

# **THE COOPERATIVE DIFFERENCE**

**Collective action, organisational climate and life cycle; a field analysis in 5 countries.**

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## RÉSUMÉ

Notre recherche vise à réfléchir en quoi réside la différence de la coopération. Par rapport aux contributions de la théorie économique et de la théorie de l'organisation, nous cherchons d'éclaircir pourquoi les coopérations sont différentes et en quoi elle sont différentes. Nous sommes aussi en train de nous interroger comme la différence persiste avec l'augmentation des dimensions, alors que la coopération se développe.

Nous utilisons l'ambiance organisationnel comme un index du bien être des travailleurs et comme une évidence de la différence de la coopération. La recherche confronte, à un niveau national et international, les ambiances dans d'organisations coopératives et non coopératives que opèrent en industries similaires avec dimensions comparables. Nous avons étudié 6 types d'organisations, en 5 pays différents.

- Succursales d'une petite banque coopérative,
- Succursales d'une petite banque traditionnelle,
- Succursales d'une grande banque coopérative,
- Succursales d'une grande banque traditionnelle,
- media - petite (30-50 travailleurs) entreprise industrielle ou de service
- media - petite (30-50 travailleurs) coopérative industrielle ou de service

Notre étude, qu'en considération du domaine de la recherche a été conduite avec la collaboration des teams de recherche d'un réseau *Alfa*, veut vérifier s'il y a des différences dans l'ambiance organisationnel entre entreprises coopératives et traditionnelles de dimensions similaires et que opèrent dans la même industrie.

Les premiers résultats d'une recherche conduite dans le champ montre, qu'en moyenne, les coopératives offrent un ambiance de travail meilleur et montre un meilleur style managérial. Et s'il y a des différences dans l'organisation, dans la pratique du management des ressources humaines, dans les droits de la propriété et dans les habitudes des actions collectives, quelles sont les questions de gouvernance qu'on doit se poser pour laisser opérer et développer proprement les coopératives?

Cette recherche n'est sûrement pas une réponse complète à ce sujet, mais seulement un premier pas pour débats futurs et analyses plus approfondies, nonobstant elle offre un nouveau instrument pour étudier les deux aspects: la source de l'avantage compétitif et la diversité entre l'organisation coopérative et le modèle de business.

## ABSTRACT

Our research is meant to reflect on what is the cooperative difference. Starting from contributions of the economic theory and of the organisation theory we try to clarify why cooperatives are different and in what they are different. We also question ourselves how does the difference persist with increasing dimension when the cooperative grows.

We use the organisational climate as an index of workers well being and as an evidence of the cooperative difference. The research confront at national and international level climates in similar cooperative and not cooperative organisations operating in similar industries with comparable dimension. We studied 6 kinds of organisations, in 5 different countries.

- branches of a little cooperative bank
- branches of a little traditional bank
- branches of a big cooperative bank
- branches of a big traditional bank
- medium-little (30-50 workers) manufacturing or service firm
- medium-little (30-50 workers) manufacturing or service work cooperative

Our study, that with regard to the field research has been conducted with the collaboration of the research teams of an *Alfa* network<sup>2</sup>, wants to check if there are differences in the organisational climate between cooperatives and traditional firms of a similar dimension and operating in the same industry.

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The first results of a test field survey show that, on average in our sample, cooperatives offer a better job environment and show a better management style. And if there are differences in organisation, human resource management practices, property rights and collective action moods, what are the governance issues to check in order to let the cooperative operate and grow properly?

This research does not give answers to our research questions but is a first step for future debates and deeper analysis, nevertheless proposes a new tool to study both the source of competitive advantage and the diversity of the cooperative organisation and business model.

## **KEY WORDS**

Cooperatives, collective action, cooperation, life cycle, organisational climate

## **WHY DIFFERENT**

Cooperative firms are enterprises integrated perfectly into the mechanisms and culture of the market economy, and it is precisely in the world's most advanced market economies that they now account for a larger (and often growing) proportion of national income. It is precisely in these economic contexts that cooperatives often help to counter the effects of market failures. Company control is based on individuals and not on capital (per capita voting). These individuals, i.e. the members, forgo the use of their property rights because it is impossible for those leaving the cooperative to obtain the increase in value of economic capital incorporated in their share of the firm. In return for this sacrifice, legislation in practically every country offers the benefit of tax exemption on a proportion of the profits.

It must be said, however, that with the authoritative exceptions of Walras and Alfred Marshall (1890), who noted the superiority of the work of the cooperative movement, the classical and neoclassical economists have always viewed the cooperative enterprise with suspicion and denied the existence of any specific economic behaviour on the part of cooperatives in terms of economic theory. Some have indeed endeavoured to demonstrate economic inefficiency and limitations of self-managed enterprises (e.g. Einaudi, Pantaleoni and Ward). The opposite approach is instead taken in both the strictly economic and the philosophical works of Jaroslav Vanek (1970, 1985, 2000), the illustrious economist of Cornell University, who went so far during the last years of his intellectual career as to trace the origins of cooperation in the history of Christianity.

Another theoretical explanation of the economic significance of cooperative firms suggests that their competitive advantage is based on the efforts of consumers to overcome the uncertainties associated with the presence of informational asymmetries in the purchasing of goods and services.

With reference to the question of diversity and identity, it could be argued that for some years now various Italian cooperatives have stopped insisting on their diversity or made an effort to become more similar to other firms because of their inability to communicate the positive nature of their difference. They have at least stopped proclaiming their diversity in terms of capitalistic company control (which remains the only true difference for economists). It has for some time now been another difference that is insisted on in image campaigns, in the cooperative corporate identity, and in the conferences of the cooperative organisations. This is based on a democratic approach, social solidarity and responsibility, the ability to foster local development, and attention to the rights of members and consumers. It can also be added that it is intrinsically visible in the tradition of self-managed and cooperative work that development is freedom (Sen 2001), that the well-being and autonomy of workers and entrepreneurial success are not only compatible but also interconnected. The cooperative image is, however, in need of a boost. The cooperative enterprise must be conceived and communicated externally as the form ensuring the greatest degree of well-being for workers as well as the most economically advantageous conditions for users and consumers.

**With this work we are trying to explain the diversity and to measure the well being of workers within our fragile but interesting sample.**

The birth of a cooperative enterprise is characterized by the primacy accorded to collaborative association between people, be they consumers, users or entrepreneurs. The motivation, involvement and

participation<sup>3</sup> of workers have become very modern priorities in our post-Ford economy even for the most battle-hardened multinationals.

In the present-day West European societies, characterized by mature democracy and the disappearance of ideologies and mass movements, the capacity for association among individuals has become a precious asset to be protected and cultivated, above all in areas that have never known intense and constant social mobilisation and have always suffered from a shortage of social capital (Bourdieu 1980, Coleman 1990, Fukuyama 1995, Putnam 1993).<sup>4</sup>

Flexible specialization is the most successful organisational model in the new “industrial paradigm” (Sabel 1984) characterized by transition from the standardised mass production of similar goods by means of specific and non-flexible machines to non-standardised production where organisation performs the task of adapting flexible plant to uncertain markets. The winning formula in this new paradigm is no longer the large-scale integrated company but the small firm capable of working with its neighbours to develop technical and human organisational capacity enabling it to adapt to market fluctuations and changes in the tastes and needs of consumers. The model that has emerged is based on growing integration, cooperation and competition between enterprises that belong to the same network.

The traditional industrial paradigm prompting the pursuit of concentration and economies of scale is giving way – or at least according equal importance – to the model of networks, flexibility, the “soft” integration of districts, alliances, consortiums, and flexible forms of shareholding. The form of coordination developed within the network has no hierarchical rules and is not based solely on price mechanisms. In other words, we are outside Williamson’s market/hierarchy dichotomy (Williamson 1981) and inside a flow of vertical (two-way), horizontal (equal) and lateral (decentralized) relations (Ouchi 1980).

The cooperative firm must find, and indeed has found, its own role in this scenario, one that can be brilliant and crucial in the intricately flexible and competitive relations between enterprises. It should, however, be pointed out immediately that the cooperative form of coordination of economic activities, occupying an intermediate position in the hierarchy-market continuum, is intrinsically difficult to achieve (Seravalli, Arrighetti and Wolleb 2001). It is the delicate result of balance that supports bottom-up collective action between people and firms. Such balance is difficult to establish and maintain in a world increasingly dependent and based on information that is witnessing the ever more frequent failure of the other two pure forms of coordination, namely hierarchy and the market (consider Stiglitz’s works on the consequences of the structural and pervasive lack of information). Given this awareness, economic theory has moved well beyond the bipolar hierarchy-market model and adopted an intermediate formula of transaction regulation, namely the clan or the collective (Barney and Ouchi 1985). This intermediate form, which is actually the oldest (Douglas 1986), remains the most difficult to establish in everyday practice. (It is no coincidence that hierarchy and market are the solutions most widely adopted.) Though difficult to establish, it is, however, necessary and competitive once put in motion.

**So if motivation and empowerment are essential ingredients of a modern industrial recipe aimed to achieve flexibility and organisational learning, the cooperative organisation seem a good framework although difficult to be managed (Maslow 1970, McGregor 1960).**

We are convinced that cooperatives can demonstrate that it is possible to “square the circle” (Dahrendorf 1996), combining competitiveness and innovation, territorial roots and social and environmental sustainability. Cooperatives should accept this challenge and blaze an exemplary trail for other economic concerns.

While cooperatives can certainly make a contribution, the regulating authorities must be fully convinced and aware that cooperation is a delicate plant that grows spontaneously but is not an aggressive

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<sup>3</sup> See in this connection the partial results of the Metatrend 2004 study carried out by the CRORA research centre on business organisation of the Bocconi University under the supervision of Anna Grandori, which draws attention to the competitive importance of mechanisms of organisational equity and democracy in firms.

<sup>4</sup> Putnam’s notion of social capital is linked to the concept of civic tradition and is a collective asset rather than a resource enjoyed by individuals. Bourdieu’s is less tied to the tradition of a certain community: “Social capital is the set of actual or potential resources connected with the possession of a lasting network of more or less institutionalised relations of reciprocal knowledge and recognition, i.e. with belonging to a group (...). The volume of social capital possessed by a particular agent therefore depends on the scale of the network of connections that he can effectively mobilise and by the volume of capital (economic, cultural and symbolic) held by each of those with whom he is connected.” The view put forward by Fukuyama is oriented toward the idea of trust and the sharing of values. Other views occupy an intermediate position between the ideas of the relational network and a shared tradition of values and trust.

weed. The spontaneity of cooperatives stems from the innate human tendency to work together. In the works produced immediately after his famous treatise on competition in the animal world, Darwin himself took pains to point out (not least in order to counter the apocryphal readings that have continued up to our day) that human evolution, unlike its animal counterpart, is based on cooperation, altruism and love rather than competition, selection and struggle. Moreover, this collaboration is not only typical of poor or struggling economies and communities. The cooperative lends itself to human collaboration in the satisfaction of both basic and higher needs. The cooperative serves to set up a store in poor, isolated village, to organise free and secure work, and to fight unemployment or exploitation but also to offer work with greater fulfilment and autonomy, to foster the spread of socially and environmentally sustainable foodstuffs, or indeed to buy and run an otherwise inaccessible sailing boat. In short, cooperation is a tool serving to overcome difficulties and the state of necessity or simply to meet higher demands in the pursuit of goods or values that society is not otherwise in a position to supply.

### **But how can we understand and survey the cooperative difference in our markets?**

Though spontaneous and innate in human beings, as pointed out above, this form of organisation is also rare, not least because the cooperative formula requires specific ingredients that are not always readily available everywhere. Cooperatives are organised in a different way, for example, given that participation and democracy have organisational consequences. The participation of cooperative members and workers rests on different motivations from those operating in traditional firms. Some have spoken of “ideological workers” (Rose Ackerman 1986) and some of “ideological organisations” (Mintzberg 1996). The role of the trade union and the functioning of industrial relations are also different. With respect to the tripolar model of market, hierarchy and clan (Barney and Ouchi 1986), it seems possible to suggest that the transactions of cooperatives and their members are potentially subject in some cases to considerations not only of price but also of hierarchy and trust. With reference to Hirschman (1970), it seems possible to state that the weapons of exit, voice and loyalty are sometimes simultaneously available to cooperatives and their members. While having three weapons in one’s hand may prove very useful in some cases, however, it can also prevent reaction in others. In any case, cooperative behaviours are the result of equilibrium in situations of heterogeneity as regards aims, conduct, and the agents themselves (Spear 2004).

In short, bottom-up collective cooperative action is more complex. This complexity must be handled and supported to ensure that it takes shape in strengths rather than weaknesses.

Cooperative firms are non-capitalist enterprises in that the ownership rights are not contestable.<sup>5</sup> A cooperative is created in order to provide a service for its members and to do so with a democratic and transparent form of management based on participation. It is created in order to foster entrepreneurship in accordance with the territorial nature of the enterprise and the freedom of entry and exit for members. Cooperatives are enterprises controlled by workers (or users or associated entrepreneurs). As Zamagni (2001) points out, the primary objective of the cooperative is “not the maximization of profit, as it is for the capitalist enterprise, but maximization of the social dividend defined as the difference between revenues and costs (but not including labour costs) divided by the number of members. This means that while in the capital-based enterprise profit is a residue that ends up in the hands of the owners and wages are a constraint, the exact opposite is true in the cooperative firm, where the remuneration of the holders of the capital is a constraint and the social dividend a residue.”

Large and successful cooperatives do not necessarily stop being “good” cooperatives. Growth in terms of scale (social base, balance sheets, organisational complexity, etc.) and age is not always accompanied by a loss of cultural and democratic values. There are no industrial sectors where cooperatives maintain or lose their identity by definition. Functional and organisational development is not incompatible with preservation of the cooperative identity. It should be borne in mind that the same phenomena of false cooperation are already present all over the world from Colombia to Chile, from Finland to Spain, which proves that is not even the degree of social development and prosperity that fosters or deters them (Bernardi 2005). The growth of cooperatives is necessary in many industrial sectors and the tool of the cooperative group is useful as well. It is also a good idea to experiment with processes of internationalisation and to concentrate the attention of the cooperative movement on the need for organisational development and on the question of generational turnover, which is currently assuming ever-greater importance.

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<sup>5</sup> The very concept of economic capital loses its meaning because it is impossible to transfer or sell the enterprise.

**Nevertheless, growth is a challenge for cooperatives.** We can not take for granted the feasibility of a good growth. The problem of false cooperatives unquestionably exists in Italy and Europe, and it is in this area that the problem of unfair competition comes into play. There are cooperatives in name only, where the members have no real right to participate in the decision-making process.

Current Italian legislation grants tax benefits only to “predominantly mutualist” cooperatives, where relations with members account for at least 51% of the business (work or sales, depending on the type of cooperative). This indicator is not, however, sufficient. Apart from the quantitative yardstick, it is necessary to identify a new system of parameters in order to attribute mutualist merit. Not all the “predominantly mutualist” cooperatives, in the sense indicated by current legislation, are good cooperatives and mutualistically meritorious, and vice versa. The quantitative provision is certainly insufficient to assess mutualist merit. It is to be hoped that the act on “social enterprise” and future amendments to cooperative legislation will proceed in this direction. Why not propose legislation or a system of voluntary certification designed to limit the phenomenon? One possibility would be a national cooperative logo with certification of managerial qualities and democratic governance (based on an ISO or TQM model accompanied by a social report). The local authorities must become more perspicacious in the formulation of calls for tenders to select cooperative firms that are meritorious from all points of view.

Cooperative firms seem to be intrinsically organisations oriented toward a lower degree of consumption of social capital (Spear 2000). This is not because they are “better” more socially responsible by definition – we are indeed well aware that this is not so – but simply because the functioning of cooperatives requires the production and use of social capital (Fukuyama 1999) rather than consumption. Suffice it to consider the way they are run through democratic assemblies, their links of mutual aid with other cooperatives, and the extent to which they are rooted in local communities. Suffice it note that the regions with the greatest cooperative tradition and vocation in Italy are those to which Putnam (1993) attributes a higher level of public spirit.

**A good social capital endowment and good corporate relations with the community can be reflexed in our organisational climate survey.**

A report of the European Commission uses this definition: a co-operative is an enterprise like any other, but it is also an enterprise that exists to serve the needs of the members who own and control it, rather than solely to provide a return on investment. All enterprises exist to serve the interests of their cardinal stakeholder groups. For traditional companies that means investors, however in a co-operative returns on capital (which are in some cases permitted) must always be subordinated to other interests. In fact a non-co-operative enterprise might be called an association of capital (or investor-driven business) whereas a co-operative is an association of people (or people-driven business).” (Commission of the European Communities, 2001). Paradoxically enough, it is precisely this very important public report that offers the most striking example of the identity problems discussed here. How could the European cooperative movement, which will certainly have contributed to the drafting of that report, allow it to be written down, black on white, that the cooperative is an enterprise like any other? Cooperatives are very particular enterprises indeed and very different from other forms of economic organisation.

**We believe the cooperatives are not enterprises like any other, we try to demonstrate it, although we believe the life cycle is a challenging issue for both researchers and cooperative members.**

This change in attitude with respect to the system is a characteristic that Meister (1969) (Table 1) and Zan (1982) (Table 2) noted at the level of the lifecycles of individual cooperative organisations and that it appears possible to use metaphorically today in discussing the state of the cooperative movement as a whole. Underlying the two tables are two different visions of the evolution toward the market, professionalism and efficiency of cooperatives. On the one hand, there is optimism that cooperative values and features can stand up to competition from capitalist firms; on the other, pessimism that growth, reorganisation, and time will irreparably transform the cooperative spirit of the movement.

Phase I	Phase II	Phase III	Phase IV
Hope and enthusiasm of members	Idealism gives way to indifference	Subordination to external environment also in terms of values	Economic and managerial complexity necessitate the maximum degree of specialisation
Low degree of differentiation in social system	Differentiation of roles		Managers and directors hold real power
Direct democracy and emphasis on assemblies	Power of management groups reinforced		No real control exercised by members or their delegated representatives
Indifferentiation of organs	Differentiation of organs		
Positions and responsibilities assumed on a voluntary basis	Commencement of delegation	Expansion of delegation	Concentration of information in the hands of experts
Imprecise economic management with low levels of efficiency	Commencement of attention to economic questions	Adoption en bloc of methods previously described as capitalist	
Results falling far short of expectations			
Phase of conquest	Phase of consolidation	Phase of coexistence	Phase of management power

Table 1 – Phases of the cooperative lifecycle according to Meister

Phase I	Phase II	Phase III
Collective enthusiasm	Initial political and economic success	Economic consolidation
Direct democracy	Increase in size and complexity	Organisational rationalisation
Organisational simplicity	Delegated democracy	Formalisation
Mechanical solidarity	Crisis of solidarity	Organic solidarity
Internal closure	Opening of social base	Solution to contradictions
Union of weaknesses Rejection of the market	Acceptance of market Pointing out its contradictions	Opening up to the outside Relevance of “specific problem”: <i>a. innovation</i> <i>b. degeneration</i>
Culture of struggle	Culture of market	Culture of assertion on the market
Phase of defence	Phase of consolidation	Industrial phase

Table 2 – Phases of the cooperative lifecycle according to Zan

The partially diverging theses of Zan and Meister are broadly discussed and analysed in a recent work on the organisation of cooperatives (Battaglia 2005), which compares Italian, European and Latin American case studies in an effort to take stock of the relationship between growth, the continued existence of ideological, cultural and participatory characteristics, and the external influence of what is known as the cooperative organisational field.

The consideration of cooperative identity certainly cannot overlook the importance of the real degree of democracy and participation in the decision-making processes. There can be no cooperation if member participation is not practised, cultivated and fostered by management. Members must be qualitatively and quantitatively involved more frequently in the decision-making processes and in the renewal of managerial structures. It is necessary to strengthen the mechanisms of democratic participation (e.g. by examining the issue of delegation and voting at a distance) so as to avoid any undue increase in the powers of managers (sometimes professionals hired from outside) at the expense of the membership.

**Membership issue is crucial. For this reason we put in our surveys questionnaire an item meant to understand whether there are differences in organisational climate between members and non members.**

This is a currently relevant problem in Italy but also in the rest of the world. And the role of human resources in company competitiveness is far more critical today than in the past all over the world. Motivation, empowerment, delegation and participation are becoming extremely powerful and indispensable tools above all – but not exclusively – in knowledge-intensive firms and services. Cooperatives can derive an advantage from this because they have been accustomed to worker centrality and involvement from the very outset. And then, how can the cooperative tradition not be regarded as modern at a time when so many are calling for greater industrial democracy?

Borzaga (2002) points out that social cooperatives “seem to have succeeded in finding ways to govern their strategic factor of production, i.e. labour, that are more efficient than those adopted by the public sector, capitalist firms and most of the other non-profit organisations. While paying their workers less on average than the other organisations operating in the sector of social services, they adopt salary structures that reward seniority and loyalty, and appear capable of attracting young educated and motivated workers through incentives other than salary (...). It also appears that the social cooperatives have succeeded so far in attracting a well-trained and motivated workforce and adopting wage and organisational strategies perceived as fair by their workers despite the limited scale of their resources.”

We consider it important to return to the question of control over the firm. As Hansmann points out, there are efficiency-related grounds to establish when it is preferable that the owner of an enterprise should be one of the possible parties operating in our market economies: the entrepreneur, the investor, the state, management, the users, the workers, etc. It is context alone that determines the conditions enabling one of these to perform the function more efficiently. There should be no prejudices with respect to one or more of the potential owners (Olsen 2002). “The freedom of enterprise is a fundamental characteristic of the most advanced modern economies. Capitalism, on the contrary, is contingent”; it is simply the particular form of ownership that most often, but certainly not always, proves most efficient with the given technology” (Hansmann 1996).

But are the mechanisms through which the members of a cooperative, the owners of this form of enterprise, can supervise and assess its progress adequate today? Since the type of ownership is different, there are also differences in the challenges of cooperative governance (Cornforth 2004). Corporate governance is to be understood as a set of tools (institutions, rules, mechanisms, guarantees) designed to foster a correct decision-making process within the company in the interests of the various categories of stakeholders. The problem of governance arises with the separation of ownership and management in large-scale corporations. The scandals and industrial crises of the last few years have made this a currently relevant problem, and not only in Italy. Cooperative business systems with highly fragmented ownership (or rights) require particular attention, and this problem is further complicated by the imperfect transferability of ownership rights and the greater number of types<sup>6</sup> of stakeholder in the cooperative. The typical – and opposite – risks are the inability of the member or groups of members to exercise the correct degree of control and guidance over management and the inability of management to implement adequately competitive strategies enabling the firm to operate on the market. It is obviously impossible to address this question without going into the details of each type of cooperative.<sup>7</sup> For example, the control over company organs with respect to the management of cooperatives making great use of the participation of instrumental companies appears to be a very sensitive and critical issue because it is more difficult to exercise control, because the risk of deviation with respect to the original and statutory objectives is greater, because the divergence of goals between management and members is potentially greater, and because of the potential growth of non-transparent conduct (At the same time, however, there can also be growth in mutualist effectiveness with respect to members or to the competitiveness of the core activities managed directly by the cooperative). There are, however, some possible reforms that appear suitable for practically all of the cooperative world, including the rotation and limitation of appointments, greater use of proxies in general meetings, independence of management, controls over the indirect distribution of ownership shares, adequacy of organisational structure in relation to size and type

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<sup>6</sup> In some cases, for example, there are theoretically clashes between the interests of the member and the worker or the member and the consumer, stakeholders that are often represented, however, by the same individuals. Moreover, the benefits that members wish to derive from their membership of the cooperative are nearly always much more complex than those of the shareholders of public companies, who expect no more than dividends and capital gains. Nor are they always and exclusively of an economic nature.

<sup>7</sup> Size is also a crucial variable. Structure and mechanisms of control differ greatly from the viewpoint of organisation theory and economic theory depending on whether the cooperative is small, medium or large.



of cooperative, certainty of mutualist exchange, adequate information and involvement of the grassroots membership, and the coordination of control functions.

The squaring of the circle can only come about, however, through an understanding of cooperative diversity and identity. We are talking about enterprises that differ from others starting from their system of ownership rights, enterprises of an initially democratic nature that see the fragmentation of their members' rights increase together with their growth.

Paradoxically enough, in a context of family entrepreneurship such as obtains in Italy, cooperatives are experiencing the centrality of management and the necessary division of ownership and management before traditional firms (as happened previously with the state-owned companies). It is necessary to consider the risk of the major cooperative firms coming to operate like authentic public companies but without some of the safeguards provided for quoted companies, e.g. mechanisms of association and representation for small shareholders, more stringent procedures of auditing and control, a framework to regulate conflicts of interest, etc. It is in any case possible to argue theoretically that the major cooperatives, unlike quoted companies with vast numbers of shareholders, would not encounter the typical risk of management oriented toward predominantly short-term objectives (being motivated, for example, by reward systems linked to share prices). The development of participatory mechanisms with multiple voting involves the risk, however, of producing a hybrid in still greater need of innovative mechanisms of governance (Spear 2004).

## THE ORGANISATIONAL CLIMATE

Organisational climate is a measure of employees' perception of the aspects of job environment which directly impact how well they live their professional and organisational life and is important due to its potential to influence different organisational and psychological processes. The climate consists of characteristics that describe and distinguish an organisation from other organizations and influences the organisational behaviour.

Organizational climate is affected by the style of management, organizational policies and general operating procedures, so the climate is usually measured via surveys that look at dimensions such as bureaucracy, empowerment, responsibility, stress, rewards, clarity, membership pride. It is a multidimensional phenomenon, so we need multidimensional surveys. At the end of a climate analysis it is possible to define it as defensive, ore supportive, or open, or competitive, or whatever image within a qualitative report. There are many definitions of climate and many surveys used to measure and analyse it.

There are many schools of the concept of climate. The main approaches are the cognitive schema approach (which sees climate as an individual perception and cognitive representation of the work environment) and the shared perception approach (which emphasizes the importance of shared perceptions). In the first case we need to assess the climate at individual level; in the second case we have to work especially at group and organisational level. The authors offer even unlike conceptualisation of the difference between culture and climate. We can say climate is a more quantitative concept while culture a more qualitative one (Ashforth, 1985; Argyris 1957; Denison, 1996; Field & Abelson, 1982; Lewin, 1951; Schein, 1990; Schneider 1990).

If we start from Kurt Lewin's field theory (Lewin 1951), where the social world can be divided into the environment, the person and the behaviour ( $B = f(P, E)$  in which  $B$  = behaviour,  $E$  = the environment, and  $P$  = the person), we understand the extent to which environmental, cultural and climate factors are critical in influencing workers, and through persons behaviours, and through behaviours the organisational performance.

**So fare we managed some variables: motivation, membership, democracy, dimension. Our questions were:**

Do cooperatives' workers share better motivation?

Are members more involved and motivated than non member workers?

Is democracy and motivation preserved and decision making still collective even in big and old cooperatives?

We will now describe the questionnaire we developed and used in order to get answers for these questions.

## THE SURVEY

During last two years, within the ALFA network “Social Economy and its responsibility as an agent of sustainable development”, we proposed to use an international comparative survey on organisational climate as a preliminary tool to investigate how the cooperative business and organisational model can influence the job environment and the workers’ satisfaction<sup>8</sup>. Five of the six Universities involved in the network (from Finland, Italy, Spain, Argentina, Brazil) joined the field research helping us in defining the research objectives and the sample organisations, in translating the questionnaire and in delivering it.

Not everything went right. For example in Italy we could not find any bank (neither cooperative, nor traditional) available to let us give the questionnaire to the employees.

The questionnaire is based on two parts. The first is a semantic differential tool with 42 words on 21 couples. We ask the worker to describe how he perceives his environment and subsequently to mark an X on the box 1 if he feels to be fully in agreement with the word on the left, or in the box 2 if he feels to be in agreement with the word on the left, or to mark the box 3 if he feels to be in agreement with the word on the right, or in the 4 box if he feels to be fully in agreement with the word on the right.

This is an example:

“Distrust Atmosphere  
?”

1	2	suspicious	trusting	3	4
1	2	pessimist	optimist	3	4

The following items are about Worry Atmosphere, Confusion atmosphere and so on.

The second part of the questionnaire is based on a Likert Scale. We ask the worker to describe the organisation where he works marking how much he agrees or disagrees with many sentences (positively or negatively set, in order to have some control items).

As an example, this are the sentences related with the item Self-fulfilment:

“The organisation fosters growth paths only for someone’s.”

I do not agree at all	I do not agree	I agree	I fully agree	I do not answer

“In the near future it will be more difficult to have opportunities to grow and improve ourselves.”

I do not agree at all	I do not agree	I agree	I fully agree	I do not answer

The other organisational dimensions enquired are

Autonomy, (for instance “the bosses intervene only when it is strictly necessary”), Stress and work load (for instance “work load is adequate”), Communication (for example “communication works as watertight compartments”) Reward (for instance “It is difficult to remember last compliment I received from a colleague or from a boss”), Competition (“My organisation is able to react at main market changes”),

leadership (“

not every managers in my organisation are able to lead human resources towards assigned objectives”),

membership (“

once people was proud of being part of the organisation”), Teamwork (for instance “best results comes from team work”). In total 31 sentences on a Likert scale.

The sample, at the end of some months of patient work, results made up as follow:

number of valid questionnaires	Frequency	Percentage
finland	55	11,2
italy	154	31,2
spain	125	25,4
brazil	81	16,4
argentina	78	15,8

<sup>8</sup> The idea probably came to me after that Jorge Muñoz presented me his research on workers’ health. He found out that usually cooperatives’ workers, in the French sample he used, have less health problems at work.

<b>Total</b>	<b>493</b>	100,0
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The sample organisation are divided in 6 sorts:

number of valid questionnaires	Frequency	Percentage
Little cooperative bank	15	3,0
Little bank	11	2,2
Big cooperative bank	101	20,5
Big bank	103	20,9
Non cooperative firm	190	38,5
Workers' cooperative	73	14,8
<b>Total</b>	<b>493</b>	100,0

So there are 304 questionnaires from traditional firms, and 189 from cooperatives. Within these the 71,6% are members and the 28,4 are non members workers.

The good<sup>i</sup> statistical reliability of the semantic scale had been tested with the factorial analysis. Even Cronbach's Alfa states a good internal coherence of the 5 dimensions: distrust, worry, confusion, dynamism, stability. Even the Bartlett and the Kaiser-Meyer-Olkin tests give good results<sup>ii</sup>.

About the second part<sup>iii</sup> of the questionnaire with the Likert scale sentences on the 9 organisational dimensions, the Cronbach's Alfa is weak but almost meaningful, the Bartlett test is significant. The Kaiser-Meyer-Olkin test is weak and alarms us on the factorial analysis. So we decide for the second part of the questionnaire, warned of the inner coherence of the 9 variables (from self-fulfilment to teamwork), to elaborate each dimension by an algebraic addition of each item from the same dimension (self-fulfilment, autonomy, and so on). In this way the test is still statistically significant.

## THE RESEARCH QUESTIONS

Starting from the theoretical references and suggestions about the cooperative difference we developed the survey for the field analysis in order to give answers to these research questions:

- I The organisational climate in cooperative organisation is different from that of traditional firm of similar dimension operating in the same industry?
- II Are there differences between little or big banks?
- III Within cooperatives' workers, are there differences in the organisational climate measured from members and non members?

### **I The organisational climate in cooperative organisation is different from that of traditional firm of similar dimension operating in the same industry?**

The variance analysis test (ANOVA) is significant, considering the 9 organisational dimensions and the variable cooperative – not cooperative<sup>iv</sup>.

For all dimensions but 2 (competition and membership), namely self-fulfilment, autonomy, stress and work load, communication, reward, leadership, teamwork the expected marginal means are higher for cooperative workers.

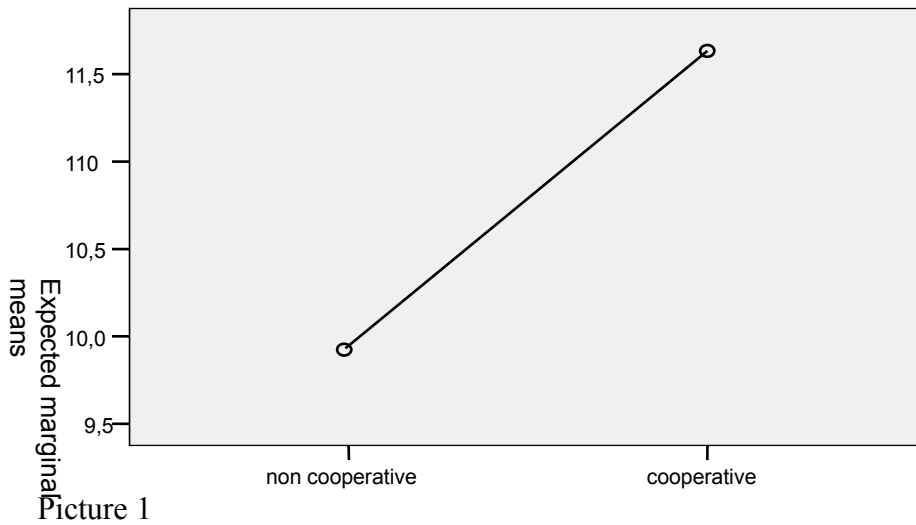
Down, in Picture 1, we have the the expected marginal means for self-fulfilment and we can see that for cooperative members the result is higher so it is perceived a better organisational climate regarding self-fulfilment in the cooperatives of our sample.

We do not reproduce the other pictures but for 7 organisational dimensions the perceived climate by cooperative workers is better, with different intensity but always with a relevant difference between cooperative organisation and traditional firms.

Better self-fulfilment, more and better authonomy, stronger membership, less perceived stress and better feeling with work loads, better feeling with job rewards, broader and more clever communication, better perceived leadership and finally deeper teamwork culture and attitudes.

The only not significant variables are competition and membership. We can not say anything. Moreover it does not mean there are no differences between cooperatives and traditional firms. We just do not have statistically significant data to use.

Even the atmosphere (semantic differential) is better perceived in terms of trust, stability, serenity, clearness, change.



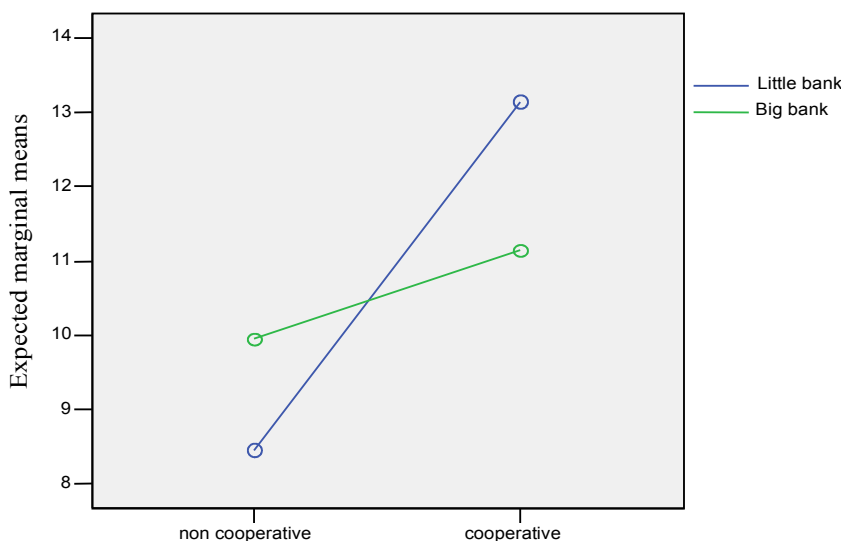
## II Are there differences between little or big banks?

For this research question we must say that our sample contains banks only from Finland, Spain, Argentina and Brasil.

We first check with the variance analysis if there is a significant relation between climate results and the independent variables coop bank - non coop bank - little bank – big bank<sup>v</sup>. As shown in footnote all the interactions but competition are significant.

The following Picture 2 points out about self-fulfilment that the climate in both little and big cooperative banks is better than little or big non cooperative banks. The same happens with a constant strength for all other organisational dimensions: autonomy, membership, stress and work load, rewards, communication, leadership, teamwork.

So in our sample, the workers from cooperative banks express a better organisational climate, and so a better job environment, than workers employed in traditional banks.



## Picture 2

Another clear result is that the extent of this better performance of cooperatives is stronger in the case of little cooperative banks. We mean that cooperative banks seems performing always better than non cooperative banks but little cooperative banks perform much better than big ones.

Furthermore we can see that on the contrary, in the case of non cooperative ones, big banks perform always better than little ones.

### **III Within cooperatives' workers, are there differences in the organisational climate measured from members and non members?**

As we said, there are 189 questionnaires from workers of cooperative organisations. 48 of these are members and workers, 19 are workers but not members. In the other 122 the item member/not member is not relevant (because in banking cooperatives we believe the membership is not relevant for workers organisational conditions), or was not collected or missing. Statistically there are no differences in the organisational climate between members and not members but it seems clear that the sample, in this case, was not relevant enough to answer our research question although the variance analysis of the few valid questionnaires was good.

## **CONCLUSIONS**

The empirical results we present, within a theoretical framework appear quite clear and sharp although we know our sample is frail. Weak, for example, because even though we asked our colleagues involved in delivering the questionnaires to choose good cooperatives and good traditional firms as well it is possible that the sample reflects unequal choices ascribable to asymmetric information or unconscious assumptions (every researcher is personally involved in studying cooperatives from different perspectives).

Nevertheless our results are enough clear and strong to say the questionnaire works well and the framework may be valid to be tested on a wider and stronger sample. In the meantime our survey says there is a large difference between organisational climates of cooperative and not cooperative organisations. Apparently cooperatives offer a better job environment and managerial style.

Next step will be to improve the questionnaire and the sample reliability and to deepen our capability to answer questions with policy concerns. For example; the cooperative difference is likely to persist in old and big cooperatives or not?

Both cooperative and traditional firms, not scared by the comparative results, available for financing or just allowing to deliver the questionnaires, are very welcome.

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i Rotated components matrix

12345pess,673,238,149,288,307inos,295,147,103,056,860diff,672,328,159,283,177chiu,710,198,247,269,110tesa,749,320,025,159,121scon,757,329,185,203,062preo,748,282,024,149,128pole,799,161,220,156-,091pien,758,324,031,118-,013inst,426,695,202,167,114ince,370,785,135,231,149disc,333,771,138,166,057conf,412,760,154,223,024conf,561,433,230,330,011stag,213,173,785,174,018lent,148,102,841,055,087indi,290,171,733,222-,057atte-,222,040,636-,089,475sosp,239,339,169,736,028scon,180,183,112,840,064real,325,105,077,829-,025Drawing method: main components analysis, rotation method: Varimax with Kaiser normalization.

ii

DimensionsCronbach's Alfa distrust0,83worry0,91confusion 0,92dynamism0,79stability0,85

KMO and Bartlett

Misura di adeguatezza campionaria KMO (Keiser Meyer Olkin),.935Test di sfericit  di BartlettChi-square approx.5705,994 df210 Sig.,000About the first part of the questionnaire, we used the Kolmogorov-Smirnov and the Shapiro-Wilk tests. These two are problematic but the kurtosis and the asymmetry tests are good.

Statistic	std. err	Trust	Mean	11,35	128	Median	12,00	Variance	6,238	Deviation	2,498	Minimum	4	Maximum	16	Asymmetry	-,757,125
Kurtosis	1,067	250serenity	Mean	13,36	174	Median	14,00	Variance	11,505	Deviation	3,392	Minimum	5	Maximum	20	Asymmetry	-,452,125
Kurtosis	3,13	250ordine	Mean	13,32	180	Median	14,00	Variance	12,260	Deviation	3,501	Minimum	5	Maximum	20	Asymmetry	-,466,125
Kurtosis	0,87	250dynam	Mean	10,23	121	Median	11,00	Variance	5,520	Deviation	2,349	Minimum	4	Maximum	16	Asymmetry	-,524,125
Kurtosis	7,19	250stabilit�	Mean	8,06	101	Median	9,00	Variance	3,835	Deviation	1,958	Minimum	3	Maximum	12	Asymmetry	-,512,125
																Kurtosis	407,250

iii KMO and Bartlett

Misura di adeguatezza campionaria KMO (Keiser Meyer Olkin),.901Test di sfericit  di BartlettChi-quadrato approx4351,199 df465 Sig.,000DimensionsAlfa di

Cronbachautorealizzazione0,67autonomia0,65stress0,71comunicazione0,71gratificazione0,68competitivit 0,78leadership0,75appartenenza0,59lavoro di gruppo0,59Even about the second part of the questionnaire we used the Kolmogorov-Smirnov and the Shapiro-Wilk tests. These two are problematic but the kurtosis and the asymmetry tests (down) are good.

Statistic	std. err	Self-ful	Mean	9,50	316	Median	10,00	Variance	10,292	Deviation	3,208	Minimum	4	Maximum	18	Asymmetry	123,238
Kurtosis	-,550	472auton	Mean	10,36	265	Median	10,00	Variance	7,252	Deviation	2,693	Minimum	4	Maximum	20	Asymmetry	324,238
Kurtosis	1,432	472stress	Mean	7,53	248	Median	8,00	Variance	6,330	Deviation	2,516	Minimum	3	Maximum	13	Asymmetry	023,238
Kurtosis	-,403	472commu	Mean	7,14	241	Median	7,00	Variance	5,981	Deviation	2,446	Minimum	3	Maximum	15	Asymmetry	463,238
Kurtosis	1,35	472Rewards	Mean	7,80	276	Median	8,00	Variance	7,831	Deviation	2,798	Minimum	3	Maximum	15	Asymmetry	263,238
Kurtosis	-,487	472competit	Mean	9,01	304	Median	8,00	Variance	9,500	Deviation	3,082	Minimum	3	Maximum	15	Asymmetry	472,238
Kurtosis	-,218	472leader	Mean	6,62	210	Median	7,00	Variance	4,532	Deviation	2,129	Minimum	3	Maximum	15	Asymmetry	982,238
Kurtosis	2,646	472member	Mean	10,23	279	Median	10,00	Variance	8,043	Deviation	2,836	Minimum	4	Maximum	20	Asymmetry	621,238
Kurtosis	7,26	472team	Mean	11,63	218	Median	12,00	Variance	4,882	Deviation	2,210	Minimum	6	Maximum	17	Asymmetry	-,293,238
																Kurtosis	002,472

iv ANOVA univariata

Somma quadratidfMean quadratiFSig.Self-fulFra gruppi65,4331300,19547,375,000 Entro gruppi3136,9044586,337 Totale3202,337459 AutonFra gruppi91,1021247,90334,418,000 Entro gruppi3462,8894597,203 Totale3553,991460 StressFra gruppi73,664163,22013,484,000 Entro gruppi2160,4314634,689 Totale2234,095464 CommuFra gruppi7,2921110,81823,382,000 Entro gruppi2307,3764654,739 Totale2314,668466 RewardFra gruppi15,854149,4248,580,004 Entro gruppi2689,2564615,761 Totale2705,110462 CompetFra gruppi8,6501,796,154,695 Entro gruppi2368,7644595,178 Totale2377,414460 LeaderFra gruppi28,6591166,88332,813,000 Entro gruppi2487,8844625,086 Totale2516,543463 MembFra gruppi119,958129,3043,672,056 Entro gruppi3556,2824577,980 Totale3676,240458 TeamFra gruppi48,872178,81919,197,000 Entro gruppi1955,5274694,106 Totale2004,399470

v

AnovaCoop-non coop / big-littleFSig.Self-fulf15,722,000Autonomy9,599,002Stress25,142,000Communication18,676,000Gratificazione8,089,005Competition1,360 , 245Leadership15,200,000Membership13,768,000Team work27,187,000