GENERAL THEME: Organizing in the Shadow of Power

Sub-theme 55: Cooperatives as a Fortress of Participation?

From network to identity and legitimacy:
The journey to sustain workers’ participation

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Theory background: Institutional theory

Institutional environment

**Institutions:** values, rules and resources that bring acceptability and legitimacy to organizations

- Isomorphism
- Institutional work/entrepreneurship
- **Institutional differentiation**
  - Emergence and maintenance of divergent practices, norms and rules at the margins of existing institutions
  - Alternative organizing patterns that **evolve alongside the dominant ones**, without replacing them
  - 1st variant of ‘**institutional distancing**’ (Gray, Purdi & Ansari, 2015): allows ‘diversity to occur within an institutional environment **without directly challenging dominant norms or existing power relations**’ (p. 129)

Sustainability of the alternative organizing option?
Workers’ co-operatives

Workers’ participation = institutional differentiation

Degeneration of participation, because of organizational-level factors

Mismatch with the institutional environment: unconventional organizations pay a high price for their difference. They struggle to secure social acceptance, support and justifications for their activities (Meyer & Rowan, 1977).

How unconventional organizations may sustain their distinctive organizing norms, rules and practices over time despite various constraining factors stemming from the institutional environment?
## Pressures against participation

**TABLE**

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<thead>
<tr>
<th>Pressure</th>
<th>Reasons</th>
<th>Source</th>
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<tbody>
<tr>
<td>Complications to be granted partnerships or contracts</td>
<td>Difficult to routinize exchange relationships and eliminate uncertainties from the environment (Milofsky, 1988)</td>
<td>Internal characteristics of P.O.: Seen as lacking discipline, regular productivity and boundary definition (Milofsky, 1988) Absence of narrow locus of decision (Milofsky, 1988) Rely on charismatic leadership (Weber, 1947) Need for constant reinvention (Milofsky, 1988)</td>
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<td></td>
<td>Absence of well-understood framework in which negotiation takes place (Heide, 1994)</td>
<td>Internal characteristics of P.O.: Not as easy to run as bureaucracies (Milofsky, 1988) Not familiar (Milofsky, 1988)</td>
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<td>Influence by larger and more powerful partners towards adoption of more traditional patterns of organizing</td>
<td>P.O. are usually not in a strong position for negotiation (Cornelius, Todres, Janjuha-Jivraj et al., 2008)</td>
<td>Internal characteristics of P.O.: Usually small in size (Cornelius et al., 2008) Perception by audience: P.O. perceived as unreliable (Cornelius et al., 2008)</td>
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<tr>
<td>Competition for productivity, growth, market shares, economies of scale, innovation and increased product quality</td>
<td>P.O. are forced to enroll into competition for market share and productivity (Halary, 2006; Somerville, 2007), for growth and economies of scale (Webb &amp; Cheney, 2014), for accelerating the pace of innovation and improving product quality (Smith, 2001)</td>
<td>P.O.’s embeddedness into a competitive market and financial constraints</td>
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<td>Hierarchical arguments dominating market discourses (Scott, 2014)</td>
<td>Introduction into all organizations of neoliberal patterns, such as utility maximization, income maximization, profit maximization, risk power, emphasis on personal interests, cost-benefit analysis, outcome measures, privatization, etc. (Friedland &amp; Alford, 1991; Powell &amp; Steinberg, 2006)</td>
<td>Predominance of neoliberal rationale in the market (Scott, 2014)</td>
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<td>Regulations not suited for P.O.</td>
<td>Government authorities may request bureaucratic and hierarchical behaviors from P.O. and enforce taxes and regulations working against democratic principles (Somerville, 2007)</td>
<td>Embeddedness of P.O. in a regulated environment</td>
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Inter-organizational networks

• Filter how organizations perceive, process and react to demands from the environment (Chandler, 2014)

• Critical when firm reputation matters (Williamson, 1975)

• Establish and sustaining legitimacy?

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<th>Advantages</th>
<th>TABLE Advantages for workers’ co-operatives to form networks</th>
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<tr>
<td>Enable economies of scale</td>
<td>Networking secures economies of scale (Cornforth, 1988; Novkovic &amp; Holm, 2012)</td>
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<tr>
<td>Enhance market position</td>
<td>Networking enhances market position, especially in low R&amp;D industry (Novkovic, 2005)</td>
</tr>
<tr>
<td>Foster adaptability and innovation</td>
<td>Networking: Helps deal efficiently with globalization and technological change (Halary, 2006) Fosters problem-solving, especially in the case of creation of public goods and/or positive externalities (Novkovic &amp; Holm, 2012) Fosters organizational innovation, especially in the case of complex and multistakeholder co-operative networks (Novkovic &amp; Holm, 2012) Improves technological progress and quality products (Smith, 2001)</td>
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<td>Offer support services</td>
<td>Networking: Makes available mutually supporting services such as education facilities, banks and manufacturing departments (Johnson &amp; Whyte, 1977) Encourages the development of relevant professional services (Smith, 2001), such as R&amp;D support (Novkovic &amp; Holm, 2012) Helps dealing effectively with adverse markets through secondary support organizations (Cornforth, 1988)</td>
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<tr>
<td>Reduce competition</td>
<td>In networks, competition coexists with forms of cooperation based on long term commitment and reciprocity (Halary, 2006)</td>
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<td>Generate coordination</td>
<td>Networking empowers organizations through mutually reinforcing action plans and coordination of activities (Cornforth, 1988), such as marketing strategies (Smith, 2001)</td>
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<td>Generate solidarity</td>
<td>Networking helps develop intercooperative solidarity such as reallocation of workers (Cheney, Santa Cruz, Peredo, &amp; Nazareno, 2014)</td>
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<td>Reduce risk</td>
<td>Networking reduces perceived risk (Smith, 2001)</td>
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<tr>
<td>Strengthen financing</td>
<td>Networking: Strengthens financial intermediation (Smith, 2001) Encourages financial solidarity through collective funds (Cheney, Santa Cruz, Peredo &amp; Nazareno, 2014)</td>
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<tr>
<td>Reduce costs</td>
<td>Networking: Helps lowering input costs (Smith, 2001) Ensures cost reduction for members (Novkovic &amp; Holm, 2012)</td>
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</table>
Framework: Network-audience interaction building legitimacy

• ‘Free spaces’ (Evans & Boyte, 1986; Polletta, 1999) or ‘safe spaces’ (Gamson, 1996): autonomy and isolation

• Ongoing cycle:
  – Gather
  – Learn
  – Make sense
  – Formalize

• Identity:
  – Shared values and motivations
  – Theorized and systematized practices
  – Bounded
  – Related to real-life achievements
Institutional environment

INTER-ORGANIZATIONAL NETWORK
INTERNAL IDENTITY WORK

1. Achieve goals, outputs, and outcomes
2. Formalize values, principles and motivations
3. Theorize and systematize practices
4. Define and enforce boundaries

AUDIENCES

5. Interest
6. Compatibility
7. & 8. Understanding

Figure 1. Propositions related to the network-audience interaction building legitimacy
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