

Complex Cooperative Networks

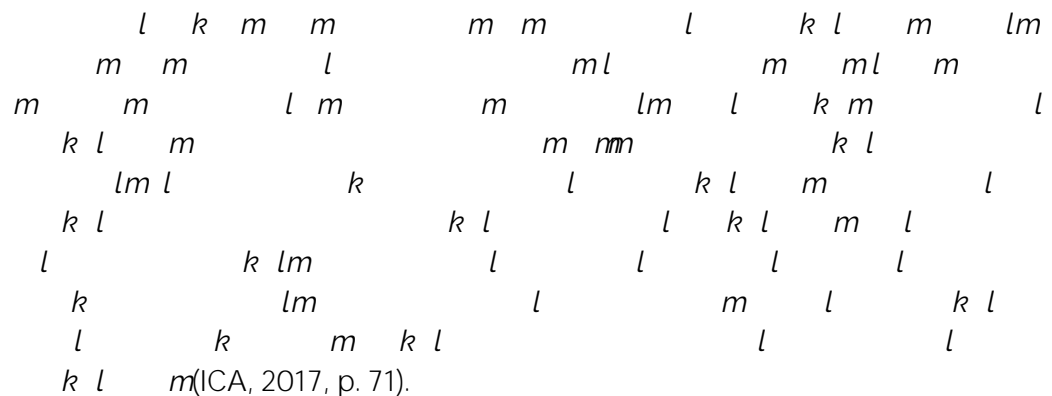
Júlia Martins Rodrigues, Karen Miner, Sonja Novkovic¹

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Introduction

Cooperatives have long been celebrated as powerful vehicles for economic inclusion, social equity, and sustainable development. Central to their ethos is the principle of "Cooperation among Cooperatives," enshrined as the 6th Principle in the Statement on the Cooperative Identity (ICA 1995). This principle emphasizes that cooperatives thrive not in isolation but through inter-cooperation and mutual support, embodying the value of solidarity that transcends individual organizational boundaries. The International Centre for Co-operative Management developed a conceptual framework that expands on the traditional understanding of inter-cooperation by viewing Principle 6 through the lens of complex cooperative networks. Such networks are not merely functional alliances; they represent dynamic ecosystems where cooperatives coalesce around shared goals and values. By examining their means of organization, purpose, agents, and functions, we uncover how

conventional second-tier cooperative associations and federations, which usually unite and represent organizations with similar membership bases or productive sectors, one can identify multiple other structures of inter-cooperation that compose the phenomenon of complex cooperative networks.



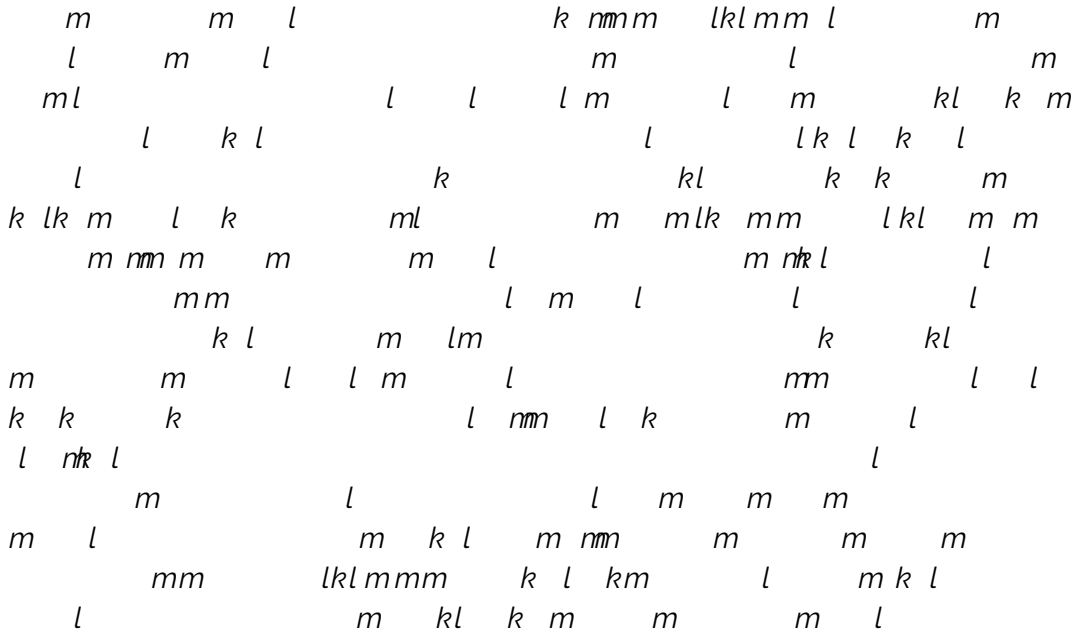
What are (cooperative) networks?

Beyond the boundaries of a single enterprise, organizations establish relationships with one another to achieve shared goals through personal bonds and various contractual frameworks. Forming a network combines collective interests to achieve outcomes that individual organizational participants could not normally accomplish on their own (Provan & Kenis, 2008). In the context of cooperatives, each one is, by design, a network among members. When individual cooperatives connect with other cooperatives and value-aligned partners, they amplify their collective approach into broader networks of mutual support.

Networks are structured in various ways depending on the participants' aspirations. They range from "co-op only" networks to those that extend "beyond co-ops" by introducing relationships with other agents. These networks can encompass informal relationships or formal multi-partner arrangements. The infrastructure of each network adapts to the

emerging needs of its members and tends to evolve over time, encompassing various network configurations.

Ultimately, we aim to create a cooperative economy – an economic system where enterprises are owned and operated by the people who use their services or by the workers themselves. This cooperative economy is part of the broader social solidarity economy, as it primarily relates to the economic activities developed by cooperatives:



(International Labour Organization, 2022).

In cooperative economies, the exchange system among cooperatives is grounded in the principle of inter-cooperation, facilitated by complex networks that connect them. These networks act as the architecture and infrastructure of the cooperative economy. Networking is a powerful strategy for strengthening regional cooperative economies, creating an enabling ecosystem that supports the formation of new cooperatives and enhances the sustainability of existing ones. While these networks are often tied to specific geographic regions, they can transcend spatial boundaries, operating across borders or in

To provide public goods: Deliver goods or services enjoyed by the community at large. Address social needs by ensuring equitable access to affordable essential social, health and educational services to community members.

To achieve economies of scale: Multifaceted growth: Expand geographically, broaden membership, foster innovation, and enhance net worth. Utilize networking for new markets, bolster democratic infrastructure, and drive institutional and cultural transformation.

To spread awareness: Debunk misconceptions surrounding co-op governance, structure, viability and growth opportunities, disseminate their benefits and advantages, and present them as a viable alternative for new enterprises and conversions.

WHO: AGENTS

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Co-ops (networks themselves): The driving force behind network formation and sustainability.

Co-op developers, consultants, and leaders: Co-op expert professionals from many fields assisting co-ops' entire lifecycle, envisioning new avenues for cooperation, fostering capacity building, and continuously convening.

Regulators, policymakers: Bridge to the public sector: state representatives who understand the model and are willing to stand up for it within government bodies, building and sustaining coop-friendly entrepreneurial policies and regulations.

Educational institutions: Post-secondary schools and research centers focused on cooperative education, talent development, and research.

including foundations and other civil economy organizations can influence this process.

Representing and advocating: Amplify co-op principles, strategies, and awareness, ensuring their needs are addressed beyond the scope of individual enterprises.

Supporting education and research: Education: challenge the profit-centric

History and path dependence: The role of historical factors and past events (e.g. colonization, wars, labor movements) in determining a region's current socio-economic atmosphere.

- ◁ Creation and sustainability of new co-ops: Propagation of cooperatives and aligned organizations, increasing co-op density.
- ◁ Intergenerational structure: Foundational support for future cooperative and aligned organization activities for intergenerational wealth transfer and well-being creation.

ASSESSMENT ROADMAP

Using the Framework to identify the building blocks of complex networks is essential for understanding their current state and pinpointing gaps on a case-by-case basis. Viewing the network through the lens of the Framework is a valuable tool for identifying functions needing development, highlighting potential agents for increased involvement, and uncovering opportunities for strengthening the network. However, since ecosystems can vary significantly from region to region, the building blocks alone may not fully reveal a network's sustainability* and resilience**. While some complex networks may defy general predictions due to their unique attributes, certain fundamental parameters remain

consistent in most cases. Therefore, five l k m $l M m$ m $l m$ M are used to evaluate the robustness and maturity of complex networks:

1. Institutionalization: Institutionalization happens when partner organizations achieve a stage of consistent flow of resources (e.g., financial, technological, personnel) and mutual support, ensuring that network connections endure, even if certain individuals who initially catalyzed the cooperation are no longer part of the equation. Degrees: Informal, Emerging, Developing, Established.
2. Diversity: The greater the number and nature of coordinating agents that support the network and the more knots of articulation it possesses, the less vulnerable the whole network becomes to the failure of some of them during economic downturns (or other

The Emilia Romagna region is known as the homeland of Italian cooperation, with networks dating back to the nineteenth century. One of the densest cooperative economies

€ 5.5 billion (GDP), reached its prominence through a vast interwoven fabric of mutual support and a

well-established network of networks. There, small and medium-sized cooperatives

operate independently or engage in local, flexible networks. Italy maintains a supportive

legal framework for cooperatives, which includes the constitutional recognition of their

social function. This framework also encompasses legislation that ensures fair treatment

and promotes cooperative-friendly

Quebec has gained recognition as a laboratory of social innovation, hosting 3,052 active cooperative entities – over half of all cooperatives in Canada – making it the region with the highest concentration of cooperative activity in the country. Among them, Mouvement Desjardins, Sollio Cooperative Group (formerly La Coop fédérée), and Agropur Coopérative are Québécoises co-ops ranked among the top 300 largest cooperatives and mutual organizations in the world by turnover (WCM, 2023).

There, cooperatives operate under the of the social economy, benefiting from congruent policies, and the broad and multi-layered availability of development capacity, and access to solidarity finance networks. By networking under consolidated sectoral umbrella organizations and strengthening relationships with social movements and other partners, Québécoises cooperatives have bolstered their presence in the region.

- Networks have established a significant degree of institutionalization, characterized by their ability to maintain systematic connections through abundant and resourceful participants.
- Local policies and governmental backing have facilitated the development of a concrete inter-generational infrastructure designed to perpetuate its provincial framework beyond present challenges and opportunities.
- Cohesive social economy framework that effectively bridges the gap between cooperatives and traditional nonprofit organizations. Such an approach has strengthened core linkages among these entities, bolstering the cooperative network's overall strength, coherence, and autonomy.

CASE 3 – MONGRAGON (BASQUE COUNTRY)

The Mondragon Corporation is a cooperative group that has reached such a high level of complexity that it effectively operates as a multi-stakeholder network with sales in 150 countries. Mondragon spans the financial, industrial, retail and knowledge sectors,

employing over 70,000 people. The network comprises 240 entities, 81 of which are cooperatives. Sixty of these 81 are worker co-ops and the rest are multi-stakeholder.

stakeholder cooperatives by, early on, engaging in extensive community organizing, creating its own cooperative bank and, for years, successfully employing a spin-off growth strategy, as well as entering new business sectors. The idea was to cooperativize as many dimensions of the local economy as possible – manufacturing, retail food, finance, education, etc. and to build a cohesive, participatory and prosperous community. Through long-term, joint, institutional arrangements, Mondragon promotes job stability, inter-business synergies, mutual enterprise support and social services.

- Intercooperation has been a key focus of MONDRAGON since its inception, uniting ultimately autonomous cooperatives into an integrated network. This facilitates business projects with the scale and positioning needed to remain competitive and adaptable to market changes. It provides collective support for co-ops and worker-members.

- Mondragon puts intercooperation into practice, primarily, via: (1) institutions and policies developed in common, in which all its co-ops participate (a co-op bank, a university, pooling of surplus, etc.), and (2) co-op-to-co-op collaboration, in which two or more co-ops join forces to seek business synergies in innovation and economies of scale.

- Mondragon's network includes umbrella cooperatives (i.e., a cooperative of cooperatives) like LagunAro, which provides health insurance and social security services or Ategi, which does joint purchasing and provides purchasing consultation.

CASE 4 - NFCA

The Neighboring Food Co-op Association (NFCA) is a regional, second-tier co-operative of retail grocery co-ops in the Northeast U.S. Founded by co-op leaders to provide opportunities for collaboration on a broad range of goals, the organization is organized to support a multi-stakeholder, multi-cooperative economy, rooted in a healthy, just and sustainable food system and a vibrant community of co-ops.

consumer-owned financial institution), and Kachuwa Impact Fund (a co-op of investors). They were established over a relatively short period, from 2005 to 2017, and have since reached operations not only in Colorado but also achieved significant national and international impact, transforming the ecosystem for solar businesses across North America.

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scale.

- An opportunistic network: separate cooperatives created for respective challenges rather than aggregating solutions in a single business. Cooperatives are connected through membership and other relationships.
- A shared culture among participants compensates for the relatively weak structural ties that connect the businesses in the network.

Recommended Reading on Cooperative Networks

Beishenaly, N. (n.d.). Entrepreneurial ecosystems for cooperatives. UN DESA. Retrieved from <https://social.desa.un.org/sites/default/files/inline->