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From Theory to Practice: Social Capital in Agricultural Cooperatives in Flanders, Belgium

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9.1 Introduction

Amplified by the ongoing Covid-19 pandemic, cooperative enterprises have gained scholarly attention as they possess certain characteristics that help to overcome crisis-related challenges (Billiet et al., 2021; Schneiberg, 2021; Wulandhari et al., 2022). Their resilience has been explained mainly by the risk-averse economic characteristics pertaining to their organizational model where members simultaneously own, use, govern, and control the cooperative enterprise (Mamouni Limnios et al.,

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2018; Novkovic, 2008). While the main scholarly focus lies on cooperatives' performance, longevity, and governance (Camargo Benavides & Ehrenhard, 2021), the social logic endorsed by cooperatives is increasingly studied through topics such as member participation (Birchall & Simmons, 2004; Buang, 2021; Morfi et al., 2021), trust (Hatak et al., 2016), networks (Fonte & Cucco, 2017; Morfi et al., 2021), social values of cooperatives (Forney & Häberli, 2017; Nilsson, 1996), or their concern for the community (Ajates Gonzalez, 2017; Girard & Langlois, 2009).

Social capital theory has been increasingly used to study these social-logic components of cooperatives in various industries (Bianchi & Vieta, 2020; Lang & Roessl, 2011; Saz-Gil et al., 2021; Stoop et al., 2021; Valentinov & Iliopoulos, 2021; Wulandhari et al., 2022). Applying social capital to cooperatives, arguably a “special, social capital-based, type of organization” (Valentinov, 2004, p. 10) with its democratic governance structures, networks, and shared norms, reveals close interrelatedness with cooperatives' values and principles (ICA, 2015). In our understanding, this adds up to the pragmatic use of the concept of social capital for cooperatives, which are navigating today's complex world in search of practical solutions to enhance the cooperative identity and engagement of their members.

To investigate how agricultural cooperatives bring social capital into practice, we are building on Leana and Van Buren (1999) who define organizational social capital “as a resource reflecting the character of social relations within the organization, realized through members' levels of collective goal orientation and shared trust” (Leana & Van Buren, 1999, p. 540). Next to trust and internal social relations, our study also explores external social relations between organizations and with the local community, as well as the influence of rules and norms, utilizing specifically the framework of the three dimensions of social capital as identified by Putnam (1993) and further recognized by Ostrom and Ahn (2003), i.e. (i) *trust* and trustworthiness, (ii) *networks*, and (iii) *norms and rules*. We therefore ask: *How does organizational social capital manifest through its three dimensions across the different types of agricultural cooperatives?* Arguably, the three dimensions—in particular the under-researched element of norms and rules—seem to largely overlap with

the specificities of the cooperative model and its principles (ICA, 2015), foremost building on aspects of democratic governance and humanistic management (Melé, 2003; also see Novkovic and McMahon, Chapter 2 in this volume), an important link which will be further discussed toward the end of this chapter.

A particularly captivating setting for this study appeared to be Flanders, the Northern, Dutch-speaking part of Belgium, since a variety of farmer cooperatives has developed there. Traditional, large producer cooperatives coexist next to newly emerging cooperatives with a considerably more heterogeneous member base (De Moor et al., 2019; Spijker et al., 2020). These cooperatives are grouping farmers of different agricultural subsectors in the same small producer cooperative, or bring together different stakeholders of the food value chain in so-called multi-stakeholder cooperatives (Ajates Gonzalez, 2017; Gray, 2014; Michaud & Audebrand, 2019): these consist in the Flemish agricultural context mostly of producers alongside customers and employees of small grocery retailers, but also food processors, suppliers, and supporters. Cooperatives' organizational social capital was investigated by using semi-structured interviews across two main topic sections of the interviews. We first collected organizational viewpoints on the importance and manifestations of social capital across the dimensions of trust, networks, and rules and norms in all cooperatives under study, and then explored the cooperatives' democratic governance practices. The variety of outcomes was compared, resulting in a matrix that couples the dimensions of social capital with the subtypes of agricultural cooperatives and their "lived" democratic governance. In presenting the results of this study and discussing their scientific and practical relevance, we elaborate more on the linkages pertaining to humanistic or ethical management and governance practices (Melé, 2003; Pastoriza et al., 2008; Pirson, 2017; Von Kimakowitz et al., 2011).

First, a general overview of social capital theory and its dimensions is discussed, with a special focus on the organizational level and the diversity of the cooperative agricultural sector. Next, the setting of this study in the specific context of Flanders, Belgium is described in more detail, as well as the decisions and procedures concerning sampling and the collection and analysis of the empirical data. After exploring the results

and developing a matrix of the dimensions of social capital in different types of agricultural cooperatives, a general conclusion on the role of social capital in agricultural cooperatives is drawn. Finally, the results are discussed in light of humanistic management theory, together with relevant implications for both scholars and practitioners.

9.2 Social Capital in Agri-Food Cooperatives

9.2.1 Social Capital: A Complex Concept and Its Dimensions

Various definitions of social capital coexist (Christoforou & Davis, 2014), but are commonly referring to the notion of social relationships, oftentimes linked to positive interpersonal outcomes. Ascribing various sources, effects, and dimensions to social capital (e.g. Adler & Kwon, 2002; Bourdieu, 1986; Coleman, 1988; Nahapiet & Ghoshal, 1998; Ostrom & Ahn, 2003; Putnam, 2002), for our study on cooperatives we are specifically drawn to the meso-level, i.e. “organizational social capital”. This concept was coined and developed by Leana and Van Buren (1999) “as a resource reflecting the character of social relations within the organization, realized through members’ levels of collective goal orientation and shared trust” (Leana & Van Buren, 1999, p. 540). In larger conventional firms, high social capital is connected to intense corporate social responsibility (CSR) practices (Lins et al., 2017) and higher profitability (Tsai & Ghoshal, 1998), both explained through the building of trust among stakeholders and investors. Moreover, Pastoriza et al. (2008) discuss how the concept of humanistic management could allow a broader understanding of the types of organizational design, dynamics, and “ethical” managerial practices that create and foster social capital.

Across the different conceptualizations of social capital, related concepts such as trust, reciprocity, networks, norms, civil society, collective action, and cooperation are considered as sources, or outcomes, of social capital (Adler & Kwon, 2002). This study acknowledges this fundamental theoretical discussion but is foremost interested in the *depth*

of the dimensions of social capital and their relationship to humanistic management in cooperatives. Recognizing different approaches to the concept (see also Woolcock, 1998; Nahapiet & Ghoshal, 1998), we use in this study the framework of Ostrom and Ahn (2003) that synthesizes Putnam's (1993) three primary dimensions of social capital: (i) *trust* and trustworthiness; (ii) *networks* within and beyond one's own group; and (iii) formal and informal *rules and norms*.

i. *Trust*

Trust is generally considered as one key element of social capital (Adler & Kwon, 2002). Distinguishing between the individual and organizational level, Leana and Van Buren (1999) reveal different types of relationships within and among organizations, i.e. *dyadic* trust relationships between individual employees or members, other *internal* trust relationships between the organization and its members, and between the organization and its *external* partners, such as other organizations. Moreover, Leana and Van Buren (1999) further the distinction of trust introduced by Ring and van de Ven (1992), referring to *fragile trust* for vulnerable and therefore formalized trust relationships, as opposed to *resilient trust* for moral norms-based, less formalized, longer term and more equal trust relationships. Comparably, Hatak et al. (2016) discuss the difference between *maxim-based* trust and *norm-based* trust in their study on emerging social enterprises within the cooperative sector (so-called "third-party-focused cooperatives" as opposed to "member-focused cooperatives"), arguing that the shift from member-focus to community-focus in cooperatives also leads to a shift of the main coordination mechanism, i.e. from the traditional maxim-based trust on the basis of relation-specific reciprocity to community-focused norm-based trust on the basis of generalized reciprocity. Likewise, in a study of members' trust in the management of a large US-farmer-owned marketing cooperative (Morrow et al., 2004), a distinction is made between *cognitive* trust based on rational thinking about expectations of the other party, and *affect*-based trust, which relies more on feelings of shared values and belonging.

Concludingly, trust as a dimension of organizational social capital can be understood as either fragile, based on maxims and cognitive processes at the individual level, largely between internal stakeholders, and needing to be supported by rules or contracts to ensure reciprocity, or as resilient trust, which is based on shared norms and affect, and largely benefits external groups and more indirect stakeholders, such as the community.

ii. *Networks*

Somewhat comparable to the distinctive forms of trust, scholars have elaborated on different types of networks within and among organizations. As discussed by Saz-Gil et al. (2021), the type of social capital allows for a first distinction: They link *internal* networks with other members to “bonding social capital”; whereas both internal and external networks with similar, *like-minded stakeholders* are referred to as “bridging social capital”; and *external* networks with other groups are seen as “linking social capital”. This distinction can be compared to the seminal work of Granovetter (1973) who identified dense social networks with a “closed” structure where members are linked through a few “strong ties”, as opposed to more “open” networks where members have more diverse connections through “weak ties”.

To link networks explicitly to active stakeholder engagement—one of the basic characteristics of humanistic management (Pirson, 2017)—we draw on Kujala et al. (2022) who synthesize the different components of stakeholder engagement into three categories, i.e. moral, strategic, and pragmatic. Particularly the moral/strategic distinction seems to be relevant for our discussion of network relationships: *Moral* stakeholder engagement is characterized by reciprocal, voluntary relationships and good intentions toward stakeholders. To the contrary, *strategic* stakeholder engagement is based on instrumental resource contributions, aimed to improve the performance of the organization, and to a much lesser extent being concerned about the stakeholders’ well-being.

Applying this to our study, we can make a distinction between cooperatives that have strong internal networks based on reciprocity, as opposed to cooperatives with more informal and loose ties,

resulting in rather altruistic, open networks. Arguably, the latter type of network relations seems to be rather moral, while the former is more strategic/instrumental in nature.

iii. *Rules and norms*

Rules and norms as a social capital dimension are discussed to a somewhat lesser extent in the literature on cooperatives, as compared to other social capital dimensions, despite their high relevance and complementarity with trust and networks. Unwritten norms concerning the organization's "culture", and how employees are treated or actions are conducted, often exist unconsciously. Besides, written rules such as used in an organization's statutes, internal regulations, contracts with partners, or charters on organizational aspects such as decision-making processes, represent attempts to formalize this organizational culture and to secure an equal balance of benefits and costs pertaining to reciprocity aspects in internal and external relationships and networks.

9.2.2 Empirical Research on Social Capital in Agri-Food Cooperatives

Empirical research on cooperatives in various industries shows that for members to participate, in addition to individual member benefits, a shared identity plays a crucial role (Birchall, 1999; Birchall & Simmons, 2004; Nelson et al., 2016; Novkovic, 2021). In that light, social capital theory underlines the importance of the social attributes—such as cooperative culture, trust, member engagement (Verhees et al., 2015)—of agricultural and food cooperatives as a means to create a social network of support by bringing together farmers with colleagues and/or consumers. Owing to its generally large cooperative share, the agricultural sector is probably the predominant setting in which social capital in cooperatives has been investigated. However, a sort of dichotomy characterizes most of the extant literature that either grants particular interest to social capital in traditional, large producer cooperatives with a homogenous member base (e.g. Deng et al., 2021; Nilsson et al., 2012), or exclusively considers the more recently emerging multistakeholder cooperatives in

rural contexts (Girard & Langlois, 2009; Michaud & Audebrand, 2019), often rooted within the larger movement of Alternative Food Networks (AFNs, see Goodman et al., 2014). Overall, social capital seems to be an important factor in the emergence, performance, and longevity of rural and agricultural cooperatives (Saz-Gil et al., 2021; Schneiberg, 2021). While the generation and benefits of social capital have been studied in various cooperative settings, albeit in a still fragmented manner, its dimensions pertaining to democratic governance have so far not been explicitly studied in cooperatives, especially not across different types of agricultural cooperatives.

The extant scholarly work discusses various aspects of organizational social capital in cooperatives in the context of agriculture and rural communities. Many studies using a social capital lens are investigating *traditional, member-focused producer cooperatives*, relying largely on “demographic” characteristics of cooperatives such as size, age, or geographical proximity. For example, Nilsson et al. (2012) conclude that growing cooperatives often lose social capital due to decreasing trust by the members in the cooperative (mainly toward the management). Likewise, Feng et al. (2015) find statistical evidence in Swedish agricultural cooperatives for the proposition that smaller cooperatives tend to have higher social capital, as investigated through expressions of members’ involvement, trust, satisfaction, and loyalty. The authors explain this by focusing not only on the geographic proximity but also on the social connections between members and management, which fosters social capital. Deng et al. (2021) study different stages of the lifecycle of farmers’ cooperatives, concluding that social capital prevails at higher levels during the foundation stage, but decreases after expansion, which leads to strategic disadvantages over time if not countered by adapted cooperative governance structures.

Another larger body of scholarly work employing social capital theorizing within the agri-food sector increasingly focuses on collective action in a territorial context such as certain rural areas, where cooperatives coexist with a broader array of formal (oftentimes non-profit) and informal legal statuses (Tregear & Cooper, 2016). These *local, community-based initiatives* typically involve multiple stakeholders: farmers, consumers, and sometimes local third sector organizations and

the public sector. They can be situated within alternative food networks (AFNs—see Goodman et al., 2014), short food supply chains (SFSCs—e.g. Chiffolleau et al., 2019), the social and solidarity economy (SSE—see Utting, 2015) or, more broadly, social movements (e.g. Schneiberg, 2013). Oftentimes, these initiatives aim to establish a local alternative to capitalist market forces, and generally strive for more ecologically sustainable food production and fair prices for farmers, by building closer relationships between small-scale producers and consumers within the same community, thus providing a level of local autonomy from global food supply chains (Rakopoulos, 2014). They are mainly citizen-led; however farmers are closely involved, or even active founders, e.g. in several cases of community-supported agriculture (CSA) farms (Watson, 2020). Still, scholarly work applying social capital theory, and specifically focusing on formal cooperative enterprises that operate under these umbrellas, is still scarce.

Since social capital seems to be strongly intertwined with the social attributes of cooperatives, a number of more “structural” studies have focused on *governance structures* and related non-economic issues in cooperatives, e.g. member heterogeneity, democratic participation, trust, and network relationships. For example, Davis (2014) looks at the link between the extent of group homogeneity vs. group heterogeneity and different kinds of social capital and social identity. Also, the aforementioned study on maxim-based and norm-based trust in member-focused vs. third-party-focused cooperatives by Hatak et al. (2016), belongs to this category of studies.

However, an integrated view across different types and subsectors of agricultural cooperatives is still lacking, especially with regard to explicitly studying the three key dimensions of social capital as developed by Putnam (2003) and Ostrom and Ahn (2003), i.e. (i) trust, (ii) networks, and (iii) rules and norms in their complementarity. Therefore, our study aims to investigate the following research question: *How does organizational social capital manifest through its three dimensions across the different types of agricultural cooperatives?*

Moreover, the interwovenness of social capital with the cooperative principle of member participation, especially with regard to the farmer-members’ position in the democratic governance practices of their

cooperatives, yields interesting research potential with regard to humanistic management principles such as stakeholder engagement, solidarity practices, and human dignity and well-being (Pirson, 2017).

9.3 Context and Methodology of the Study

9.3.1 The (Cooperative) Agricultural Sector in Flanders, Belgium

Our empirical setting is Flanders, the Dutch-speaking, densely populated Northern region of Belgium.¹ In 2020, nearly 36,000 active farms were registered in Belgium, cultivating nearly 1.4 million hectares of land, about 44.5% of the land mass of Belgium. In the Northern part, farms tend to be more specialized, producing mainly meat, grains, animal fodder, fruit, vegetables, and potatoes. In the last forty years, the sector has lost 68.3% of the farms through market concentration among other factors, while the mean farm size has increased from 12.5 to 38 hectares (Statbel, 2021). In the margins of agricultural cooperation, a recent surge in the popularity of fair trade and local sustainable food has coincided with a back-to-the-land movement and alternative food initiatives (Spijker et al., 2020) such as CSA (community supported agriculture), aiming to increase consumption of organic and local produce. Consequently, several small, very regionally-based producer cooperatives have emerged over the last decade, where farmers of several subsectors unite to directly market their products together through “short food supply chains” (Chiffolleau et al., 2019). Generally, their foundation has been stimulated or initiated by agricultural support organizations that receive subsidies within the second pillar of the European Common Agricultural Policy (CAP). Besides this, local citizen-led initiatives have emerged, where consumers and farmers join forces in multistakeholder cooperatives (Ajates Gonzalez, 2017; Levi, 1998). In most of these cooperatives,

¹ The Walloon and Brussels regions of Belgium were not considered due to differing policy frameworks.

local farmers play a significant role, either as founders (in CSA initiatives) or board members (in a number of small-scale food retail cooperatives).

9.3.2 Sampling Strategy

Starting by inventorying legally registered cooperatives across the entire agri-food sector in Flanders, we kept the focus on the human food value chain, therefore excluding horticultural, animal fodder production, and shared machine use cooperatives. We considered large multinational producer cooperatives only if their head office was in Belgium and if most of their farmer-members were operating in Flanders. Likewise, citizen-led multistakeholder cooperatives (mainly cooperative grocery shops) were only included if farmer-members had sufficient influence in the governance structures.

To ensure the diversity of the cases, a total of 31 eligible cooperatives involving farmers were identified by selecting at least one representative cooperative in regions where similar cooperatives existed in terms of subsector, size, and type. To categorize the sample, we developed a comprehensive typology based on existing literature (Bijman & Hanisch, 2020; ILO, 2020) and conducted extensive desk research supported by three interviews of apex organizations and key informants in the agricultural cooperative sector in Flanders. (This typology will be explained in detail in Sect. 9.4.1.) After contacting all 31 cooperatives, our final sample consisted of 26 cases (equaling a nearly 80% positive response rate) studied through a total of 23 semi-structured interviews. Most respondents were founders, board members, and managers, and were interviewed by the lead author of this chapter. Two respondents were board members of two of the case cooperatives, sharing insights on both. Moreover, three cooperatives within the sample have been studied indirectly through the expertise of the support organization that initiated their foundation and is still involved in the board of directors. In two cases, two or three board members of the same cooperative participated in the interview. Table 9.1 provides an overview of the final sample.

Table 9.1 Collected data: Sample size by type of organization

Abbreviation	Type of organization	# investigated (declined/ non-response)	# of interviews
SP	Support and apex organizations	3 (0)	3
PO	Producer organizations large producer cooperatives, # of members 100–1200, with >1 employees and externally hired, non-farmer management	9	8
PC	Producer cooperatives Smaller producer cooperatives, # of members <100, max. 1 employee	7 (3)	5
MSC	Multistakeholder cooperatives farmer-initiated	10 (2)	10
	Total	26 (5)	26

9.3.3 Data Collection and Analysis

From October 2020 until March 2021, 23 interviews with founders, board members, and executive managers were conducted online using video-calling software, due to the second wave of the Covid-19 pandemic in Belgium. Interviews were transcribed verbatim and coded in several rounds using Nvivo software, moving from in vivo codes to overarching categories and themes. To verify results, archival and secondary data such as the cooperatives' bylaws, official websites, and social media accounts were studied. Given the exploratory character of the study, we adopted a grounded theory approach (Gioia et al., 2012) in trying to find linkages between the three dimensions of social capital (i.e. trust, networks, and rules), and in linking these to the principles of humanistic management and governance.

Several steps have been undertaken in the analysis of the data. First, an overview of the different types and subtypes of agricultural cooperatives in Flanders was developed by identifying characteristics of “typical cases” in each category. Second, each cooperative's interpretation of each of the

three dimensions (i.e. trust, networks, and rules) of social capital was collected and compared to actual manifestations in daily practice. Third, a matrix was developed to link these three dimensions to the different types of agricultural cooperatives, and this matrix was linked in turn to practices of humanistic management principles and, in particular, the cooperative principle of democratic governance.

9.4 Results: Dimensions of Social Capital in Different Types of Agricultural Cooperatives

9.4.1 Overview of Types of Agricultural Cooperatives

Analyzing the data, several “typical cases” emerged within each type of agricultural cooperatives: (a) large producer organizations; (b) small, regionally bound producer cooperatives; and (c) farmer-initiated multi-stakeholder cooperatives, which are discussed subsequently.

a. *Large producer organizations (PO)*

The first type is characterized by a large membership base, i.e. from 100 up to 2,000 farmer-members, who are active within the same subsector (for example, dairy or fruit and vegetables). Therefore, the membership base is relatively homogenous, although in recent years many of these PO-s set up a small organic stream alongside their conventional producer-members.

- The first subset of these producer organizations are traditional cooperatives (*PO-t*) that are primarily a fusion of several smaller cooperatives whose origins can be traced back to the 1920s, resulting in relatively large management structures that consist mainly of external (non-farmer) employees.
- The second subset are cooperatives active in service provision (*PO-s*)—for example, financial advice and contracting. These typically operate with only one or two externally hired staff or managers

and have been founded quite recently (i.e. after 2015) in a variety of agricultural subsectors (e.g. dairy, fruit, or meat production). These cooperatives challenge the standard practice within traditional producer cooperatives by not collecting the products themselves, but instead providing solely information services for farmers regarding the evolution of market situations and prices, resulting in the provision of futures markets or price swaps, and an improvement of the individual farmer's bargaining position with potential buyers.

b. *Small producer cooperatives (PC)*

This type also consists of farmer-members only but is distinct from the first type in that these agri co-ops are more recently founded and smaller in size (i.e. less than 100 members), and with hardly any external (non-farmer) management.

- *PC-t*: The first subtype of small producer cooperatives could be viewed as a younger and smaller version of the aforementioned PO-t subtype. Both are more traditional in terms of purpose and functioning, and are active in one single subsector (in the Flemish context, meat production or dairy); but this subtype has been founded much more recently, i.e. since the 2000s, and is much smaller in size, i.e. up to 100 members. Therefore, management structures are limited to only one employee, and the board of directors, consisting of farmers only, has greater decision-making power in daily decisions. Their production outputs can be either organic or conventional.
- *PC-r*: The second subtype is characterized by much more heterogeneity, i.e. a collective of regional farmers of multiple subsectors, with a total of between ten and maximum 30 members. In the Flemish context, the foundation of these cooperatives has been initiated by support organizations and subsidized largely within the rural development pillar of the CAP (Common Agricultural Policy of the European Union); therefore, they are region-based and operate very locally in collaboration among each other and through small local retailers, as well as operating a shared webshop.

Oftentimes membership is limited to only one or two farmers per subsector (e.g. dairy, fruit, meat, etc.) to diminish internal competition.

iii. *Farmer-initiated multistakeholder cooperatives (MSC)*

Most cooperatives of this type are initiatives striving for ecological and social sustainability by providing mainly organic produce to the local community. Oftentimes these cooperatives are emerging out of individual farms that operate within community-supported agriculture (CSA), ensuring a fair price for the farmer and sharing the risk of crop failure with the consumers. These cooperatives are strongly rooted in an alternative ideology set against industrial farming and the power of large retailers. Most have been founded in the last decade, except for one pioneering organic farm whose activity can be traced back to the 1980s. However, one single case is different, in that it emerged from a conventional dairy producer cooperative and transitioned to an MSC only recently, by including both the producers from diverse sectors, such as fruit, vegetable, and meat production and consumers as additional member categories with board representation.

9.4.2 Manifestations and Interpretations of the Three Dimensions of Social Capital

Trust

The first dimension was analyzed based on the distinction between a fragile or cognitive trust and resilient, affect-based trust. As analyzed by Leana and Van Buren (1999), fragile trust relationships rely on the willingness to be vulnerable, as transactions can be unpredictable in terms of benefits and costs, resulting oftentimes in strongly formalized contracts between individuals and/or organizations. However, if the links between an organization and its members are stronger and based on shared moral norms and values, resilient trust is at the forefront, where benefits and costs are believed to be equal in the longer term. Empirical literature

shows that trust, and therefore internal social capital, diminishes over time in large cooperatives (Deng et al., 2021). This can be explained by the findings of Hatak et al. (2016) who explain that member-focused cooperatives rely on traditional maxim-based trust, requiring formal contracts and control.

Indeed, most accounts of trust in large producer cooperatives in our sample showed how *fragile* trust was and how dependent on cognitive processes or control mechanisms.

The farmers who we work with, actually they like to keep control themselves, over the sales purchases and the negotiations. Also because they do not really trust the collective. (PO7, manager)

There is trust, yes. I think that we have a very good board where there is a lot of trust towards each other. This has also been said in the evaluation of how our board of directors is functioning. (PO4, board member)

Trust is important, almost the basis, I would say, not only within the Board or towards the members, also to our big shareholder.... in the beginning, there was a lot of distrust. But trust grows because you get to know each other better. And you prove at certain moments that your intentions are good. But without this trust, I think it [the cooperative] cannot last long. (PO8, board member)

Most striking was the absence of trust between the board of directors and the members (and vice versa) in a very large producer cooperative that just overcame a crisis.

We suddenly had 700 members present at our online meeting last Friday. ‘You [the board members] snatch money out of everyone’s pocket’, and then they look at you, like: ‘But you guys are large [i.e., produce large quantities] and you are on the Board, most likely you are among the ones who get high bonuses!’ ... There were questions asked via the chat.... We [the board members] knew beforehand that we wanted to ask the questions ourselves to make it a bit interesting and to keep it a little bit human. I don’t think the farmers could ask questions themselves. (PO2, board member)

Two likewise experienced board members of two different large producer cooperatives made quite contrasting small confessions that show the difference between *cognitive and affect-based trust* as empirically studied in a large farmer cooperative by Morrow et al. (2004), where cognitive trust is based on rational thinking about expectations of the other party, whereas affect-based trust relies more on feelings of shared values and belonging.

So we are member of the cooperative, because my parents and parents-in-law have been members of the cooperative, so you don't fully think it through at that moment when you become a farmer yourself. Now I would definitely think about it. (PO3, board member)

Being part of a cooperative, I think for most farmers it is more economic than social. You got two kinds of members: real hardliners, who say it has to be pure business, without any unnecessary details; and the emotions have to stay outside. I am a bit more of the second kind, I think: without emotion, there is nothing. (PO8, board member)

The latter quote refers partly to the second type of trust, i.e. *resilient trust* that is based on affect and shared norms, which was generally much more outspoken in the MSCs in our sample. For example, a pioneering CSA farm shared that:

Trust plays a very important role for us.... I find this really important that we only sell products with an organic label, even the Demeter label. But actually our customers do not ask for it, they trust the cooperative. (MSC/CC2, manager)

I think that trust is automatically present if business goes well, then it's easier to have trust in the Board. But actually we are sort of a group of friends among ourselves. Therefore, trust builds automatically. (MSC19, board member)

Generally the MSCs in our sample, which can be equated to “third-party focused cooperatives”, seem to operate through norm-based trust relationships, as distinguished by Hatak et al. (2016). According to the authors, the shift from member-focus to community-focus in cooperatives also leads to a shift of the main coordination mechanism, i.e. from

the traditional maxim-based trust on the basis of relation-specific reciprocity to community-focused norm-based trust on the basis of generalized reciprocity. Likewise, Bauwens and Defourny (2017), in their discussion of the difference between mutual and public benefit, identify how strong social identification with the cooperative and stronger ties between members seems to be linked to public benefit, and arguably, increased social capital.

Networks

These prevalent types of trust seem to be linked to the different types of networks we distinguished in the discussion of our theoretical framework. The cooperatives under study seemed to have quite a clear focus on either *internal/closed* or *external/open networks*, following the understanding of Saz-Gil et al. (2021) and Granovetter (1973). Predominantly, large producer organizations were internally focused, comparable to “member-focused cooperatives” (Hatak et al., 2016), as for example, a manager confessed:

Except for the meat company who is our shareholder, we do not have so many contacts outside the cooperative actually. (PO8, manager)

Most cooperatives of this type just have strong links with a large, quite monopolistic Flemish farmers’ association. On the contrary, the majority of MSCs are active in external networks within the cooperative ecosystem (i.e. like-minded cooperatives and apex organizations), or even foremost concentrated on the local community, as “third-party focused cooperatives” in the understanding of Hatak et al. (2016). For example, a pioneering founder of a cooperative CSA farm viewed this community focus in broad terms.

Here, we have solidarity between farmers and participants ... between the farmers, [and] there is also a non-profit connected to our farm where we provide some social work and education. But solidarity happens on so many levels, even in ecological aspects: solidarity with future generations, with nature, with the planet and the climate. (MSC 9, founder)

Arguably, cooperatives with strong internal networks are often characterized by reciprocal expectations, foremost aiming for one's own benefits. On the contrary, in external networks with more open, loose structures, more general shared values prevail that do not require formalized reciprocity. This distinction is also made in the rare empirical literature discussing network relationships of cooperatives in depth. For example, Gherardi and Masiero (1990) distinguish between (1) altruistic, non-reciprocal relationships with the local community; (2) beneficial relationships with partners such as the local council and trade unions; (3) reciprocal relationships among cooperatives for trade and scaling advantages; and (4) relationships with the cooperative associations or apex organizations, mainly to represent their own primary co-op interests. In terms of stakeholder engagement (Kujala et al., 2022), these different forms of relationships can be classified in terms of *strategic or instrumental networks*, as opposed to *moral networks* that are more open-ended and based on altruism. In our sample, large producer cooperatives seem to tend toward strategic relationships, driven by the cooperative members' economic self-interest.

Many of our members are also member of the farmers' association and subsector associations, this is for sure an added value. For me it is even indispensable to go forward as a cooperative.... Often they are ready to use their personal network or that of their association to help the cooperative. (PO4, board member)

Also in small producer cooperatives, the strategic internal network seems to play an important role, since the individual farmers are balancing their interests as self-entrepreneurs with the interests of the cooperative, as the following quote illustrates:

If someone wants to join the cooperative, we check if there is added value of the existing supply of products. In [region 1], there are four to five dairy farmers, but they are not competitive. Also two beer brewers in [region 2], that principally works. But they shouldn't become seven of course.... It is mainly the attitude of the farmers themselves, whether they want new members to join or not. (apex organization employee on PC1 and PC2)

The distinction between reciprocity-based internal networks and other-regarding moral networks also emerges from the work of Baldassarri (2015) on Ugandan producer cooperatives, where the first form appears to prevail. On the contrary, MSCs in our sample tend to explain their open network relationships in moral terms.

We do have several of these collaborations with preferably organic farms around here. Besides, there is a living community for people with mental disabilities in the next village.... They can come here, we sometimes go there to share our experience. We also have a strong network with our immediate neighbors, who get their veggie boxes delivered by us instead of having to pick them up at the depot like the others. We are also on good terms with the local government, and deliver fruit to a primary school. We really want to be anchored and be part of our community. This is also why we decided to allow customers as shareholders into the cooperative [as separate membership categories].

... We are also an official green care farm, this way we developed a connection to the social institution here in our municipality. (MSC 11, board member)

Rules and Norms

As the third dimension of social capital, rules and norms have been investigated in the cooperatives under study. We distinguished between formal statutes, internal regulations, and unwritten norms that seem to make up the organizational culture that influences decision-making processes in each cooperative. Generally, respondents showed a lower level of awareness of this social capital dimension and shifted rapidly toward more tangible governance processes. Therefore, we first analyzed arguably the most important democratic instrument of cooperatives, the *annual general meeting (AGM)*. Literature shows that large traditional cooperatives are generally characterized by small percentages of members being present at the AGM. Since our interviews were conducted throughout the second wave of the Covid-19 pandemic, national lockdown measures had impacted the organization of AGMs profoundly. Throughout the data, a clear distinction appeared between large producer organizations

on the one hand, and multistakeholder cooperatives on the other hand. The latter tried hard to include as many members as possible to join, by postponing until physical meetings were still possible (e.g. MSC1, MSC19) and they also thought hard about making the information accessible also to ordinary members.

Our AGM was scheduled in spring, full lockdown times. Since we had just started with new member categories, we had to rewrite our statutes fundamentally. It is a lot to explain to the members, which we really wanted to do physically. This is why we waited until summer when we were allowed to rent a huge location. (MSC19, board member)

How can you make an AGM interesting for the members, in times of corona[virus], on- and offline, but also in general? I want to take more time to think about this. (MSC7, founder)

On the contrary, large producer cooperatives tended to omit the physical AGM and used written procedures and online meetings instead—e.g. PO3, PO4, PO where few members besides the board were present.

We did our AGM digitally, yes. I have to say there was less presence. Anyways the AGM is something the members do not long for. I have to be honest to admit that our AGM is quite formal and strict.... Before covid, about 30 to 40 people came [out of 200 active farmer-members], I think this time there were about 25, but keep in mind that the board members are included here. (PO4, board member)

This year, this couldn't be done due to covid, so we just did it through a written procedure, by email and proxies. In the end the other board members and I got proxies to accept the yearly accounts.... In a normal year, about 50 people including us board members come to the AGM [out of 1200 members], but everyone gets a booklet with all the accounts. This is boring indeed. (PO3, board member)

Interestingly, the second subtype of producer organizations, those delivering advice and financial services to their members, seemed to find a middle way.

We always try to adapt our AGM to a more social concept, with a festive reception for example. Actually, this is our only meeting that is not only about information. Normally about 40 percent of the members join. This year with corona[virus], we could not find a solution and just hosted a Zoom meeting ... But as soon as corona[virus] allows, we will organize a new AGM, with food and drinks for the members. (PO7, manager)

Besides the AGM, the *composition of the board* is of vital importance for democratic decision-making in cooperatives, especially if multiple stakeholders are involved. For example, in MSC 19, consumer-members are represented in every part of the cooperative's governance structures (e.g. the three different boards for dairy, meat, and fruit, as well as the overarching board). However, in large producer cooperatives, representation seems to be less equal, as rules and procedures for candidates of the board are quite strict, favoring clearly large producers.

There is a certain minimum turnover, you have to fulfill the delivery obligation and unique membership. These are the most important criteria, and then you have to get through the control procedure done by an accountant. (PO1, manager)

Also, the extent to which members are involved in *decision-making procedures* differs as much as the existence of *internal rules* defining these. In many MSCs, due to high trust levels in a small group, strict rules seem less important. However, some stress the importance to have them in times of conflict and therefore put tremendous thought into crafting the statutes and internal regulations.

We thought about this collectively, meeting initially with about 30-40 families in groups to hear what they thought, and in the end we wrote our mission statement with seven people and decided to found a cooperative.... We decided to go for an accredited cooperative, so every member has one vote, not tied to the number of shares, so there is a safeguard that a single person cannot take everything into his hands.... Members of the cooperative will now discuss with the participants of the CSA what they want to pay to be able to harvest their vegetables, and what wage the farmer should receive. (MSC2, founder)

Whereas members are oftentimes fully involved in these decisions, the following quote illustrates the contrary: in traditional cooperatives, individual connections tied to the production size of a farmer-member might play a role in important decisions on prices and contracts within a cooperative.

Years ago, the price was always set by the auction clock, everyone got the same price for the same product. But today the larger and more important producers try to sell directly to the known retailers, with a contract price, and the cooperative is merely an administrative middleman. The biggest problem is that decisions are actually taken by just a few people, who are very close to the executive level of the cooperative, and there is hardly any position [for ordinary members] as it happens in the CEO's office and no one else is there. (PC5, founder, on PO3, where he is also a member)

9.4.3 Matrix of Dimensions of Social Capital in Different Types of Agricultural Cooperatives

Bringing together the insights into the characteristics of typical cases within each of the different types of agricultural cooperatives, and how they reflect upon the three dimensions of social capital, we could draw some general conclusions, which are summarized in a matrix (Table 9.2).

It appears that the two subtypes of large producer organizations, i.e. large traditional producer cooperatives (PO-t) as well as large service-providing cooperatives (PO-s) are mostly overlapping in terms of their social capital dimensions. They are characterized by high levels of fragile trust and their network relationships are quite closed, focusing on internal and rather strategic relationships. Consequently, they need extensive written rules and contracts to ensure that collective agreements are followed in a reciprocal manner, resulting in a relatively low level of organizational social capital. Strikingly, they keep to their closed networks and regard other cooperatives as competitors, missing out on mutual support. Some of these large cooperatives sometimes do not follow the strict rules themselves (e.g. taking decisions favoring farmers with large production quantities), therefore arguably eroding their cooperative spirit.

Table 9.2 Matrix of social capital dimensions in different types of agricultural cooperatives

Type of cooperative		PO-t	PO-s	PC-t	PC-r	MSC
Dimension of social capital						
Trust	-Fragile-cognitive	High	High	High	High	Low
	-Resilient-affective	Low	Low	High	High	High
Networks	-Internal/closed	High	High	High	High	Low
	-External/open	Low	Low	Low	High	High
	-Strategic	High	High	High	High	Low
	-Moral	Low	Low	High	High	High
Rules	Importance of written rules and procedures	High	High	High	High	Low
Organizational social capital		Low	Low	High	High	High

Notes PO-t: large traditional producer organizations
 PO-s: large service-providing producer organizations
 PC-t: small homogeneous traditional producer cooperatives
 PC-r: small heterogeneous regional producer cooperatives
 MSC: farmer-initiated multistakeholder cooperatives

Strikingly, multistakeholder cooperatives (MSCs) founded by farmers seem to exhibit the exact opposite pattern, with strong resilient and affective-based trust levels, quite open and moral network relationships without immediate reciprocity expectations, and consequently a low need for written rules and procedures.

The smaller producer cooperatives, both of the traditional and the regional subtypes, seem to occupy a middle position. The former leans more toward the large producer organizations, whereas the latter has some elements of resilient trust and networks based on moral principles. This could be explained by the fact that they are still comprised largely of conventional farmer-members, known for their self-entrepreneurial attitude that disallows extensive collective action. However, since they have strong bonds with each other due to a shared subsector or region, at

the same time resilient trust and moral networks seem to be present. This is true for those cooperatives that operate in quite stable economic situations but becomes more difficult (self-regarding) as soon as survival becomes their main concern. In this instance, a charismatic leadership figure that is well-immersed in cooperative ideology seems to also strengthen the social capital of the organization.

9.5 Discussion

This chapter aimed to identify how organizational social capital manifests through its three dimensions, i.e. trust, network, and norms, across the different types of agricultural cooperatives and how such manifestations relate to humanistic management and governance. Through our study of agri-food cooperatives in Flanders, Belgium, we could distinguish between three main types of agricultural cooperatives, which exhibit various patterns of social capital. Our results contribute to theory by 1) highlighting diversity among cooperatives from a social capital perspective, and 2) sharpening the analysis of humanistic management and governance principles in cooperatives by looking at the link with the various social capital configurations in agri-food cooperatives. We also identify some implications for practice.

9.5.1 A Diversity of Cooperatives

Our findings highlight that cooperatives, even within a single sector of activity and sometimes among a same category of cooperatives (in this case, producer cooperatives), are diverse from a social capital perspective. While the heterogeneity of cooperatives, despite embracing shared principles and values, has been described at length with numerous attempts at typologizing this diversity (e.g. Chaddad & Cook, 2004; Eum et al., 2020), most studies adopting a social capital perspective focus on a specific type of cooperatives or consider cooperatives as a homogeneous population.

We identify three main types of agri-food cooperatives along with three patterns according to which social capital manifests therein. They are first distinguished by the type of cooperatives, namely producer vs. multistakeholder cooperatives. They differ also in terms of size and age. Because the patterns of social capital are fundamentally different among these three types of agri-food cooperatives, the extent to which previous studies on the social capital of cooperatives can be generalized should be questioned. Our study provides therefore an opportunity to get a more fine-grained and complex view of social capital in agricultural cooperatives.

9.5.2 Linking Social Capital Features with Humanistic Management and Governance Principles

It appears from the results that in our sample of agricultural cooperatives, all three dimensions of social capital can be linked to the principles of humanistic governance, in particular with stakeholder engagement due to the strong overlap with the cooperative principles and, in particular, democratic governance practices. As apparent from the section on rules and norms (see Sect. 9.4.2.3), there seems to be a difference between times of economic well-being and times of conflict or crisis. This is to say that respondents of both producer and multistakeholder cooperatives argued how formal rules would be taken for granted, or not fully drafted, as long as everything went smoothly. However, they both stressed the importance of well-crafted bylaws and internal regulations if a crisis or conflict arose in their cooperative.

That being said, the most important factor for both social capital and humanistic management and governance seems to be a genuine interest in the well-being of the members, resulting in actively engaging them in daily practices such as transparent information sharing, consulting them, or employing co-decision practices. In that sense, there is a clear divide visible in our sample between traditional and authentic team leadership styles. The first, employed mainly by externally hired managers and

long-serving board members in large cooperatives, can result in cooperatives tending toward governance practices of traditional investor-owned firms, whereas the latter ensures more ethical/humanistic practices, in some cases by using deep democracy methods to include their multiple stakeholders equally.

Finally, there seems to be a connection between high levels of social capital in agricultural cooperatives and strong cooperative identity (Davis, 2014), combined with “lived” cooperative principles such as democratic governance. Fundamentally, the dimension of trust serves as a necessary condition for strong internal networks, and therefore the cooperative identity, to form. Moreover, social capital seems to accelerate even more if the cooperative succeeds in developing morally based relationships in external networks, mobilizing an external, third-party-regarding focus (Hatak et al., 2016). Lastly, the dimension of rules and norms appears to operate as a regulator: in economically prosperous times, the dimension of trust seems to suffice; however, by scaling up or when experiencing crisis and conflict, rules come more to the forefront, sometimes with the consequence that increasing control can lead in turn to subsiding trust levels. However, since trust is a prerequisite for social capital and active member engagement, transparency, and co-decision opportunities can diminish in this situation, and, with them, the cooperative identity of the organization.

9.5.3 Limitations and Future Research

Like any study, this chapter is not without limitations. The data collection took place at a unique moment in history, namely a lockdown due to the Covid-19 pandemic. This meant that data collection was almost exclusively conducted through video calls, which can result in less engagement by the respondents in comparison to face-to-face interviews. Also, the limited territory studied in this research has implications for the generalizable value of the study. Future research in other geographical contexts, with a different agricultural landscape, will help to confirm the proposed typology and the links between social capital and humanistic governance. Finally, generally, only one respondent was interviewed per

cooperative due to the overarching focus on the entire cooperative food value chain and therefore the need to explore a high variety of cases. To keep personal bias error to a tolerable minimum, each respondent was encouraged to speak both from an organizational and a personal point of view; and interview data has been carefully triangulated with secondary sources such as bylaws, official websites, and social media outlets of the cooperatives. More insights could perhaps be obtained in future research by interviewing diverse stakeholders within a small number of exemplary cases of each type of the studied cooperatives.

This study also sets the path to future research on the exact mechanisms as to how cooperatives, and in particular those embracing a clear focus on sustainable agriculture, can leverage their transformational potential in relation to the global environmental and social challenges of the sector. In our understanding, the cooperative identity (Novkovic, 2021) could indeed be an anchor point to provide more legitimacy to those cooperatives that live up to the cooperative principles and values.

Enhancing the legitimacy of cooperatives, in general, could also be furthered by research focusing on their social capital, especially with regard to the spillover effect (Adler & Kwon, 2002) for local communities in rural areas. In that regard, further research could focus on the specific role of cooperatives in the social and solidarity economy (SSE), and underline the importance of democratic governance practices in bonding, bridging, and linking their social capital.

9.5.4 Implications for Practice

This study provides four major insights and contributions to managers, board members, and members of cooperatives in the agricultural and food sector.

Firstly, this study shows the diversity of agricultural cooperatives by comparison of different subtypes in terms of sector, age, size, and member homogeneity, thus providing clearer guidance for practitioners for positioning their cooperatives in the field and possibly (re)formulating their mission and vision statements.

Secondly, the study raises awareness of the importance of social attributes and the different dimensions of social capital for the well-functioning of the cooperative. A first step to realizing change for a stronger humanistic approach to management and governance is presumably a conscious effort to think and talk about current daily practices of trust, networking, and norms and rules, by investigating where a cooperative can be situated on the spectrum of fragile/resilient trust, strategic/moral networks, and weak/strong democratic practices in making decisions and defining rules.

Thirdly, through creating awareness, this study also provides anchor points to increase cooperatives' social capital: namely by fostering trustful relationships with internal and external stakeholders as a foundation for moral/affect-based networks, with norms and rules that are ideally co-crafted through democratic processes. After all, the underlying goal of many cooperatives, especially those that identify with the social and solidarity economy, is the well-being and dignity of people and planet—and humanistic management and democratic governance practices seem to be a promising path to increasing trust and networks and, therefore, social capital within a cooperative and among like-minded organizations.

Lastly, by creating conscious, supportive networks of cooperatives, their business and governance model can be more easily justified and legitimized in contact with local and national governments and policymakers, thus contributing to the overall resilience of cooperatives as important actors within an alternative, transformative economy (Mair & Rathert, 2019).

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