angrist et al., 2023). The flexibility of the cooperative model, particularly through second-order cooperatives, named *cooperatives of cooperatives*, provides a robust framework for fostering international cooperation at multiple levels. Through expanding cooperative structures from local to regional, national, and international spheres, a comprehensive network transcending geographical and political boundaries can emerge. Locally, cooperatives address immediate community needs; regionally and nationally, they promote shared governance, economic integration, and knowledge pooling. Internationally, second-order cooperatives enable cross-border collaboration, aligning on global issues like trade, environmental sustainability, and social equity. This multi-tiered framework builds resilient economic and social systems based on mutual benefit, democratic decision-making, and shared responsibility (Gilpin, 2021).

Moreover, a cooperative approach can align with changing geopolitical dynamics by offering flexible, adaptable governance structures that absorb external shocks, such as economic crises or military coups, without descending into violence. Ammirato (2018), in his *book* 'Italian Cooperatives' demonstrates that during the Global Financial Crisis and the Eurozone Crisis, Italian cooperatives showed greater resilience compared to traditional corporations. Rather than resorting to mass layoffs, cooperatives maintained employment levels, which could be attributed to strong financial reserves built through prudent management and a focus on long-term sustainability. Their emphasis on worker participation and democratic decision-making allowed more flexible responses to economic downturns, fostering solidarity and collective responsibility. Consequently, cooperatives were better positioned to weather shocks and support communities, proving that cooperative governance offers a more resilient alternative to conventional business models in times of crisis.

Ultimately, the cooperative model could serve as a foundational framework for Africa's transformation, offering a more equitable, sustainable development path rooted in African traditions of communalism and mutual aid while addressing historical scars of racial inequality and colonialism. Cooperatives can be scaled beyond individual enterprises to encompass larger organizational structures, including governance systems. Extending cooperative principles such as democratic participation, mutual accountability, and shared responsibility to regional,

national, and international levels could guide broader socio-economic systems. A compelling example is Switzerland, which identifies itself as an ‘Eidgenossenschaft,’ or ‘oath cooperative.’ This term reflects the country’s cooperative governance tradition, emphasizing collective decision-making, decentralization, and inclusivity. The Swiss political system embodies cooperative core values through consensus-building and broad participation (Jung, 2023). Promoting inclusive, cooperative governance in Africa could better navigate complex challenges like political instability, social transformation, and economic inequality. Through this model, Africa could reduce poverty and create a more just and peaceful continent (Angrist et al., 2020). This model is further supported by Faluyi (2023) in his book ‘National Integration and Rotational Presidency in Nigeria: Setting the ‘Rules’ of Integration in a Plural State’.

8 Discussion and conclusion

This chapter explores global economic cooperation’s role in alleviating poverty in Africa. Cooperation can enhance welfare by improving access to assets, with Africa benefiting from shared values, pooled resources, and sustainable development. Integrating both the poor and relatively well-off reduces exclusion and inequality, empowering communities despite infrastructure and cultural challenges. Strong leadership, sound policies, and broad participation make poverty eradication by 2030 feasible, though income growth alone is insufficient; comprehensive progress is necessary (Gilpin, 2021). Poverty’s impact on health, education, and resources is multifaceted (Brautigam, 2019). Addressing inequalities, exclusion, vulnerabilities, lack of decent work, and environmental degradation is essential. Evaluations show cooperatives mobilize resources, create jobs, and reduce exclusion (UNCTAD, 2023). AfCFTA, ECOWAS, EAC, OHADA, and many others promote cooperation, larger markets, trade, investment, and policy coordination, though ECOWAS faces challenges. Cooperatives remove trade barriers, improve connectivity, harmonize policies, decentralize post-colonial hierarchies, and facilitate business expansion, crucial for poverty reduction in Africa. Below, we detail our knowledge advancement, practical implications, future research, and limitations.

8.1 Knowledge advancement

Africa, like the rest of the world, faces numerous challenges that necessitate global cooperation for solutions. Poverty remains a pressing issue, requiring coordinated efforts across various sectors, including trade partnerships, investments, financial aid, debt relief, and capacity-building initiatives. Firstly, while there is ongoing debate about the effectiveness of global economic cooperation in alleviating poverty in Africa (Brassey et al., 2023), this chapter adds to the knowledge base regarding development economics, social policy, and international relations. This research highlights the successes of cooperative initiatives and their role in reducing poverty in Africa, offering valuable insights for policymakers, researchers, and practitioners (UNCTAD, 2023).

Secondly, programs such as BRAC, Kiva, and international aid initiatives demonstrate the tangible benefits of financial assistance in poverty alleviation. These initiatives, particularly in the form of cash transfers, healthcare schemes, and community-based financial support, contribute significantly to long-term poverty reduction (Brautigam, 2019). The understanding gained from these programs can help refine the allocation of aid to ensure resources are used effectively. Studying these programs can help researchers develop scalable and adaptable poverty reduction models applicable beyond Africa to other regions facing similar socio-economic challenges.

Thirdly, global economic cooperation also focuses on sustainability and environmental resilience, particularly in agriculture and natural resource management (UNCTAD, 2023). This chapter has advanced knowledge by examining the link between sustainable development initiatives and poverty reduction, providing insight into how environmental factors, such as climate change adaptation and sustainable farming practices, affect economic growth and poverty alleviation (World Meteorological Organization, 2023). Capacity-building programs have been identified as playing significant roles by transferring knowledge, skills, and technology to local communities, particularly in agriculture, healthcare, and technology, thereby fostering economic development and human capital growth (Brassey et al., 2023). This strengthens the argument for investing in education and skills training as a means to reduce poverty.

8.2 *Practical implications*

The analysis suggests that successful poverty reduction strategies often arise from collaborations between regional governments, NGOs, and private entities. Examining the roles of global institutions, such as the World Bank and UNDP, highlights how multilateral cooperation can help alleviate poverty (Tatar et al., 2022; World Bank, 2022). However, the imposition of neoliberal policies by such institutions prioritizing market-driven reforms, privatization, and austerity can exacerbate inequality and hinder local development (Stiglitz, 2002). These observations can guide regional governments and policymakers in refining poverty reduction strategies and adapting models to suit local socio-economic contexts, addressing issues such as racial inequality and the legacy of colonialism.

8.3 *Future research and limitations*

Future studies should focus on country-specific or regional investigations to better understand local dynamics and challenges. Research on the long-term effects of trade agreements like the African Continental Free Trade Area (AfCFTA) and the role of global economic cooperation in enhancing poverty reduction would be valuable (United Nations, 2023). Additionally, exploring how institutions like the World Bank, IMF, and African Development Bank (AfDB) can improve their funding mechanisms to ensure resources are directed toward poverty alleviation rather than debt accumulation is crucial. Corporations must also align their practices with

socially responsible investments and fair labor standards to contribute meaningfully to Africa's development (AfDB, 2020, 2022; Ellerman, 2004; Tatar et al., 2022; World Bank, 2022; Warren, 2024).

A key challenge in researching poverty alleviation in Africa is the lack of reliable, high-quality data, particularly in rural areas. This hinders the ability to assess the long-term impact of global cooperation initiatives, which often focus on short-term gains. Future research must explore sustainable solutions, such as education, healthcare, and institutional development, while ensuring initiatives consider cultural contexts and local traditions. For instance, the study 'Managerial Values in Transcultural Conflicts in South Africa' explores how differing cultural values can lead to conflicts within organizations and emphasizes the importance of understanding and integrating these values to foster effective collaboration (Mayer & Louw, 2012). Addressing political instability and corruption is also essential, as these factors can distort the benefits of cooperation programs (Africa CDC, 2022). Overcoming these challenges will allow for more effective poverty reduction strategies, fostering inclusive and sustainable growth across Africa.

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