



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

# JOURNAL OF RURAL COOPERATION



**Centre international de recherches sur les communautés coopératives rurales**

**International Research Centre on Rural Cooperative Communities**

**המרכז הבינלאומי לחקר קהילות כפריות שיתופיות**

**CIRCOM**

CIRCOM, International Research Centre on Rural Cooperative Communities was established in September 1965 in Paris.

The purpose of the Centre is to provide a framework for investigations and research on problems concerning rural cooperative communities and publication of the results, to coordinate the exchange of information on current research projects and published works, and to encourage the organization of symposia on the problems of cooperative rural communities, as well as the exchange of experts between different countries.

### *Editorial Advisory Board*

BARRACLOUGH, Prof. Solon, UNRISD,  
Geneva, Switzerland.

BIRCHALL, Dr. Johnston, Stirling University, UK.

CERNEA, Prof. Michael, The World Bank,  
Washington, DC, USA.

CRAIG, Prof. Jack, York University,  
Ontario, Canada.

CRONAN, Garry, Australian Centre for  
Co-operative Research and Development,  
Sydney, Australia.

DON, Prof. Yehuda, Bar Ilan University,  
Ramat Gan, Israel.

FALS BORDA, Prof. Orlando, Punta de  
Lanza Foundation, Bogotá, Colombia.

KLATZMANN, Prof. Joseph, Institut  
National Agronomique, Paris, France.

KRESSEL, Prof. G.M., Ben Gurion University of the Negev, Be'er Sheva, Israel.

MARON, Stanley, Kibbutz Maayan Zvi  
and Yad Tabenkin, Ramat Efal, Israel.

PARIKH, Prof. Gokul O., Sardar Patel  
Institute of Economic and Social Research,  
Ahmedabad, India.

PLANCK, Prof. Ulrich, Universität  
Hohenheim, Stuttgart, Germany.

SCHIMMERLING, Prof. Hanuš, Agricultural  
University, Prague, Czech Republic.

SCHVARTZER, Prof. Louis, Universidad  
de Buenos Aires, Argentina.

SMITH, Prof. Louis, University College,  
Dublin, Ireland.

STAVENHAGEN, Dr. Rodolfo, El Colegio  
de Mexico, Mexico.

STROPPIA, Prof. Claudio, Università di  
Pavia, Italy.

Editor: Dr. Yair Levi  
Editorial Assistant: Daphna Bar-Nes

### **CIRCOM**

*Information for Subscribers:* The *Journal of Rural Cooperation* is a semi-annual periodical, aimed at the pursuit of research in the field of rural cooperation. Editorial enquiries and other correspondence should be addressed to CIRCOM, Yad Tabenkin, Ramat Efal 52960, Israel (Fax: +972-3-5346376). Subscription rate: \$27 per annum (plus \$3.00 sea mail; \$6.00 airmail).



## JOURNAL OF RURAL COOPERATION

Vol. 28

No. 2

2000

### CONTENTS

1. *Globalization and the Cooperative Difference*: A selection of articles from the ICA Research Forum Conference held in Québec City, Canada (August 28-29, 1999) on "Value and Enterprise for Co-operative Advantage".

Editorial	85
Brown, L.	The Cooperative Difference? Social Auditing in Canadian Credit Unions ..... 87
Caceres, J. and Lowe, J.C.	Cooperation and Globalization: Mutation or Confrontation 101
Levi, Y.	The Ambiguous Position of Cooperatives <i>vis-à-vis</i> the Issue of "Difference" ..... 121
MacLean, M. and MacKinnon, B.	An Atlantic Canada Perspective on Social Audit: Why do Cooperatives Embrace the Theory but not the Practice? ... 137
Røkholt, P.O. and Borgen, S.O.	Cooperative Change and the Myth of Rationality ..... 149
Troberg, E.	Knowledge Intensive Business Sector and the Cooperative Form: A Study of Finnish Knowledge Intensive Cooperatives ..... 161
2. BOOK REVIEWS	
Birchall, J. (ed.)	The World of Co-operative Enterprise 2000 <i>P. Levinger</i> ..... 177
Ruben, R.	Making Cooperatives Work, Contract Choice and Resource Management within Land Reform Cooperatives in Honduras <i>R. Russell</i> ..... 179
3. CURRENT INFORMATION	
Dissertation Abstracts	183

# The Ambiguous Position of Cooperatives *vis-à-vis* the Issue of “Difference”

*by*

Yair Levi

International Research Centre on Rural Cooperative Communities  
CIRCOM, Israel\*

## Abstract

The common meaning of “difference” when referred to cooperatives is what is supposed to distinguish them from non-cooperative organizations and to enable them to assert their distinctiveness in their surrounding context. Examination of past and present experiences, however, shows that the cooperative difference has been challenged from both without and within the cooperative camp. The paper examines the ambiguous position of cooperatives *vis-à-vis* capitalism, the thesis of “no-difference”, the defensive position and the recent efforts to sustain their particularity. As high levels of economic activity tend to increase the distance between the association and the enterprise aspects of the cooperative, it ensues that pursuance of difference is helped by a state of low economic involvement (*e.g.*, “social cooperatives”) and, conversely, is hampered by a state of high economic involvement and risk, as is the case with production – mainly agricultural – cooperatives under strong market competition. Here ambiguities persist as to whether the emphasis should be on strengthening the economic or the social component of the cooperative.

Our argument is based on the following propositions: 1) difference is inherent in the cooperative phenomenon and is at the core of its emergence as a reaction to capitalism; 2) attempts at blurring the difference came from within and from without the cooperative camp; 3) a defensive position has been elaborated, mainly to reject the “degeneration theory” of cooperatives; 4) difference is strongly related to the notion of distance between the association and the enterprise components of the cooperative; 5) increasing globalization and competition have sharpened the argument over conversion and related issues of difference *vs* isomorphism.

---

\* Revised version of the paper presented at the International Co-operative Research Conference, Québec City, August 28-29, 1999.

## Historical-ideological background

### *Difference as an inherent feature of cooperatives*

What most distinguishes a cooperative from a non-cooperative organization is at the core of its original aim to counter the Industrial Revolution, *i.e.*, depriving capital of its power. Major operational tenets and practices would include:

- excluding the possibility of an economic objective being *the* main objective of the cooperative;
- dissociating the decision-making power of the member from the type and amount of his/her equity;
- precluding the tradability of members' shares;
- limiting the remuneration of members' shares;
- precluding the possibility of distributing operational surpluses to members according to the kind and/or amount of their equity; distribution should rather be done either on an equal basis or according to members' participation (patronage) in the activities of the cooperative;
- precluding the possibility of distributing the collective reserves of the cooperative during its lifetime;
- “disinterested devolution”, to mean that in case of dissolution, the remaining net assets cannot be distributed among the members but should rather be transferred to another not-for-profit organization (though strongly debated by the ICA, this principle was not included in the official list of principles, yet is observed in many countries).

The above highlight the not-for-profit orientation and the delinking of capital from decision-making, typical of cooperation, and broadly correspond to the first and second principles of the ICA (see appendix). Unlike the principles, the above tenets are formulated in a “what not to do” style so as to underline the counteracting role assigned by the founders to their new project. Indeed, since their inception, cooperatives have been haunted by the threat of capitalism and their main objective was to countervail it. So, they used – as will be explained below – a terminology borrowed from the latter and enunciating *a contrario* how cooperatives are expected to behave (not-for-profit, limited interest, non-sellable shares, non-distributable reserves, disinterested devolution...). In a way, a set of rules emphasizing what is supposed to make the cooperative difference.

What emerges from the above tenets is the attempt to subordinate the economic to the social. Preventing the dominance of the economic over society evokes the

notion of “embeddedness” (Polanyi, 1957) and of “disembeddedness” as its opposite, namely the separateness of the economic from non-economic considerations and institutions (in further discussion this will appear under “distance”). This is to be achieved, to put it in a nutshell, through a set of modalities aimed to prevent the economic from taking the upper hand and a democratic management that put capital at the service of man rather than the converse as in a capitalist firm. The Rochdale narrative, mainly its *Law First* (see appendix) supported this “embedding” orientation and endowed cooperation with its utopian-community vision.

Ideally, the social and the economic components of cooperatives, *i.e.*, the association and the enterprise, are supposed to be strongly intertwined and not amenable to a clear distinction. This strong interrelation, known in the cooperative doctrine as the “double nature” of cooperation, is its very *raison d’être*. An association devoid of an entrepreneurial content or an enterprise devoid of a specific priority to non-economic considerations, *i.e.*, to people and their needs, would take us away from the idea of a cooperative and rather approximate the benevolent-assistential and the for-profit organization, respectively. Such an inclusive and integrated approach has been strongly supported in the cooperative literature (see *e.g.*, MacPherson, 1996, and Birchall, 1997).

In the course of our analysis, though, it will be shown that, throughout history and until today, a variety of factors have acted against both the “integrated” and the “subordination” approach, thus preventing or limiting the emergence of the expected “difference”. In practice, the “double nature” of cooperation is at the root of the socio-economic tension which accompanies cooperatives since their inception:

In a way, cooperatives live in two worlds: the world of enterprises dominated by technological and economic factors, and the world of associations dominated by socio-political factors. In order to reproduce their cooperative identity they have to operate satisfactorily in both worlds, combining internal processes of reproduction with the ability to cope with environmental, isophormic processes (Bager, 1994).

It is argued that the tension stems from the paradox of a movement that, born to counter an adversary, soon found itself depending on it and relegated to a position of defense against it or of its imitation. Paradoxically, it can be said that what is supposed “to make the difference” is, in a way, what limits the cooperatives’ ability to achieve it.

### ***Attempts at blurring the difference***

*Inconsistencies and ambiguities.* The inner potential for difference was not fully used to the advantage of cooperatives, due to inconsistencies between means and ends and the ambiguous position of the very cooperative movement *vis-à-vis* capitalism. With time the principles and the *Law First* came to signify, in a way, the business

and the community orientation of cooperatives, respectively. This differentiation produced an enduring tension. At the 14th Congress of the ICA (London, 1934) a statement was approved to say that the aims included in the *Law First* "...can hardly be considered as fundamentals of the economic base of the Rochdale system and should rather be considered as reflexions of the Owenite philosophy with which the Pioneers were intimately associated". It wasn't until 1980 that the spirit of the original *Law First* was revived at the London Congress in the Laidlaw Report. The comeback of the cooperative community was requested through the establishment of "Cooperative Villages" in urban conglomerations, *i.e.* multi-functional organizations to meet growing needs for employment and food in the world. The Report expressed doubts as to the suitability of the old Rochdale principles, originally devised for the current management of a consumer store, to the requirements of the society of the 2000s.

The adaptability of the ICA to changing conditions has been recently assessed, especially with regard to new changes and additions to the principles, namely the recognition that part of the cooperative's reserves have to be undistributable (principle 3); the need to acknowledge the possible participation of external capital, albeit under due precautions as to the cooperative's autonomy (principle 4); and the concern for the community (the newly approved principle 7). On the whole, however, wonder was expressed at how the recent dramatic changes in the global markets and in the growing needs for social services could leave cooperation with relatively so unchanged forms and rules as emerging from the latest 1995 ICA Statement (Chomel et Vienney, 1996). If cooperation is to keep its meaning, it has to be able to give answers to the new needs in the "social and welfare domain:" ...If cooperation inherited from the 20th Century is largely dominated by its economic arm, it may be that its significance, if not its existence, will be conditioned by the development of this social arm (*Ibid*). Social concerns of this kind, however, seem to be hardly served by such individualistic tendencies as recently manifested by the opposition to include cooperatives in the "social economy" on the ground that: "1) cooperatives are supported by individuals who pursue private interests and aims; 2) cooperatives pursue the economic interests of their members; 3) cooperatives are private and economic enterprises; 4) cooperatives practice solidarity with their members for the benefit of both sides" (Wülker 1995).

The original aim of the cooperative movement was to provide an alternative to capitalism. The cooperative movement itself, however, became soon split over this basic objective. The first controversy aroused over the state of workers in the manufacturies of the British consumer movement: should they be treated as salaried workers dependent on the cooperators as employers as in a capitalistic enterprise, or should they be associated to the enterprise as co-owners and co-participants in the remuneration? This debate reached its peak at the first Congress of the International



Cooperative Alliance in 1895, where the position which finally prevailed was the first.<sup>1</sup> At a later Congress (1902) it was from the German cooperators that the strongest opposition came to the principle of surplus distribution among the members, considered as a surrender to capitalism. Soon after, in 1904, the delegates of the Raiffeisen and Schultze-Delitsch cooperatives strongly defended their program of developing the cause of the middle classes in collaboration with, and not in opposition to, capitalism (Desroche, 1976; Sapelli, 1997).

These controversies call into question the very cooperative principles: are they a reaction to capitalism or, conversely, an adaptation to, or imitation of, the same? According to Vienney (1960) the early pioneers of cooperation believed that in order to change the dominant system, it would be sufficient to replace the modalities of management of the capitalistic enterprises by new ones, based on self-management of the workers/consumers (or otherwise the "user"-beneficiaries). This was achieved by substituting the practice of "one man—one vote" for "one share—one vote"; the principle of patronage refund for the practice of capitalist profit based on work plus-value; and the maxim "all for the individual by society" for "all for the individual by the individual". The principle of limited interest on capital has been considered as a "concession" to the capitalist system so as to secure a minimal capital reserve (Lambert, 1964). The principle of "disinterested devolution" has been commented as bearing a dissuading, rather than practical, value (Lasserre, 1965). In fact, when a cooperative is wound up and further to the refunding of members' shares and meeting the cooperative's debt, little is expected to be left for distribution. So, the principle can be seen as a means to prevent the members' temptation to dissolve the cooperative and share its assets.

All these tendencies hint at a strong element of individualism, absorbed from the surrounding ambience, in turn undermining the efforts towards the attainment of the cooperative difference.

*The thesis of no-difference.* The thesis of "no-difference" maintains that cooperatives and conventional firms do not basically differ and if they do, they ultimately tend to converge. As early as 1898 an Italian economist made the point that cooperatives, be they of consumers or producers, are economic firms aimed to achieve economic ends at lower costs than otherwise possible, to the advantage of members. This means that the force that creates and upkeeps them is selfishness and the force they represent is their individual interest (Pantaleoni, 1925:132-3).

Among American economists, two major models prevailed in the literature of cooperative farm economics in the 1940s-1960s: the model of Phillips (1953) and that of Helmberger and Hoos (1962). Whereas the first maintained that the cooperative is not a firm and makes no entrepreneurial decisions, the latter presented all decisions

---

<sup>1</sup>The participatory policy towards the salaried workers in consumer cooperatives is nowadays implemented in the Eroski cooperative of Spain (see Soraluce, 1998).

in the cooperative as being made by a single individual, the “peak coordinator”. Beyond these differences, both models share maximization of member profits as the cooperatives’ main objective, thus narrowing down any possible difference between cooperative and non-cooperative organizations. The thesis of no-difference was best expressed by such authors as Walras for whom the role of cooperatives was not “. . .to suppress capital, but to make everybody a capitalist. . .” (Lambert, 1964:10) and Roy who maintained that cooperatives are not only an integral part of the capitalist system, they broaden its scope of action (Roy, 1969).

More recently, investor-owned firms (IOFs) and cooperatives have been mentioned in combination:

. . .business corporation is just a particular type of cooperative: a cooperative is a firm in which ownership is assigned to a group of the firm’s patrons, and the persons who lend capital to a firm are just one among various classes of patrons with whom the firm deals. In fact, the conventional investor-owned firm is nothing more than a special type of producer cooperative – a lenders’ cooperative, or capital cooperative (Hansmann, 1996:12,15).

Central to the thesis of convergence is the well-known degeneration theory. Its strongest advocates were the Webbs (1914), followed by Oppenheimer (1896), Shirom (1972), Meister (1974) and others. This theory maintains that under conditions of strong competition cooperatives are expected to succumb, sooner or later, to the surrounding capitalist system and adopt its methods. This interpretation is at the base of the deterministic proposition, of particular relevance to producer associations, that “since cooperatives keep failing, they must be impossible” (Stryjan, 1989:6).

### ***The defensive position***

To counter the alleged inevitability of the “degeneration theory” a wealth of studies have been done to reject the thesis of the inferiority of labor-managed firms as compared to capital-managed ones. A recent study recapitulating all major research on labor cooperatives (Doucouliagos, 1997) suggests that labor-managed firms are not less efficient or less productive than capital-managed ones and that the labor-managed firm’s democratic governance, industrial relations climate, and organizational setting do not appear to adversely affect productivity and efficiency. Other studies have clearly pointed to cases of labor cooperatives outperforming capital-managed ones, such as the plywood industry in the US (Greenberg, 1994) the Mondragón complex of Spain (Bradley and Gelb, 1986) and the producer cooperatives of Northern Italy (Bartlett *et al.*, 1992).

These studies take a *defensive* stance and one may ask whether they invalidate or support the “no-difference” thesis. While showing that cooperatives are not inferior to, and can even outperform, capitalist firms, the latter remain the yardstick

for comparison. The problem may be to what extent can cooperativemanaged enterprises perform according to the dominant capitalist logic and still preserve their identity – if at all – as not-for-profit organizations. On the whole, one may wonder whether “advantage” and “difference”, when referred to cooperatives, denote the same property. A cooperative can show an advantage as compared to a non-cooperative without necessarily being different from it.

The case for/against the difference has recently been sharpened by the argument about the conversion of cooperative into IOFs and COOP PLC (Public Companies with Farmer Coops as Majority Shareholders).

### **“Distance” and difference**

Basic to our approach to the issue of difference is the notion of “distance” between the social and the economic components of the cooperative or, more precisely, between the association and the enterprise. This suggests that the greater the embeddedness of the economic in the non-economic (social and community) components of the cooperative, the greater the latter’s potential for differing from IOFs. In other words, the closer the association and the enterprise are to one another (*i.e.*, economic embeddedness), the greater the likelihood of cooperative difference, and vice versa.

One of the first recorded paradoxes in the history of cooperatives is attributed to Gide (1930:7) when he said that the more successful cooperatives are economically, the more likely they are to fail socially. The size and scope of economic activity of a cooperative is a major factor affecting the extent of closeness/separateness between the association and the enterprise components and, in the end, the extent of difference. The higher the size and scope of the economic activity of a cooperative, the more difficult becomes the preventive and controlling role of the social over the economic. In other words, economic development invites economic disembeddedness, *i.e.* distance, and exposure to non-congruent isomorphic processes which homogenize cooperatives with non-cooperatives (Bager, 1994).

No wonder, therefore, that cooperatives with a relatively limited scope of economic activity show high degrees of economic embeddedness, a resulting low likelihood of socio-economic tension and a strongly perceived difference. This is the case, for instance, with cooperatives like Evangeline in Canada (Wilkinson and Quarter, 1996); the cooperative day-centres of Sweden (Pestoff, 1995) and the “social cooperatives” of Italy (Borzaga, 1994; Levi e Montani, 1995, Barbeta, 1997; Levi, 1998)). In the latter example, the pronounced not-for-profit drive embedded in the founders ideology, brought about many of the member-activators to view the payment of an interest on the share or the distribution of surpluses, as practices alien to the spirit of cooperation (Levi e Montani, 1995). The multi-stakeholder structure of most “social cooperatives” enables them to go beyond the restricted traditional realm of

member interests to serve broad community ends.

On the other pole of the spectrum the Saskatchewan Wheat Pool (SWP) of Canada epitomizes the model of a big enterprise which, to cope with market competition, issued in 1996 a new class of shares traded on the Toronto Stock Exchange and available to member-users and to non-user and non-voting members. On the whole, such a “hybrid” cooperative has been criticized as a possible deviation from basic cooperative rules (Münkner, 1994); as counterproductive to the future distinctiveness of cooperatives from capitalist firms (Lévesque and Côté, 1996:22) and as facing cooperatives with the difficulty “. . . to reconcile the co-operatives’ de-emphasizing of the role of capital with the need to obtain sufficient funds to remain competitive” (Rhodes, 1999). A paradoxical situation arises whereby the need for economic empowerment of the Pool may jeopardize its survival as a cooperative. When assets and control formerly in farmers hands are now shared with private non-farmer interests “. . . a situation is created where . . . in order to survive over the long term a privatized cooperative will have to be more focused on maximization of profits and less on high levels of services (Caceres, 1998).

## **Conversion: the pros and cons**

### ***The case for conversion***

The logic behind the attempts at restructuring cooperatives is nicely illustrated by the attempts at their conversion into IOFs as is the case with the agricultural coops in the US and in the European Union. In the first, the tendency, by economists, to stress the similarities, rather than the differences, between cooperatives and IOFs, serves the objective of facilitating their inclusion in mainstream economics, thus enabling to eclipse those aspects that are found to “deviate” from neo-classical rationality (Mooney *et al.*, 1996). In the second case, a group of experts appointed by the European Union to investigate the situation of agricultural cooperatives in 15 member countries, issued a number of recommendations such as eliminating subsidization of prices, no recruitment of new members on account of social arguments, capital remuneration at market prices, reducing the amount of collective capital and issuing tradable shares (van Bekkum and van Dijk, 1997, quoted by Røkholt, 1999). In brief, a sort of recipe for disembedding the economic thus blurring the difference between cooperatives and non-cooperative organizations.

Among the cooperatives which underwent a conversion, no non-economic motivations on the part of the farmers were admitted. To the neo-classical economist used to the isolated economic actor, the cooperative represents an “irrationality”, limited by the principle of democratic (as opposed to proportional to volume of business) control and the pretence that interests other than economic may be important.

The strong resistance to demutualization of cooperatives in the US (see below) seems to be an exception. Seen from the perspective of “congruent/non-congruent”

isomorphism (Bager, 1994) the tendency towards the non-congruent model seems to prevail. Evidence to this can be found in the experience of Norwegian big dairy cooperatives (Bager, 1994); in the attempts to demutualize building societies and mutuals in the UK (Spear, 2000); in the pervasive process of demutualization in Australia (Cronan, 1999); in attempts at conversion of big farmer cooperatives in the US (Gray and Mooney, 1998) and in the recent developments in the kibbutz sector (Rosolio, 1999; Achouch, 2000).

Non-congruent isomorphism is eased by a combination of external pressure and weak internal awareness of the cooperative identity. The business community tends to see the cooperatives as a “deviation” from rational management of capital and a good many cooperative managers don't see a contradiction between economic short-termism and profit maximization, on the one hand, and the very notion of cooperative, on the other. Under the logic that economic success means adding value to the share at the expense of member and community participation, no wonder that the way to increased competitiveness is based on more emphasis being put on the enterprise side of the cooperative.

### ***The case against conversion***

The above criticism of “hybridization” of the SWP of Canada as an outcome of the latter's demutualization is recently backed by a reaffirmation, by US farmer cooperatives, of their determination to resist attempts at conversion. Asserting the difference is part of the struggle for cooperative survival. By positioning farmers as member owners and users, on the one hand, and investors (members or not) as owners-non-users, on the other, a whole rationale has been elaborated explaining the reasons that may lead to conversion, its consequences and the ways of preventing it (Torgerson, 1999). This tunes with the view that the supposedly “weaknesses” of cooperatives (in the case of farmer cooperatives, their alleged inability to efficiently handle their capital) cannot be cured by just becoming more economic. On the contrary, the business and the association should join hands in the pursuance of a “Strategy B” trend (see Røkholt, this issue) based on substituting loyaltybased solidarity for power-based solidarity, horizontal and vertical integration for vertical integration only, and recognizing the limitations of agency theory and transaction costs economics as tools to analyze cooperatives. To become more competitive, cooperatives should be more cooperative, *i.e.*, foster their inner potential for developing trust both internally and *vis-à-vis* the customers, as *e.g.* in ecological agriculture where the interests of trustworthy producers and of sophisticated consumers can converge (Presno Amodeo, 2000).

Cooperatives' distinctiveness is evoked under many aspects. First, by stressing that “. . . their interests are long-term and are derived from ongoing organizational use, control, and benefit, as opposed to simple profit-taking on short-term investments” (Mooney *et al.*, 1996). Then, by emphasizing their potential for an alternative to the

dichotomy “market or state”, hence as an alternative way of organizing economic activity and as basic and unique constituent elements of community and society (Pestoff, 1995) and finally, by emphasizing the “extra something” that makes the difference between cooperatives and IOFs (Freeh, 1993).

## Summary and conclusion

The notion of cooperative difference is far from unequivocal as it ranges from negation to assertion. The dominance of the neo-classical paradigm and its impact on cooperatives are at the root of the phenomenon. Theoretically, both the “subordination” and the “integrated” model act in the direction of reducing the distance between the association and the enterprise side of the cooperatives. In practice, though, the “subordination” model is expected to prevail over the “integrated” one as long as the dominant paradigm of mainstream economics serves as the main legitimate (therefore “rational”) term of reference, in turn calling for appropriate controls. The difficulty of maintaining a balance between the social and the economic components is related to the threat/lure of isomorphic trends. Tendencies towards non-congruent isomorphism, *i.e.*, the assimilation of cooperatives to non-cooperatives, invite a lessening of difference.

The issue of difference depends on the kind of cooperative activity and the scope of the economic herein. For cooperatives facing strong market competition, the challenge is different than for cooperatives dealing with social-relational and community concerns and facing relatively simple economic problems. Here the attainment of difference is greatly eased by the possibility of extending the scope of activity beyond the conventional realm of members and their interests.

A change may be in sight under the combined impact of cooperative and non-cooperative factors. Among the latter, we note the recent resort, by general management theory, to such non-economic devices as networking, social auditing, ecological controls, trust generating strategies, customer clubs, etc. As to cooperatives, they still seem far from making the best of their potential for matching the proclaimed values of solidarity and reciprocity and the means of attaining them. A convergence of “embedding” strategies, increasingly popular in the world of business, and new cooperative openings, especially in those fields where they are supposed to suffer from “weaknesses”, may lessen the pull effect of the neo-classical paradigm and its consequent attraction to non-congruent isomorphism.

## References

- Achouch, Y. “To Reconstruct Inequality: Remuneration for Work and Actors’ Strategies to Increase Income in the Kibbutz.” *Journal of Rural Cooperation*, 2000, 28:3-18.

- Barbetta, G.P. (ed.) *The Nonprofit Sector in Italy*. Manchester: Manchester University Press, 1997.
- Bager, T. "Isomorphic Processes and the Transformation of Cooperatives". *Annals of Public and Cooperative Economics*, 1994, 65:35-57.
- Bartlett, W., Cable, J., Estrin, S., Jones, D.C., and Smith, S.C. "Labor-managed co-operatives and private firms in North Central Italy: an Empirical Comparison." *Industrial and Labor Relations Review*, 1992, 46:3-18.
- Bekkum van, O.F. and Dijk van, G. *Agricultural Co-operatives in the European Union*. Assen: Van Gorcum, 1997.
- Birchall, J. "Co-operative Values and Principles: a Commentary." *Journal of Co-operative Studies*, 1997, 30:42-69.
- Borzaga, C. "La cooperazione sociale di inserimento lavorativo: un'analisi empirica dell'efficacia e dei fattori di successo". *Rivista della Cooperazione*, 1994, 18:73-96.
- Bradley, K. and Gelb, A. "Cooperative Labor Relations: Mondragón's Response to Recession". *Industrial Relations Journal*, 1986, 17:177-197.
- Caceres, J. "Globalization and Restructuring of Canadian Wheat Industry". *Review of International Co-operation*, 1998, 91:32-47.
- Chomel, A. et Vienney, C. "Déclaration de l'ACI: la continuité au risque de l'irréalité". *RECMA*, 1996, 260:64-71.
- Cronan, G. "Something for Nothing – It's Fabulous: An Australian Perspective of Demutualization". *The World of Co-operative Enterprise 1999*. Oxford: Plunkett Foundation, 1999:11-28.
- Desroche, H. *Le Projet Coopératif*. Paris: Editions Economie et Humanisme, 1976.
- Doucouliafos, C. "The Comparative Efficiency and Productivity of Labor-Managed and Capital-Managed Firms". *Review of Radical Political Economy*, 1997, 29:45-69.
- Freeh, V. "Beyond the Bottom Line" in *American Cooperation 1993*, National Council of Farmer Cooperatives, Washington, DC., pp.187-193.
- Gide, C. *Communist and Cooperative Colonies* (translated by E.F. Dow). London: G.G. Harrup, 1930.
- Gray, T. and Mooney, P.H. "Rhetorical Construction and Cooperative Conversios: A Comment". *Journal of Rural Cooperation*, 1998, 26:37-48.
- Greenberg, E.S. "Producer Cooperatives and Democratic Theory: the Case of the Plywood Firms" in R. Jackall and H.M. Levin *Worker Cooperatives in America*. London: University of California Press, 1994.
- Hansmann, H. *The Ownership of Enterprise*. Cambridge, MA: The Belknap of Harvard University Press, 1996.

- Helmberger, P. and Hoos, S. "Cooperative Enterprise and Organization Theory". *Journal of Farm Economics*, 1962, 44:275-290.
- ICA. "Co-operative Principles for the 21st Century". *Review of International Co-operation*, 1995, 88:3-4.
- Lambert, P. *La Doctrine Coopérative*. Bruxelles: Les Propagateurs de la Coopération, 1964.
- Lasserre, G. "La doctrine coopérative: signification économique et morale des règles de Rochdale". *Revue des Études Coopératives*, No. 142, 1965.
- Levesque, B. and Côté, A. "Changes in the Cooperative Principles in the Age of Globalization: The Search for a Method" in Monzón Campos *et al.* (eds.) *Co-operative Markets, Co-operative Principles*. Liège: CIRIEC, 1996:14-27.
- Levi, Y. "Beyond Traditional Models: Multi-Stakeholder Cooperatives and their Differential Roles". *Journal of Rural Cooperation*, 1998, 26:49-64.
- e Montani, A.R. *Cooperative sociali e handicap mentale: un ripensamento dei concetti di cooperazione e di integrazione*. Oasi Editrice Mediterranea, 1995.
- MacPherson, I. *Co-operative Principles for the Twenty First Century*. Geneva: International Co-operative Alliance, 1996.
- Meister, A. *La Participation dans les Associations*. Paris: Editions Ouvrières, 1974.
- Mooney, P.H., Roehring, J. and Gray, T.W. "The De/Repoliticization of Cooperation and the Discourse of Conversion." *Rural Sociology*, 1996, 61:559-576.
- Münkner, H. "A New Era for Co-ops and Implications for Co-op Legislation." *Review of International Co-operation*, 1994, 88:88-105.
- Oppenheimer, F. *Die Siedlungsgenossenschaft*, Leipzig, 1896.
- Pantaleoni, M. *Erotemi di Economia*. Bari: Laterza, 1925.
- Pestoff, V. "Local Economic Democracy and Multi-Stakeholder Cooperatives". *Journal of Rural Cooperation*, 1995, 23:151-167.
- Phillips, R. "Economic Nature of the Cooperative Association". *Journal of Farm Economics*, 1953, 35:74-87.
- Polanyi, K. *The Great Transformation*. Boston: Beacon Press, 1957.
- Presno Amodeo, N. *Ser Mais Cooperativas para Ser Mais Competitivas* (Be More Cooperative in order to Be More Competitive). Paper presented at the X World Congress of Rural Sociology, Rio de Janeiro, 31/7-5/8, 2000.
- Rhodes, R. "The Conversion Debate – An Overview of the Pressures Facing Cooperatives". *The World of Co-operative Enterprise 1999*. Oxford: Plunkett Foundation, 1999:1-10.
- Rosolio, D. "The Transformation of the Kibbutz: From a Classless to a Class Society". *Journal of Rural Cooperation*, 1999, 27:117-127.
- Roy, E.P. *Cooperatives Today and Tomorrow*. Dunville, IL: Interstate Publ., 1969.



- Røkholt, P.O. "Strengths and Weaknesses of the Cooperative Form: A Matter of Perspective and Opinion." Paper presented at the ICA International Co-operative Research Conference, Québec City: August 28-29, 1999.
- Sapelli, G. "L'ACI e lo sviluppo dell'economia cooperativa". *Rivista della Cooperazione*, 1997, 1:147-179.
- Shirom, A. "The Industrial Relations Systems of Industrial Cooperatives in the United States, 1880-1935". *Labor History*, 1972, 13:533-551.
- Soraluce, D.A.M. "El cooperativismo de consumo: el fenomeno de Eroski," *Actualidad en torno al cooperativismo Vasco*. Vittoria-Gasteiz: Consejo Superior de Cooperativas de Euskadi, 1998.
- Spear, R. "Membership Strategy for Co-operative Advantage." *Journal of Co-operative Studies*, 2000, 33:102-123.
- Stryjan, Y. *Impossible Organizations: Self-Management and Organizational Reproduction*. Westport, CT: Greenwood Press, 1989.
- Torgerson, R.E. "Pressures and Constraints on U.S. Cooperatives: The Case for Retaining Status as Cooperative Business." *The World of Co-operative Enterprise 1999*. Oxford: Plunkett Foundation, 1999:29-44.
- Vienney, C. "Analyse économique du secteur coopératif." *Archives Internationales de Sociologie de la Coopération*, 1960, 7:141-237.
- Webb, S. and Webb, B. "Co-operative Production and Profit Sharing", *New Statesman* (Special Supplement), 1914.
- Wilkinson, P. and Quarter, J. *Building a Community Controlled Economy*. Toronto: University of Toronto Press, 1996.
- Wülker, H.D. "The Social Economy and Co-ops: A German Perspective". *Review of International Co-operation*, 1995, 88:128-134.