The resilience of the cooperative model: How do cooperatives deal with the COVID-19 crisis?

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Abstract
The centrality of user-members in cooperatives and cooperatives’ embeddedness in their community and in a global network influence positively their resilience in times of crisis, as illustrated by cases of cooperatives that acted entrepreneurially during the COVID-19 crisis. Cooperatives are hybrid organizations that maximize value, instead of profit. They are owned, governed, and controlled by their members. They are more resilient than the conventional enterprises in times of crisis, thanks to their peculiar governance characteristics that ensure member centrality. Next to member centrality, the embeddedness of cooperatives in their local environment and a global movement enhances mission centrality as well as trust and solidarity among their members, local communities, and other cooperatives.

KEYWORDS
embeddedness, cooperatives, COVID-19, crisis, resilience, user-centrality

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1 | INTRODUCTION

The COVID-19 crisis and the resulting “Great Lockdown” in 2020 have highlighted failures of the current globalized capitalist system (Floyd & Rahman, 2020), among others: a shortage in global value chains, absence of local production of essential goods, lack of access to some basic services for some categories of population, and further exploitation of precarious workers such as bike deliverers and seasonal workers. With an eye on recovery, this observation has significant consequences for entrepreneurship (Shepherd, 2020) in general and to entrepreneurship that aims to create social value creation (Baq & Lumpkin, 2021; Ratten, 2020). In the present article, we look at cooperative entrepreneurship, a specific and collective form of such social value-creating entrepreneurship (Diaz-Foncea & Marcuello, 2013), and draw lessons from the cooperatives’ characteristics that make them more resilient in times of (economic) crisis (Birchall & Ketilson, 2009; RoeLants, DovgAn, Eum, & Terrasi, 2012).

Cooperatives share a specific organisational design and a strong organisational identity based on an internationally agreed-upon set of values and principles (Nelson et al., 2016). In particular, cooperatives are value-driven, member-owned, and democratically controlled enterprises that seek to fulfil the economic, social and cultural needs of their members by their production of goods and services (Battilana, 2018; Levi & Davis, 2008; Shantz et al., 2020) rather than provide them with financial gains through the distribution of dividends. Examples of renowned cooperatives include Mondragon (Forcadell, 2005), Ocean Spray (Nielsen, 1988), and Park Slope Food Co-op (Gauthier et al., 2019).

As history reveals, cooperatives often emerge during times of crises. Cooperatives are often founded by persons sharing a common need and a collective identity of a community of destiny (Defourny & Develtere, 1999) to ensure the provision of products or services which the market, and/or the state, fail to provide them with (Mushonga, Arun, & Marwa, 2019). Interestingly, cooperatives also show more resilience in periods of crisis, the most recent evidence being the aftermath of the financial crisis in 2008 (Birchall &
Ketilson, 2009; Narvaiza, Aragon-Amonarriz, Iturrioz-Landart, Bayle-Cordier, & Sterviniou, 2017).

In this article, we explore cooperative entrepreneurship’s capacity to deal with general crises and with COVID-19 in particular. We contend that two main elements have a strong role in this resilience. First, the raison d’être of cooperatives, which is to satisfy members’ needs, is embedded in their peculiar organizational form by ensuring user-members’ centrality. Cooperatives use their profits merely as a means to fulfill their mission. Therefore, cooperatives will tend to continue their production or service delivery for their members in times of crisis to sustain their needs, livelihoods, and well-being. Second, cooperatives are firmly embedded in local communities and a global movement that promotes a governance culture triggering them to act entrepreneurially to stand for their values and support their community.

The article first provides a short introduction to the cooperative model. Then, we outline a theoretical outset of how the cooperative model steers the organization toward sustainable value creation, resilience in times of crisis, and illustrative examples of cooperative entrepreneurship in times of COVID-19 in various countries sectors. In the discussion, we acknowledge that many cooperatives depart from the presented ideal-typical cooperative governance and that such deviation may result in mission drift and “cooperative degeneration.” Against this backdrop, we argue that a necessary condition for cooperative entrepreneurship and resilience lies in the daily implementation of democratic governance principles.

2 | COOPERATIVES AND THEIR APPEARANCE IN THE WORLD

Cooperatives are member-owned, member-controlled, and member-benefitting enterprises that provide services or goods to fulfill their members’ economic, social, and cultural needs (Battilana, 2018; Levi & Davis, 2008). In essence, the members are, therefore, the cooperative users and, at the same time, they are its owners who democratically control it. Cooperatives are categorized as social enterprises (Peattie, 2020; Périlleux, 2015). They incorporate both a business logic and a community logic (Battilana & Dorado, 2010; Doherty, Haugh, & Lyon, 2014), taking a unique position between non-profit and for-profit enterprises.

Cooperatives represent a significant share of economic life (Shantz, Kistruck, Pacheco, & Webb, 2020). Globally, around 1 billion people are involved in a cooperative and 10% of the global population works in a cooperative (Kaswan, 2014). In Italy’s Emilia-Romagna province, almost 35% of the GDP is realized through cooperatives (Restakis, 2019), making the region one of the least unemployed in Italy (the numerous wine and Parmigiano cheese cooperatives are famous examples). In Spain, Mondragon serves as the cooperative par excellence to illustrate the supportive role the sector has on the Basque region’s socio-economic resilience (Narvaiza et al., 2017). In the United States, the cooperative model has grown among farmers in presence and effectiveness in regions where people suffered corporate logic (Boone & Özcan, 2014).

In contrast to conventional enterprises that aim to maximize shareholders’ financial interests, cooperative enterprises need to optimize the transaction relation with their members. A fundamental distinction between cooperatives and conventional enterprises resides in the “multiple hats” that cooperative members typically wear (Mamouni Limnios, Mazzarol, Soutar, & Siddique, 2018). Cooperative members engage in various relations with their organization, including a transaction relation as users of the cooperative to satisfy their needs; an investment relation as owners of the cooperative; and a say relation as controllers in a democratically governed organization. Moreover, cooperative’s members are also users of the enterprise in that they are its employees, suppliers, or customers, and so on. (Mamouni Limnios et al., 2018). The nature of the members’ role defines the type of cooperative (Nelson et al., 2016). Traditionally, members belong to a single stakeholder category: worker cooperatives are owned by their workforce (whether employed by the enterprise or self-employed); their customers own consumer cooperatives; their suppliers own producer cooperatives. Recently, multi-stakeholder (or solidarity) cooperatives have emerged and are owned by a combination of the previously mentioned stakeholders (Michaud & Audebrand, 2019).

Cooperatives are value-rather than profit-driven organizations. They strongly distinguish themselves in terms of identity and governance by following an internationally shared set of values and principles (see Table 1, ICA, 2015). Cooperatives are embedded in a global movement (Mushonga et al., 2019) that is structured around multiple sectorial and geographical apex organizations, which are united in the International Cooperative Alliance (ICA). The ICA was founded in 1895 to promote the cooperative model and their distinctive identity and offer guidance on implementing the cooperative principles.

The cooperative principles include at least three specific governance characteristics. First, cooperatives are owned by their members, which implies that members jointly possess the enterprise. This type of ownership differs significantly from the capitalist logic in that shares in cooperatives are not transferable and cannot be traded on the market (Mikami, 2016). Whenever a member withdraws, they can only receive compensation for shares.

Second, cooperatives have a democratic decision-making governance structure in which each member usually has one vote, regardless of the number of shares they own (Novkovic, 2008). Members use this right to vote at the General Assembly to weight the decision-making process. Members are eligible and expected to participate in the decision-making process to mediate their preference through a democratic process (Spear, 2000).

Third, cooperatives aim to benefit their members through their economic production activity. In other words, a cooperative’s members are its users and, hence, cooperatives are user-centered. Consequently, the value created by cooperatives is primarily defined by the (non-)financial benefits the member-users derive from the satisfaction of their needs by the cooperative, namely “use-value” (Peredo & McLean, 2020; Smith, 1976/1776), instead of market performance and share value. For instance, a worker cooperative cares for valuable and long-term employment for its worker-members. A producer cooperative strives for fair and long-term contracts with its supplier-
members. A consumer cooperative focuses on an excellent price-quality ratio for goods or services for its client-members. The cooperative seeks to maximize user-benefits for members instead of dividends and shareholder value like conventional capitalist enterprises. This "user" relationship between members and the cooperative is the raison d'être of the enterprise and constitutes the core of value creation in the cooperative (Peredo, Haugh, & McLean, 2018).

3 | THE RESILIENCE OF THE COOPERATIVE MODEL IN TIMES OF CRISIS

Because cooperatives emerge to fulfill essential needs that both market and state fail to address (Novkovic, 2008), it comes as no surprise that cooperatives' history is tightly linked to economic downturns and crises (Williams, 2007). Waves of creation of cooperatives can be observed in the aftermath of crises, such as consumer cooperatives (groceries) after World War I to counter low purchasing power (Fonte & Cucco, 2017); wine producer cooperatives in the late 19th century; after the phylloxera epidemic ravaged, many European vineyards in the mid-19th century and during the mid-20th century following the Great Depression and the Second World War (Fernández & Simpson, 2017). While it is still too early to observe whether a new wave of cooperatives will follow the Great Lockdown of 2020, cooperatives' way during crises is also worthy of attention.

Cooperatives resist better in times of crisis than their capitalist counterparts (Birchall & Ketilson, 2009; Roelants et al., 2012). What discerns the cooperative model from conventional types of business in times of crisis is the following twofold: (a) the central place of its members and (b) its embeddedness both in a global movement based on a shared identity and in the community through a stronger local anchorage. We review these characteristics in light of the cooperative principles they relate to and explain how they lead to cooperatives' stronger resilience during crises. We illustrate them with cases of cooperatives that acted entrepreneurially during the COVID-19 crisis which we interviewed or which we came across in our readings.

3.1 | Members' centrality

Sudden switches in the environment resulting from a crisis may reveal underlying power structures in an organization, which is not always visible during more favorable times. For conventional enterprises, times of

| Principles | Explanation |
|------------|-------------|
| 1. Voluntary and open membership | Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership. |
| 2. Democratic member control | Cooperatives are democratic organizations, controlled by their members, who actively participate in setting their policies and making decisions. Elected members are accountable for their actions and all members have equal voting rights (one-person, one-vote). |
| 3. Member economic participation | Members contribute equitably to, and democratically control, the capital of their cooperative, of which part becomes the common property of the organization. They usually receive limited compensation on capital subscribed and allocate surpluses for the development of the cooperative. |
| 4. Autonomy and independence | Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy. |
| 5. Education, training, and information | Cooperatives provide education and training for their members, elected representatives, managers, and employees, so they can contribute effectively to the development of their cooperatives. They inform the general public—Particularly young people and opinion leaders—About the nature and benefits of cooperation. |
| 6. Cooperation among cooperatives | Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures. |
| 7. Concern for community | Cooperatives work for the sustainable development of their communities through policies approved by their members. |
crisis usually compel managers to reconsider trade-offs to protect shareholders’ interests, often resulting in decisions that save capital and cut on workforce and social commitments (Yunus, 2009). As highlighted above, cooperatives are user-centered (Hansmann, 1999); the relationship between them hold with their members is the priority, even in times of crisis. This relationship is manifold since a cooperative’s members are simultaneously owners of the enterprise, control it, and stand in a use-transaction relationship with the organization (Mamouni Limnios et al., 2018). Structural cooperative characteristics, including collective ownership and democratic governance, help to deal with this unique but complicated relationship.

### 3.1.1 Structural characteristics of cooperatives leading to user centrality

First, cooperatives are structurally different from conventional corporations concerning ownership and decision rights distribution, as reflected in the first two cooperative principles (i.e., open and voluntary membership; democratic member control). Instead of tying decision rights to capital, cooperatives grant decision rights on membership, not ownership (Peredo et al., 2018). By uncoupling decision rights from the capital, member-users are “internalized” through their ownership structure, which creates strong ties with the organization (Núñez-Nickel & Moyano-Fuentes, 2004). It further limits shareholder value priority because dividends for cooperative members are different from dividends for shareholders in conventional firms. In cooperatives, patronage refunds are reimbursing members, instead of following a capitalist logic, sharing profits in proportion to the capital invested. These refunds are in proportion to the activities (sales, hours of work, production) generated by the individual member (Rhodes, 1983). Hence, although capital remains vital for the cooperative venture’s success, it does not make up the condition for financial return. This collective ownership structure incentivizes the cooperative to focus on sustainable use-transaction relationships with members rather than mere financial value.

Furthermore, the non-transferability of ownership in cooperatives reinforces this dynamic. Since cooperatives usually do allow the trade of their shares, they do not provide incentives for the rapid growth of financial profits after which shares can be sold on the market for higher prices (Mikami, 2016). Members are not encouraged to acquire more than one share, since it does not grant more benefits. In turn, the non-transferability of ownership results in less danger for the cooperative of falling prey to dominant shareholders, at least not resulting from the size of ownership share.

Second, members’ control of cooperatives is democratic, as the second cooperative principle states. A one-member-one-vote principle most often implements this principle at the General Assembly of members. Hence, members are expected to govern collectively. It requires the equal consideration of each member’s vote (ICA, 2015) which means that managers are constrained by a democratic procedure and not only, as may be the case for conventional enterprises, by the pressure of dominant shareholders. Consequently, such democratic control favours concern for members in all decisions and guarantees the allocation of means to create use-value, including in times of crisis. Moreover, the cooperative movement has a culture of layered decision-making, increasing participation in the governance by regional committees, working groups, and representatives (Allemand et al., 2013; Hoffmann, 2005). All practices that allow members to engage in a dialogue with managers.

Third, the centrality of user-members is ensured by their economic participation in the cooperative activity (i.e., the third cooperative principle, see Table 1). Besides engaging as an investor, members commit to using the cooperative (ICA, 2015) by (a) supplying raw material to, (b) working for, or (c) buying from the cooperative. This transaction benefits both the members, who increase their utility and the cooperative, which needs this input to sustain its economic activity. Such a mutually dependent relationship between the cooperative and its members also strengthens the cooperation’s need to create value for the members, who might otherwise free ride and jeopardize the cooperative’s resilience due to a lack of resources (De Moor, 2020). On the other hand, if they can anticipate utility in the long term, members are motivated to be loyal to their cooperative by participating in its economic well-being and making the right decisions collectively for the enterprise (Feng, Friis, & Nilsson, 2016).

Lastly, this peculiar ‘user-centered’ governance structure of cooperatives has also specific implications for trust relations between members in a cooperative (Hatak et al., 2016). Trust relationships are considered indispensable to lasting and successful relationships (Arrow & Fisher, 1974) and vital for fine stakeholder management (Crane, 2018). Trust tends to be higher in member-owned enterprises compared to their investor-owned counterparts (Boone & Özcan, 2014; James Jr. & Sykuta, 2006; Spear, 2000). Trust is an organizational coordination mechanism (Adler, 2001) that, just like hierarchy and price mechanisms, partially follows the form of an organization, or is at least mutually affected by the choice of governance (Puranam & Vanneste, 2009). In cooperatives, this happens in response to several reasons, among which the lower potential of opportunistic behavior due to more distributed power (Hansmann, 1999) and their greater reliance on relational contracts among members rather than regulation and sanctions (James & Sykuta, 2005). Trust in cooperatives also arises because of the need to self-organize and the absence of strict hierarchies, key principles of the cooperative movement (Ole Borgen, 2001). Since agency problems and distrust between parties usually arise from the separation of ownership and control, cooperatives are less prone to this because ownership and control fall together (Borgen, 2004). Trust thus not only potentially fills the coordination gap in cooperatives, it is also steered by some of the typical features of the cooperative form.

To sum up, the member-centrality, reflected in the patronage refunds concept, the non-transferability of shares and the one-member-one-vote principle, creates a trust relationship. It also makes the cooperative less appealing for entrepreneurs striving for financial gain and less attractive for member-shareholders to join (Hansmann, 1999). A core characteristic of cooperatives lies in the use-transaction relationship members have with the company. By
using the cooperative form, cooperatives decentralize their governance, thereby incentivizing the cooperative mission. Such organizational characteristics are close to cooperative entrepreneurship’s spirit: collectively coping with collective action problems and free-rider behavior (Staatz, 1987).

### 3.1.2 Manifestations of user centrality during the COVID-19 crisis

First, searching to maximize their member-users’ utility triggered some cooperatives to adapt to address their members’ new and specific needs created by the pandemic and the lockdown. Such adaptation resulted in some cases in a change in their economic production activity; in other cases, it involved a redirection of the allocation of their financial reserves and investment plans. For instance, Lokaliteit is a worker-owned cooperative restaurant in Ghent, Belgium, that initiated an entrepreneurial switch during spring 2020 to keep its workers at work. Perishable food was transformed into canned and fermented products, such as tomato sauce or kimchi. The restaurant was turned into a small food shop, fulfilling both the cooperatives’ needs to continue to earn their livelihood and its mission to provide healthy and sustainable food to the community. As founder Arno De Mol shares: “the pandemic has forced the cooperative to overthink their financial and business plan, magnifying the flexibility of the cooperative model within the boundary of its unique mission” (personal communication).

The numerous self-help groups in India, where women join forces, sources and knowledge to create better livelihoods in their fight against poverty, illustrate this flexibility of the cooperative model and the community’s care on a larger scale. Supported by long-standing Indian associations such as Self-Employed Women’s Association that groups many of these groups and small self-help cooperatives, these collectives of women have played an important role in the recent health crisis, both for sustaining themselves and their communities. For example, they have taken up initiatives to ensure the nutrition of vulnerable groups within their communities by setting up community kitchens, have trained each other to use digital communication channels to spread awareness of COVID-19, developed specific COVID-19 health insurance products for rural communities to cover hospital costs, and started producing and distributing face masks, herbal sanitizers and soaps, and kits with protective gear to prevent the spread of COVID-19, providing themselves an important and stable income during the lockdown.¹

Second, the bond between cooperatives and members was strengthened in both directions: members supported their cooperatives, and cooperatives supported their members to get through the crisis. This member engagement is triggered by collective ownership and member economic participation, which form the basis for psychological ownership and identification with the cooperative (Vandewalle, Van Dyne, & Kostova, 1995). Such support expressed itself as well for cooperatives that were experiencing hard times due to the Great Lockdown, as for cooperatives that were experiencing fast (and temporary) scaling issues due to unexpected peaks in demand, such as in short supply chain of the food sector. For example, the consumer cooperative “La cooperative ardente,”² based in Liege, Belgium, delivers biological, ethically and locally produced food items in collaboration with nearby short-supply chain farmers. To handle the sudden massive increase in demand for local food due to consumers’ avoidance of supermarkets, the cooperative needed additional workforce. Despite hygienic restrictions, cooperative members presented themselves spontaneously as voluntary helpers, ensuring the continuous supply of the cooperative’s service in the early weeks of the lockdown.

Conversely, cooperatives themselves have shown considerable initiative to support their members. For example, Co-op Childcare,³ which is owned by Midcounties Co-operative, UK, and runs close to 50 nurseries across England, has launched the “Helping Hands” redundancy support programme, which offers free childcare sessions, financial reductions, and flexible payment terms to parents of young children who have been affected by COVID-19. Additionally, free virtual consultations are offered to enable parents to find further support.

### 3.2 Embeddedness in a global movement and the community

An enterprise characterized with high embeddedness is likely to be better able to anticipate and adapt to environmental changes because it has knowledge of its stakeholders’ demands and opportunities created by this changing environment (Baum & Oliver, 1992; Dacin, Beal, & Ventresca, 1999). It results in a long-term orientation (Dufays, 2016), facilitates social innovation (Lashitew, Bals, & van Tulder, 2020), and is associated with growth under certain circumstances (Baù, Chirico, Pittino, Backman, & Klaesson, 2019; Greenberg, Farja, & Gimmon, 2018) and better resilience in times of during crises (Dahles & Susilowati, 2015). Cooperatives are firmly embedded in a global movement (Williams, 2007) and in their local community (Becker, Kunze, & Vancea, 2017) because of their organizational identity and design.

First, cooperatives share an organizational identity that is promoted at the global level by the International Co-operative Alliance (Nelson et al., 2016). This identity consists of a set of principles and values (see Table 1 above) to which cooperatives are supposed to subscribe and that are intended to guide them in their daily activities and strategic decisions (ICA, 2015). Such a shared identity enshrines cooperatives’ alterity and alternessness concerning other types of organizations (Basque & Langley, 2018), which despite their great variation results in a “us vs. them” feeling (Elias & Scotson, 1994/1965) that creates a bond among cooperatives. This bond is further strengthened by the sixth cooperative principle of “collaboration among cooperatives”, which encourages cooperatives to seek out cooperative suppliers, customers, and employees to conduct their activities, as well as to participate in sectoral and geographical (both national and international) networks of cooperatives (ICA, 2015). As such, cooperatives are embedded in a movement that is given shape
through their affiliation to networks and subscription to the principles and values they jointly hold (Schneeberg, 2013).

Two mechanisms explain why this embeddedness in global movement results in solidarity among cooperatives. First, by being embedded in a movement and sharing organizational identity, cooperatives are better informed on each other. They can rely on the shared cooperative values and principles and information circulating through the structured movement, mainly through apex organizations, to predict other cooperatives’ behavior better. Such higher predictability situations make inter-organizational cooperation less risky and more likely (Gulati & Gargiulo, 1999). Second, cooperatives experience bounded solidarity, a mechanism that has primarily been documented among ethnic and immigrant entrepreneurs (Portes & Sensenbrenner, 1993). Bounded solidarity emerges among members of a minority group based on their “alternative” status. By sharing values and principles embodied in the cooperative identity, cooperatives develop a sense of belonging to a distinct, non-mainstream, or alternative class of enterprises (Nelson et al., 2016). These alternative results in a willingness to cooperate and be solidary to maintain cooperatives’ alternative character (Dufays, O’Shea, Huybrechts, & Nelson, 2020; Fonte & Cucco, 2017). In sum, cooperatives’ embeddedness in a global movement translates into solidarity among cooperatives, a phenomenon that is likely to be further reinforced in times of crisis as a sort of defense mechanism to preserve the cooperative organizational model and values (Vieta, 2010) and to find collective solutions to keep satisfying the needs of cooperatives’ members (Zamponi & Bosi, 2018).

Besides their embeddedness in a global movement, cooperatives are also highly embedded in their (local) community both by principle (seventh cooperative principle of “engagement with the community”) and by design (Muñoz, Kimmert, & Dimov, 2020; Shrivastava & Kennelly, 2013). The high local anchorage of cooperatives (see, for instance, Filippi, 2014) results from the close link cooperatives have with their member-users. If members are to use cooperative services, it often has to be geographically located close to them. Also, the place of decision-making has to be accessible to ensure its democratic character. This need for accessibility might entail the decentralization of large cooperatives’ decision-making (Lamarque, 2018). Although digitalization could counter this obligation of closeness among the members and hence cooperatives’ local anchorage, the literature shows that cooperatives often strive to create social capital among their members and their stakeholders such as local communities (e.g., Foramitti, Varvarousis, & Kallis, 2020).

### 3.2.1 Manifestations of embeddedness in a global movement and in the community during the COVID-19 crisis

Cooperatives’ embeddedness in a global movement creates solidarity among cooperatives. During the COVID-19 crisis, cooperatives supported each other and created new partnerships for delivering additional social value to their members. Many cooperative apex organizations showcased these new partnerships and solidarity initiatives on their website and on social media to inspire other cooperatives around the world.⁴

During the crisis, some retail cooperatives’ behavior illustrates increasing solidarity patterns emerging from belonging to a (global) movement. For example, Italian retail cooperatives, having experienced increased revenues during the pandemic, decided to donate their surplus to support local community cooperatives, which did not have any income due to the lockdown, as well as to public hospitals. This support was crucial to maintain a net of local (social) cooperatives. Solidarity also took place at the international level. When Bulgarian retail cooperatives faced a national shortage of cleaning detergents and disinfectants during the pandemic’s first wave, Coop Italy responded to their call by delivering promptly, despite their stock being critically challenged.⁵

Sometimes, new partnerships emerged from the cooperation among cooperatives, resulting in entrepreneurial initiatives. It is the case of Pwiic, a platform cooperative, and Multipharma, a cooperative pharmacy in Belgium, who partnered up and set up in a couple of days after the start of the lockdown an online community that brings together supply and demand for assistance at the local level.⁶ If a citizen needs help to do some shopping, to go to the pharmacy, for instance, to care for animals, they describe the assistance they need on the platform. Conversely, those who wish to offer help in their spare time can also indicate on the same platform in one sentence how they can help their neighbors. In just a few days, hundreds of people, whether clients from Multipharma or members of other Pwiic communities, joined the platform and helped each other.

Further, the strong embeddedness in their community triggered the cooperatives’ entrepreneurial behavior during the COVID-19 crisis. To support their local communities, many cooperatives have engaged in delivering additional services beyond their membership base, as illustrates the workers’ cooperative “Thuisverpleging Meerdael” which connects around 40 self-employed nurses specializing in home health care in Leuven, Belgium. When access to medical protection kits such as face masks and hand sanitizer were dire and prices were roaring at the beginning of the pandemic. The cooperative could mobilize members to look for suppliers to secure their stock and negotiate better prices for new orders. They also offered access to protection material to local nurses who were not cooperative members, but who asked them for help as they had already run out of basic materials. Likewise, founder Steven Vancraesbeek (personal communication) explains how the cooperative set up a COVID-19 unit consisting of several members who took up nursing patients returning from the hospital, even taking over patients from non-member colleagues to protect the groups at risk better. The cooperative also designated several members to follow up on the quickly changing government restrictions and rules to prevent the spread of COVID-19, sending out regular condensed updates to the other members and non-member colleagues who, being self-employed, had been overwhelmed by new technical information. This way, in hard times such as this crisis, the cooperative spirit and concern for the community have substantially supported front-line workers who were better informed and protected to continue carrying out their crucial work of nursing and caregiving.
ChiFresh Kitchen\(^7\) in Chicago, United States, is an example from the food supply sector, also essential during this pandemic. ChiFresh Kitchen is a worker cooperative set up to open in June 2020 to provide economic security and empowerment to its members, formerly convicted, primarily black women. When the pandemic hit in March, they decided to open earlier to generate income for their members. The cooperative also started to deliver donated meals to local people experiencing emergency food insecurity, collaborating with Urban Growers Collective, a black- and women-led non-profit farm in Chicago. Both organizations strive toward their mission of enhancing social equity and empowerment of vulnerable people through nutritious and locally grown food, showing how local collaborations can directly serve the wider community, and at the same time ensure livelihoods for their members, especially in times of crisis.

4 | CONTRIBUTIONS, LIMITATIONS, AND FUTURE RESEARCH

Cooperatives are basically designed to serve their members’ needs, even during periods of crisis and uncertainty. When individual members are sustained in their job (worker cooperatives), their livelihoods and families, and hence communities bear the ultimate fruits. When producers are sustained in their operations (producer cooperatives), their workers and families also bear the fruits. Alternatively, when consumers are granted a fine price-quality ratio (consumer cooperatives), they benefit from a higher quality of life. Understanding the positive externalities produced by cooperatives is evolving and refining as an increasing number of studies on the subject are published (Antonazzo, 2019; Muñoz et al., 2020). Our cases support the reasoning that cooperatives can enhance an economic system’s resilience, making it more adaptive and capable of absorbing economic shocks.

Nevertheless, we acknowledge the limitation inherent to the case study method, mainly as used in this article’s illustrative way. Therefore, caution is particularly needed in generalizing the results. For instance, further research would be needed to better understand the long-term effects of the produced positive externalities. We encourage future research to conduct empirical research with longitudinal research designs.

Further, this article contributes to the literature on cooperative model and resilience. We present two core features of ideal-typical cooperatives that steer toward their sustainable value creation, namely, member-centrality and embeddedness in local communities and a global movement. We discussed and illustrated how these features trigger cooperatives to behave entrepreneurially during crises and be more resilient to the recent COVID-19 crisis. Nevertheless, in the reality of a crisis such as COVID-19, not all cooperatives will flourish. Empirical research shows that cooperatives sometimes take distance with their basic organizing principles and values, a coined degeneration process (Cornforth, 1995; Storey, Basterretxea, & Salaman, 2014) or mission drift (Grimes, Williams, & Zhao, 2019; Staessens, Kerstens, Bruneel, & Cherchye, 2019). How a particular cooperative will eventually react to a crisis can often be traced back to the embodiment of member-centrality. In other words, cooperatives are only more resilient if the cooperative principles are legally embedded in their bylaws but enacted in the cooperative’s daily functioning. That is, if democratic governance is a reality. For instance, a recent study of Bruneel, Clarysse, Weemaes, and Staessens (2020) shows that bylaws may play an important role as facilitators to arrive at a hybrid governance structure, yet they need to be enacted in practice. Future research could investigate how cooperatives can endorse the actual, and not only ceremonially, enactment of democratic governance, and ensure democratic decision-making in crisis times.

Furthermore, cooperatives’ focus on satisfying their members’ needs in a sustained way has another critical consequence concerning their resilience during crises. Indeed, to compensate for the difficulty to raise equity capital rapidly, cooperatives typically accumulate invisible reserves. This accumulation is even compulsory in some countries such as France and Italy. Such reserves come useful as a buffer to ensure the continuity of the activity in case of a crisis, in particular, to maintain employment in worker cooperatives. In other cooperatives, reserves also create an important financial buffer, ensuring the continuation of production and service delivery for the members. Future research may investigate the differences in reserves’ buffer-function across the cooperatives’ types in greater detail.

5 | IMPLICATIONS FOR PRACTITIONERS AND POLICY MAKERS

The insights provided in this paper are also valuable for both practitioners and policymakers. First of all, we discuss that the enactment of democratic governance in the cooperative’s daily functioning is a crucial feature of the resiliency in times of crisis. An essential precondition for this effect of democratic governance is that members need to be provided with transparent information about resources and strategies and the opportunity to control and influence decision-making effectively. Second, cooperatives are encouraged to participate actively and sustain their global and local embeddedness by collaborating with other cooperatives and being supportive in times of crisis. Such embeddedness will further increase the resiliency of the cooperative model.

Finally, although they are no magical passe-partout, cooperatives can be a source of inspiration for constructing a post-corona society that puts the economy at the service of humankind. The cooperative’s curious focus on utility makes it a realistic model and a highly desirable one when the economy’s reform is not a luxury, but a necessity. As climate change and rising social inequality are coming to the forefront as larger global crises, cooperatives are equipped as optimistic entrepreneurs: their member-centered mission and their self-help values, democracy and solidarity, might prove vital in the local and global sustainability of the challenges our societies are facing. In this vein, policymakers are recommended to create a conducive institutional, legal, and administrative ecosystem for cooperatives. Such an ecosystem will require the development of systems and tools to provide training and support services to cooperatives and promote cooperatives’
forms and principles. For instance, policymakers may stimulate the provision of entrepreneurship education, focusing on cooperatives.

6 | CONCLUSION

Cooperatives' organizational characteristics and embeddedness are participating in making cooperatives more resilient and contributors to their community's resilience. Cases worldwide illustrate how communities can continue to function, without the disruptive effect of capitalist reactions to crises, saving on capital, and cutting on workforce, contracts, or price–quality ratio. Cooperatives have shown to be more resilient because of how they structurally embody their mission. The provision of qualitative products or services for their members and stakeholders, as opposed to financial gain for corporate shareholders. Trust and solidarity among members within a cooperative, along with its frequent anchoring in the local community, ensures continuing support in money and kind, both during quiet times and when hitting a collective rough spot. The embeddedness in a global movement creates an international solidarity spirit among cooperatives that further contributes to this support. Nevertheless, the principles and organizational features that ensure democratic participation of members—not only in times of crisis—are likely to be at the very core of cooperative resilience.

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ENDNOTES
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