

Promoting the Understanding of

# Cooperatives

for a Better World

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# Cooperatives worldwide

- Over the last 20 years, coops enterprises have increased in number in **many sectors**: credit, housing, agriculture, community services, (including the management of cultural services, water, waste disposal, energy from renewable resources, public transportation)
- The role of coops has become even more apparent in the wake of the financial and economic crisis: coops **survive crises better** than other types of business

# the **economic** impact of coop

reducing market failures and strengthening the competitiveness of markets

keeping the production of goods and services close to the needs of people

long-term perspective

more fair distribution of income

# the **social** impact of coops

- addressing social problems affecting local communities or stakeholders in need
- strongly rooted in a “collective awareness”
- enhancing social capital
- solving problems that would be otherwise in charge of public sector
- often involving disadvantaged people

# Cooperative contradiction

Cooperatives are often regarded as marginal, undercapitalized and **inefficient** enterprises with difficulties in growing in size

**Evidence** from history shows that cooperatives

- survive also in very competitive economies
- are relevant in several countries and sectors

# **Obstacles to coops development**

Cultural and psychological factors

Restrictive legislation

Market regulation

Support policies

Inadequate management and governance practices

Inconsistent theoretical interpretation

# beyond cooperative contradiction

Promoting more effective public policies

Adopting adequate management practices

Developing a new interpretative framework

# Effective regulations and policies

coops should be **explicitly** recognized in policy documents as autonomous and independent enterprises and have access to all the business support services

coop law should be kept sufficiently **flexible** to permit coops to operate in any sector they may prove useful and the stabilization of coops should be supported (e.g. asset locks)

the regulation of the markets should be **consistent** with the nature of coop enterprises, introducing a more adequate fiscal treatment for coops without underm



# Inadequate management practices

Introduce new management practices and governance **models**

Develop managerial **skills** of coop leaders through innovative training and university courses

Strengthen **networking** practices that allow for the achievement of economies of scale and seize growth opportunities

# New interpretative framework

The shortcomings of the predominant model of economic organization shows the importance of entrepreneurial and organizational **diversity**

There are **various types** of enterprises depending on ownership structure, aim pursued, and incentive mix

Market exchanges are just one among the existing **coordination mechanisms** generating collective benefits

Enterprises differ according to the **importance** paid to economic sustainability and social orientation

# Cooperative competitive advantage

The crisis has confirmed the inability of for-profit enterprises alone to ensure wellbeing

A possible way out of the crisis is the expansion of various forms of cooperation, for the provision of goods and services whose value is not fully incorporated in the price system

# Thank you for your attention!

