

## Co-operative Enterprise in a Systems Context

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### Abstract

*The co-operative enterprise is examined within a systems context to identify the key external forces that influence its performance. As a hybrid business form the co-operative generates both economic and social capital and these output factors are also examined with reference to the literature and small case examples. The paper concludes by proposing a conceptual model for future research*

**Keywords:** co-operative and mutual enterprises, social capital, systems perspective.

### Résumé

*Nous analysons le modèle de l'entreprise coopérative dans une approche systémique afin d'identifier les principales forces externes influençant sa performance. En tant que forme d'entreprise hybride, la coopérative génère à la fois du capital économique et social, et ces facteurs sont examinés en référence d'un part à la littérature, d'autre part à des mini-cas réels. L'article se conclut par la proposition d'un modèle conceptuel.*

**Mots-clés :** entreprises coopérative, entreprises mutuelles, capital social, perspective systémique.

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### Introduction

Co-operative and mutual enterprises represent some of the largest and oldest businesses and are found throughout almost all industries and countries. According to the International Co-operative Alliance (ICA) there are more than 1.4 million co-operative enterprises globally and these businesses have over one billion people who are members. Together these enterprises have the potential to impact the lives of as many as 3 billion people (ICA, 2013). The top-300 largest co-operative and mutual enterprises have a combined annual turnover of US \$1,975.6 billion (ICA, 2012). These businesses are distributed across 24 countries and most sectors, particularly in insurance (43%), agriculture and food (26%), and consumer and retailing (21%).

Despite their importance to the global economy co-operative and mutual enterprises have not received the same level of attention within the academic literature that has been given to the “investor owned firm” (IOF) or “not-for-profit” (NFP) enterprise. This was recognised by LeVay (1983) who noted the relative lack of follow-up to the few theoretical contributions that had been made to the co-operative enterprise literature to that time. Her explanation was that it was due to “the low priority accorded to co-operative theory in our teaching syllabi and the small number of postgraduate students that the subject attracts” (p. 39). It is interesting to note that little has changed since early 1980s. For example Kalmi (2007) found a clear decline in the mention of co-operatives within the economics textbooks over the course of the 20th Century. According to Levi and Davis (2008) the problem facing co-operatives within academic circles is that they are the “enfants terribles” of economics, as they are often too economically rational to fit comfortably into the NFP sector, but too socially focused to gain acceptance within the IOF sector. This view was supported by Whyman (2012) who noted the decline of co-operatives from the centre of economic research and the textbooks. However, he noted that the enmity directed by many classical and neoclassical economists towards co-operatives was more than a century old and yet the co-operative movement continues to thrive.