

THE ROUTLEDGE HANDBOOK

of

COOPERATIVE ECONOMICS & MANAGEMENT

Edited by

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Purpose and Goals

The Routledge Handbook of Cooperative Economics & Management will present the most authoritative writing on the subject to date. The purpose of the *Handbook* is to

- Provide a comprehensive introduction to the subject and the current state of affairs with regard to the study of cooperation in the economy generally and of the cooperative sector and related sectors particularly.
- Highlight the essential issues and debates, and provide a future research agenda, outlining especially the distinctions and similarities between individual and (inter)organizational cooperation.
- Explore the similarities and differences between competitive economics and cooperative economics, and identify how cooperative economics is more capable of addressing the known problems of global neoliberalism, such as ecological collapse, wealth inequality, and social/relational problems.
- Develop a range of analytic approaches to the subject, both appreciative and critical, and synthesize new theoretical constructs.
- Map out the various themes, issues of focus, and areas of concrete progress in the work of cooperative economics and its development.
- Feature and platform the disparate voices, traditions and professional communities engaged in cooperative economics.

In short, our aim is to produce the standard reference work for a broad and large audience—scholars, students, but also interested professionals, regulators, and cooperators in the field—wishing to orient themselves in a global, rapidly developing movement and field of study, with reference to issues of producing and allocating resources, focusing on the impact of cooperation on issues like risk, trust, the development of preferences, institutional governance, networks and inequality.

Keywords: Cooperatives, Cooperative economics, Cooperation, Employee ownership, Labor-managed firms, Heterodox economics, Sustainability.

Subject Background

Cooperatives have spread across virtually all continents. Today, the International Cooperative Alliance (ICA) recognizes over 3 million cooperatives with 1 billion cooperative members (or about 12% of the human population, and serving many more members of the public), collectively owning trillions in assets. Organizations like ICA have stabilized, consolidated, and facilitated this network of socio-economic development from the late 1800s to the present. The success of the cooperative movement in promoting a pluralistic economy has been so significant that the United Nations declared 2012 “The International Year of Cooperatives” and the subsequent decade the “Decade of the Cooperative”. Furthermore, Recommendation 193 of the International Labor Organization (ILO) requires co-operatives to be included in the curricula at all levels of national education systems. This volume would seek to meet the anticipated demand for new teaching and learning materials.

While cooperatives were not studied more analytically until the mid-20th century, exceptions to this silence were generally heavily invested in the neoclassical model. This includes the Ward-Domar-Vaneck (so-called “Ilyrian”) model. Meanwhile, while paradigms like development economics, Sen’s “capabilities” approach, etc., have been successful in outlining cooperation-based research paradigms beyond the donor-recipient framing via notions like “collective capabilities”, these approaches have not been effectively integrated into mainstream economists. At the same time, recent research has demonstrated the viability of the cooperative form of organization, but many challenges and open research agendas remain. These include issues such as the geographic and sectoral distribution of cooperatives, i.e., firstly, to what extent they can be present in every country and region (or only in certain regions) and, secondly, whether they are restricted to certain labor-intensive sectors such as construction or social care, or whether they can out-compete comparable investor-owned businesses in all, or most, sectors. They also include “ecosystem” questions, in at least two senses of the word: firstly, the contribution of cooperation to sustainably mitigating climate change, biodiversity loss and ecosystems decline; secondly, questions of the nature of cooperation at different scales (group, intra-firm, ecosystem, region, nation, globe).

Other questions concern the impact of cooperation on what has been labeled *technological ambivalence*, or the selection and use of technology for different social purposes (e.g., collaboration versus surveillance) and what this means for different (potential) long-term horizons. They concern challenges and potentials for converting legacy investor-owned businesses to cooperatives and the general relationship between cooperatives and the traditional economy (is it a situation marked by peaceful co-existence or tensions?). They also concern the relationship of cooperatives to trade unions; understanding inter-generational investment structures like “indivisible reserves” and other institutions particular to cooperatives; and outlining the particular contributions which government can make as a partner to cooperation. Lastly, they concern the relationship between economic democracy and leadership formation; developing a suitable theory of the firm that incorporates elements of “consummate cooperation”³ and the general dearth of large-scale

empirical research on cooperatives. These and similar research questions spell a great need for a volume which would seek to offer a systematic approach to understanding these and related dynamics, as well as establishing future research agendas in the pioneering field of the economics and management of cooperation.

As biologists underline, *homo sapiens* is a cooperative species. Therefore, it is no wonder that cooperation is also deeply intertwined with behaviors, preferences and institutions we refer to as “economic”. In other words, *economic* cooperation extends both on the one hand to cooperative behaviors in general (i.e., among individuals or groups) and to *organizations* based on certain cooperative principles on the other. However, while prominent controversies like “Das Adam Smith Problem” point to a vague interest within the economics and management community as to the place and role of cooperation, active integration of this perspective into the dominant, competition-oriented Neoclassical paradigm has been almost non-existent.

In fact, even though empirical evidence has validated time and again that cooperative behavior “pays”, e.g., through the success of Anatol Rapoport’s “Tit for Tat” strategy, most contemporary economics courses still focus on two-person, non-cooperative and non-communicative scenarios as the benchmark models in fields like game theory. Mainstream economics and its many offshoots have been stuck in a model that largely excludes communication, coordination and -- especially -- cooperation. These vital logics are left to psychology, sociology and other disciplines.

Nevertheless, in order to account for the *raison d’être* of organizations, paradoxically missing in General Equilibrium models, numerous luminary figures in economics, including Alfred Marshall, Kenneth Arrow and Oliver Williamson have moved closer to reflecting on issues of cooperation in economics. However, much of their research focus remained unclear about what is just a form of hierarchical *coordination* and what can be properly defined as *cooperation*. At the same time, while heterodox approaches, including Postkeynesianism and evolutionary economics, have offered distinct research agendas, these approaches have also not focused explicitly on cooperation. Similarly, the various heterodox approaches have not developed tools explicitly suitable to analyzing cooperative enterprise, especially regarding questions about the proper size that a firm should have to operate at the global level. Namely, are we sure that a global scope requires a large size of single companies? The development of cooperative capitalism with examples like the Mondragon cooperative network challenge the size-scale relationship. At the same time, the social economy, cooperatives, non-profits and other stakeholders within this flourishing movement generally lack a “go-to” guide for dealing with the particular circumstances they face, which has frequently led to such enterprises seeking solutions from traditional sources, often jeopardizing their particular business model. Therefore, a return to some of the fundamental questions of the role, place, function, potential and challenges for cooperation in the economy – both at the individual and the organizational levels – is called for.

Interestingly, during the last two decades, a flourishing literature from management science has emerged, establishing non-capitalistic firms as objects of specific interest. This literature is parallel and largely independent from heterodox economics, with perhaps the exception of Relational and Evolutionary Economics, which have tried to combine the two broad fields. One of the aims of this *Handbook* is therefore to collect contributions from the side of management science and, by hosting

them in the same volume as contributions from economics, enhancing the cross-fertilization of both economics and management within the domain of studying cooperation. While the field of Cooperative Economics and Management, a pluralist undertaking at root, certainly has relevance for traditional enterprises and also for large-scale multinationals in cutting-edge areas like biochemistry, pharmaceuticals, technology and software, a central beneficiary of the *Handbook* would be the many enterprises internationally already labeled “Cooperative”, which have, to date, not been explicitly dealt with in the existing literature. At the same time, its other primary contribution would be connecting existing research on cooperation relationships *among individuals and groups* with distinct but complementary research on *organizational* as well as *inter-organizational* cooperation. Why is this approach innovative? We consider the embedding of a cooperative grammar into the disciplines of economics and management, as well as the *Handbook's* clear presentation of broad yet interlocking research agendas, a significant advancement over existing options.

In this perspective, the *Handbook* would seek to outline a pathway for research, pedagogy, innovation, management, theory and practice distinct from a purview of economic analysis that places competition at the center of the analysis. The *Handbook* would seek to structure this knowledge in a systematic way, ensuring that students, lecturers and scholars at all knowledge levels, from undergraduate to advanced postgraduate level, have a resource at their disposal.

Thus, the *Handbook* would distinguish itself from prior works by connecting heterodox economics approaches explicitly with an analysis of the theory, principles and practices of cooperatives. This means dealing with both the weaknesses and benefits of cooperation. A further point of distinction is the attempt to investigate on the relationships between cooperation and sustainability, which is becoming a topic of growing interest for concrete realizations of new cooperatives, for cooperatives associations, and for international institutions and activists devoted to the implementation and success of SDGs. Actually, deeper analysis of the connection between these concepts appears to strengthen the conviction that capitalism – and especially *non-cooperative* capitalism – is an economic regime intrinsically incompatible with sustainability, and thus, that a transition to a sustainable social order should imply (and be supported by) an analogous transition to a (more) cooperative economic regime. This *Handbook* intends to stimulate contributions to dig deeper on this fundamental issue.

Readership

First, the *Handbook* will offer academics a variety of new research and theory-building on cooperative economics from various disciplines, particularly focusing on the fields of economics and management, but extending beyond these disciplines to domains such as sociology, psychology, anthropology and political science. As it aspires to be the benchmark reference in its respective domain, its use for developing curricula within the respective disciplines would be considerable. Moreover, as a landmark work in a burgeoning area of current social, economic, and political interest, it has the potential to gather wide personal, academic and public library interest.

Second, while, through the work of groups like the Cooperative Law Research Group, initiated by Hagen Henry, there has been considerable advancement in publishing volumes on cooperative

law, there is currently no comprehensive volume focusing on all major aspects of cooperative economics or management. The book will therefore be useful to students at both undergraduate and graduate levels studying organizational theory and management, economics, finance, business, public policy, international relations, sustainability and social justice. Business schools, government organizations, and policy development institutions intent on establishing or expanding faculties or degree tracks linking issues like cooperation and sustainability will see the volume to be insightful and essential for their work. The utility of the book towards the policymaking public cannot be stressed enough. If multilateral organizations like the UN and EU and countless municipal, regional and national governments have proposed supporting cooperatives for creating a fairer economy, then a book like the proposed *Handbook* would serve as an invaluable resource to such stakeholders to provide necessary analytical tools for weighing policy decisions.

Third, while the book does not aim to be a practitioner manual, *per se*, the *Handbook* would be of great interest to entrepreneurs wanting to develop productive firms not plagued by the “principal-agent” framing in standard business theory. Moreover, it would seek to provide existing firms within the social and cooperative economy, non-profit sector, the SME sector, development banks, sovereign wealth funds, “patient” investors, as well as traditional investor-owned firms with transitional aspirations with practices suitable to sustainable, mission-oriented enterprises. Since most entrepreneurial literature is directed at investor-owned and oriented corporations, this book would be a welcome addition to many of the above-mentioned enterprises.

Structure

The structure of the book will ideally have the following sections. The structure has been chosen to organize the handbook’s contributions in a way as to be as clear to the broadest number of readers. As such, sections have been structured to transition from topics of more general interest to more specific and particular research *foci*, ending with a section showcasing current trends in research in cooperative economics.

Introduction: Capitalism, Commons, Cooperation & Cooperatives

Two chapters introduce the topic’s various dimensions, differentiating between the three main subject areas of the handbook: 1) cooperation among individuals and groups, 2) inter-organizational cooperation and 3) the particular instantiation of cooperation visible in the ICA cooperative principles. The second chapter features an innovative “map” of topics connected to cooperative economics, as represented by stakeholders and researchers interviewed during the creating of the *Handbook*.

Section I: Theoretical Foundations for Cooperative Economics

This section consolidates and collates the state of the art on theoretical debates within the field and comprises two subsections. The first of these refers primarily to issues of cooperation versus competition of individuals and groups. Meanwhile, the second focuses primarily on cooperation among organizations, particularly juxtaposing cooperation among “non-cooperative” organizations, e.g., within the pharmaceutical industry, with the kind of cooperation occurring

according to the ICA cooperative principles and values, asking and attempting to answer the question of the relationship (e.g., similarities, distinctions, tensions) between the existence of cooperative enterprise and more general forms of cooperation in the economy.

Section II: Research Methods for Cooperative Economics

This section focuses on current discussions on research methods for cooperative economics. The selection of chapters has been made in order to showcase plurality in approaches and to emphasize epistemological & methodological overlap within the domain, viz. standard economic approaches. In keeping with this pluralist vision, the section showcases methods like field case studies, longitudinal studies, participatory action research and social network analysis, among others. The section includes discussions and analyses of both quantitative and qualitative research methods. Other contributions argue that specific tools are needed for answering research questions emphasizing issues of cooperation.

Section III: Management, Entrepreneurship, and Organization

This section examines issues of governance, emphasizing the role that cooperation plays in management and entrepreneurship. It examines conversions from cultures of “instrumental” to “consummate” cooperation via examples like worker buyouts and compares cooperative and traditional enterprises from a number of dimensions. It also asks the question to what extent cooperative approaches share attributes with or should be distinguished from traditional stakeholder approaches to governance and to what extent managing according to cooperative principles and values influences or constrains management “styles”.

Section IV: Society, Technology, Innovation

This section looks at the use of technologies for facilitating (or hindering) cooperation. It summarizes a body of research on so-called “technological ambivalence”, describes how enterprises like cooperatives and mutuals integrate and change their local communities, serve societal needs and produce public goods. It attempts to integrate cutting-edge research on the developing paradigm of “cooperative technology”, including Open Source, peer-produced commons and platform cooperatives and shows how these contribute to innovation far outside of the “cooperative economy”. It also presents a body of research considering the firm itself as technology.

Section V: Special Issues and Advanced Research Agendas

This section will feature a selection of more advanced topics and research controversies that may go beyond the more basic reader. Its contributions attempt to point students, scholars, researchers and policymakers towards critical issues within the domain of cooperative economics and management and attempts to give an over-view of the state-of-the-art with respect to these special topics. This includes discussions on **education, human development and media**, which attempt to develop a systematic overview of various current attempts to create a curriculum around issues of “cooperative education”, focusing on the role and challenges of media and academia in its dissemination. It also includes contributions examining the relationship between **sustainability** and cooperative economics and management, examining both the ecological and social senses of

sustainability. Finally, it includes contributions on issues of **complexity, advanced theoretical models or more controversial discussions** on tensions between cooperative principles and practices, as well as on the role that cooperatives and purpose-driven enterprises can have in the “dual transition”.

Section VI: Cooperative Movements and Case Studies

This concluding section includes chapters that reveal how cooperative economics is understood and embodied by actual cooperators on the ground, around the world, in different industries, in different organizational models, and within different theoretical frameworks, as well as looking at current and future developments.

Editor Biographies

Jerome Nikolai Warren

Jerome is a German-American. He holds a Bachelor's of Arts in New College at the University of Alabama, a Bachelor's of Science in Economics, as well as a Master's in Political Economy from the University of Siegen and a PhD in economics from the University of Cologne. His dissertation, which received high distinction (*magna cum laude*) is entitled *The Cooperative Economy: Towards a Stakeholder-Led Democracy*. He is currently (2022-2024) SFPI Chaire at the Academie Royale de Belgique in Brussels, Belgium, tasked with developing a sustainable agenda for the firm. He researched cooperatives for years and has performed numerous case studies on cooperatives around the world, including in Italy, Austria, Germany and Argentina and has contributed to establishing the field of cooperative economics by connecting the theory of the firm to an evolutionary study of cooperation and to a critical inquiry as to the theory and practices of democracy.

Jamin Andreas Hübner

Dr. Jamin Andreas Hübner (BA Theology; MA Religion; MS Applied Economics; ThD Systematic Theology) is a scholar of religion, as well as an economist, activist, and organizational leader. He currently serves as a professor of economics at the University of the People (global), a Research Fellow and faculty member at LCC International University (Klaipėda, Lithuania), and board member of the Breadroot Natural Foods Cooperative (Rapid City, South Dakota; the ancestral lands of the Oceti Sakowin). Throughout his career he has served as an econ professor at Western Dakota Technical Institute, and an Associate Professor of Christian Studies, Dean, and Director of Institutional Effectiveness in liberal arts higher ed. Hübner's writing and research has been published by Wiley-Blackwell, University of Toronto Press, the American Academy of Religion, Eisenbrauns, SAGE, and other scholarly venues in a variety of fields spanning the humanities and social sciences. He has also served on a variety of boards, program committees and as a referee and editor for several academic journals. He is current working on several articles and monographs on cooperative economics and regularly speaks on the subject and its intersections with religion, management, and organization. With his partner Jessica, a licensed psychotherapist and vintage reseller, they make their home in the (stolen) Black Hills (Paha Sapa) of South Dakota.

Lucio Biggiero

Lucio Biggiero (www.luciobiggiero.com) is full professor at the Department of Industrial Engineering, Information and Economics of the University of L'Aquila (IT). His main research interests round on the following themes: 1) cooperative economy as a socially and ecologically sustainable alternative to capitalism; 2) organizational and inter-organizational forms of coordination; 3) international trade and economic development; 4) epistemological and methodological problems of social sciences; 5) the role of complexity in the transformation of society, economy, and scientific thinking. He has been involved with the development of the relational view of economics, serving also in the editorial board of the Springer series dedicated to this new approach and contributing to the early volumes. He has designed and primarily contributed to a recent volume published by IGI Global on research methodology and epistemology of economic and management sciences. A book titled *Inter-Firm Networks*, focused on interlock coordination forms, is going to be published at the beginning of this year.

Kemi Ogunyemi

Kemi Ogunyemi, Associate Professor, holds a degree in Law from the University of Ibadan, an LLM from the University of Strathclyde and MBA and PhD degrees from Pan-Atlantic University. She currently teaches business ethics, managerial anthropology, self-leadership and sustainability management at the Lagos Business School. She is also the director of the Christopher Kolade Centre for Research in Leadership and Ethics as well as the academic director for the School's Senior Management Programme. Her consulting and research interests include personal ethos, work-life ethic, social responsibility, sustainability, governance and anti-corruption risk assessment. She has authored numerous publications and is the editor of the 3-volume resource for faculty in tertiary institutions – *Teaching Ethics Across the Management Curriculum* as well as of *African Virtue Ethics Traditions for Business and Management*; *Humanistic Perspectives in Hospitality and Tourism*; *Responsible Management in Africa*; *Responsible Management of Shifts in Work Modes*; and *Management and Leadership for a Sustainable Africa*. She also wrote the book *'Responsible Management: Understanding Human Nature, Ethics, and Sustainability*.

Sara Vicari

Sara Vicari, PhD, is a participatory action researcher passionate about cooperatives and their role in sustainable human development.

She is co-founder of aroundtheworld.coop, a collective that supports cooperatives with deepening awareness about cooperative identity, and with communicating their impact from social, economic and environmental perspectives. This is done by transforming socio-economic research into videos that encourage critical thinking, provide inspiring examples of innovative cooperatives and give visibility to cooperatives worldwide.

Aroundtheworld.coop started in 2019 when together with Andrea Mancori, video-maker, and in partnership with the Coops4Dev programme of the International Cooperative Alliance, she traveled around the world for almost one year to document cooperatives on all continents. 13 video stories were produced, all available on the following link: <https://www.youtube.com/channel/UCcKPCevcxi1rcZYics0u6-g/playlists>.

| During her career, Sara has served as an International Consultant expert on Cooperatives and Producer Organizations with the Food and Agriculture Organization of the United Nations; she was Post-Doc Research Fellow at the UK Co-operative College and at the Roma Tre University; and she also worked as Policy Officer at the International Relations Office of Legacoop Nazionale (Italy).