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A comparison of cooperative ecosystems: what institutions can bring transformation?

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Abstract. *The social and solidarity economy has become part of serious economic discourse on 'downsizing' our economies towards more local and sustainable development. The focus on localizing our consumption, supply, trade, and demand offers a counterpoint to the automated belief in the global market. This article explores the challenges and opportunities for a social and solidarity economy to be built on cooperative organizations by discussing what institutions are vital to the cooperative ecosystem in local and sustainable development. The institutions needed to facilitate cooperatives are addressed in two dimensions. First, what are the internal and external challenges to the cooperative organization as an inclusive social business model? This part of the inquiry distinguishes between cooperatives as either emancipatory or context-dependent organizations. Second, what is, in practice, the role of the institutional context in cooperative business strategy formulation? This section discusses the dichotomy between cooperatives as community-based or market-driven organizations. Findings provide insights into the dynamics that create balance in community-driven ideas, economic ambitions, institutional infrastructures, and the cooperative model. In conclusion, it is suggested that, paradoxically, a strong centralized government is a major determinant of the success of a more localized and sustainable economy.*

Keywords: business ecosystems, cooperatives, institutional analysis, Indonesia, Thailand, The Netherlands.

JEL Codes: M14; O13; 017; O35; O52; O53; O57

1. Introduction

Ideas on a social and solidarity economy that can replace our current growth-based, competitive market-models have been gaining traction after the banking crisis and under the threats of climate change. As different types of enterprises tend to flourish in distinct environments, this renewal of our economic models may also include the creation of a facilitative institutional environment for the development of more social economy enterprises working on more local and sustainable development (Schneider, Kallis & Martinez-Alier, 2010). As for entrepreneurial ventures or technology start-ups, therefore, we assume that we can identify a business ecosystem that will facilitate social business in the social and solidarity economy. Important aspects that help structure this complex adaptive ecosystem's dynamics are, among others, the entrepreneurial culture for social organizations, government support in subsidies and inclusive actions; the presence of resources for funding and production as well as service providers and relevant training for social business creation (Mason & Brown, 2014). This social and community-based business ecosystem, here defined as an infrastructure of the formal and informal institutions that affect social and solidarity-based entrepreneurial ventures during their lifecycle, will need distinct actions to be built (Pelontiemi & Vuori, 2004).

The social business model assumed to fit best into a social and solidarity economy is the cooperative. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality and solidarity. This article aims to explore which institutions may be considered critical in the social business ecosystems

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facilitating agricultural cooperatives. The question is addressed in two dimensions. First, what are the internal and external challenges for the cooperative as a social organization? This part of the inquiry distinguishes between cooperatives as emancipatory or context-dependent organizations in a study of their strengths and weaknesses in current Northern and Southern economies. Second, what are the challenges in building an institutional ecosystem that supports and facilitates cooperative organizations in a social and solidarity economy? This section discusses the range of market opportunities available to the cooperative business model. The aim is to add to existing theories on the solidarity economy by providing a critical discussion of the ways in which the commons can be instrumental in the envisioned economic transformation towards local markets and sustainable development.

As social organizations, cooperatives are assumed to enable us to participate in a more sharing system that can be juxtaposed to a society in which economic and power inequalities are growing, and the need to compete for resources increases market influence (Majurin, 2012). This article understands the social and solidarity economy as a layer of the economy that may emerge along a pole of social utility between the capitalist sector and the public sector. Showing the potential for this emergence, for instance, research has shown that a thriving social economy sector evolves from reciprocal relationships between governments and social economy enterprises (Dorward et al., 2004). A sharing economy is defined as consisting of a social business ecosystem in which governmental and social organizations have strong reciprocal relations. It can be distinguished by its foundation in a decreased need to compete for market resources as, being more inclusive, inequalities in power relations, wealth and access to resources are reduced.

Being part of a social and solidarity economy allows for an in-between position for cooperatives and other social organizations that can form an active ‘bridge’ from communities towards both governmental organizations as well as for-profit organizations. The focus is on cooperatives as ‘brokers’ that are assumed to be able to establish connections between a new political economy and the commons (International Labour Organization, 2018; Raworth, 2017).

There are many distinctions that can be made between types of cooperatives based on, among others, their financial structure, type of membership, decision-making structures and size as well as the nature of the work that they are based upon. This study concentrates on one of its founding marketing models, which is the small and medium-size producer organization in agriculture, mainly from the dairy sector. Among the types of cooperatives (for instance, consumer cooperatives or worker cooperatives) the producer cooperatives marketing a perishable food product like dairy, tend to enlist the highest level of participation and engagement by its independent members and therefore allows for a fundamental exploration of cooperative potential in a solidarity economy (ILO, 2018).

Results will contribute to our understanding of the complexity of making social change happen and enhance the effectivity of our attempts to development and change towards sustainability and local economies. The theoretical framework of institutional sociology will help us to identify what is required for resilient cooperative ecosystems in a future economic system.

After a brief discussion of the theoretical framework and the methods, the main section consists of an introduction based on inherent tensions in the cooperative organizations that helps us to identify the current challenges that cooperatives face. The trade-offs made in practice are illustrated with empirical examples. In the discussion that follows the institutional requirements to bring about transformative change may impact on these trade-offs allowing for more detailed answers to the research questions. Finally, the implications of this exploration are considered, and issues for further research are suggested.

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2. Research Elaboration

2.1 Theoretical framework

A cooperative can be defined as an autonomous association of people united voluntarily to meet their economic, social and cultural needs and aspirations through a jointly owned and democratically controlled business (International Co-operative Alliance, 1995). Members, which could be consumers, producers, or workers, set up or join a cooperative to benefit from their transactions with the cooperative enterprise. Members have double status as both joint owners of the enterprise and individual users of the goods and services provided by the enterprise. Ownership implies providing (part of) the capital that the cooperative needs to run the enterprise and to decide on the strategies and policies of the cooperative through a democratic process. This approach to the cooperative shows how it can be perceived as both a market-based business that aims to optimize its result for its members as well as a social organization that is built and owned by its members. Depending on the aims of the cooperative, the trade-off between these two strategies will be balanced differently. Several other trade-off tensions also affect the cooperative model.

A first tension is related to the social qualities of the cooperative organization that can be defined in both internal and external components. On the one hand, based on its endogenous capacities, cooperatives are considered to have the potential to advance a social economy through the empowerment of individual actors by creating the economies of scale, collective voice and negotiating power that they are not able to generate individually. Cooperatives are considered emancipatory organizations based on the idea that even marginalized people can create their own economic opportunities in a collective. Thus, cooperatives are considered to be instruments to create more equality in Northern and Southern societies (Cheney et al., 2014).[1] For instance, in many emerging economies the assumption of a 'cooperative advantage' that can result in the emancipation of rural populations and poverty reduction has been a driver in the governmental support to cooperatives (ILO, 2018; Worldbank, 2012; Validivia, 2001).

On the other hand, based on its dependence on exogenous factors (such as government policies, societal legitimation and the biophysical environment) the cooperative organization can be considered an institutional microcosm of the formal and informal rules that govern a society at large (see, among others, the discussions in Basu & Chakraborty, 2008; Bernard & Spielman, 2008, and; Dohmwirth, 2014). This implies that, because of this interdependence and multileveled embeddedness, a cooperative cannot function as an independent playground for individual social experiments unless these are deliberate efforts by committed members and local stakeholders in engagement with a wider societal context. Inherently, it is suggested, cooperatives reproduce the social relations they are embedded in, and the change of cooperatives requires context-specific approaches.

The last tension that merits consideration was already mentioned in the introduction to this section. At the organizational level, cooperatives are caught in a clash of discourses on social organizations and investor-owned firms (Haddad et al, 2017). In a non-profit and social understanding of cooperatives, their main function can be understood as having the legitimacy to fill in institutional voids and respond to market failures in serving the interests of producers, users, and other stakeholders by providing services and products that are otherwise inaccessible (Committee for the Promotion and Advancement of Cooperatives, 2017).

For others, the cooperative is considered as a direct competitor of investor-owned enterprises and meant to add to the diversity of economic and social entrepreneurship in the global marketplace. This understanding acknowledges that cooperatives do not serve all social interests. For instance, cooperatives are not necessarily inclusive organizations as they prioritize the needs of specific stakeholder groups with the

[1] The North-South divide I refer to is here considered to be a socio-economic and political divide.

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exclusion of others (Bernard & Spielman, 2008). In this understanding, the cooperative needs to provide a return on members' financial investment and make a profit by being competitive in the marketplace.

For the discussion in this article, these distinctions are considered relevant. We assume that it will make a difference if the cooperative organization is considered as emancipatory, and thus capable of transforming a societal context, or context-dependent, having no own agency to make change happen. Also, for its role in the solidarity economy, it will make a difference if the cooperative can be considered an inherently inclusive and social organization or, rather, if we should approach it as a business that is aimed at maximization of profit. The trade-offs that are made can be considered as indicative of the institutional demands that these choices are based on.

2.2 Methods

This article systematically discusses cooperatives' institutional contexts, based on literature study, empirical findings in own research, and the implications of existing theories. It is a focused exploration of the ecosystem requirements for the 'resurgence of cooperatives' in a solidarity economy. Central to the discussion is the juxtaposition of the empirical reality of the cooperative movement in The Netherlands, Indonesia, and Thailand as related to theorizations on the social and solidarity economy. This discussion can form a catalyst to our thinking on what cooperatives would require fulfilling their potential in a solidarity economy, based on fact-based research on agricultural cooperatives. This article contributes to academic knowledge generation for organization and management studies and cooperative studies. For the future, it will fill a gap in our knowledge on what we need to consider if cooperatives are to play their role in the social economy.

3. Results and Discussions

3.1 An emancipatory organization or a microcosm of society?

It is often assumed that cooperatives can serve as redistributive structures by being inclusive and democratic membership-based organizations that support social equality and community development (Majurin, 2012). Working within a collective system is considered to have the potential to empower marginalized groups, providing them with a support system, allowing their own agency and opening up markets that they cannot reach as individual producers. The emancipatory effect of cooperatives, however, is constricted by barriers in both the organizational structure and the institutional context of the organization. Two examples of gender mainstreaming in dairy cooperatives can illustrate some of the problems with the emancipation of marginalized groups by the cooperative.

1. India: gender empowerment in a single-sex and a mixed dairy cooperative

Dohmwirth's research (Dohmwirth, 2014) studies the potential of dairy cooperatives for women's empowerment in South India. Dairy production is of great importance for rural economies in India, and women contribute significantly to dairy farming. On the one hand, the results of her study indicate that there are economic benefits for women participating in dairy cooperatives. However, the outcomes for women's empowerment are ambiguous. Only in some domains do women in dairy cooperatives rank their empowerment status higher as compared to non-members. The results point to the conclusion that economic gains provided by cooperatives may not always lead to greater empowerment for women.

Dohmwirth used a control group from a single-sex cooperative to check if this all-female cooperative could enhance the emancipatory effect. This control group, however, indicated even lower levels of empowerment as compared to non-members. Looking at studies about other single-sex groups with similar

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findings, Dohmwirth proposes that the following arguments can be supported. First, women in single-sex cooperatives may be 'forced' by men to participate in an income-generating program since it is the only option to access its benefits. Second, men may feel threatened to lose their dominant position within the household or village, if income-generating activities are only provided to women. These effects frequently lead to increased control of men over women's activities and incomes, especially under conditions characterized by a lack of employment and resources (Dohmwirth, 2014).

2. Indonesia: inequality regimes in an Indonesian cooperative

Wijers (2019a) conducted research on the inclusion of women in dairy cooperatives. Women are important actors in smallholder farmer milk production. Therefore, female input in dairy cooperatives is essential to dairy development in emerging economies. Within dairy value chains, however, their contributions are often not formally acknowledged or rewarded. A multileveled institutional perspective is used to explore the case of dairy development in the KPBS Pangalengan mixed-sex dairy cooperative on West Java, Indonesia.

Highlighting the impact of the institutional context on the assumed emancipatory effect of cooperatives, she finds that the ambitions for pro-poor and inclusive development that are voiced in recent Indonesian governmental strategic plans have not materialized in concrete measures. In politics, it seems, the scant rhetoric of gender mainstreaming seems to outstrip efforts to develop projects aimed at equalizing gender relations. Social inequality persists as an important barrier to economic development at all levels of society, including in gender relations. The cross-cutting dimensions of education, property ownership, human capital and social class at work at KPBS seem to diminish the 'cooperative advantage' as access to resources is captured by the selected 'elites' instead of offering equal access.

The study shows how, formally, no explicitly gender-inclusive formal policies and regulations as imposed on cooperatives. Informally, social norms projected on gender positions by the Indonesian patriarchal system and the Islamic revival are generally accepted. These can be considered important to maintain mechanisms that sustain a diversity of inequality regimes. Gender disempowering norms have re-institutionalized in recent processes of deepening political and religious austerity.

She summarizes by proposing that culture, mentality, local history, and climate are strong predictors of the structure, representation, and identity of the cooperative as well as the opportunities open to its members (Wijers, 2019a).

These examples seem to underline the embedded nature of the cooperative. 'Empowering' marginalized groups and 'being empowered' are not isolated acts but are embedded in institutions at multiple levels of society as well as co-dependent on the human capital accrued in, among others, social class and education (Batliwala, 2007). The effect of functioning within an emancipatory organization, therefore, cannot be separated from the wider societal norms and values this organization is embedded in or its formal institutional infrastructure. In the life-cycle of cooperative formal legal aspects may even be considered of critical importance to the organization's survival (Cook & Burress, 2009). Formal institutional constraints to empowering marginalized groups affect cooperatives. They can be categorized with Nippierd (Nippierd, 2002) as constraints related to:

- Property ownership
- Inheritance rights
- Control over land
- Membership rights

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Systematic and explicit empowerment for distinct groups is thus required within the cooperative organization to provide opportunities for more social equality.

Important for the cooperative as a social organization is the aspect of its inclusiveness. The heterogeneity or homogeneity of its membership can be considered indicators for this inclusiveness. On the one hand, for a long time, a positive critical role has been assigned to the homogeneity of member interests for the sustainability of a cooperative. Having identical needs and objectives does lower influence costs and increases the connections between member. Member commitment is considered critical because it can be a measure of how well a cooperative is able to differentiate itself from an investor-owned firm (Fulton, 1999).

Heterogeneity in membership, in contrast, is said to lead to a divergence of interests, higher transaction costs, and problems of common ownership. This has long been understood to mean that a well-functioning cooperative needs to be homogeneous in its membership base.

As the market-driven business model is becoming more influential in cooperative strategies; however, the homogeneity argument is losing force to the innovative energy that heterogeneity can bring [27]. As Cook and Burress (2009) argue, this is related to, on the other hand, the business adage that heterogeneity may stimulate creative problem-solving capacities, better decision-making, and organizational resilience. Also, it may be the most important factor for a cooperative's emancipatory actions and inclusion of marginalized groups. The positive attitudes towards the heterogeneity of membership in cooperative agribusiness are growing, as is illustrated by the multistakeholder cooperative (Höhler and Kühl, 2018).

3. Multistakeholder cooperatives

Gonzalez (2017) explores an alternative and, in theory, a more inclusive cooperative model, the multistakeholder cooperative (MSC). As opposed to conventional agricultural cooperatives made up of farmer members only, the multi-stakeholder model is defined by bringing together producers, consumers, and other stakeholders in one single enterprise. In practice, this collaboration should be able to overcome the limitations of farmer cooperatives to be more focused on the economy than social and environmental benefits. Heterogeneous in membership, the challenge is to bring all stakeholders together to support the cooperative's mission and strategy. Generally, the mission statement of the MSC will reflect the interdependence of interests rather than singular objectives. In practice, as Gonzalez finds for his case study, this turns out also to be a weakness as difficulties in reaching agreement absorbed transaction costs, and social relations were prioritized over market competitiveness.

As Gonzalez summarizes: "cooperatives do not exist in policy or economic vacuum, but as today struggle to survive in capitalist societies rules by the laws of the market" (Gonzalez, 2017, p. 279). Also, he finds that the MSCs are more motivated to change the market than to adapt to it, showing their institutional entrepreneurship. Considering these assets, the MSC may hold real potential as a foundation for our transformation towards a solidarity economy.

3.2 A community-driven or a market-driven business?

The founding needs for cooperatives have been captured in contrasting definitions, as this study already made clear.

Traditionally, agricultural cooperative's emergence has been understood as the convergence of producer collaborations by farmers attempting to improve their socio-economic position and find access to a competitive market. The driving element in perspective on the establishment of the cooperative is the economic justification for collective action (Cook & Burress, 2017). Cooperative ideology on the solidarity and social organization, however, is also considered an important factor, as the history of most agricultural cooperatives involves more than just the resolution of market failures. Farmers members of cooperatives

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were also concerned about the larger economic, political, and social environment they were part of. In countries like Canada, the United States and The Netherlands, political movements associated with class struggles and resistance to the capitalist economy were at the roots of cooperative formation (Fulton, 1999). Typically, in these Western countries was the bottom-up nature of the cooperative movement. In emerging nations, in contrast, cooperatives are often established based on the top-down. Governmental regulations structure the cooperative movement and restrict cooperative business models as they are instrumentalized to implement social policies. Both in the North and South, all types of cooperatives seem prone to politicking and external interference due to their intimate relation to local communities, regional infrastructures, and national interests.

4. Thailand: a centralized dairy sector

Wijers (2019b) published her research on the ways in which institutional barriers hinder innovation in the cooperative dairy sector in Thailand. Findings include the conclusion that the competition between dairy interest and government control does not lead to an efficient and well-functioning internal dairy market. In practice, the friction between these interests seems to result in the politicization of the cooperatives as well as dependency relations that impede farmer entrepreneurship. As in examples presented in the last section, in Thailand, the cooperative organizations, to a large extent, have been imposed on the agricultural sector as a preferred organizational model by the government. Ideas on development, poverty reduction, and social inclusion stimulated the adoption of the cooperative for the implementation of governmental strategies to support the dairy sector. However, the relative success but lack of follow-up on this government support is said to have contributed to a distinct lack of capacity at the farmer level on the one hand and fragmentation in support services by different stakeholder groups on the other hand. Wijers concludes that this combination of fragmentation and strong government control is currently still ailing the dairy sector and may inhibit progress and innovation (Wijers, 2019b).

The Thai example shows how context-dependent our general understanding of the balance between individual and a collective priority in the cooperative sector can be. While the cooperative is hailed as an important instrument for agrarian change and emancipation, often, the innovation and efficiency needed to optimize its performance may be hindered by a centralized government. Also, the politicization of the cooperative organization can affect its solidarity- and community-based nature. Thai cooperative leadership seems primarily motivated by individual interests rather than collective outcomes. The overemphasis on economic gains seems to appeal to the ‘elite’ members and can thus impede the farmers’ capacity for collective action. These elements of ‘elite capture’ of the cooperative’s governance structure have been identified by other authors in a range of cooperatives around the world (See, for instance: .Basu & Chakraborty, 2008; Dasgupta & Beard, 2007; Minah & Carletti, 2019; Paranque & Wilmott, 2014; Wynne-Jones, 2017).

5. The Netherlands: a facilitative institutional environment

The Netherlands is a country with a long-standing tradition of growth in the cooperative sector. Smaller agricultural cooperatives have developed and then merged into large cooperatives, most of which are now holding significant market share. Dairy cooperatives have existed in The Netherlands for more than 130 years. They hold a joint market share of more than 80% since the 1950s. Based on the finding that most farmers are a member of, at least, one cooperative, Bijman (Bijman & Hanisch, 2012; Bijman, 2018) concludes that Dutch farmers, in general, are very cooperative minded. This is facilitated by an institutional environment formed through a long history of decentralized government and the need for self-organization that may have helped form this cooperative mentality.

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Bijman's research shows that collaboration out of self-interest is a dominant characteristic of the Dutch farming industry. Moreover, the Dutch cooperative movement has benefited from flexible, cooperative law which offers flexibility to internal governance structure, financial structure as well as the type of activities the cooperative is allowed to take up. In addition to favourable elements in the tax system and competition law and a relatively high level of agricultural education, this leaves much space for the cooperative sector to develop their business. While, as Bijman states, it is hard to attribute the performance of Dutch cooperatives to one or two factors, the complementary attributes that have formed itself into a fertile institutional system for agricultural, and other, cooperatives are a defining characteristic of The Netherlands (Morfi, Nilsson & Österberg, 2018).

The Dutch example shows that an important requirement for the cooperative as a community-based form of organizing may be a cooperative mindset within a decentralized governmental system that leaves room for self-organization out of entrepreneurial self- interest. In a recent Swedish research, this same self-interested motivation was also found to drive the leadership of the cooperatives that were part of the study. Morfi, Nilsson and Österberg (2018) have shown how these representatives involve themselves mainly in order to get personal benefits, and not because of a co-operative belief or social concerns (as is often assumed).

In comparison to other countries, this example goes to show, that a civic culture based on trust and solidarity that grows out of the necessity for self-organization, can be considered a part of a social business ecosystem. With this, it merits noting that entrepreneurial cultural may be most difficult to establish in fragile or post-conflict nations as well as countries in which authoritarian governments are prolonging their rule based on the principle of 'divide and rule' (Haddad et al, 2017). This implies that countries in which political regimes are gaining and maintaining power by breaking up larger concentrations of power into pieces will not produce a facilitative environment for cooperatives as social organizations. On the other hand, however, as the Thai illustration shows, a strong and centralized government seems important to highlight the community-driven aspects of the cooperative as the natural tendency of this business model is for efficiency and a market-driven strategy.

In conclusion to this section on the cooperative as a social or commercial business, we need to acknowledge the false dichotomy in this question. Based on the research findings we have presented, it seems that the cooperative is distinguished by being both a social and commercial business. Depending on the stakeholders' commitment and support for these functions as well as the characteristics of the business ecosystem it is embedded in, the cooperative can show up to be both community- and market-driven in a mutually constitutive dynamic that has the potential to be both a strength and a weakness. As the Thai situation shows, a centralized controlling institutional context leaves little space for genuine social action, and rather, the cooperative becomes an instrument for policy implementation. In The Netherlands, in contrast, the cooperative mindset in both its farmers and the institutional context has evolved over history and seems deeply ingrained. Remarkably, however, is the determining role that self-interest has had in this Dutch evolution. Is the cooperative as we perceive it here actually suited to function in a solidarity economy?

4. Conclusions

This article set out to explore which institutions may be considered critical in the social business ecosystems facilitating agricultural cooperatives if they would become central to a social and solidarity economy aiming at more local and sustainable development. This question was addressed in two dimensions.

First, what are the internal and external challenges for the cooperative as a social organization? This part of the inquiry showed examples of cooperatives as less than emancipatory organizations in India and Indonesia that were aimed at gender empowerment. In these countries, a mixed and single-sex cooperative

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were studied as to the perceived levels of 'empowerment' it could attribute to female cooperative members. In both cases, however, this group that is marginalized in their own societal hierarchy did not enjoy better inclusion in these cooperatives. In contrast, this section also showed the potential of multistakeholder cooperatives to become more inclusive organizations with an emancipatory function.

Next, the tension of cooperatives as social organizations or market-driven businesses is addressed. Considering the cooperative model as an organization in which people unite voluntarily to share ownership and democratically decide on the best way to reach the market, aspects of cooperatives as the community- or market-driven structures are juxtaposed. The comparison of Thailand and The Netherlands brings forward the roles of the institutional environment in allowing for the mobilizations of the farmers, and the members and leaders' motivations that may also be driven by self-interest.

Second, and at question here, is what the challenges are in building an institutional ecosystem that supports and facilitates cooperative organizations in a social and solidarity-based economy. To evaluate this, we have defined this as a sharing economy in which government and social organizations have strong reciprocal relations based on a decreased need to compete for market resources. Being more inclusive, inequalities in power relations, wealth, and access to resources are reduced.

The descriptions of emancipatory action make clear the cooperatives understudy all make different trade-offs in their social and economic missions. The hybridity of the organizations shows us that each cooperative is a social construction embedded in distinct local circumstances. Their hybridity can concern, among others, levels of democratic decision making, the delivery of commercial and social benefits and the optimization of a 'cooperative advantage' (Paranque & Wilmott, 2014; Flecha & Ngai, 2014; Forney & Haberli, 2017).

Given the examples of gender inclusion in Indonesia and India as well as the illustration of pro-poor growth as a cooperative mission, the assumption of a cooperative to promote social equality merits some adjustment. The findings imply that the cooperative is not necessarily an 'equalizing' organization that supports a solidarity society but, instead, a relatively neutral configuration of homogeneous members that requires an egalitarian social, institutional framework and deliberate strategies to transform itself into a more inclusive organization. Even so, as the Indian situation shows, even explicit emancipatory action by the establishment of a single-sex cooperative to support women, empowerment does not necessarily lead to societal impact.

For inclusive strategies to reach their objectives, moreover, modalities, and stakeholder groups need to be identified. Inherently, cooperative will need to prioritize the needs of specific groups of stakeholders in deciding on the kind of inequality they seek to address. In the capitalist economy, setting up a successful business always involves exclusion, and this has also been the case for rural producer organizations in their inclusion of, for instance, the poorest groups in their communities (Bernard & Spielman, 2008). The multistakeholder cooperative, however, does seem to offer different stakeholders a membership-based on the heterogeneity of interests and potential for institutional change. This type of cooperative may offer a cooperative way forward toward emancipatory action.

The nature of the organizational 'microcosm' we have just identified could be the driving force for realizing the cooperative advantage depending on a facilitative context. If society-at-large is transitioning towards a more equal and solidary framework, will not the organizations embedded in it also change? Assumed in this is an organizational capacity for flexible change and adaptation that can respond to local supply and demand requirements. The question is how resistant the agricultural cooperative is to change.

The examples of Thailand and The Netherlands have illustrated the different impact of institutional contexts on cooperative organizations. In Thailand the whole sector seems fragmented and highly politicized as the institutional infrastructure builds on top-down, centralized decision making, intermediate

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organizations that can support the cooperatives with capacity-building and resources are missing, and at the community level, the cooperative model is rather used for individual political gain than collective action.

Findings on the ways in which dairy cooperatives are functioning in emergent economies raise serious doubts about the assumption that all cooperatives are suited to become egalitarian social organizations. There is no indication that emerging economies will become more equitable as their markets grow, as their institutional framework is still building, among others, on traditions of patronage and corruption that are deeply engrained in society. Thailand shows a case in point of the ways in which elite capture can form a barrier to emancipatory actions that can realize the cooperative advantage. The social relations that underlie the cooperative model can thus form an impediment to change.

Important in all of this seems the role of the public sector. The solidarity economy discourse suggests that the government is crucial in the transition to a sustainable, localized economy away from the demands of global markets (Raworth, 2017). Several paradoxes will have to be overcome to strengthen their role.

On the one hand, a solidarity economy is theorized to require bottom-up community-based action and a united people-base for change, while, on the other hand, strong governmental structures are critical in operationalizing these structures from the top-down (Emery, Forney & Wynne-Jones, 2017). The role of the state in cooperative success remains a topic of debate and is not clarified yet for the solidarity economy. As the section on cooperatives as a social or commercial business has shown, centralized government control over the cooperative sector can prove detrimental. In contrast, however, to create a facilitative institutional environment may be a work of ages anchored in distinct cultural contexts and linked to the fragility and stability of the local economy.

The simple assumption that a cooperative is founded on a need for collective action towards a shared interest in a formalized democratic structure can be at odds with the perception of the cooperative as functioning in a mix of endogenous and exogenous factors in which self-interest, interactive strategizing and local politics form an important framework for interpretation (Giacnocavo, Gerez & Campos i Climent, 2014) .

According to Mooney, the cooperatives' democratic political structure exists in tension with a capitalist economic structure. He suggests that the paradoxes mentioned above and the frictions inherent in the cooperative model may indeed cause tension, but these can be productive. The institutional friction between the cooperative and its context can facilitate innovation, flexibility, and long-term adaptability. Frictions Mooney mentions are, among others, the tension between the global and the local, the traditional, and the new social movement and the social relations of production and consumption (Mooney, 2004). The complexity of these tensions in distinct local circumstances has been discussed and illustrated in section 2.

We can carefully conclude that there is no dichotomy to be made between market- and community-driven business as separating business from the social cannot actually be accomplished in the real world. Even a social organization will need to make a profit in order to survive. This raises the question if and how, in the social and solidarity economy, we can 'return' to a world without markets? As Polanyi proposed, the old and embedded economy is a historical construction in a distinct time and in distinct places (Polanyi, 2001). Considering the globalization and interconnectedness that are determinate of our world today, it seems we cannot recreate these circumstances. It is possible, however, to limit the play of market forces and help its stakeholders to survive without it by compensating them. Also, we can choose to stimulate the social and solidarity segments of our economy by promoting inclusiveness of marginalized groups and democratic decision making. The only actor who seems able to achieve this is the government.

Findings suggest, paradoxically, that for the creation of a true social and solidarity-based economy, governments have to play a central role. The demise of the market-driven economy in which a government's

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'laissez-faire' allows market forces to rule the economy, would then result in a community-driven economy that is strictly structured and enforced by governmental organizations and regulations. As this article has shown, dedicated support to a community-driven business strategy is needed as the natural tendency of even the cooperative is to maximize its benefits, be homogeneous in membership and unequal and exclusive in its organization. This is a paradox, as the centralized governmental control this implies can also be said to impede the cooperative movement that is based on solidarity and trust. Assuming a democratic regime, it seems that the actions of strong and responsive government institutions can be important enforcers of the social, solidarity, and equality aspects of the cooperative. This artificial governmental 'correction' of the cooperative model at the outset of the social and solidarity economy could stimulate the self-sustaining capacities of the cooperative in the long term.

This artificial governmental 'correction' of the cooperative model at the outset of the social and solidarity economy could stimulate the self-sustaining capacities of the cooperative in the long term. As research shows, a homogeneous membership can encourage stronger social and economic ties to build trust and commitment (Höhler and Kühl, 2018). Thus, in the close ties between governmental institutions and social organizations, a vibrant democratic representation is required to work both top-down and bottom-up. In this model, it is suggested that, rather than undermining the group action, the friction between individual and collective needs can create avenues for the realization of cooperative 'know-how' (Wynne-Jones, 2017). The question we explored can then be answered in two phases. At first, the social business ecosystem that can support cooperatives needs to be a centralized institutional infrastructure that is aimed both at intensive regulation, support, and enforcement of the foreseen cooperative model. In time, second, the cooperative system may become embedded and create an own, localized, social, and more sustainable dynamic.

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