



Cooperatives in a rapidly changing world: innovation in enterprise and community

ICA2018 Research Conference

The Netherlands

4 – 6 July 2018

Wageningen International Conference Centre

Program and
Abstracts



International
Co-operative Alliance
Committee on
Co-operative Research

Introduction

Dear Participant of the ICA2018 Research Conference The Netherlands

We welcome you to the 2018 version of the European Research Conference of the International Cooperative Alliance (ICA).

In a cooperative effort, five Dutch universities, the Dutch Council for Cooperatives (NCR) and the ICA Committee on Co-operative Research Europe, are organizing this unique event for scholars, representatives of cooperatives, policy makers, advisors and other stakeholders.

The main theme of the ICA2018 Research Conference is **Cooperatives in a rapidly changing world: innovation in enterprise and community**

This theme has been chosen as cooperative researchers are increasingly acknowledging the rapid changes both in the social, political and economic environments in which cooperatives operate and in the internal structures and processes of governance and member relations.

As cooperatives are both social and economic organisations, working in the interest of their members and with democratic decision-making structures, most current challenges of society, whether they are related to advances in ICT, to changes in labour relations or to the crisis in democracy, also affect the resilience of the cooperative model.

Researchers in cooperative studies have the obligation to analyse and explain the phenomena in and around cooperatives, and to provide options for innovation to cooperative leaders and their advisors.

Getting together in the ICA2018 Research Conference is a unique opportunity to share the findings from scientific research and to exchange new ideas, both within the academic community and with cooperative leaders, policy makers and many other stakeholders.

We wish you a fruitful and pleasant conference.

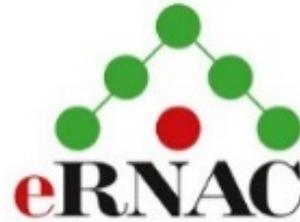
Dr Jos Bijman
On behalf of the Programme Committee

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You can click on the names and titles in the program to see the abstracts.

Partners



International
Labour
Organization



Rabobank

Organization



Dr Jos Bijman (chair)
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Prof Alfons Oude
Lansink Dr Krijn Poppe
Prof Ruerd Ruben



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Dr Ger van der Sangen



Prof Tine de Moor

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Research Institute
of Management

Prof George Hendrikse

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SCHOOL FOR
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Prof Hans Groeneveld



voor coöperatief
ondernemen

Dr Arjen van Nuland



Prof Cynthia Ciagnocavo

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Prof Elena Melía Martí, Polytecnic University of Valencia, Spain

Prof Sonja Novkovic, St. Mary's University, Canada

Prof Stefano Pascucci, Exeter University, UK

Program ICA 2018 Research Conference

Wednesday 4 July

- 09.00 - 16.00 Young Scholars Workshop (restricted meeting)
- 14.00 - 17.00 Netherlands Cooperative Council (NCR) Business Event, with Prof. Murray Fulton, Prof. Markus Hanisch, Prof. Sonja Novkovic, Prof. Jos Bijman and Prof. Ger van der Sangen
- 17.00 - 20.00 Opening Reception and Walking Dinner
- 18.00 Opening by keynote speaker Prof. Dr Arthur Mol, Rector Magnificus Wageningen University and by Dr Bruno Roelants, Director General, ICA

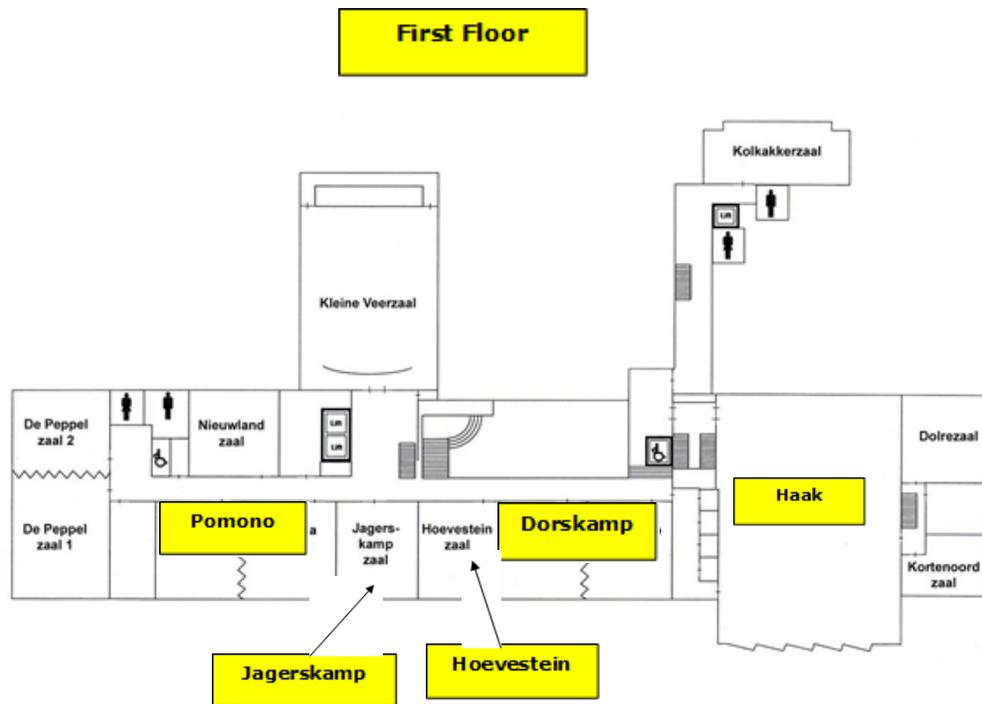
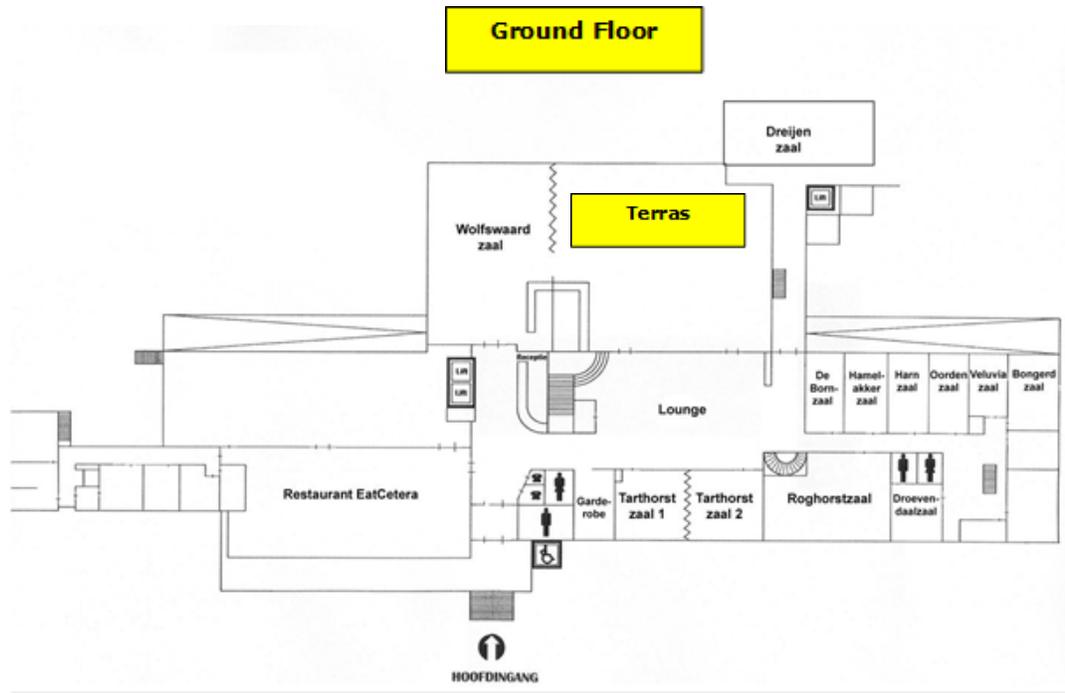
Thursday 5 July

- 09.00 - 09.45 Keynote speaker: Mr Wiebe Draijer, CEO of Rabobank
- 09.45 - 10.00 Video 200 years Raiffeisen
- 10.00 - 10.30 Plenary Panel Discussion: Future Challenges and Solutions for Cooperatives, with Mr. Wiebe Draijer (Rabobank), Dr. Bruno Roelants (ICA), Prof. Giovanni Ferri (LUMSA University of Rome, Italy) and Prof. Cynthia Giagnocavo (University of Almería, Spain; moderator) (Room: Haak)
- 11.00 - 13.30 Parellel Sessions, Panel Discussions and Lunch
- 13.30 - 14.15 Keynote speaker: Dr Simel Esim, Head of Cooperatives Unit, ILO
- 14.15 - 15.30 Plenary Presentations and Panel Discussion: Cooperative Statistics and Performance, with Prof. Marie Bouchard (University of Québec in Montréal), Prof. Damien Rousselière (AGROCAMPUS OUEST, France), Mr. Hyungsik Eum (ICA) and Prof. Hans Groeneveld (Tilburg University / Rabobank; moderator) (Room: Haak)
- 15.30 - 18.00 Parellel Sessions and Panel Discussions
- 19.00 - 00.00 Conference Dinner at Wageningen University Campus

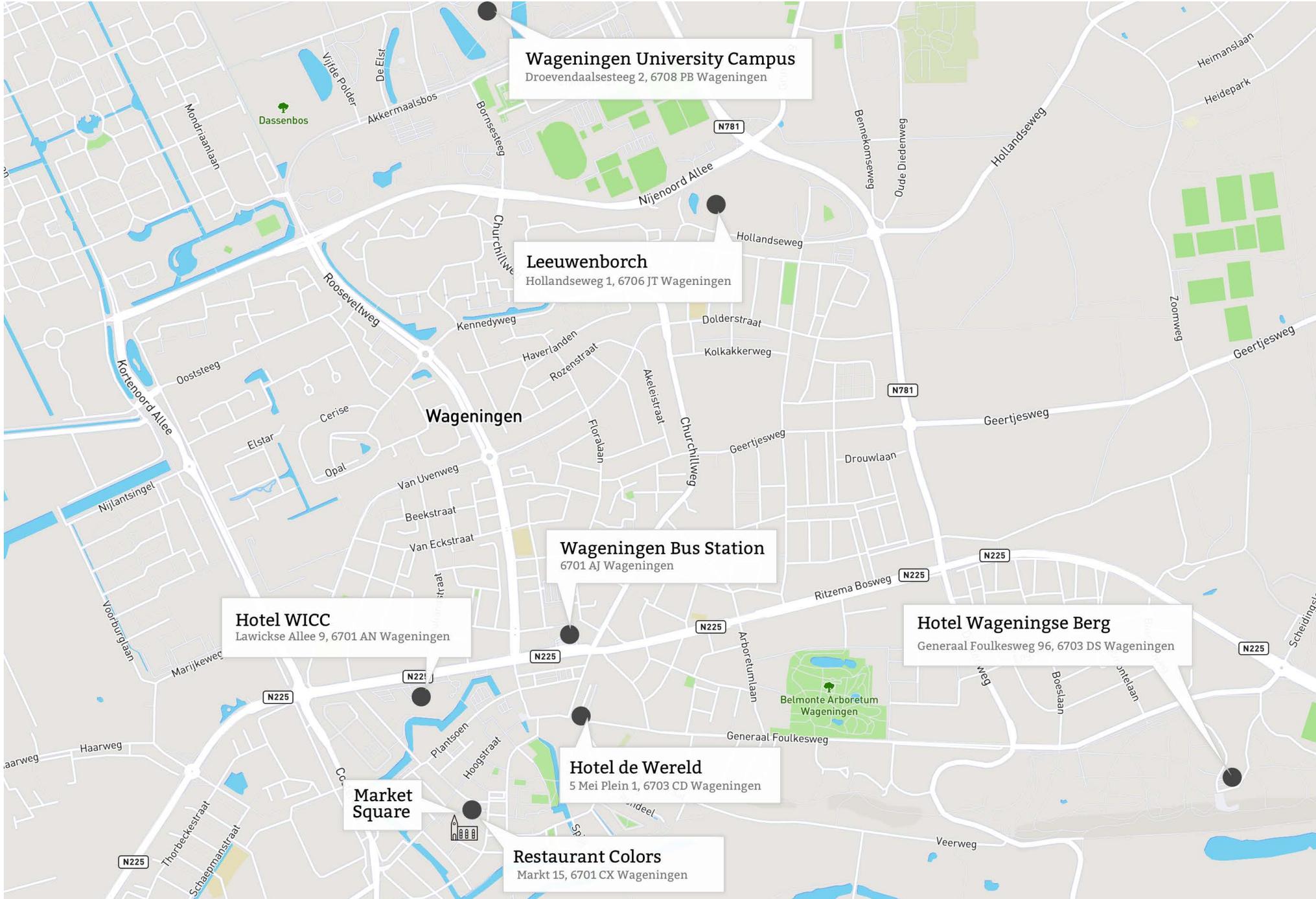
Friday 6 July

- 09.00 - 09.45 Keynote speaker: Prof. Dr Murray Fulton, University of Saskatchewan
- 09.45 - 10.30 Plenary Panel Discussion: Innovations in Cooperatives, with Mr. Arjen van Nuland, NCR, Prof. Cynthia Giagnocavo, University of Almería, Prof. Markus Hanisch, Humboldt University Berlin, Prof. Murray Fulton, University of Saskatchewan, Prof. Tine de Moor, Utrecht University (moderator)
- 11.00 - 15.00 Parallel Sessions, Panel Discussions and Lunch
- 15.00 - 16.00 Closing Session

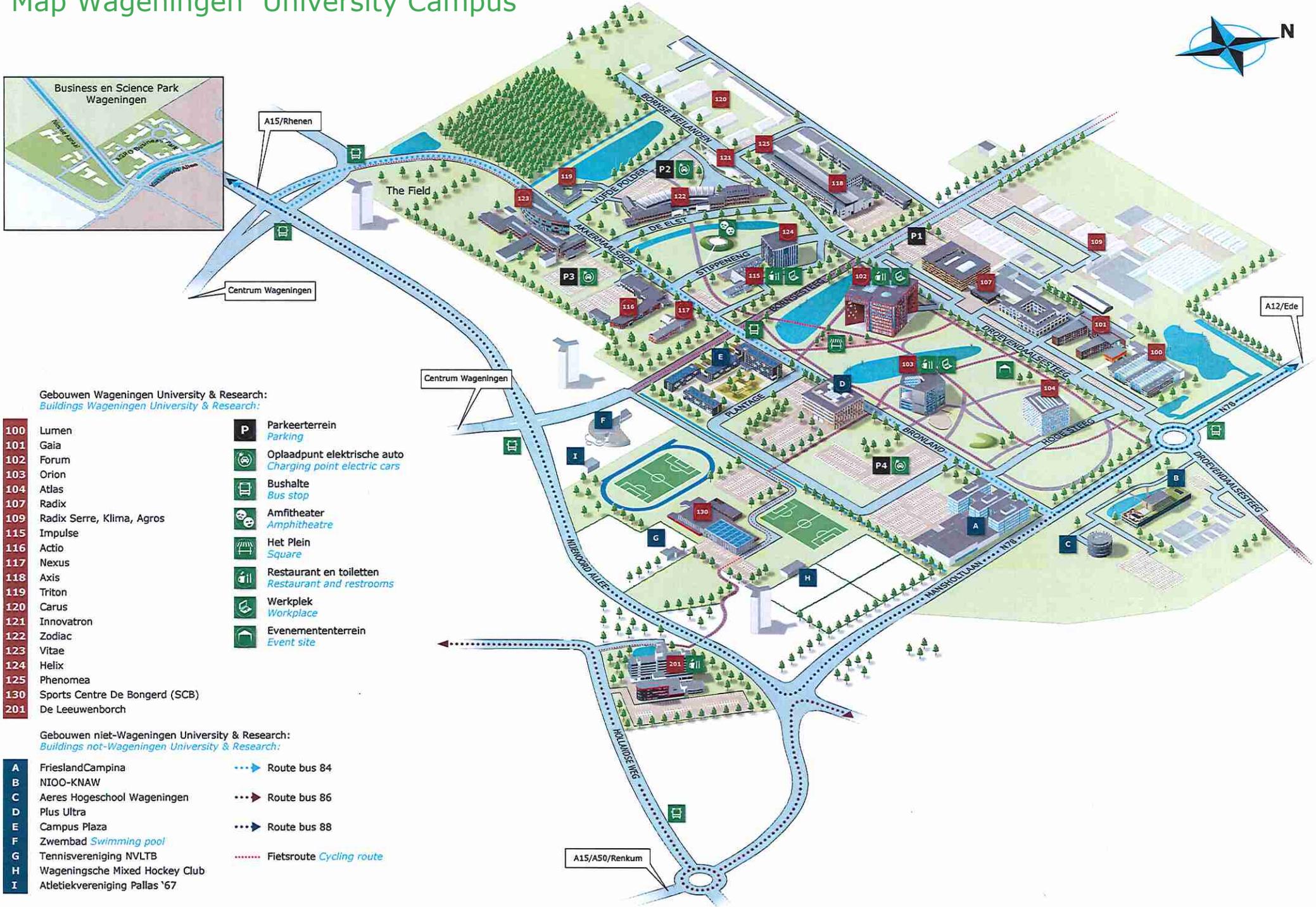
Map WICC



Map Wageningen



Map Wageningen University Campus



Gebouwen Wageningen University & Research:
Buildings Wageningen University & Research:

- | | | | |
|-----|--------------------------------|---|--------------------------------------------------------------------|
| 100 | Lumen | P | Parkeerterrein
<i>Parking</i> |
| 101 | Gaia | | Oplaadpunt elektrische auto
<i>Charging point electric cars</i> |
| 102 | Forum | | Bushalte
<i>Bus stop</i> |
| 103 | Orion | | Amfitheater
<i>Amphitheatre</i> |
| 104 | Atlas | | Het Plein
<i>Square</i> |
| 107 | Radix | | Restaurant en toiletten
<i>Restaurant and restrooms</i> |
| 109 | Radix Serre, Klima, Agros | | Werkplek
<i>Workplace</i> |
| 115 | Impulse | | Evenemententerrein
<i>Event site</i> |
| 116 | Actio | | |
| 117 | Nexus | | |
| 118 | Axis | | |
| 119 | Triton | | |
| 120 | Carus | | |
| 121 | Innovatron | | |
| 122 | Zodiac | | |
| 123 | Vitae | | |
| 124 | Helix | | |
| 125 | Phenomea | | |
| 130 | Sports Centre De Bongerd (SCB) | | |
| 201 | De Leeuwenborch | | |

Gebouwen niet-Wageningen University & Research:
Buildings not-Wageningen University & Research:

- | | | | |
|---|--------------------------------|--|------------------------------------|
| A | FrieslandCampina | | Route bus 84 |
| B | NIOO-KNAW | | Route bus 86 |
| C | Aeres Hogeschool Wageningen | | Route bus 88 |
| D | Plus Ultra | | Fietsroute
<i>Cycling route</i> |
| E | Campus Plaza | | |
| F | Zwembad <i>Swimming pool</i> | | |
| G | Tennisvereniging NVLTB | | |
| H | Wageningsche Mixed Hockey Club | | |
| I | Atletiekvereniging Pallas '67 | | |

Program Wednesday, 4th of July / Program NCR Event

9.00 - 16.00	Young Scholars Workshop (restricted meeting)
14.00 - 17.00	Business Meets Science. Dutch Council for Cooperatives (NCR) Event (open for all ICA2018 participants) (Room: Haak) with Prof. Murry Fulton, Prof. Markus Hanisch, Prof. Sonja Novkovic, Prof. Jos Bijman, and Prof. Ger van der Sangen
14.00	Introduction
14.10	Science and the NCR 2018 theme Cooperative Dialogue
	<ol style="list-style-type: none">1. Cooperative dialogue and network governance Prof. Sonja Novkovic (Saint-Mary's University, Halifax, Canada)2. Cooperative dialogue and conditions for self organization Prof. Markus Hanisch (Humboldt University Berlin, Institute for Cooperative Studies)3. Cooperative dialogue and hybridisation of cooperatives Prof. Jos Bijman (Wageningen University & Research)
15.15	Coffee break
15.45	Keynote by professor Murray Fulton (University of Saskatchewan, Canada)
16.15	Panel discussion between scientists and cooperative entrepreneurs
17.00 - 20.00	Opening by keynote speaker Prof. Dr. Arthur Mol, Rector Magnificus Wageningen University, and by Dr. Bruno Roelants, Director General, ICA
18.00	Opening Reception and Walking Dinner (Room: Terras)

Program Thursday, 5th of July

9.00 - 9.45 Keynote speaker: Mr. Wiebe Draijer, CEO of Rabobank (Room: Haak)

9.45 - 10.00 Video 200 years Raiffeisen

10.00-10.30 Plenary Panel Discussion: Future Challenges and Solutions for Cooperatives, with Mr. Wiebe Draijer (Rabobank), Dr. Bruno Roelants (ICA), Prof. Giovanni Ferri (LUMSA University of Rome, Italy) and Prof. Cynthia Ciagnocavo (University of Almería, Spain; moderator) (Room: Haak)

10.30 - 11.00 Break (Room: Terras)

11.00 - 12.30 Parallel Sessions
Session A

A1: Law I
Room: Hoevestein

1. **Hagen Henry.** Cooperation, Value Chain. Legal and Implications in Terms of cooperative principles

2. **Ger van der Sangen.** How legislators deal with hybridization of cooperatives: fostering innovation or not?

3. **Willy Tadjudje.** The power of umbrella cooperative organisations and the challenge of an efficient structuring of the cooperative movement

4. **Eddi Fontanari.** Do cooperatives really pay less taxes?

5. **Akira Kurimoto.** Internal governance in federative structures of consumer cooperatives

A2: Governance I
Room: Haak

1. **Jose María García Alvarez-Coque.** Multi-actor institutional arrangements for farmland consolidation in the Valencia region

2. **Markus Hanisch.** Agricultural cooperatives - a note on the boundaries of the concept

3. **Louis-Antoine Saisset.** The challenges of agricultural co-ops' internal governance. Case studies of innovative process in South of France

4. **Gian Nicola Francesconi.** Building the managerial capital of agricultural cooperatives in Africa

5. **Judith Hermanson Ogilvie.** Assessing cooperative board governance in developing countries through a stage of development approach

A3: Value chain I
Room: Pomona

1. **Cándido Román-Cervantes.** Strategic behaviour of agrifood cooperatives in Canary Islands and its "adaptive cycle""adaptive cycle"

2. **Annemarie Groot Kormelinck.** Characterizing producer organizations: the case of organic vs conventional vegetables

3. **Elena Garnevska.** Importance of co-operatives in the fruit sector of Thailand

4. **Mercy Mwambi.** Towards a Typology of Collaborative Business Models in the Dairy Value Chain in Kenya

5. **Keri Jacobs.** Consolidation trends in US farm supply and grain marketing cooperatives and implications for producer control and competition

A4: Member relations I
Room: Dorskamp

1. **Theresa Bäuml.** Barriers and opportunities for Corporation of smallholders: the case of Kosovar raspberry producers

2. **Julia Höhler.** Increasing member heterogeneity in cooperatives: should I stay or should I go?

3. **Darcy Overland.** Democracy, governance, and member engagement in large consumer co-operatives: A case study

4. **Gregor Rabong.** Does member commitment legitimize corporate social responsibility measures of Austrian credit co-operatives?

5. **Victor Pestoff.** Work environment in Japanese health and eldercare cooperatives - A model for better service quality

A5: Education
Room: Jagerskamp

1. **Arielle Romenteau.** Good practices in international cooperative development; Why creating a knowledge sharing culture is key for international cooperative development work

2. **Rafael Chaves-Ávila.** Learning networks in innovative cooperative systems. The cases of Mondragon and Anecoop

3. **Sidsel Grimstad.** Learning on the go – Using action research in education to better understand the opportunities and threats facing co-op start-ups in the agricultural sector in Australia

4. **Pekka Hytinkoski.** And now for something completely different: Finish teachers guiding educational cooperatives

12.30 - 13.30	Lunch (<i>Room: Terras</i>) and POSTER Presentation (<i>Room: Wolfswaard</i>)
13.30 - 14.15	Keynote speaker: Dr. Simel Esim, Head of Cooperatives Unit, ILO (<i>Room: Haak</i>)
14.15 - 15.00	Plenary Presentations and Panel Discussion: Cooperative Statistics and Performance, with Prof. Marie Bouchard (University of Québec in Montréal), Prof. Damien Rousselière (AGROCAMPUS OUEST, France), Mr. Hyungsik Eum (ICA) and Prof. Hans Groeneveld (Tilburg University / Rabobank; moderator) (<i>Room: Haak</i>)
15.00 - 15.30	Break (<i>Room: Terras</i>)
15.30 - 17.00	Parallel Sessions Session B

B1: Cooperative Formation & Theory

Room: Pomona

1. **Carlo Borzaga.** Co-operation as coordination mechanism: a new approach to the economics of co-operative enterprises

2. **Bridget Carroll.** Co-operative entrepreneurship in Ireland: some findings on recent co-operative start-ups

3. **Axel Wolz.** Options and constraints of cooperation among farmers in a post-socialist setting

4. **Sonja Novkovic.** Theory of the co-operative firm revisited

5. **Sophia Weituschat.**

Where's the theory? A reflection on empirical studies into the effectiveness of cooperatives

B2: Financial Cooperatives I

Room: Dorskamp

1. **Stefan Preiner.** The coexistence and congruent historic development of stock companies, mutual companies, and mutual-aid cooperatives on the Japanese insurance industry

2. **Hans Groeneveld.** Do bank ownership and governance structures metaphor diversity in banking? Application of a new diversity measure for the Netherlands

3. **Simeon Karafolas.** Crisis' consequences on cooperative banks: a comparative examination on Cyprus and Greek cooperative banks through capital base

4. **Camila Lunconi Viana.** Management of corporate social responsibility: a framework proposal for financial cooperatives

5. **Davi Costa.** Survival and failure of Brazilian credit unions: an analysis of corporate governance characteristics

B3: Member relations II

Room: Jagerskamp

1. **Justine Ballon.** The entrepreneur- salaried employee-associate: an autonomous wage-earner or a dependent entrepreneur?

2. **Eva Vriens.** Networks as key to mutuals' success: how social embeddedness influences members' trust and commitment

3. **Zsolt Baranyai and Gabor Szabo.** Transaction cost-based dynamic model of different types / levels of trust and some practical considerations for trust development in agriculture

4. **Konstantinos Karantininis.** Farmers' networks: Active involvement in the governance of agricultural cooperatives

B4: Performance I

Room: Haak

1. **Anne Musson.** Identifying the impact of crisis on cooperative capital constraints. The case of French craftsman cooperatives

2. **Mike Cook.** The relationship between "cooperative health" and "cooperative performance"

3. **Maryline Filippi.** Social responsibility in the food chain: do the cooperatives better?

4. **Pedro Piccoli.** Short-term financial sustainability of agricultural cooperatives

5. **Lorea Narvaiza.** Models of worker cooperatives in two European territories

B5: Labour I

Room: Hoevestein

1. **Santiago Larrazabai Basañez.** The synergy between employment policies and cooperatives with regard to new forms of work. An overview based on Spanish Constitutional Law

2. **Francisco Javier Arrieta Idiakez.** Digital cooperatives as channels for digital work in the context of collaborative economy

3. **Josune López Rodríguez.** The promotion of green and decent jobs through cooperatives

4. **Gonzalo Martinez Etxeberria.** Training of cooperative values as a decisive element in new jobs to be created by 21st century cooperatives

5. **Carmen Marcuello.** Cooperatives in a rapidly globalized world: Labor Relations, power and politics within multinational worker cooperatives

17.00 - 18.00

Parallel Sessions and Panel Discussions

Session C

*C1: Book presentation
Room: Jagerskamp*

Prospects and challenges for cooperative banks 200 years after Raiffeisen's birth

Giorgio Caselli; Marco Migniorelli, Willem Pieter de Groen; Hans Groeneveld

*C2: Common Pool
Room: Pomona*

1. **Madeg Le Guernic.** Governing common-property assets: The case of farm machinery cooperatives
2. **Anke Wolff.** Ostrom's institutional design principles and the probability of sustained collective action: the case of agriculture cooperatives
3. **Sadao Harada.** Creating a cooperative network for river environment: A case study in the Hozugawa-river in Kyoto, Japan

*C3: Community & Social enterprise I
Room: Hoevestein*

1. **Cécile Berranger.** Co-operative place making and the re-building of Co-operative social capital: A case study of contemporary Rochdale
2. **Marleen Thürling.** Social cooperatives: a sustainable way to tackle provision problems?
3. **Rafael Chaves-Ávila.** The emergence of new government policies towards cooperatives and other social economy entities after the economic crisis in Europe

*C4: Panel Discussion I
Room: Dorskamp*

ILO and Agriterra session: Cooperative training and education - successful and innovative tools to enhance effectiveness of primaries and apex organizations. Dik van de Koolwijk, Valerie Breda, Mina Waki

*C5: Panel Discussion II
Room: Haak*

AMEA session: Defining professional farmers organizations. Maaïke Fleur, Ruerd Ruben, Gian Nicola Francesconi

19.00 - 23.00

Conference Dinner at Wageningen University Campus

Program Friday, 6th of July

9.00 -9.45 Keynote speaker: **Prof. Dr. Murray Fulton**, University of Saskatchewan, Canada (*Room: Haak*)

9.45 - 10.30 Plenary Panel Discussion: Innovations in Cooperatives, with Mr. Arjan van Nuland, NCR, Prof. Cynthia Ciagnocavo, University of Almería, Prof. Tine de Moor, Utrecht University (moderator)

10.30 - 11.00 Break (Room: Terras)

11.00 - 12.30 Parallel Sessions

Session D

D1: Law II

D2: Sustainability & Resilience

D3: Governance II

D4: Member relations III

D5: ICT

Room: Hoevestein

Room: Haak

Room: Pomona

Room: Jagerskamp

Room: Dorkskamp

1. **Gemma Fajardo García.** A legal framework for the promotion of energy cooperativism

1. **Gerard Doyle.** Capacity analysis: an explanatory framework for social innovation and sustainable development initiatives

1. **Stefano Ciliberti.** Coordination strategies in the Italian agri-food supply chain: Cooperatives vs. Producer organizations?

1. **Ofir Rubin.** Organizational and demographic changes in "Renewed Kibbutzim" and their impact on members' perceptions about their sustainability

1. **Cynthia Giacnocavo.** Big data and agricultural cooperatives: a move towards a different commons? The case of the Internet of food and farm 2020 (IoF 2020)

2. **Deolinda Meira.** Legal obstacles to the creation of renewable energy communities under cooperative farms in Portugal: *Copérnico* as a case study

2. **Viktoria Vasary.** Resilience and sustainability of social cooperatives in Hungary

2. **George Hendrikse.** Communication and decision-making in cooperatives: The case of skewed cooperatives in China

2. **Olta Sokoli.** What makes farmers (not to) cooperate in transition economies? - The case of milk production in Albania

2. **Krijn Poppe and Sjaak Wolfert.** Collective action in farm data management

3. **Ifigeneia Douvitsa.** The new law on energy cooperatives in Greece

3. **Nikos Kalogeras.** Cooperative members' willingness to adopt sustainable practices: an empirical study

3. **Constantine Iliopoulos.** The evolution of Estonian agricultural cooperatives: governance under a systems thinking lens

3. **Maria Antonova.** Determinants of Russian farmers' decision to be a member of an agricultural cooperative venture

3. **Martijn Arets.** Platform cooperatives: Opportunities and obstacles

4. **Judith Hermanson Ogilvie.** A study of cooperatives in the face of economic and social change in Poland

4. **Akira Kurimoto.** Innovation in internal governance after the reorganization of consumer co-ops

4. **Luana Zanetti Trindade Ferraz.** Perception of value co-creation actions in agricultural cooperatives

4. **Yifat Solel.** Platform cooperatives and the future of democracy

12.30 - 13.30 Lunch (room: Terras)

13.50 - 15.00 Parallel Sessions

Session E

*E1: Performance II
Room: Haak*

1. **Aziz Eduardo Calzolaio.** Access of cooperatives to the Tax Incentive for Innovation in Brazil

2. **Ibrahima Barry.** Does quality incentive payment improve co-op performance? A study of small French agricultural cooperatives

3. **Eivind Merok.** Cooperatives governance in a digital age: The Norwegian Consumer Co-operatives 1990-2014

4. **Fiona Duguid & Daphne Rixon.** Developing non-financial impact indicators with co-operatives

*E2: Community & social enterprise II
Room: Jagerskamp*

1. **Carla Dohmworth.** Does cooperative membership matter for women's empowerment? Evidence from South Indian dairy producers

2. **Alessio Realini.** The role of cooperatives in promoting innovation, inclusion and sustainability through organic agriculture and social farming in Italy

3. **Branka Krivokapic-skoko.** Modeling the contributions to community in indigenous community owned and co-operative Australian enterprises

4. **Luana Zanetti Trindade Ferraz.** FATES: The fund of Brazilian cooperatives in benefit of members without incentive for realization?

*E3: Value chain II
Room: Pomona*

1. **George Hendrikse.** Market shares of agricultural cooperatives in the European Union

2. **Ellen Magnus.** Navigating dynamic contexts: African cooperatives as institutional bricoleurs

3. **Anudari Enktur.** Impact of agriculture cooperatives on smallholder vegetable farmers in Mongolia

4. **Sunhwa Kim.** Practice of Fair Trade in Korea's consumer co-operatives: the case of Dure consumer co-operative

*E4: Financial Cooperatives
II Dorskamp*

1. **Leonardo Rafael de Souza.** Models of delegated representation in Brazilian credit unions: a critical analysis

2. **Keith Taylor.** Revisiting the Edward Filene model of philanthropy in the credit union sector: Disrupting dominant systems by empowering local citizen

3. **Giovanni Ferri.** Is competition among cooperative banks a negative sum game?

4. **Davi Costa.** Mergers and acquisitions in the Brazilian Cooperative credit finance system

15.00 - 16.00 Closing Session (Room: Haak)

- * Results of Young Scholar Workshop
- * Prof. Ruerd Ruben: Future Directions for Cooperative Research
- * Publication options
- * ICA Europe Research Conference 2019
- * Farewell

Poster presentations

Guy Claessens - Producer organization VOC triggered by innovation

Jason Entsminger - Identification and Commitment in Cooperative Organizations of the Agro-food Sector: Exploring the Use of a Multi-faceted Structural Model as Antecedent to Member Behaviors

Hyungsik EUM - Statistics on work and employment in cooperatives

Esther Falcón - Pérez - Improving the quality of life of the population through cooperatives

Maria Antonova - COOPERATIVE MAP OF RUSSIA (CMR). Promotion of cooperative movement in modern Russia".

Sidsel Grimstad - Growing and diversifying the cooperative housing sector in Australia: understanding financing, legislation and social impact

Sushil Gupta - Cooperatives and Big Data

Josune López Rodríguez - The promotion of green and decent jobs through cooperatives.

Melié Martí - GENDER EQUALITY IN COOPERATIVES VS PRIVATE CAPITAL COMPANIES

Andrew Okem -An Examination of Networking with Private Businesses as a Resilience Strategy for Cooperatives: Insights from Cooperatives in KwaZulu-Natal, South Africa

Novita Puspasri - Spirit of Change In Indonesian Co-Operative Logo

Arielle Romenteau - Mapping cooperatives: Key Figures of the International Co-operative Alliance

Vijitsri Sanguanwongse - Debt Analysis of Credit Union Cooperatives Member in Thailand

Felicity Small - Adoption of energy efficiency options by co-operatives in regional Australia: An early stage explorative study

Abstracts

Cooperation. Concentration. Value Chains. Legal and Implications in Terms of Cooperative Principles.

by
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The strategies of cooperation and concentration in pursuit of competitiveness are associated with cooperative enterprises and capital-centered enterprises respectively. While the legal and implications in terms of cooperative principles of these strategies have been researched, this is not the case for the integration into values chains. Yet, also cooperative enterprises are ever more integrating into vertical and horizontal value chains, operationally and organizationally.

Cooperation among cooperatives has been a feature of cooperatives since the beginning of their modern history in the mid nineteenth century. It is now the sixth of the seven ICA principles laid down in the 1995 ICA Statement on the cooperative identity. The 2001 United Nations Guidelines aimed at creating a supportive environment for the development of cooperatives and the 2002 International Labour Organization Recommendation No. 193 concerning the promotion of cooperatives (ILO R. 193) also emphasize the importance of cooperation among cooperatives. These international instruments do not expressly regulate the way cooperatives should cooperate. However, a reading of the 6th ICA Principle in the context of all the ICA Principles lays the ground for the specifics of cooperation among cooperatives.

The 6th ICA Principle and Paragraph 6.(d) of the ILO R. 193 emphasize the ultimate objective of the cooperation among cooperatives, which is that it must serve the members of the cooperating entities.

Like they do for themselves, cooperatives should seek through cooperation to gain economic strength (economies of scope and scale), negotiating power and voice (advocacy, political representation) in order to (re)generate their autonomy and independence. Cooperation among cooperatives must, therefore, reflect the nature of the cooperative enterprise model with its emphasis on the autonomy and independence of the group of members on whom it centers. This does not, and has not, excluded other growth strategies, for example by concentrating (merging). More often than not cases of mergers are, however, confronted with difficult governance challenges, especially in terms of the main mechanism through which the autonomy materializes, namely participation.

The specific cooperative way of cooperating requires that the structure of cooperative unions and federations overcome the dichotomy of concentration and cooperation by interweaving the corresponding structural elements, namely hierarchy and networking without merging the participating entities (heterarchy).

Cooperation and concentration, as presented here, do not change the fundamentals on which the participating entities are based, namely legal certainty through the clear regulation by law of responsibilities and liabilities for each of the legal persons, which the respective jurisdictions provides for. Mergers by absorption leave the absorbing entity as a legal person untouched; mergers by dissolution of the participating entities leads to the creation of a new legal entity. The same might not be true for values chains. True, the integration of enterprises, including cooperative enterprises, into values chains leaves the legal status of the participating entities untouched. The hypothesis is, however, that the contractual arrangements between the participating entities are such that they do impact the organizational features of the contracting

parties; that responsibilities and liabilities diffuse with considerable legal consequences in terms of product liability, warranty, labor law, for example. This is especially the case if and when the means of production may be resourced digitally, i.e. at any time from anywhere, thus without regard to national and, by extension, regional and international law.

Furthermore, where the participating entities are not structured according to a commonly shared set of principles, as is the case with cooperative value chains, the cooperative principles, foremost the 4th Principle (Autonomy and Independence) and the 6th Principle (Cooperation among Co-operatives) are at stake.

How legislators deal with hybridization of cooperatives: fostering innovations or not?

Contributor and corresponding author

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Main theme and objective of the paper

In this paper titled 'How legislators deal with hybridization of cooperatives: fostering innovation or not?', the legal objective and identity of cooperatives are addressed against the background of current developments of hybridization of cooperatives. These include amongst others: transactions with non-members, federated models and holding structures, equity raising by non-members, listing of cooperatives on stock markets, patronage on the basis of market conform prices, unrelated diversified business activities and board models composed by non-members. Does the way legislators approach these different types of hybridization of cooperatives hamper or foster innovations in how cooperatives are organized? A key question is whether types of hybridization themselves are at odds with the objective and identity of the cooperative.

At the same time, legislators have some leeway in designing special policy instrument to promote cooperatives bases on the acceptance of the ICA-principles vis-à-vis investor-owned firms, based on the specific identity of cooperatives as organizations operating on the basis of solidarity and mutuality. So, if legislators and policymakers want to actively promote the enhancement of cooperatives vis-à-vis investor-owned firms, the question arises of the demarcation of the cooperative legal form distinct from the investor-owned firm, a demarcation we find in business organizational law, tax law and competition law. The main aim of the paper is the clarify types of hybridization of cooperatives and how the law has an impact on the phenomenon of hybridization of cooperatives.

Methodological and/or conceptual approach

The paper will draw primarily on data collected from the 2010 SCE Report, the 2012 Support for Farmers' Cooperatives Report, the 2013 *International Handbook of Cooperative Law* and the 2017 Book on *Principles of European Cooperative Law*, supported with a literature survey.

Keywords

Cooperative law-making, cooperative principles, hybridization, legal infrastructure

The power of umbrella cooperative organizations and the challenges of an efficient structuring of the cooperative movement

by

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ABSTRACT

In most legislation governing cooperative societies, there are rules governing umbrella cooperative organizations. Following the idea of economies of scale, their role is to support the affiliated cooperatives about, what they could not do, or what they would succeed only with difficulty or expensively, if it is considered individually. Beyond this economic function, umbrella cooperative organizations also have a role in representing the cooperative movement. This justifies the fact that certain legislations provide for the existence of a single actor which represents the cooperative movement, in particular the national confederation. This is the case, for example, of the Malagasy legislator, or even of the legislator of the Community of East African states.

Contrary to these experiences, the legislator in the OHADA zone (Organization for the Harmonization of Business Law in Africa) has not set a limit, probably to respect the principle of autonomy and independence of the cooperative movement. In practice, in all 17 member states of this organization of standardisation of business law, the cooperative movement evolves into scattered ranks.

The purpose of this reflection is to question the causal link between the forecasts of the OHADA Uniform Act which does not set a framework in the structuring of the cooperative movement and the erosion of the cooperative movement in the States.

The analysis will mainly focus on the developments in the OHADA (Uniform Act related to cooperative societies) zone following a comparative approach. The analysis will highlight not only experiences in East Africa and Madagascar, but also European experiences, especially French and German.

Co-operatives and taxation: how many benefits do they really have? The Italian case

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Keywords: taxation, fiscal burden, co-operatives, joint-stock companies

Context and problem statement

The belief that cooperatives enjoy high and unjustified tax benefits is widespread among both policy makers and economic operators. Many believe that these privileges can cause situations of unfair competition and reduce the contribution of cooperatives to the formation of public revenues. However, these beliefs have never been subject to a thorough verification and they don't take into account neither the characteristics of this enterprise form nor the nature and the quantitative relevance of the tax benefits it enjoys. Firstly, it should not be overlooked that these tax benefits are granted on the basis of precise constraints set by the legislator, in particular restrictions on the distribution of both profits and assets. Secondly, the incentives usually concern only some kind of taxes, often marginal in terms of public revenues. Finally, these beliefs are based on the hypothesis that the value distribution to productive factors is the same in all types of firms. In any case, these statements have never been verified through empirical evidence. In fact, there are no serious and objective analysis until now that can prove the effective contribution of cooperatives to public finance, both in absolute terms and in comparison with other firms. That is, we are not aware of studies that quantify the tax revenue of different enterprise forms and that take into account all types of taxes and not only those for which the cooperatives have some facilitation.

Theoretical framework

Many believe that Italian cooperatives have always enjoyed and still enjoy important tax benefits, regardless the cooperative typologies. Actually, over the past few decades, the tax treatment of cooperatives has been significantly amended. These revisions were driven by the aim to support the development of this enterprise form and by the need to adapt the Italian tax legislation to European guidelines, especially to avoid incurring penalties.

In fact, this progressive and significant reduction in tax benefits for cooperatives has been influenced by the European recommendations that came after the Italian competitors and judges took action against coops. Complaints that led in 2008 to the opening of an infringement procedure for violation of the state aid ban (SA 24877 (E1 / 2008)), with the administrative closure of the case (in 2014) thanks to legislative changes which took place from 2008 on.

The curious aspect is that on September 8, 2011 the Court of Justice ruled contrarily to what was previously claimed by the European Commission, referring to n. 1435/2003 Regulation on the European cooperative society. In particular, Court of Justice justified the preferential tax treatment provided for cooperatives by the Italian legislator, stressing the diversity of structure and functioning of this enterprise form.

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Research question and methodology

In order to empirically identify and accurately quantify whether or not cooperatives benefit from a fiscal point of view, it is necessary to take into account not only single taxes - particularly those based on profits not distributed to their owners - but the concept of "fiscal burden", which considers the total amount of resources transferred in various ways by firms to the state coffers. This variable allows to quantify, not only the taxes related to the corporate income, but also those weighing on labor cost (and the correlated social security costs). Thanks to this calculation method, the effects of an eventual different distribution of income to the factors of production are taken into consideration. In other words, by calculating the total tax burden, it is possible to quantify the percentage of the value generated by the firm that ends up into the public funds, regardless of the aggregates on which it is calculated and its final destination (the INPS or the Treasury).

Thanks to use of the Aida Bureau van Dijk database combined with the National Institute of Statistics' survey on labor cost in Italian firms, the calculation of the tax burden on cooperatives and joint-stock companies was viable.

Now, if the assumption that cooperatives contribute less than joint-stock companies to the formation of public revenues is not confirmed by the analysis of the Italian data, its sustainability would be greatly compromised, not only for Italy but also in a general way.

Key findings

By adopting as indicator the total and effective tax burden on the different enterprise forms, it was possible to understand that cooperatives do not enjoy any privilege and are subject to a tax pressure higher than the one of joint-stock companies, unlike what normally assumed (in particular by the tax authorities). It also emerged that this is linked to the different model of value-added distribution to the factors of production. The fact that cooperatives distribute to workers a larger share of value-added than the joint-stock companies offsets their lower tax burden on corporate income. Specifically, this analysis highlights that Italian cooperatives have more than compensated for the 'benefits' enjoyed from the corporate income taxation through an higher levy suffered on labor cost.

Conclusions

These results highlight how the fixation of the legislator to put all companies - regardless of their different nature - under the same conditions, to avoid distortions in the competition mechanism, has concretely contributed to exacerbate the limits of the cooperative model, further reducing the already low margin available to enhance the capitalization level - in a phase characterized by economically difficult circumstances. In fact, the proposed research reveals that the contribution of firms to the public budget should not be assessed only with reference to a single tax and, above all, not to taxation on corporate income.

These results show once again how an inadequate and partial understanding and analysis of complex phenomena can lead to distortive results of reality. Distortions that can lead to the adoption of norms and policies, which, instead of putting all the players on the same level, ends up penalizing without any real justification those who should instead be facilitated for the activity carried out or for the type of beneficiaries.

Internal governance in the federative structure of consumer co-ops

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Keywords

internal governance, federative structure, consortium

Context and problem statement

To cope with the intensified competition, most co-ops pursued mergers and created consortiums to attain the economy of scale since the Consumer Co-op Act did not allow interprovincial merger. As a result, 70% of co-op's turnover is concentrated in 12 consortiums (88% including Co-op Sapporo and Co-op Kobe). Thus, the entrepreneurial aspects were largely delegated to consortiums while associational ones were retained in primary co-ops. The federative structure of consumer co-ops makes internal governance more complicated. Such a structure generated a couple of problems in the internal governance; increase in agency costs, difficulty of members effective control, and so on. How these problems of internal governance of consumer co-ops can be solved?

Research questions

The key research question proposed in this case study is the following:

How the internal governance of consumer co-ops is affected by consortiums?

The following detailed research questions will be addressed in this case study:

- Which functions are delegated to consortiums?
- How internal governance is affected by the consortiums?
- How members can exercise the effective control of consortium?

Analytical framework

This study applies the analytical framework of the EU wide research project on Support for Farmers' Co-operatives consisting of the institutional environment, position in the food supply chain, internal governance and performance of co-operatives. The position in the food supply chain referred to the relationship with suppliers, wholesalers and retailers that include federation-primaries structure. The major internal governance refers to the decision-making process, the roles of different governing bodies and the allocation of control rights to the management. The classic literature of Berle and Means pointed to a strong tendency of manager control connected with the dispersed ownership and it fits well to consumer co-ops where housewives constitute a bulk of membership. Spear/Cornforth classified several board models of social enterprises based on theories of agency, stewardship, stakeholder, democratic etc. Birchall proposed the representation, member's voice and the expertise as key elements for good governance analyzing cases of large co-operatives, while Sangen/Bijman analyzed the

internal governance practices in European agricultural co-ops. There are very limited studies on the Japanese cases.

Methodology

The case studies were conducted through semi-structured interviews based on questionnaire covering internal governance practices such as the board's composition and roles and listening to member's voice. In addition, information on co-operatives was collected by studying bylaws, annual reports and other publications/websites. Three co-operative consortiums in Tokyo area pursuing different strategies were studied.

- Co-op Deli Consortium
- Pal System Co-op Consortium
- Seikatsu Club Co-op Consortium

Key findings

The co-operative legislation has placed institutional restraints prohibiting trade with non-members and mergers beyond prefectural boundaries that created specificities of governance in consumer co-operatives. Co-operatives had to rely on the closed membership to comply with rigid regulations and set up consortiums beyond prefectures by pooling resources to attain the economy of scale while member's control in subsidiary companies was compromised. The growth of co-operatives resulted in numerous and less-incentivized members while managerial hegemony was intensified in consortiums. A number of innovations were introduced to improve internal governance; interlocking directorate, empowering lay board members, listening to member's voice and so on.

Contribution to the scientific discourse

This study gives insights on how federative structure gives effects on internal governance that can be improved by innovations.

Multi-actor institutional arrangements for farmland consolidation in Valencia region

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Keywords: farmland consolidation, cooperatives, social innovation, collective entrepreneurship

Context and problem statement

In Spain, 2.4 million hectares have ceased to be cultivated in the last decade, according to the National Institute of Statistics. There are many reasons for land abandonment, including high cultivation costs in marginal areas (Benayaset al., 2007; Pointreuet al., 2008). Small farm size is one of the drivers of the problem, as in the Valencia region where 30% of farms have less than one hectare. Besides, the fragmentation of farmland plots compromises the productivity and survival of many farms. While many senior landowners are reluctant to sell or lease farmland, very often they do not find anyone in their own families to continue farming. Structural policies have undertaken attempts to consolidate farmland through the exchange of plots and the aggregation of scattered production units. However, farmland mobility is too slow, which has been explained by the transaction costs related to farmland exchanges.

Objectives

The present research describes a pilot experience to explore institutional arrangements for farmland consolidation. In these arrangements, cooperatives can play a major role in coordination with other agents, such as local communities, financial institutions and universities.

Theoretical framework

Takashashi *et al.* (2017) identify conditions for successful coordination leading to farmland consolidation projects. Although their framework was applied to Japan, it's also useful for southern Europe, where land fragmentation and abandonment continue to be an issue. High transaction costs difficulties consolidation through individual exchanges. Consolidation through external intermediary institutions (land banks) can be an alternative but it is hampered by the lack of trust of landowners to transfer land rights. Consolidation through joint farming has been attempted by some agricultural cooperatives. Cooperatives can reduce transaction costs and undertake the joint cultivation of farmland. However, the operation requires collective action, which often involves moral hazard and agency problems. Consolidation through community involvement could also be a potential solution but requires local authorities committed with farming in the territory, which is not always the case in rural and non-rural communities in southern Europe.

We propose a hybrid model with multi-actor institutional arrangements involving external institutions (farm foundations, professional organizations, extension services, universities), local communities and individual cooperatives. Two characteristics appear to be relevant for successful consolidation projects. The first one is collective entrepreneurship including not only cooperative actions (Cook and Plunkett, 2006) but also inter-institutional networks (Burrell and Cook, 2009). Networks can facilitate formal and informal arrangements that promote social innovations and build trust. Agricultural cooperatives can form a first envelope for collective entrepreneurial activities (Foreman *et al.*, 2013) involving farmland consolidation, while the multi-actor network would act as a second envelope of supporting institutions. A second condition is social capital (Ostrom, 1990), which means creating confidence for landowners

and cultivators to invest in collective activities. Social networks are crucial in fostering the adoption of innovations by farmers, particularly regarding the evaluation of costs and benefits of such innovations (Steenwerth *et al.* 2014).

Methodology

An Operational Group (OG) within the European Innovation Partnership was created to promote social innovation for joint farmland management initiatives.¹ The innovation group was based on a pilot experience and led by an agricultural cooperative (Sant Vicent, Benaguasil), plus the Valencian Agricultural Cooperatives Federation, Fundación Cajamar (a cooperative bank), Universitat Politècnica de València and other cooperative federations in Spain. At the core of the OG was the proposal for joint cultivation projects managed by the cooperatives. In the pilot experience, a participatory approach was launched to support social capital and allow landowners in the community to lease their farmland to the cooperative. The network forged a common vision and developed legal aspects for contracts between landowners, land users and the cooperative.

Key findings

Among the main findings, the most tangible one is that during the first year of the project (2016), the cooperative has consolidated about 40 hectares from different landowners and they have been rearranged and put into production again. Property has not changed but a major asset, farmland, is going to be preserved. While this may not seem an impressive figure, it has to be considered the abundance of tiny plots in the region (often having less than 0.5 hectares each). The multi-actor approach provides with confidence to the process. The experience is being disseminated through workshops around the region. The project has been well received within the sector. After the first year of the project, the idea has begun to spread out in the Valencia region with other cooperatives in the region beginning similar processes.

Conclusions

The multi-actor approach is appealing to promote social innovation for joint farmland management initiatives. Social innovation starts from a diagnosis of social behaviour as a core element for the transformation of farm structures. Diagnosis and implementation of the project is endorsed by a participatory approach including cooperative members, its management team, social scientists from the university and local communities to facilitate contacts and information, and credit institutions. A model agreement or contract can provide trust between landowners and cooperative users, reduce transaction costs, avoid collective action problems, ensure that land will be preserved and provide appropriate compensation to landowners. Besides, joint management models can be proposed without necessarily changing the structure of the ownership.

It is evident that the problems of agriculture are multiple, being a major problem the weakness of the producers in the value chain. In any list of solutions, the clustering of farmland should appear. It is not simply a matter of reducing production costs, but of being able to apply the necessary investments to add value to sustainable production. Successful and failed experiences in flexible consolidation practices need to be stocked and exchanged to propose fresh and socially acceptable models. As a multi-disciplinary team, we highly believe in sharing lessons learned from different territories and initiatives as an essential factor to promote innovation.

¹See: <https://goinnoland.wordpress.com>

Agricultural cooperatives – a note on the boundaries of the concept

Markus Hanisch, Jos Bijman

January, 25 – 2017

Extended abstract

In most regions of the world cooperatives play important roles for agricultural value chain development. Worldwide several hundred thousand cooperatives with several hundred million member farmers exist ((Euricse/ICA, 2017) The idea of integrating farms into markets through cooperative groups of producers is therefore a concept with substantial empirical underpinning. Recently, huge efforts for reforming cooperative sectors are undertaken in Asia, Central Asia, Eastern Europe as well as most of African Countries (Lerman 2013: 4). Governments as well as developers and agricultural finance have earmarked cooperatives as an important means towards transformation and commercialization in agriculture. More efficient and fairer value chains, as well as poverty alleviation and food security enhancement, are the objectives of projects and ongoing policies in favour of cooperative development for agriculture.

Since the publication of the World Development Report 2008 (World Bank, 2007), a related concept, termed (rural) producer organisation (PO) rapidly gained popularity among policy makers, development practitioners and researchers. However, neither the term cooperative and nor the term producer organization has been well defined or differentiated.

This lack of uniform conceptual and operational definition(s) has been identified as an impediment for the crafting of (1) policies targeting favourable institutional environments for farmer collective action (Henry, 2012; Lerman, 2013) and (2) research on performance and impact of farmer cooperation along the value chain (Hanisch, 2016). We claim that it is often because of these conceptual differences that cooperative systems as well as cooperative researchers have problems to learn from each other. We discuss three related problems that in our believe complicate modern cooperative studies.

- A general problem has to do with *differences in the problems* that motivate cooperative studies and cooperative development in agriculture. In most of the OECD countries concentration in the agricultural value chain, market imbalances, management professionalization and related problems of demutualization are important concerns. In many other regions of the world the focus is more on general questions like the roles of cooperatives in commercial agriculture, the role of private investors, the practiced rights and obligations of members and the relation between cooperative finance, audit and public sector policies.
- Economic analyses: While the number of studies on the impact of POs, or PO membership, such as on the productivity of the farm, the income of the farmer or the inclusion of specific farmer groups is rapidly growing (Bijman et al., 2016), the findings of these studies are often not comparable because researchers have *failed to clearly delineate the conceptual boundaries of organizations* under study.
- Legal comparative studies on cooperatives suffer from similar problems: Country civil codes, business as well as *cooperative laws differ and often use definitions and categories with little day to day practical relevance*. The analysis of relations between institutions and cooperative outcomes is therefore most difficult and lives from anecdotal evidence and best cases examples (Craconia et. al 2013, Bijman and Hanisch, 2012).

Our paper first sets out to explain the origin of important conceptual differences between cooperative systems. We start with the example of Europe, briefly contrasting the concepts of agricultural cooperatives in East Germany and West Germany prior to 1990, describe similarities and differences of elements of cooperative concepts in middle Asian and South East Asian countries and add stylized facts on cooperative concepts from Africa and Latin America.

In so doing we show why and how for most of the last century in different parts of the world concepts of farmer cooperation differ with respect to the role of the state, the extent of embeddedness in a local community, the role in the value chain, the role of the members, its desired degree of commercialization and its relation to the market. In situations in which stakeholders with different cooperative conceptualizations interact, these differences make it difficult to pursue common goals like for example comparative policy and legal analyses, country comparisons of business or management performances or the learning from exchange of so called "best practises".

In the rest of the paper we use differences for classifying cooperatives along important categories and clarify the relationship between agricultural cooperatives and the concept of the producer organization.

In doing so our main aim is to deliver a background discussion that may inform the problem views and structure of future analyses of cooperative systems. In the same way we intent to draw conclusions from this discussion as to how some of the problems that complicate modern cooperative studies may be overcome first conceptually and then methodically.

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The Challenges of Agricultural Co-ops' Internal Governance

Case studies of innovative process in South of France

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Keywords: Agricultural cooperatives, governance, innovation, stakeholders, members, democracy.

Context and problem statement: The agricultural cooperative pact is singular and is based on a double commitment of the members: economic, in terms of activity, and financial, in terms of capital subscription. This user-owner principle constitutes the central point of the cooperative governance.

Facing frequent crisis, globalisation and market volatility, agricultural cooperatives must adapt to new contexts without denying their principles. In this context, different and various types of agricultural co-ops emerged and it is thus impossible to deal with a single cooperative model (Iliopoulos, 2015).

Co-ops members as well as staff or employees became more and more vertical organisation averse. Aspiring to a more collaborative economy, they look forward flat hierarchies, involvement and horizontal way of management and governance. These internal stakeholders search for a social and participative approach of cooperative governance in order to give greater meanings to their action. These innovative ways of governance imply significant changes and represent important challenges for Co-ops' internal governance.

Objective: We had the main research objective to carry out an exploratory analysis to identify the process dynamics of innovative governance in agricultural Co-ops, leading to key lessons in new ways of governance.

One of our key question is to know if Co-op governance is deeply rooted in its values, history and complex bylaws or if it can be innovative, in response to members' requirements.

Theoretical Framework: Stakeholders theory (Freeman, 1984), including partnership inside Co-ops governance, seems to be very interesting and fits with cooperative reality. Internal stakeholders appear as essential and having active relationships at firm level: shareholders (members), employees, customers and suppliers. More distant and external stakeholders have also an indirect influence on the firm. In this context, firm is managed from all its stakeholders' vision, leading to corporate social responsibilities, far beyond single profit objective.

Financial researches increasingly include this theory in their models due to society and firm's management evolution (Freeman et al., 2010). However, this conceptual framework was particularly developed by Charreaux and Desbrières (1998) who pointed out that value creation model must be enlarged to partnership value creation. This approach is based on managerial and human capital, giving a more systemic dimension to value creation towards all stakeholders (employees, customers and suppliers).

As far as Co-ops are concerned, Koulitchizky (1999) analysed and rebuild the "Desroche Quadrangle" (1976), that stressed tensions between Managers, Directors, Members and Employees showing the crucial importance of connivances networks all around the cooperative

firm. Filippi (2013) underlined the importance of cooperative members shareholders who support the collective project and make it grow. She stressed that quality level of farmers' governance is at the origin of agricultural Co-ops performance and value sharing between cooperative-firm and farmer's firms.

These partnership practices are really innovative and are often based on the concept of responsible innovation (Von Shomberg, 2013), paving the way for sustainable cooperative governance. Joffre and Simon (2011) pointed out this phenomenon and dealt with Co-ops governance and social responsibility. The innovative process of governance changes is very related to stakeholders' implication and particularly members.

Alkrich et al. (1988) stressed the rotating concept of innovation in which actors are essential and tend to modify the initial project by successive ways with erratic variations

Methodology: Rooted in a specific conceptual framework, our survey is designed as a strict research work, based on action-research and participant observation. Our exploratory analysis of three different Co-ops in South of France is based on case-study methodology and so qualitative approach. This methodology follows Yin's research (2013).

We made semi-structured interviews with executive management, managers, chairmen and directors of those Co-ops. We also collected internal data as well as external information. All these qualitative data led us to describe and understand innovative process linked to changes in governance practices.

Key findings: We found that challenges in internal governance are very linked to significant and strategic changes due to restructuration, mergers or linked to important tensions between members and leaders/managers (opposition, misunderstanding, lack of democracy).

Thanks to our study we can underline that process are non-linear and come from numerous interactions between internal stakeholders, frequently members. Little or great agricultural Co-ops can be concerned and can have same preoccupations. But in view of Co-op size, solutions will be different from one cooperative to another.

Finally, we must point out that territorial animation and governance are essential for agricultural Co-ops. They are source of innovations, strong evolutions and cohesion inside Co-ops.

Conclusions: Our research allows us to better know the complexity of agricultural Co-ops' governance and particularly to show the crucial importance of process. It also points out the great role of the unformal aspects of internal governance. In fact, agricultural Co-ops can be seen as a mixed of horizontal and vertical way of governance, with more and more decentralised decision-making process.

Partnership governance is a reality in this type of organization and lead to managerial innovations, particularly in relation to Co-ops members.

Contribution to the academic debate/to solving a practical problem: Our paper clearly shows that managerial innovations also exist in Co-ops and can lead to more horizontal governance. Stakeholders' theory is thus well suited for agricultural Co-ops where collective decisions are very complex.

Moreover, this research work demonstrates that one of the great challenges of agricultural Co-ops is to strengthen the link between members (farm level) and their Co-op (firm level) in order to reach a balanced governance model, source of value creation.

Building the Managerial Capital of Agricultural Cooperatives in Africa

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Agricultural cooperatives in Africa tend to be inclusive, democratic, equitable and to pursue multiple social and economic purposes. This means that they generally operate in accordance with the principles endorsed by the International Cooperative Alliance (ICA). However, only a few cooperatives are successful in commercializing the agricultural produce of their members. In this paper, we set out a revision of the ICA principles to enhance their conduciveness to efficiency and commercialization in agricultural cooperatives in Africa. The revised principles were taught to the leaders and managers of 362 cooperatives at four training events held in Madagascar, Malawi and twice in Uganda. Using a production function for cognitive achievement, we find that the training contributed to the adoption of the revised principles by most leaders and managers. Using the Ugandan sub-sample, we transcribe and substantiate qualitative accounts of the efficiency-enhancing changes that leaders and managers made in their organizations during the year that followed the training. OLS regression and PSM results show that the training translated into higher revenues per member generated through collective commercialization in Ugandan cooperatives. In combination, these findings suggest that building the managerial capital in agricultural cooperatives can make a real contribution to their performance.



Assessing Cooperative Board Governance in Developing Countries through a Stage of Development Approach: Data Collection and Analysis

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Keywords: Governance, Cooperative Development, Performance, Leadership, Capacity

Context and Problem Statement

In 2015 several Cooperative Development Organizations (CDOs) identified quality of governance as a major factor in the success of cooperatives in developing countries. A study to diagnose and begin to map a path to address this deficiency was undertaken with the support of resources provided to the US Overseas Cooperative Development Council (OCDC) and its International Cooperative Research Group (RG), by the US Agency for International Development (USAID). An earlier paper, “Assessing Cooperative Governance Training Needs in Developing Countries,” described the project which is designed to identify the unique governance needs at different stages of cooperative development. By identifying and measuring these needs, the research creates the academic support for steps to develop programming to improve cooperative governance capacity at each stage. This research is still in process as a collaborative undertaking between RG researchers and CDO practitioners. An earlier paper¹ described our theory and methodology in detail and included a set of guidelines, principles and tools to use to identify cooperative individual boards’ stage of development and unique governance needs. This paper describes the next phase of that research conducted using the tools and reports on the data collection and analysis phase of the project.

Objective and/or Research Questions

The fundamental question of this research is to determine whether the Cooperative Governance Development Stages Framework provides useful indicators of board development needs characteristic of the board’s stage in its life cycle. The focus has been on early stage cooperatives with which the collaborating CDOs are working. The intention is then to develop, adapt or use stage appropriate tools to strengthen Board governance for implementation in emerging cooperatives in developing countries. Can we develop indicators that suggest stage-specific board training or other interventions that advance boards and their cooperatives from one development stage to the next? In the long-term, the intent is to provide the evidence for programming and interventions designed to meet the unique governance needs of boards at different stages in the development process and contribute to the long-term success of cooperatives in developing countries.

Theoretical Framework

Our analysis of board capacity is based on a three-stage model (Creation/Startup; Direction/Establishment; and Delegation/Institution) of cooperative board development. The model identifies more than 13 specific board capabilities needed for competent governance and describes how those

¹ *Assessing Cooperative Governance Training Needs in Developing Countries*, Dr. Ann Hoyt, Emeritus Professor, University of Wisconsin-Madison and Consultant, U.S. Overseas Cooperative Development Council, Catherine Ford, Consultant, U.S. Overseas Cooperative Development Council

capabilities vary by development stage. Among the characteristics are growth issues, culture, resources, management focus, board focus, and board structure.

Methodology

Based on the model, we developed a checklist that field researchers can use to identify the current development stage of each cooperative board selected for study. Designed to take place in several phases, this research study first developed and used unique board survey questionnaires for each of the three development stages. We also developed a questionnaire to solicit members' impressions of their board's performance. Survey training and implementation tools for use in the field are available. These tools and questionnaires were pretested with 19 cooperatives in 5 countries. Revised questionnaires were used for an expanded governance training assessment. In 2017, six OCDC members implemented the cooperative governance assessment in partnership with 35 cooperatives across 5 countries. Cooperatives were chosen by in-country CDO staff for participation in the project and those staff conducted the surveys. One hundred sixty-three (163) board members and 419 cooperative members from 18 Stage 1, 14 Stage 2 and one Stage 3 cooperatives were surveyed.

Key Findings & Conclusions

Based on initial analysis of the results generated by each of the individual cooperatives, we are cautiously optimistic that the framework is sufficiently predictive to identify governance needs. Based on individual cooperative's responses, the most often recommended training topics for all cooperatives were "financial oversight and risk analysis"; "member relations and communications"; "member retention and growth"; "board processes and responsibilities" and "adding paid staff". For all Stage 1 cooperatives the top two recommended training topics were "financial oversight and risk analysis" and "member retention and growth". For Stage 2 cooperatives the top two topics were member relations and communications" and "strategic planning".

This paper also describes the findings across development stages and countries and provides additional analyses of the responses to specific questions, our expected responses based on our development stages model and the congruence between the two. In addition, a more specific content of written reports and training recommendations previously received by each of the 35 cooperatives surveyed provides more specific training recommendations for Stages 1 and 2 than are presented here. The paper also includes a summary of existing board training materials, their relevance to specific board development stages and recommendations for programming and other interventions, including but not limited to training, as appropriate.

Contributions to the academic debate / to solving a practical problem

This phase of the Governance research developed and tested measurement tools to identify and classify the development stages of cooperatives in developing countries and assessed the governance needs of cooperatives at each stage. In addition to the validation of these measurement tools, the Governance existing governance trainings were collected and analyzed to support the development of the most effective intervention for graduating cooperatives to the next development stage.

The long-term goals of this potentially eight-year project are to create, implement and assess a comprehensive director training program, supported by the research, designed to meet the unique governance needs of boards at different development stages, in a variety of business environments. The effort will result in a set of guidelines, principles and tools to inform future cooperative development programming, particularly in supporting, training and developing boards of directors.

The strategic behavior of the agribusiness and fishermen's cooperatives of the Canary Islands and its “adaptive cycle”

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- **Key Words: Strategic Behaviour; Adaptive Cycle, Agribusiness, Strategy**
- **Context and problem statement.**

In order to find the necessary competitiveness of cooperatives in a mature and high complex sector such as agri-food, the increase of its dimension is a decisive strategy. However, this is not an end in itself, but a means to get competitive (Baamonde, 2009). In other words, the increase in size is a determining factor in undertaking necessary strategies in these environments, such as innovation (technological and non-technological) (Juliá et al., 2013).

Most of the previous works use descriptive and economic-financial approaches. The strategic management approach, despite their great importance, has not received enough attention from the academic world (Mazzarol, 2009). The competitiveness of agri-food cooperatives does not depend so much on their size as on implementing a competitive strategy consistent with the circumstances surrounding them.

Among the existing strategic typologies within the Strategic Management field, the proposal of Miles and Snow (1978) has been widely applied and validated. However, this typology has never been applied to agribusiness and fishermen’s cooperatives although they compete on equal terms with companies that do not belong to the social economy (Sanchís and Campos, 2007).

- **Objective.**

The objective of this paper is to contribute to the knowledge on the strategic behavior of agribusiness and fishermen’s cooperatives by analyzing the entrepreneurial, technological and administrative problems of the strategic typology of Miles and Snow (1978) and its "adaptive cycle".

- **Theoretical framework.**

Miles and Snow (1978) establish four types of strategic behaviors (prospector, analyzer, defender and reactor) based on three problems: the entrepreneur, the technological and the administrative. The prospective and defensive strategic behavior are the opposite poles of a continuum that goes from more to less innovative and among them would be the analytical strategic behavior, leaving the reactive as a strategic behavior without a consistent strategy.

For Miles and Snow (1978), the survival of the company will depend on the quality of the adjustment that managers achieve among the three mentioned problems, that is, between the entrepreneur, the technology and the organizational structures and processes developed. That is, the companies with the best results will be those that present an internal consistency

between these three problems (Blumentritt and Danis, 2006). This is what Miles and Snow (1978) call "adaptive cycle".

- **Methodology.**

The information to reach the objective was obtained with a questionnaire answered by the managers of agribusiness and fishermen's cooperatives located in the Canary Islands (Project "Size, strategy and results of agrifood cooperatives in the Canary Islands" funded by Fundación Canaria Cajamar). It has closed questions (scale of 1 to 5) about entrepreneurial, technological and administrative problems of their strategic behavior. Fieldwork was carried out from September to November 2017, obtaining a final sample of 50 questionnaires.

- **Key findings.**

The agribusiness cooperatives are characterized, mainly, by a conservative or defensive technological problem, an entrepreneurial problem with both prospective and defensive characteristics and by a conservative administrative problem. The strategic problems that evolve in a more aligned manner, and tend both to defensive or prospective are, mainly, the entrepreneurial problem and the administrative problem. There is a reverse adaptive dynamic between the planning and the scope of the firm and the way to face competence.

- **Conclusions.**

The cooperatives have been forgotten in the development of the theoretical and empirical approaches of the strategic direction of firms. These organizations need this approach even more than the rest of companies that are not social economy. The management of the cooperatives must have professionals from the strategic management to carry out a strategic planning coherent with the circumstances of the cooperative. The approach developed here opens a research line that covers an important academic and professional gap and that will allow us to think and deepen the strategic behavior followed by a type of organization and in a sector whose competitiveness is of great economic and social importance for many regions and countries.

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Characterizing Producer Organizations: The case of organic versus conventional vegetables

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Key words: Producer organisations, characterization, organic, value chains, case study, theoretical framework, developing and transition countries

Context and Problem statement

Producer organizations (POs) have gained popularity as instrument for linking farmers to value chains in developing and transition countries. An increasing amount of studies quantitatively measure smallholder farmer *inclusion* and *impact* of POs on farmers' livelihoods. Notwithstanding the high relevance of understanding impact and inclusiveness of POs, we address two gaps. First, POs are often treated as a black box, in which organizational characteristics are left undescribed. Second, POs are often studied in a single product/market, and do not report on how the environment from may impact PO performance. Thus, by ignoring the organizational characteristics that distinguish different PO types, and by isolating POs from the environment in which they operate, key information is missed on *how* and *under which conditions* POs may achieve impact and inclusion.

Objectives and Research questions

First, this paper aims to empirically demonstrate the variety of organizational characteristics that distinguish different PO types in a comparative value chain environment. Second, it aims to advance empirical findings by building a theoretical framework with propositions. The paper answers the following questions: *1) What are key organizational characteristics of POs? 2) In which environmental characteristics to POs operate? 3) What may explain differentiation among PO types?*

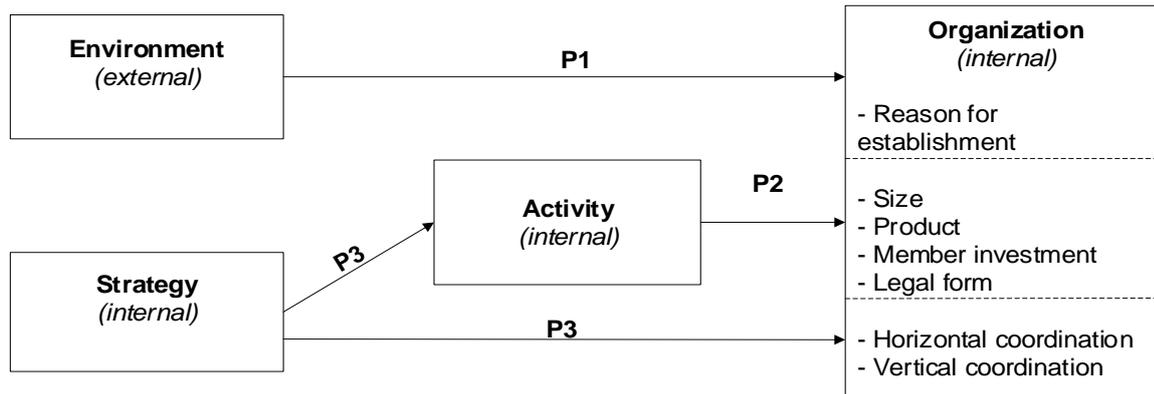
Methodology

A qualitative case study design is applied to study POs in a high-value and low-value chain: the organic and conventional vegetable value chains in Uruguay. 49 Interviews are held with PO members, value chain actors, and institutional actors (Organic, $N = 20$; Conventional, $N = 29$). POs are measured on nine organizational characteristics: 1) Legal form; 2) Size; 3) Product; 4) Reason for establishment; 5) Member investment; 6) Activity; 7) Strategy; 8) Horizontal coordination; 9) Vertical coordination. Environmental characteristics are measured at the level of the Value chain (Product attributes; Supply versus demand; Type of transaction; Pricing system); and Institutional support (Degree of public support). Based on within-case and cross-case analysis, five PO types are identified based on commonalities in organizational characteristics: two for the conventional, and three for the organic chain.

Key findings

Three main characteristics differentiate the five PO types: Environment, Activity, and Strategy. In a theory building attempt, the findings result in the following theoretical framework with propositions (see Figure 1).

Figure 1. Theoretical framework with propositions



The first finding refers to differentiation on *Environment*. POs in the organic value chain are established in response to market incentives, whereas POs in the conventional chain are established in response to public incentives. Using reasoning from Transaction Cost Economics and Supply Chain Management, we explain the existence of market incentives for PO establishment in high-value chains (organic). We show how POs in low-value chains (conventional), in absence of market incentives, are established through public incentives from government support instruments. This leads to Proposition 1: *POs operating in a high-value chain – as compared to a low-value chain – are established in response to market instead of government incentives.*

The second finding refers to differentiation on *Activity*. Contrary to non-economic POs, POs with primarily economic activities (marketing produce) are small in size, sell vegetables only, have investment from members, and have a cooperative status. Using reasoning from Transaction Cost Economics, we argue that the stringency of buyer requirements in the value chain and subsequent needs for coordination results in transaction cost reduction in both horizontal coordination and vertical coordination (POs in contract or vertical integration with downstream buyer). This leads to Proposition 2: *Economic POs – as compared to non-economic POs – are smaller, have more homogeneous products, require member investment, and have higher formalization levels.*

The third finding refers to differentiation in *Strategy*. We show that a different strategy among the three PO types in the high-value chain (organic) is coupled with different ways of horizontal and vertical coordination. Certain POs focus on organic as business model to sell for a higher price, whereas other POs focus on principles of agro-ecology, such as direct sales to consumers based on a fair price. Transaction Cost Economics may explain the more economic-oriented strategy, however additional explanations from Alternative Food Systems are needed to understand how alternative strategies result in different ways of horizontal and vertical coordination. This leads to Proposition 3: *A non-economic strategy leads to different levels of horizontal and vertical coordination among POs in a high-value chain – even if they all have marketing activities.*

Conclusions and Contributions

This paper makes two contributions. First, empirical results demonstrate the heterogeneity of organizational characteristics that differentiate PO types – opening up the black box of POs in value chains. Second, relations between organizational and environmental characteristics are explored in a theoretical framework with propositions. Future research may test our theoretical framework empirically. We encourage studies on POs to include measurement of organizational characteristics as to better understand how and under which conditions PO may achieve impact and inclusion. The paper concludes with policy recommendations.

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Fruit co-operatives in Thailand: a vehicle for smallholders to access modern markets

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Keywords: fruit co-operatives, co-operative structure, success factors, co-operative strategies, Thailand

Co-operatives have contributed significantly to the economic and social development of farmers in many developing and emerging countries. These organisations have adapted to the rapidly changing environment with different level of success. Some have become more market driven and vertically coordinated, others have experienced limited level of success and some have failed. A study in eight countries from Reardon and Huang (2008) found that membership of producer organisations was correlated with participation to high value markets in only half of the countries, which explained the very diverse role of the cooperative organisations. Vorley et al (2009) suggested that organisations that have good social capital, management capability and market linkages for goods and services are well positioned to support the participation of small-scale farmers to modern markets.

The agricultural sector in Thailand is of significant importance to the economy of the country and the agricultural co-operatives play an important role in raising the socio-economic status of their farmer-members. There are limited studies on agricultural co-operatives in Thailand and the important role these organisations play in linking smallholder farmers to high value markets. The aim of this paper is to identify the role and importance of co-operatives in the fruit sector in Thailand and analyse key factors for their successful development.

This paper used a multiple-case study approach and employed semi-structured face-to-face interviews. Seven fruit co-operatives in Chanthaburi province of Thailand were selected for this study because they were in operation for over 25 years and were perceived to be successful by the Provincial Cooperative Office.

The results of this study revealed that the co-operatives played a significant role in the fruit sector by linking smallholder fruit farmers to high value markets and exporters. More than 80% of the fruit production supplied to the co-operatives was sold to high value markets such as hypermarkets or exported to China, Japan, Canada. All of the co-operatives studied provided some value added activities in the form of postharvest services (grading, packaging), processing or branding. Several owned processing facilities for juice, chilled and frozen products and deep-fried fruit products. All co-operatives studied complied with very strict food

safety and quality requirements that were monitored and assured by the Q-GAP certificate. The ultimate goal of the fruit co-operatives was to develop and encourage the farmer-members to produce high quality fruit products by providing members; input services such as agricultural loans, farm inputs (fertilisers and pesticides), effective and efficient management and governance, training, relationship and communication support with their members. Their business success was based on effective market-oriented strategic and operational planning with their members.

This study provides an insight into the strategy and structure of the fruit co-operatives in Thailand that could be applied as a benchmark for co-operative organisations in other agricultural sectors in Thailand and other developing countries in the Asia-Pacific region. The public sector in Thailand, in partnership with development agencies, should continue supporting and promoting co-operative development in the country because it improves the incomes and lifestyle of the smallholders in their rural communities.

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Towards a Typology of Collaborative Business Models in the Dairy Value Chain in Kenya

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Key words: Farmer organizations, governance structure, business model, value chain, dairy

Context and problem statement: Farmer organizations in Africa continue to spur economic growth in the 21st century as indicated by their increased numbers, membership and annual turnover (Wanyama *et al.*, 2009). However, farmer organizations in Africa face survival challenges due to changing economic, environmental and socio-political context (Reardon & Timmer, 2014). How do farmer organizations overcome the challenges brought by the changing economic and socio-political conditions? Competitive strategies adopted by farmer organizations for survival may include value addition and brand development (Chaddad & Cook, 2004). Implementation of these competitive growth strategies, however, requires additional risk capital and professional management (Bijman, 2007) which can be acquired by adopting innovations in the governance structures of farmer organizations (Grashuis, 2018). Governance structure innovations have led to a broader range of farmer organizational models than before as documented in studies in Europe (Bijman *et al.*, 2013). However, these studies are context specific and thus the findings might not be generalised to the African context. Furthermore, authors classify farmer organizational models using one concept – the ownership structure (Chaddad & Cook, 2004; Nilsson, 1998). As opposed to previous authors who use a single element to classify farmer organizations, we examine farmer organizations in the Kenyan dairy value chain using two concepts adapted from the business model approach. These are the functions of farmer organizations in value chain and the governance structures of these organizations. Combining the farmer organizations and the business model leads to derivation of a typology of collaborative business models (CBMs).

Research questions

1. What are the functions and governance structures of farmer organizations in the Kenyan dairy value chain?
2. What typology of CBMs can be derived using the functions and governance structures of farmer organizations in the dairy value chain in Kenya?

Theoretical framework: Applying the business model concept to farmer organizations may seem strange, as the concept has been developed to analyse for-profit companies organized as corporations. However, its central definition – “The logic of the firm, the way it operates and how it creates value for its stakeholders” (Baden-Fuller & Morgan, 2010)– also applies to farmer organizations. However, farmer organizations define “value” differently than do corporations. In farmer organizations, value for the members arising from the business model may include net margins returned to members based on patronage (patronage refund) and the return-on-investment value represented by dividend payments. But additional values accrue to members: access to inputs, credit, cooling, storage, transportations or processing facilities. The ownership rights theory is key in understanding the allocation of value among stakeholders of farmer organizations. The economic analysis of ownership rights focuses on the allocation of decision and income rights to economic agents tied contractually to the firm (Hansmann, 2009). Decision rights concern all rights regarding the deployment and use of

assets. Income rights specify who has the rights to receive benefits and obligations to pay costs, that are associated with the use of an asset.

Methodology: The study was conducted in Nyandarua and Meru counties in Kenya, which are the counties with the highest number of dairy farmer organizations. We used a combination of inductive and deductive approaches for research. Deductive approach was first applied to derive a theoretical typology of CBMs. We collected information from published reports, journal articles and policy manuals. In inductive approach, we conducted 22 in-depth interviews with managers and chairpersons of farmers cooperatives, self-help groups and companies in the dairy sector in Kenya. Other techniques used to gather information were observation and participation in meetings of farmer organizations.

Key findings: We found that farmer organizations perform milk collection, cooling and processing functions and are registered as self-help groups (SHGs), cooperatives or farmer companies. Three main decision making bodies are found in these farmer organizations; the general meeting (GM), the management committee (MC) and the supervisory committee (SC). An additional decision making body called the professional managers may be available. Decision control may be held by the GM or the MC while decision management is held by the MC or the professional managers. Looking at these elements of farmer organizations, a typology of CBMs is derived; 1) the bargaining CBM with its main function being milk collection, has a SHG legal form and decision control rights are held by the GM and decision management by the MC, ii) the cooling CBM that performs milk collection and cooling functions, has a cooperative legal form and the GM holds decision control and decision management is partly with both the MC and professional managers and, iii) the processing CBM that is distinguished from the former by performing milk collection, cooling and processing functions thus seen as adopting a vertical integration strategy, has a company legal form, and most of the decision management rights are given to the professional managers.

Conclusions: We conclude that as CBMs shift from collection to processing functions, the decision control rights shift from the GM to MC and decision management rights shift from the MC to the professional managers. Redesigning of decision rights forces CBM members to consider some trade-offs. Members may lose control of the organization as they allocate decision rights to non-members (professional staff). Our study exposes the diverse functions and governance structures of CBMs existing in developing countries, something which has not been addressed before.

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Title Consolidation trends in U.S. farm supply and grain marketing cooperatives and implications for producer control and competition

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Keywords agribusiness economics, agricultural cooperative, consolidation, competition, industrial organization, industry analysis, market power

Context and problem statement The number of and memberships in farm supply and grain / oilseed marketing cooperatives (“mixed cooperatives”) in the United States continue to decline, driven primarily in the past decade by consolidation among cooperatives and, to a lesser degree, cooperative acquisition of traditional firms. This trend is fairly consistent from a historical perspective, too, with documented declines in mixed cooperatives preceding the 1970s. Cooperative leaders and organizational proponents of consolidation among cooperatives maintain that the trend is driven by a need for cost efficiencies, which can be achieved by eliminating redundancies in back-office operations, within management, and through eliminating excess capacity in local services. Additionally, cooperatives cite growth in farm operations as another need to increase capacity: farmers are getting bigger, and the cooperatives they use need to grow to serve farmers’ needs. However, today’s consolidation activities are causing some concern among producers and policymakers. The primary concerns are fear of anti-competitive effects of consolidation and fear of loss of producer influence within the cooperative.

The anti-competitive concerns regarding consolidation held by producers and policymakers relate to market concentration and the potential to use influence that harms producers or other trading partners. Industrial organization theory suggests that consolidation which is efficiency enhancing may not achieve anti-competitive outcomes, but may actually improve overall welfare despite the increase in market concentration.

Aside from concerns of market power and influence over market prices, there are parallel concerns about an effective loss of control by producers of cooperatives. To the extent that mergers and acquisitions by and among local cooperatives with centralized governance are not fundamentally altering governance structures, producers concerns about control loss are nuanced, seemingly arising from differences in cultures and members’ perceptions of the role of the cooperative organization. Growth may be putting at odds members’ needs of market power protection and desires for “local” control of a small organization.

Objectives Our research on cooperative consolidation seeks to:

1. document and describe consolidation of mixed cooperatives in the central U.S., and

2. provide evidence regarding the financial performance, efficiency, and market power of agricultural cooperatives in the central U.S. that may result from consolidation.

Methodology We collected historical data on the number and locations of mixed agricultural cooperatives in Iowa and Minnesota, two Midwestern U.S. states with traditionally a large presence of producer cooperatives. We are working to identify each cooperative location by its enterprise (i.e., agronomy, energy, feed and grain) and also identify the non-cooperative firms. With these data, we can understand the local markets producers face when marketing their crops and purchasing inputs and generate metrics related to spatial competition for grain and in service provisions and also producers' opportunities for patronage with cooperatives.

We approach consolidation impacts to financial performance and efficiency using financial data from a subset of mixed cooperatives in the Midwest. Key financial and efficiency metrics are discussed in the context of consolidation to identify whether consolidation is achieving its purported goals: efficiencies that ultimately benefit producers. Finally, we provide preliminary survey evidence of agricultural cooperatives' market share in Iowa.

Key findings Historical cooperative location data from Iowa suggests that despite the consolidation activity since the 1980s, the number of locations served by cooperatives has not changed significantly. This is corroborated by observations in other Midwest U.S. states as well. Thus, while consolidation in name has occurred, there has not been a significant restructuring of local assets available to producer members. The financial and efficiency metrics, while not a time series or panel, suggest that consolidation may not be achieving the purported cost efficiencies. This makes sense as cooperatives have not reduced on scale the asset location redundancies available to producers, and this is because boards of directors and / or management may be reluctant to close outdated or redundant facilities for fear of member backlash. Still, potential for cost efficiencies exist, yet this is likely to drive a wedge between members who put significant value on local operations and control.

Preliminary landowner survey data illustrate that cooperatives in Iowa likely do not have a dominant market share. The data show that, on average approximately 1/3 of the production in Iowa is marketing through a cooperative, and an equal amount use the cooperatives' services or buy inputs from an agricultural cooperative. This in turn suggests that consolidation of cooperatives is likely not resulting in anti-competitive market outcomes, and perhaps welfare to producers can be improved further through consolidation if it can achieve cost efficiencies such that benefits accrue to cooperative members.

Conclusions Antitrust authorities and policy makers express concern over consolidation throughout the food value chain, and mixed agricultural cooperatives have not been widely studied in this context. Our work offers evidence of the impacts of consolidation and suggests that it likely is not resulting in anti-competitive outcomes. For consolidation to be welfare enhancing, producer-members may need to shift their use of cooperative services in response to the elimination of local redundancies in service and assets. A significant educational effort directed towards members will be necessary to align members' perceptions of consolidation that has the potential to be value-enhancing at the local level, and that which will allow the cooperative to continue to protect producers' interests in the market.

Barriers and opportunities for cooperation of smallholders: the case of Kosovar raspberry producers

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Key words: Raspberry cultivation; smallholders; Kosovo; cooperation; producer groups; Theory of Planned Behaviour

Context and problem statement: Agricultural production in Kosovo is dominated by small-scale, semi-subsistence-oriented farms. Recently, raspberry cultivation is promoted as a new cash crop suitable for these farms. Area under raspberry production increased rapidly during the last years, i.e. from 23 ha in 2013 to about 1,000 ha in 2016. Plantations have an average size of 0.5 ha and are managed by smallholders. The potential of raspberry production for generating employment was stressed by development organizations, scholars and policy makers. Despite harsh competition on the international market, they highlight the export potential for raspberries produced in Kosovo. To compete with global players experts strongly recommend the formation of supporting cooperatives. However, not many agricultural cooperatives are operational and not much is known about them. Similarly, there is a lack of knowledge regarding farmers' opinions about these formal organisations of mutual assistance.

Objective: This study contributes to closing this gap in research by exploring opportunities and challenges for producer groups among raspberry producers in Kosovo. It sheds light on farmers' attitudes and expectations towards producer groups, and possible fields in which collaboration would be desirable. The study explores in detail factors that determine the formation of the intention of Kosovar smallholders to join producer groups in the near future.

Theoretical framework: The theoretical framework refers to a behavioural model following Ajzen's Theory of Planned Behaviour. Intention, the assumed forerunner of behaviour, is explained along six determinants: behavioural beliefs, attitudes, normative beliefs, subjective norms as well as control beliefs and perceived behavioural control. The influence of indicators describing these determinants on the intention to cooperate is analysed in a PLS-model.

Methodology: The theoretical model is modelled using a partial least square structural equation model. The data was obtained through a quantitative survey with face to face interviews during September 2017. With a sample size of 187 valid observations around 15 % of the Kosovar-Albanian raspberry producers were captured. In addition, in-depth interviews had been conducted with officials of the Ministry of Agriculture and representatives of various development aid agencies and NGOs.

Key findings: Our findings show that the smallholders have an overall positive impression regarding cooperatives. Interestingly, the majority already collaborates informally with neighbours or relatives. Producers believe that they have important skills and resources required for collaboration, e.g. willingness to find compromises or to contribute financially. Although cooperatives operate in the area, most respondents are, however, not members. Still, typical benefits of cooperatives are rated as relevant for their own raspberry production. Accordingly, as much as 70 percent agreed that they would enter an organisation when the opportunity arises.

Our model shows that the strongest drivers of a positive intention to cooperate are social norms, followed by perceived behavioural control. In comparison, attitude is less decisive when the intention to join a producer group is formed. The belief that extension services would advise to join a cooperative is more important for social norms than peer pressure through other producers. A positive assessment of their own ability to overcome obstacles regarding cooperation is the most relevant driver for perceived behavioural control.

Furthermore, we find that transaction cost regarding the ability to deal with regulations or the availability of time play only a marginal role for Kosovar raspberry producers to form the intention to join a cooperative. The most important influences on the attitude towards cooperatives is the belief that membership will improve farm management and access to subsidies. Receiving better farm gate prices plays a moderate role. Most producers just started raspberry cultivation rather recently. The main problems so far are difficulties to find daily-labourers during harvest time, and price instability due to informal price agreements which reflects opportunistic behaviour of retailers.

Conclusion: Our findings underline that raspberry farmers in Kosovo show a high interest in cooperation. There is a significant number of farmers who intend to join agricultural cooperatives. They have not only a positive attitude towards cooperation, but also norms are supportive. Smallholders' needs are not completely satisfied through private businesses while legal requirements for the set-up of cooperatives are relatively low. However, since the knowledge about existing cooperatives in the sector is at a rather low level, doubts on the practicability remain. Therefore, best practice should be shared through improved networking between members and interested farmers.

Contribution to the academic debate: The study significantly extends the knowledge about the situation of small-scale raspberry producers in Kosovo. Raspberry production is an infant industry in Kosovo, therefore specific studies regarding the market situation of small-scale raspberry producers and particularly their needs and options for cooperation are scarce. The results provide policy makers with detailed information of the producers' problems and opinions. Furthermore, the special focus on small-scale producers captures voices that are easily overheard in development discussions. The research contributes to a better understanding of barriers to commercialization of small-scale farms in Kosovo as well as to factors that determine the willingness to cooperate to overcome these barriers.

Increasing member heterogeneity in cooperatives: should I stay or should I go?

Keywords: Member heterogeneity; Hirschman; Fairness

Abstract

Cooperatives in many sectors around the world are growing and diversifying. This development is associated with an increasing heterogeneity of membership in terms of, for example, firm, personal, or product characteristics of the members. Greater heterogeneity is often described in the literature as a disadvantage for cooperatives, with researchers assuming that it may have negative effects on member commitment, willingness to invest, or decision-making processes (Höhler and Kühl, 2017). However, as cooperatives seem to grow anyway and heterogeneity is likely to increase over their life cycles, the question arises as to when and if increasing member heterogeneity is really a problem.

So far, the disadvantages of member heterogeneity have been discussed mainly from the point of view of the cooperative as a whole, although member heterogeneity may have an impact on the actions and perceptions of individual members and, in turn, affect the cooperative. From the point of view of an individual member, however, there may be conditions under which the additional heterogeneity, while possibly leading to a deterioration of one's own position, nevertheless does not lead the member to indulge in negative actions or perceptions of the organization. In order to understand what these conditions might be, we must consider factors influencing member behavior in general. Hirschman's well-known *Exit, Voice, and Loyalty* (1970) provides an important starting point, although member heterogeneity comes into his reflections only marginally. Hirschman claims that not every member speaks out when firm performance deteriorates. Membership heterogeneity can also mean that the performance does not change in equal measure one way or the other for individual members. To account for this, we will draw on two different theories of fairness and discuss the overall framework using case studies as examples. The central questions are: Why should one remain a member if one's own interests are not part of the actual operations? Why should one accept member heterogeneity?

In *Exit, Voice, and Loyalty*, Hirschman describes the responses of consumers and members to deteriorating performance in organizations. Previous literature on member heterogeneity suggests that one might expect members to choose the "exit" option when heterogeneity increases and conditions deteriorate. Another possibility is to choose "voice," expressing complaints or

requesting changes. “Loyalty” affects how members behave in the face of these two options: it may cause members to postpone their exit and/or strengthen their voice (Hirschman, 1970).

The persistence of co-op members can also be explained through various approaches to fairness. Members might accept the outcome of democratic decisions that are to their disadvantage simply because they see the decision-making process as fair. This behavior could be explained by procedural justice (Tyler and Blader, 2000, 2003). In their group engagement model, Tyler and Blader (2003) include another measurement of justice that is based on the distribution of resources. In addition to the level of the outcome, the perceived fairness of the outcome plays an important role (Tyler and Blader, 2000). This type of fairness can be described by the outcome-input relationship, as Adams (1965) explains in her equity theory. Individuals will always compare their own outcome-input relationship with that of others, whether in a direct-exchange between two people or between two people and a third party.

By applying these concepts to case studies from various industries, we hope to gain new insights into the way members think and act. We also want to show how cooperatives deal with heterogeneity.

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Democracy, governance, and member engagement in large consumer co-operatives: A Case Study

Keywords

Democracy; Governance; Member Engagement; Member Control; ICA 2nd principle; Large Co-operatives

Co-operative strength comes from utilizing the local nature of most co-operatives to leverage the knowledge base of an engaged membership in providing the goods and services the membership requires. The ICA's second principle, democratic member control, is crucial to ensure that co-operatives are governed according to member preferences and that the membership stays engaged in their co-operative. According to the ICA, democratic member control includes ensuring active member participation in policy setting and decision making, having accountable, elected member representatives, and providing equal voting rights to members in a democratic manner.

Democracy in co-operatives has been linked intimately to board representation and operations. As in all organizations, these boards serve a variety of organizational, administrative, oversight, governance, and strategic purposes. All organizations are faced with the dilemma of developing boards that are able to meet the diverse demands placed upon them. In co-operatives, these boards must also ensure that their organizational practices meet the democratic expectations of their membership, and offer sufficient opportunity for member input and engagement.

Co-operatives can have different membership structures, scope, and support from staff. Some boards, usually in newer, smaller co-operatives, must perform an essentially operational role, which requires strong member engagement. It may be possible to have direct member input on most decisions. Large, multifaceted co-operatives operating in competitive markets and that may be undergoing change or are heavily regulated, may have boards that are purely strategic; they will need to consider many factors apart from member preference in effectively governing their organizations. These different scenarios require different strengths, skills, and knowledges. The question then becomes: How can engagement and democracy be ensured in all types of co-operatives, while balancing the need for elected boards to have the skills and competencies required to ensure good governance?

Member democratic engagement is most often measured through attendance and participation in elections at the annual members' meeting, and realized through one member, one vote systems. However, for large consumer co-operatives with non-operational boards, this may not be the best measure of democracy within their organizations. A recent study undertaken by the Centre for the Study of Co-operatives investigated how large, complex co-operatives can balance the need for democratic member control with the requirement for increasingly sophisticated skillsets from their directors. It explored how democratic principles might be

extended beyond traditional board models, and sought alternative options for membership engagement that could nevertheless maintain the democratic nature of the organization.

The methodology for this study focused around a participatory case study of a large, primarily urban, consumer co-operative. The case study included a literature review on governance, democracy, and member engagement both within and outside of the co-operative sector; a document review of bylaws, constitutions, websites, and other publically available documents of large consumer co-operatives; a series of semi-structured interviews with the co-op board members and senior leaders; surveys of attendance and motivations for attending the annual members' meeting; and membership-level data analysis to provide descriptive statistics of the co-op's membership.

While co-operative boards concerned with democracy in their organizations would like simple metrics to determine engagement, there is no "silver bullet" approach to creating and maintaining a democratic organization. Each organization has to work within its unique constraints to create democracy, good governance, and member engagement. These approaches must also change over time, depending on the complexity of the organization, the market in which it exists, and the needs and preferences of the membership.

Each individual co-operative will have different indicators and key decision points that can help boards determine if they are maintaining an acceptable level of democracy and if the co-op is meeting its member engagement preferences. Our theory is that the unique balance of indicators required to attain democracy, and hence, good governance, will depend upon the type of board, the development period, and size of the co-operative.

This study contributes to the scientific discourse by positioning the experiences of a large consumer co-op deep within the wider debate on democracy in co-operatives. It links the role of democratic member control to both member engagement and effective governance, and considers options and alternative means for measuring democracy. It investigates how societal changes — decreased interest in volunteerism; professionalization of boards, particularly in large organizations or in heavily regulated markets; and the changing democratic preferences in the population — affect the ability of organizations to ensure democratic member control.

Democracy, governance, and member engagement in large consumer co-operatives: A Case Study

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Does Member Commitment Legitimize Corporate Social Responsibility Measures of Austrian Credit Co-operatives?

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Abstract

Context and problem statement: The member structure of co-operatives represents their unique feature compared to other legal forms, since the organisations' members are also their owners, who joined forces for a specific purpose. Hence, it is every co-operative's concern to create membership value and to promote their members by meeting their expectations, needs and wishes. Previous work on the perception and support of certain credit co-operative measures validated that members obtain benefits from five types of actions: profit distribution, market services, value-added services, democratic member control and finally corporate social responsibility (CSR) measures (Roessl 2010: p. 25 ff.). Yet especially the last category creates dissent between members since some of them argue that they deteriorate their economic situation, which would be against the mandate to promote members. Here, the members of Austrian credit co-operatives seem to have less homogenous expectations as sometimes suggested – a circumstance that we would like to investigate further in this article.

The positive (economic) effects of CSR measures in the long-term have been presented in literature (Burke & Logsdon 1996; Lin et al. 2009; Saeidi et al. 2015). Accordingly, members that are interested in the long-term survival and success of the credit co-operative should value CSR measures (and other measures that primarily develop positive effects for the credit co-operative in the middle- to long-term) more than others. Moreover, people that have a closer relation to the credit co-operative will have access to better information

and furthermore identify themselves more with the organisation, which has been proven to decrease complexities in (business) relations (Luhmann 2014: p.31) and furthermore enhances trust in the co-operative's actions.

Research question(s): We suggest that the members' commitment vis-à-vis 'their' co-operative can be used as a proxy for a comparably stronger relationship that acts as a differentiating characteristic. In addition, we presume that societal changes influence the ideals and expectations of the members, which might alter their preferences for certain co-operative measures. Hence, we opt to answer the following questions:

- What kind of differences in preferences for value enhancing measures can be observed between members that commit themselves to the co-operative and those that do not have such a close relationship to their credit co-operative?
- Do preferences for value enhancing measures of members, especially of those members that commit themselves more to the credit co-operative, change over time, and if so, which changes can be observed between 2008 and 2016?

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Theoretical Framework: CSR measures create two kinds of benefits for members: immediate (non-monetary¹) ideational benefits and (monetary) economic benefits that develop in the long run. Members with a rather superficial relationship might primarily support the view that CSR measures only deteriorate their economic situation and thus on average they will rate such measures worse, whereas the committed members, due to better information and stronger identification with the credit co-operative will perceive CSR measures as more important.

Methodology: We use a pooled cross section dataset for our analysis. Since a Shapiro-Welch test on normality of the data uncovered that the data is not normally distributed, we apply a non-parametric Mann-Whitney-U-Test to uncover potential differences in the members' preferences. A comparison is done between members of commitment and the reference group (=other members) collectively as well as for both individual periods.

Key Findings: Our results suggest that CSR measures indeed receive statistically better ratings from committed members. Furthermore, the only items for which we observe better or comparably good ratings in the reference group are those items that create an economic benefit for members, which underlines that the reference group is primarily interested in just these. The comparison of 2008 and 2016 reveals certain changes in the support of CSR measures, yet only few of them are statistically significant due to the small sample size. However, what we observe is that items that create an immediate economic benefit, especially market services, receive relatively high and stable ratings in both periods and groups, whereas primarily CSR ~~measures in the committed member group~~ received comparably benevolent ratings in both periods.

Conclusion: We can observe a difference between committed members and other members with respect to their support for CSR measures in the Austrian credit co-operative under investigation. Whereas both groups primarily value economic benefits that stem from profit distribution and market services, the committed member group to a similar extent values benefits from CSR measures and other long-term oriented actions. This confirms that the credit co-operative might distinguish itself from mere commercial credit institutes by emphasising CSR measures. Yet we suggest that the relation between CSR measures and commitment is not one-sided in such a way that the support of CSR measures increases with commitment, but rather that also the provision of CSR measures increases the commitment of certain members vis-à-vis the credit co-operative.

Keywords: corporate social responsibility; member commitment; trust; long-term orientation; membership value; credit co-operatives

¹ In accordance with Gligor-Cimpoieru and Munteanu (2015: p. 98).

Cooperatives Europe - Abstract Paper for the ICA 2018 Research Conference

Good practices in international cooperative development: Why creating a knowledge sharing culture is key for international cooperative development work

Key words: International cooperative development; Methodology analysis; Knowledge sharing; Capacity building; Good practices; Sustainability; Monitoring; Partnership; Innovation

Cooperatives play a key role in international development, promoting capacity building, training and education worldwide. At the core, international cooperative development practitioners share with their cooperative partners in developing countries concrete business solutions and practical cooperative approaches to create wealth and reduce poverty in a sustainable way.

In order to better understand the significance of the cooperative model in international development and fill in a knowledge gap on the methodologies used for international cooperative development, a research focused on the work of the Cooperatives Europe Development Platform (CEDP) was conducted by Cooperatives Europe and its research partners in 2017. The CEDP is a European network of ten cooperative organisations active in international cooperation and members of Cooperatives Europe (the European regional office of the International Co-operative Alliance, ICA) who work on cooperative development policy and implementation. This research comes within the scope of the knowledge building activities undertaken within the partnership for international development signed between the European Commission and the International Co-operative Alliance in 2016 to support and raise the visibility of cooperative development.

For this research, the specific features of international cooperative development were differentiated from 'traditional' international development activities. International cooperative development was defined as an enterprise-oriented approach that fosters economic, social and environmental sustainability. With that view, international cooperative development practitioners share collective business skills and practical cooperative approaches with their cooperative partners in developing countries to create wealth and reduce poverty in a sustainable way, focusing on developing people's capacity to work jointly in order to strengthen their livelihoods, support their communities and foster an enabling environment to support their activity.

The research's objectives were to form a better understanding of how each CEDP organisation (and/or its members) conducts its international cooperative development work, in particular current methodologies used for activity design, implementation, monitoring and follow-up. The objective was not to conduct a performance evaluation but to analyse the different approaches used by CEDP members, their similarities and complementarities, in order to isolate the 'cooperative factor' at work in their international development activities, explore what make cooperatives' approach unique and innovative, as well as promote efficient methods.

The scope of the study covered international development activities, i.e. activities implemented in developing countries or education/awareness-raising conducted in Northern countries about international development issues. Activities related to strengthening the cooperative movement within the European Union (EU) member states or other developed countries were not the focus of the research. In total, 74 countries were encompassed by the analysis, with results covering 8 categories of sectors and 9 different types of activities.

The research took place in two stages, the first being a questionnaire jointly developed by the CEDP research working group (formed by 4 organisations including the Co-operative College, Coopermondo-Confcooperative, Kooperationen, and Cooperatives Europe) and addressed to key stakeholders from within

the CEDP network. After the initial analysis of the survey replies, follow-up interviews were carried out with CEDP members to develop responses and clarify different sections of the questionnaire. Where appropriate, extracts from the interviews were used throughout the study – but not attributed directly to named individuals. The key findings of the research showed that acknowledging and exchanging different experiences and good practices can promote new synergies between partners, foster new alliances and provide a better understanding of the diverse approaches used in cooperative development. The research also evidenced the value of knowledge sharing in order to build more resilient partnerships. This stemmed from the analysis of the CEDP members' methodologies, which provided valuable results given that the CEDP represents an experts platform prioritising partnerships where different actors participate with their respective resources and share learning experiences.

A common thread through most of the work done by the group relates to the significance of the cooperative values and principles in international cooperative development work. The research evidenced that the cooperative values and principles are instrumental in fostering social integration and promoting the inclusion of minorities and underprivileged groups.

The report has also shown that the CEDP members have prolific and wide-ranging experience of international cooperative development, from planning stages through to evaluation. As a group, the fact that the CEDP is active in so many countries in all continents, and across such a wide range of sectors from agriculture or banking to tourism, environment and energy, reflects the vast pool of expertise available within the cooperative movement both at the European and global levels, which can be considered as a key success factor for cooperatives to be recognised as major actors in international development.

Another outcome illustrated by the analysis of CEDP activities is the fact that international cooperative development work tends to build on long term perspectives. There is for instance a strong focus among the group on training and institutional building activities, as well as the implementation of legal frameworks and policy reforms.

The fact that most CEDP members partner with other cooperative organisations in at least 50% of projects demonstrates that the promotion of the cooperative sector is a key selection criterion, which reinforces the consolidation of the movement, and underscores the cooperative principle of cooperation amongst cooperatives. However, the research also show how international cooperative development aims to be inclusive in its approach and CEDP members are evidently advocates of involving a range of people in different stages of project implementation and through a wide range of methods. Partners and beneficiaries are for instance involved in project implementation through surveys, monitoring reports and needs assessment. Furthermore, CEDP members rely on network building and strengthening to build trust between the partners and the local community they are working in.

In the context of international cooperative development, shared learning and expertise on an equal footing both between cooperative organisations and with external partners, such as other CSOs and local authorities, can promote and contribute to the development of new operational methods and innovative tools for the future.

In conclusion, the research provided valuable insights into the diverse methodological approaches used in international cooperative development, building on concrete case studies provided by a network of practitioners. This can be used not only as an example of good practice in international development but also fuel the reflection on how cooperatives can be used as an innovative lever for the development of communities and the building and strengthening of livelihoods, which can thus more effectively contribute to promoting the Sustainable Development Goals.



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Title of paper: *Learning networks in innovative cooperative systems. The cases of Mondragon and Anecoop.*

Keywords: Innovation systems, cooperatives clusters, learning networks

Context and problem statement: In a globalized world, clusters, as territorial systems of production, need to change into innovation systems to keep their competitive advantages and to develop (Carbonara, 2004; Zeitlin, 2008). Literature has analyzed two major success models if clusters structural change, on one hand, a private business way and on the other hand the government oriented way (Cooke, 2003). This article focuses on a third way of structural change introduced by Gallego and Chaves (2015): the collective social entrepreneurship model.

Objective and/or research questions - Theoretical framework

The aim of this research is to analyze the role of learning networks in the clusters of cooperatives focusing in two cases: Mondragon and Anecoop

Methodology. Qualitative comparative methodology is used in both case studies. Deep survey based on semi-structured interviews to privileged witnesses identified in a networking data collection strategy. The study analyses two paradigmatic success clusters of globalized cooperatives: Mondragon, integrated by industrial worker coops, and Anecoop, an agriculture cooperative group.

Key findings – The study confirms that, from an evolutionist perspective, the systems of cooperatives (clusters of cooperatives) are able to articulate in the meso-level structural change processes and emerging meso-institutions (as meso-rules in the sense of North, 2005) and the central role of learning networks inside them is these systems.

Conclusions - Contribution to the academic debate / to solving a practical problem

Research limitations/implications – The study has theoretical implications in terms of understanding the innovative structural change in clusters of cooperatives.

The present study gives a framework to responsible of cooperative clusters and to government policy makers to develop policies that improve social innovation in cooperative systems.

This study uses for the first time qualitative methods to analyse learning networks inside cooperative systems.

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Abstract (revised as of 29th June 2018)

Title : “Learning on the go – Improving understanding of barriers and opportunities facing co-op start-ups in the agricultural sector in Australia through.”

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Keywords: agricultural co-operatives, action learning, institutional theory, Australia

Context and problem statement

Co-operatives and mutual businesses contribute 8.3% of Australia’s GDP (BCCM, 2017), with the sector having approx. 29 million members. Although 8 out of 10 Australians are members of a co-operative or mutual, only 1 out of 10 are aware that they belong to the CME sector. In Australia, the sector has remained a hidden economy for decades. However, since the International Year of Co-operatives in 2012, the Australian Business Council of Co-operatives and Mutuals (BCCM), has succeeded in lobbying for renewed interest in the sector.

In 2015, the Australian Government released an agricultural white paper, pointed to the value of farmers forming co-operatives to strengthen their export opportunities and their negotiation power in the domestic market (Commonwealth of Australia, 2015). The subsequent year a Parliamentary Inquiry into the CME sector recommended support the co-operative and mutual sector through education and public awareness (Commonwealth of Australia, 2016). In response the Faculty of Business and Law (FBUSL) at University of Newcastle (UON) in August 2016 launched an online Graduate Certificate on Co-operative Management and Organisation (University of Newcastle, 2018). The Federal Government subsequently provided funding for a 2 year Farm Co-operatives and Collaboration (Farming Together) Program. This lucky coincidence led the Farming Together Program to fund the enrolment of 44 farmers into UoN’s co-op courses to support them with knowledge and skills in their co-op start-up. At completion of the Farming Together project in June 2018 they had supported more than 224 co-ops (established, forming or registering) of which 57 were new co-ops in progress of registration (Farming Together, 2018).

Problem statement and research questions

The Australian agricultural co-operative sector has been in decline for several decades. There is a lack of knowledge around barriers and opportunities for agricultural co-operative start-ups in Australia. Assignments completed by 44 students from farmer groups in the process of establishing or re-orienting agricultural co-operatives will provide insights into current issues facing the co-operative sector in Australia as perceived and experienced by the co-operators themselves.

The research questions for the study are:

1. What are the issues around incorporating co-op principles and values that are perceived or experienced by those who are setting up new co-operatives?
2. What do the farmers/entrepreneurs perceive to be the advantages/barriers/opportunities of adopting a co-operative business model?

Theoretical framework

The co-operative business model provides farmers with increased bargaining power against the retail duopoly, and improves the equitable and economic viability of small rural and agricultural industries (Altman, 2015). Co-operatives are an important engine room for social innovation (Novkovic, 2008) but need to adhere to the co-operative values of self-organisation and reliance, democratic decision-making and autonomy (International Cooperative Alliance, 2017). However, the extent to which the co-operative business model is accepted as a mainstream or a marginal business model may be determined by both formal and informal institutional barriers (Huybrechts & Mertens, 2014; Scott, 2008). This research project will use institutional theory to analyse the qualitative data collected through the student's assignments.

Methodology

The data used for this research will be the individual and group assignments and reflections submitted by the students in a course following action learning principles (Marquardt & Yeo, 2012). The research will be undertaken following approval from the University's Human Research Ethic's Committee. Student's participation will be voluntary and with their written consent. Data will be anonymised and analysed qualitatively, using NVIVO Software.

Contributions from the research

Findings from the study will provide important feedback to the co-operative farmers, policy-makers and supporting agencies and educators in developing practical strategies to support agricultural co-operative sector. From a scholarly perspective the study will address institutional barriers for co-operatives in Australia. Since ethics for the project has been delayed the findings have not yet been finalised.

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And Now for Something Completely Different: Finnish teachers guiding educational co-operatives

Keywords: Education, entrepreneurship education, teacher, teacher training, co-operatives, educational co-operatives, team entrepreneurship

Finnish teacher education and the results of their teaching, students' learning, are usually highly regarded (Tirri & Ubani 2013; Sahlberg 2011; 2013; OECD 2017A), even though there are some problems emerging (OECD 2017B). Still Finnish university studies for teacher education for primary level or pedagogical studies for other educational levels are popular and only few of the many applicants get the right to actually study to become a teacher. But there are new reforms of teaching both in secondary schools and upper secondary schools and these changes are affecting also higher education and teacher training. One of the biggest changes in Finland is coming from the active use of educational team entrepreneurship -solutions, especially from JA-companies (Junior Achievement company program), the Me & MyCity (Yrityskylä tm) -learning concept, 4H-enterprises and educational co-operatives that are constantly used more at different educational levels in Finland after primary school but especially in upper secondary schools and in Universities of Applied Sciences. (Troberg & Hytinkoski, 2018.)

Many educational team enterprises mentioned before are very well instructed from the students' learning goals to the guidance details for teachers. But still, solid information and useful instructions about educational co-operatives that are the most or the second most used of all the learning environments mentioned before, have been mostly scattered, kept secret or missing completely. This is a complex situation because there are or have been one or more educational co-operatives approx. in 80 from 105 secondary schools, ten from 342 upper secondary schools, in almost every Finnish University of Applied Sciences (26), except for in Police Academy, and even eight Finnish Universities from all 14 Finnish Universities. (Troberg & Hytinkoski 2018.) So if this is the reality, who is doing this guidance work? And what kind of experiences and views do teachers have on it? Because unlike other educational team entrepreneurship solutions mentioned before, a co-operative is a real company.

The objectives of this doctoral study research are to know and understand how the staff (teachers, principals, tutors etc.) of different school organizations at different educational levels have experienced guidance work of the educational co-operatives that differs a lot from how they have themselves learned as a young student, during the time they were trained in universities and from the classroom teaching they have customized themselves with already in their professional life. This is a qualitative study in which 20 Finnish teachers at different educational levels have been interviewed through thematic interviews and the research data have been analyzed with thematic analysis. These qualitative methods were selected because of the nature of the study - we don't know enough about the experiences of teachers guiding the educational co-operatives. These methods are suitable when not yet well-known things are described and need to be explained.

What is presented here are preliminary results because the complete doctoral thesis that this study/paper is strongly based on has not yet been published. The results are interestingly divided but the main finding was that most, if not all of the teachers, described the educational co-operatives, inside or beside the schools, as a very workable method and/or learning environment for students to learn both theory and skills. There seems to be a strong emphasis that more theoretical study contents could be learned more deeply when they are attached also to the task of learning skills. Most of the teachers reported that their educational co-operative guiding experience developed them as a teacher and even permanently affected their views on learning and teaching. These results were surprising and something that researcher wasn't prepared for in his working hypothesis. Many described themselves as the "change agents" of their workplace. And some that later on their students will be the same in their future workplaces.

More challenging results were that teachers guiding educational co-operatives needed these different resources: clear support from their supervisors and co-workers, enough working hours for their guidance work, education/knowledge about educational co-operatives and most importantly, that the goals of educational co-operatives should be in line with the study curriculum, goal and strategy of the educational organization. Getting hyped, starting a co-operative and then not using enough resources on it and then getting into problems, could be very problematic for students, teachers and the whole school organization. After this rare but possible unfortunate process the students' learning and the teachers' work could be harmed. Some teachers interviewed mentioned that their supporting resources, amount of work and interesting but demanding guidance tasks aren't balanced and won't be sustainable in longer periods of time.

So if an educational co-operative fails, who is responsible for it? The answer seems to be connected to the goals and reasons why an educational organization has originally wanted to start a co-operative, what resources have been given to this work and the organization of work that has been undertaken. Results of this study show that even well-educated Finnish teachers are challenged when guiding co-operatives. There are at least three point of views that should be considered. The first is that modern teachers already constantly have new contents and teaching practices to adapt to. Teaching curriculums are changing and teacher/pedagogical studies can't keep up with all the skills that are needed in ever-changing school organizations and in the teacher profession. Is guidance work with student co-operatives only one new project among others or something that gathers and summarizes something essential about modern teaching and learning? Surprisingly many teachers interviewed mentioned the latter possibility.

The second point/question is how and why teachers choose to do this kind of work? Did they want to try something new after doing mainstream classroom teaching or were they young teachers with limited teaching history asked/hired to do guidance work with educational co-operatives, often through developing projects. In this study teachers were balanced almost equally in both groups. The third point is how teachers doing guidance work with co-operatives are resourced. Given a work task with specific working hours is only a start. A lot more resources mentioned earlier are needed. Teachers should also benefit from guidance with co-operatives with clear work descriptions and CV-mentions.

This study contributes to the entrepreneurial education discourse on how entrepreneurial education goals and strategies (locally, internationally and globally) are actually executed – and to both the possibilities and challenges of co-operative entrepreneurship education.

**CO-OPERATION AS COORDINATION MECHANISM:
a new approach to the economics of co-operative enterprises**

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Abstract

In this work we strive to offer a new interpretation of co-operative enterprises by introducing the concept of spontaneous co-operation as an autonomous coordination mechanism of the economic activity. Enterprises are interpreted as tools directed to organize the production of goods and services mixing three different coordination mechanisms: market exchange (gain from trade), authority, and co-operation. In this perspective, we evidence the specific nature of co-operative enterprises as organizations characterized by the dominance of the co-operation mechanism. At a more basic level, we highlight that we still miss a clear-cut and general explanation of the existence of co-operative enterprises in economic theory. The neoclassical approach, by assuming self-seeking individuals and profit-maximizing enterprises, simply negates the relevance and the sustainability of co-operatives. On the other hand, the institutionalist literature, starting from Ronald Coase (1937), explains the existence of enterprises on the basis of the necessity to overcome specific typologies of market failure and imperfections, which in the most simple cases cause transaction costs to rise. This literature also explains the existence of co-operatives to some extent, positioning their emergence within the realm of market failures connected mainly with positional power on the market. However, co-operatives are generally considered by new institutionalist authors as 'transitional' organizations that will be overcome by regulation of markets and by heightened competitive pressure (Hansmann 1996). Alternative approaches, even when in favour of the spread of co-operative enterprises, are mostly

empirical and focus mainly on specific types or characteristics of co-operatives, but fail to provide a general interpretation.

The shortcomings of existing theoretical elaborations have often led to overlooking the instances and dimensions under which co-operatives are not only able to overcome market failures, but are as much or more efficient than the other entrepreneurial forms. Oft-cited examples include the agricultural and credit sectors in which co-operatives have a prominent role, and the growth in numbers and dimension in some countries of co-operatives delivering social and community-oriented services. One negative consequence of the limited theoretical understanding has been the lack of attention paid by public policy in supporting and consistently regulating the co-operative forms.

Our contention is that theoretical flaws in economics are to be ascribed to the consideration of only two main co-ordination mechanisms of economic activity: exchange of equivalent values on the market, or 'gain from trade', and authority, or hierarchy (Heath 2006). Orthodox economics takes perfect markets as a condition that is either already given or that will generally be achieved through competition and/or regulation, except in the case of few public goods. However, imperfections on capital markets are positioned at the origin of investor-owned companies since these imperfections are, de facto, assumed to be the most difficult to overcome. These premises inevitably imply that investor owned enterprises (IOFs) are the only necessary form. The corollary to this conclusion is that, to overcome residual imperfections that are not overcome by the ownership of investors (e.g. in intra-firm relationships between owners and managers and between employers and employees), IOFs can resort to authority. We contend instead that the relative unimportance of imperfections in non-capital markets can be questioned, especially in sectors that do not provide pure private goods, such as collective goods.

In our framework, co-operation is able to introduce new ways to pursue entrepreneurial objectives beyond exchanges and authority, since it emerges when a collective of economic actors voluntarily decides to join efforts and resources to increase welfare beyond what independent action would guarantee. Transactions managed through co-operation take place, not on the basis of an authority relation, but voluntarily and, differently from market exchanges, the participation in the transaction depends not on the equivalence between contribution and outcome (in terms of economic value), but on the reciprocity principle.

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Co-operative entrepreneurship in Ireland: some findings on recent co-operative start-ups

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Keywords: co-operative entrepreneurship, start-ups, Ireland

Context and problem statement

The ICA's Blueprint for a Co-operative Decade (2012) identifies evidence-gathering and demonstration through case studies as a means to help deliver on its critical goals, specifically "building the co-operative message" and "securing the co-operative identity". Much research has been conducted on the established co-operative sectors in Ireland, the main focus being on agriculture, financial services and employment, with little on emerging co-operatives or co-operative entrepreneurship. Ireland lacks a government policy on co-operatives and supports to enable co-operative establishment and development are greatly limited. This paper reports on a project to unpack the emergence of new co-operatives in Ireland over the past 10 years. In-depth secondary exploration was supplemented with five case studies of new/emerging co-operatives. The study was grant funded by the Golden Jubilee Trust¹.

Objective and research questions

The research project aimed to identify new/emerging co-operatives in Ireland. The focus of the research was on the motivations and experiences of these co-operatives including factors facilitating and/or hindering their establishment and development. The research questions are as follows:

1. What are the motivations behind recent co-operative start-ups in Ireland?
2. What are the experiences of those involved in such start-ups?
3. What helped and what hindered the start-ups in their establishment and development?

The overall aim of this research was to formulate applied and high-level policy recommendations to encourage and enable co-operative innovation and entrepreneurship more widely in Ireland.

Theoretical framework

Drawing on Spear (2012)² and Vieta et al (2015)³, the paper examines the drivers of, and barriers to, innovation and collective entrepreneurship, taking into account both network and institutional dimensions. The paper takes a grounded and contextualised approach using data collected from co-operative start-ups in Ireland. The paper also draws on previous assessments of the position of co-operatives in Ireland (e.g. Carroll et al, 2012⁴) and analyses of past government initiatives to support co-operative innovation and entrepreneurship (e.g. Murphy et al, 2017⁵).

¹ The Golden Jubilee Trust is a charitable trust with the primary objectives of promoting, developing and improving the co-operative movement and the industry of agriculture in Ireland.

² Spear, R. (2012) Innovation and collective entrepreneurship. *Universitas Forum* 3 (2). Roskilde. Roskilde University.

³ Vieta, M.A., Tarhan, M.D., & Duguid, F. (2015) From Collective to Cooperative Entrepreneurship in Canada's New Cooperatives. A paper to "Co-operatives and the World of Work" CCR/ILO International Research Conference, Antalya, Turkey, 2015.

⁴ Carroll, B., McCarthy, O. & O'Shaughnessy, M. (2012) Co-operatives - what relevance now? In Doyle, G. & Lalor, T. (Eds.) *Social Enterprise in Ireland; A People's Economy?* Dublin. Oak Tree Press.

⁵ Murphy, L., McCarthy, O. & Carroll, B. No Heir apparent? Exploring the Worker Co-operative Model as a Solution to Family Business Continuity. In *Journal of Entrepreneurial and Organizational Diversity*. Vol. 6, Issue 2 (2017).

Methodology

This exploratory qualitative research was carried out by means of desk work and on-site interviews. A short-list of fifteen co-operatives established in Ireland in the last 5-10 years was initially identified. Six of these were further short-listed using criteria such as range of sectors, size, types, and geographical spread. Each co-operative was asked to participate in the study, resulting in 5 final cases. Each of the 5 co-operatives were visited and semi-structured interviews were carried out with a selection of key informants to gather information about the co-operatives and understand their motivations for and experiences of getting started. The main criterion for selection of participants for interview was their involvement in the establishment of the organisation and on-going development of the business. Five case studies for public dissemination were completed as part of the research project. Ethics approval was granted by the Social Research Ethics Committee of University College Cork.

Key findings

- There were difficulties with sourcing new co-operatives for inclusion in the overall study. However, the 5 cases demonstrate that the co-operative model does continue to have relevance and a capacity to meet new and emerging societal needs and trends in Ireland.
- The model is clearly of particular value for rural innovation in providing a framework within which communities can collectively address issues of peripherality and underdevelopment.
- The research also demonstrates the potential for further co-operative entrepreneurship in more urban areas and the role of the model in helping to build social capital and a sense of connectedness.
- The themes of control and self-reliance emerged repeatedly. Participants felt empowered by their co-operative involvement.
- There appears to be a need for *ongoing* and specialist support and advisory services, particularly for those co-operatives dependent on volunteer labour.
- The cost, administrative burden and difficulties associated with registration of the co-operative appears to be a key barrier to the adoption of the co-operative legal structure, and hinders co-operative entrepreneurship.
- All of the co-operatives plan to remain in operation into the future, although with varying degrees of confidence in their long-term sustainability.

Conclusions

While the low levels of co-operative entrepreneurship, as evidenced by the number of co-operatives emerging, raises concerns about the continued accessibility of the co-operative model to people today and about the supports the model receives, the research demonstrates that the co-operative model does continue to have relevance and a capacity to meet new and emerging societal needs and trends. The lack of any real policy in Ireland to promote the establishment and development of co-operatives, together with the perception of prohibitive legislation and lack of practical supports, act to inhibit appreciation for and adoption of the model.

Contribution to the scientific discourse/ to the academic debate / to solving a practical problem

This paper widens understanding of the importance of practical and policy supports for co-operative entrepreneurship.

Options and constrains of cooperation among farmers in a post-socialist setting: First findings from Romania

Key words: agricultural service cooperatives, agricultural producer groups, small-scale farmers, Romania

Agricultural production in Romania still plays an important role for national employment and income. In 2016 about one fourth of the labour force is employed by this sector while its contribution to national GDP stands at 4.3% (Agra-Europe: 6 Nov. 2017). Following decollectivisation after the regime change in 1989, the farm sector is characterised by a bimodal structure: There are about 3.6 million small-scale farms cultivating, on average, less than two hectares. About two million farms cultivate even less than one hectare making up just 5% of the national utilized agricultural area (UAA). On the other side, there are about 13,000 large-scale farms cultivating 100 hectares and more. These large farms occupy about half of the UAA. The number of commercial medium-sized farms cultivating two up to 50 hectares is almost negligible.

Agricultural markets in Romania like most other Central and Eastern European countries (CEECs) used to be characterised by a high level of market failures. Particularly, during the first years of transition, buyers, sellers and regulatory agencies showed a high degree of opportunism. In general, small-scale farmers were in fact excluded from the input and product markets (Sauer et al., 2012). Hence, small-scale farming has become a social “safety net” against the changes and shocks generated through the process of restructuring the socialist economy. They still play an important role in Romanian society. These farms are, in general, subsistence or semi-subsistence oriented as, on average, more than half of their production is used for own consumption (Tocco et al., 2014; Mikulcak et al., 2015; Tudor, 2015).

In theory, it might be expected that in such a situation of large number of semi-subsistence farms, these smallholders join hands and collaborate to tackle these deficiencies. There seems to be an urgent need for self-help organisations. Evidence from elsewhere shows that farmer organisations offer one way for smallholders to increase their livelihoods. They can overcome the high transaction costs resulting from their small individual sizes, improve access to vital resources, like inputs, credit, training and information and reduce barriers of entry into markets by improving their bargaining power vis-à-vis other market actors (Markelova et al., 2009; Liverpool-Tasie, 2014).

However, farmers in Romania like many of their colleagues in the CEECs are highly reluctant to form or join organisations of mutual assistance up to these days. While there had been almost no support by the government in providing a legal basis for many years, only by the mid-2010s the legal foundations for forming organisations of mutual assistance had been adopted: (1) the Law on Agricultural Cooperatives (No. 566) in 2004 and (2) the Ordinance 37/2005 which allows the formation of agricultural producer groups in line with the EU agricultural policy. Since then, first organisations of mutual assistance have become operational. But the start has been very slow. The first registered organisations are characterised by small membership and low annual turn-over (Calinescu 2012; Micu et al., 2016). On a European level Romania still shows one of the lowest market shares in the cooperative sector (Bijman et al., 2012).

In this contribution we want to discuss the general situation in Romania in forming organisations of mutual assistance, like agricultural service cooperatives and agricultural producer groups. Similarly, we want to analyse under which conditions individual farmers in Romania establish or join organisations of mutual assistance. We will look at the major factors which make up the individual constraints of farmers in joining and how have others overcome these constraints. In this way, we aim at contributing to the understanding of why cooperation does not work well up to now among small-scale farmers in post-socialist economies, and under which conditions a willingness to cooperate may be formed. It is an extremely relevant, but under-researched field with regard to development of small farms in developing and transition economies (Bouamra-Mechemache & Zago, 2015). Hence, this analysis contributes to the literature about the options and constraints of smallholders to form or join organisations of mutual assistance in the post-socialist context.

This analysis is based primarily on literature review and the adoption of national statistics. In addition, key informant interviews will be performed among individual farmers (members and non-members of agricultural service cooperatives and agricultural producer groups), group leaders and public officials at national and regional levels.

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**Options and constrains of cooperation among farmers in a post-socialist setting:
First findings from Romania**

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Paper or poster: Both options will be feasible.

Theory of the co-operative firm revisited

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Economic theory of cooperation has been marked by the Ward (1958) -Vanek (1970) neoclassical model over many decades, and agency theory and the transactions costs theory in the last thirty years, with particular application to worker and producer cooperatives. The transactions cost model (Hansmann 1996) integrates all types of cooperative organizations, building on the ownership perspective with a firm as a nexus of contracts. While Hansmann's model has been described as an integrated framework of cooperative firms, it is difficult to give it full credibility as a model that captures the ICA-type of principled cooperative organization, in light of its inability to exclude some types of organizations from the 'cooperative' realm (specifically, the 'investor cooperative' and 'government cooperative' further elaborated in Hansmann 2012). Building on the transactions costs theory and ownership perspective, the lifecycle model (Cook 1995) continues to dominate the (esp. agricultural economics) literature, policy, and governance frameworks. More recently, researchers in Trento, linked to EURICSE, have been developing new ideas, such as framing cooperation as a coordination mechanism (Borzaga and Tortia 2015), and a commons (Tortia 2017), for example.

This presentation is an attempt to revisit the theory of cooperative firms from the user/stakeholder perspective, deploying stewardship theory of governance to capture the reality of a changing economic theory and understanding of organizations. Under the influence of psychology and sociology, economic incentives have been recognized to have a very narrow scope, and to be crowding out intrinsic motivations (Deci and Ryan 1985). The proposed model takes into consideration the principles and values of cooperation (ICA 1995), the role of capital in co-operatives, and argues that emphasis on ownership has been misplaced in these member-organizations.

Extended abstract

Title: Where is the theory? A reflection on empirical studies into the effectiveness of cooperatives

Authors: Sophia Weituschat, Jos Bijman

Keywords: cooperative, producer organisation, effectiveness studies, impact studies

Context and problem statement: Many policy makers, donors, development practitioners and researchers are (re-)gaining interest in agricultural cooperatives as a tool of development for smallholder farmers in developing countries. Cooperatives are said to enable small farmers to cope with global market conditions, participate in global value chains and improve their livelihood in a variety of ways. Their effectiveness is assessed in empirical impact studies. Yet, from a scientific perspective, an important contribution of empirical studies is the testing of theory. As theories are sometimes conflicting, the testing of theories is required in order to determine the validity of theoretical frameworks and to inform future research. For these effectiveness studies to be informative beyond an average treatment effect in a particular context, to be informative for research and policy making, they need to allow for testing of theories and the determination of conditions under which cooperatives are indeed successful in their aim to support smallholder farmers.

Objective/Research question: This study assesses to what extent effectiveness studies currently discuss and test theories, and how this kind of study can be enhanced to allow for the improvement of theoretical frameworks, and for broader conclusions on the conditions under which cooperatives are a useful tool to enable smallholder development in developing countries.

Theoretical framework: The study delivers an overview of theoretical approaches explaining the emergence and effectiveness of cooperatives. Theoretical perspectives include transaction cost theory, economies of scale, countervailing power, supply chain management, cooperative yard stick theory, collective action theory and ownership theory. These theories specify a range of, sometimes conflicting, factors and mechanisms through which cooperatives can be effective in supporting farmer income.

Methodology: A selection of effectiveness studies was reviewed for their use of the above mentioned theoretical frameworks. It was assessed whether the effectiveness studies, explicitly or implicitly, used the theories, operationalised them and/or drew conclusion about the applicability of the theory. Based on these findings, recommendations are made to improve research practice and reporting in effectiveness studies.

Key findings: In the considered studies we found theoretical considerations to be scarce. This is problematic for policy makers and development practitioners as cooperatives are not a homogenous group of organisations and because disregarding theoretical arguments can brush over cooperatives' characteristics and conditions that can co-determine the impact of cooperative membership. Further, as theories are sometimes in conflict, it is important for future research to empirically test their validity and the conditions under which they hold. For several of the reviewed empirical studies, this was not possible. To improve future studies on the effectiveness of cooperatives, a four step procedure is recommended: (1) assess local market conditions; (2) distinguish cooperatives by function; (3) report on functional and organisational characteristics of cooperatives; and (4) use theory as a base for empirical research in order to be able to draw conclusions on the validity of the theory.

Conclusions: This study argues that even in empirically-focussed studies, a theoretical foundation is needed in order to better understand the results of the impact assessment, particularly related to cooperatives' characteristics. Yet, this theoretical foundation is still broadly lacking in current research practice for effectiveness analysis. We recommend four steps to improve research and reporting. Further, we provide examples of studies in which some of these steps have already been taken to illustrate the feasibility of the four-step procedure.

Contribution to the academic debate: If followed, the prescribed steps will improve the usefulness and interpretation of studies on the effectiveness of cooperatives. Only if these steps are taken do effectiveness studies allow for a contextualisation of the impact found and for theory to be developed and improved. Not only is this necessary to further the research agenda, but also understanding exactly how and why certain cooperatives are successful is essential to support small farmers in the face of global market challenges.

The coexistence and congruent historic development of stock companies, mutual companies, and mutual-aid cooperatives on the Japanese insurance industry – An evaluation from the perspective of the managerial discretion and agency theory

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Keywords: managerial discretion hypothesis, mutual-aid cooperatives, mutual insurance, Japanese insurance market

Abstract:

Despite stock insurance companies and mutual insurance performing legal forms undoubtedly varying from each other in terms of ownership structure and operating characteristics, stock companies and mutual insurance operating legal forms developed congruently within the majority of insurance markets around the globe and today co-exist with each other. Being confronted with this phenomenon, potential reasons for stock companies' and mutual insurers' parallel historic emergence and present coexistence have been the subject of academic debates since several decades, leading to the development of various theoretical approaches and hypotheses trying to explain the observable situation. Doing so, respective theoretical approaches and hypotheses focus on trying to identify and explain strengths, weaknesses, advantages and disadvantages of the different existing organizational forms in comparison to each other. Investigating pertinent literature regarding the congruent emergence and coexistence of mutual insurers and stock insurance companies, it can be stated that the so-called "managerial discretion hypothesis" by Mayers and Smith (1981, 1982, 1986, 1988) has become one of the most dominant theoretical approaches that provides an explanation for the observable coexistence of mutual insurance operating legal forms and stock insurance companies. Being itself based upon insights of the agency theory approach by Jensen and Meckling (1976), the "managerial discretion hypothesis" focuses onto the relationship of insurance operating organizations' major stakeholders, consisting out of an organization's management, owners and policyholders. By doing so, the "managerial discretion hypothesis" tries to identify in what way the control over conflicts of varying interest existing between respective stakeholders does vary between various insurance operating organizational forms and how these differences influence their competitiveness and relative efficiency in comparison to each other.

Whereas the mutual insurance company represents the mutual insurance operating legal form most commonly existent under various national laws applied upon various national insurance markets, the Japanese insurance market is special with an additional legal form existing besides the mutual insurance company, whose representatives claim to operate insurance based upon the principles of mutuality. This second legal form is the mutual-aid operating cooperative. Able to be initiated under one of the four Japanese cooperative laws, the mutual-aid operating cooperative legal form is further dividable into four different subtypes. These four subtypes are the mutual-aid operating agricultural cooperative, the mutual-aid operating consumer cooperative, the mutual-aid operating fishery cooperative and the mutual-aid operating small and medium enterprise cooperative.

A major difference of mentioned above types of mutual insurance operating cooperative types and the Japanese mutual insurance company from a historic point of view is that former were not allowed to participate in the Japanese insurance market until the democratization of the Japanese post-war economy during the late 1940s and early 1950s, while the latter form of

organization was introduced to the Japanese insurance market during early years of existence of the nation's modern insurance industry. Nevertheless, despite the considerably late entrance of various types of cooperatives into the Japanese insurance market, various cooperative insurers were able to establish a successful long-lasting presence within the nation's insurance industry in the course of the second half of the 20th century and today control a combined market share of approximately 11% in the nation's life insurance industry and 25% in the nation's property and casualty insurance industry in terms of annually collected total premium.

Besides the emergence of mutual-aid operating cooperatives also representatives of the mutual insurance company form left a significant mark on Japan's insurance industry, representing the by far dominating legal form on the nation's life insurance market throughout the second half of the 20th century in terms of total number of existing companies as well as market share held. Only throughout the last two decades the occurrence of several life insurance companies' bankruptcies and the performance of several demutualizations triggered by the Japanese financial crisis in the early 1990s, led to the loss of the mutual company form's dominance in the life insurance market segment.

The purpose of this paper is to investigate, discuss and explain the congruent historic development and coexistence of the two above presented mutual insurance operating legal forms existing within the Japanese insurance industry from the point of view of agency theory and the thereon based upon "managerial discretion hypothesis". Doing so the implications of historic characteristics of mutual insurers and the legal framework they had to operate within are being discussed from the point of view of the above mentioned theoretic approach. As a first major point, it will be argued in the paper that due to severe governmental control and regulation executed upon the Japanese insurance industry during the majority of the second half of the 20th century, agency conflicts existent within and managerial discretion required from insurance operating forms of organization were reduced to a minimum, causing that comparative advantages and disadvantages of various insurance operating legal forms were significantly mitigated. Moreover, it will be argued that it was this situation which indirectly, but nevertheless positively, contributed to the emergence of mutual-aid operating types of cooperatives during their early years of operation. Furthermore, in the course of investigating the mitigating effects of regulation executed upon Japanese insurance operating legal forms during the second half of the 20th century, reasons for the dominance of mutual insurance companies in the Japanese life insurance segment shall be identified and discussed as well.

As a second major point, the paper investigates and tries to explain today's observable coexistence of mutual insurance operating organizations. Again, agency theory based theoretical approaches and hypotheses will be used in order to identify and discuss potential explanations for the lasting success of mutual insurance conducting organizations. Moreover, the impact of deregulation upon agency conflicts observable within and managerial discretion required from various insurance operating forms of organization will also be discussed. Last but not least, the paper's provided insights shall be summarized. Doing so, it will be discussed and evaluated how well applied theoretical approaches can sufficiently explain the coexistence of mutual insurance operating legal forms and stock insurance companies in the Japanese insurance industry.

Do bank ownership and governance structures matter for diversity in banking?

Application of a new diversity measure for The Netherlands

Hans Groeneveld¹

Abstract

A banking sector characterised by a mix of different organisational forms in terms of ownership and/or governance models is assumed to be more stable than that with monotonous organisational structures from a systemic macro perspective. It is argued that banks with different ownership structures and strategic orientations react differently to all kinds of idiosyncratic shocks and are not all affected in the same way by these shocks. Publications on the link between diversity on the one hand and types of banks on the other are scarce and encounter various methodological issues. It is difficult to determine the ownership structure of a bank precisely. Besides, the ownership nature may alter over time and identifying business models in banking is not a trivial task.

The contribution of our study to the existing literature is manifold. First, we address the methodological issues mentioned above by designing a tool to assess the diversity contribution of individual banks in national banking systems over time. Second, this framework is applied empirically to The Netherlands. More specifically, we develop a tool which measures to what extent a cooperative banking group contributes to diversity in Dutch banking for the years 1993-2016. By focusing on a single country with a very open economy, we do not have to correct for country specific factors in our analysis. All Dutch banks are faced with the same external environment (which is largely exogenous for an individual bank) and subject to the same tax, supervisory and regulatory regimes. Furthermore, the legal status of the cooperative banking group has not changed since its establishment in 1895. In this respect, it can be added that empirical studies featuring a cooperative bank are relatively scarce in the academic literature. Third, we propose two complementary measures of diversity derived from a conceptual model based on well-established theoretical notions. The first indicator is the sum of normalised differences between a wide range of comparable financial performance variables of the cooperative bank and the entire banking sector in The Netherlands. The second indicator is the sum of scores attached to absolute differences between the same variables. For the construction of our composite indicators, we use standard banking metrics and eliminate the unit of measurement of variables with different scales by applying a normalisation method. We have performed statistical tests to select meaningful and uncorrelated variables and to avoid that our composite measure is overly dominated by a particular dimension. The diversity measure only captures financial aspects and cannot be interpreted as a performance indicator.

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Our approach yields composite indicators that reveal possible dispersions in (inter)national strategies, lending, funding, pricing and capitalisation policies, risk appetite, and so on, between the cooperative bank and all other Dutch banks. Theoretically, the diversity indicator lies between zero and infinity. A score close to zero suggests that the selected performance variables of the cooperative banking group are virtually equal to those of the collective Dutch banking system or vice versa. This result would point to a very limited contribution to banking diversity at the systemic macro level. We subscribe to the consensus view of experts that movements in the value of composite indicators are much more important and informative. Changes in the indicator over time signal a strengthening or deterioration of systemic stability. Hence, the indicator could become an instrument in the toolkit of regulators and supervisors to monitor the evolution stability at the macro level.

Another novelty is that we allow for possible changes in the diversity contribution of the cooperative bank over time. The indicators are computed for each single year. The entire sample encompasses many major events and shocks. In recent years, the creation of the Banking Union in the Eurozone, higher capital and liquidity requirements for banks, the harmonisation of banking supervision, and measures to adapt business models of some – troubled – banks caught the eye. The latter policy actions show that banking regulators, supervisors and governments are able to shape the external environment for banks and could thus trigger a divergence or convergence in bank business models leaving a limited or substantial mark on the composite indicator. Hence, the evolution of the diversity contribution of an individual bank is particularly interesting and relevant.

Our preliminary results indicate that the contribution of the Dutch cooperative bank to diversity in Dutch banking has fluctuated since 1993. The largest contribution to diversity occurred in 2007-2009. Apart from this period, the characteristics of the cooperative bank resulted in significantly more pronounced divergent outcomes in the beginning of the sample period. Since 2010, the diversity contribution of the cooperative bank diminished and reached its lowest values in 2014-2015. This is potentially worrisome from a systemic perspective and may contain an important policy warning for regulators and supervisors. However, there was an uptick in the indicator in 2016. It is important to monitor whether this trend continues or not.

JEL Classification Numbers: G21, G28, G30

Keywords: bank ownership, cooperative banking, diversity, stability, banking regulation

Abstract

Crisis' consequences on cooperative banks: a comparative examination on Cyprus and Greek cooperative banks through capital base consequences and structure of asset exposures

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Key words: Cooperative banks, crisis, Cyprus, Greece, credit risk.

Context problem statement / knowledge gap

Financial crisis, transformed in some countries to economic and social one, created serious problems to the banking system. Capital basis and asset exposures, especially through the non performed loans, have been the most important. Capital inadequacy created the failure of banks that didn't succeed to accomplish the capital requirements set by Basel II obligations. This phenomenon has been global and created the bankrupt of several financial institutions all over the world. European Union countries suffered as well. In several countries the state had intervene in order to save financial institutions, in some case by creating an important public deficit and therefore public debt. The treatment of the banks was not the same because some received the capital aid from the state as opposed to others that could not receive it. The firsts are these considered as significant banks and the seconds considered as non significant banks for the economy. This phenomenon appeared in Greece as well in Cyprus but in a different way. In the Greek case the state had already an important public deficit and public debt contrary to the Cyprus case. In the Greek case the state the public debt has been related to the previous borrowing need in the case of Cyprus, the need of Cypriot banks partly created the problem of state's deficit and debt. Within this context cooperative banks had a particular role, in a global context but also in the particular one in these two countries. This comparative context between two particular cases has not been the object of studies. There is therefore an obvious gap on the literature.

Objectives or research questions

Banks have to respect the capital requirements as described through the Basel committee requirements. What happens when these requirements are not achieved? And in particular what happens in the case of cooperative banks that work under a specific status? Is there a possibility of public financial help? What happens if there is no public aid? The paper investigates these questions through capital basis requirements. Banks' policy and within them, cooperative banks' one, have been affected and had any change during the crisis period? These questions are examined through the exposures of Cyprus and Greek cooperative banks. Are there differences on their policy? Did they follow a more conservative policy as a necessity created by crisis? Did all banks have the same aptitude?

Theoretical framework.

The paper is based on the case studies on cooperative banks in Cyprus and Greece. These examination is based of the legislative framework created by the supervisions authorities and the reglementations created and applied. Basel Committee, at the Bank of International Settlements, developed the framework regarding the capital adequacy of banks. The ratio between the capital and weighted assets of a bank had to be 8%. A lower ratio would demand an increase in the capital of the bank. The European Union laid down additional rules regarding the market risk for the banks. The need for better knowledge of risks undertaken by banks reinforced the creation of a new regulatory

framework known as Basel II divided into 3 pillars; Pillar I defines the minimum regulatory capital requirement based on principles and rules that specify and measure credit, market and operational risk; Pillar II designs the process for estimating the total capital adequacy related to all risks the bank can take through the Internal Capital Adequacy Assessment Process (ICAAP); Pillar III determines the disclosure requirements that permit market participants to have a good knowledge of risks undertaken by banks and therefore the capital adequacy for banks, which depends on the weighted assets of the bank. The application of Basel II requirements is enforced in Cyprus and Greece due to the financial and economic crisis. In the very few theoretical we find Karafolas (2017) examining the Basel II consequences in the Greek commercial banks, on the other hand the legislation framework is quite important based on European Commission, European Central Bank (2017) and national central banks that described the regulation and the consequences.

Methodology.

The research undertaken is based on two parts: on a legislative basis show the consequences of the Basel II requirements on capital adequacy and, on a second part examine the reaction of banks during the crisis period through the weighted exposures they undertook. In the period of the crisis, did these policies change or not? We answered by examining the asset categories; asset categories determine the risk weighted exposures because some of them are considered high risk whereas others are considered zero risk. We estimated the average of exposures by the borrower categories of two Greek cooperative banks, Epirus Cooperative Bank and Evrou Cooperative Bank, for which data was available and the Cyprus Central Cooperative Bank. Data is provided in annual bank reports on capital adequacy and risk management regulatory disclosures according to Pillar III. The time period examined is from 2010 to 2016. This period is the crucial period of the Greek crisis after the memorandum of understanding that Greece signed with its lenders (Bank of Greece, 2014). For Cyprus more crucial period is this of 2012 to 2016 since on 2012 Cyprus asked the financial help from EE and the IMF; nevertheless Cyprus was the country most affected from the Greek crisis because of the involvement of Cyprus banks in the Greek market and Greek banks in the Cyprus financial market.

Key findings

Consequences were catalyzing for the banking cooperative systems of the two countries; in Greece, several cooperative banks were bankrupted; in the Cypriot case, cooperative banks were merged into a central cooperative bank. In Greece, the cooperative banks did not receive the state aid; in the Cyprus case the central co-operative bank received the state aid since it is considered as a significant bank for the national economy. Crisis' consequences were catalyzing on the structure of the asset exposures as well since cooperative banks had to change their credit policy because of the non performed loans and the new economic environment.

Conclusions, including contribution to the academic debate or to solving a practical problem

Financial crisis has drawn attention to the process for the risk management strategies of banks and the capital requirements according to Basel II. Cooperative banks are facing serious problems related to the economic crisis that have resulted in capital inadequacy. Capital adequacy has an immediate relation to the weighted asset, which includes the weighted exposures of the banks. The higher the risk the bank's exposures carry, the higher the weighted asset is and hence, the required capital. The examination of consolidated exposures through the example of two cooperative banks in Greece and the Cypriot Central Cooperative Bank during the crisis period showed that exposures of cooperative banks have a high weighted risk because they are oriented mainly to retail banking, business and mortgage loans, especially in the Greek case. Thus cooperative banks, more than other core banks, had to face problems resulting from non-performing loans of certain categories in which these banks specialize, such as loans to very small companies and professionals, which have the highest proportion of NPL. Consequences appeared on the exposures in default that grew up dramatically in the last years of the period under examination. Cooperative banks had to follow a more conservative policy that appears on the structure of the asset exposures with the growth of the part of banks' exposures to central government and central banks (with the lower risk weighted).

Topics

Innovations in internal governance
Resilience and sustainability of the cooperative model
Financial and sustainability performance

Title of paper

MANAGEMENT OF CORPORATE SOCIAL RESPONSIBILITY: A FRAMEWORK
PROPOSAL FOR FINANCIAL COOPERATIVES

Keywords

Sustainability. Sustainability performance. Corporate Social Responsibility. Credit union. Cooperative Sustainable financial institution. Saving and loans cooperatives. Values based banking. Sustainability performance. Sustainability performance

Context and problem statement

Although organizations have sustainability programs, difficulties are still faced when applying such concepts on their core business. Our urgent global necessity to address common sustainable development goals are a sign of this low performance on sustainable practices. Although cooperatives are by birth designed to make a positive impact, they also face this performance challenge. Little study and frameworks are found to sustain business and management decisions related to their corporate sustainability performance. Also, most used sustainability tools are designed for non-cooperatives organizations, not considering important cooperative aspects such as its principles, social and business models particularities.

Objective and/or research questions

The objective is to analyse the sustainability performance of the cooperatives of a cooperative credit system in Brazil through a framework that considers specific attributes of cooperatives.

Theoretical framework

To support this research, the history of cooperativism and credit cooperativism was analysed compared to main topics of corporate social responsibility. Also, literature review on sustainability in financial institutions and management tools on sustainability were used to develop the research.

Methodology

The exploratory level study adopted a qualitative and quantitative approach. To propose a framework for analysis of sustainability performance that considered specificities of cooperativism, a documentary analysis was made on the sustainability guidelines GRI, SASB, GIIRS and GABV. Then qualitative interviews were conducted with cooperative leaders. Finally, with the inputs of the different sources, the framework was proposed, validated and converted into an instrument applied through a survey to the 95 credit cooperatives of the System.

Key findings

The proposed framework considers beyond existing tool, aspects related to cooperativism: such as the sub-constructs: 'democratic management', 'local development', 'members training', and 'regional coordination/cooperation among cooperatives'. As a quantitative result, the finding was that the average performance of the 34 cooperatives was 2.64 and a median of 2.69, which shows that cooperatives have informal actions regarding sustainability and that is necessary to adopt indicators and formal management processes. Even classical cooperative constructs such as social aspects, there is no culture of measurement.

Conclusions

By default, there is a strong adherence of credit unions to the principles of sustainability as literature points out. But, in general, through the research it was found that the surveyed cooperatives are just a legal form of organization if their values are not practiced and managed as closely as financial results.

It is necessary a greater focus on the making an impact through the core business, such giving credit resources to stimulate activities that promote positive social and environmental impacts. In conclusion, the most recent processes related to sustainable development were the ones that presented the greatest opportunity for improvement such as: environmental and social risk and diversity on leadership.

Contribution to the academic debate / to solving a practical problem

The managerial implications point to the necessity of setting clear goals and a strategy to improve results related to sustainability, which includes defining indicators, and establishing processes to monitor and improve the cooperative organization. Other cooperatives can make use of the framework and cooperatives from other industries can inspire on the constructs. For the academy, more results on sustainability performance on cooperative are fundamental to improvement of the field.

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Paper or Poster - Paper

SURVIVAL AND FAILURE OF BRAZILIAN CREDIT UNIONS: AN ANALYSIS OF CORPORATE GOVERNANCE CHARACTERISTICS

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Keywords: credit unions; discontinuity; life cycle; corporate governance; markets.

Context and problem statement: In recent years, the number of Brazilian credit unions has decreasing continually. Only between 2008 and 2016, 510 credit unions left the Brazilian Financial System. Cooperative managers and regulators from Brazilian Central Bank (BCB) justify these numbers as result of a merger strategy. Apparently, the resultant credit unions in Brazil are becoming larger. Its intention is to increase the capability to generate economies of scale and resilience. There are some papers trying to explain why credit unions survives in Brazil, but they focus essentially on performance. However, the life cycle theory of cooperative organization highlights the importance of other characteristics, besides the own financial health. For instance, the allocation of ownership rights. Despite that, in fact, the literature review give us few knowledge about the last stage of cooperative life. Nevertheless, understand why a cooperative organization finishes its activity might generate helpful insights and improve our knowledge about those that are surviving.

Objective: In this study, we explore a group of Brazilian credit unions which the activity was discontinued. The majority of those cooperatives was acquired by other cooperative. Specifically, we aim to verify if there are corporate governance and economic characteristics that could help us to explain credit union discontinuity, in order to explore new related research problems.

Theoretical framework: Survival and failure can be defined in terms of ownership. When the ownership changes by dissolution or transference to other firm (e.g., acquisitions), a firm has been discontinued (Josephy, Harrison, Sirmon, & Carnes, 2017). In cooperatives, this change comes by members' choice (Cook, 1995). However, several potential explanations lead the credit union to the situation where members can opt for discontinuity. Prior works about failure in Brazilian credit unions focus only on financial health. Then, it is possible to relate it with corporate governance in co-ops. Studies such as Darrat, Gray, Park and Wu (2016) demonstrate the role of corporate governance characteristics as determinants of discontinuity of firms. Together with works such as Chaddad and Ilioupoulos (2013) and Costa, Chaddad and Azevedo (2013), we point to the governance model, the size and independence of the board, the existence of other committees, and the CEO duality as influences for the continuity of credit unions. In addition, Josephy, Harrison, Sirmon and Carnes (2017) suggest the role of markets and the stages of development over the possibility of discontinuance. So, it is necessary to consider economic characteristics on the analysis of discontinuance.

Methodology: This study used data from 1,050 Brazilian credit unions existing in 2016, classified in two groups by its registry on Brazilian Central Bank: continued or discontinued. We collected the data through a standard questionnaire applied on the credit unions' bylaws, available exclusively to this research by the Brazilian Central Bank. To investigate possible differences between the groups, we descript the corporate governance characteristics pointed as relevant for cooperatives and evidence differences between the continued and discontinued. We complement the analysis including other contexts to discontinuance such as location and age of the cooperatives. For gains of comparability, we also divide the credit unions on subgroups based on its type according to the Brazilian Central Bank classification, considering that each type of credit cooperative has its own characteristics such size and volume of operations.

Key findings: For the five corporate governance indexes we consider, we found the board independence as a relevant factor. The description points out that boards in discontinued cooperatives have less independence than in the continued. Although the other indexes show some differences between the groups (e.g., more frequency of other committees and less cases of CEO duality on the discontinued group), they did not stand out as occurred with the independence. Despite the governance issues, the economic effects seem to exert a greater influence on the discontinuance of credit unions. In fact, we find a large frequency of discontinued credit unions in their early years of existence when they still have small size. Together with the competition against banks and mature credit unions found in some regions, these cooperatives may did not survive.

Conclusions: Our preliminary results point out some differences among the groups. However, we still do not see a direct effect of corporate governance structures on the survival or failure of credit unions. In this work, economic factors such age and market competition seem to exercise important influence than corporate governance factors. However, some insights arise from this research when linking the results for corporate governance and economic factors. For instance, results suggest the existence of adequate corporate governance structures for each life stage of cooperative.

Contributions: The principal contribution of this study is to bring new elements for the research of failure on cooperatives. This is highlighted by the fact that no papers have so far sought to investigate the effects of governance characteristics on the discontinuity of cooperatives. We also launch new perspective on relationships between corporate governance structures and economic factors such as age and competition. Finally, this study helps in understanding what is important for the survival of these organizations.

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Cooperatives in a rapidly changing world: innovation in enterprise and community
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The entrepreneur-salaried employee-associate: an autonomous wage-earner or a dependent entrepreneur?

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Theme: Cooperatives and changing labour relations

Keywords: action-research – entrepreneurship – grey zone of employment - cooperative – worker cooperative – social relations - wage-labor nexus

The macro-economic context (services economy, outsourcing, subprimes crisis, financialization) transforms the forms in which labour is mobilized for production: in France the number of non-salaried jobs is on the increase in a context of high unemployment rate and precarious conditions for the numerous self-employed workers. Although permanent employment contracts remain predominant, hybrid forms of employment have increased in France, notably in the wake of the creation in 2009 of the status of micro-entrepreneur. In France, the Coopératives d'Activités et d'Emploi (or CAEs translated as Business and Employment Cooperatives) set up in the middle of the 1990s offer an alternative to individual entrepreneurship and to the increase of precarity for the benefit of workers who wish to or are obliged to create a business activity. Support functions are mutualized by means of a worker cooperative and participants can develop their projects with a view to achieving salaried status thanks to the turnover they generate. Finally, they can become associate members. The 2014 French law relating to the social economy recognizes the status of the entrepreneur-employee-associate in CAEs as an assimilated employee, thus combining previously existing types of entrepreneur and employee status which were legally and institutionally separate in the past. How to apprehend these social relations? Can we still speak of a wage-labor-nexus (Boyer, 2002)? The problem identified in this research is that of the status of entrepreneur-employee-associate, which resorts to paradoxical forms of work mobilization, in order to increase the degree of autonomy enjoyed by members and decrease the risks of an 'independent' activity. The CAE represent an alternative to individual entrepreneurship, this is why the object of this article is to determine to what degree the hybridization of different social relations improves the autonomy of self-employed workers and reduces the risks linked to autonomous activity. What are the limits of this hybrid social relationship?

"Blurring the boundaries", "hybrid models", "neo-salary status", etc., expressions describing these transformations, demonstrate the evolution of the theoretical framework used to analyze those situations (Hernandez and Marco, 2008; Beaucourt and Louart, 2012). At the micro-economic level, the social relations makes a useful contribution to the analysis of the relations of production and labor by taking these developments in account (Laurent and Mouriaux, 2008). Research on autonomous workers underlines the importance of the dimensions of autonomous production and the risks of business activity (Dupuy and Larré, 1999; Levratto and Serverin, 2012, 2015). In the case of worker cooperatives, the socio-political and economic duality of the cooperative project is apparent in its double identity, which is transformed into a holistic cooperative activity relationship (Vienney, 1982; Hiez, 2006). In cooperatives, economic activities are constrained by non-economic institutions, towards this aim of embeddedness (Polanyi, 1944 ; Granovetter, 1985). The CAE project rests on a critical attitude to the development of unstable forms of employment and employment policies promoting the creation of one-person businesses, to the detriment of the people concerned. That is why, they defend the status of salaried worker in order to ensure a higher degree of social protection for their self-employed workers members. The pluridisciplinarity of this research, which combines approaches based on economics (in particular the 'wage-labor-nexus' concept theorized by the Regulation School and its evolutions notably with Laurent et Mouriaux, 2008), sociological and law studies on entrepreneurship (Dupuy et Larré,

1999 ; Levratto et Serverin, 2012, Abdelnour et Lambert, 2015 ; Bureau et Corsani, 2015 ; Supiot, 2016) and thus spans the wide range of literature devoted to cooperatives, sheds new light on hybrid production relationships in a period of macro-economic crisis (Vienney, 1982 ; Hiez, 2006).

The author of these reflections describes this qualitative study as a piece of action research combined with a pragmatic approach using abductive reasoning (Desroche, 1990; Dubois and Gadde, 2002; Dewey, 2013; Ballon and Bodet, 2017). The study was carried out in three French CAEs (Coopaname, Oxalis and Artenréel) and is based on participant observations and forty interviews. This study, which combines an action-research stance with a pluridisciplinary approach offers new perspectives for understanding the mutations that modes of production and labor mobilization are going through. The institutionalist perspective adopted here makes a contribution towards the establishment of a framework for analyzing the social relations of production and work in the CAEs, whilst taking into account the specifically holistic character of the cooperative relationship.

The qualitative action research investigation into three CAEs reveals a built-in framework of social and labor relations in a cooperative of self-employed workers. The results show that three types of relations are embedded in the labor relations of cooperative activity: the entrepreneurial relations, the employment relations and the associate member relations. This holistic configuration is aimed at achieving autonomy in the organization of labor and the reduction of risks linked to an entrepreneurial activity. But the complexity of the embedded relations, the persistence of asymmetry and the contrast between the rules of cooperatives and companies limit the ambition of CAEs. This paper contributes to the contemporary reflections of transformation of work and employment in sociology, economics or management in western countries, in particular European countries.

Networks as key to mutuals' success: How social embeddedness influences members' trust and commitment

Abstract for the *ICA2018 Research Conference* (July 4-6, Wageningen)

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Keywords: mutuals, cooperation, commitment, trust, cohesion

Despite common notions that mutual insurance associations (mutuals) are a phenomenon of the past or restricted to rural populations in the Global South, mutuals are reviving in many western countries as well; particularly among the self-employed, migrants, or people working in the informal sector—subpopulations that are often poorly insured (or not at all). Organized on an informal, voluntary basis, these mutuals generally cannot rely on binding legal agreements to enforce members' participation. Instead, their functioning largely depends on principles of reciprocity, solidarity, and trust. A classic cooperation problem thus lies at the heart of mutuals, with members facing uncertainty regarding, for instance, the genuine character of insurance claims or members' willingness to pay the costs for the endowments of others. In addition, members do not know whether they will ever need an endowment from the fund or how many others (simultaneously) do.

Past experiences serve to prove that this multi-layered uncertainty could easily break down the cooperative effort, particularly at instances where insurance is most needed. Therefore, creating an environment that triggers and sustains motivation for voluntary cooperation is of utmost importance. Without denying the importance of formal institutional arrangements in governing cooperative behavior, we argue that social embeddedness within these institutions is crucial for fostering cooperative motivation and enabling members to coordinate on cooperative behavior. After all, compared to institutional arrangements the social context is more prone to change and feeds back to individual behavior faster and more directly. Moreover, many

institutional arrangements actually target the social context in which cooperation takes place (e.g., to create opportunities for monitoring or for establishing norms of reciprocity and solidarity).

With this in mind, we consider both group-level (cohesion) and member-level (strong and weak ties to other members) indicators of social embeddedness and hypothesize on their roles both in early and later stages of cooperation. We approach the cooperative effort as resembling a public good type of social dilemma, for which, in repeated settings, we highlight two core equilibria: participation in (1) or withdrawal from (2) the mutual. Collective participation forms a payoff dominant equilibrium in iterated settings, as individual outcomes are maximized under cheap insurance via shared costs. However, withdrawal (which implies reliance on own savings or taking out a more expensive private insurance) could be classified as forming a risk dominant equilibrium.

We argue that in repeated settings, social embeddedness—through communication, the development of shared norms, and repeated transactions with the same, fixed group of people— aids coordination on a cooperative equilibrium in two ways: By providing each member with an incentive to build a cooperative reputation (which we label as signaling commitment) and by increasing insight into the commitment of others (labelled as trust). We assume commitment and trust to be interlinked in a constant reinforcing feedback loop. They can strengthen each other (and thereby the mutual's success), but if one drops the other likely follows. That is, when members start calling other members' willingness to participate into question or even suspect some of them to commit fraud and misuse the insurance, this might set in motion a shift to withdrawal strategies, potentially even leading to the mutual's demise.

We differentiate between various mechanisms via which the three micro and macro level indicators of social embeddedness affect commitment and trust. Subsequently, we test the dynamic, integrative theoretical framework that results from this endeavor using a unique, large-scale multilevel dataset. This dataset contains information on the motivation and embeddedness of 4996 members (50%) and 196 chairpersons (85%) of 230 Dutch mutuals called *Broodfondsen* (literally translated to "Bread funds"). *Broodfondsen* are small-scale mutuals in which 20-50 self-employed people jointly arrange for a sickness and disability coverage. The 230 mutuals are largely founded on the same institutional framework. Therefore, they form a type of natural laboratory in which we can study local variations in social embeddedness and their effects on differences in commitment and trust.

In a series of Structural Equation Models, we show that both group-level and member-level indicators of social embeddedness play a vital role. More specifically, we find that the more cohesive the mutual, the higher the trust and commitment levels of its members. The number of strong and weak ties to other members also exerts a positive influence, albeit, as expected, following a marginally decreasing utility function. Finally, we find that while strong ties especially increase trust in the commitment of others in the start-up phase, over time their importance gradually decreases relative to that of weak ties to other group members.

These findings have important implications for the organization of cooperation in mutuals and other (small-scale) institutions for collective action. In line with previous research, they suggest that it might pay off to build such institutions based on groups of members of which at least clusters of people already know each other. Moreover, it highlights the importance of providing opportunities to form new (weak) ties to other group members over time, for instance by restricting membership to those living in the same area or by organizing regular meetings with all members.

Transaction cost based dynamic model of different types/ levels of trust and some practical considerations for trust development in agriculture

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Keywords:

Trust, transactions cost, New Institutional Economics, management, cooperation, co-operative, agriculture, Hungary

Context, motivation and problem statement

Trust as a subject of study in (agricultural) economics is a relatively new phenomenon in spite of the fact that it has been used widely in sociology, anthropology and other “soft” disciplines. However, in the last few decades the number of publications on trust in the economics literature has grown vastly (e.g. McAllister 1995, Wilson 2000; Borgen 2001; Hansen et al. 2002; Sholtes 1998 etc.). The role of trust in cooperatives (e.g. among co-operative members and also between the co-op management and its members) has also been examined by several research projects and it has been proved that the high level of trust among partners is inevitable for the efficient and well-functioning cooperation (see for an overview regarding agricultural co-ops Szabó, 2010). *Cooperation between farmers can especially be important in the agriculture of countries which can be characterized with massive structural and efficiency issues.* Hungary – among others – also belongs to this group. It is a regrettable statement, however, that despite many economic and non-economic advantages, the cooperation activity of Hungarian farmers is far behind that of the farmers in the developed Western-European countries (Bijman et al., 2012). *Low level of trust and social capital can be identified as one of the most important reasons behind the low cooperation willingness.*

Aims and research questions

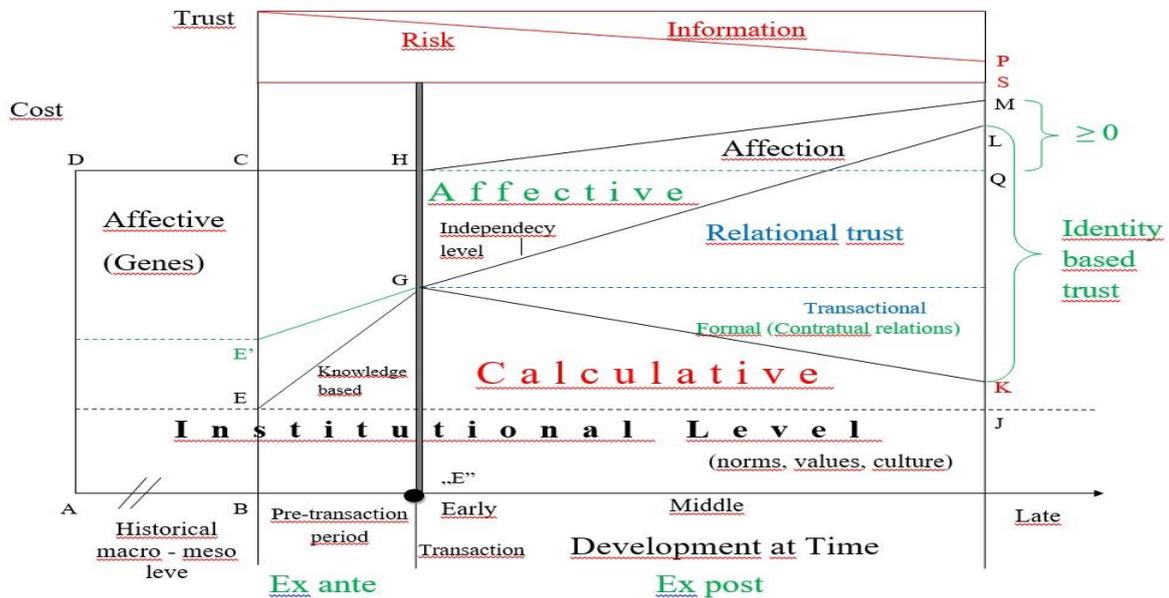
One of the theoretical aims of the study is to *explore and identify the factors which have key roles in the development of trust.* Distinguishing different types and different levels of trust (see Figure 1) is especially useful from the point of view of management and organizational development. It is also important to examine the question whether is possible and how to arise the level of the different particular types of trust because it would be essential for the management. This model could also help local and administrative authorities in developing trust in teams, communities and organizations like co-ops. The second aim of our paper is to *summarise some of our recent empirical findings regarding co-operation and trust in Hungarian agriculture.*

Theoretical framework and Methodology

New Institutional Economics (NIE) and especially Transaction Cost Theory (TCE), as well as management literature on trust issues served as a theoretical background. According to the literature we identified different levels and types of trust as well as costs associated with them

during the development of time. We applied a *dynamic system approach* as can be seen on Figure 1. Regarding empirical issues in Hungarian agriculture we used *question survey* (N=6573) and also *deep (expert) interviews* (55) with co-operative managers and farmers in 2015.

Figure 1: **Transaction cost based dynamic and complex model of different types/ levels of trust**



Key findings

Producer owned organisations like POs and cooperatives can be formed more easily if the level of social capital and especially trust is higher in a community or country. In countries like Netherlands and Denmark where the Institutional (General) Level of Trust is higher because of norms and values shared by potential co-operators it seems to be easier to start to co-operate. Education is also an important issue as can be detected in the above mentioned countries. One needs to take into consideration the level of the affective (more emotional) or calculative (more knowledge based) types of trust (McAllister, 1995; Hansen et al., 2002) as well. However, as time develops it is possible to raise the level of each or some types of trust (see Figure 1) thus enable potential members to establish co-operative or other producer organisations in other countries and societies where the level of trust and social capital in general is lower like in Hungary. Naturally speaking there is a cost (apart from the need of thinking in long-term) which has to be paid to be able develop trust. However, according to the general view, if the level of trust does increase then the level or transaction cost(s) per transaction or per co-operative member is decreasing. In a long term identity based trust is higher and relational contracts are implemented since there is no need to control everything in very detailed contracts.

Farmers' Networks: Active involvement in the governance of agricultural cooperatives

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Keywords:

Networks, Social capital, Agricultural Cooperatives, Survey study, Repeated cross-sectional.

Context and problem statement:

A major challenge for agricultural cooperatives is the need to be competitive and comply with the quality requirements that are posed by consumers. This, combined with the effects of globalization, results in an increased level of complexity of their operations. In order to tackle down both the everyday operations and the strategic decision making, it is not unusual for cooperatives to employ managers –non-members. These managers are indulged in decision-making processes on behalf of the owners with the aim to advance the operations of cooperative. Complex contracts are used to safeguard the owners from the possibility of agents taking decisions beneficial to themselves. The distance between ownership and leadership increases transaction and agency costs; a situation which only aggravates by the declining interest of farmers to be actively involved in the management of the cooperative.

What exactly does it mean for a farmer to be `actively` involved in the operations of his cooperative? According Hakelius (1996), every farmer encounters three dilemmas; First, the decision to join a cooperative, second, whether to trade exclusively with the organization and third if he should be personally involved with the democratic process of the cooperative. A farmer that chooses to deal exclusively with the organization and participate in the democratic processes is assumed to have the highest level of member involvement. Cechin et al. (2013b) include a fourth decision; the decision to occupy a position in the management of the cooperative such as the board of directors, board of supervisors or specialized committees. As active involvement is a crucial factor for the efficient operation and viability of the organization (Fulton, 1999) the question of why members choose to be inactive-or not involved- has immense significance.

Objective and/or research questions:

This project aims to investigate the differences between members of agricultural cooperatives which occupy managerial positions and members who don't with respect to specific network characteristics. Specifically, we attempt to identify the mechanism which links social networks and active involvement in the governance of the cooperatives. Could member's social ties and social engagement construct a gauge of potential managerial participation? Are directors affected by other farmers' opinions? Do farmers exhibit a consistent behaviour over time? These questions comprise the core of the project and to our knowledge have never been adequately investigated before.

Theoretical framework

The problem of participation in the governance of agricultural cooperatives has a dualistic nature. Cooperatives are business entities and as such any activity related to the management and control of the organization is driven by economic incentives. Yet, in contrast to Investor Owned Firms, the cooperative scheme has adopted a value system infused with ideas and morals associated with democracy and the concept of democratic control. Therefore we argue that the desire to participate in the governance, the electoral incentives, is composed by a combination of economic and civic-engagement driven factors. Our theoretical framework is built upon the concept of social embeddedness as formulated by Granovetter and the literature in the area of political science which focuses on social networks as a factor that raises civic participation. Specifically our primary assumption is that social networks affect the willingness to participate in the cooperative governance both through social embeddedness, a mechanism which links "rational" economic decisions with pre-existing social ties, and through the direct effect of networks on the civic engagement

Methodology

The empirical data were collected in three surveys conducted in 1993, 2003 and 2013 respectively. The 2003 and 2013

questionnaires, was formulated based on 1993 questionnaire and sent to new samples of respondents. This repeated cross sectional design enables us to identify the progressive change of networks' significance in the farmers' decision making process. Each sample collected information from approximately 1000 farmers.

We distinguish between *potential involvement* by which we measure farmers' willingness to become directors, and *actual involvement* (having been a director). We use three measurements of network characteristics; the attitude of farmer's *professional circle*, the level of farmer's engagement with *social circle*, and the *level of influence* of the network on farmer's behavior. We employ logistic regressions and order logistic regressions to capture the impact of network characteristics on actual involvement and potential involvement respectively. We compare pooled and unpooled models –with and without time related interaction terms- to test consistence of the results over time. Finally we construct an index using factors analysis and conduct ANOVA, for a simpler visual presentation of the results.

Key findings

The most notable finding of our analysis is the consistent and relatively stable impact of network characteristics on farmers willingness to become directors and farmers actual likelihood of being directors. Social capital –in terms of perceived support from ones' network – has a positive significant effect in farmers' engagement in the governance of their agricultural cooperative, the last 20 years.

We also observe differences between factors affecting actual involvement and potential involvement. With respect to actual involvement only *social circle* was found to have a significant effect while all network variables have a significant effect on potential involvement

Structural testing on actual involvement models suggests an identical effect of network characteristics in all time periods on the probability of a farmer to be elected as director. However structural testing on the potential involvement models, suggests that *professional circle* has a decreasing effect over time while *social circle* has an increasing effect. The factor analysis verify the results of regression analysis.

Conclusions

Our research verifies the view that networks are important and play a key role in farmers engagement with the management of the cooperative. We also find that there are differences regarding the significance of professional and social circles

The frequency of discussion with farmers' social circle has been more important than the evaluation of other farmers' opinions which indicates that the personal level of interest and engagement is more important than how farmers evaluate other farmers' opinion. The fact that the impact of friends and family is more significant could hint lack of trust among farmers. The data doesn't allow to further investigate this issue. A network study could provide some insights on the topic.

Contribution to the academic debate / to solving a practical problem:

The paper contributes to the strand of literature in cooperative studies that focuses on social capital and its impact on the governance of agricultural cooperatives. We show that participating as a director is not strictly depending upon economic criteria, but it's a decision rather influenced by farmers professional and social networks. Our analysis indicates that this is a repeating consistent pattern for farmers during 90s, 00s and 10s.

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Identifying the impact of crisis on cooperative capital constraint. The case of French craftsmen cooperatives

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Keywords: Capital constraint, craftsmen cooperatives, credit rationing, crisis, error correction model

Our paper addresses for the first time the issue of capital constraint and credit rationing for craftsmen cooperatives, which are understudied in the literature. According to [1], investment constraints arise in agricultural cooperatives as a result of free rider, horizon, and portfolio problems. At the exception of [2] who found long-run financial constraints but not in the short-run, the results of these various studies substantially confirm the capital-constraint hypothesis. The existence of capital constraints may therefore force cooperatives to merge [3] or increase their productivity [4].

We use an exhaustive data for the French craftsmen supply cooperatives, based on a matching of the directory of craftsmen cooperatives provided by the French Federation and Amadeus/Orbis. The data was also checked for reliability and consistency using qualitative data coming from interviews with directors of cooperatives (10). The population of interest is the 49 craftsmen supply cooperatives. In order to study a homogeneous population, we do not take into account the bargaining and marketing cooperatives that exist also in this industry. The cooperatives were created between 1968 and 2002. The average size of the cooperatives is between 8 to 10 millions euros of turnover, with an average number of 100 members. These cooperatives are under the umbrella of ORCAB, which is a French Union of Craftsmen Cooperatives created as an association in the 1990.

Due to the nature of our database, we are unable to calculate Tobin's q as in [1]. We estimate the alternative specification, ECM (Error correction model), proposed by [5, 6] for which credit constraint will be assessed if there is a significant relation between CF (Cash Flow) and Investment. In order to address potential unobserved heterogeneity and endogeneity, we use different estimators (Generalized Method of Moments, Correlated random effects, Quasi-Maximum Likelihood Fixed Effects for short panel).

The parameter cash flow/capital is positive and significant after the crisis in all our specifications. Results suggest therefore the absence of credit rationing before the crisis (as the main effect is not significantly different from zero) and the presence after the crisis. More specifically we find also some evidence of a U-shaped impact of CF on investment after the crisis: the constraint does not hold for cooperative with negative CF, appear for cooperative with medium volume of CF and decrease for cooperative with high volume of CF. Other interesting empirical findings are the lack of strong evidence of the impact of crisis on other components of the investment behavior equation. We can underline also intuitive impacts of turnover on investment (positive) and debts (negative) on investment.

The presence of capital constraint for cooperatives leads to the question of financing during

the period of economic downturn even if they had been shown to be more resilient [7]. [1] suggest that relaxing restrictions on residual claims – such as in the corporate ownership structure – might be a necessary condition for the attenuation of cooperative capital constraints. But one should note that increasing heterogeneity in cooperative may have negative impact of the social capital and raise internal costs on the investment decision [8, 9]. Apart from the help of cooperative union, social finance institutions dedicated to Cooperative and social economy enterprises are a way to relax this constraint, as they function as a lever to access other investment fundings [10].

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Social responsibility in the food supply chain: do cooperatives do better?

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Keywords: Corporate Social Responsibility, agricultural cooperative, sustainable food chains

Context and problem statement: In September 2015, the United Nations adopted the 2030 Agenda for Sustainable Development and established 17 Sustainable Development Goals (SDGs): a roadmap for transformation to end poverty, protect the planet and ensure prosperity for all (OECD, 2017). Over the coming 35 years, agriculture will face an unprecedented confluence of pressures, including a 30 percent increase in the global population, intensifying competition for increasingly scarce land, water and energy resources, and the existential threat of climate change (ILO, 2018), *as well as biodiversity, migration and raw material prices*. FAO underlined the powerful role played by agricultural cooperatives, giving members access to market, health services and education (FAO *et al.*, 2017). If we consider the idea that Agricultural and Agrofood sectors are the main *engine* of this ecological transition, then why or how should cooperatives do better?

Research Question: The aim of this oral proposal and a forthcoming paper is to analyze how cooperatives enhance the economic, environmental and social sustainability of food and agriculture. According to ISO 26000, Corporate Social Responsibility (CSR) could not only help solve market failures but also allow enterprises to balance *economic and social goals*. Even if « Companies that are more sustainable are more competitive » (OECD, 2018), companies still lag behind in changing their practices into good ones.

Theoretical framework: Our background mobilizes stakeholder literature (Porter and Kramer, 2006; Freeman, 2010). We need to take into account a multi-dimensional approach (SDG Compass, 2017; ISO TC 34, 2016). This requires us to (1) enhance our understanding of the processes used in competing; (2) identify the indicators needed to develop specific measures, propose new tools, measure commitments, solidarity, and performance. CSR is Soft Law, *i.e.* “Doing well by doing good”. In the absence of legal constraints, different referentials exist in order to guide efforts to fulfill responsible processes (for example, B Corp, GRI). ISO 2600, and its application to food chain ISO 26030, is the only international norm. In the absence of compulsory requirements, our hypothesis is that to become an engine of enterprise strategy, CSR needs to be a part of intangible cooperative capital, but how could this be done? In order to boost comparative advantages with efficiency gains, CSR could effectively increase the creation of food chain added-value. The interest of CSR is to concretely bring together internal (owners, employees) and external stakeholders (e.g. supplier– customer relationships) focused on a common project.

Methodology: The data analyzed were collected using an original database of good practices by all 186 agricultural and food cooperatives engaged (Coop de France, 2018). Of those cooperatives, which embrace various certifications, 16 are recognized in ISO 26000. That represents the exhaustivity of this population. Various interviews of the 16 ISO 26000 cooperatives are currently being undertaken in order to investigate their main motivations and

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practices. Why and how did they engage their CSR approach, when its economic impacts are not easy to demonstrate (Porter and Kramer, 2006)?

Key findings: Our results were analyzed in order to focus on the conditions of cooperative responsibility. It is difficult to establish a sharply delimited profile of ISO 26000 cooperatives, but we can observe certain patterns. The Wine, Fruit & Vegetables and Cereal sectors are dominant in the population. Although the cooperatives are mostly small and medium size, being small is not always a brake. ISO labelization is the result of a long standardization process, arising from other environmental commitments and customer specifications. Governance is a key point behind ISO 26000 engagement. We found a difference between pioneers, more motivated by ethical values than the new ones, more motivated by business perspectives (reputation effect, investment conditions, financial policy supports). We also studied the conditions for collective action in the food supply chain to determine whether cooperatives do better in enhancing Corporate Social Responsibility. Although CSR is not a part of cooperatives' DNA, it is congruent with cooperative values and constitutes, consequently, a part of their intangible capital. Our results, which underline the role played by CSR as a territorial-level tool for global problems, are useful to enterprises, policy makers and scholars interested in implementing the CSR approach. They focus on the conditions of how coops combine competitiveness and member needs, while respecting coop principles in the food chain and achieving the transition to sustainable agricultural development. This communication and a forthcoming paper present an original agricultural cooperative study in order to discuss the measures and incitation needed to enhance CRS.

Discussion-Conclusion: Cooperatives are not “by essence” responsible, but their values are similar to those of CSR. If CSR contributes to reactivating cooperative DNA, it is because this is congruent with ethical and coop values: *CSR paves the way*. However, CSR needs to be supported by a true commitment of both members and employees in order to satisfy enlarged community needs. It is not enough to be a cooperative: it is essential to engage in CSR strategy. *CSR means involving all stakeholders*. Accordingly, we suggest two ways for innovating and empowering the value chain. If CSR corresponds to cooperative principles, this must be made known throughout the community, since its commitments need a real implication of managers and members. For cooperatives, commitment to CSR constitutes an internal tool making sense of cooperatives' external commitments. It also represents an external tool, putting cooperative ethics at the disposition of customers, consumers and the community. *CSR contributes to a smart genius business model*. Cooperatives are constantly seeking meaning to associate and recreate their social link with consumers. This is part of the evolution of the business model, contributing to the implementation of an increasingly responsible approach.

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Research area: Financial and sustainability performance

Title: Short-term financial sustainability of agricultural cooperatives

Authors: Nilton Bianchini*, Jeferson Coser*, Pedro Piccoli^{1**}, Vilmar R. Moreira**

Keywords: Financial sustainability; Working Capital Management; Net Liquid Balance; Agricultural Cooperatives

Objectives or research questions: This paper investigates the short-term financial sustainability of Brazilian agricultural cooperatives from 2006 to 2016.

Methods, context and problem statement: Based on annual financial statements of 65 Brazilian agricultural cooperatives from 2006 to 2016, we reclassify the current accounts of the balance sheets in order to evaluate the financial sustainability of the firms in the period by analyzing the net working capital needs of the firms and how these needs are funded (Shulman and Cox, 1985). Since Brazilian agricultural coops have experienced a sharp growth in revenues in the period (15% on annualized compounded terms), it would be interesting to examine whether this performance reflected an improvement in the financial sustainability of the organizations, since the financial benefits emerging from such a rise in sales could be distributed by its members through prices instead of strengthening the financial health of the cooperatives.

Key Findings/conclusions: Our results show that cooperatives increased their net working capital needs by 17% in the period in annualized terms, and that such needs are mostly funded by short-term debt, which rose 31% per year in the period in question, representing a 10-fold rise in total. When adjusted for sales, both net working capital needs and treasury balance accounts stay almost flat for the years in question. The results indicate that the robust growth in sales did not reflect an improvement of the financial sustainability of the sampled cooperatives. Actually, in 2016, 57% of the organizations showed a short-term capital structure considered inappropriate (high risk) in the Corporate Finance literature, while only 34% had a solid current accounts structure.

These results are even more remarkable when compared with the performance of Brazilian public traded companies in the agricultural sector. These firms presented an annualized increase in sales of 24%, with a rise in net working capital needs of only 8%, which is mostly funded by cash. In fact, only 1/3 of the sampled public companies exhibited an inappropriate short-term capital structure.

A possible explanation for this difference in financial performance could be attributed to the dual characteristic of the cooperative members (Valentinov and Iliopoulos, 2013). Since, besides being owners, they are also clients and providers, the results due to the growth in sales could be distributed to the members through prices, resulting in the stagnation (or even in the deterioration) of the cooperatives' financial sustainability. In the case of the public traded companies, since there is no duality in the role of their shareholders, the increase in sales results in an improvement in the firms' short-term financial performance.

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Contribution to the scientific discourse:

The paper is of interest to the cooperative management literature, since it provides a singular analysis of the financial sustainability of a group of cooperatives that, for structural reasons, exhibited a peculiar growth in revenues in the last 15 years. In this sense, our results could provide insight for researchers analyzing the dual nature of cooperatives and the corresponding conflict between firm profitability and member benefits (Soboh et al, 2009; Costa etl al, 2013). Our research is also important for policy makers, since, in the particular case of Brazilian agricultural cooperatives, the loans obtained for their productions are subsidized by the government. As our findings demonstrate that the majority of the cooperatives (61.5%) fund their operation by debt, the continuous supply of this resource is fundamental for the survival of these organizations. This observation is particularly important at present because, due to the fiscal constraints that the Brazilian economy is facing, the local Central Bank is adopting a fiscal adjustment policy that might affect subsidized credit for the agriculture sector.

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The synergy between employment policies and cooperatives with regard to new forms of work. An overview based on Spanish Constitutional law

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-Abstract: This text explains how active employment policies and cooperatives are perfectly suited to fulfil the mandates outlined in the 1978 Spanish Constitution in relation to the promotion of cooperatives (Article 129.2), and to policies oriented towards full employment (Article 40.1), which fall under the overall protection of social rights. After analysing the provisions contained in these two articles, details are provided as to how the economic crisis and the strict balanced budget policies that ensued have also weakened the constitutional protection of social rights, with the adoption of regressive measures whose compatibility with the Constitution has been accepted by the Spanish Constitutional Court (despite divided opinions among the Court's members). Finally, an analysis is conducted of the options available within the Spanish legal system to protect and encourage cooperative societies. It is then argued that cooperatives can be a very useful instrument to create employment, even within the most innovative and dynamic sectors of the economy. These sectors include, for example, the collaborative economy (which includes the digital economy), the 'white economy', the 'green economy' and the 'circular economy'.

Digital cooperatives as channels for digital work in the context of the collaborative economy

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-Abstract: At present different bodies, associations, platforms etc. vary greatly in their definitions of the collaborative economy. This is because there are many differences between models and platforms within the term 'collaborative economy'. Taking this diversity into account, this study will focus on the platforms dedicated to the provision of services. The first major issue will be the need to delimit and establish links between a multitude of concepts that emerge within the so-called collaborative economy, such as the *Gig economy* and the *On-demand economy*. The ultimate purpose is to limit the concept of collaborative economy for the purposes of the research carried out here. It was not for nothing that the European Commission recommended that legislators and courts should review professional regimes in the context of the new economy, while expressing its clear support for collaborative economy platforms in its report 'A European agenda for the collaborative economy' (2016). There is therefore a need to address the modality of platform-based work (also called digital work), with the aim of ensuring that standards are upheld regarding the working conditions and social protection of people who provide their services under this modality. This study, then, analyses the challenges, and positive and negative aspects of this new situation. The main conclusion is that cooperatives are the best means to channel the collaborative economy, under the modalities of platform-based or digital work. This will require studying and analysing the new models of cooperatives, and advocating digital cooperatives, outside the so-called cooperatives of self-employed workers, the true cooperative character of which is often doubtful. The conceptual delimitation of digital cooperatives and their differentiation from 'classic' cooperatives will also be discussed, which will involve providing some insights into the characteristic features of digital cooperatives.

This research uses the descriptive, comparative and propositional legal methods. The descriptive method is used to define the concept of collaborative economy and the sub-concepts that it includes in terms of the provision of services; and to identify new forms of platform-based or digital work, and delimit the field of action of digital cooperatives, as the most appropriate means to channel these new forms of work. The comparative method will be useful to analyse the various existing professional regimes that can accommodate the new forms of work available within the collaborative economy. Finally, the propositional method will argue that digital cooperatives are the best solution to shape work within the collaborative economy.

ABSTRACT

Title of the paper:

The promotion of green and decent jobs through cooperatives.

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Keywords:

Sustainable development; green jobs; decent work; cooperatives.

Context and problem statement:

According to the International Labour Organisation, the global society is currently facing two crucial challenges, namely: preserving the environment and turning decent work into a reality. In order to meet these challenges, effective policies need to be adopted that are aimed at achieving an environmental development that is socially and economically sustainable. In this regard, International and European organisations have highlighted the need to promote a transition towards fair and green economies. In this transition, the creation of green and decent jobs is particularly important as a basis for promoting sustainable development.

Objectives:

This study's main purpose is to verify whether cooperatives, as part of the Social Economy, are suitable and useful organisations for the promotion of green and decent jobs.

Methodology:

With regard to the methodology, we will employ two main legal methods. On the one hand, we will follow a descriptive legal method to analyse the concept and the legal framework of both green and decent jobs and cooperatives. And, on the other hand, we will employ an exploratory legal method to value the strengths and weaknesses of cooperatives on this matter.

Key findings:

Based on the aforementioned premises, this paper argues that cooperatives, as part of the Social Economy, are suitable organisations to create green and decent jobs and, ultimately, to achieve sustainable development.

Conclusions:

Within the Social Economy model, cooperative values and principles reveal the commitment of cooperatives to the community, to workers and to the environment, which makes them ideal undertakings for the creation of green and decent jobs and the promotion of sustainable development. Nevertheless, the extent to which cooperatives manage to achieve these objectives will depend on the involvement of their members. Therefore, their active participation in the policy design and decision-making on the matter is essential. In addition, the daily problems faced by cooperatives may hinder their contribution to sustainable development, which may ultimately lead to questioning their work as agents of change.

TRAINING OF COOPERATIVE VALUES AS A DECISIVE ELEMENT IN NEW JOBS TO BE CREATED BY 21st CENTURY COOPERATIVES

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Key words: Cooperative / DNA / Principles and values / Education / Employment / Essence of internalisation

Cooperatives without doubt constitute a unique, specific business model. As companies that compete on the same market, they maintain similar behaviour to other companies that coexist alongside them, although their activities are always characterised by the aim of serving their members, by their democratic and self-managed processes, and by the priority given to individuals and work with regard to production resources. In this respect, they provide a participative, caring business culture that today constitutes a clear reference point for the production system as a whole that seeks new, more effective organisational and management models.

Furthermore, there is no doubt that one of the major contributions made by cooperatives throughout the world is precisely that of job creation under resilient conditions in terms of crisis contexts, with the main challenge currently faced being that of competing on an increasingly demanding globalised market in areas such as quality of service, product cost and service provided, etc. The way in which they compete on this globalised market is, in effect, unique and this is backed up by many years' experience. This has enabled them to take a different stance while the demands of new times nonetheless compel cooperatives to incorporate and create new ways of doing things and new areas of business – at times with the risk of losing their distinguishing features.

To avoid this, we consider it essential to once again recall the essence, the cooperative DNA, its principles and values, thus ensuring that new professionals who enter the cooperative world may be aware and have a command of this idiosyncrasy – the basis of differentiation and source of competitive advantage and the key to any greater or lesser success that a cooperative-type organisation may achieve.

From that perspective, this article has been structured into two main sections: firstly, that specific cooperative nature, the origins and current state of affairs of cooperative values and principles are analysed; the second part then goes on to provide an in-depth study of the fifth principle – *Education* – and more, specifically, “education in values”, this being understood as referring to the principle that will act as a *core element* of job placement in cooperatives.

In this respect, we have attempted to provide evidence of the fact that we are dealing with a type of enterprise with certain principles that can be considered today more necessary and valid than ever, among which attention should be drawn to the principle of education as defined on more than one occasion by regarding education as the “golden rule of the cooperative movement”. This is a rule for which the aim is for both individuals attached to the cooperative and society itself to be in a position to understand what the basic principles and meaning of the cooperative movement are. Thus, an understanding of the complexity and wealth of cooperative thought and actions might be gained in order to achieve a dual

objective: firstly, for whoever is involved in the cooperative to develop the skills required to effectively carry out their work; secondly, for society as a whole and young people in particular as future agents to be made aware of the kindness inherent in the cooperative system and its potentiality in transforming the milieu in which they are to be found – especially within a context of economic and financial crisis such as the one we are currently experiencing. As we have maintained since the start of this research work, the crisis – following some years of consumerism that had gone too far – has highlighted the impoverishment of most of the population: a middle class made up of workers, producers and small-scale entrepreneurs who are merely trying to survive.

We conclude by stating that, within this context, we need to assess the way in which the cooperative values and principles being pursued may benefit 21st century society. To do so, educational and training work proves essential – especially taking into account the fact that cooperative education is noteworthy for taking the form of humanist, ideological training that is based on ethical values such as the ones we have attempted to highlight in this work.

Governing Common-Property Assets: The Case of Farm Machinery Co-operatives

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Keywords: Cooperatives, Governance, Collective Action, Common-Property Assets, Machinery-Sharing Agreements.

JEL Codes: Q12; Q13

Abstract

Agriculture has always been a key sector to achieve economic development. Although the share of agricultural jobs in total worldwide employment has collapsed in the last forty years, agriculture still remains the main occupation for hundreds of million of workers. According to the World Bank, agriculture concentrates more than 65% of the jobs in Africa. In light of the achievements of the

Sustainable Development Goals, the agricultural sector faces numerous challenges, including the eradication of extreme poverty and hunger, women empowerment and environment sustainability (FAO 2016). A useful tool, largely neglected by public authorities and understudied from an academic point of view, relates to the implementation of Common-Property Assets. Farm machinery co-operatives illustrate what common-property assets (CPAs) are: co-operative structures established by self-organised groups of farmers willing to collectively own, use and manage machinery and equipment. Ironically, cooperation in agriculture through these machinery-sharing arrangements has been largely under-studied from an academic point of view, despite the long-standing tradition of *entraide* in agriculture. While the presence of such institutional arrangements is uneven across countries, their significance proves to be huge in some of them. For example, the French National Federation of CUMAs (*Coopératives d'Utilisation de Matériel Agricole*) identifies, in 2013, 13,400 machinery cooperatives, and estimates that around half of the French farmers are members of a CUMA. In spite of their potentially great economic magnitude, these entities have been largely neglected in the academic literature. Our paper aims to bridge the gap by providing a comprehensive review of the existing findings, including dozens of academic studies and technical reports from various fields. Drawing from a sample of the 30 most comprehensive documents from 1950 to 2016, we look for critical criteria assessing the sustainability of the organization. To organise these findings, we mainly rely on the institutional framework developed by Elinor Ostrom and colleagues to explain how the implementations of institutional arrangements with distinct levels of rules may lower costs and reduce opportunism (Ostrom, 1990; Agrawal, 2001). Indeed, CPAs have much in common with CPRs described in the literature, although two characteristics may define them as a subset of CPRs. First, the nature of the resource (mainly machinery) is not natural in the sense of a CPR as a result of human production. Then, the nature of property is limited to collective ownership whereas broad types of property regimes may prevail for CPR.

In the *individual choice arena*, we find that the benefits from cooperating stems either directly (e.g. reductions in mechanisation costs, and increases in productivity (de Toro and Hansson, 2004; Larsen, 2010)) or indirectly (e.g. experience transfer among members, mutual aid, and “stimulus effect” (Putterman, 1983; Ingrams and Simon, 2002)). Since these benefits are economically significant, the level of cooperation depends largely on the extent to which members manage to minimise coordination costs, especially those related to members’ strategic behaviour.

We then identify, in the environment in which the individual choice arena is embedded, three intertwined dimensions that drive the propensity for cooperation. First, the design and enforcement of a complex, multilayer set of rules are instrumental to mitigate opportunism. This set of rules involves (i) legal aspects, (ii) explicit self-crafted rules, and (iii) practice-based tacit rules. Second, we identify a number of aspects that can be brought under the concept of social capital and assess how critical they are to the organization: membership homogeneity and adherence to common values, interdependence among members, appropriate leadership and charismatic leaders, and past successful experience. Third, situational attributes, such as being a member of a CPA network, existence of outside options (competition with private contractors), and weather-specific factors, are worth being taken into consideration.

Finally, we unambiguously observe that a threshold effect exists in the intensity of cooperation among farmers: while they may achieve very high levels of cooperation, they never reach full, “Kibbutz-style” integration (Abramitzky, 2011). Interestingly, farmers are ready to accept the constraining rules inherent to collective action as long as cooperation strengthens their autonomy and capacity to cope with globalised markets. The study tends to show that public policies may have an interest to support this type of organizations as they can lead to positive externalities, from the promotion of sustainable agricultural practices to the alleviation of poverty, a mitigation of women’s burden in daily activities and an increase of child attendance to school in developing countries.

„Ostrom’s institutional design principles and the probability of sustained collective action: the case of agricultural cooperatives”

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Abstract:

Today’s global agriculture faces enormous multiple challenges of feeding a rapidly growing population on a declining area of arable land under unfavourable and unpredictable climatic conditions, and of matching economic and social viability with environmental sustainability. Agriculture plays a pivotal role for development and poverty reduction, with three quarters of the poor in developing countries living in rural areas. However, smallholders can only increase their income by successfully participating in local and international markets. Collective action can help address the inefficiencies, coordination problems or barriers to market access. By pooling products, capital and resources, farmers achieve economies of scale and increase their bargaining power against large buyers, negotiating better terms in contract farming. Cooperative organisations can reduce transaction costs and risks, raise quality standards, link small farmers to high value chains, provide access to knowledge or marketing information and foster democratic processes. Collectively, farmers not only realise greater economic benefits, but also cope better with market volatility and environmental shocks. The centuries-old cooperative model has shown resilience in a rapidly changing world. Producer organisations have increased steadily in developing countries, and have been fundamental to the success of family farms in industrial countries – being still the dominant form of agricultural production and trading about half of the total agricultural output in the EU.

The objective of this conceptual paper is to explore factors that explain sustainable collective action in agriculture, and more specifically, how cooperatives managed to survive in a changing market. Since producer organisations or agricultural cooperatives are highly diverse in terms of functions and activities, we will focus on agricultural marketing cooperatives in our exemplified analysis. These business organisations are formed by farmers to collectively sell their commodities and make joint investments in processing and marketing facilities in order to gain greater power in the marketplace, to bargain with supplying, processing and retailing firms and to share a collective reputation. The cooperatives aim to handle products more efficiently and sell them more competitively, enhance their value and improve profit margins by bypassing intermediaries. This paper discusses whether institutional design principles, identified by Elinor Ostrom and colleagues, serve as heuristic tool to explain the resilience and adaptability of cooperatives. Decades of studying long-lasting, user-governed common-pool resource (CPR) systems revealed that some are robust to disturbances and survived for a very long period of time. Ostrom¹ identified eight design principles, core factors that affect the probability of long-term survival of both the institution and the resource system, which explain under what conditions trust and reciprocity can be built and maintained to sustain collective action. Although the shortcomings of these select principles for evaluating common property resource management arrangements were addressed by several scholars, an analysis of over 100 studies

¹ Ostrom, E. (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge University Press, Cambridge.

confirmed that robust resource systems are characterised by most of the design principles, concluding that they are well supported empirically². Drawing the connection to foundational evolutionary principles, Wilson et. al³ argue that Ostrom's design principles can be generalised and applied to a wider range of groups, which is our point of departure. Do the principles apply to institutional designs beyond natural CPR environments? Can they explain the resilience of cooperatives? We compare CPR groups with agricultural marketing cooperatives, evaluate the applicability of each principle and try to find potentially missing pieces of the puzzle.

Our preliminary findings point to a number of commonalities and distinct differences between groups managing CPRs and agricultural marketing cooperatives. Both manage a common pool sharing normative values like focus on solidarity and collectivity, a departure from the market logic and members whose overall objective is to improve their livelihood opportunities and security. However, the main institutional objectives in CPR management centre around the efficient use of scarce natural resources to avoid "crowding effects" and social conflict, restraining users, with monitoring and sanctioning being key factors. Agricultural marketing cooperatives operate in highly competitive markets and face different collective action problems. They don't have appropriation issues, competitive consumption and rivalry are not as prevalent in a setting that has club good characteristics with possible exclusion of beneficiaries. The common pool of products, capital and resources has to be created by its users leading to a supply-side provisioning dilemma with an incentive to free-ride on the provision of others. Also, the subtractable resource units are fairly abstract and a bundle of benefits such as bargaining power, market access, competitiveness, reputation, regional identity, economies of scale or marketing expertise. Furthermore, both types of groups have different group size dynamics: while CPR groups are exclusive, cooperatives with open membership are inclusive. They have a long tradition of merging into larger units. Despite these differences, cooperative research suggests that Ostrom's design principles (boundaries, congruence, collective-choice arrangements, monitoring, sanctions, conflict-resolution mechanisms, minimum recognition of rights, nested enterprise) are a useful general framework for enabling conditions for successful collective action, but they have different implications in both types of groups. For example, monitoring in agricultural marketing cooperatives is important to ensure provisioning and reduce side-selling with contracts that obligate producers to deliver an agreed amount to the cooperative, and to solve agency problems. Also, some design principles may be more important than others.

By studying the mechanisms of collective action in agriculture, this paper has practical implications since concerted societal effort is required for the reduction of food insecurity and poverty as well as the adaptation to and mitigation of climate change. It attempts to contribute to the discourse on the application of Ostrom's design principles in institutional settings beyond natural common pool resources, transferring accumulated insights of decades of research on the governance of the commons to the governance of cooperatives. The paper discusses factors that are conducive to successful self-governance of agricultural cooperatives, potentially providing them with comparative advantages to other organisational forms.

² Cox, M., Arnold, G, Villamayor Tomás, S. (2010). A review of design principles for community-based natural resource management. *Ecology and Society* 15(4): 38.

³ Wilson, D. S., Ostrom, E., & Cox, M. E. (2013). Generalizing the core design principles for the efficacy of groups. *Journal of Economic Behavior & Organization* 90: 21-32.

Creating a cooperative network for river environment : A case study in the Hozugawa-river in Kyoto, Japan.

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Keywords: marine litter, citizen participation, governance, commons, residential research, web-GIS.

Marine Litter, or plastic pollution in the ocean, is growing a serious environmental problem in the world. According to previous studies, 70% - 80% of marine litter is entered from land through rivers. Reducing river litter as a major source of marine debris is very important issue to protect the marine environment from global plastic pollution of our ocean. The purpose of this study is to clarify the building process of basin cooperation among multi stakeholders by residential research and to consider the possibility of citizen participation for the river environment management by introducing new technology based on the practice in the Hozugawa river in Kyoto prefecture, Japan. The NPO, "Project Hozugawa" that I addressed myself as a representative since 2015, plays an essential role in environmental conservation in this river. This NPO was established in 2007 by boatmen, city officials, researchers, and local residents. The main activity of our NPO is cleanup the river which is carried out every month and it reached 109 times in this January. Our organization was established with only 15 people, but now the number of personal members is 64, supporting group members is 21. Furthermore, the number of annual volunteers is about 1,000 in recent years. Our efforts to create an environmental conservation network in the Hozugawa river is characterized as follows; (1) Voluntary efforts is based on the traditional water transportation culture, (2) Citizen participation survey on river litter with Web-GIS, (3) Proactive cooperation with the central and local governments, enterprises, domestic and foreign NPOs / NGOs, and (4) Developing open and moderate collaboration between the stakeholders beyond the administrative district.

(1) Voluntary efforts is based on the traditional water transportation culture.

More than 1,000 years ago, the Hozugawa river was developed as an industrial waterway of logging, connecting the rural area with the old capital Kyoto. Today, the Hozugawa river basin is a potential site for the Ramsar Convention because it contains rare ecosystems and rich biodiversity. This river is also famous for "Hozugawa-Kudari", a boat tour and it is one of the representative tourist spots of Kyoto. This boat transportation has started initially as a cargo boat in 1606 and it has been operated by the boatmen union which is based on the village community.

Although Hozukyo-Valley is the most picturesque place in this river, a large amount of plastic garbage drifts ashore in the valley since the 1990s. It is difficult to clean-up by the administrative agencies because of the rugged terrain. So skillful boatmen have voluntarily started cleanup as "substantial river administrators" by organizing themselves. This boatmen's cleanup have been grown in scale to involve the citizens, companies, researchers, assembly members and the local government officials at large when the Hozugawa-Kudari celebrated its 400th anniversary in 2006, and it led to the establishment of the NPO.

(2) Citizen participation survey on river litter with Web-GIS.

The basis of the measures to reduce river litter in the Hozugawa-river basin is citizen participation survey on river litter with Web-GIS that we developed. Plastic debris in the environment is widely documented, but the quantity of plastic entering the river from waste generated on land is unknown. This system can clarify "Where", "How

much", and "What kind of" litter is in the river by using a smartphone. It calculates the distribution of river litter easily, and we are now able to plan cleanup events efficiently. Furthermore, local residents who thought the problem of river litter as an "others' problem" began to work together on problem solving with a sense of ownership after the survey with community group. In addition, we support environmental education at local elementary schools. Children has conducted a survey of the composition of river litter, and the results are utilized for policy making on river management. Today, cleanups in the tributary area by the community also began to be held regularly, and river litter has been reduced significantly.

(3) Proactive cooperation with the central and local government, domestic and foreign NPOs / NGOs.

We determine the details of our clean-up event such as collection garbage, safety management and so on after discussing with Kameoka city and Kyoto prefecture (the river administrator). Directors of our NPO are also served as the council member of city and prefecture, and we make policy recommendations and support the strengthening of environmental policy carried out by local government. In addition, we have promoted our own activities as not only for local river environment but for marine litter as a global issue, so we have increased the social value of it successfully while our town is far away from the sea.

(4) Developing open and moderate collaboration between the stakeholders beyond the administrative district.

"Co-creation connectivity project between the river and the sea" was established to concretize the declaration statement of the 10th Marine litter summit 2012 in Kaemoka city which was the first held in inland, this project is consisted of 16 organizations such as community groups, companies, fisherman association, local government and our NPOs. In this project, we have supported cooperation of clean-up activities among each community, environmental education, and made policy recommendations for waste prevention. In addition, in the Katsuragawa river basin including the Hozugawa river, "Katsuragawa River Clean-up Operation" has been held since 2008 under the cooperation of many NPOs, companies, and administrative agencies in this basin. The relationship in these activities is so moderate but slowly began to trust each other through regular meetings, we have expanded the activity area year after year.

In many cases of the cooperation between the companies and communities, companies support the activities of communities as their CSR. However, in this case, it is interesting that a series of activities have been started as voluntary work by boatmen originally and communities support it. We can point out the water transportation culture and the sympathy of the citizens to the boatmen's efforts as the background of this. In other words, cooperative relationship among multi stakeholders has been built successfully because the local residents and companies have recognized the river as a treasure of their town.

Title of paper: Co-operative place making and the re-building of Co-operative social capital: A case study of contemporary Rochdale

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Keywords: Co-operatives; place-making; participatory methodology; community; Rochdale; well-being; reshaping places; human geography

Context and Problem statement

The research will focus on how co-operative place-making contribute to social capital formation through the contemporary heritage project carried out in Rochdale, a place identified as the most struggling city in the UK (Pike et al., 2016). The study will take a longitudinal approach aiming to measure and to evaluate the impact of place-making activities in Rochdale, the “home of co-operation”.

Interest in place-making is increasing in the academic literature (Lefebvre, 1991; Atkinson et al., 2012). Building on the concept of place, academics have moved to the analysis of place-making understood as a context that helps reshaping places in order to create more inclusive communities. However, the term place-making does not have a universal meaning since it has been appropriated by a wide range of professional groups. Generally, following the definition of Atkinson et al. (2012), place-making is a process that creates a sense of belonging, social cohesion, trust and enhanced liveability.

Objectives

To develop a theory of Co-operative place-making enhancing the construction of area-based community social capital formation.

The main objectives of the research are:

- To identify the key actors of the contemporary heritage project
- To analyse and monitor the effectiveness of the contemporary heritage project on the community of Rochdale
- To identify the role played by the Co-operative capital in the Co-operative place-making implementation
- To provide a theory of Co-operative place-making through the Rochdale case study

Methodology

Conceptually, the project will draw on the cross-disciplinary knowledge and engage with literature in business and management; education; economics; geography, built environment; heritage research; co-operative identity; place-making; community regeneration; contemporary collective entrepreneurship; social anthropology; social policy; sociology.

As a next stage, a multimethod approach will be adopted through the collaboration with several stakeholders as, Rochdale Co-operative Council, the Co-operative College, Manchester Metropolitan University, Co-operatives UK, Rochdale Development Agency, Link4Life, The

Co-operative Heritage Trust and the Workers' Educational Association. This multimethod approach, through a constant monitoring, will measure how Rochdale changes through the strengthening of Co-operative social capital. Indeed, the research will be based on:

- A qualitative research amongst Rochdale residents, experts, stakeholders and collective enterprises using participatory methodologies, such as:
 - Twenty-one focus groups (seven each year) with Co-operatives neighbourhood associations and local community groups (the Rochdale Boroughwide Housing and their three neighbourhood associations; Rochdale Environmental Action Group; Friends of Rochdale Town Hall; The Rochdale youth group) aiming to study the perceptions of Rochdale dwellers on their city. The first focus groups will start around June 2018 and will be repeated every year. Moreover, each focus group will have between 8-10 participants.
 - Forty-two semi-structured interviews (fourteen each year) with key informants of collective enterprises and stakeholders engaged in the research, above mentioned. The first semi-structured interviews will start around March 2018. Moreover, the main objective of these semi-structured interviews is to understand the projects that will be implemented by the stakeholders.
 - Three community mapping (one each year, the first one in September 2018) with co-operatives neighbourhood associations, community groups and stakeholders, above mentioned (8-10 participants). This map will allow to understand what are the main effects of the contemporary heritage project in Rochdale.

These data will help to identify the belonging sentiment, the values and the perception of participants in Rochdale. Moreover, a biographical narrative method will be adopted for the analysis of qualitative data.

- A quantitative research will be established thanks to a place-making matrix based on four indicators: *education and opportunity*, *better jobs*, *community wellbeing*, and *engagement*. These four indicators will be collected three times (October 2018, June 2019 and April 2020) through questionnaires based on a representative sample of the Rochdale population (the sample will be selected using the stratified random sampling technique).

Key Findings

This is the first study that will be conducted on co-operative place-making, aiming to demonstrate how Co-operatives can be an answer in reshaping places.

It will also provide a case study for researchers, non-governmental organisation and institutional actors on the contribution of Co-operatives in implementing community well-being.

Conclusion and contribution to academic debate

Existing literature on Co-operative place-making is limited, which provides an opportunity for the project to fill a knowledge gap through an exploration of the value of the Co-operative place-making in redefining places. Rochdale provides a pertinent and timely and context through which to conduct this study, given the borough is currently implementing a new strategy designed to revive the town by developing a sustainable Co-operative economy. The project, therefore, will be able to monitor change and the impact of this approach on community well-being. The research will develop a transferable and scalable Co-operative place-making methodology and social value evaluation tool.

ICA2018 Research Conference: Cooperatives in a rapidly changing world

- Abstract -

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Social Cooperatives: a sustainable way to tackle provision problems?

Key Words: Social Cooperatives, Civic Engagement, Germany, Mapping

Cooperatives are often founded as an innovative response to a certain need (Novy/Mersmann 1991). Currently, there is an ongoing foundation dynamic of Cooperatives in the sphere of social services, infrastructure, health care, culture and education in Germany (DZ Bank 2017, 2016). Reflecting the literature about social economy and social enterprises these so called “Social Cooperatives” can be conceptualized as not-for-profit organisations, with an explicit social aim, mirrored in a participatory governance structure (Defourney/Nyssens 2012). They are initiated and driven by civic engagement of their members (Göler von Ravensburg 2015). These cooperatives fill in gaps and ensure services that are left over by the state or the market because the provision is not financeable or profitable enough. Therefore they seem to be a possible response to current societal challenges, such as demographic change, weak infrastructure and financial restrictions causing provision problems of public and social services, especially in rural areas (Willersinn et al. 2015). Even though there is a lot of interest and an ongoing debate about the potentials and effects of these cooperatives there is still not much empirical evidence about Social Cooperatives (Thürling 2017).

Based on an investigation of newly founded cooperatives between 2005 and 2017 the paper will provide an analysis of the foundation dynamic of Social Cooperatives in Germany. Analysing the current development, two contradictive assumptions can be made: Social Coops might be more likely in regions with enough resources and capacities available (strong infrastructure, young average age, public budget is balanced, etc.) or are they established in regions that are in need for an innovative solution (weak infrastructure, high average age, public budget is restricted, etc.)? Differentiating between different types of Social Coops we find out that the foundation dynamic in Germany is highly diverse. The underlying question of the analysis is the following: which regional factors matter for the foundation of a Social Cooperative?

Using a Mapping we combine the number of founded cooperatives per person in a region with socio-demographic information using secondary data (Prognos 2016). The regional patterns show clearly, that there is a relation between capacities available and the foundation of Social Cooperatives: The “stronger” a region is in terms of demography, labour market, innovative environment and welfare-situation, the more likely it is, that a Social Coop is founded. This is correspondent to the assumption, that resources are a necessary pre-condition for the foundation of a cooperative, yet it indicates, that it seems to be more difficult to establish a Social Cooperative, if the region is facing future problems

in terms of demography, labour market, innovative environment and welfare-situation. In our examination we will add further information about the strength respectively weakness of civil society and civic engagement (Generali Foundation 2009).

Evidences of Third Sector Research show clearly that civic engagement and personal capacities in terms of income, education and age are correlated (Simson et al. 2017). It is therefore not very surprising that Social Cooperatives are more frequently founded in regions, where the conditions on the macro-level are "better" for civic engagement. As it is a main resource for Social Coops, the "availability" of civic engagement seems to be a crucial point for establishing a coop.

The findings will be discussed to answer at least partly the question, whether Social Coops can be a sustainable option to tackle provision problems or not. As they are initiated and mainly driven by the voluntary work of their members it has to be questioned whether these organisations can be an adequate replacement for provision of public and social services. An overestimation of the recent dynamics of Social Cooperatives could otherwise legitimize a role back of state funded services (Eberhardt et al. 2014, Zimmer/Priller 2007). It is therefore necessary while highlighting the potential and effects of Social Coops talking about the limits and preconditions of their foundation, too.

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Title of paper: The emergence of new government policies towards cooperatives and other social economy entities after the economic crisis in Europe.

Keywords: cooperatives, social economy, government policies, ecosystems, budget

Name: Rafael Chaves-Ávila

Context and problem statement: In the recent years, several institutions of the European Union have claimed for public policies to boost the Social Economy at the European, national and regional levels. Among them are Social Economy Intergroup's in its public hearing *Towards a European Action Plan for the social economy* took place the 28th September 2016 in Brussels, at the European Parliament, the Group of Experts on Social Entrepreneurship with its last report (2016) *Social enterprises and the social economy going forward*, the reports of SOCENT on the 'maps' of *social enterprises and their eco-systems in Europe*, the report of the OECD/European Union about the *Policy brief on social entrepreneurship*. Finally, the European Council approved the conclusions on 7 December 2015 about *The promotion of the social economy as a key driver of economic and social development in Europe*. Last but not least, the European Economic and Social Committee have approved several opinions to enhance the Social Economy. All these developments reflect that Social economy is finding its place as constituent part and pillar of the European Social model, and as a cornerstone of a sustainable socio-economic development.

In this context, but just in the middle of the economic downturn, a major study carried and published by CIRIEC in 2013 was "*The emergence of the social economy in public policies. An international perspective*": it includes chapters on the development at the EU level and national and regional levels.

Explicit policies promoting the social economy, understood as a third large institutional sector, emerged during the eighties in pioneer countries such as France and Spain and have spread throughout the last decade to other European and American countries. The interest governments devoted to social economy seems to have increased in the context of the crisis, given the need to bring about new policies aimed at tackling the crisis (reduction of unemployment, new services to provide, ...) and implementing a new model of sustainable and sustained development.

Numerous initiatives emerged also from the civil society (with citizens now actively taking their role as true actor, active consumer or prosumer, involved/participative beneficiary, ...) or were proposed by national or regional governments or various supra national institutions like "start up and scale-up initiatives", "social business initiative", "global Social Economy forum", "new economies and social innovation", day(s) of social economy enterprises, week or month of Social Economy, etc. These favourable initiatives and movements together with the emergence of news financial instruments, fiscal incentives, new tools (incubators, labels, ...) new concepts and new words (social entrepreneurship, collaborative or circular economies,...) have given birth to positive contexts, to auspicious ecosystems and have contributed to a better understanding and a larger adhesion to this social economy sector by the society.

Objective and/or research questions - Theoretical framework

This paper is based on the recent study carried for the European Economic and Social Committee on best practices in public policies regarding the European social economy sector in Europe. Public policies built up in recent years to enhance the social economy sector have been analysed at both at the EU and the national levels. The theoretical framework of Chaves and Demoustier (2013) is used to analyse policies.

Methodology. Public policies are conceived in their largest and widest sense: giving an economic place to social economy in a space between states and market/for profit businesses, enhancing the weight and scope of the social economy in each EU Member country, favouring social economy enterprises/organisations, providing opportunities for increased employment in this sector.

Key findings - Conclusions - Contribution to the academic debate / to solving a practical problem

The research focused on the policies deployed by governments, at the European level and at the national level towards the social economy in the period 2010-16. The environment and the 'eco-system' of the social economy is a major factor that can facilitate the development of the social economy entities or that can be an external barrier to them. Public specific funds at European, national and local level, new specific regulations and institutional labels for social economy 'families', main legislation support and/or barriers, changing interrelationships between the social economy, its eco-system(s) and the public sector, large regional, national or European Plans devoted to foster the social economy, institutionalisation of statistics of the social economy are some of the main topics analysed.

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A legal framework for the promotion of energy cooperativism

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Adapting to climate change is a priority at the moment in Europe and in the world, and for this the European Union has set a series of objectives that must be met progressively: the reduction of greenhouse gas emissions, the increase in the production and consumption of renewable energies, and the improvement of energy efficiency. In addition, as the World Energy Council (WEC) points out, other challenges will have to be faced, because energy must be obtained in a safe way, guaranteeing supply, and being accessible to the entire population. In the face of these challenges, electric power is progressively gaining more prominence, as indicated in the annual report (WEO-2017) of the International Agency Energy (IAE) on the perspectives of energy in the world.

In this process of energy transition, many citizens have assumed a more active role, organizing themselves to produce their own electric power from, mainly, solar energy. That's how many electric cooperatives have sprung up all over Europe. Electric cooperatives contribute to generate renewable energy, and to a more efficient use of it, but they also favor the access to energy for the most deprived people (facing energy poverty), generate wealth and employment in their territories contributing to the development of their communities. As it has already been said, the cooperative democratizes the access to energy.

However, conditions are not always favorable so that citizens can start up energy cooperatives. Studies carried out show that regulations on self-consumption are key for these projects to be generated and developed over time.

Our paper wants to analyze the legal framework that the European Union is designing around self-consumption and in particular energy cooperatives, and we also want to analyze the main obstacles currently faced by energy cooperatives to develop their model.

**Legal obstacles to the creation of renewable energy communities under cooperative form in
Portugal: *Copérnico* as a case study.**

by

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In the context of the European dynamics within the field of clean energy, this paper aims to identify the legal obstacles in Portugal regarding the creation of cooperative renewable energy communities. For this purpose, beyond a conceptual analysis, we will resort to a case study focused on *Copérnico* Cooperative.

In 2016, the Commission, through a communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, on the topic of clean energy for all Europeans, elected as priority the need to ensure a global transition to clean energy and a low carbon economy.

Concepts such as "energy democracy" and "energy justice" emerge in Europe by combining the production of clean energy with the idea of participation and democratization of the means of production.

In this transition paradigm, we consider the role of renewable energy cooperatives as an active actor at European level, although with performance problems resulting, in particular, from the current legal framework focused on the traditional energy market.

The energy cooperatives are an alternative of collective and democratic organization, whose members invest in the cooperative to finance the production of renewable energy or buy/consume energy from the cooperative. These cooperatives may exist within local communities, in a perspective of proximity so characteristic of the social economy.

In Portugal, Decree-Law No. 29/2006, of February 15, which legally limits the operation of the Portuguese energy sector, has established a Single Market system in which the energy production and commercialization activities are now fully open to the competition, even if subject to obtaining the necessary licenses and approvals from the Portuguese State. However, transportation and distribution activities continue to be carried out through public concessions also assigned by the State.

Copérnico, as a renewable energy cooperative, was born with the mission of involving citizens and companies in the creation of this new energy paradigm —renewable and decentralized— for the benefit of society and the environment

The new law on energy cooperatives in Greece

by
Ifigeneia Douvitsa*

According to literature, Greece - alongside Bulgaria and Hungary - is ranked 3rd among the European countries mostly affected by issues related to energy poverty. Possible reasons explaining this could be that households limit their energy consumption and depriving themselves of a good quality of living, due to ongoing decrease of wages and household income, whereas increase in the prices for energy consumption during the present crisis.

In order to address the above phenomenon, the Ministry of Environment and Energy, after taking into account the Proposal for a directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (COM(2016)767) and the Proposal for a directive of the European Parliament and of the Council on common rules for the internal market in electricity (COM (2016) 864), it drafted a new law. The draft law was recently submitted for discussion at the Hellenic Parliament on the 11th of December 2017 and it was voted by the deputies on the 17th of January 2018.

The central idea of the law is to introduce a new model of energy production that will facilitate the transition to renewable energy sources, while addressing the issue of energy poverty. The vehicle through which the aforementioned goals will be achieved is through a new type of cooperatives, that of the energy cooperatives (or “*energy communities*” according to the terminology that is used by the legislator). Energy cooperatives are defined at ar. 1 of the law as a type of civil cooperative aiming at the production, storage, self-consumption, supply and distribution of energy from renewable sources. Any issues that are not regulated by the proposed law will be subject to Law 1667/1986 on civil cooperatives. Interestingly, the law introduces several provisions that diverge from L. 1667/1986, such as on the requirements for membership, the participation of legal persons, the distribution of surpluses and the allocation of the remainder after the energy cooperative’s liquidation.

Therefore, the study aims to offer an analysis of the upcoming Greek legal framework on energy cooperatives. Specifically, it will examine if such initiative was a necessary step for the energy cooperatives’ development, if the introduced regulations are justified by the specific scope of energy cooperatives and if the particular needs of energy cooperatives are met by the legislation, without however putting in jeopardy the distinctive nature of cooperatives. To address the above questions, the study will base its analysis on the Principles of European Cooperative Law (PECOL) and the experience from foreigner legislations.

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"Capacity analysis: an explanatory framework for social innovation and sustainable development initiatives"

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Key words: capacity; reuse; sustainable development initiatives; social enterprise;

The member States of the European Union (EU) are encountering a crisis in terms of resource availability, use and disposal of products. Arising from the current high levels of personal consumption and disposal, resources in Ireland are being depleted at an unsustainable rate. Within the EU, each person consumes, on average, 13.3 tonnes(t) of materials annually. Much of this is being discarded, with an average waste production rate of 5t of total waste per person annually.

The conventional linear relationship between production and consumption is no longer sustainable. A key component of the transition towards a more sustainable society is the preservation of products in use for longer and the development of a repair and reuse culture.

Reuse social enterprises, a form of sustainable development initiatives, contribute to addressing a range of environmental, economic and social issues facing urban areas and regions. This paper is concerned with, firstly, the motivations for establishing reuse social enterprises and secondly, the factors that contribute to the establishment of reuse social enterprises.

There is currently a dearth of academic research completed examining the factors that lead to the successful development of sustainable development initiatives in Ireland.

The core question being addressed is:

What capacities are present in communities and how do they contribute to some communities being more receptive than others to sustainable development initiatives in Ireland?

Rhona Pringle cites four categories of capacity which constitute her theoretical framework in relation to sustainable development initiatives. The first is individual capacity, which she defines as the level of skills, values, and finance that individuals within a community possess which can assist in the formation of sustainable development initiatives – focusing on renewable energy. The second is the structural capacity of a community. This focuses on the culture and values pertaining to organisations within a community that have an influence over communities' efforts to implement sustainable development initiatives. The third is infrastructural capacity. This refers to the stock of infrastructure that is present in communities which are conducive to the drive to promote sustainability. Finally, cultural capacity refers to the level of commitment and openness to sustainability that exists within a community. Cultural capacity is influenced by the historical context towards sustainability.

Eight case studies were selected in Ireland and Scotland for this paper. The reuse social enterprises were selected because of their varying perceived reasons for establishment, varying models of operation and their core organisational objectives. Twelve semi-structured interviews were held with key individuals who are either managers, voluntary directors or volunteer leaders associated with the above eight reuse social enterprises.

A number of managers of reuse social enterprises said that their respective management committees would not have time to participate in a focus group.

Qualitative thematic analysis was employed to formulate themes from the transcripts. The process entailed reading each of the transcriptions a number of times in order to become familiar with the data. The text of each of the transcriptions was then coded. The following eight themes were identified: getting started; organisational development; management; resources; sustainability; relationships; values and policy.

The principals of reuse social enterprises establish them primarily to achieve both social and environmental outcomes. The research findings regarding the motives for the establishment of reuse social enterprises are consistent with the literature. Some reuse social enterprises are initiated to meet a combination of environmental, economic, and social justice objectives.

The research identifies several obstacles and challenges that are encountered in establishing reuse social enterprises:

- Being restricted to employing lower skilled staff.
- The challenging behaviour of a proportion of staff that were formerly unemployed.
- The size of reuse facilities and their location is deemed inadequate.
- State funding, particularly labour subsidy, is at an insufficient level.
- Insufficient social enterprise supports.
- The lack of a range of policy supports to promote and support reuse.
- The dominance of values associated with consumption and consumerism in Irish society.

The research points to the necessity of reuse social enterprises possessing: individuals with both strategic and operational expertise; appropriate facilities; and adequate funding to commence operations. The research highlights the crucial role that the manager performs in engaging with State agencies, the community and other stakeholders.

There is a lack of support structures available to prospective promoters to establish reuse social enterprises. The proposed new Department of Communications, Climate Action and Environment waste legislation which will transpose EU waste directive into Irish law- could contain actions to support the development of reuse social enterprises.

The theoretical framework focuses on the capacities required for the successful implementation of community renewable energy projects in rural settings. Although this is a robust framework, when applied to Irish communities it may require some modification to detail the capacities required to successfully implement reuse social enterprises.

The research findings are consistent with research which outlines the societal benefits of reuse social enterprises. Therefore, it is incumbent on the Irish State to develop policies in assisting communities to establish reuse social enterprises. These policy areas include procurement, the introduction of additional producer responsibility initiatives and altering the tax system to encourage reuse.

Resilience and sustainability of social cooperatives in Hungary

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Keywords: social economy, social cooperatives, social enterprises

Context and problem statement¹

In 2016, a financial assistance program under the name of ‘Focus’- with a focus on supporting social cooperatives built upon public employment and among the members of which there is also a local government - was initiated by the Hungarian Ministry of Interior. The program has been coordinated by the National Employment Non-profit Benefit Corporation (in Hungarian OFA Nonprofit Kft). The call for tender issued fall 2016 and spring 2017 was aimed at raising employment level in disadvantaged settlements and creating new sustainable workplaces through funding social cooperatives. Those social cooperatives are included which have been established on the basis of public employment and the major goal of the financial fund is to help them become self-sustaining.

Objective and/or research questions

The paper is targeted at a comprehensive analysis of the results and impacts of the program ‘Focus’, highlighting innovative best practices appearing in social cooperatives supported, comparing the experiences gained in other programmes targeting economic and social development, and finding answers to the question, whether local government participation affects independence and weakens democratic decision-making procedures. Furthermore, operation of the Hungarian social cooperatives is analysed in the context of resilience and sustainability.

Theoretical framework

In the European Union there has recently been an increased interest in the key players of the social economy namely the social enterprises and among them the social cooperatives. In Hungary the institutional form of social enterprise exists mostly under the label of social cooperatives. A large number of social cooperatives had been established throughout the country after 2006 due to a new legislation and available project-based public funding, including EU-co-financed support programmes. The mission of most Hungarian social cooperatives is to provide work for people who were unemployed before becoming a member of the cooperative, i.e. integrate or in many cases reintegrate them into the labour market. The legislation was reshaped after May of 2013 and it has allowed all social cooperatives to include individuals and legal persons not actively taking part in its activities among its members. These are the ‘new type’ cooperatives which might be faced also with a certain loss of independence due to the fact, that this type allows local government participation as member.

Definitions and analysis of the features of the social economy and social enterprises are well-elaborated in the professional literature published by several authors. The research findings are considered widely spread and well known, thus the authors do not go into general details. The

¹ The research was carried out based on a contract No. 222/3/2017 signed by the National Employment Non-profit Benefit Corporation (in Hungarian OFA Nonprofit Kft) and the Research Institute of Agricultural Economics.

authors intend to highlight why social cooperatives are relatively more resilient than other business enterprises and to what extent the cooperative principles are intrinsic to sustainability.

Methodology

Both primary and secondary research has been carried out. Relevant international and national literature on social economy, social enterprises and social cooperatives – primarily in the context of resilience and sustainability-, national legislation, and call for proposals have been analysed. Primary research included statistical analysis of data of social cooperatives covered by the program 'Focus' and the qualitative analysis of the experiences gained on the one hand through structured in-depth interviews with experts taking part in the planning phase, in the decision-making and in the implementing phase of the program 'Focus' and on the other hand the beneficiaries.

Key findings

In the light of operational experiences the sustainability of 200 social cooperatives funded with a complex toolkit in the framework of the program 'Focus' depends to a great extent on factors at the level of the project such as expertise of the management, its entrepreneurial experiences, socio-demographic characteristics of the employees, their physical, mental health status, availability of resources and different types of capital, furthermore presence of partnerships providing access to inputs and being able to treat risks.

Conclusions

Although the program 'Focus' is rather at the beginning of the implementation and so its long term impacts are not measurable at this stage, it can be stated, that the social cooperatives funded have several direct and indirect economic and social benefits in the rural areas besides their moderate impact on the employment. The social cooperatives supported provide employment for approximately 1500 disadvantaged people having been unemployed for a longer time-period, development of competences necessary for employees or human services contributing to the improvement in living standards. People reached by social cooperatives have first access to products with higher value added and in certain cases even to innovative services or services filling gaps, second they get adaptation patterns and future visions. It is especially important for social groups which need to be reintegrated into the primary labour market. Moreover, direct beneficiaries are local input suppliers or input suppliers living in neighbouring areas and enterprises providing business services.

At this stage of our research work (as preliminary results) we can state that there is a medium level of resilience of the social cooperatives financed through the program 'Focus'. Regarding sustainability of the social cooperatives funded through the program 'Focus' the general description is valid. The social dimension is the strongest and the economic viability is the weakest.

Contribution to the academic debate

/ to solving a practical problem

Taking into account the experiences we have already gained there is a need for animation and mentoring activities, transfer and dissemination of best practices, innovations, information on how to increase fund absorbing capacities, or training of both the management and the employees. In order to create long term sustainability the establishment of partnerships and networks integrating multi-stakeholders of the for-profit sector should be encouraged.

Cooperative members' willingness to adopt sustainable practices: an empirical study

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Keywords: cooperative members; willingness to adopt; organic practices; risk perception, risk attitude; innovativeness, market orientation, farmer characteristics

Abstract:

Sustainable practices have become a new norm in business in response to the increasing consumer, societal, and governmental concerns (Kottler, 2011; Grittenden et al., 2011). An increasing number of farmers world-wide raise their incomes through the premium generated from the sale of differentiated agricultural (e.g., organic) products. Through cooperative organizations, member-producers may differentiate their produce (opt for sustainable production systems) to better respond to the increasing demand for healthy food, to increase their production capabilities and volume, to improve the quality aspects of their products and productions processes, to alleviate poverty, and promote rural development initiatives . Since 1990s there has been improved access of agri-food cooperatives to remunerative organic markets worldwide (Costa Pindo, 2009).

Despite the policy initiatives aimed to gain professionalization of the market-oriented organic chain, Dutch cooperatives that hold leading positions in the conventional agricultural and food products markets have concerns about potential losses of either market share or competitive position, in the case that they would pursue a differentiated (sustainable) production line (Kalogeras et al., 2005). Moreover, when cooperative members are challenged to opt for sustainable production, the cooperative governance structure may hinder such a strategic decision (Kalogeras et al., 2005). That is, strategic decisions have an impact on performance outcomes in the long-run, have a low degree of reversibility, and entail a high degree of risk (Pennings and Garcia, 2010). A question that arises is what drives the willingness of cooperative members to engage in sustainable practices. While the existing literature has focused on explaining the influence of farmer characteristics and societal benefits on the propensity to adopt sustainable practices, no attention has been paid to understanding the underlying factors that drive cooperative members' willingness to adopt such practices.

This paper examines the impact of cooperative members' risk attitudes, perceptions, innovativeness, market orientation, innovativeness and characteristics on their willingness to adopt sustainable practices. To the best of our knowledge, this is the first empirical study that focuses on the impact of latent and observable factors of cooperative members' strategic decision making with respect to the adoption of sustainable production practices. Recognizing the dilemma of cooperative members to make such a strategic decision (to opt for an organic production system) since they may be confronted

with unexpected market constraints (Kalogeras et al., 2012), we hypothesize that both latent and observable factors drive their willingness to engage (or not) in sustainable practices (Trujillo-Barrera et al., 2016).

Using measurement scales based on the psychometric literature, we empirically examine the impact of these factors on cooperative members' willingness to adopt organic production practices. Data from 218 personal (computer-guided interviews) with members of a horticultural cooperative (150) and a dairy cooperative (68) in the Netherlands, we find that the risk perception of members has a negative impact on the adoption of organic practices, while innovativeness, market-orientation, education, age, and turnover of member firms increase the likelihood of adoption. Yet, the importance and the magnitude of the impact of these factors differ among the members of the horticultural and the dairy cooperatives. Dairy cooperative members seem to be more prone to take risks and engage in organic practices than the members of the horticultural cooperative.

Understanding the factors that play a crucial role in the willingness of cooperative members to switch from conventional to organic practices may reveal insights for policy-makers in the agri-food industry and cooperative managers who may wish to increase the likelihood of adoption of organic practices. Hence, more informed decisions regarding the design of policies and strategies to increase sustainable production systems can be made. For example, our results indicate that the risk perception of cooperative members seems to be a barrier to the adoption of organic practices. Such a barrier may be removed when member-producers of cooperatives receive education and training on how to evaluate, manage and mitigate the potential risks when they may opt to change their production practices. In addition, the cooperative can facilitate members by providing members a minimum return for their investment in sustainable practices during a specific time window and by doing so temporarily reduce the risk-adjusted cost of capital for members who make the switch.

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Title of Paper: A Study of Cooperatives in the Face of Economic and Social Change in Poland

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Keywords:

Sustainability, Resilience, Cooperative Development, Social Capital, Performance, Community, Economics

Context and Problem Statement

Cooperatives have a long history in Poland, dating back to the nineteenth century. Following World War II, however, with the change in government, cooperatives were used and seen as instruments of state policy rather than as means for advancing shared economic and social interests of members. Since that time, with the transition to a market economy and Poland's accession to the EU, the legislative and regulatory framework has shifted to embrace the international cooperative principles. This study has sought to understand how the shifting structures of cooperatives and Poland's transition to a market economy are evidenced in the views of cooperative members. Is the cooperative model resilient and what is its status with respect to its membership today?

Main Theme/Objective of Paper

At the direction of its Board, the OCDC Research Group has initiated a multi-country, cross-sectoral research study that will look at the resilience and sustainability of cooperatives across different contexts. The purpose of this study is to gain deeper insight into the generalizable, differentiated value across sectors and countries that cooperatives may provide as a consequence of their shared characteristics and principles. Its specific aim is to gain a more systematic understanding of the social and economic effects that cooperatives have on the lives of primary society members as well as the social and economic effects that cooperatives within a community have on that community. Entitled, "What Difference do Cooperatives Make," the research questions addressed in this study will be consistent across additional countries, with each country research activity contributing to the whole and also standing on its own. This paper presents the research results for Poland examining the interrelated four related research questions focused on whether and how members derive economic, social and community benefits from their cooperative membership.

The underlying intent of the study is to inform design and implementation of cooperative development initiatives at both the practice and policy levels, particularly in the developing world, in order to improve performance and beneficial economic and social impact at the grassroots.



Methodological and Theoretical Framework

OCDC members, among others, understand the huge potential of cooperative development to “level the playing field” by enhancing economic, social and overall community well-being through the application of cooperative principles. The study design is mixed method, employing both quantitative and qualitative analysis. A survey, using a standard questionnaire, was conducted with a representative sample of over 2,000 individuals. In addition to survey research with a representative sample of primary society respondents, focus groups, and one-on-one interviews with both key and representative interlocutors were carried out in the field. Benchmarking with external data (e.g., income levels) and triangulation both aided the analysis. In addition, a review of the literature and a context analysis were carried out.

Key Findings & Conclusions

The research on which this paper reports reveals some variable but on the whole encouraging results regarding the social and economic benefits derived from cooperative membership. Findings include importantly that the majority of cooperative members are better off economically than the population at large and that they have greater social capital. The research also strongly suggests that cooperatives remain a relevant and sustainable model that has “new energy,” particularly among youth and young professionals in Poland.

This paper reports on these and other key findings in Poland in response to the central research questions and comments on the research process involved, including the challenges of gathering comparable data across sectors. It also presents the findings in relation to the current context in Poland, paying special attention to changes that have occurred since Poland’s transition to a market economy, including its more recent membership in the European Union and the implications of these changes for the cooperative sector and its members.

Contribution to Scientific Discourse

The paper hopes to contribute to the broader discussion about the resilience and sustainability of cooperatives and whether and how a cooperative model is able to transcend sectors and cultures by virtue of its unique characteristics. It contributes to education about cooperatives in Poland and elsewhere and helps to address the challenge of defining and measuring the effectiveness of cooperative development in developing countries. It also provides insights into aspects of the research complexity of “cultural translation” necessary to assure consistency across different contexts.

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Coordination strategies in the Italian agro-food supply chain: cooperatives vs. Producer organizations?

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Keywords: TCE, cooperation, POs, complementarity, agri-food, Italy, FADN.

Context and problem statement/knowledge gap

The study of institutions in the agro-food systems is gaining momentum since it represents an intricate and undoubtedly relevant case study as concerns intermediate-product markets (Hubbard, 1997). Moreover, traditionally there is a problem of organization among farmers mainly due to the scarce attitude to pool decisional and property rights on input and/or output. Against this backdrop, the choice to join to cooperative or producer organization is conceptualized as a governance structure choice, also paying attention to the complementarity between the two alternatives (Cassiman and Veugelers, 2006). To the best of the authors' knowledge most of the works on such a topic are case study in nature with a limited external validity, but there is lack of quantitative evidences.

Objective and research questions

The rationale for analyzing the determinants of participation in cooperation and POs is based on the assumption that the diffusion of contracts, the nature of the ex-post negotiations between farmers and their contractors and, consequently, the division of ex-post surplus between them is sensitive to organizational structure of agents involved in a given transaction (Coase, 1937; Williamson, 1975; 1985; Grossman and Hart, 1986; Bijman and Hendrikse, 2003; Hendrikse and Bijman, 2002). This obviously poses the research question of how and why cooperative behaviour takes place, that is about factors motivating setting up of cooperatives and POs and/or barriers discouraging it. According to the TCE framework, the paper aims to investigate which are the main drivers of the collective forms of organization in the Italian agro-food system, paying particular attention to transaction costs' attributes and to the increasing role played by the institutional environment as well.

Theoretical framework

The TCE perspective is adopted in order to investigate the determinants of cooperation attitudes of farmers, with a particular attention to those forms of collaboration that are institutionalized in the current policy framework. TCE predicts that specific governance structures depend, above all, on asset specificity and uncertainty related to the transaction. These attributes influence the costs of transactions and, in turn, affect the adoption of the optimal forms of governance that minimize such costs (Ménard and Klein, 2004). Furthermore, scholars have increasingly paid attention to the interaction between organizational forms and the institutional environment that surrounds them and establishes the rule of the game. In this regard, the agro-food system represents an interesting case study since there is traditionally a high influence of public authorities in this sector, both in terms of financial incentives and in terms of specific regulation (Ménard, 2017).

Methodology

Italian version of the FADN (named RICA, acronym of '*Rete di informazione contabile agraria*') for 2015 is used. First, probit models are estimated in order to analyse whether and how the participation in a cooperative and in PO depends on several dimensions related to asset

specificity (specialization, human asset, networks, size) and uncertainty (market volatility, policy, context). Furthermore, a multinomial model is estimated in order to investigate the drivers that affect the joint adoption of organization forms under analysis (COOP/PO), so as to observe the determinants of complementarity.

Key findings

As regards asset specificity, it is confirmed that whether farmers are better off being members of a cooperative or act on their own depends on the particular characteristics of the product and market structure. With regard to human capital and relational network, results confirm the importance of these factors. Very interestingly, the cooperation or the participation in POs are negatively affected by the membership in farmers' association. Moreover, findings confirm that specialization triggers cooperation for all the type of farming under investigation. As for POs, findings show similar but weaker effects. Results are consistent with existing studies showing that POs development is a sector-specific phenomenon, with cooperation being more often present in sectors characterized by higher heterogeneity in terms of quality (such as wine, fruits and vegetables, milk) and of number of products offered (such as mixed production). Evidences highlight that high quality and high value production with great reputation and high brand values, such as PGI and PDO, plays a key role in triggering cooperation as well. Concerning specificity affected by dimensional characteristics of farms, results reveal that the presence of family workers hinders participation to cooperatives and POs. What emerges is therefore that until farms remain a family-owned business it is difficult to design and enforce effective collective arrangements. The second transaction attribute analysed in the model is the uncertainty. Empirical evidences show that such a dimension somehow influences the decision to participate in both cooperatives and POs. More in details, concerning production uncertainty, findings highlight that farms that use risk management tools are more likely to recognize the important role of cooperatives as an institutional means in order to collectively address and somehow manage uncertainty. Moreover, also POs are approached as a means for absorbing the impacts of price volatility on revenues. However, some very interesting results are related to the institutional environment. For instance, the larger is the relevance of cooperation the more the mesoinstitutional environment stimulates farmers in joining them. Furthermore, results highlight that the higher is the number of processing companies in the agri-food system the more competition there will be among processors and, as a consequence, the lesser the need for farmer to join a cooperative. Lastly, findings show that POs membership is somehow slightly influenced by the uncertainty related to the decreasing dependency on public aids, due to several reforms of the CAP that have affected many several strategic agricultural sectors in Italy

Conclusions

In conclusion, thanks to the TCE approach, the paper reveals that farmers' relations with agricultural cooperatives and POs in Italy is largely influenced by specialization and relational aspects as well as by specific characteristics of both human capital and physical assets. Moreover, institutional and policy context in which farmers operate (facing uncertainty) strongly contribute in shaping the modality of participation to hybrid forms of collective arrangements in the Italian agri-food supply chain.

Contribution to the academic debate

Starting from the Italian case, the paper aimed to shed more lights on the motivations that encouraged farmers to organize as POs or cooperatives. It somehow paves the road for future works in this field aiming to fill the 'knowledge vacuum' of managers, stakeholders and policymakers that often do not have a common understanding of organizational problems along the agro-food supply chain.

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Communication and Decision Making in Cooperatives: The Case of Skewed Cooperatives in China.

Objective and Research Question

Economic and business analysis of modern enterprises have been mostly centered on investor owned firms (IOFs). Important as it is, a substantial share of business activities occurs with enterprises other than investor owned firms. For example, one third of global food production happens inside farmer cooperatives (Patisson, 2000). This focus on IOFs, however, has come at the costs of overlooking the very factors that affects the performance of non-IOF enterprises. One such factor is the heterogeneity among the owners of the enterprise. Heterogeneity is not much of a concern in IOFs since the owners, despite having different preferences over a range of issues, all share the same ultimate goal of maximizing profit. In cooperatives, however, members do not merely care about the profitability of the cooperative itself, but more on how the activities of the cooperative affect their own business. Another observation is that that there is a lot of variety in the way cooperatives are structured. This article highlights variety in decision making. Many cooperatives decide democratically, but there also cooperatives where decisions are made by a few members. We label the former cooperatives as democratic, while the latter are referred to as skewed. China has many skewed cooperatives, while most cooperatives in the Western world are democratic cooperatives.

This paper aims to shed light on the role of heterogeneity on decision making and efficiency of cooperatives. Specifically, we show how heterogeneity affects communication and investments in cooperatives. As heterogeneity increases, communication among members becomes noisy in the sense that informed members do not reveal their information truthfully to the decision maker. In other words, the members of a cooperative try to influence the decision makers by sending information strategically. This distorted communication is value destroying in the sense that it makes everyone, including the senders, worse off. We show that the effect of heterogeneity on the efficiency of decision making in cooperatives depends, among other things, on the market in which the cooperative operates. Circumstances are identified when skewed cooperatives are efficient.

Motivating Case-Cooperatives in China

According to Liang and Hendrikse (2013) agricultural cooperatives in China are managed by a small group of key members called core members. These members, counting for a small percentage of the total members, hold relatively large shares of cooperative capital and are in charge of key functional areas like purchasing, production, marketing and so on. The majority of cooperative members who are not part of the core, are called common members, are simple farmers, good at farming but lacking the knowledge and skill in marketing or management and lacking financial and social capital to qualify as a core member. Common members, although indispensable for production and satisfying customer demands, are marginalized to a large extent when it comes to decision making.

What is interesting from our point of view is that these common and core members are quite heterogeneous if for anything but the possibility of doing business outside the cooperative. Especially, the core members are expected to have a range of outside options whereas the common members are barely able to do any business outside the cooperative. This difference between members entails that core members have a much higher opportunity costs than the common members. As a result, common members might be willing to implement some projects that core members are not willing to implement. This difference in opportunity costs can then result in conflict and tension when one type would like to implement a project but not the other type.

Method

We apply microeconomic analysis to model the interactions among the members of a cooperative. Since our model involves modeling beliefs, the solution concept is perfect Bayesian equilibrium. The model can be succinctly described as follows. A cooperative consists of two types of members called, core and common. Common are the majority, but core has more expertise and experience in managing the cooperative. The cooperative considers implementing projects whose return θ is stochastic with a given CDF $F(\theta)$. Common and core are assumed to have different opportunity costs. It entails that it is possible that one project is acceptable for one type but not for the other type. Before implementing a project, each type evaluates that project independently and learns the true θ with some probability, which is different for each type. The timing of the game is as follows:

- 0: The governance structure determines which type of member has the decision rights.
- 1: Both members evaluate the project.
- 2: Members send a message to each other.
- 3: The member with the decision rights makes the decision and the payoffs are realized.

Key Findings

- 1 When there is heterogeneity, communication becomes noisy in the sense that members do not truthfully reveal their information;
- 2 Governance structure matters only if heterogeneity is sufficiently large.
- 3 Given that heterogeneity is large, the efficient governance structure depends on the market in which the cooperative operates.
- 4 When the market is replete with bad projects, giving the decision rights to the member with higher cognitive ability results in higher surplus.
- 5 Repeated interaction improves communication, and therefore the benefits for the cooperative.

Contribution to the scientific discourse

To the best of our knowledge, this is the first paper providing an efficiency explanation for skewed cooperatives in China. Second, this paper extends the literature on communication (in the form of cheap talk) in organizations to cooperatives (Crawford and Sobel, 1982). Third, our paper contributes to studies that focus on the institutional determinants of governance structure. It presents a coherent framework that explains that corporate governance exhibit substantial variety across countries, as well as that heterogeneity has considerable consequences for the efficiency of cooperatives.

Title of Paper: The Evolution of Estonian Agricultural Cooperatives: Governance Under a Systems Thinking Lens

Authors: Constantine Iliopoulos¹, Rando Värnik², Maryline Filippi³, Liis Võlli⁴, Kaie Laaneväli⁵

Keywords: Governance; Agricultural Cooperatives; Estonia; Systems Thinking

Context and problem statement / knowledge gap: Cooperative organization of agriculture does not have a long history in Estonia after regaining independence. Following the country's independence in 1991, and the enactment of the cooperative law in 1992, 301 agricultural cooperatives were formed. These cooperatives were not grounded on sound international cooperative principles. Legislation that provided antagonistic incentives worsened things even further. In more recent years, the enticements provided by the EU to form producer groups led to a resurgence of interest in agricultural cooperation. According to a recent survey of the Estonian Ministry of Rural Affairs, 113 agricultural cooperatives are currently active in the dairy, cereals, meat, and potato industries (Laaneväli et al., 2018). Yet, only 76 of these cooperatives have adopted cooperative principles in their bylaws and operational policies.

Following what seems to be an international trend, very little to nothing is known on how Estonian agricultural cooperatives organize their governance processes, what rules they adopt, and what is the impact of these two on organizational efficiency and effectiveness. Yet, without such detailed knowledge, improvements are impossible.

Objectives or research questions: Our research addresses the aforementioned knowledge gap by focusing on the issue of governance in Estonian agricultural cooperatives. In the current paper and in the conference oral presentation we provide an overview of governance processes and rules while in a forthcoming companion paper we identify and analyze the processes by which farmer-members choose governance models for their agricultural cooperatives as well as the impact of these models on the performance of cooperatives.

Theoretical framework: In the forthcoming paper we adopt a holistic, systems thinking approach in identifying, analyzing, and evaluating governance rules and processes. Systems represent sets of elements or components that work together in relationships for the overall good and objective of the whole (Capra and Luisi, 2014). By identifying governance rules and processes we lay the ground for the forthcoming analysis of the choice of governance rules and the evaluation of their performance implications.

Methodology: The data analyzed were collected by means of a mail survey addressed to managers/members of cooperative boards. Based on this information and secondary data we identify and depict the prevailing governance model adopted by Estonian agricultural cooperatives.

Key findings: According to our preliminary analysis of collected data, the prevailing governance model adopted by Estonian agricultural cooperatives is shown next (Fig. 1). In terms of the Chaddad and Iliopoulos (2013) typology, it lies somewhere between the extended traditional and managerial cooperative governance models.

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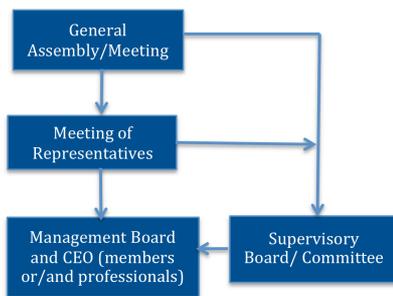


Figure 1. The prevailing governance model of Estonian agricultural cooperatives

The General Meeting is the highest governance body, unless the cooperative is required to transfer decision rights to the Meeting of Representatives. The General Meeting has the decision rights and authority to amend the articles of association; elect and remove members of the management board, if the association does not have a supervisory board; elect and remove members of the supervisory board, if the association has a supervisory board; approve the annual report and distribute profit or loss; decide on merger, division or dissolution of the association; appoint and remove procurators, if the association does not have a supervisory board; elect and remove controllers and auditors; decide on conclusion and terms and conditions of transactions with the members of the management board or supervisory board, decide on the conduct of legal disputes with the members of the management board or supervisory board, and appointment of the representative of the association in such transactions and disputes; decide on other issues which are placed within the competence of the general meeting by law or the articles of association.

Focusing on the 76 agricultural cooperatives that adopt international cooperative principles: 58 have a General Assembly and a Management Board; 17 have a General Assembly, a Management Board, and a Supervisory Board; while only one has all four governance bodies. The top three, in terms of annual income, include a service-providing cooperative in the live animal and meat industries, a marketing cooperative active in the cereal, oilseeds, and protein crops industry, and a dairy processing cooperative. It seems that these Estonian agricultural cooperatives view flexibility and decision making speed as a top governance priority; 58 have instituted only a management board in addition to the General Assembly. Further, in 32 out of these 76 cooperatives, the Management Board has only one member, while in 16 organizations the same governance body has two members.

Conclusions: The current paper contributes to the emerging but still scant literature on cooperative governance (e.g., Cook and Burrell, 2011; Chaddad and Iliopoulos, 2013; Bijman et al., 2014). The paper also contributes to the literature on agricultural cooperation in post-communist countries. Our results are useful to scholars, policy makers, and practitioners interested in designing efficient governance structures for agricultural cooperatives. Estonian agricultural cooperatives adopt a blend of the European extended traditional and managerial cooperative governance models. The performance implications of this new approach and other rules adopted by cooperatives are far from known. Our forthcoming paper sheds light on exactly this important knowledge gap.

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Innovation in internal governance after the reorganization of consumer co-ops

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Keywords

internal governance, merger, split, consortium

Context and problem statement

During the 1990s, major scandals were uncovered at several Japanese consumer co-ops and resulted in industry setbacks and a loss of public confidence. The negative market reaction placed the entire co-operative structure in danger. The president of Co-op Sapporo had manipulated co-op's financial reports to cover the accumulated deficits. The vice president of Osaka Izumi Co-op had exploited co-op's property for his personal delights receiving benefits outside the scope of remunerations. Co-op Saga sold cheaper imported beef labeled as prime "Tokachi beef". The common element among these scandals was the lack of a functioning governance system that would have prevented the mistakes in the first place. While it is important to ascertain the cause of a mistake, the undisciplined actions of executives exacerbated problems by covering up their mistakes. These scandals were revealed by middle manager's whistle-blowing, but co-ops could not solve problems by their own. Co-op Sapporo was rescued by the intervention of the Japanese Consumer Co-operative Union (JCCU) while the Osaka case involved local government's inspection and legal actions. Learning from these events, the JCCU published the guidelines for improving governance in 1999, followed by reformed model bylaws. The Consumer Co-op Act of 2007 introduced new regulations on governance following the Companies Act of 2005. Seikatsu Club Tokyo was separated to four daughter co-ops while Co-op Mirai was set up by merging mega co-ops in three prefectures after the 2007 Act allowed the mergers beyond prefectures. How these organizational changes affected internal governance of consumer co-ops?

Research questions

The key research question proposed in this case study is the following:

How the reorganization of consumer co-ops affected internal governance?

The following detailed research questions will be addressed in this case study:

- Whether internal governance was improved after merger or demerger of co-operatives?
- How members can exercise the effective control of management?
- What is the relationship between internal governance and co-operative success?

Analytical framework

This study applies the analytical framework of the EU wide research project on Support for Farmers' Co-operatives consisting of the institutional environment, position in the food supply

chain, internal governance and performance of co-operatives. The position in the food supply chain referred to the relationship with suppliers, wholesalers and retailers that include federation-primaries structure. The major internal governance refers to the decision-making process, the roles of different governing bodies and the allocation of control rights to the management. The classic literature of Berle and Means pointed to a strong tendency of manager control connected with the dispersed ownership and it fits well to consumer co-ops where housewives constitute a bulk of membership. Spear/Cornforth classified several board models of social enterprises based on theories of agency, stewardship, stakeholder, democratic etc. Birchall proposed the member's voice, representation and the expertise as key elements for good governance analyzing cases of large co-operatives.

Methodology

The case studies were conducted through semi-structured interviews based on questionnaire covering internal governance practices such as the election of representatives, the board's composition and roles, listening to member's voice, and relationship between primaries and federations. In addition, information on co-operatives was collected by studying bylaws, annual reports and other publications/websites. Three co-operatives were studied.

- Co-op Mirai with 3.3 million members
- Pal System Tokyo with 464,000 members
- Seikatsu Club Tokyo with 78,000 members

Key findings

The co-operative legislation has placed institutional restraints prohibiting trade with non-members and mergers beyond prefectural boundaries that created specificities of governance in consumer co-operatives. Co-operatives had to rely on the closed membership to comply with rigid regulations and set up consortiums beyond prefectures by pooling resources to attain the economy of scale while member's control in subsidiary companies was compromised. The growth of co-operatives resulted in numerous and less-incentivized members while manager hegemony was intensified in large organizations. A number of innovations were introduced to improve internal governance; involving non-executive experts in the board, empowering delegates for informed decision-making, capacity building of lay board members, listening/responding to member's voice and so on. When three largest co-ops merged to establish Co-op Mirai, 80 percent of 3 million members were consulted while Seikatsu Club Tokyo was split to four daughter co-ops seeking to create the optimum size to improve governance and member participation.

Contribution to the scientific discourse

This study gives insights on how merger/split of co-operatives give effects on internal governance under the federative structure where the business functions are largely delegated.

Organizational and Demographic Changes in “Renewed Kibbutzim” and Their Impact on Members’ Perceptions about Their Sustainability

by

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- Keywords

Communal community; Kibbutz; Sustainability

- Context and problem statement

The kibbutz, a unique communal way of life, has undergone many changes since its establishment. These changes are reflected in the organizational structure of the kibbutz and the functioning of its institutions. They are manifested, for example, in the transition from an intimate structure to an institutional structure of committees, formal votes and elected officials, and the transfer of responsibility for members’ wellbeing from the control of the kibbutz to the members themselves. Moreover, it has been argued that the communal way of life of the kibbutz and the manner in which it is expressed on a daily basis constitutes a major challenge to the sustainability of the kibbutz (Talmon-Gerber, 1970; Rosner and Getz, 1996; 2013; Palgi and Getz, 2014).

The severe economic crisis in the kibbutzim during the 1980s (Kislev et al., 1991) forced kibbutz members to ask serious questions about their identity and challenged their entire existence as a communal community. However, most kibbutz members preferred to transform the kibbutz and the way the communal community was managed rather than abandon their home (Ben Refael, 1996; Rosner and Getz, 1996). The far-reaching changes carried out by the kibbutzim led to the appointment in 2002 of a governmental committee that examined the updated definition of the essence of the kibbutz. The committee formulated the term "renewed kibbutz," which established the statutory framework for the operation of kibbutzim according to various models. The term also defined the obligations of and boundaries between the kibbutz and its members.

The committee's recommendations allowed each kibbutz to use one of several different models of organizational change and demographic growth in order to cope with the challenge of survival. Two of the main changes that took place were the re-organization of the communal way of life and the admission of newcomers in differentiated statuses. The re-organization included the abolition of an equal budget for each member, the privatizing of housing, and in extreme cases, the privatizing of the kibbutz’s funds and resources. With regard to demographic changes, some kibbutzim established a partial member status, granting the partial member economic independence from the kibbutz. In other places, private neighborhoods of non-members were built in designated sites within the kibbutz, and in some cases both changes were enacted (Charney and Palgi, 2018). Today, more than 30 years after the beginning of the crisis, about 70% of the kibbutzim have adopted the new definition of the kibbutz and it seems that the struggle for survival has ended. The question now arises as to whether the models adopted ensure the sustainability of these communal communities.

- Objective and/or research questions

The goal of this study is to examine the impact of the organizational and demographic changes that have been made by kibbutzim on the sustainability of these communal communities. In particular, we seek to explore the relationship between the extent of privatization and the introduction of new statuses of residents into the kibbutz on one hand, and the kibbutz members’ perceptions about the community’s social cohesion and economic welfare on the other hand.

- Theoretical framework

The demographic and organizational changes in the kibbutzim have been the subject of extensive research, especially after the economic collapse of the 1980s. The relatively few studies published after the change in classification dealt with changes in the kibbutzim from a sociological perspective, focusing on two areas: a review of the processes of change that the kibbutz society underwent as a whole and the collection and analysis of information about the positions of individuals living on the kibbutz (Pevin, 2010, Institute for the Research of the Kibbutz and the Cooperative Idea, annual publications). It should be noted that in recent years, several studies have been conducted by economists who have used the growing heterogeneity of the kibbutzim and their demographic and organizational processes of change to analyze phenomena that are not specific to kibbutzim, such as inequality (Snir, 2006), immigration (Abramitzky, 2009), the pursuit of education (Abramitzky and Lavy, 2014), and fertility (Ebenstein et al., 2016).

To date, to the best of our knowledge, there is no research investigating the relationship between the type of demographic growth and the organizational change on one hand, and the ability of the kibbutz to achieve social cohesion and economic wellbeing on the other. The assumption underlying this study is that the sustainability of the kibbutz can be explained with reference to the variety of possible combinations between the model of organizational change adopted by the kibbutz and the type of demographic growth it chooses.

- Methodology

We utilize qualitative and quantitative data collected through interviews with community administrators and surveys of kibbutz members, respectively. The data were collected in 30 kibbutzim located in the Israeli periphery. Questions regarding members' perceptions about social cohesion and economic wellbeing were intersected with data on the changes that the kibbutz adopted (if any). To avoid a kibbutz-specific bias, we used earlier surveys from the very same kibbutzim that were conducted during the 1990s (i.e., before the changes took place). This strategy (aka closest pair problem) allowed us to make a before and after comparison while avoiding the heterogeneity across kibbutzim and controlling for dynamic trends.

- Key findings

A negative correlation was found between the level of privatization and the indices of sustainability. In particular, there was a strong distinction in the indices of sustainability between traditional kibbutzim and kibbutzim that were completely privatized.

Kibbutzim that did not make any demographic changes and retained the single status of full members demonstrated a stronger increase in sustainability over time than kibbutzim that introduced additional statuses. Furthermore, there was a statistically significant decline in sustainability with the introduction of private neighborhoods of non-members.

- Conclusions

The decrease in the indices of sustainability associated with the expansion of privatization and the multiplicity of membership statuses implies that the changes adopted do not provide the sustainability these communities had hoped for.

- Contribution to the academic debate / to solving a practical problem

This research is innovative as it is a first attempt to examine the impact of organizational and demographic changes on the sustainability of communal communities. The methodology used (closest pair problem) enables us to isolate the effect of the adopted changes from the kibbutz-specific factors that probably led to these differentiated changes. Lessons from this study may be relevant to other communal communities facing questions of privatization and how to go about admitting new members.

Paper:

What makes farmers (not to) cooperate in transition economies? – The case of milk production in Albania

Olta SOKOLI, Engjëll SKRELI, Orjon XHOXHI, Drini IMAMI, Reiner DOLUSCHITZ

Problem statement: In Albania, the agriculture sector is dominated by small size and highly fragmented farms, which make cooperation a better option to achieve efficiency, volumes and standards. However, there has been limited evidence of successful horizontal cooperation among farmers during transition in Albania.

Objective: The main objective of this paper is to analyze the factors which determine the farmers' willingness to cooperate, with special focus on social capital, leadership, reputation and reciprocity.

Theoretical framework: A number of factors may affect farmers' willingness to cooperate, including type of service provided by cooperation, farmers' characteristics, governance systems, and other economic and political environment conditions (Ostrom, 2007).

There have been various studies on different topics grinding the relation and impact of trust on cooperation development and vice versa. With the time people have been more focused on organization / business development without taking into account the real importance of values and relation that exist between individuals (Ryssel et al., 2000). When it comes to creating relationships between partners and particularly farmers, trust, ability for compromise, communication skills, comparable education levels and similar values have and due to that play an essential role (Hein, Lavèn and Doluschitz, 2011; Ganesan, 1994; Morgan and Hunt, 1994; Wilson, 1995; Doney and Cannon, 1997; Lynlee Hobley and Peter J. Batt, 2010). An additional feature which affects trust is communication which contributes to a solide relation (Mohr and Spekman, 1994). Anderson and Narus (1990) stress out that communication leads to greater cooperation, which may be associated that communication will have a positive association with cooperation. Consequently, trust certainly interacts with horizontal cooperation.

Methodology: This paper is based on a structured survey (238 farmers interviewed) which has taken place on June and July 2017, in the leading region for milk production – region of Fier. A structural equation model is used to test the hypothesis.

Cooperatives in a rapidly changing world: innovation in enterprise and community

International Cooperative Alliance (ICA) 2018 Research Conference

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Findings: The stock of social capital, the presence of leadership in the community, the farmers' concerns on their reputation and the inclination to reciprocate, is expected to positively affect willingness to cooperate. As well, the selected area and the service these farmers offer is hypothetical to have a higher potential to drive them into cooperation.

The lack of trust is related to property and common assets management, which seems to be an important factor that hampers cooperation and cooperative creation. A farmer and their family members aim to carry out every activity in farm starting from production and up to the sale of the products to market. They do not trust having their capital invested in common assets and somebody else outside the family in charge of managing these assets. This comes due to the former time regime. In the other hand, there is a lack of leadership and management skills and competencies related to cooperative organization among farmers.

Keywords: social capital, reciprocity, cooperation, milk production, Albania

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Determinants of Russian farmers' decision to be a member of an agricultural cooperative venture

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KEY WORDS: Agricultural consumer (service) cooperatives, Russian Federation, determinants of cooperation.

INTRODUCTION

In the last years the private farming sector has changed in terms of human capacity. Efendiev and Sorokin (2013) have shown that there is a positive change in attitudes towards family entrepreneurship and individualism compared with a similar survey in 2000. They state, that the long claimed community of Russian rural dwellers may be partly disappeared while individualism and entrepreneurial activity are growing rapidly. Wolz et al. (2016) conclude that the private farmers in Russia are becoming increasingly business oriented and private farming is expanding, thus, giving rise of both informal and formal organisations in rural areas.

However, the Russian State Statistical Service still report miserable numbers of agricultural producers being involved in cooperation. About 1% of households, 2% of farming units, 5% of agricultural enterprises are members of agricultural service cooperatives in Russia. From 2011 to 2015 the number of agricultural consumer cooperatives have even reduced by 32,9% (Resolution, 2017). Despite of the fact, that cooperation strengthens economic potential and market power of agricultural producers, helps them to achieve common goals, it seems to be not a popular tool among Russian agricultural producers. This study attempts to determine the reasons and incentives of agricultural producers in Russia to be members of agricultural cooperatives.

There are only several studies, which attempt to determine the reasons and incentives of farmers to take part in rural (agricultural) cooperatives (Stallman and James, 2015; Huylenbroeck and Buysee, 2013; Borgen, 2004; Pascucci et al., 2012). There are, however, none studies to our knowledge, which attempt to search for the incentives of Russian agricultural producers to cooperate, or their willingness to cooperate. For example, the collective action theory attempts to explain a person's willingness to cooperate with others to achieve common goals. The literature on Russian agricultural cooperatives attempts to describe the system of existing cooperative institutions in transition economy. The agency theory describes the principal and agent relationships, which may impact the farmer's decision to join a cooperative (Borgen, 2004; Minguez-Vera et al., 2010). All or none of these diverse literatures may provide insight into Russian farmers' willingness to cooperate.

Why the majority of farmers in Russia do not cooperate? What determinants affect their willingness to cooperate, and do those determinants follow the predictions of collective action theory, the literature on Russian cooperatives in transition, and the agency theory? In this study we explore the answers to these and some other questions, using the survey.

METHOD

The gathered data was captured and manipulated using statistical software. A cross-tabulation method was chosen to identify the impact of factors on the presence of cooperation among farmers. A cross-tabulation is a joint frequency distribution of cases based on two or more categorical variables. The joint frequency distribution is analyzed with the Pearson chi-square statistic to determine whether the variables are statistically independent or if they are associated. Finally, a logistic regression model is used to clarify the relationships contained in contingency tables. In this analysis, cross-tabulations were used to develop the contingency tables for two categorical variables: the membership in a cooperative and another factor suggested by the theories. Chi Square test for independence was used to identify the presence of a significant relationship between the two categorical variables (Suliadi et al., 2016). The significance level chosen for the two tailed Chi Square test is chosen to be 0.05. Using the estimated Chi Square parameters we identify factors that are associated with cooperation practices of Russian farmers. By the Logit analysis we select few good options out of the factors identified in the cross-tabulation analysis for the purpose of prediction.

KEY FINDINGS AND CONCLUSIONS

Study results have shown, that cooperation is not a popular tool among Russian agricultural producers, because they do not have incentives to cooperate, and even face obstacles hindering membership in a cooperative. The majority of agricultural producers do not have a desire to cooperate with others and therefore have little or none experience in collaboration. They are not collaborating with their neighbors for inputs supply, sales or outputs distribution. Majority of them don't believe that cooperation will help them to make their businesses more effective. They don't trust other farmers. They are not socially active taking care of local communities. They have problems with leaders who are not trustworthy willing to make cooperative activities transparent for members' control. Agricultural producers in Russia rarely have high income from farming activities. Very often agricultural producers lack higher education.

These findings help us to determine the factors, which should be addressed by the governmental services willing to improve the situation in agricultural sector in terms of cooperation. There is a need in agricultural consulting services offering high quality educational courses explaining advantages of cooperatives and profits they may provide for the members. A particular work should be done teaching farmers to trust each other and teaching them to organize a system of a cooperative venture in a way that it will exclude cheating, immoral and free-riding behavior from the sides of both members and leaders.

The model offered in this study allows us to predict with the 92% possibility potential cooperators among the farmers. This might be a useful tool for choosing participants for the educational courses in agricultural cooperation.

PERCEPTION OF VALUE CO-CREATION ACTIONS IN AGRICULTURAL COOPERATIVES

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ABSTRACT

This research evaluates the members' perception regarding the value co-creation actions offered by the cooperative and if the characteristics of the member and the cooperative impacts on this perception.

It was developed a measuring model of the perception of the value co-creation activities developed by the cooperative and as characteristics of the members. The method used was the application of a questionnaire and was used the Partial Least Square method.

The actions of value co-creation, professionalization of management, satisfaction and loyalty and long-term orientation of the member were measured based on the of the member's perception. The results demonstrate a significant association between satisfaction and loyalty and perception of value co-creation and a positive association between the long-term orientation and the perception of value co-creation actions, that is, the perception of the benefits generated by organization with this actions can be influenced by the time horizon and by the level of satisfaction and loyalty.

The results showed that there is a significant positive relationship between the level of perception of value co-creation actions and the other studied variables, except for the management professionalization, but this has a moderating effect with the other constructs. The data indicate that the latent variable management professionalization presented, as the main indicator explained, the satisfaction and loyalty. That is, an organization that adopts professional management practices presents higher levels of satisfaction and loyalty, since there is an improvement of the image of the cooperative and attendance of the needs of the stakeholders.

Likewise, the management professionalization influences the time orientation of the member, and can be explained by the increase of trust and by better attending to the needs of the members, reducing the conflicts of the agency, and can influence the time horizon of return of what was invested. The latent variable long term orientation of the member reflects the use of this measure in the perception of the actions of value co-creation. That is, the perception of the benefits generated by the organization with actions of value co-creation can be influenced by the time horizon of the member, being perceived over time. And the variable satisfaction and loyalty explains the perception of the actions of value co-creation and also explains and temporal orientation confirming what the literature of value co-creation approached.

A complementary sensitivity analysis was also developed to verify if the characteristics of the members. The main contributions is the development of an

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instrument to measure the level of perception of value co-creation actions, as well as the empirical investigation about its relation with the other variables.

Regarding the results of the multi-group analysis, it was observed that the effect of satisfaction and loyalty of the member on the perception of value co-creation actions is significantly higher for the indebted members. This means that the more indebted members are more aware of value-co-creating actions. The effect of the long term orientation of the member on the perception of value co-creation actions is significantly higher for the member with up to 19 years of association in the cooperative. And the same result was found in relation to the professionalization of management over the long term orientation of the member and also to the professionalization of management over satisfaction and loyalty.

The data show that the member's long-term temporal orientation influences the perception of value co-creation actions in relation to the size of the rural property. Larger members (more than 20 hectares) have a positive association with long-term temporal orientation. Such a greater professionalism of management also influences the long-term orientation of the larger member. And the effect of the professionalization of the management on the perception of the actions of value co-creation is greater for the members with up to 1st degree, showing dependence and trust among members less educated with the decisions and actions of cooperative management.

In addition, it is concluded that members perceive value co-created in the actions offered by the cooperative. It is also concluded that the satisfaction and loyalty and long term orientation of the member influences this perception in a direct way, while the professionalization of the management influences indirectly. Moreover, this perception may be influenced by some characteristics of the members such as level of indebtedness, time of association, level of schooling and size of the member's rural property. The members' perception of value co-creation is impacted by the characteristics of the member and the cooperative.

Keywords: Temporal orientation; Satisfaction; Loyalty;

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PAPER

Big Data and Agricultural cooperatives: a move towards a different commons? The case of the Internet of Food and Farm 2020 (IoF2020)

Keywords: Social-Ecological-Technical Systems; Netchains; Big Data and ICT; Agricultural Cooperatives

Context and problem statement: The increase in Big data and other ICT technologies on a large scale in agriculture is seen to be a solution for dealing with climate change, environmental degradation, land and water constraints, the necessity to optimise resources, and reduce costs, amongst other compelling arguments. However, it has also resulted in imbalances in power, investment barriers, reduced access to knowledge and the decreasing ability of farmers to control and benefit from their agricultural activities. The agricultural sector is already highly concentrated in the inputs sector (seeds, fertilizers, etc.) and the distribution (5 global distributors) and the uptake of Big Data, ITC and digitisation of agricultural may further accelerate the concentration of market power, and land ownership, with negative consequences for distribution of wealth, innovation and food security.

Objectives or research questions: Results are presented from the first year of the European Project “Internet of Food and Farm 2020” (IoF2020). This paper will present research on the utility of cooperatives as innovative organisational structures and business models in Big Data and ITC systems and agriculture.

Theoretical Framework and Methodology: Elinor Ostrom’s Social-Ecological Systems Framework provides the arena in which to study the issue. A novelty is the use of technical-social systems merged with Ostrom’s framework, a development that was foreseen by McGinnis and Ostrom yet not further developed by them. Netchain theory provides a basis of a study mapping relationships between agricultural and supply chain actors. A case study of the Internet of Things applied to small family farms in southern Spain is presented.

Key findings: Cooperatives can prove to be a useful coordination mechanism with respect to Big Data and ICT relationships and facilitate equitable uptake, adoption and management of ICT innovations. As well, in seeking solutions to pressing issues of ownership and control of knowledge, power imbalances, and supply chain distortions, cooperatives offer a business model which allows cooperative members to received benefits for the data they produce and allows economies of scale in new and existing areas of cooperative activity. Data cooperatives may also push further innovation by allowing for a more open access to information, in essence a “data commons”.

Conclusions: The agricultural sector may find innovative solutions to some of the most pressing challenges through the use of the cooperative business model with respect to Big Data and ITC. Cooperatives may serve as an efficient coordination mechanism in agricultural cooperatives’ transition to the digital age.

Contribution to the scientific discourse/solving a practical problem: This paper will extend the Ostrom framework to new social technical areas involving agriculture and as well adapt netchain theory to shed light on agricultural cooperatives’ management of knowledge relationships, ownership, control and innovation. From a practical point of view, cooperative business models can address important threats within the agricultural sector.

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Collective Action in Farm Data Management

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Keywords: Cooperatives and big data; Common Pool Resources, Business modelling; Governance of data, Elinor Ostrom.

Context and problem statement

Agriculture becomes more and more data driven. Machines and robots are equipped with sensors that collect massive amounts of data that can be analysed with big data techniques like machine learning. Such data do not have to stay on the farm but can be stored in the cloud and exchanged with business partners. At the same time ICT makes digital transfer of administrative data in the food chain possible for tracing and tracking, auditing the provenance and sustainability of food and reducing administrative burdens. Blockchain technology is just one recent example [Ge et al., 2017]. The value of data is increased by combining data from different sources, e.g. for predictive analysis or benchmarking. To combine data, there is a need for Agricultural Business Collaboration and Data Exchange Facilities (ABCDEFs; Poppe et al, 2015) that act as a data hub.

These technical options have a number of organisational consequences. First of all they have the potential to reorganise food chains [Boehle, 1999; Gereffi et al, 2005]. Some decision making that was decentralised, can now more easily and better be centralised. Or farmers can set up a new food chains as a form of collective action with easier communication using e.g. Facebook.

Second new functions have to be introduced in the food chains regarding the exchange of data: standardisation of the data exchange, running a data hub where data are exchanged and (big) data analysis. The topic of this paper is the question how these functions can best be organised in food chains. In earlier work [Poppe et al, 2013; 2015; 2016; EU SCAR, 2015] we demonstrated that there are two archetypes of food chains: those dominated by a large player that organises the chain (especially if it is an IOF [Investor Owned Firm] and can force farmers to use its software) and those food chains in which there are many different players active without clear leadership (and farmers often change from business partners).

Where a dominant player can also organise the data management in the chain, especially in the second archetype the questions on how to organise the exchange of data are relevant. One of the options is that one of the players has a big-data strategy and becomes a dominant partner in the food chain and a second option is that an outsider from the ICT industry takes up this role of organising the data management in the food chain.

Collective action by the players in that food chain is the third organisational option. Given the big network effects and subsequent rents that we see with tech firms in data driven markets (e.g. Amazon, Alphabet/Google, Facebook), this could raise the question for agricultural cooperatives and farmers if these network effects (and subsequent lock-ins) are a form of market failure and if they have to take pre-emptive action to organise the data exchange. Or if they have to take this action because it is not guaranteed that an outsider from the ICT industry will take up the data exchange role.

Objective and/or research questions

Assuming that players in a food chain (farmers and food businesses; cooperative and/or IOF) want to organise the data management (data standardisation, data hub, data analysis) together, which design principles could we provide to them?

Theoretical framework

The theoretical framework of this paper is multi-disciplinary. The description of the ICT issues and potential functions of the data exchange facility are based on knowledge from computer science. The business modelling approach heavily depends on the work of Osterwalder (2004). Concerning the governance there are issues like ownership of data, IPR and privacy that are based in law. The focus on the organisational aspect of the data exchange facility is based in the governance literature from institutional economics and cooperatives. The objective of this paper is the development of the design principles for data exchange facilities (in the tradition of the seminal work of Elinor Ostrom (1990) on institutions for common pool resources).

Methodology

Based on the theoretical framework we investigated a number of relevant examples that have started up in recent years. We report among others on: Fieldscript (USA), Farm Business Network (USA), Farmobile (USA), Agriplace (NL), EDIcircle (NL) and Akkerweb (NL). We apply the design principles for common pool resource management (Ostrom, 1990) to a data exchange facility that is currently being developed in the Netherlands, called JoinData. We treat this as an inspirational example to illustrate our analysis.

Based on anecdotal evidence as well as the efforts to create a EU Code of conduct on agricultural data sharing (COPA Cogeca et al, 2018) we assume that winning and keeping the trust of farmers to make their data available for big data analysis is the common pool resource. Larger sets of data have more value for big data analysis and decrease per unit costs of data sharing via a data hub. But collecting too much data without providing a clear service or payments to farmers erodes the trust of farmers to make their data available. Farmers could become afraid that their data could end up in places where they do not want to see it. In more complicated data hubs they cannot oversee what is happening, and trust building actions are needed (compare the use of labels with auditing in long supply chains). Or they could worry that it leads to a shift in power to larger companies and cooperatives that they perceive as being against their interest. Network effects of ICT platforms could contribute to such a shift in power. Such considerations, real or imagined, could erode the trust of farmers to make data available. As a consequence the companies (including cooperatives) that want to acquire the data from the common pool have to prevent overexploitation of the pool by creating guarantees that address these worries.

Conclusions

Farming becomes data driven, leading to a need for Agricultural Business Collaboration and Data Exchange Facilities (ABCDEFs; Poppe et al, 2015). There is a wide range of design options for organising such an ABCDEF, with choices to make in the functional design, infrastructure, business model, finance, eco-system development and governance structure. Choices that are intertwined. Given potential network effects and effects on the power relations in the food chain, as well – in an opposite case- a risk that the sector is not attractive enough for a competitive solution with several IT suppliers, there are reasons for collaborative action to set up data exchanges (data hubs) in an ABCDEF.

We conclude that such data hubs have characteristics of a common pool resource: farmers can be reluctant to share their data and their trust can be destroyed by overexploitation by companies (including cooperatives) that want to use that data for their own purpose or (big data) services of which the benefits for the contributing farmers are not yet clearly defined. Given the challenge to collectively manage this common pool resource we analysed business models and the governance of several agricultural data sharing initiatives and applied Elinor Ostrom's design rules on the JoinData data hub case. For this case we were able to provide advice based on these rules, cooperative experiences and common sense. A specific characteristic of this common pool is that the appropriators can not only take measures to prevent overexploitation and increase trust, but the supplying farmers can also actively be involved in the governance of the data platform. That implies that Ostrom's design rules can be made more precise for data platform development, using the different experiences that exist with data platforms.

Title of paper: Platform Cooperatives: Opportunities and Obstacles

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Keywords: Digital Governance, Platform Cooperativism, Sharing Economy, Gig Economy, Platform Cooperatives, Online Governance, Collaborative Consumption

Context and problem statement / knowledge gap: Platforms connecting large crowds of (private) supply and demand by use of apps, algorithms and reviewing mechanisms appear in an ever growing number of industries. Although platforms used to restrict themselves to digital industries (like information searches, music, games and social media) and secondhand markets (as Marktplaats.nl), they're nowadays also actively involved in industries of physical services like catering and hospitality (Airbnb, EatWith), transport (Uber, Deliveroo, Doordash), babysitting (Charley Cares), cleaning (Helpling), and practical gigs (Handy, Werkspot, TaskRabbit) in and around the house. Also, education, health care and all kinds of voluntary services could be organized as a platform in the near future.

Platforms are disruptive in a sense that they assume the function of a larger companies. Platforms are rapidly growing in before mentioned industries, indeed partially at the expense of revenue and autonomy of traditional providers like hotels, taxi companies, and energy providers. Factually, the platform –using algorithms, reviews, and big data– takes over the functionalities traditionally being offered by bureaucrats, such as planning, logistics and assessment.

Virtually all platforms have been established with venture capital investments and strive to maximize their short-term profit. For this reason, they focus particularly on servicing precarious professions, where public values as consumer safety, social rights, and privacy of the supplier and customer are mostly not or insufficiently secured.

As a consequence of these problems and the forecasted growth of this platform economy, the call for stronger regulations becomes all the louder. One, still far-reaching, alternative is the development of governmental platforms. Others, Scholz and Schneider (2016) in particular, are looking for a third way: the way of platform cooperatives ('platform cooperativism'). These are platforms owned and managed by their users, especially those who regularly use the platform as supplier and hence become dependent on the platform in meeting their daily needs. Certain 'platform coops' have been spotted in the transport and home services industries, as well as in the freelance photography industry, all in the USA. Besides these, there are initiatives in Germany (second hand market place) and the Netherlands (home sharing platform).

By both European cooperative organizations and trade unions interest is shown in this topic for some time already. Trade unions are considering platform cooperatives as solution in order to secure workers' interests. Cooperatives regard platform cooperatives as a chance to broaden their horizon, connect local communities to a worldwide network, learn to how to better use digital governance tools, and to learn how to mirror cooperative principles onto an online environment. (Lomo 2017)

Objectives or research questions: Our research aims to get an overview on the landscape of the platform cooperativism movement and to answer the question if –and under what circumstances– platform coops are an actual viable alternative to commercial platforms.

Methodology: In regard of this research, an analysis of the landscape will be conducted based on an extensive database with some data of 200 platform coop initiatives. Besides this, there will be a literature review on platform coops and coops in general.

Key findings: Although the research is ongoing, the next findings can be shared as a draft. Although the assumption when starting the research was that platform coops are the ‘cooperative version of Uber and Airbnb’, I discovered that there peer2peer marketplaces are only one of the 3 categories in the platform cooperativism movement:

1. **platform co-op** – (ICA-compliant) co-ops that manage an online platform, sharing ownership and governance over it - digital first
2. **co-op-run platform** – (ICA-compliant) co-ops that manage and primarily do business through an online platform
3. **shared platform** – Enterprises that share some meaningful ownership or governance over an online platform

Possibly more interesting is to have a look at platform cooperatives (platform coop, co-up-run platform and shared platform) classified from a supply perspective on the nature of the transaction on how the stakeholders cooperate. This angle is missing in the analysis of the database by its creators:

1. Single supply to single demand (multi sided marketplace): c2c, b2c and b2b
2. Collective supply to single demand: crowdfunding and data aggregation platforms
3. Collective supply to collective demand: crowdsourcing and collective buying platforms
4. Single supply to collective demand: ‘traditional’ agencies, service providers and soft- and hardware development.

Conclusions, including contribution to the academic debate or to solving a practical problem: Although the research is still on-going, it is clear that the platform coop movement is in a really early stage. There are some challenges for platform cooperatives to scale and build a sustainable and professional alternative. I think that the platform coops in category 1 (single supply to single demand) are the most promising ones, since the transaction is local. Demand supply meet in ‘real world’, so only a (hyper)local network effect is needed to make the platform work. I would describe them as a “multisided marketplace with an individual (peer) as demand in which the initiative is organized in a cooperative way and the primary enabler of both transaction and governance is online.”

The societal relevance is high, because (hyper local) platform coops could be an alternative to monopolistic platforms evading regulations and the democratic process (Van Dijck et al. 2016; Frenken et al. 2017). Also the SER (report ‘Mens en Technologie’, 2016) and the Rathenau-institute (report ‘A Fair Share, 2017’) point out the shortage of scientific insight in platforms and the urge to substantiate future policy scientifically.

There are some important questions and thoughts unanswered. Are non-multistakeholder platform coops better for society and more inclusive? How usable is the coop structure? Why not look to a more dynamic ownership model through blockchain technology? And is this discussion on shared governance and ownership, or is this the response for a need to have more inclusive and ‘fair’ platforms by design?

Platform Cooperatives and the future of Democracy

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Key words: Platform Cooperatives, Democracy, Law, Sharing Economy, Economic Democracy, Platform Capitalism, On-Line Economy.

Abstract

On-Line economy poses great threats: it allows for concentration of power, wealth and control, but it also bears great opportunities as it constructs mechanisms that enable mass participation in decision making – thus enabling the development of direct and scaled democratic practices both on the political and the economic realms.

Platforms are in this day and age what land was in agrarian times and means of production for the Industrial Revolution – basic resources – and as such, the prime questions to be addressed today are the same as ever: Who owns the resources? Who controls them? Who makes a profit from them? and Who makes the decisions regarding all the above?

There are systemic deficiencies in 21st century democracies. There is an on going concentration of wealth, and the political strength derives from it undermines public trust in political institutions as well as in political procedures and in the public power to influence and make a difference. The changes in the labor market created a growing lair of workers who are not employees – workers in the ever growing ‘Gig economy’, and other ‘free-‘ or ‘forced-free-lancers’ - thus stripped off of cogent rights achieved in more than a century of struggles. Traditional economists propagate segregation between economy and politics as well as economy and society, but this is an artificial segregation, which was never but an excuse for maintaining economic decision making by the hands of the few and interests’ motivated. Conducting a democratic regime that relates only to the political sphere and withhold it from the economic sphere suffers from a fundamental democratic deficiency.

The events in Austin, Texas, in which the local municipality regulated the operation of Uber and Lyft in a manner the transportation giants opposed – leading them to promote a series of steps designed to uphold the democratic decisions, is an egregious example of the current democratic deficiencies.

What some still refer to as “Sharing Economy” must be classified according to the merits of each enterprise. The platform itself has no normative value – it is only a platform. On-line economy has three main categories: On-Line Capitalism – economic activities designed for maximization of profits; “Sharing Economy” using a substance-based definition – allowing under-used resources to be used by others, adding social value: connecting people, contribute to the environment, creating communities; and Platform Cooperativism, using on-line technology in order to promote economic and social goals and interests like in the ‘Sharing’ notion, adding a power building components: ownership, control – Democracy.

The classification is suggested as an identifying tool and as basis of future legislation and public policy in order to create favorable environment towards economic enterprises that enhance

Economic Democracy, especially Platform Cooperatives, and justify the need to support their development as a mean for enhancing public interests.

A. The main questions of the research:

- What Criteria should be used in order to classify On-Line economy?
- Can ‘Sharing Economy’ promote public interests or should it be withdrawn all together?
- How can classifying On-Line Economy help in promoting democratic economic enterprises?
- Can Platform Cooperativism influence democratic processes?

Theoretical framework

The aforementioned dilemmas will be addressed via a prism of democracy: using Economic Democracy Theories, observing models of ownership, control, participation and decision-making. Economic Democracy theories challenge the economic structure that allows concentration of wealth and the economic and political power deriving from it. According to Economic Democracy, looking at economic systems as separate from the political systems they are embedded in compromises the essence of Democracy – if the market is controlled by wealth, there cannot be a free political system.

This paper would try to portrait platform economy from a democratic spectrum, suggesting that even though it is now controlled mainly by big corporations, the platform economy had already produced people’ owned alternatives and has the potential to create civic economic power and restore the essence of democracy.

Methodology

- Discussing legal and social classification of what is referred to as “Social Economy”;
- Analyzing case studies relating to each of the questions arose, regarding aspects of interaction between cooperatives, competition and public interests, each based in a different country and legal system.

Key findings

- There is no normative value to On-Line Economy – the platform is only a platform;
- The dichotomy assumed between Economy and Society is artificial and contributes to concentration of wealth;
- The current legislation regarding workers’ rights and antitrust does not comply with the changed environments On-Line economy created;
- Cooperative and Community based alternatives for Platform Capitalism are achievable.

Conclusions

On-Line economy opens extensive opportunities for economic democracy. Unlike other resources, it has the benefit of not being scarce as is land, and is not as expensive as obtaining industrial means of production. From a democratic perspective, platform economy’s greatest advantage is that even though users might be located oceans apart – they can use intelligible mechanisms for direct communication and attainable decision making apparatuses - allowing for cooperation on a much larger scale than ever before.

It is not only that the platforms should not serve in order to make profits for the few, they are to create awareness and educate for economic democracy.

Access of cooperatives to the Tax Incentive for Innovation in Brazil

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Keywords: Cooperativism. Tax Incentive for Innovation. Cooperate Act. Taxation.

Context and problem statement / knowledge gap

In 2005, the new Brazilian model of tax incentive to innovation was introduced, by means of law 11.196 (BRASIL, 2005). Such benefit can be used by companies that make expenses with technological research and development (R&D), hiring of researchers and register of patents or cultivars. Thus, the expenditures performed in the period of tax calculation with technological research and development of technological innovation can be deducted of the tax basis from the *Imposto de Renda da Pessoa Jurídica, IRPJ* (Legal Entity Income Tax) and the *Contribuição Social Sobre o Lucro Líquido, CSLL* (Social Contribution of Net Income (BRASIL, 2011)). However, in a universe of almost 7 thousand brazilian cooperatives, only 4 made use of the Brazilian Tax Incentive for Innovation in 2014, the most recent data released.

Objectives or research questions

The objective of the present paper is to elucidate the practices performed by farming cooperatives regarding the tax, accounting and administrative management linked to the tax incentive to innovation (TII). With that, the research question is: what aspects have to be improved so that cooperatives can extended their access to the TII?

Theoretical framework

Since the tax system interferes in the tax policy for innovation (WARDA, 2005), the induction of innovation in cooperatives via tax policy depends on the tax structure of such organizations. In this case, it is necessary to discern the economic transactions realized by them, segregated in Cooperative Act (CA) and Non-Cooperative ACT (NCA). The first refers to operations either between the cooperatives and its associates, or vice-versa, as well as between cooperatives reunited in a common single organization (BRASIL, 1971). The latter occurs in the instant cooperatives perform transactions with non-associates with the intention of implementing production scale; or when they offer goods and services to non-associates (BRASIL, 1971). As only the Non-Cooperative Act is source of business transaction with profit generation then, only this subject to *IRPJ* and *CSLL*.

The Normative Opinion nº 73/1975, of the Brazilian Coordinator of the Taxation System, points that Cooperative Societies must account the revenues and costs in two separate groups, as they are imputed in cooperative and non-cooperative acts. The allocation in one of these two forms interferes in the effect the TII has on the tax saving of cooperatives, by restricting the inventive amount in these organizations (functions as a reducer factor in TII participation). That is because the total amount of expenditures on R&D activities is divided and only a proportion of it is equivalent to the Non-Cooperative Act can be considered for TII effects.

Table 1 shows a hypothetical example of an expense of \$1,000 on R&D performed by a cooperative. Assuming that, from such expenditures, the TII legislation permitted a deduction of 80%, therefore, \$800 could be deducted from the calculation basis of the *IRPJ* and *CSLL*. However, only in the case of cooperatives, such expenses must be separated using as weight the NCA participation, which, in the example, is 30%. So, $\$1,000(0,3) = \300 . Therefore, only

\$300 of the expenses on innovation could be used for the purposes of achieving the TII, while in another type of company, the \$800 could have been fully used.

Table 1 - Reduction of tax benefits related to Cooperative Acts

Expenditure with R&D	1,000
Deductible amount other types of companies (80%)	800
Deductible amount R&D cooperative – only the percentage referent to the Non-Cooperative Act = 30%	$800 * (0,3) = 240$

Elaborated by the authors

Methodology

For a better understanding of the relation between cooperatives and TII, a research of qualitative nature, whose investigation method selected was the single case study, was performed, the unit of analysis being a Brazilian Agroindustry Cooperatives Center, which comprehends a group of 30 agroindustry cooperatives. Besides that, it possesses factories of dairy products whose processing capacity is 2,2 million liters of milk a day, the largest industrial park of powdered milk in Latin America. Moreover, such organization houses a Research and Development (R&D) department. In 2018, the Center had 617 direct collaborators and comprehended more than 170 thousand associates rural producers suppliers of raw material to the Center industry, located in 350 municipalities.

Key findings

The center has importance in terms of knowledge production and technology and innovation diffusion, given that this analysis unit has 21 researchers distributed in 5 research lines. With that, it transfers the results of research produced in the R&D unit to the associate cooperatives, boosting and improving the production of thousands of rural producers that, thus, have their productivity broadened.

As a result, it was inferred that the policies that regiment the incentive to innovation confront the nature of cooperatives, decreasing the capacity such organizations have in the appropriation of this policy. Thus, there is a reducer factor in the participation of cooperatives on TII.

Conclusions

The cooperatives must choose between only following the taxation rule or excluding part of the tax benefit for innovation; or questioning it, understanding that the very motivation of the legislator is to allow that expenses on R&D are fully deducted to motivate innovation. In this sense, it is suggested a debate involving the various actors in the system of innovation in which cooperatives are involved, to decide if such reducer factor should be overcome or accepted. In this discussion, the central topic would be the that the tax regiment discounts the economic approaches that point to innovation as vital to the organizations. Therefore, even if the cooperative is highly innovative, but without Non-Cooperative Act, the cooperative is unable to access the TII, even fulfilling all the legal criteria for that.

Finally, the tax, accounting and administrative management that routinely operates in the Center was able to respond to the new specific procedures related to the use of the policy in debate, without the implementation of new processes.

Does quality incentive payment improve co-op performance? A study of small French agricultural cooperatives.

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Abstract.

More and more cooperatives are investing in quality. This adherence by cooperatives to signs of quality enables them to resist competition, not only from large agricultural cooperatives, but also from traditional businesses (Magrini *et al*, 2012). This resilience is partly due to product differentiation and the reputation of cooperative products generated by investment in quality. It allows them to conquer new market shares and generate a loyal customers.

For quality investment to be successful, agricultural cooperatives must absolutely rely on the level of commitment of its members (cooperators), because the strength of a cooperative lies in the level of commitment of its members (Fulton and Giannakas, 2001). A co-operative's adherence to quality potentially creates a stowaway problem that damages the co-operative's reputation and consequently the co-operative's performance. In recent years, a significant proportion of agricultural cooperatives have set up remuneration contracts based on the quality of the cooperatives' products. The level of payment to co-operators depends on the quality level of their products. There are therefore different remunerations, depending on the quality of the co-operators' products, which are called quality incentive payments.

Knowing that the strength of a cooperative lies in the homogeneity of its members, implementing this incentive payment (quality remuneration contract) would introduce heterogeneity among members. Some of the co-operators may not perceive that some of them are paid more than others, which can affect their commitment to the cooperative and therefore negatively affect the performance of the cooperative (Fulton ~~and~~ Pohler, 2015) Introducing an incentive payment for the quality of the members' products is to introduce heterogeneity among the members. It also means introducing into the cooperative an incentive logic that can be perceived as opposed to the core spirit of the cooperative organization). In small agricultural cooperatives, the political and social dimension takes precedence over the economic dimension for members (Briscoe et al, 2006). The quality remuneration contract directs the co-operative towards a trade-off between profit resulting from members' level of investment in quality and the level of disengagement of members in

co-operative activities. All these questions issues raise interest on the potential role of this incentive payment on the performance of small agricultural cooperatives.

In this research study, using data from the survey of small agricultural cooperatives in France, we proposed to analyze the effect of the quality incentive payment (quality remuneration contract) on the performance of small agricultural cooperatives in France. Does the quality incentive payment reduce the incentive to cheat and improve the performance of small agricultural cooperatives?

To answer this research question, we conduct an original econometric analysis of the literature (Bravo-Ureta *et al*, 2012). After a matching by the CEM (Coarsened Exact Matching) method to correct the selection bias (King *et al*, 2009) and (Iacus *et al*, 2011), we first estimated a linear regression model, which was our reference model, and then we estimated a quantile regression model (Behr, 2010), through a Cobb-Douglas production function and a translog function. A global competitiveness test leads us to retaining the estimation of the Cobb-Douglas function (Maieta and Sena, 2008), (Soboh *et al*, 2012), (Fakhfakh *et al*, 2013)). Matching is explained by the fact that if a co-operative gets involved in quality issues, there is a good chance that it will be the most successful ones involved. The analysis of the link between investment in quality and performance may be overestimated when the best performers are involved, so this problem had to be corrected beforehand, hence the need for matching.

In this work, we show that the contract of remuneration by quality has a positive effect on the performance of small agricultural cooperatives. Our analysis shows that the co-operative performance increases with the size of the co-operative, but at decreasing rates. Thus, an increase in the number of members will initially increase the performance of cooperatives, but this positive effect will diminish as the cooperative becomes more important. This result may reveal a stowaway problem that increases as the co-op becomes larger and reduces the positive effect on performance. If membership increases the number of stowaways. Our analysis suggests that differentiated payment can be a solution to this problem. We show that such a payment has a positive and significant effect on the co-operative's performance. We interpret this increase in performance as a reduction of the stowaway problem and thus an improvement in the reputation of the agricultural cooperative.

Keywords: Cooperatives, reputation, incentive, performance.

Co-operative governance in a digital age:

The Norwegian Consumer Co-operatives 1990-2014

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Keywords: Co-operative governance; Consumer co-operatives; membership recruitment; digitalization.

Context and problem statement

The Consumer Co-operatives in Norway has experienced a dramatic growth in membership since the early 1990s. The expanded membership base has previously been viewed as a result of competitive strength, not investments in membership mobilisation. The introduction of digital communication tools necessitates a new look upon how co-operative governance models in Norway developed, and how this affects membership recruitment. Digital tools has significantly expanded channels of direct communication with members, offering new modes of involvement and communication between co-ops and its members.

Objectives and/or research questions

The digital transformation in communication patterns could potentially have broad consequences for business development and governance in co-operatives. In this paper, we address the following questions:

- What explains growth in membership rates among Norwegian Consumer Co-operatives in the period between 1990 and 2016?
- What is the relationship between business competitiveness and membership growth among consumer co-operatives in Norway?
- What is the relationship between co-operatives' adoption of digital communication tools and membership growth in Norway?

Theoretical framework

Co-operative governance models have mainly been characterised by the democratic rights enjoyed by all members on an equal footing. In terms of governance, democratic membership rights imply that most co-operatives have distributed ownership, raising well-known governance challenges documented for shareholder-based companies. Previous research has also documented that the role of the membership organisation has shifted significantly in recent decades with rising size of co-operatives. As the average size of membership in co-operatives has grown, the social basis for direct interaction between management and members has been weakened. Birchall have studied co-operative governance, particularly large co-operative businesses and argues: "Other things being equal, the larger the co-operative the more difficult is its governance".

The advent of digital, mass communication technologies necessitates revisiting key assumptions underlying our understanding of co-operative governance. Previous studies often assume steep costs in communications and mobilisation of larger groups of members, and often highlight the importance of continued investments in membership involvement and recruitment. Digital technologies offer alternative communication platforms. Information economists have argued that rapid advancements in ICT-technologies could potentially

remove trade-offs between the reach of information and the breath of communication, with potentially major impacts for larger co-operatives.

Methods used

The empirical basis for the study are twofold: A quantitative study of membership rates among Norwegian consumer co-operatives in the period 1991 to 2016 and a case study of digital communication tools in consumer co-operatives in Norway. A purpose-built database on membership rates among co-operative societies have been gathered to test key hypothesis of the paper, and the database includes key demographic data and indicators of business competitiveness on both national and regional levels.

Key findings

- Norwegian Consumer Co-operatives have experienced a radical growth in membership, increasing its share of the population from around 15 percent in 1993 to 35 percent in 2014.
- Membership growth is unequally distributed across local, co-operative societies. From 2004 to 2014, the co-operative society with the highest growth rate increased its membership base with 78 percent, while the lowest growth rate observed was 19 percent.
- Since the early 1990s, the membership strategy in the Consumer Co-operatives have emphasised the economic benefits accruing to members, in particular raising bonus payments to members. Surprisingly, the empirical findings suggest that is no positive link between bonus payments and membership growth. Co-operatives that have struggled financially, has experienced the highest growth in membership.
- The co-operative membership model in Norway has been radically reformed since the mid 1990s, as traditional governance arenas and membership mobilisation has been de-emphasised, and digital communication models have been expanded. The introduction of national benefit cards, simple communication modes and digital, membership accounts has allowed for broader and richer engagement between the co-operative businesses and its members.

Conclusions

The paper studies membership recruitment and co-operative governance in the context of the Norwegian consumer co-operatives. The findings presented here should be viewed as preliminary, and further studies are needed to understand the consequences of digitalisation for co-operative governance models and membership recruitment.

Our findings suggest that the introduction of digital communication channels has had significant impacts on the position of co-operatives in Norway. Experiences from agricultural co-operatives in Norway also suggests that such modes of communication can be deployed to also mobilise members into active participation in governance systems though digital elections and reporting systems.

With continued declines in digital communication costs and increased adoption of internet-connected devices, there are reasons to expect continued reshaping of co-operative governance systems in the digital age. Research and development efforts directed at disseminating best practices across co-operative governance models could potentially have major impacts on the position of co-operatives internationally.

ICA- Research Committee Conference 2018, Wageningen, The Netherlands

Title:	Developing Non-financial Impact Indicators with Co-operatives
4 key words:	Co-operatives, Impact, Reporting, Participatory Action Research
Context/Problem:	<p>There is an understanding within the co-operative movement that because of the seven underlying principles there should be observable and predictable outcomes that differ from outcomes observed in other corporate forms (Birchall, 1998, 2005, Co-operatives UK, 2006, Fairbairn, 2004). Yet, no universal, standardized method by which co-operatives can measure and report on non-financial indicators or impact has emerged. Nor is there an expansive take up of non-financial reporting tools by co-operatives. This is despite the vast array of sustainability and the like reporting tools developed for investor-owned companies, that which have been taken up with enthusiasm. If the values-driven nature of co-operatives is what demonstrates the co-operative difference, one would expect co-ops to use sustainability and other non-financial indicators to demonstrate their value.</p>
Objective:	<p>The objective of this research is to discuss a co-operative non-financial reporting and measurement system. This presentation discusses indicators and metrics for a non-financial reporting tool based on the co-operative principles, as well, reflects on the process by which these indicators and metrics were chosen.</p>
Theoretical framework:	<p>This research uses the lens of sustainability and sustainability reporting to explore the opportunity for co-operatives to embrace their values-driven nature.</p>
Methodology:	<p>This participatory action research project involves co-operatives from each geographic region of Canada, French and English, and various types, industries, sizes and maturity. In a year-long pilot project co-operators have come together to participate in the co-creation of a co-operative performance index and system.</p>
Findings:	<p>At this point, the co-operatives have chosen to measure non-financial impact through a series of indicators based on the co-operative principles. In this presentation, we will describe the process by which the co-operatives came to these indicators, the indicators and metrics supporting them, as well the next steps in the pilot project.</p>
Conclusions:	<p>At this point, the pilot project is ongoing, with the participants working through a system of non-financial reporting and measurement.</p>

Contribution: By using a participatory action research methodology, the goal is to create a for co-ops, by co-ops solution to non-financial impact reporting, measurement and assessment. Once completed, the next step is to open the system to wider co-operative participation thus supporting at a micro level the individual co-op to know more about their impact, as well as to create a dataset at the macro level that can be used by researchers, policy makers, federations, and co-operative organizations.

Conference theme: This research is directly related to the theme of financial and sustainability performance of co-operatives.

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Title: Does cooperative membership matter for women's empowerment?
Evidence from South Indian dairy producers

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Keywords: India, Women's Empowerment, Dairy Cooperatives

Abstract:

Following the widely used definition by Kabeer (1999), empowerment can be understood as the expansion of the ability to make choices regarding one's life. Women in developing countries are often denied such choices as they may not be able to control resources and assets. In agricultural contexts, production-related decisions and control over the use of income are two relevant domains of empowerment (Alkire, Meinzen-Dick et al. 2013). Decision-making about agricultural production and household expenditures is shaped by gendered norms of behaviour and labour division (Kishor and Gupta 2009, Seymour and Peterman 2017).

In India, dairying is traditionally considered a female responsibility as cows and buffalos are kept close to the homestead. Yet, due to the modernization and commercialization of dairy production promoted by the cooperative system, women tended to lose control over dairy income while experiencing an increase in labour time (Bennett 1991, Sharma and Vanjani 1993).

Against this background, women's membership in dairy cooperatives is assumed to enhance their control over dairy income and decision-making power in the household (Agarwal 1997, Kabeer 2017). Considering the increasing importance of women-only dairy cooperatives, it appears relevant to study how membership in such cooperatives may affect women's decision-making power differently from membership in a mixed-gender cooperative.

Therefore, in this paper, we analyse impacts of membership in women-only and mixed-gender dairy cooperatives in South India on women's participation in intra-household decision-making. The empirical data presented in this study is based on surveys that were conducted in 15 villages in Ramanagara District in the State of Karnataka in South India in 2016. In total, data was collected from 110 female members of mixed-gender and 112 members of women-only dairy cooperatives as well as 99 female dairy producers who are not organized cooperatively. We jointly estimate the propensity to join either kind of cooperative with a

multinomial logit model and match observations based on these propensities. We conduct Inverse Probability Weighting (IPW) and pairwise-matching as robustness tests.

We find that membership in either a women-only or mixed-gender cooperative increases decision-making power – at least in some of the studied domains. Members of women-only cooperatives experience an increase in decision-making about household expenditures but realise only enhancement in joint decision-making about dairy production. Female members of mixed-gender cooperatives, however, gain decision-making power especially in dairy production but also over household expenditures.

We discuss potential explanations for these findings and the limitations of our study design.

We conclude that when compared to mixed-gender cooperatives, women-only cooperatives are not more effective for women's empowerment regarding impacts on decision-making. However, because women face high barriers to enter mixed cooperatives, women-only cooperatives can be more effective in reaching the majority of women, especially in male-headed households.

This paper contributes to literature on gender and collective action by considering how institutional design, in terms of gender homogeneity of groups, affects outcomes relevant to women's empowerment.

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THE ROLE OF COOPERATIVES IN PROMOTING INNOVATION, INCLUSION AND SUSTAINABILITY THROUGH ORGANIC AGRICULTURE AND SOCIAL FARMING IN ITALY

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Keywords: social cooperatives, agricultural cooperatives, organic agriculture, social farming, innovation, inclusion, sustainability, supply chains, network.

Globally, most recent data on organic agriculture offer a vivid picture: the sector is expanding and performing better than the agro-food in general. The growth of the organic agriculture, noticeable on the demand-side, is confirmed throughout the value chain.

The total organic surface has quadruplicated its value and, in 2014, 43.7 million hectares have been conducted with this method (+1.2%). The increase has been recorded at global level in all geographic areas with the only exception of Latin America. Europe has cultivated more than a quarter of the overall organic surface (11.6 million hectares), positioning itself at the second place after Oceania (17.3 million hectares) and followed, in order, by Latin America, Asia, North America and Africa, which have shared the remaining 34%. Singularly, the countries that have the largest surface organically cultivated are Australia, Argentina and, at sixth place, Italy with 1.4 million hectares.

Despite the dynamic growth, agricultural areas dedicated to organic production are only the 1% of all cultivated surfaces with some differences between geographical regions (4.1% in Oceania and 2.4% in Europe – 5.7% in the European Union).

Taking into consideration the number of actors involved in organic agriculture, studies estimate that, in 2014, around 2.3 million are the organic producers, even if those data are believed to be an underestimation. More difficulties emerge in order to understand other typologies of actor involved (processors and importers). Roughly, reports believe that, at global level, there are 62,000 processors and 2,200 importers, mainly European. Analysing the European Union context, information are more detailed. According to Eurostat, in 2015, 271,552 were producing organically and 58,360 were those processing the agricultural products. Italy is one of the countries where the number of producers and processors is higher, together with Germany and France.

However, studies do tend to present only quantitative aspects concerning organic agriculture, its growth, the most relevant characteristics and market-based analysis. Furthermore, even though updated data on organic agriculture, nationally and internationally, is available, there is no clear indication of the role played by cooperatives in this sector.

Nevertheless, cooperatives are increasingly being recognized by academics and by the international community as key actors in promoting sustainable and inclusive development. Innovative elements, with a specific focus on social or economic inclusion, are emerging in Italy that concern both social and agricultural cooperatives.

Therefore, the aim of this research is to analyse Italian cooperatives operating in organic agriculture and social farming. The purpose is to understand how and why cooperatives implement innovative and inclusive methods in the agricultural sector. Eventually, the paper will shed light on the differences between selected cooperatives and other firms operating in the same area of activity.

Based on the Triple Bottom Line framework, first coined in 1994 by John Elkington, the research will underline the economic, social and environmental sustainability of the strategies and methods implemented by the selected case studies.

In order to achieve the purposes of the current research, a literature study about the development of organic agriculture and social farming in Italy will be carried out.

Secondly, the paper will be supported by qualitative data acquired through in-depth semi-structured interviews and Focus Groups with members, workers and managers of four cooperatives in three different Italian regions (Marche, Lazio and Campania).

Finally, the study will have a multi-level perspective on innovation and inclusion, with particular attention towards the inclusion of disadvantaged people or marginalized territories.

The paper is the result of an on-going research project financed by the Office ‘Cooperatives and Producers’ Organization’ of the Food and Agriculture Organization of the United Nations (FAO). The authors, both coming from the Department of Economics of Roma Tre University, are responsible for implementing the project. In addition, the Alleanza delle Cooperative Italiane, which is the national cooperative federation representing about 40,000 Italian cooperatives, is an active partner through its offices, professionals and networks.

The study will most definitely contribute to the academic debate on the role played by different typologies of Italian cooperatives in promoting innovation, inclusion and sustainability through organic agriculture and social farming.

Hopefully, the article will be a first step towards a better recognition, at both national and international level, of cooperatives in organic agriculture as well as towards the importance of acquiring more data and statistics on this particular issue.

Policy recommendations might arise in order to stimulate new opportunities or key strategies to help enhancing similar experiences in the agricultural field.

Modelling the Contributions to Community in Indigenous Community Owned and Co-operative Enterprises in Australia

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Context

Encouraging the development of Indigenous enterprises is recognised internationally as a critical strategy for enhancing well-being in Indigenous communities (Anderson 2002, Peredo and Chrisman 2006, Fuller et al. 2002). However, less well understood is the contribution to communities by Indigenous community-owned enterprises and co-operatives. In order to identify what factors may influence the success and outcomes generated by Indigenous co-operative and community owned enterprises we collected the data from a sample of 68 Indigenous community owned and co-operative businesses, located across Australia. Those Indigenous businesses were involved in 13 industry types, with the largest responses from: Arts and Recreation Services (25%), Education and Training (15%), and Professional, Scientific and Technical Services (13%).

Model

(a) Dependent Variables

A series of eight qualitative questionnaire items describing various types of activities were used to measure the contribution to community of the Indigenous business. The items range from sponsorship, volunteering, advice and support, and providing finance and employment opportunities. Three of the activities are nearly universally followed, attracting over 90% yes responses for: provides services to the Indigenous community; actively seeks to employ Indigenous people; and act as a role model. The least used activity is providing some profits back to the Indigenous community (51% of respondents). An index which counts across these eight practices will also be employed in the analysis, the index reports that on average a business uses 6.3 (78.7% of eight) of these practices. A quantitative measure of the proportion of goods traded for the Indigenous community is also employed as a measure of the contribution of the community. This measure indicates that approximately 68% of all goods and services traded, on average, are for the Indigenous community.

(b) Independent Variables

Eight independent variables are employed in the analysis and they in part relate to previously identified critical success factors for social enterprises (Wronka, 2013). The notion of an enabling legal and regulatory environment is captured by Trust in Government. The Entrepreneurial Innovativeness scale captures the attractiveness and clarity of the innovation concept as part of critical success factors (CSF). Management expertise is captured by Formal Training in Managing Businesses. The CSF of possessing key personal qualities is accounted for by having a Tertiary Education. A Sense of Place is important for capturing aspects of social capital which may impact on the enterprise's contribution to the community. Local and Indigenous involvement is captured by two separate measures: Engagement with Local Organisations which has a local community focus and Engagement with the Indigenous

Business Network which focuses more on Indigenous and business relationships. Finally, the CSF of keeping accurate financial records is captured by the variable, Accounting System Sophistication. In summary, it appears that businesses reported highly on Entrepreneurial Innovativeness (mean = 4.58) and relatively lowly on Trust in Government (mean = 2.98). Over 50% of respondents have had formal training in running a business and over 70% have a tertiary qualification. On average, there appears to be greater engagement with local organisations (mean = 3.56) than with the Indigenous Business Network (mean = 1.52).

Results

In general, the dominant explanatory variables across all seven models appear to be: Trust In Government, Engagement with Local Organisations and being a Co-operative. Statistical significance exists in four models for each of these three variables. Of less importance (being significant in two or three models) are: Entrepreneurial Innovativeness, Tertiary Education, Engagement with Indigenous Business Network and being a Female respondent. Formal Training in Business, Accounting System Sophistication and remote location appear to be of little statistical importance. The relative importance of the explanatory variables varies across the community contribution outcomes. For example, sponsorship of club and cultural events is strongly driven by Trust in Government and Engagement with the Indigenous Business Network, and being a co-operative increases the probability of sponsorship by 0.33. A multitude of factors explain unpaid advice and support to the Indigenous community. Engagement with Local Organisations and the Indigenous Business Network both influence the uptake of unpaid advice, however, the latter engagement type reduces the use of unpaid advice and support. Being tertiary educated increases the probability of regular use of unpaid advice by 0.356 and by 0.284 for being in a remote location. It is interesting to note that providing some profits to the Indigenous community is largely driven by Entrepreneurial Innovativeness and Engagement with Local Organisations.

In summary, Lack of Trust in Government (primarily about government programmes) drives businesses to committing more to sponsoring activities and providing discounted/free goods. Entrepreneurial Innovativeness positively impacts on returning profits and selling/producing more of their output to the indigenous community; however, it inversely impacts on providing unpaid advice/support. Furthermore, engaging with local organisations positively impacts on providing unpaid advice and returning profits. Finally, Being a co-operative (compared to community-owned) positively impacts on sponsorship activities, volunteering time and selling/producing more of their output to the Indigenous community.

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FATES: THE FUND OF BRAZILIAN COOPERATIVES IN BENEFIT OF MEMBERS WITHOUT INCENTIVE FOR REALIZATION?

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The principles of cooperativism design the nature and functioning of cooperative societies. Two of these are highlighted in this work: the Principle of Education, Training and Cooperative Information; and, Principle of Concern with the Community. The existence of these principles corroborates with the social objective of cooperatives in the search for the satisfaction of the social and cultural aspirations of their members and of the community that interacts with it. Based on this, the Law no. 5764/71 established in Brazil the creation of the Technical Assistance, Educational and Social Fund (FATES) for cooperative societies..

Under Brazilian law, the fund is considered mandatory, and is intended to provide assistance to members, their families and, when provided for in the bylaws, to employees of the cooperative. The planned constitution is at least 5% of the liquid leftover accrued in the year, that is, the result of the cooperative act, plus 100% of the results of the not cooperated act. Thus, it becomes clear that under Law No. 5,764 / 71 there is a clear incentive for the retention of amounts generated by the cooperative due to the formation of a fund, called accounting reserve, in favor of assistance to the cooperative, however, the same law does not foresee aspects related to its realization, which in theory is what guarantees that such resources will effectively be reverted in favor of the members.

The lack of legal determinations on the realization of FATES causes that there is a rampant increase of such reserve in some Brazilian cooperative societies, being necessary to understand why such resources are not being destined to the members, their relatives and employees of the cooperatives. This signaling may indicate that the purpose of creating the fund provided for by law may not be met, as a result, the commitment of cooperatives to the 5th and 7th principles may be affected, and the potential benefits that the organizational structure in the form of co-operative could generate for the sake of its cooperative may potentially not occur.

But the no realization of FATES does not necessarily mean that cooperative societies are failing to invest resources for the technical, educational and social assistance for members, but it is essential to understand why they are no longer using a specific fund for this. Therefore, to get to know this topic in more depth, it becomes relevant to understand if the cooperatives are actually realizing and allocating the resources of FATES for its due purposes. From this justification, the following research question is asked: *Why do Brazilian cooperatives make less and less the resources linked to the Technical, Educational and Social Assistance Fund?* The objective of the research is to analyze and discuss the possible factors and consequences related to the reduction of the use of resources linked to the technical, social and educational assistance fund in Brazilian cooperative societies.

The methodology of the research was divided in two moments. The first presents a positive approach, with a quantitative and exploratory objective. The specific objective of this stage of the research is to investigate the levels of constitution and realization of the technical, educational and social assistance fund, named in the accounting of the technical, educational and social assistance fund (FATES) of the Brazilian agricultural cooperatives and to provide subsidies for the interviews . To do so, the research uses the technique of documentary analysis, with a sample based on the cooperative societies present in the list of 400 Best and Biggest in the agricultural sector of 2016, published by the Magazine Exame - Best and Biggest.

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The second stage of the research is centered in the qualitative methodology through the use of the technique of the interview under the approach of the interpretative orientation. This phase is intended to investigate the perception of the subjects involved or benefited, with the process of constitution and realization of FATES.

In order to validate the data presented in the research, we used the triangulation of the source of the data collection, which allows the perception about the process of constitution and realization of FATES to be explored through complementary or even contradictory perspectives. Thus, the groups of interviewees selected for research are: representatives of the cooperative movement, accountants of Brazilian cooperatives, cooperative members of the supervisory board and researchers linked to studies of administration, accounting and economics in cooperative societies. In total, twenty-one interviews were conducted with stakeholders involved in the process of constitution and implementing FATES. The data analysis is based on the perspective of interaction, focused on the analysis of the respondent's speech and interpretation of the phenomenon by the researcher.

Regarding the documentary analysis, of the accounting statements of 42 Brazilian agricultural cooperatives. The average representation of FATES in relation to Shareholders' Equity, considering the information for 2015, is 16%, while considering the representativeness of the social capital, the representativeness reaches 117%, that is, it has already exceeded the capital stock in most cooperatives of the sample. This information is worrying because it can signal that the cooperative is maintaining high levels of FATES to maintain its working capital, something that is not being able to accomplish only with the social capital incorporated by its members.

The cooperative with the highest FATES accumulated, according to the financial statements of 2015, presented R \$ 1.2 billion of resources available to be used for educational, social and technical assistance. In this cooperative, FATES accounted for 33% of Shareholders' Equity, 80% higher than Social Capital, and R \$ 204 million in 2015 was destined for this reserve, and no resources were used in the same period. This scenario is repeated in 76% of the cooperatives in the sample, where values of constitution exceed the realization values, and on average the constitution is 71% higher than the realization, considering the data for 2015. The average constitution of FATES was almost five times the realization of the reserve. This high volume of accumulated FATES, which could be applied as a return to the member regarding technical, educational and social assistance, calls attention.

With this in mind, twenty-one interviews were made with the parties interested in the constitution and realization of FATES, in order to seek possible explanations for this phenomenon. As explanations, the following explanations were given as justifications for the non-realization of the fund: the FATE is no longer made because it makes up the cooperative's working capital due to insufficient cash flow and its values are being financed inventories, property, plant and equipment and investments of cooperatives, which is not in accordance with Law No. 5,764 / 71. The interviewees also pointed out that the low achievement is due to the lack of knowledge of the cooperative about this fund, as well as the accountant about the parameters for its realization, as well as the manager's lack of interest in making such a reserve.

It is interesting to note that members belonging to the supervisory board signaled an interest in receiving benefits arising from the realization of this reserve, however, many pointed out that the cooperative not carried out by FATES even revealed that such information is not explored in the accounts of cooperatives which occurs during the general meeting. In addition, members still emphasized that they believe there is no understanding of the members about the potential benefits that can be derived from FATES, demonstrating the need to intensify cooperative education among the members, so that they become agents and executors of FATES in their cooperatives.

Key words: Fund; Assistance; Benefit to the member

Work Environment in Japanese Health and Eldercare Providers – Exploring a model for better service quality ABSTRACT

By Professors Victor Pestoff, Ersta Sköndal Bräcke Univ. College, Stockholm, Sweden & Yayoi Saito, Osaka Univ. Japan.

Health and elder care in most developed countries face a complex and partly contradictory mix of financial, social and political challenges. Fiscal constraints combined with New Public Management agendas have resulted in severe cutbacks and calls for greater efficiency in public and elder health care that provoked a growing concern about service quality. This project explores a possibility to address these issues from a new perspective that emphasizes greater user participation. It is based on the idea that patients and clients can play a more active part in the provision of their own care services. It explores how health and eldercare services can be provided when professionals and patients/clients act as ‘partners’ and where the two parties co-produce the service through their mutual contributions. It also examines how hospital institutions can enrich the staff’s work environment and promote a multi-stakeholder dialog between the staff and clients in order to facilitate better service quality.

This project is premised on the assumption that service quality and work environment are closely related or linked to each other. An employee who feels tired and exhausted when she/he wakes up in the morning, who has tossed and turned all night worrying about work related problems, who dreads the idea of going to work because they have little or no control or influence on the what, when, why, where and how of their daily routines, who has little chance to learn new things or advance at work, such an employee will not provide as good quality service as one who has the opposite experience and feeling about their work. Likewise, a client who experiences an unhappy, stressed or disgruntled service professional will not experience as good service quality as one being served by an employee with the opposite feelings. So, we expect to shed more light on the importance of such mechanisms for the relations between the staff and their clients and on how this is reflected in service quality in health and eldercare. We propose to do this in the context of cooperative health and eldercare in Japan, due to some of its unique characteristics.

Japan has a unique health care system with not just one, but two user-owned cooperative health and eldercare providers. They are the Agricultural Co-ops or *Koseiren* in the rural areas and the Medical Co-ops in major urban areas. Together, they have nearly 200 hospitals with 50,000 beds (or about 5 % of total hospital beds in Japan), which is more than the total number of hospital beds in Denmark and Sweden combined. However, these two co-op health care providers not only differ from each other, but even more so from public hospitals and

‘nonprofit’ hospitals or Medical Corporations, in terms of the social values they promote. Their social values are reflected in their work environment, governance model, relations between the staff, patients and volunteers and their ability to promote a multi-stakeholder dialog between them. This project collected unique empirical data from the medical staff, patients and volunteers at eight different cooperative hospitals across Japan in 2016 and compares it with similar data from the staff at two public and two nonprofit hospitals in Osaka in 2017. The staff sample for the four Medical Co-op hospitals, four Koseiren or Agricultural Co-op hospitals, two public hospitals and two NPO hospitals is a total of 6,859, at a response rate of 72.1%. In addition, we collected 631 patient and 236 volunteer questionnaires from four of the cooperative hospitals.

Based on the Karasek & Theorell ‘demand, control, support’ model (1990) we expect that more staff control over their daily work life could facilitate better service quality. In the first phase of analyzing this relationship we confirmed our three hypotheses. Table 2 shows that several work environment factors are positively related to work satisfaction and that a healthy work environment augments work satisfaction and personal well-being (H1). Data in Tables 5 & 6 confirms that a healthy work environment promotes lower levels of staff stress, strain, absenteeism, as well as a more positive evaluation of one’s own health status (H2). Finally, Table 7 confirms that greater work satisfaction leads to better service quality (H3). Taken together, these findings have some clear implications for getting social factors back into the equation about the future of health and eldercare in advanced societies. Finances and efficiency are, of course, important social values, but they are not the only ones.

We also found in Table 8 that the staff at Medical co-ops and nonprofit hospitals rate their service quality higher than the staff at other hospitals. However, such direct comparisons between the hospitals’ performance in terms of work satisfaction and service quality might be somewhat misleading, since they often operate in different settings and context. This is particularly true in rural areas where there are often no alternative providers. So, voice and participation, rather than exit, often become the only realistic alternative for dissatisfied patients. Moreover, these hospitals promote different social values, have different social profiles and different governance modes. We plan to explore them along with issues related to patients’ rights and information, stakeholder interaction and the hospitals’ social values, as well as to introduce the patients’ and volunteers’ perspective on such issues.

Keywords: demand/control model, work environment, work satisfaction, service quality, Japan, health and eldercare.

Title of the paper: Entrepreneurial Models of Worker Cooperatives in two European Territories

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Keywords: Dominant Logic, Social Entrepreneurship, Worker Cooperatives, Context, European territories

Context and problem statement

Worker cooperatives can be viewed as social and economic enterprises due to their dual mission: to be profitable and to be responsible vis-à-vis employees and towards their community. The cooperative model has been conspicuously absent from the social entrepreneurship literature, except for a few studies (Dhatta and Gailey, 2012; Clamp and Alhanis, 2010). Furthermore, scholars have called for greater attention to the role of context as a critical factor for explaining entrepreneurial practices and outcomes (McKeever et al. 2014; Welter 2011).

Objectives

The main objective of this paper is to identify how in different contexts worker cooperatives make sense of who they are in terms of social or commercial entrepreneurship and how these divergent logics emerge from specific business, spatial, social and institutional contexts.

Theoretical framework

The configuration of a firm's identity or what authors have referred to as 'dominant logic' (Prahalad and Bettis, 1986, 491) can be defined as 'a mindset or world view ... to accomplish goals' that is 'stored as a shared cognitive map among the dominant coalition', is essentially the organization's recipe for success because it speaks to how identity translates into organizational performance. In the context of our study, the notion of dominant logic applied to the social entrepreneurship literature may be a useful framework of analysis to help us better understand how worker cooperative leaders make sense of who they are as an organization. Austin, Stevenson and Wei-

Skillern (2006) propose a framework to distinguish social entrepreneurship from commercial entrepreneurship. In addition, there is growing interest in entrepreneurship research to understand economic behavior within its historical, temporal, institutional, spatial, and social contexts as these contexts provide individuals with opportunities and set boundaries for their actions (Welter 2011). Context is important for understanding who, what, when, where, and why entrepreneurship happens and who becomes involved (Johns 2006; Welter 2011). For the purpose of our study, we consider the substantive context in which the cooperatives are embedded as something which impacts the dominant logic and in turn the configuration of the social entrepreneurship developed in the worker cooperative.

Methodology

Our research methodology is qualitative and semi-exploratory. Qualitative and semi-exploratory research is appropriate to investigate nascent and underexplored areas of research (Yin 1994), which is the case for understanding the dominant logic of worker cooperatives at play in a European context. To assess different worker cooperative leaders' dominant logic, we used Austin, Stevenson and Wei-Skillern's (2006) social entrepreneurship framework. This model frames social entrepreneurship as a process of change in the delivery of public goods (Nicholls 2010) and allows us to contribute to build the paradigm of social entrepreneurship in a way that includes marginalized voices of actors in the social entrepreneurship field. In our empirical study we made a series of twenty semi-structured interviews with leaders of worker cooperatives in two European territories.

Key findings

The main finding reveals heterogeneous dominant logics in European worker cooperatives. Additionally, the role played by different kind of contexts in this configuration is presented.

Contributions

The heterogeneous dominant logics in worker cooperatives contribute to fill the gap identified by Bacq and Janssen (2011) who noted that social entrepreneurship had been considered in a homogeneous fashion in Europe despite legal differences between countries

Our study brings us to question the underlying reasons that might lie behind such heterogeneity of the cooperative dominant logic in a cross-country context. Among the existing multiple factors at play which can shape a firm's dominant logic, we address the role played by contextual factors (Welter, 2011; McKeever et al., 2014) to shape social entrepreneurship. Our findings reveal that the business and informal institutional contexts contribute most explicitly to explaining the heterogeneity of the worker cooperative's dominant logics.

Market Shares of Agricultural Cooperatives in the European Union

Anna Petruchenya¹ and George Hendrikse²

Cooperatives co-exist and compete with investor-owned firms in agricultural markets in the European Union. In some sectors, such as dairy, cooperative market shares are dominant, i.e. 65.3%, while in others, such as sugar and sheep meat, cooperative shares are relatively low, i.e. 18.8% and 7.5% respectively (Table 1). Additionally, cooperative market shares are higher in the northwest of Europe than in the southeast (Table 2). We study empirically the determinants of cooperative markets shares. The goal of this paper is to explain why the cooperative organizational form is likely to blossom in some environments and not in others, where environments are distinguished in terms of sector and country.

Sector	Mean Coop Market Share	Number of observations
Dairy	65.3	21
Fruit and Vegetables	39.9	21
Olives	33.3	3
Pig meat	30.2	18
Cereals	28.9	17
Wine	27.9	13
Sugar	18.8	16
Sheep meat	7.5	17
Total	32.3	126

Table 1. Cooperative market shares per sector in the European Union (Bijman et al., 2012)

EU region	Mean Coop Market Share	Number of observations
Scandinavia	55.2	14
West	39.2	37
South	36.3	34
East	15.1	41
Total	32.3	126

Table 2. Cooperative market shares per region in the European Union (Bijman et al., 2012)

To organize the study of the determinants of cooperative market shares in the EU, we distinguish four levels of social analysis (Williamson, 2000). The first level is the social embeddedness level. It includes informal institutions, such as norms, customs, and traditions. Informal institutions change very infrequently, between one hundred and one thousand years. We quantify this level by the measures of cultural dimensions, trust, and heterogeneity of a country. The second level, i.e. the institutional environment, includes the formal rules, such as the specification and enforcement of

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property rights and contract laws. The frequency of change of formal rules is once in every ten to one hundred years. We capture the cross-country variations in the institutional environment by the Rule of Law measures, namely the property rights and judicial effectiveness measures. Additionally, variations in the national cooperative laws are distinguished. The third level deals with the governance of contractual relations. The changes in governance occur more frequently, i.e. every one to ten years. Finally, the fourth level is concerned with market exchange, such as price and quantity adjustments. The changes at this level occur regularly, or even daily. We discuss this level in the context of industry structure, and price and quantity restrictions due to EU regulation of the agricultural sector.

Several theoretical hypotheses are formulated and tested regarding the market shares of cooperatives. Our results indicate that dairy cooperative market shares are higher in countries with high levels of trust, low levels of heterogeneity, and strong contracting institutions. Additionally, dairy cooperative market shares are higher when countries are more milk self-sufficient. Variables measuring country-level differences in embeddedness, institutional environment, governance, and resource allocation are not related to cooperative market shares in the sugar sector. Sugar cooperative market share results from the combination of policy changes and the product differentiation strategy of the investor-owned competitor(s).

The empirical literature regarding cooperative market shares is limited. First, Caves and Peterson (1986) studied cooperative market shares in the US in 1983, which were 77% in the dairy sector, and 19% in fruits and vegetables sector. They formulate hypotheses regarding the relations between cooperative market shares and public policies, tax, and antitrust laws. Overall, they conclude that cooperative market shares are higher for crops which are perishable and in capital intensive industries due to cooperative tax advantages. Second, our paper is related to the “Doing Cooperative Business Report”, commissioned by the International Cooperative Alliance (Groeneveld, 2016). The objective of the report was to study the elements of the enabling environment for cooperatives. The main findings of the report suggest that cooperatives foster in countries with low power distance, a favorable business environment, good governance conditions, low perceived level of corruption, low income inequality, and high overall state of democracy. Our paper differs from the existing literature for several reasons. The dependent concept studied in the report, i.e. the Cooperative Economy Index, is a broader concept than cooperative market share.³ The scope of the report is beyond the EU, and covers 33 countries, including countries in North and South America, India, Asia, and Australia. Finally, the scope of the report also goes beyond the agricultural sector. Hence, our paper adds to the discussion about the enabling environment for cooperatives by making a focused contribution about cooperative market shares in the EU dairy and sugar sectors.

One puzzling result of our analysis is that higher dairy cooperative market shares are observed in countries with strong contracting institutions. It is not in line with the prediction of the transaction cost theory that vertical integration is preferred in settings where it is hard to write long-term contracts, i.e. where contracting institutions are weak. Hence, we can conclude that in the European dairy sector, cooperatives do not serve as a response to poorly functioning institutions.

³ The index consists of the weighted average of three ratios: membership penetration of cooperatives relative to total population, cooperative employment divided by total population, and annual gross revenue of cooperatives relative to country's GDP.

Impact of agricultural cooperatives on smallholder vegetable farmers in Mongolia

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Abstract

Agricultural cooperatives have existed in Mongolia for almost a century. Despite its long presence a little research has been done about structure, members' behaviour and impact of modern type of cooperatives. This study investigates the determinants and impact of agricultural cooperative organizations on the livelihood of smallholder vegetable farmers in central Mongolia. The main focus is on vegetable farmers due to the longer history, stability and economic performance of these cooperative groups. Using propensity score matching (PSM) method the study explains the impact of cooperatives on the marketing and non-marketing outcomes of small scale farmers. Study data were obtained from a primary research questionnaire completed by 43 members of agricultural cooperatives and 55 non-member vegetable farmers in the control group. The results suggest that idea of cooperation, better information and sharing of knowledge mainly motivated farmers to join the cooperatives. The main benefits farmers received from group membership are access to market, trainings and improved access to farm inputs. Lastly, cooperative groups have positive effect on farmer's output price, crop diversity and members of cooperatives tend to spend more on farm inputs compared to non-members.

Key words: farmer groups, vegetable farmers, members' motivation, rural agriculture development, Mongolia

Practice of Fair Trade in Korea's Consumer Co-operatives: The Case of Dure Consumer Co-operative

Sunhwa Kim¹, Seungkwon Jang²

Recently there has been a noticeable change in Korea's Fair Trade, having been led by Dure consumer co-operative. Since the 1980s Korea's consumer co-operatives have formed organic market more than 800 million euro by selling organic foods to their members. The first consumer co-operative has done Fair Trade practice was Dure, which has established a subsidiary company, APNet, to import goods since 2004. In 2017, Dure transformed its subsidiary into a multi-stakeholder cooperative, People's Fair Trade Coop (PTCoop) with three other consumer co-operatives in Korea. Concerning these practices, we have research questions: Which institutional work has been performed by a Korea's consumer cooperative in order to practice Fair Trade?

The purpose of this study is to analyze how Dure has performed institutional work of 'co-operation among co-operatives' locally and globally concerning the Fair Trade practice, using institutional work theory (Lawrence et al., 2002; Lawrence and Suddaby, 2006; Lawrence et al., 2009; Lawrence et al., 2011; Lawrence et al., 2013). Institutional work theory represents the broad category of purposive action and the set of practices through which individual and collective actors create, maintain and disrupt the institutions which are the product of specific actions taken in order to reproduce, alter or destroy them (Lawrence and Suddaby, 2006: 216-220). Within an institution, actors adapt various ways of recognizing, interpreting and responding to the institution based on different constraints (Hutchens, 2009). Institutional work is a useful concept for explaining the complex process of institutional change (Gawer and Phillips, 2013), and for revealing the complicated process of the new practice in organization through co-operation among co-operatives.

To answer research questions, researchers conducted a case study method on Dure and PTCoop. This study is an exploratory because there is no existing study on the Fair Trade practices of Dure. The authors conducted literature review and participated in the founding general meetings, business reports, and producer invitation events of Dure. And the authors interviewed not only representatives of Dure, but also persons involved in the decision making and implementation process about transforming into a multi-stakeholder cooperative.

The tentative findings of this study are as follows. We found that three institutional work were performed. There are identity work, network work, and enabling work. These types of institutional work have influenced each other, and the works performed were largely dependent on the situation and time.

Firstly, identity work has been performed to organizational practices to reduce the tensions between the identity of the field to which the organization belongs and the new practice. Korea's consumer co-operative field has a strong identity to protect 'domestic' producers and farmland by enhancing the self-sufficiency rate of food, organic farming and direct trading with domestic producers, so there was strong opposition to the import of foods. In order to soften the tension, Dure has given a cooperative value to the new practice, which

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regards solidarity with producers as important. The work of those who want to reconcile existing practices with new practices is also evident in the name of Fair Trade as 'people to people trade' which has been used already in Japan's consumer co-operatives and Alter Trade Japan, Inc. (ATJ) and emphasizes the formation of a direct relationship with producers. Also Fair Trade increase in Korea, Dure has used both the notions 'people to people trade' and Fair Trade which is a well-known language, to facilitate communication with its members. To minimize the conflict within its field, Dure has done a new practice, insisting that it was similar to the existing practice.

Secondly, network Work has been performed as Dure sought cooperation with the Japan's consumer co-operatives, which had network and ATJ which has invested in seven consumer co-operatives and five related organizations to build an alternative social structure through food trade. The network of Dure about Fair Trade expanded over time such as it created its own fund to support the producers and relocated Dure's knowledge and resources through direct exchanges with the producers. Dure established the Asian People's Fund for Mutual Benefit (APF) with Japan's consumer co-operatives, which has strengthened their relationship and enabled to expand the participation of new Asian organizations. In addition to networking at the organization level, Dure has extended the relationships with its members and producers. Its members who oppose to import new goods changed their opinions after visiting the production site. Dure is expanding the networks of organizational level, sharing technology and resources as well as products, and simultaneously is doing network work to support Fair Trade practices by increasing the participation of its members.

Thirdly, enabling work has been done to maintain and expand its practice as diverting resources and authorizing actors. Dure proposed to other consumer co-operatives in Korea to join Fair Trade practice for increasing the business size with other co-operatives. In order to strengthen these practices, Dure has been willing to turn its subsidiary into a co-operative co-owned by other co-operatives. Dure wanted to continue to maintain and expand this practice even if the rules are changed to the way to co-owning its organization with other co-operatives. In order to practice Fair Trade, Dure has been strengthening co-operation with co-operatives globally in the early days and with Korea's consumer co-operative recently.

Keywords: consumer co-operative, Fair Trade, Korea, practice, co-operation among co-operatives

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**Revisiting the Edward Filene Model of Philanthropy in the Credit Union Sector:
Disrupting Dominant Systems by Empowering Local Citizen Stakeholders¹**

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Abstract: Criticisms of dominant modes of philanthropy tend to converge around the power of the philanthropists to dictate to recipients. This calls into question the intent of philanthropists to contribute to the public good, the dependency-generating mechanisms imparted upon the recipients, and whether or not philanthropy empowers civil society to self-govern or controls it from the top-down. In an effort to break this impasse, we provide a strategic approach toward philanthropy. Edward Filene, a wealthy department store owner, provided philanthropic funding to early credit unions. While many forms of philanthropy focus on delivering services to passive recipients, Filene's approach financed self-governing institutions operated democratically by their members. The credit unions also competed with established firms. The Edward Filene model of philanthropy combines the disruptive features of Schumpeterian entrepreneurship with Tocqueville's art and science of association. Applying the Bloomington school framework associated with the work of Elinor and Vincent Ostrom to the early credit union movement, we explore how philanthropists who empower local stakeholders can simultaneously disrupt industries and aid the practical development of a self-governing citizenry. We argue that by financing locally controlled organizations that compete within the market, Filene's approach is better suited for a dynamic world with dispersed knowledge than more top-down forms of philanthropy.

Is Competition Among Cooperative Banks a Negative Sum Game?

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ABSTRACT

Does 'inner' competition – rivalry among network members – worsen performance in a network of cooperative banks? Inner competition might, in fact, endanger network-dependent scale economies. We test our hypothesis on Banche di Credito Cooperativo (BCCs), Italy's network of mutual cooperative banks. We find a worsening of performance both at incumbent and (even more) at aggressor BCCs when they compete among themselves. Instead, the worsening is mild when BCCs compete with non-BCC comparable banks. We conclude that inner competition among cooperative banks is a negative sum game and, thus, limiting it would be desirable to preserve the stability of cooperative banking networks.

Keywords: Cooperative Banks, Rivalry Among Network Members, Strategic Interactions, Negative Sum Game

JEL classification codes: D47, G21, G34

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MERGERS AND ACQUISITIONS IN THE FINANCIAL SYSTEM OF BRAZILIAN'S CREDIT UNIONS

Keywords: Credit Union, Mergers and Acquisitions, Organizational Strategy, Sustainability of the Cooperative Model

Context and problem statement: In Brazil, between 2008 and 2015, the number of credit unions has decreased in the order of 1.4% per year, while the number of members grew 10.9 percent annually. A possible explanation for this phenomenon is the process of merger and acquisitions (M&A) between credit unions. It should be noted that similar scenarios occurred in other countries, like Australia and the United States, which showed a continuous process of M&A in their credit unions by encouraging public policies (BACEN, 2015; RALSTON; WRIGHT; GARDEN, 2001; BAUER; MILES; NISHIKAWA, 2009). The main justification for both the regulators that encourage, as for cooperatives that take these strategies, is the efficiency gain in a market that demands economies of scale (BACEN, 2015; BAUER; MILES; NISHIKAWA, 2009). According to Brazilian Central Bank, credit unions undergo a qualitative development process, which aims at improving the management capacity and offering services. In this sense, the body points to the movement of incorporations as relevant for the cooperatives to have improvements in their efficiency, expressed by gains in scale gains and greater operational capacity. However, there is no empirical evidence that the merger process is generating efficiency gains for credit unions.

Objective and/or research questions: This study aimed to investigate whether M&A process in these organizations generated efficiency gains, as well as whether the level of efficiency of acquired cooperative influenced the resulting cooperative.

Theoretical framework: The study of corporate governance shows that organizations with improved levels of efficiency are most likely to survive, keeping activities. Seeking to understand strategies adopted by cooperatives to increase their efficiency and survive, the literature points to several studies which examine the agglutination process to credit unions. Ralston, Wright and Garden (2001) tested the hypothesis that after the M&A there would be improvements in control of costs and maximization of profits. They denied that M&A would have been driven by increases efficiency. Fried, Lovell and Yaisawarng (1999) raised the performance score of mergers to measure the impact of mergers on cooperatives services. The conclusion is that there was no gain for acquiring cooperatives, but those acquired had an improvement in services provision to members, which represent an improvement to the cooperative members.

Methodology: The study used the Data Envelopment Analysis to quantify and compare the efficiency scores of credit unions involved in the process of M&A during the period from 2008 to 2013, using different inputs and products in process efficiency analysis. Individual efficiency levels were observed, and an average score was created considering three years before and after incorporation. This work used the OLS regression model to

find a possible relationship between acquired's efficiency before merger and the resulting cooperative efficiency post incorporation.

Key findings: The merger caused efficiency losses. Although it follows the pattern of the works found in the international literature, is contrary to the discourses of regulator and the representatives of these cooperatives in Brazil. It is possible to infer that the Member of acquired cooperative obtained efficiency gains. These results are also found in Bauer, Miles and Nishikawa (2009), Fried, Lovell and Yaisawarng (1999). It was possible to observe that the efficiency of cooperatives acquired is significant for the ex-post efficiency, enabling the inference that the cooperatives that had greater efficiency among the acquired, generated a greater level of efficiency for the resulting cooperative. So, it is more beneficial to the developer acquire cooperatives with higher level of efficiency, case managers are concerned about the future efficiency of the cooperative, in the short term.

Conclusions: The efficiency decreases in cooperatives after M&A is contrary to the discourses of representatives and regulator in Brazil. As pointed out in the literature, possible explanations for non-increase in the efficiency of incorporating cooperatives would be the fact that these cooperatives go through an adaptation period to the new internal scenario, diverting from its main objective, which is to offer services to its cooperated. On the other hand, the efficiency gains of acquired credit unions may be due to the greater access to services offered by the resulting company compared to the services that were accustomed to using the pre-merger process, as pointed out by Fried, Lovell and Yaisawarng (1999).

Contribution to the academic debate / to solving a practical problem: The research is important because it aims to clarify the results of the process of merger between credit unions in the case of Brazil. The results pointed to the increased efficiency of not credit unions purchasers arising from this process. In this way, the work can be used as a basis for scientific discussions aimed at investigating what are the motivations of members which seek mergers of other credit unions. Another important contribution is the disclosure that credit unions with low levels of efficiency can adversely affect the efficiency of cooperatives after the acquisition, showing the managers, which is not recommended the incorporation process if they are concerned about Credit Union's efficiency in short term.

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The research area is Resilience and sustainability of the cooperative model.

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COOPERATIVE TRAINING AND EDUCATION: INNOVATIVE OR SUCCESSFUL TOOLS TO ENHANCE EFFECTIVE AND SUSTAINABLE PRIMARIES AND APEX ORGANIZATIONS



International
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Organization



International Labour Organization (ILO) and Agriterra

The session on cooperative training and education will introduce the participants to a series of innovative and successful training programmes designed to enhance effective and sustainable cooperative primaries and apex organizations. The session will enable the participants to gain an overview of the contents, methodology, outreach and impact of the three training tools targeting agriculture cooperatives (My.Coop), cooperatives (Accelerate.Coop), and financial cooperative apex organizations (ApexFinCoop). The session will be conducted in a form of round robin.

MY.COOP

Is a training package which main objective is to strengthen the management capacities of agricultural cooperatives by: a) enabling existing and potential managers of agricultural cooperatives to identify and address major challenges that are specific to cooperatives in market oriented agricultural development, and b) helping cooperatives offer high quality, efficient and effective services to their members and contribute to wider development issues (e.g. food security, sustainable resource management, inclusive employment creation). My.Coop was developed and is being implemented by several international and national organizations. It has been translated and/or adapted in at least 23 countries.

ACCELERATE.COOP

Is a training package which provides guidance on the process of establishing and managing a cooperative. It comprises three tools: 1) Think.Coop, 2) Start.Coop and 3) Manage.Coop.

Think.Coop is a one-day module providing very basics on the concept of cooperation, importance of relationships, and introduction to cooperative principles and business model, using self-facilitation methodology. It was drafted in the second half of 2017 and has been pilot-tested in Cambodia and Myanmar. The tool is available in English, French, Khmer and Myanmar language. Translation into Spanish is ongoing.

Start.Coop outlines the steps that one needs to take in order to start up a cooperative. It includes sections on finding the right people and define the business idea, researching the feasibility of the business idea, preparing a business plan and the organizational set-up. Start.Coop was drafted at the beginning of 2018 and has been pilot-tested in Cambodia. The tool is available in English and Khmer, translations into Spanish and French are ongoing.

Manage.Coop is the last in the series and focuses on cooperative management. The main sections include governance and leadership, communication, growing the cooperative business, financial management and conflict management. Manage.Coop is being drafted and it is expected to be finalized in the second half of 2018. There are plans to pilot-test it in Cambodia and Peru.

APEXFINCOOP

Is a training and strategic planning programme aimed to empower financial cooperative apex organizations and support institutions to advance the scale and effectiveness of financial cooperatives. It is designed to support apex organizations to engage in effective strategic planning process in order to fulfil their functions over the long term in a cost-effective way to the satisfaction of their members. ApexFinCoop is built on a partnership between Food and Agriculture Organization of the United Nations (FAO), International Labour Organization (ILO) and International Training Centre of the ILO (ITC-ILO). It was developed in consultation with various organizations working with financial cooperatives around the world. This innovative training and strategic planning programme has been pilot tested in Ghana in December 2017. The tool is available in English for the time being.

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Producer organization VOC triggered by innovation

Individual producers cannot reach the same goals

1. Context and problem statement

Mushroom production is worldwide an important protein supplier for mankind. The most advanced technical production systems were developed in the Netherlands and in Belgium. Those countries developed new techniques in the early sixties and seventies of last century. The result was a rentable production system, with a positive export balance as result. In the early eighties more than 500 mushroom growers were producing mushrooms in both countries. Due to their own success, new facilities were built over the whole world and in the beginning of the nineties the concurrence of other parts of the world (especially in Europe, upcoming production in Poland) increased the production and the price decreased. A lot of mushroom growers in the Netherlands and Belgium needed to stop. In 2018, only 150 mushroom growers are still producing. With 5 mushroom growers, VOC, located in Belgium, started in 1997 a Producer organisation for selling of 100%, their products directly to the fresh market. 20 years later this organization still exists and has 18 growers and distributing only 10% to the fresh market and 90% to the industry and convenience food. They differentiated and growth was generated following the market evolutions. ***Problem statement:*** Success in production systems are not for ever, evolution and innovation is necessary to survive.

2. Objective and/or research questions

- a. How can an entrepreneur succeed such a structural crises in a sector?
- b. Are cooperatives a solution?

3. Theoretical framework

A lot of producers in the agricultural sector are dealing with this struggle all over the world. Once you got success in your production results, other will copy your system and will compete with you. If you don't act than you will lose your position in the market. Most of the producers will scale up and reduce their production cost. Others will organise their own market by cooperating in a producer organization. Other will diversify their activities and cooperate. Others will innovate,...

Almost every grower is looking for solutions but can individual producers solve their problems by their own or can cooperation solve their problems? As a consultancy company (Agro Plan Consulting) in the agricultural sector since 1999, we had the luck to work for different producers and producer organizations. We want to share our practical experience in this poster by using a story like the mushroom cooperative VOC in Belgium. The members of VOC worked discussed together and had a better financial body instead of the individual producers.

4. Methodology

a. Analysis of the producer organization

- i. *Start up in 1997:* Five mushroom growers decide to cooperate on the level of a sales cooperative and sign in to a recognition procedure as a European Producer Organization in the Fruit and vegetable sector. Reason: they need to have more volume to deliver to the big platforms of supermarkets in France. They decided to take over a sales company in France and started. They were recognised by Europe and received some subvention for building out the Producer Organization.
- ii. *Evolution:* In the first year they thought that all the problems were solved, but at the end of the first year they had caused a lot extra problems, like financial, structural, organizational. During the first board meeting of the

second year there was a lot of confusion and they started an open discussion with the result of the following statements.

1. We all want to stay mushroom growers
2. We want to produce in Belgium, instead of moving to lower labour cost countries like Poland.
3. We love mushroom growing and have a lot of practical knowledge about mushroom growing, so we don't want to quit this sector.

The conclusion of that meeting was that they need to take their own responsibility and investigate the subsidy in reorganizing, rethinking and innovating their business. They started up different kind of actions.

iii. Actions

1. After analysing the market they decided to grow in **differentiating the ways of offering the white mushroom**. Zero pesticides product (produced new production system) as fresh product, sliced and or washed product for fresh market and production for industry
2. **Reducing the production and energy cost** to become competitive with the lower cost producers in Europe.
 - a. **Centralising of the production**: The producers left their old farms and there was build a new facility at the headquarters, where the harvest and distribution takes place. Reduction of transport, optimization of harvesting staff, better overview of daily offer,..
 - b. **Reducing the labour hours especially by harvesting**: one layer bed for picking and picking conveyer so the pickers can use both hands for picking.
3. **Environmental actions to become more sustainable**
 - a. **Zero pesticides products** due to totally new production system by separation of the flushes in different production rooms
 - b. **Solar panels and heating pump** are used in production process
 - c. **Upcycling the used compost** as organic fertilizer, by using high tech processes like Organic Rankine Cycle system. VOC will realize this in the near future.

b. Solutions are based on innovations

All the solutions were based on rethinking the old process of producing, handling and analysing the market and were followed by innovation

c. Results

Growth of the PO in a shrinking sector. Together is this possible but not on individual basis.

5. Key findings

- a. Organisation level is necessary
- b. Motivation and responsibility is essential
- c. Innovation is logic

6. Conclusions

Motivation, organisation and innovation are the keys to succeed.

7. Contribution to the academic debate/ to solving a practical problem

Dismantle your own situation and criticize your own activities with open mind, discuss this in group and act with innovation.

Title: Identification and Commitment in Cooperative Organizations of the Agro-food Sector: Exploring the Use of a Multi-faceted Structural Model as Antecedent to Member Behaviors

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Keywords: Member commitment; Organizational identification; Agricultural cooperatives; Collective strategies; Member defection; Patronage; Member behaviors

Context and Problem Statement Tradition – at least that of the last century-and-a-half – has placed the agricultural cooperative in a storied position within the ethos of the rural economy and agrarian culture of the Western nations. Whether centered on a strategy of input procurement, output marketing, access to finance, or some mix of these functions, or others, governing transactions through an organizational structure with collectivity at its heart has been identified as a means of addressing market imperfections and transactions cost minimization, social alterity, and creating and capturing other economic and social value. Despite the pride of place gained in its ascendancy during the first-half of the 20th century, some rural policy makers and scholars alike have expressed concern that recent decades have seen a decline in the quantity, capacity, and legitimacy of the Cooperative organizational form and other forms of economic collectivity. This trend of stagnation has been a cause for concern, ostensibly for fear that the economic prosperity and social cohesion brought to rural communities by healthy cooperatives will be lost. However, a deeper look at available data for the U.S. case shows that while total membership in and numbers of these agricultural cooperatives has been in decline, the total patronage by members has been on the rise. One must recognize then that organizational adherence cannot simply be measured by the defect/retain dichotomy, but rather along a spectrum ranging from total defection through the choice to increase patronage.

Objectives and Research Questions The concern over “traditional” forms of agricultural cooperatives – specifically those organizations instantiated under the legal auspices of Cooperatives Law – is well received. It has led to the development of models that may provide useful insight as to how and why adherents to these organizations make the behavioral choices they do. However, we must also recognize that new forms of collective strategy-making have begun to arise in the agro-food sector, some of which are organized under Cooperatives Laws, others of which are not, despite holding many similar – if not identical tenets. Many of these new forms, importantly, are also far more diverse in their membership than the “traditional” agricultural cooperative; they take on heterogenous, multi-stakeholder approaches to cooperation, performing both economic and social solidarity roles. Therefore, in this Poster we briefly present results of empirical testing of a model for member commitment completed using data from members of traditional Agricultural Cooperatives, then present discussion of how we feel these results may extend to other forms of economic cooperation within the agro-food sector.

Theoretical Framework Measures of organizational adherence are behaviors and thus researchers from various fields in the social sciences, have begun to apply tools to examine what drives agent choice, with the potential aim of predicting impacts and identifying interventions. A major line of this inquiry centers on investigating the commitment by individuals to an

organization as *the antecedent* of these behavioral outcomes. Commitment, however, is not monolithic; commitment to an organization by an individual is multifaceted in so much as it presents multiple modalities. Further, commitment by a member has been shown to be impacted by the match between the identity of that individual and the *organizational identity* of the social object to which they are an adherent. This matching of identities has been conceptualized and operationalized in various ways. As one final layer of complexity, many organizational identities have several facets – that is to say that the organization has a hybrid identity.

In the project summarized in this Poster, a conceptual framework for analyzing member commitment to an agricultural cooperative is presented, in line with the general theory just described. This begins with a comparative cognitive process in which perceptions about how the organization enacts an identity facet are measured against the expectations the member holds for how that identity should be enacted by the organization. When incongruent there is a cognitive distance, or gap. The wider this gap, the lower the identification with the organization. Identification gaps lead to reduced commitment outcomes. There is sufficient evidence to conclude that agricultural cooperatives have hybrid organizational identities, thus cognitive comparisons of several identity facets take place. Likewise, commitment has multiple aspects, which may be impacted by the identification of the individual with the organization.

Methodology Maintaining consistency with the majority of the preceding work on organizational identification and commitment, I apply commonly accepted SEM procedures¹ to analyze this conceptual framework using data from surveys of agricultural cooperative members in the U.S., Canada, and France, first compiled by Foreman, Whetten, and Westgren. These surveys utilized Likert-scale items to measure aspects of organizational identification (member perceptions and expectations) and member commitment. However, those works relied on a linear regression-based analysis, applying hierarchical Ordinary Least Squares (OLS) and Maximum Likelihood (ML) Structural Equation Modeling estimation techniques. The debate over whether to treat such Likert-scales as continuous or categorical is well-known, and is not re-argued here. Instead I adopt an approach of agnosticism on the matter, to facilitate a comparative evaluation of two contending estimation approaches – Maximum Likelihood and Weighted Least Squares – as an attempt to preliminarily validate the proposed model without care to quibbling over statistical method chosen. Thus, there is space for a methodological discussion on different estimation methods advocated for within the Structural Equation Modeling literature.

Key Findings and Conclusions Results here show divergence between the two estimation methods, patterns that have no easily explainable cause, an issue that is likely to pose methodological and technical discussion among peers. However, results of this analysis generally provide evidence supporting the validity of the model, including its cross-national validity. This cross-validation is a pressing aspect that is commonly lacking within the field and one that begs to be engaged with dynamically in a forum of scholars who hold working knowledge not only of the organizational identity literature but also agricultural cooperatives. With growing empirical support for the model tested, other forms of collective organizations within the agro-food sector are proposed for future application of the construct. These forms are summarized, and their differences between traditional Cooperatives are highlighted where pertinent.

¹ The primary reference are the procedures and recommendations presented in Kline (2016).

Statistics on work and employment in cooperatives

Hyungsik Eum, Strategy and statistics coordinator, International Co-operative Alliance

Keywords: statistics on cooperatives, work and employment,

Context and problem statement / knowledge gap

With the increased attention to cooperative statistics, a series of actions have been taken by different international institutions, such as the ILO, FAO, UNDESA and International Co-operative Alliance (ICA) in collaboration with the Committee for the Promotion and Advancement of Cooperatives (COPAC) over the last several years. COPAC in close collaboration with the ILO established a Technical Working Group (TWG) to advance these actions in a concerted way and has proceeded with some research projects which will contribute to the ongoing preparatory work of the ILO for presenting the Guideline concerning statistics of cooperatives (the Guidelines) at the 20th International Conference on Labour Statisticians (ICLS) in October 2018.

The present work is the outcome of one of these research projects. It aims at addressing issues around statistics on work and employment in cooperatives and serve as a base document for elaborating the Guidelines.

Objectives or research questions

Two general objectives of the present work are: 1) to propose a statistical conceptualization of the different forms of work and employment in cooperatives and 2) to test, with empirical data, the practicability of the existing methods to capture/quantify these different forms of work and employment.

Methodology

This work was designed as an action-research through which a researcher would mobilise various sources of information and knowledge and lead a discussion in order to reach an agreement on the statistics of work and employment in cooperatives, which would, in turn, feed the contents of the Guidelines. Practically, the research was conducted as follows.

Firstly, in order to identify different forms of work and employment in cooperatives, various situations in different types of cooperatives were examined based on document analysis and author's previous field works conducted for two research projects on employment in cooperatives (Roelants et al. 2014; Eum, 2017).

Secondly, to understand the conceptual framework related to statistics on work and employment in general, and the contents of proposed revision of ICSE, in particular, the author joined the online co-work space of the working group for the revision of ICSE-93 and participated the 4th meeting of the working group (25-28 September, 2017, ILO Headquarters, Geneva). During the meeting, author presented his research and raised some conceptual and technical issues regarding statistics on work and employment in cooperatives.

Thirdly, the outcomes from these two activities were synthesized in the form of "Concept note for stakeholder consultation – Statistics on work and employment in cooperatives". In this concept note, a conceptual framework covering different forms of work and employment in cooperatives was proposed and some conceptual and technical issues were raised to facilitate discussions among experts on both sides, namely cooperative experts and statisticians. This concept note was circulated among ILO/COPAC TWG members, ICA regional offices and some members of the working group for the revision of ICSE in order to get feedback from different perspectives.

Fourthly, based on feedback, which, however, was modest, a draft of report was written. In the draft, existing practices concerning statistics on work and employment in cooperatives were additionally analysed. This empirical test was conducted mainly with 11 country cases studied in two country case studies produced by the ILO (Carini et al., 2017; Eum, 2016).

end of 2018 when the Guidelines would be adopted in the ICLS 2018, in order to avoid eventual confusion between the contents of the adopted Guidelines and those of research works which are not completely identical due to different target readers and to eventual modifications during the ICLS.

Key findings

The part concerning work and employment in the proposed Guidelines which was elaborated from the present work is as follows:

- Work performed in cooperatives can be undertaken by members and by non-members and may include all forms of work defined in the resolution concerning statistics of work, employment and labour underutilization adopted by the 19th ICLS.
- Work within the scope of statistics on cooperatives includes work performed by members and non-members in:
 - i. Cooperatives;
 - ii. Economic units that are members of a producer cooperative or multi-stakeholder cooperative;
 - iii. Subsidiary enterprises owned or controlled by cooperatives.Statistics on work generated in cooperatives, particularly on employment, should be compiled and tabulated separately or disaggregated for each of these institutional settings.
- Worker-members of cooperatives are dependent workers as they do not have complete control over the operation of their enterprise. If these workers are paid a wage or salary for time worked or for each task or piece of work done in the cooperative, they should be classified as employees of their own cooperative; if they are paid only in profit or surplus, or paid a fee per service, they should be classified as dependent contractors according to the (draft) resolution concerning statistics on work relationship (to be) adopted by the 20th ICLS.
- Owner-operators of enterprises that are members of producer cooperatives should in general be classified as independent workers; they could be classified as dependent workers if their business depends significantly or entirely on the cooperative in terms of access to markets, organization or pricing of work (i.e., the cooperative implicitly or explicitly controls the activities of the members) and satisfies the criteria to be classified as dependent contractors specified in the current standards for statistics on work relationships.
- Members of cooperatives may perform work in the management or administration of the cooperative. When such work is performed by members of cooperatives and paid, it should be considered as employment in their job in the cooperative. When such work is performed by members of producers' cooperatives without remuneration, it should be considered as employment in the workers' job in the member-enterprise; when performed by worker-members of cooperatives it should be considered as employment in their job in the cooperative. If consumer-members perform any type of work in their cooperative without pay it is volunteer work.

Conclusions, including contribution to the academic debate or to solving a practical problem

Based on empirical information and consultation with main stakeholders, the present work provided basic elements for producing the contents concerning work and employment in the Guidelines. However, during the research, a number of theoretical, conceptual and practical problems and issues have been identified. They may serve as research questions at their own rights. On the other hand, given that the Guidelines are designed for statisticians, it will be important to translate it into concepts and languages which might be discussed in the cooperative movement and research community.

Improving the quality of life of the population through cooperatives

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Key words: associated work cooperatives, housing cooperatives, social initiative cooperatives, urban law, sustainable development

Abstract

The urban renewal has a strong impact on Europe's economy and also on its citizens' quality of life because promote their social welfare. In global context, it should be taken into account the European Legal Framework for the Sustainable City. According to EU authorities, in all likelihood, 80% of Europeans will live in cities or suburbs by 2020. Quality of life and global environmental conditions directly depend on the state of the urban environment (The Seventh Environment Action Programme and the Sustainable City, 2014).

In fact, there are EU initiatives to promote and fund the urban renewal and regeneration, consequently it exist funds to promote energy renovation or the renewal of derelict urban areas (ERDF- European Regional Development Fund and European Social Fund). These proposals are based on eco-efficiency, social cohesion and civic progress in European cities, and to guarantee citizens' quality of life and welfare in the present and in the future (Strategy EUROPE 2020).

In Spain, there are around 6 millions of houses that were built over 50 years ago. Besides, there are several derelict neighbourhoods and substandard housing (Ministry of Development and Housing, 2013). Therefore, it is especially necessary and suitable the option of promoting urban renewal and regeneration at different levels.

The Spanish urban planning tradition has been fundamentally based on the production of new cities. In 2013, the real weight of refurbishment in Spain was approximately 31% of the construction sector, lower than in EU countries, around 41% (Euroconstruct, 2013). Currently, urban regulation encourages the urban renewal and refurbishment, in order to reduce power consumption, diminish the emission of pollutants and improve the energy efficiency; in sum, to contribute to improve environment and living conditions in the buildings.

One of the key elements in urban renewal is the implication of the residents, who take part in the changes and improvements of their district (González et al., 2015; Cervero & Hernández, 2015). Therefore, an economic form must be found to develop the renewal which not pursuit profit, advance efforts towards achieving a common objective, in which their members are active participants. The cooperative initiatives produce cohesive urban neighbourhoods (Blokland, 2003; Kennett & Forrest, 2006) and they are associated with participatory planning approaches and collective action (Forrest & Kearns, 2001; Somerville, 2007; Cameron et al., 2009). The cooperative society contributes to social cohesion (Lang & Novy, 2014); therefore this is the economic organization more suitable in order to develop the urban renewal.

Traditionally, Spanish cooperatives have performed in building industry just as providers of new houses for their members, which become in owners of these houses. Unlike other European countries, rarely housing cooperatives have been created for building houses for rent or for other uses (Etxezarreta & Merino, 2014).

The main objective of this paper is to explore actual urban regeneration projects in several Spanish cities and we obtain evidence how the different types of cooperatives (associate work cooperatives, housing cooperatives, social initiative cooperatives) are entering in this area.

Under this scenario, we carry out a theoretical revision of the urban development regulation focused on urban rehabilitation as well as the different cooperatives, exploring the importance of urban regeneration in cities, which types of process carry out, such as upgrade buildings, and dwelling with regard to accessibility, an area of particular concern to Spain due to largely obsolete building sector, in order to obtain empirical evidence and how the different types of cooperatives could play an important role in these processes.

Taking into account the physical conditions of many buildings in Spain that negatively affect the quality of life of the population, the main conclusion of the paper is that the cooperatives could respond to these social needs, transforming these urban regeneration projects into reality; the cooperatives could take an active part in the projects and approach a solution to the problem.

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Title of the Project: “COOPERATIVE MAP OF RUSSIA (CMR). Promotion of cooperative movement in modern Russia”.

Organizer of the Project: Association of educational partners of consumer cooperation

Coordination: Russian University of Cooperation

Reference persons:

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Funding: Central Union of Consumer Cooperatives in Russia, member of ICA

Duration: January 2018 – December 2019

Partners: Central Union of Consumer Cooperatives in Russia, Krasnodar Institute of Cooperation, Izhevsk Institute of Cooperation, Povolzhskiy Institute of Cooperation, Smolensk Institute of Cooperation, Cheboksary Institute of Cooperation, Bashkirskii Institute of Cooperation, Volgograd Institute of Cooperation, Kazan Institute of Cooperation, Novgorod Institute of Cooperation, Saransk Institute of Cooperation, Syktyvkar Institute of Cooperation, Arzamas Institute of Cooperation, Vladimir Institute of Cooperation, Kaliningrad Institute of Cooperation, Murmansk Institute of Cooperation, Kamchatka Institute of Cooperation, Michurinsk Institute of Cooperation.

These partners are selected because they provide a broad geographical coverage with active players in the context of cooperation in Russia. Of course, there are other regions that potentially fulfill these criteria, but practical considerations pose a limit on the number of partners. Additionally, in some of those regions previous research on cooperation have been carried out, which makes it possible to put less efforts in coordination, because this Project can build on past experiences and results (Skomorohov et al., (2016), Antonova et al., (2017)). Although regions may be very different, comparing the differences and similarities yields interesting results and is very useful for learning from each other and formulating a general strategy for successful promotion.

New and especially international partners are needed for the Project with the purpose to integrate it into the International cooperative society.

Mission of the Project:

The CMR Project is not only about science, although it benefits from and uses the results of scientific research in cooperation observation and its application areas. The CMR Project provides a link (and feedback) between the science community and civil society.

The coordination of CMR consists of several elements: • Valorization of science for practical applications, • Feedback from the end-users to the science and development community, • Connection of different pilot regions to benefit and learn from each other experiences, • Inter-regional dissemination of successful practices and results, and • Interaction with the International cooperative community to contribute to the achievement of the CMR targets.

Project description:

- **Objectives:** (1) to organize and support theoretical and empirical studies on cooperation in Russia; (2) to contribute to the rehabilitation and promotion of the cooperative idea in Russian society, and (3) to advance the educational products dedicated to cooperation and cooperative studies.
- **Significance:** In developing and developed countries cooperative approach have proved its sustainability and profitability for its members (Bijman, 2016; Abate et al., 2014; Barrett, 2008; etc.). However, in Russia due to the 70 years of the Soviet Regime and planned economy, a

conception of a cooperative approach has been distorted from its original (Sobolev, 2012; Davidova and Franks, 2006; Wolz et al, 2016) and significantly devaluated. The importance of this project is that, by the means of different tools, it aims to rehabilitate the conception of cooperation in the minds of Russian people. This might lead to the renovation of a cooperative sector of economy, which will positively impact the welfare of small and middle-income inhabitants, especially in rural areas. This might also impact and strengthen Russian involvement into international cooperative organisations.

- **Approaches:** (1) Literature review approach and the interview approach; (2) Public presentations and specialized courses; (3) Educational programs.
- **Expected outcome from the Project:**
 - (1) We use the literature review approach to detect the best International practices of cooperatives and to look into the history of Russia from the perspective of cooperation. We use the interview approach to create the questionnaires to detect the actual picture of cooperation and attitudes to cooperation in Russian society today. As a result we will make a “Guide for building up a cooperative”, relevant for the modern situation in Russia and give recommendations for the cooperative legislation development.
 - (2) On the basis of the “Guide for building up a cooperative”, we will offer public presentations and specialized courses for the members of cooperatives and entrepreneurs willing to start a cooperative, which will be held in the Institutes-partners of the Project.
 - (3) In the frames of this Project we will start a new Master program “Cooperation and regional development” across all of the Institutes-partners of the Project.

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Abstract (Revised as of 29-6-2018) for poster

Title: Growing and diversifying the cooperative housing sector in Australia: understanding financing, legislation and social impact

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Keywords: Housing co-operatives, resilience, Australia, affordable housing, social value, comparative research.

Context and Problem statement

A renewed interest in housing co-operatives has followed the surge in price of city dwellings in all the large cities in Australia (BCCM, 2016; Cheng, 2016). Similarly the lack of appropriately priced rentals has left large parts of the city's professional middle class and millennials incapable of living close to their work or indeed ever having a dwelling of their own. The roll-back of social housing provision has led to an extreme lack of social housing, which now falls short of needs of the 700 000 to 1 million households who live in unaffordable housing (Beer, Kearins, & Pieters, 2007). Further, social housing is offered only as a transitional housing option rather than housing for long term or life, or for supporting stable communities. Stable and secure city living therefore risks becoming something that is the prerogative of higher income residents, retirees, investors, absentee owners, and Airbnb. And yet, successful city renewal projects strengthen communities and neighbourhoods social capital (Lang & Novy, 2014). Availability of affordable co-operative housing has in Berlin and Barcelona improved the functioning of services in a city, strengthened communities and provided resilience and creative solutions to inner city living (Droste, 2015). Co-operative solutions to senior living is proven a resilient self-help model for an ageing populations (Labit, 2015; Pedersen, 2015).

Since the 80-ies, knowledge and awareness of co-operative housing solution has declined. At the same time there is growing interest in Australia in cohousing, which is focussed on developing living areas that are socially and environmentally sustainable. Cohousing through architectural/technical features can promote social relationships (through shared laundry, gardens, dinings rooms etc), reduce building costs and environmental impact (through sharing cars and facilities, smaller apartments, energy reducing design and renewable energy provision) (Jarvis, 2015). Often there will be synergies between the principles and objectives of cohousing design on the one hand, and legal structure of co-operative ownership and governance on the other.

In Australia, ongoing underfunding and marginalisation of public housing has led to increased waiting times and is creating pressure on private rental housing. Private rental housing can be expensive and poorly maintained and create housing instability due to short-term leases and tenant-unfriendly residential tenancies legislation. Research into housing co-operative solutions could in contrast lead to innovative ways to provide stable housing and offer savings to residents and government through residents undertaking maintenance and other improvements, while being able to save money for other purposes (education, etc). Research into the sector will also expand knowledge about problems in obtaining finance for a dwelling which is not privately owned.

Research Questions

This 3 year research project funded by the peak body for co-operative housing Australia in 2018-2020, Common Equity Ltd, seeks to examine housing co-operative solutions from international jurisdictions to explore how these can inform co-operative housing development in Australia. Several different models of renting, equity, and partial equity models of co-operative housing will be examined. IT seeks to create and understanding of how the Australian sector can grow and diversify, and what are legislative and financial services barriers that need to be overcome for co-op housing to provide alternatives to public or private social and affordable housing in Australia.

The first part of the research project was to present a report with review of a selection of international cooperative housing sectors in addition to the Australian context with two aims:

- 1- Compile the current evidence for the social and financial outcomes of housing cooperatives, to develop a framework to assess this in Australia; and
- 2- Identify preliminary issues regarding the growth and diversification of housing cooperatives in Australia.

Theoretical framework and methodology

The project will in its first phase produce a literature review over existing empirical research on social and economic benefits of different types of housing cooperative sectors in Australia and selected European and North American countries. Second it will seek through social and economic analysis develop a framework for assessing social and economic benefits of this housing model.

In the next stage it will use qualitative interviews to collect data on what social impact current Australian housing co-operatives achieve to ensure new co-operative housing developments provide similar benefits. It also seeks to assess the current and future capacity and viability of the Australian co-operative housing sector.

Contribution and outputs

A first draft report titled: "Articulating value in cooperative housing. International and methodological review" was finalised on 31st May 2018 and is under review by the Housing Co-operative Peak Body. This will be used as basis for a larger ARC research grant application.

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Cooperatives and Big Data

Authors *Dr Hemant Garg ,Dr Sushil Gupta*

ABSTRACT

The purpose of this research is to describe the "Big Data" phenomenon, explain its characteristics, identify how Big Data is used by cooperatives to achieve their goals, and to highlight its and significance for cooperatives. This has been done by examining various research resources. Upon examination of these research resources, it has become evident that proper information management specialists so much so that large companies like Software AG, Oracle Corporation, IBM, Microsoft, SAP, EMC, HP and Dell have spent billions of Dollars on software firms specializing in data management and analytics as Big Data is being used in Governments, International Development, Manufacturing, Healthcare, Media, Education, Information Technology and Internet of Things to name a few. It has been concluded that proper utilization of Big Data has a key role in the growth of cooperatives.

CATEGORIES OF 'BIG DATA'

Structured

Any data that can be put away, got to and handled as settled arrangement is called as an 'structured' data.

Unstructured

Any data with obscure shape or the structure is called as unstructured data. Notwithstanding the size being immense, un-structured data represents numerous difficulties as far as its handling for inferring an incentive out of it. Ordinary worth of unstructured data is, a data source containing a blend of straightforward content documents, pictures, recordings and so forth. Presently, big cooperates have abundance of data and information with them however sadly they don't know how to determine an incentive out of it since this information is in its crude shape or unstructured configuration.

Semi-structured

Semi-organized information can contain both the types of information. Case of semi-organized information is data contained in an XML document.

CHARACTERISTICS OF 'BIG DATA'

Volume

The term 'Big Data' itself is identified with a size which is gigantic. Size of information assumes exceptionally vital part in deciding an incentive out of information. Likewise, regardless of whether a specific information can really be considered as a Big Data or not, is endless supply of information.

Variety

Variety alludes to heterogeneous sources and the idea of data. Amid prior days, spreadsheets and databases were deemed as the main sources of data. Presently, data as messages, photographs, recordings, observing gadgets, PDFs, sound, and so on is also likewise being considered in mainstream applications. This variety of unstructured information represents certain issues for capacity, mining and investigating information.

Velocity

The term Velocity with reference to data is used to determine the pace at which data is produced and handled to meet the requests, which decides genuine potential in the data.

Variability

Variability alludes to the irregularity which can appear in the data now and again, consequently hampering the way toward having the capacity to deal with and deal with the information successfully.

TYPES OF BIG DATA

Transactional big data

The purchaser part of clients produces transactional Big Data. When buyers buy products online, a huge quantity of transactional data is generated. A standout amongst the most regularly utilized sorts of huge information is sourced incompletely from online requests created by clients.

Communication big data

Correspondence with firms when acquiring through intuitive sites, text, and phone lines produces unstructured correspondence information. What's more, client item audits or new item trial reports are additionally segments of the correspondence information.

Participative big data

The designer part of clients produces participative Big Data. This kind of data alludes to the information created by clients who effectively take an interest in item or administration advancement utilizing their insight, assets, and aptitudes. Participative

Transboundary big data

The intermediary customer role generates transboundary Big Data. Transboundary Big Data alludes to information produced by clients who share distinctive administration biological communities and encourage the fare and import of learning crosswise over various ecosystem boundaries.

USES OF BIG DATA BY COOPERATIVES

In any case, Big Data can have significantly more genuine results than that anticipated. Big Data touches all zones of life. At the turn of the twentieth century new streams of data through stations, for example, the broadcast and phone upheld large scale manufacturing. Today the accessibility of bottomless information empowers organizations to take into account little specialty advertises anyplace on the planet. Economic Production was once a feature of industrial facility, where directors pored over each machine and procedure to make it more effective. Presently statisticians mine the data yield of the business for new ideas.



Smart agriculture with SMAG

SMAG designs and publishes agreeo and atland, online software for managing agri-data adapted to regulatory and environmental issues in crop growing, livestock breeding, wine-growing and agro-industry.

Scigility

Scigility is the leading Swiss-based big data specialist solution provider. Offering a combination of big data engineering, data science, training services and support. In addition we provide legal and governance services to ensure compliance with applicable data protection and privacy laws.

Science

The Large Hadron Collider experiments represent about 150 million sensors delivering data 40 million times per second. There are nearly 600 million collisions per second. After filtering and refraining from recording more than 99.99995% of these streams, there are 100 collisions of interest per second.[Alexandru, Dan. "Prof" (PDF). cds.cern.ch. CERN. Retrieved 24 March 2015.

Technology

eBay.com uses two data warehouses at 7.5 petabytes and 40PB as well as a 40PB Hadoop cluster for search, consumer recommendations, and merchandising.[Tay, Liz. "Inside eBay's 90PB data warehouse". ITNews. Retrieved 12 February 2016.] Similarly, Amazon.com handles millions of back-end operations every day, as well as queries from more than half a million third-party sellers. The core technology that keeps Amazon running is Linux-based and as of 2005 they had the world's three largest Linux databases, with capacities of 7.8 TB, 18.5 TB, and 24.7 TB

Cambridge Analytica (CA)

It is a British political consulting firm which combines data mining, data brokerage, and data analysis with strategic communication for the electoral process.

INTRODUCTION TO BIG DATA

Data has been defined as "the quantities, characters, or symbols on which operations are performed by a computer, which may be stored and transmitted in the form of electrical signals and recorded on magnetic, optical, or mechanical recording media." (oxforddictionaries, 2018) One form of data is known as the Big Data, which has been defined as "data sets, typically consisting of billions or trillions of records, that are so vast and complex that they require new and powerful computational resources to process". (dictionary.com, 2018)

Big data usually includes data sets with sizes beyond the ability of commonly used software tools to capture, curate, manage, and process data within a tolerable elapsed time. (Snijders, et al., 2012) Additionally, Big Data impliedly represents the Information assets characterized by such a High Volume, Velocity and Variety to require specific Technology and Analytical Methods for its transformation into Value. (De Mauro, et al., 2016)

TOOLS EMPLOYED BY COOPERATIVES TO PROCESS BIG DATA

Immense amount of information should be processed by methods for more intricate techniques than the standard factual methodology. Tragically, a particular skill about these techniques isn't promptly available.

Big Data explanatory strategies have been singled out by Manyika et al. (2011) and Chen et al. (2012). They have gotten a rundown of the most normal methodology that incorporates: bunch examination, hereditary calculations, characteristic dialect preparing, machine learning, neural systems, prescient displaying, relapse models, informal organization investigation, supposition examination, flag handling and information perception.

ABSTRACT

Title of the paper:

The promotion of green and decent jobs through cooperatives.

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Keywords:

Sustainable development; green jobs; decent work; cooperatives.

Context and problem statement:

According to the International Labour Organisation, the global society is currently facing two crucial challenges, namely: preserving the environment and turning decent work into a reality. In order to meet these challenges, effective policies need to be adopted that are aimed at achieving an environmental development that is socially and economically sustainable. In this regard, International and European organisations have highlighted the need to promote a transition towards fair and green economies. In this transition, the creation of green and decent jobs is particularly important as a basis for promoting sustainable development.

Objectives:

This study's main purpose is to verify whether cooperatives, as part of the Social Economy, are suitable and useful organisations for the promotion of green and decent jobs.

Methodology:

With regard to the methodology, we will employ two main legal methods. On the one hand, we will follow a descriptive legal method to analyse the concept and the legal framework of both green and decent jobs and cooperatives. And, on the other hand, we will employ an exploratory legal method to value the strengths and weaknesses of cooperatives on this matter.

Key findings:

Based on the aforementioned premises, this paper argues that cooperatives, as part of the Social Economy, are suitable organisations to create green and decent jobs and, ultimately, to achieve sustainable development.

Conclusions:

Within the Social Economy model, cooperative values and principles reveal the commitment of cooperatives to the community, to workers and to the environment, which makes them ideal undertakings for the creation of green and decent jobs and the promotion of sustainable development. Nevertheless, the extent to which cooperatives manage to achieve these objectives will depend on the involvement of their members. Therefore, their active participation in the policy design and decision-making on the matter is essential. In addition, the daily problems faced by cooperatives may hinder their contribution to sustainable development, which may ultimately lead to questioning their work as agents of change.

Title: GENDER EQUALITY IN COOPERATIVES VS PRIVATE CAPITAL COMPANIES

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Keywords: gender equity; women's empowerment; cooperative principles; government

1. Context and problem statement

Cooperative companies are part of the so-called social economy, with their principles and values clearly defining them as organisations at the service of people and the general interest, thus establishing a favourable context for gender equality and women's empowerment.

The literature on this issue is scarce, especially in terms of female leadership. However, all the studies on this topic support the theory that cooperative principles favour and facilitate the empowerment of women, especially in regions where they are marginalised and relegated to secondary and domestic roles. (Duguid, F. & Weber, N., 2016, Rawlings and Shaw, 2016).

Firstly, as pointed out by the ILO in 2018: "The democratic control of members based on the principle of one member, one vote, and an absence of discrimination based on gender, social, racial, political or religious, is at the centre of cooperative values. " Additionally, the democratic process inherent to cooperative governance gives members control that allows greater flexibility and autonomy affording a better life-work balance for other responsibilities, such as the home and children, which is fundamental for the empowerment of women at work.

Despite this apparently more favourable context for gender equality, and although over 50% of cooperative members around the world are women, this group makes up less than 50% of cooperative boards of directors, and has very limited access to management positions (Cooperatives and the Sustainable Development Goals, 2015).

When analysing this reality, it must be taken into account that in developing countries, the socioeconomic status quo puts women at a clear disadvantage, especially in legal terms. On the other hand, some cooperative companies, in their search for greater presence and competitiveness in global markets, tend to behave like traditional mercantile companies, making maximum profit their leading strategic objective, and relegating other social issues, such as social equity or equality, to a secondary level.

It is important to mention that all the reports on cooperativism and gender show clear sectorisation: there are more women in workers' and consumer goods cooperatives, yet they are a minority in the agricultural and financial sectors, which are traditionally male areas where women have no chance to take on a leading role (Myers J, 2015).

However, changes are beginning to take place, especially in developed countries. The Members' Governance Report published in 2015 by the ICMIF (International Federation of Insurance Cooperatives and Mutuals) shows that 20.6% of the directors that served on the ICMIF's board of directors in 2015 were women, which represented significant growth in terms of female board member participation (doubling from the 11% registered in 2005).

2. Research question and method

This study was designed to analyse and fill the gap in the field of research on cooperativism and gender equality, by posing the following research question:

Is there greater awareness in terms of gender in large cooperative enterprises compared to the equivalent private capital societies?

To this end, the world's 25 largest cooperatives and private capital companies (in terms of turnover) were selected, and the composition of their governing bodies was analysed.

3. Key findings and conclusions

Firstly, it is worth mentioning that there was only one chairwoman in the cooperative group of companies, whilst in the private capital firms there were no women in that position.

The highest percentage of female representation on a board of directors was found in the Swiss cooperative Coop Swiss, dedicated mainly to trade, which has achieved gender equality (50%) in its scorecard: five of the ten members of the board were women. The rest of the cooperative group consisted mainly of financial companies, whose gender parity scorecards ranged from 40% (in 7 of them), 20% (in 8), to 13% and no women in the rest.

The group of private capital companies was led by the French bank BNP, with 50% female participation on the board of directors, followed by the Dutch company Oil & Gas Operations (with 42%) and nine American companies in the financial and technological sector where the percentage of women in management positions ranged from 36% to 25%. There was a second group of American and Chinese companies where the percentage varied from 23% to 12%. The remaining companies (a total of 4 firms) did not have any women on their board of directors.

However, the results obtained show no significant differences between the two groups, having cooperatives and companies the same average of female representation on their board of directors (21%). Furthermore, there were no significant differences in terms of gender by sector.

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An Examination of Networking with Private Businesses as a Resilience Strategy
for Cooperatives: Insights from Cooperatives in KwaZulu-Natal, South Africa

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Abstract

This study investigates networking as a resilience strategy for cooperatives in the KwaZulu-Natal province of South Africa. This is against the backdrop of a poorly performing cooperative sector despite nearly two decades of various government-led initiatives to support the growth of a vibrant cooperative sector. The commitment of the South African government to the sector is informed two factors. Firstly, the government realizes the potential contributions of cooperatives to socio-economic development and social cohesion. Secondly, it is cognizant of the high level of poverty in the country and realizes that the cooperative movement, because of its principles and values, can play a strategic role in the attainment of its development goals in the post-apartheid era. Despite ongoing government support, recent statistics paint a picture of a sector in a state of near collapse with only 12% survival rate.

Based on the foregoing, this study sought to understand the context in which the cooperatives operate, the status of the cooperatives, their understanding of the concept of network, current networking activities of cooperatives with private businesses and the potential of networking as a resilience factor that can be harnessed by cooperatives in the province.

This study employed a cross-sectional qualitative design with twenty-six conveniently selected cooperatives. Representatives of selected cooperatives were interviewed face-to-face using a semi-structured questionnaire which generated in-depth empirical data on the research topic. Audio records of interviews were transcribed, exported to Nvivo and analysed thematically. The study used Menzani and Zamagni's typology of cooperative network to understand the networking activities (or the lack thereof) of the interviewed cooperatives.

The study found that most participant cooperatives operated in rural, poverty-stricken, underdeveloped locations and were hindered by a number of challenges including lack of finance, access to inputs, land, transport, market, income, knowledge, and skills. Of the 26 cooperatives interviewed, only 3 reported networking with private business. Access to market and inputs were the two benefits that accrued to cooperatives from networks with privately owned businesses. Interviewees identified a number of barriers to networking with private businesses including lack of benefits for cooperatives, lack of interests in networking with cooperatives, lack of experience

on the part of cooperatives and a general absence of trust between cooperatives and private businesses. The identified challenges, coupled with the absence of networks with private business, have precluded these cooperatives from producing positive outcomes for their members. In light of existing government institutional support to cooperatives in South Africa, the study recommends that such support should be geared towards capacitating cooperatives to engaging in productive networking activities with privately owned business. Such support, however, should enhance rather than undermine the independence of cooperatives.

EXTENDED ABSTRACT

Title: Spirit of Change In Indonesian Co-Operative Logo

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Keywords: co-operatives, Indonesia, logo, brand, change

Context and Problem Statement: Indonesia has the largest number of co-operatives in the world with 209.000 co-operatives (Indonesian Ministry Co-operative, 2016). However, in quality, co-operatives in Indonesia only contribute approximately 1.7% to Gross Domestic (GDP). The image of cooperatives has been bad, because they are often associated with "old", "unproductive" and "bad moneylenders". Therefore, co-operatives in Indonesia need a change. Logo changes are often interpreted to bring the spirit of organizational change.

Objectives: There are two objectives of this research. First, to figure out public's perception on co-operative logo whether it should be changed or not. Second, to explore the reasons behind the perception.

Theoretical Framework: The early history of the logo began in the 1800s. The early era is known by the era of *Logo Habilis*. Logo in *Logo Habilis* era only serves as a distinctive mark to indicate who made a product. The years 1800 to 1900 are known as the *Logo Erectus* era. At this time, the logo began to mutate in various shapes and sizes. Logo began to become more complex although has not yet have a close relationship with the identity of the company. In the 1900s to 1930 known as the *Logo Antecessor* era, the forerunner of the modern logo. In these years, the logo and Corporate Identity became the trademark for the first time. In the 1930 until 1980 was known as *Logo Rhodesiensis* era. The strong ideas behind the logo form the image of a product. This era is also known as the era of logo revolution and the development of the principle of simplicity in the logo. In the 1980s until present is known as era of *Logo Sapiens*. Modern logos are introduced in today's "brand era". The modern logo is a simple, flexible, adaptive logo for a variety of media and truly built as a brand representation for the long term. A good logo and trademark will be the breath and energy for the organization. In Indonesia, cooperatives have been stagnant for years. The outside world changes, while cooperatives do not keep up with the times. One example, the current Indonesian co-operative logo was made in 1947. The image of cooperatives has been bad, because it is often associated as "old", "unproductive" and "bad moneylender". To change the bad reputation, co-operatives need a fresh start as a representation. Logo changes are often interpreted to bring the spirit of organizational change.

Methodology: This study used mixed-method approach. The data collection used was online-based survey and interviews with a number of logo/branding experts. A total of 926 respondents involved in this study. They came from 13 provinces in Indonesia and from diverse backgrounds of age and occupation.

Key findings: Fifty-two percent (52%) of respondents wanted change in co-operative logo. Interestingly, those who wanted to change the logo were from older group respondents (above 25

years old). Meanwhile, respondents from the younger group were in status quo related to logo changes. Sixty one respondents (61%) perceived that the change of Indonesian co-operative logo can also change the bad images of Indonesian co-operatives. The experts argued that current Indonesian co-operative logo should be changed since the change will reflect the spirit of change in Indonesian co-operative movement which previously perceived bad.

Implications: First, the result will be a recommendation for Indonesian Co-operative Ministry to change the co-operative logo as a part of co-operative reform. Second, since there were only a few current issues research of co-operative in Indonesia, this study will enrich Indonesian co-operative current issues research.

Abstract Paper for the ICA 2018 Research Conference - Mapping

Mapping cooperatives: Key Figures of the International Co-operative Alliance

Keywords: Statistics; Data collection; Data provision; Knowledge Sharing; Open access to data; Online database; Membership strengthening; Capacity building; Visibility; Sustainability; Leadership

In recent years, governments and international organizations are increasingly focused on the need for accurate and constantly updated statistics on the cooperative sector, and several projects have been launched – at both the national and international level – with the aim of developing or improving statistics on cooperatives.

The need for a new initiative emerged when the ICA and the European Commission (EC) signed a partnership for international cooperative development in 2016, which involves as key partners the ICA Global office and Regional offices from Africa, Americas, Asia-Pacific, and Europe. Within the partnership's framework, accessing exhaustive, consistent and reliable data on the cooperative situation in every region, and across sectors, appeared particularly important for the success of the program's policy, visibility, capacity building and networking activities. Considering that the other initiatives aforementioned did not cover all the countries targeted by the program, and that the criteria used by existing statistical sources (both within and outside the cooperative movement) were not built and integrated in a consistent way within a single data collection system, the decision was taken to launch a new global mapping initiative among the ICA movement, led in a harmonized way by all the ICA offices, with common processes and criteria.

In this context, the mapping research within the ICA - European Union (EU) partnership aims at collecting and publicizing exhaustive and up-to-date statistics on cooperative organizations in different countries of the world to showcase the cooperative impact and provide data for advocacy.

The mapping targets identified are:

- A: Cooperative organizations members of ICA;
- B: Cooperative organizations not members of ICA;
- C: Other non-cooperative actors that are cooperative-friendly.

Categories A and B includes several types of organizations as already classified by the ICA according to the following terminology: Apex/National Federation; Regional or Sectoral Federation; Supranational; Cooperative; Cooperative Group; Mutual.

Category C includes non-cooperative actors classified as follows: organisations owned/controlled by cooperatives; cooperative promoter/supporter; education/research stakeholders; government stakeholders.

The mapping will start by covering **category A**. While this means that the data available might cover only a few sectors or a relatively low number of cooperatives, depending on the reach of the ICA cooperative members present in the country, this first step of the mapping will circumvent potential timing issues (especially considering the time necessary to agree on selection criteria for non-



International
Co-operative
Alliance



Co-funded
by the
European Union

member cooperatives, and possible challenges regarding their responsiveness to provide their data) to produce some immediately usable country data – incomplete as it might be – to share with the public. In addition, displaying data specific to the ICA network at country level represents a particularly useful advocacy and visibility tool.

The research aims at collecting data referring to the year 2016. In case data for 2016 is not available, data on the most recent available year will be collected.

The mapping aims at collecting data on:

- number of cooperatives;
- economic size of cooperatives;
- membership;
- employment.

As for the employment and membership, gender and age specific data will also be collected.

Classifications of economic activities by sectors to be adopted will be in line with international ones such as ISIC rev. 4. to ensure comparability of statistics both nationally and internationally, as well as with statistics on other forms of enterprises.

Other typologies adopted will cover members' typologies i.e. providing information on who the members of the cooperative are – such as user; producer; worker; multi-stakeholder cooperative.

Data is collected following two strategies: 1) collecting statistics already available in the country; 2) carrying out a survey targeting ICA cooperative members.

The two strategies will be tested conducting a pilot study on two countries per region to provide enough information to validate (or revise) the variables to be collected and the data collection process itself.

Expected findings of this research are harmonised statistics made available in a large sample of countries, as the foreseen output is a global report composed of four regional reports providing the data collected in 104 countries using the same methodological tools, to ensure consistency of the results. The data collected will also be made available on an online database, enabling to actualise the information regularly and keep it up-to-date.

The results will include information on the number of cooperatives as well as their membership, employment, and economic data.

The conclusions to be drawn from the research are accurate assessments of the impact of the cooperative movement at country level, based on the more detailed picture provided of cooperatives' contributions to national employment and economic activity.

Building on this, the mapping will contribute to enrich our knowledge about the cooperative movement on a global scale, helping researchers and decision-makers to gain easier access to the data collected for their research or policy purposes.



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Debt Analysis of Credit Union Cooperatives Member in Thailand

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Key word: debt, credit union, cooperatives, Thailand

Problem Statement

Since the economic crisis in 1997, the Thai economy has been recovered. The cost of living, price of products and services, was increased. Most of people who has low income, solved the problem by borrowing money from both financial institutions and non-financial loans. During the year 2000-2011, the government stimulated the country by loan program which allow household can easier to access the loan source. As a result, households continue to face more debt problems. The debt problem impacts on the economic and social of the country which is affecting the well-being of the people, household spending, low living standards and lack of financial liquidity. Credit union cooperatives is one of seven types of cooperatives in Thailand. They are passionate about serving their members and about making an impact in the community. While focusing on member needs include credit, credit unions work for the sustainable development of communities. To avoid the debt problem, the influencing factor to create debt should be investigated.

Objectives

1. To analyze the debt situation of credit unions cooperatives in Thailand
2. To study the influencing factor to create debt of credit union cooperatives member

Methodology

Secondary data is used as an analytical tool. To study overview of credit unions, the number of cooperatives and the number of members in 2006-2016 are analyzed. Include, business volume and household debt are analyzed. Primary data is collected by using the questionnaire. The number of 400 member of credit union are sample size. To study the influencing factor on debt of credit union member which are value/attitudes aspect and the necessary of consumption aspect. The statistics used for data analysis were percentage, mean, chi-square and Cramer's V.

Key Finding

Thailand, the structure of household debt has fluctuated over the years 2006-2015 follow the economic situation. In 2015, average debt was 156,770 baht/household. While the debt of credit union member trends to decrease with the steadily declining growth rate. In 2015, the average debt of credit union member is 19,424 baht/household. Reason for borrow of mostly credit union member is inadequate income. The majority of members do not owe other financial institutions and informal financial sector. Number of outstanding debts with other financial institutions approximate 50,001-100,000 baht. Credit union members borrow from other financial institutions, mainly to buy the property. Credit union member borrow from informal financial sector, mainly to spend on consumption and have an average debt approximate 10,000-50,000 baht. Influencing factor to create debt of credit union member in terms of the values / attitudes factor which are 1) the social image creation 2) various entertainment 3) religious faith 4) income projection 5) installment purchasing 6) buying comfort car. In terms of the necessary for the consumption factor, is the medical expend.

Conclusion and suggestion

The main objective of the member to participate credit union cooperatives were saving, credit, dividend, patronage refund and welfare. The most common cause of the loan is inadequate income. Income is not enough to cover the normal expenses and value/attitude expenses. It is important to focus on problem. It should encourage member of credit union to know how to manage money by financial literacy training, supplemental income earning.

Abstract

Adoption of energy efficiency options by co-operatives in regional Australia: An early stage explorative study

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Key words: energy efficiency; co-operative principles; community- oriented mindset

Introduction/problem statement

According to the *Blueprint for a co-operative decade*, co-operatives are making a crucial contribution towards the shift to a low carbon economy and by 2020, co-operatives are expected to position themselves as builders of sustainability. Regarding the environment sustainability the co-operatives in all sectors are looking at some innovations to reduce their carbon footprints, to be carbon neutral, at investing in energy efficient technologies (ICC report). On the same note, the International Co-operative Alliance added the principle No. 7: Concerns for Community which is supposed to also encompass the notion of environmental sustainability. However, some research on the relevance of the co-operative principles as based on the evidence from the Australian co-operative sector argues that perhaps this principle may not capture the environmental issues (Oczkowski, Krivokapic-Skoko, and Plummer, 2013). Instead, the members of co-operatives tend to view their community sponsorship more as marketing/advertising spending rather than as an expression of concern for the community and the environment related issues.

Research objectives

The aim of the project is to understand how those involved in the decision-making process for co-operatives and non-for-profit (NFP) organisations perceive the effectiveness of their current energy solutions and to explore the adoption of energy efficiency solutions. It can lead towards developing a range of business model solutions that regional not-for-profit (NFP) and co-operative organisations can adopt to help them make energy efficiency investment or curtailment decisions. The phase one of this project was an examination adoption of energy efficient options by co-operatives in regional Australia in phase two of the research, an experiment will be designed and tested with range of business solutions based on the findings from phase one. The research experiment will be tested on regional business to gauge the likely adoption rates given the different energy efficient options. This paper outlines the findings from the phase one, where explored the barriers and enablers that affect the decision making process.

Methodology

The methodology for phase one was a case study analysis using exploratory techniques and thematic analysis. The samples was developed using a snowballing technique. We gathered insights from 12 co-operatives that have (a) installed energy efficient options, (b) considering investing and (c) rejected the decision to invest at that time.

Frameworks/literature review

There appears to be many barriers to co-operative organisations adopting environmentally friendly options and common market-based solutions (Thollander, Backlund, Trianni, & Cagno, 2013). To overcome these barriers government interventions have focused on providing trustworthy sources of information, increasing energy taxes, providing incentives and the accreditation of energy efficient installers (Trianni & Cagno, 2012). These solutions are geared towards reducing investment costs and risks, but they don't appear to be enough to encourage and co-operatives to invest in energy efficient options.

A more novel suggestion is to build a community-orientated mindset to enable co-operatives to reach their efficiency goals (Janda, 2014; Moezzi & Janda, 2014). This community-orientated mindset, as conceptualised by Janda (2014), considers the needs and perspectives of all stakeholders involved in the decision-making process. The original model was further developed by (Bull & Janda, 2017) to also incorporate an organisation's capacity, concerns and conditions that influence their energy efficiency decision-making. Therefore, the community-orientated mindset might be a more appealing approach for co-operatives as it is more aligned to their original organisational goals and manages their organisational needs. This approach considers needs and perspectives of all stakeholders, physical, technical, social and legal issues related to investing in properties for environmental and efficiency purposes. It is based on a social dilemma techniques that lead to cooperation for long term sustained relationships between stakeholders (Kollock, 1998).

Key findings

The findings indicated energy efficiency is viewed in a diverse way: ranging from only about energy production through to complete perspectives on climate change and also there is a great deal of environmental realism- *“Even though most of those shareholders would be, you know, what you would probably call greenies, or of a strong environmental persuasion. Those same people still wanted to see some sort of return on their investment”*.

- (a) Concerns (Factor shaping attention to energy); It may not be the focus of co-op *“But an objective toward energy efficiency, I guess it complies with our resource efficiency objectives, but it's taking us a little way from our core, if you like”*. Some organisation uses delegation- to help focus on energy efficiency options: *“The energy group monitors it and probably reports back for five minutes at the steering committee. So it doesn't take much energy from the people who aren't interested in it”*
- (b) Capacity (Factors shaping actions) which are financial constraints: *“we needed to raise sufficient funds. So that led us down the track of we were exploring options on how we were going to raise funds, we looked at crowd funding, we looked at donations, we eventually settled on the debentures issue...So we have created what are called community investment notes ”* and adequate relationships with other stakeholders: *“But it's, you know, some very good people in Council at the lower levels in the environmental section, but probably not the same sort of enthusiasm, I think it's fair to say, at the top”*
- (c) Conditions (Factors moderating ability to act): Decisions to act in energy efficient ways are moderated by: strategic decisions are taken by the boards and the operation staff, macro factors, such as industry and government interventions;, and realism about community engagement *“But rarely can you put up something that is going to cost people money and expect them to support it, just because it is a green project or a strong social community project”*

Phase 2: Experiment

The findings in the qualitative analysis provide useful insight that can inform a controlled experiment design. A controlled experiment will allow for a more detailed empirical analysis that can provide further quantitative support for the conclusions drawn from the qualitative analysis in Phase 1. The controlled experiment design is based primarily on the key findings discussed in the preceding section.

A 2 x 2 x 2 between-subjects experiment design is proposed for Phase 2. There will be three independent variables each manipulated at 2 levels. This is followed by a number of controls within the model that comprise of demographic factors and circumstances.

Details of the proposed model are outlined below:

Dependent Variables:

Investment (measured in dollar amount)

Investment Opportunity (three possible projects to invest in)

Three projects

1. Sustainability Incentive
2. Profit Incentive
3. Regulatory Incentive

Independent Variables:

Sustainability Issues (Two Levels: Indicated / Not indicated)

Funding Alternatives (Two Levels: Available / Not Available)

Community Awareness (Present / Not Present)

The experiment task will ask participants to make a capital investment decision using an allocated fund. The task will ask them to consider three investment alternatives, each with different incentives. Participants will be asked to allocate funds between the three projects.

This experiment will be administered electronically using Qualtrics and the intended sample will be from the co-operatives investigated in Phase 1.

Conclusions

The findings of the current study align well with the community-orientation model, developed by Janda (2014) and Bull and Janda (2017). The data suggests that co-operatives feel they need to balance their mission and organisational purpose with efficiency in business operations including reducing energy costs. The findings show of level of environmental realism exists and co-operatives capacity, conditions and concern are being considered for environmental issues, without having to trade-off their original organisational purposes.

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