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Co-Operative Public Citizen Partnerships at Local Levels: A new field of Activity for Co-Operatives?

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1. Problem

2. Interfirm Co-Operation

2.1. Drivers of Co-Operation

2.2. Co-Operation and Resource Dependencies

3. Co-Operatives – Structure and Principles

4. Co-Operatives and Municipal Tasks

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1. Problem

- the number of **interfirm co-operation** is **increasing**
- the number of **co-operatives** is **decreasing**
- developments in the **municipal sector** show that **co-operatives are gaining in importance** – also with participation of the municipality in the form of **PCP-models**

2.1. Drivers of Co-Operation

- **globalization** → “hypercompetition”
 - entrepreneurial aggressiveness
 - faster technological change
 - higher levels of uncertainty
 - faster exploitation and realisation of competitive advantages
- **flexibility** in terms of being able to quickly adapt to changes **is of particular importance**
- one **strategy for flexible adaptation: interfirm co-operation**

2.1. Drivers of Co-Operation

- **factors enabling this development**

- deregulation/liberalisation
- convergence of markets
- knowledge economy

- **factors' modus operandi**

- ↑ environmental dynamics → ↓ access to resources
- ↑ competitive pressure → ↓ 'windows of opportunities'
- ↑ importance of Know-how → ↑ costs

- **empirical studies** support the proposition of an increasing number of co-operation and of their increasing level of intensity (esp. in Know-how-intensive industries)

2.2. Co-Operation and Resource Dependencies

■ Exchange - Co-Operation

- between partners with **complementary resource profiles** (e.g. Craftsman)
- to ensure an ongoing business relationship → complex contracts

■ Pooling - Co-Operation

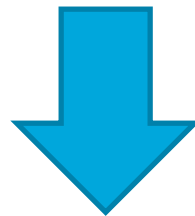
- between partners with **similar resource profiles**
 - to produce resources jointly (e.g. credit co-operative)
 - to gain in market power over resource suppliers (e.g. retailer co-operative) → ↓ importance

2.2. Co-Operation and Resource Dependencies

- **Exchange – Co-Operation:** ↑ **importance**
- **Complex, dyadic Pooling - Co-Operation & Small-group – Co-Operation**, which pool specific resources: ↑ **importance**
- **Pooling – Co-Operation** with the aim of overcoming general and very common resource deficits: ↓ **importance**

3. Co-Operatives – Structure and Principles

- **jointly-owned enterprise**
- **voluntary and open membership**
- **self-help and support**
- **member equality and democracy**
- **solidarity and equal treatment**
- **autonomy**



**Co-Operatives as organisational form
of Pooling – Co-Operation**

3. Co-Operatives – Structure and Principles

- **with ↑ heterogeneity of the members of a co-operative**
 - the principles of a co-operative ↔ requirements of a co-operation
 - ↓ aptitude of a co-operative to organise co-operative business models
- **empirical findings**
 - **organisation on a co-operative basis**
 - co-operation with equal members (resource pooling → economies of scale)
 - 2/3 of all co-operatives: horizontal co-operation
 - **organisation on a non-co-operative basis**
 - vertical or diagonal Exchange – Co-Operation
 - no need for a jointly-owned enterprise

4. Co-Operatives and Municipal Tasks

- **co-operatives as organisational form of Pooling – Co-Operation**
- **Pooling – Co-Operation** that intends to overcome general and very common resource deficits: ↓ importance
- **complex Small-Group – Co-Operation**, which pool specific resources: ↑ importance



Co-Operatives: a suitable form for organising complex Small-Group – Co-Operation that intends to fulfil municipal tasks by pooling resources?

4. Co-Operatives and Municipal Tasks

- **municipal allocation of public goods** → financing problems → state as guarantor of welfare?
- a “new” field of activity for co-operatives: the organisation of municipal tasks
- **new foundation of co-operatives** in the sector of education and social services
- allocation on a co-operative basis, by **PCPs: club goods** (pure public goods and quasi-public goods: just possible against the background of the social purpose of support)

4. Co-Operatives and Municipal Tasks

Advantages of an allocation of public goods on a co-operative basis

- **democratic and socio-political reasons**
- improvement of **fiscal equivalence**
- improvement of the municipal **service offer**
- increase in **efficiency** within the provision and production of public goods and services
- improvement of management **control**

5. Conclusion and Recommendation

- **co-operatives** are suited for **organising Pooling – Co-Operation**, which aim at generating economies of scale
- the organisation of **Exchange – Co-Operation** on a co-operative basis → various **conflicts** and intractable management tasks
- **interfirm co-operation**
 - small cooperative groups, asymmetric relationships, heterogeneous aims, no need for a jointly-owned enterprise
 - → the **decreasing number of commercial co-operatives**: not just a problem of conveyance and costs due to necessary law reforms

5. Conclusion and Recommendation

- **municipal tasks = “pooling problems”**
 - can be solved easier if there is a large number of bounded actors
 - operating within a jointly-owned enterprise
- **aptitude of co-operatives for fulfilling municipal tasks, advantages:**
 - democratic decision processes
 - active participation of the involved actors
 - high level of identification of the members with the organisation → strong public responsiveness and local attachment
 - cost advantages and increase in quality

5. Conclusion and Recommendation

→ Co-Operatives as organisational form in the municipal sector:

↑ High relevance
for the welfare state
of tomorrow