

Exploring institutional embeddedness and democratic governance in German and Italian cooperatives: A narrative case study

ADRIAN JOSEF AMON* 

Institute of Strategy and Management, Corvinus University of Budapest, Budapest, Hungary

Received: March 10, 2025 • Revised manuscript received: August 21, 2025 • Accepted: September 29, 2025

Published online: October 27, 2025

© 2025 The Author(s)



ABSTRACT

This study examines governance practices in cooperatives from Germany and Italy through a comparative narrative case study approach. Drawing on institutional theory and a paradox perspective on cooperative governance, it explores founding motivations, institutional influences, and the operationalization of democracy. Using document analysis and four semi-structured interviews, the study investigates how cooperatives in distinct institutional contexts manage organizational paradoxes, align governance systems, and construct organizational democracy. Insights into four key paradoxes – member cohesion (homogeneity vs. heterogeneity), member participation (efficiency vs. collectivity), performance measurement (economic vs. social goals), and identity and integrity (mainstream vs. alternative) – highlight how these organizations adapt their governance structures and assign meaning to democracy. The findings underscore how institutional environments influence cooperative governance and how cooperatives, in turn, influence their surroundings through social innovation and democratic engagement. These insights offer practical examples of sustaining cooperative values across diverse contexts and provide a foundation for future research on the evolving role of cooperatives in modern economies.

KEYWORDS

institutions, worker cooperatives, democratic governance, workplace democracy, comparative analysis, narrative case study

JEL CODES

J54, P13

* Corresponding author. E-mail: adrian.amon@stud.uni-corvinus.hu

1. INTRODUCTION

More than 50 years ago, Milton Friedman asserted, “the social responsibility of business is to increase its profits” (Friedman 2007). Today, this perspective is increasingly questioned in light of systemic challenges. The pressures of a hyper-competitive global economy intersect with broader issues such as environmental degradation (Hawken 2010), rising inequalities in income and wealth (Norton – Ariely 2011), and declining community well-being (Marglin 2008), which together expose the limits of a purely profit-driven approach. Capitalism’s difficulty in generating wealth without deepening inequality or aligning growth with sustainable development (Fournier 2008) has renewed interest in alternative organizational forms.

Cooperatives have re-emerged as models of democratic, community-driven, and humanistic values (Parker et al. 2014), with scholars highlighting their capacity to foster inclusive economies through democratic decision-making and socio-environmental goals (Cheney et al. 2014). Notable examples include Spain’s Mondragon Group, Italy’s Emilia Romagna network, and the John Lewis Partnership in the UK (Birchall 2011). Worker cooperatives, in particular, enhance collaboration, productivity, and resilience by addressing both social and cultural aspirations (Kokkinidis 2015).

Despite their global prevalence, governance studies often default to corporate models, overlooking the diversity of organizational structures (Cornforth 2004). With governance systems that combine social missions, member participation, and economic goals, cooperatives represent a compelling example of sustainable development (Novković et al. 2023). According to the International Co-operative Alliance (ICA), cooperatives are guided by seven principles – voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community – which institutionalize values of equality, solidarity, and self-help (International Co-operative Alliance 1995). Rooted in democratic practices such as one-member-one-vote and elected representation, cooperatives are “[quasi-] non-hierarchical organisation owned, managed and controlled [...] by all of its members [...]” (Diefenbach 2019: 553).

Democratic governance, as defined by Spear (2004), involves both formal member control and participatory processes that enable members to influence managerial decisions. While rights may be constitutionally guaranteed, outcomes depend on participation levels, board functionality, and the management of institutional and organizational tensions. Michaud and Audebrand (2022) stress the need to examine these tensions and highlight practices that reinforce cooperative identity and address paradoxes at multiple levels.

The long-term viability of cooperatives thus depends on robust governance and supportive institutional embedding. Research often focuses on countries with strong cooperative traditions such as Italy, France, and Spain, where favorable contexts have enabled cooperatives to thrive (Borzaga et al. 2020). Yet cross-country comparisons remain limited, obscuring how governance is shaped by institutional settings (Pendleton – Gospel 2013). In Germany, worker cooperatives are underrepresented and less studied (Martens 2015), whereas Italy features a vibrant cooperative landscape (Pansera – Rizzi 2020).

This inquiry makes three contributions: first, it analyses the founding motivations of cooperatives in Germany and Italy to understand the establishment of democratic organizations and the choice of the cooperative model; second, it compares governance structures and

practices to identify approaches shaped by institutional environments; third, it explores how cooperatives address organizational paradoxes through democratic governance. The central question emerges: how do cooperatives from different institutional environments in Germany and Italy manage organizational paradoxes, align governance systems, and construct organizational democracy? The following sections review relevant theory, outline institutional contexts and methods, present key findings, and conclude with implications for theory and practice.

2. INSTITUTIONAL THEORY AND COOPERATIVE GOVERNANCE

This section sets the theoretical foundation by integrating insights from institutional theory, cooperative governance literature, and paradox theory. Institutional theory is selected as the primary lens because it offers a framework for understanding how cooperatives are embedded in, influenced by, and capable of shaping their societal, legal, and normative environments (North 1990). Cooperative governance literature complements this perspective by examining how ownership, control, and decision-making are organized in member-owned enterprises, with particular emphasis on democratic participation and accountability (Spear 2004). Finally, the paradox perspective provides a toolkit to analyze the persistent governance tensions cooperatives face in balancing market demands with democratic ideals, and in reconciling diverse member interests within competitive environments (Michaud – Audebrand 2022). Together, these perspectives offer a comprehensive basis for investigating how cooperatives in different institutional contexts manage organizational paradoxes and construct sustainable democratic governance. Further, their combination offers a better understanding of the conditions under which certain governance structures and paradoxical tensions emerge.

Institutions are frameworks that structure society. They can be understood as “rules of the game” – both formal, like laws and contracts (DiMaggio – Powell 1983), and informal, such as customs and norms (North 1990) – and influence interactions between individuals and organizations (Klein 1998). They govern transactions, allocate resources, and are enforced through sanctions (Scott 2008). Early theorists like Weber and Durkheim already stressed that institutions rest on belief systems, moral authority, and symbolic orders (Lawrence – Suddaby 2006). These ideas evolved into institutional isomorphism: coercive pressures from governments and norms, mimetic imitation of successful organizations, and normative standards set by professions (DiMaggio – Powell 1983). For cooperatives, this means pressures to conform to regulations, copy governance models, and follow standards set by umbrella associations (Meyer et al. 2017). At times, this results in “planned disconnection,” where cooperatives maintain a democratic image while operating in less democratic ways (Heras-Saizarbitoria 2014).

Hierarchical structures, for instance, often stem not purely from efficiency needs but from ingrained social and cultural patterns. This helps explain why cooperatives, despite democratic ideals, may adopt hierarchical features that mirror broader societal norms (Diefenbach 2013). Similarly, Baldacchino (1990) notes that socioeconomic, political, and cultural factors shape cooperative survivability. Organizations, however, can also influence their institutional environment to varying degrees (Lawrence – Suddaby 2006). Institutional environment in this article is therefore defined as “the structures, processes, and institutions within and around organizations that allocate power and resource control among participants” (Davis 2005: 143).

These institutional conditions lay the foundation for the governance arrangements through which cooperatives organize their activities and uphold their principles (Bretos – Errasti 2017). Cooperative governance is shaped by legal requirements (Cornforth 2004), but equally by democratic values and participation, which distinguish cooperatives from other organizations (Birchall 2011). Participation is ensured not only through formal mechanisms but also informal social control – upward (challenging leaders) and horizontal (peer oversight) (Jaumier 2017). Yet, sustaining these arrangements over time is challenging, as organizational and environmental pressures gradually erode them.

This is the starting point of the “degeneration thesis”, first raised by the Webbs and by Michels’ law of oligarchy, which argued that worker cooperatives risk becoming “associations of small capitalists” (Ben-Ner 1988). Michels suggested that internal dynamics push cooperatives toward oligarchy, a view still relevant despite critiques (Storey et al. 2014). Larger size or higher ratios of hired workers can intensify this risk (Jensen 2011). Degeneration can manifest as concentrated power (organizational), declining participation (constitutional), or shifts toward hierarchical structures (goal/cultural) (Cornforth et al. 1988). Institutionally embedded cooperatives must therefore balance market logic and managerialism with member democracy (Langmead 2016).

Degeneration is often described as a gradual process: beginning with democratic idealism, moving toward market orientation and managerialism, and ending in representative democracy and managerial dominance (Batstone 1983; Cornforth 1995). Regeneration occurs when cooperatives acknowledge democratic deficits and restore degenerated structures (Bretos et al. 2020). Both tendencies may co-exist, with parts of an organization regenerating while others degenerate (Battilana – Lee 2014). Cooperatives thus can be seen as “neither fully democratic nor oligarchic, but rather are the site of contestation between these two tendencies” (Hernandez 2006: 105). Countering degeneration involves continuous renewal of governance structures, safeguards like job rotations, audits, training, and external support from umbrella associations (Cornforth 1995; 2004). Support organizations and strong value commitments, in particular, “serve as a catalyst for democratic governance” (Egan 1990: 79), while engaged members strengthen solidarity and mitigate degeneration risks (Harnecker 2012).

Governance regulates relationships between stakeholders, shareholders, management, and boards. Cooperative governance, however, requires a different viewpoint, as ownership and control are embodied in the same individuals, rather than separated into management and shareholders (Jensen 2011). Unlike conventional firms, risk and control are combined, not decoupled (Erdal 2011). Mechanisms also differ, as management is elected by and from the members (Jensen 2011). Employee ownership, therefore, represents a hybrid governance model constructed by multiple logics. The tension between capitalist market demands and democratic principles creates challenges in establishing governance structures that align with employee-owners’ interests, maintain managerial control, and ensure competitiveness (Martin et al. 2016). These conditions necessitate a paradoxical perspective on cooperative governance, where conflicting logics coexist (Thornton – Ocasio 2008). They highlight the inherent tensions that cooperatives must organize and manage. Institutional theory and degeneration serve as the backdrop for seven key paradoxes, whose careful consideration is essential for sustaining cooperative governance models (Cornforth 2004; Michaud – Audebrand 2022).

- Member cohesion (homogeneity vs. heterogeneity): Cooperatives must manage the tension between fostering a unified sense of community and accommodating the diverse interests of a growing, heterogeneous membership (Puusa et al. 2016). As Hansmann (1999) points out, traditional stockholders tend to have homogeneous interests, while cooperative members exhibit diverse aspirations, such as earnings, labor conditions, and investment goals. This heterogeneity increases transaction costs related to conflict resolution, potentially reducing member numbers (Kalmi 2007).
- Board member motivation (extrinsic vs. intrinsic): Cooperatives face tensions between members' financial interests and their commitment to the cooperative mission (Chaddad – Cook 2004). Management may employ more hired labor to increase profit-sharing for members (Cornforth 1995), though this dynamic varies across institutional contexts (Burdin – Dean 2009).
- Board independence (control vs. collaboration): Cooperatives must balance control and collaboration. While agency theory suggests they lack strong control mechanisms (Hansmann 1999), others argue that member-elected boards strengthen governance through dual ownership structures (Hueth – Marcoul 2015).
- Member Participation (efficiency vs. collectivity): Cooperatives must balance efficient decision-making with member participation, managing tensions between individual self-interest and collective goals (Puusa et al. 2016). Investing in participation mechanisms can be costly and may affect competitiveness (Verhees et al. 2015; Hartz et al. 2024).
- Selection of board members (expertise vs. representation): Cooperatives must balance board expertise with member representation to align with democratic values and mission (Chelliah et al. 2015). While professionalization enhances competitiveness, relying on external board members risks diluting the cooperative essence. Nominating committees may ease this tension but raise concerns about egalitarianism (Cornforth 2004).
- Performance measurement (economic vs. social): The need to balance economic success with their social mission is most challenging in cooperatives, as many social objectives are not directly capturable through conventional metrics (Cornforth 2020).
- Identity and integrity (mainstream vs. alternative): Cooperatives must maintain their alternative identity while adapting to market demands, avoiding mission drift and demutualization (Spear 2004). Governance structures play a key role in preserving foundational values and integrity (Cornforth 2014).

The distinctiveness of cooperatives lies in how they manage and utilize diversity, shaping both individual and collective practices of knowing and acting. As Langmead (2016) notes, constant negotiation and fluidity foster democratic member control and balance these dual identities. This process offers insights into how democracy and resistance to democratic erosion are socially constructed (Langmead 2016). Democratic governance in this article is henceforth defined as a dialectical process, where workers evolve mechanisms to resolve contradictions (Westenholz 1993). It is also a relational process that allows members to influence actions within a collectively agreed framework (Kokkinidis 2015). The diversity of cooperatives would lead to distinct kinds of paradoxical forces, which alter their organizational structure and relations. Grasping this diversity requires examining how various cooperatives manage and perceive their internal tensions (Hernandez 2006).

Based on this, I develop the following research question: How do cooperatives from different institutional environments in Germany and Italy manage organizational paradoxes, align governance systems, and construct organizational democracy? To answer this question, the following chapter first outlines the institutional contexts of both countries and then presents the case study method.

3. CASE STUDY

While worker cooperatives, especially social ones, are well-established in Italy (Ammirato 2018), Germany presents a contrasting scenario. Cooperatives in Germany are less prevalent and focus more on agriculture and banking rather than social services or production (Münkner 2015). In both countries, umbrella organizations provide legal, administrative, and financial support to sustain cooperatives and uphold cooperative principles. However, in Germany, cooperative promotion often occurs outside formal legal frameworks, as it lacks institutional support (Münkner 2018). In general, limited public awareness and the absence of cooperative education in schools and universities further hinder their growth (Münkner 2018; Novković et al. 2023; Kalmi 2007).

3.1. Institutional context Germany

German cooperatives originated in the 19th century to reduce dependency on monopolistic markets, evolving into a diverse sector spanning banking, agriculture, and energy (Thibaut 2004). This growth addressed increasing social inequality, making cooperatives an effective response to pressing social issues. Since reunification in 1990, the sector has undergone significant restructuring, particularly in the eastern states, where many former East German *Produktivgenossenschaften* were dissolved or converted into GmbHs. This reduced the stock of worker-owned cooperatives and diminished cooperative visibility (Schultz 2008). A notable legal change came with the 2006 amendment to the *Genossenschaftsgesetz* (GenG), which reduced the minimum number of founders from seven to three (§ 4 GenG) and allowed the inclusion of cultural or social goals in the cooperative's goals. This lowers entry barriers for all cooperative types, including worker cooperatives. However, without complementary financing instruments or targeted advisory programs, this facilitation did not result in a significant increase in new formations (Münkner 2018). Compliance costs also remain comparatively high, as all cooperatives must belong to an audit association and undergo regular audits (§ 53 GenG), with rising administrative expenses and stricter interpretations of audit obligations posing barriers to newly established cooperatives (Münkner 2018).

More recently, demographic changes have created both challenges and opportunities for cooperative development. Between 2022 and 2026, around 190,000 SME owners in Germany are expected to retire, many without a family successor (Schwartz 2023). This “succession gap” has prompted a new surge to promote cooperative solutions (Reifschneider 2024). In succession cases, the 2006 GenG reform's reduced membership threshold has been particularly relevant when only a small group of employees assumes ownership (Münkner 2018). Furthermore, German cooperative law and practice permit hybrid structures in which a cooperative (eG) may act as the institutional shareholder of a GmbH (§ 1 GenG), thereby safeguarding operational continuity while transferring strategic and purpose-directed control to the cooperative (Bundesministerium der Justiz 2025).

Today, Germany's cooperative sector comprises approximately 7,000 cooperatives in banking, agriculture, energy, and housing, with over 20 million members (DGRV 2024: 2). The *Genossenschaftsgesetz* [cooperative law] governs all cooperative types and implicitly reflects the International Cooperative Alliance (ICA) principles. By law, both the board and supervisory board must consist of cooperative members (§ 9 (2) GenG), and pre-establishment audits (§ 11 (2) No. 3 GenG) are mandatory for all new cooperatives. The cooperative landscape in Germany is highly diverse, ranging from small cooperatives with only a few members to large cooperative banks and credit unions employing thousands and serving over 100,000 members (DGRV 2024).

3.2. Institutional context Italy

Italian cooperatives emerged in the late 19th century to address poverty and rural inequality, while aligning with social justice movements and promoting equitable access to resources (Zamagni 1993). Today, they operate across agriculture, finance, retail, culture, and social services, consisting of over 80,000 cooperatives, 13 million members, and approximately 1.3 million employees (Confcooperative 2023). Their legal foundation is anchored in the Italian Civil Code, which defines cooperatives by their mutualistic purpose, and has since been complemented by a series of targeted legislative reforms (Velmer 2024).

A decisive early step was the Marcora Law (Law 49/1985), which provided targeted funding and legal support for worker buyouts, facilitating the conversion of failing firms into cooperatives and securing employment (Vieta 2017). This was followed by Law 381/1991, which created the social cooperative form and distinguished between Type A (social, health, and educational services) and Type B (work integration for disadvantaged groups). The law not only legitimized cooperatives as welfare actors but also enabled their participation in public contracting (Velmer 2024). Soon after, Law 59/1992 introduced *soci sovventori* (investor members), allowing cooperatives to attract external capital without undermining the one-member-one-vote principle, a provision particularly relevant for capital-intensive and cultural-sector cooperatives (Zamagni – Zamagni 2010).

At the constitutional level, the 2001 reform (Art. 118) codified the principle of horizontal subsidiarity and granted explicit recognition to cooperatives as legitimate providers of public services (Borzaga – Galera 2016). This was followed by the 2003 Company Law Reform (D.Lgs. 6/2003), which modernized cooperative governance by enabling large organizations to adopt more flexible board structures while clarifying the distinction between mutual and non-mutual activities (Zamagni – Zamagni 2010).

More recently, the Third Sector Reform (D.Lgs. 117/2017) integrated social cooperatives into the broader Third Sector framework, and enabled them to gain access to funding and new contractual opportunities while imposing stricter transparency and reporting obligations. Legislative Decree No. 112/2017 reinforced the trajectory by stipulating that social cooperatives qualify as social enterprises, provided they pursue community-oriented, non-profit goals and adopt transparent governance (Borzaga et al. 2020).

This underlines the central role of Italian cooperatives, which, as Velmer (2024) stresses, are “at the frontline in providing concrete responses to grand societal challenges (248).” The next section outlines the method through which the chosen context is being investigated.

3.3. Methods

This study employed a multiple-case study approach, guided by Yin's (2018) replication logic. Case selection was based on expectations of consistent outcomes across cases (literal replication) and the possibility of differing results informed by prior research (theoretical replication) (Yin 2018: 55–56). This approach is effective for exploring the subjective realities of interviewees through semi-structured, qualitative methods (Jensen 2011). A qualitative approach was essential for understanding the meanings attached to democracy and the challenges of managing organizational paradoxes in relation to regulations, by-laws, and institutional embeddedness (Gummesson 2000). Case studies also enabled the integration of multiple data sources, including interviews, participant observations, and document analysis. Given the historical context of these organizations, this method was particularly advantageous (Fitzgerald et al. 2009).

The case selection was driven by gaps in the literature on worker-owned cooperatives, particularly their limited presence in Germany and their stronger representation in Italy. Accordingly, the study focused on worker-owned cooperatives, which engage in market-oriented activities like producing goods and services, unlike consumer cooperatives, agricultural cooperatives, or credit unions (Martens 2015).

The analysis examined internal and external factors influencing cooperative governance and institutional environments in both countries, aiming to understand the local manifestations of cooperative models and their inherent paradoxes. Cooperative constitutions and additional documents supported this analysis (Yin 2018).

This interpretative research is based on the paradigm proposed by Burrell and Morgan (2019), where reality is socially constructed and subjective, varying according to individual experiences and cultural contexts. The interpretative paradigm rejects the notion of objective truth, asserting that knowledge emerges from the context of the social actors involved (Burrell – Morgan 2019). The constructivist approach posits that humans continuously interpret their experiences within specific settings, unable to directly access external realities, and subject to ongoing change (Thyer 2009). Case narrative studies are thus projects of meaning-making and meaning-revealing. As Thyer (2009: 377) notes: “As social workers and as human beings, we are compelled to interpret experience, to search for purpose, and to understand the significance of events and scenarios in which we play a part.”

3.4. Data

Empirical data was collected through four semi-structured interviews (lasting 30–45 min each) with cooperative members and managers in March and April 2023. Secondary sources included academic literature, regulatory documents, by-laws, and materials provided by the cooperatives. The shorter interview durations aimed to capture immediate, unfiltered responses, allowing the researcher to extract the most pressing issues and paradoxes. This aligns with Patton's (2014) emphasis on managing participants' cognitive load during interviews.

A purposeful sampling approach was used to identify two German cooperatives with the help of a German cooperative umbrella organization and two Italian cooperatives through La Lega Coops. Purposeful sampling was chosen to deepen the understanding of institutional influences on governance in worker cooperatives, regardless of the broader population (Schoch 2020).

Interviews with the German cooperatives were conducted in German, while the Italian interviews were conducted in English. Documents provided by the cooperatives were translated

using DeepL. To ensure ethical integrity and minimize biases like organizational silence or social desirability, participants were assured anonymity and confidentiality, ensuring responses couldn’t be traced back to specific cooperatives (Heras-Saizarbitoria 2014).

All interviews were recorded via Teams and professionally transcribed. A qualitative inductive approach was then applied, coding data from interviews, by-laws, regulations, field notes, and other documents by using NVivo. Related codes were clustered into categories, which were further grouped into three overarching themes (Basterretxea et al. 2019: 5). The cases studied are listed in Table 1.

4. RESULTS

In this chapter, each case is interpreted from the perspective of a single primary interviewee, whose account inevitably represents one construction of the cooperative’s reality. The interviewees are key figures in their organizations as founding members or heads of institutional communication. Their perspectives carry significant weight in understanding and conveying the cooperative’s history and their challenges. Their accounts are therefore likely to reflect the “core” meaning of the cooperative’s interpretation of events. To further reduce the risk of misinterpretation, statutes, regulatory documents, and cooperative materials were consulted for triangulation to ensure that governance challenges, organizational, and institutional narratives were captured accurately. In this sense, the following aims to highlight selected shards of a broader discourse rather than offering a comprehensive overview.

Three core themes emerge from the data: Governance challenges, the meaning of democracy, and institutional embeddedness. These findings illustrate how cooperatives organize around inherent organizational paradoxes. The governance structures of the studied cases reveal central challenges determined by each cooperative’s goals, size, and founding motivations. Structural sustainability, balancing stability with flexibility, and maintaining democratic principles are recurring concerns, especially when reconciling structured governance with values of egalitarianism and shared ownership. This section first examines the “why” and “what” of cooperative endeavors, before turning to the “how” – the ways in which democracy and institutional embeddedness are conceptualized and enacted.

Table 1. Case study participants

Pseudonym	Sector	Size	Role of interviewee	Type of cooperative
IT-GER	IT consultancy	Above 100 members	Founding member / Board member	Worker Cooperative
ARCH-GER	Architecture office	30 members	Founding member / Board member	Worker-cooperative
SOC-IT	Social inclusion organization	14 members	Founding member	Social cooperative
ART-IT	Musician and artist organization	Above 500 members	Head of institutional communication	Worker cooperative

4.1. Governance approaches

4.1.1. Organizational choice. While cooperatives are structurally designed to promote equality, shared responsibility, and member engagement, they face distinct governance challenges during establishment and growth. IT-GER and ARCH-GER were both founded in response to succession needs. In both cases, the original company founders withdrew, prompting employees to either purchase and transform the company into a cooperative for ARCH-GER or establish a cooperative as the institutional owner of the company (GmbH – limited liability company) for IT-GER. In IT-GER's statutes, the object of the cooperative explicitly states the successive acquisition of shares in the GmbH and the appropriate management of those holdings to secure members' employment and the group's independence; the preamble also commits the cooperative to preserving the group's autonomy while exerting only indirect influence on day-to-day operations. ARCH-GER's statutes define the purpose as operating the urban-planning office and – crucially for succession – tie full membership to having an employee relationship with the cooperative. This is complemented by membership ending when employment ends, and is hence a design choice that makes ownership transfer to staff workable and durable. These structural conditions alleviate a common enterprise challenge within the German context: *“Our governance model eliminates succession issues, as new leaders are elected democratically when needed, without requiring financial buyouts.”* (ARCH-GER).

While the German cases were motivated by business continuity, SOC-IT and ART-IT were driven by the desire to address social challenges in their local communities. SOC-IT adopted the cooperative model to serve vulnerable groups, focusing on education, social inclusion, and lifelong learning. As stated in its constitution:

“The cooperative, with a mutualistic spirit and without speculative purposes, aims to pursue the general interest of the community for human promotion and social integration of citizens through the management of social-health and educational services as per art. 1 letter a) of the law of November 8, 1991, no. 381, and is regulated by the Statute attached as above under letter ‘A.’” (SOC-IT; constitution)

In a similar fashion, ART-IT aimed to enhance the bargaining power of artists, allowing members to pool resources, secure work opportunities, and protection schemes:

“In ART-IT, artists, musicians, technicians are hired by the cooperative, so they become employees [...] and in this way they are entitled to social protection schemes, union rights [...] and all the advantages of being employees. But at the same time, they keep autonomy in managing their business [...] It is perfect because, you know, you are both worker but also a member [...] So you are an entrepreneur.” (ART-IT)

4.1.2. Balancing governance efficiency and democratic involvement. Across all four cases, governance structures reflect the need to maintain business operations while safeguarding cooperative values. Efficiency is not framed as a threat to democratic participation but as a mechanism to sustain it over time. This logic plays out differently in the German and Italian contexts.

For IT-GER, balancing these priorities is an ongoing challenge, particularly in identifying which decisions require higher-level input – a task complicated by the lack of comparable organizational models in their surroundings. ARCH-GER follows a governance structure similar

to IT-GER, as prescribed by German law. Both cooperatives have a clear division between management and supervisory roles, with the general assembly electing the board to ensure transparency and accountability. However, the five-year board terms can hinder leadership responsiveness to evolving member needs. While these terms provide stability, they necessitate robust internal mechanisms for accountability. The cooperative leader notes:

“The key challenge [...] is that members need to find their role within the cooperative. Members were not involved in everyday business decisions before, so it took some time for them to adjust to this structure. There is still an executive board that holds management responsibility, but if the board performs poorly, it can be quickly replaced, and a new board can be elected. In any case, efforts are made to ensure a balanced and responsive system.” (ARCH-GER)

SOC-IT shows a similar balancing act, with governance bodies comprising a general assembly, a board of directors for executive management, and a board of statutory auditors. Board members are elected from the member base for three-year terms, combining long-term stability with flexibility. As the project manager notes: *“The horizontal structure works well for us at the moment, but it does mean that decision-making can be slower, as everyone has an equal say.”*

In contrast, ART-IT integrates formal and informal governance elements. The general assembly is the primary decision-making body, while the board of directors manages daily operations and legal representation. An executive committee functions as a quick intervention body, ensuring rapid responses to market demands. Both the committee and board are elected for three-year terms, and there is no cap on the number of shares a member can hold. This quick intervention system addresses the typical challenge of slower decision-making in mature cooperatives.

To safeguard collective decision-making, both German cooperatives capped member shares to limit individual influence over the General Assembly. A member of IT-GER explains:

“The idea behind this limit is to prevent any one person from exerting undue influence over the General Assembly, which is the decision-making body. For example, even though each person only has one vote, someone could threaten to withdraw a large amount of capital, potentially destabilizing the cooperative.”

In contrast, Italian SOC-IT and ART-IT did not cap shareholdings, as set out in their statutes. ART-IT ties voting rights to share ownership, granting an additional vote for every 50 shares, up to a maximum of five votes. While this might suggest constitutional degeneration, ART-IT maintains its democratic character through other participatory channels.

ART-IT highlights that its large, diverse membership – comprising musicians, technicians, and artists – creates challenges in amplifying engagement and involving members in decision-making. To address this, the cooperative introduced a digital platform to streamline operations and enhance direct communication between members and leadership. Additionally, branches were incorporated into the governance system, combining vertical and horizontal feedback channels. Area chiefs and product managers directly engage with members, gather their input, and relay it to the primary decision-making bodies. This creates a circular system of direct and indirect representation. As the interviewee explains:

“While members may not directly engage [in the general assembly], their ideas still reach the decision-making bodies. The officers are fundamental because they talk directly with members and in this way, they can then give information to product managers and the board of directors or the executive committee [...]. And so, we overcome the lack [...] that they don't participate that much [directly].”

This system is particularly effective for large cooperatives with heterogeneous memberships, while informal meetings are seen as more suitable for smaller cooperatives. However, even smaller cooperatives face engagement challenges, especially among members less involved in core activities and younger members, as seen in SOC-IT. These challenges underscore the importance of effective voting and feedback mechanisms, many of which remain informal in this context.

Across cases, a recurring narrative becomes apparent: efficiency is framed not as a threat to collective governance, but as a tool for clarity. Whether through quick-intervention bodies, shareholding limits, or branch expansion rights, each cooperative narrates efficiency measures as safeguards for their cooperative identity rather than departures from it. The interplay between formal governance structures and informal member engagement reflects the dual influence of institutional frameworks and cooperative values. The next section explores how members interpret and practice democracy within these structures.

4.2. Constructing organizational democracy

Democracy in the studied cooperatives extends beyond formal structures like voting and governance. It is a living philosophy that shapes how members engage with one another and their organization. This fosters ownership and responsibility and reinforces cooperative principles. Across cases, democracy unfolds through two dimensions: balancing hierarchy and participation, and empowering members through values and shared purpose.

4.2.1. Balancing hierarchy and participation. Cooperatives operate within an inherent tension between the need for structured governance and the aspiration for egalitarianism. Striking this balance ensures both operational efficiency and inclusivity, allowing members to have meaningful influence over decisions.

In this manner, IT-GER exemplifies: *“So, in terms of employee retention and attracting potential applicants, it is, in my view, an excellent tool because you’re not dependent on management hopefully doing a good job. Instead, the owners stand above management, and I, as an individual, am part of the ownership. I can have a say; I can take part in decisions”.*

Here, democracy is framed not only as an occasional exercise in voting but as a continuous ownership principle in which members hold a position above management, ensuring influence regardless of organizational hierarchy.

In ARCH-GER, this balance is exemplified by the interplay of formal structures and egalitarian practices. While hierarchy is necessary for business operations, the cooperative fosters participation by flattening everyday interactions. A member explains how this philosophy manifests: *“[...] we live it every day, and everyone around us notices it. For example, even the board takes out the trash themselves, and it’s not left to the secretary to do”.* This visible commitment to equality extends to how members interact with clients, breaking traditional hierarchical expectations. SOC-IT, which operates under a horizontal structure, takes a different approach. Its governance relies on informal and formal mechanisms, combining casual discussions with structured decision-making processes. While this structure promotes inclusivity, the cooperative leader acknowledges that participation depends heavily on members’ intrinsic motivation:

“If you don’t feel that you are engaged with the organization and that you are responsible for the activities – not only your own but also those of the other members and the organization as a whole – then this model won’t be successful for you.”

ART-IT offers yet another variation, integrating a circular governance system. Through area chiefs and branch leaders, informal feedback is systematically relayed to decision-makers. This ensures that even members who are not directly involved in general meetings can influence decisions. However, this system also highlights a challenge common to cooperatives: the need to reconcile slower, more participatory decision-making with the demands of competitive environments.

The balancing act between hierarchy and participation showcases democracy as a dynamic process. While formal governance provides stability, informal engagement channels foster inclusivity and reinforce the cooperative’s identity as a participatory organization. One pillar of democracy can hence be seen in the structural philosophy that is inherent in the model of a cooperative.

4.2.2. Empowering members through values and purpose. In ART-IT, members are both employees and entrepreneurs. Their self-management model, based on “one member, one vote”, encourages participation at both strategic and operational levels. One member reflects:

“Participation depends on personal values and perceptions. Some people, even after 20 years in the cooperative, may forget the principles, while others remain deeply connected to the philosophy of cooperative self-management.”

ARCH-GER shows a similar dynamic, where the cooperative structure has motivated employees to take initiative. Previously passive secretarial staff now identify opportunities and engage with the board, reflecting democratized responsibilities:

“Even the secretarial staff now [...], suddenly find some tenders and say, ‘Hey Board, what do you think of this?’ That would never have happened before.”

SOC-IT integrates empowerment into its horizontal structure, emphasizing shared responsibility for collective goals. This approach enhances engagement, particularly when tied to the cooperative’s social mission. However, this model requires members aligned with cooperative values and willing to assume responsibility beyond immediate tasks.

Through empowerment, cooperatives strengthen their democratic essence, fostering environments where all members influence the cooperative’s direction, promoting autonomy and collective accountability. SOC-IT intertwines its governance with its social mission. By addressing community needs through education and social inclusion, the cooperative fosters a sense of purpose that motivates members and strengthens engagement: *“So our approach is really based on this, and I think that this approach should be successful also for our profit [...]”*.

A key feature of democratic governance in the studied cooperatives is the alignment of organizational goals with a shared purpose. Rather than focusing solely on profits, cooperatives prioritize meaningful work, sustainability, and the collective well-being of members. IT-GER embodies this principle through *Sinnmaximierung* (maximization of purpose), prioritizing projects aligned with the cooperative’s values, even at the expense of short-term gains. The founding member explains: *“We prefer this kind of utilization over ‘turbo-capitalism,’ where we would basically accept any project in favor of profits. These are levers that we as owners can always*

control.” While this approach slows growth, it ensures actions reflect the cooperative’s long-term vision and collective values.

ART-IT expands this philosophy by positioning itself as a laboratory for societal change. Its democratic governance serves as both an internal mechanism and a blueprint for addressing broader societal issues like inequality and sustainability. The head of institutional communication highlights this dual role: *“We believe in the cooperative model because sharing in a cooperative is not only about sharing resources but also about solving problems together.”* Through their shared purpose, these cooperatives show how democracy connects internal governance with external influence. By fostering sustainability, equality, and social responsibility, they demonstrate that democratic governance is both viable and impactful in exemplifying how to address contemporary challenges and consolidate member focus.

Democracy is narrated as a social construction of individuals and their relatedness to cooperative philosophy. These meanings often take form in response to external circumstances and lay the ground for how institutional realities influence their approaches to democracy.

4.3. Products and shapers of institutions

Governance structures and conceptions are molded by institutional environments such as legal frameworks, market conditions, social expectations, and cultural norms. At the same time, cooperatives influence these environments and balance lifeworld and system by promoting democratic governance, community engagement, and social responsibility (Dufays et al. 2020). As Dufays et al. (2020: 975) state, *“Cooperative principles do not only influence the lifeworld; they also act on the system by redefining the institutional arrangements that underlie its components”*. While complying with national regulatory frameworks and other downward pressures, these cooperatives adapt to expectations and market demands, yet also push upward as agents of change, redefining practices and thinking through innovation, collaboration, and advocacy.

The governance structures of IT-GER exemplify this adaptability. Founded through a succession process to preserve autonomy, the cooperative operates alongside a GmbH (limited liability company) structure. This dual framework balances independence with market competition demands. It is reinforced by the cooperative’s bylaws, which explicitly allow the cooperative to act as a shareholder of other companies and to acquire stakes in enterprises that align with its objectives. The by-law further provides for partnerships with public and private institutions to expand market access and technological capacity. This indicates a strategic openness to institutional collaboration without compromising autonomy and grounding it in cooperative principles. As the board member explained the importance of autonomy: *“If the employees wouldn’t have overtaken the enterprise and founded a cooperative to govern the company, we would have likely been absorbed by another company.”* This setup hence ensures governance remains rooted in cooperative principles while allowing the GmbH entity to focus on profit generation, as voiced by the interviewee: *“the current main purpose of the cooperative is to ensure the independence of the GmbH.”* However, challenges persist, particularly regarding limited financial incentives for cooperatives in Germany compared to startups. Recruitment and retention also pose difficulties, with uniform salary structures, like those of Mondragon, deemed impractical in competitive industries. While these downward pressures are adapted to effectively, the cooperative does not see itself in a position to exert significant upward influence

beyond the previously mentioned *Sinnmaximierung*. The perceived ability to reconfigure institutional arrangements is framed as marginal, with IT-GER noting: *“I think our individual company is far too small, we have [above 100] employees, and even in our immediate environment, meaning our business contacts, we have relatively little influence.”*

ARCH-GER, also established through a succession process, transitioned from a GmbH to a cooperative with the support of a cooperative association. This restructuring cemented a governance model rooted in flat hierarchies and egalitarian principles from the outset. To address external market conditions, the cooperative is empowered by its statutes to diversify activities, establish branches, acquire stakes in other companies, and extend business operations to non-members. Through these conditions, adaptability to shifts in the urban planning sector is fortified while maintaining egalitarian control. Internally, employees take on expanded responsibilities and engage directly with clients to build relationships and secure contracts. The board member highlighted how this approach shapes perceptions of the cooperative: *“The board runs the business, but project managers and employees represent the company to clients, taking on more responsibility and establishing connections that lead to new contracts [...] However, we don’t really want to grow extensively.”* This engagement reinforces the cooperative’s identity as an alternative organization while inspiring interest from external organizations exploring similar governance models:

“We’re still a bit of an oddball with the topics we deal with [...]. I always say, if anyone approaches us and says they want to set up [a cooperative] or want to know how it works, I’m always really enthusiastic about it, because I personally, or we as a whole, are completely committed to this model.”

In contrast, ART-IT operates within the cultural sector, where profit margins are narrow and economic challenges are prevalent. As the interviewee noted, *“Cooperatives generally are born in situations of difficulty, where you need to find solutions, and if you have money, you can find a solution yourself, but if not, you do it with others.”* This cooperative focuses on concentrating bargaining power for musicians and artists, providing opportunities in a sector often neglected by traditional businesses. Despite its commitment to collaboration and shared responsibility, challenges in funding and market access remain significant. Additionally, awareness of cooperatives within the broader institutional framework is limited. As the interviewee observed, *“The lack of understanding about cooperatives’ potential means missed opportunities to solve pressing social issues.”* These limitations highlight the need for greater institutional recognition and support for cooperatives, as well as efforts to resist a purely profit-driven trajectory.

ART-IT also demonstrates how it influences institutional awareness and societal change. Operating in a sector where cooperative models are often overlooked, it promotes education and public discourse about their benefits. The interviewee emphasized the importance of advocacy:

“Since the 1920s, cooperatives have no longer been studied in the Faculty of Economics, thanks to the new liberalistic perspective. So, the first thing we should do is raise awareness of our existence, like talking about cooperatives in schools and universities [...].”

This is also clearly stated in the cooperative’s regulations: *“[...] it is our responsibility to adopt this philosophy of corporate community in relation to the local area and spread it.”* This focus aims to counteract the marginalization of cooperatives within mainstream economics and unlock their potential to address social challenges. Through its commitment to sustainability and community-oriented practices, ART-IT shows how economic success can coexist with social

responsibility and the importance of cooperatives actively advocating this model. As the interviewee put it, *“Cooperatives aren’t just organizations; they can be incubators for societal betterment.”*

SOC-IT, classified as a social cooperative under Italian law, operates at the intersection of education, social innovation, and community development. Its governance benefits from institutional support, such as tax incentives, enabling the cooperative to address social needs while maintaining financial sustainability. By partnering with schools, municipalities, and European organizations, the cooperative ensures its initiatives are both locally impactful and globally informed. As the member explained:

“Even if our approach is local, the problems are global, and the objectives are global. It doesn’t make sense to plan only for the small community where we are, without a bigger overview of the problems and solutions [...] A lot of innovation and effective practices came from our European experience.”

This approach allows SOC-IT to reinvest surpluses into services and members, furthering its commitment to long-term sustainability and community impact. A key focus for SOC-IT is building collaborative networks, including new models like community cooperatives. These models unite cooperatives, associations, and citizens to address shared challenges in one organization. The interviewee described the importance of such networks: *“Not single actions, but actions that are shared among the right network of stakeholders are successful.”* This collaboration highlights the cooperative’s role in advancing institutional practices that prioritize collective well-being over individual profit.

Across these cases, institutional embeddedness emerges as a dynamic interplay between adapting to downward pressures and sometimes without specific intention, exerting upward influence. While some cooperatives position themselves as too small, others actively advocate for the cooperative model and embed their practices within wider institutional spaces. This variation illustrates that upward influence is not merely a function of size, but how cooperatives frame their role within their immediate institutional surroundings.

5. CONCLUSION

This study sheds light on the diverse founding motivations and institutional contexts of cooperatives in Germany and Italy, offering insights into their governance practices and institutional roles. It addresses how cooperatives in different institutional environments manage organizational paradoxes, align governance systems, and perceive their role within broader institutional surroundings.

The results are most relevant to four paradoxes in cooperatives: member cohesion (homogeneity vs. heterogeneity), member participation (efficiency vs. collectivity), performance measurement (economic vs. social), and identity and integrity (mainstream vs. alternative).

Member cohesion emerges as a critical challenge, as cooperatives must balance fostering solidarity with accommodating diverse member interests, particularly in larger and more heterogeneous settings. Interviewees emphasize the difficulty of preserving core principles over time. This is managed in diverse ways, such as ART-IT channeling member ideas through its branch system to create shared meaning. Combining vertical and horizontal elements enhances cohesion. Likewise, ARCH-GER’s philosophy of self-management, IT-GER’s *Sinnmaximierung*,

and SOC-IT's anchoring in its social mission and networks foster shared understanding among members.

Member participation involves balancing efficient decision-making with participatory mechanisms that align individual and collective goals. IT-GER's capital contribution limit curbs disproportionate influence. ART-IT's branch system ensures representation at multiple levels, from general assemblies to branch officers. Smaller cooperatives like ARCH-GER and SOC-IT did not explicitly mention this paradox, likely reflecting their early stage in the cooperative lifecycle, where adherence to founding values predominates.

Performance measurement, reflecting tensions between economic and social goals, is particularly pronounced. IT-GER's emphasis on *Sinnmaximierung* shows how values are embedded in governance practices. SOC-IT defines performance by social impact, aligning metrics with community welfare, stakeholder engagement, and network-based success. ARCH-GER assesses performance through its commitment to self-management and rejection of conventional pressures to grow. ART-IT integrates both cultural impact and financial sustainability, with its branch system ensuring that artistic and community-oriented goals remain central alongside economic considerations.

Identity and integrity highlight the challenge of preserving cooperative values while adapting to market demands. This tension is closely tied to institutional environments. IT-GER and ART-IT face pressures from market realities and stakeholder expectations, but governance structures safeguard foundational values – through ART-IT's cross-sectional information channels, IT-GER's purpose maximization, and emphasis on collectivity. ARCH-GER sustains its alternative character through identity as an alternative organization and strong accountability for leaders. SOC-IT reinforces its purpose by embedding itself in a community cooperative and continuously developing its surroundings.

Despite challenges such as slower decision-making, market pressures, and varying member engagement, the cooperatives studied demonstrate resilience through their commitment to democratic principles. They operate not merely as economic organizations but as laboratories for social innovation, showing how alternative governance models balance dual roles. On one hand, their function as economic entities and transformative actors underscores their relevance to addressing inequality and sustainable development. On the other hand, their experiences offer lessons on how cooperatives of different sizes perceive and manage tensions inherent in the model.

Similarities and differences can be understood along two axes: institutional surroundings and cooperative size. German cooperatives emerged mainly from succession needs, emphasizing autonomy and member focus, whereas Italian cases were rooted in social missions, prioritizing community welfare and innovation. This reflects differing historical trajectories: German cooperatives historically reduced dependence on monopolistic markets, while Italian ones addressed pressing social issues. Today, Italian cooperatives benefit from dense institutional networks that enable holistic approaches to social challenges. By contrast, German cooperatives see themselves as exceptions within their environment and lack systemic partners for knowledge exchange.

Size also shapes governance. IT-GER and ART-IT show how formal mechanisms become necessary as cooperatives grow. While degeneration is not perceived, shifts toward efficiency and balancing market pressures with founding values are evident, reflecting isomorphic tendencies to enhance legitimacy. Larger cooperatives resist degeneration through continuous adjustment

and elaboration, whereas smaller cases like ARCH-GER and SOC-IT rely more on informal value transfer. What unites them is the view of democracy not merely as structure but as a relational, continuous process of balancing conflicts and fostering democratic workplaces.

The broader implications extend beyond Germany and Italy. These cooperatives demonstrate how alternative organizational forms reconcile economic imperatives with democratic values. Conceptually, the portable mechanisms – along cohesion, participation, performance, and identity – that cooperatives use to hold democratic purpose under institutional pressure could be identified. Such lessons also apply to other democratic organizations, which challenge conventional management models and offer pathways toward inclusive, sustainable economies. These lessons are especially relevant in the Central and Eastern European region, where social enterprises grounded in self-help traditions are gaining ground. Governance paradoxes such as balancing efficiency with participation and social responsibility with economic viability are equally pressing, as organizations are shaped by post-socialist institutional legacies alongside market demands (Borzaga et al. 2020).

Future research prospects arise from both study limitations such as limited sample size and single informants per case. As a constructivist study, the aim was not broad generalization but rather to offer entry points for further research. Cross-country comparisons remain underdeveloped, especially in contexts where cooperative traditions are weaker or emerging. Comparative research could further illuminate how governance is shaped when institutional support is less established. Further exploration is also needed into how cooperatives manage transitions from informal to formal structures, sustain engagement, and benefit from umbrella organizations. The latter play a crucial role in fostering innovation, facilitating knowledge exchange, and advocating for supportive institutional environments. Additionally, unexplored paradoxes in specific cooperative contexts provide opportunities for extending paradox theory.

This study ultimately raises questions about cooperatives' evolving role in modern society. Continued investigation into how they influence and are influenced by their institutional contexts can illuminate their potential to drive systemic change. Expanding these inquiries will deepen our understanding of cooperatives not only as organizational forms but also as agents of social and economic transformation.

REFERENCES

- Ammirato, P. (2018): *The Growth of Italian Cooperatives: Innovation, Resilience and Social Responsibility*. New York: Routledge.
- Baldacchino, G. (1990): A War of Position: Ideas on a Strategy for Worker Cooperative Development. *Economic and Industrial Democracy* 11(4): 463–482.
- Basterretxea, I. – Heras-Saizarbitoria, I. – Lertxundi, A. (2019): Can Employee Ownership and Human Resource Management Policies Clash in Worker Cooperatives? Lessons from a Defunct Cooperative. *Human Resource Management* 58(6): 585–601.
- Batstone, E. (1983): Organization and Orientation: A Life Cycle Model of French Co-operatives. *Economic and Industrial Democracy* 4(2): 139–161.
- Battilana, J. – Lee, M. (2014): Advancing Research on Hybrid Organizing – Insights From the Study of Social Enterprises. *Academy of Management Annals* 8(1): 397–441.

- Ben-Ner, A. (1988): The Life Cycle of Worker-Owned Firms in Market Economies: A Theoretical Analysis. *Journal of Economic Behavior & Organization* 10(3): 287–313.
- Birchall, J. (2011): *People-Centred Businesses: Co-operatives, Mutuels and the Idea of Membership*. London: Palgrave Macmillan.
- Borzaga, C. – Galera, G. (2016): Innovating the Provision of Welfare Services Through Collective Action: The Case of Italian Social Cooperatives. *International Review of Sociology* 26(1): 31–47.
- Borzaga, C. – Galera, G. – Franchini, B. – Chiomento, S. – Nogales, R. – Carini, C. (2020): *Social Enterprises and Their Ecosystems in Europe*. Comparative Synthesis Report. Luxembourg: Publications Office of the European Union.
- Bretos, I. – Errasti, A. (2017): Challenges and Opportunities for the Regeneration of Multinational Worker Cooperatives: Lessons from the Mondragon Corporation—A Case Study of the Fagor Ederlan Group. *Organization* 24(2): 154–173.
- Bretos F. I. – Marcuello, C. – Errasti, A. (2020): Is There Life After Degeneration? The Organizational Life Cycle of Cooperatives Under a ‘Grow-or-Die’ dichotomy. *Annals of Public and Cooperative Economics* 91(3): 435–458.
- Bundesministerium der Justiz (BMJ) (2025): *Genossenschaftsgesetz [Cooperative Law]*. Retrieved from https://www.gesetze-im-internet.de/gengf/_1.html. [27 July 2025].
- Burdin, G. – Dean, A. (2009): New Evidence on Wages and Employment in Worker Cooperatives Compared With Capitalist Firms. *Journal of Comparative Economics* 37(4): 517–533.
- Burrell, G. – Morgan, G. (2019): *Sociological Paradigms and Organisational Analysis: Elements of the Sociology of Corporate Life*. London: Routledge.
- Chaddad, F. R. – Cook, M. L. (2004): Understanding New Cooperative Models: An Ownership–Control Rights Typology. *Applied Economic Perspectives and Policy* 26(3): 348–360.
- Cheney, G. – Cruz, I. S. – Peredo, A. M. – Nazareno, E. (2014): Worker Cooperatives as an Organizational Alternative: Challenges, Achievements and Promise in Business Governance and Ownership. *Organization* 21(5): 591–603.
- Chelliah, J. – Boersma, M. – Klettner, A. (2015): The Role of a National Regulator in Developing Solutions to Governance Challenges in the Not-for-Profit Sector. *The Journal of Developing Areas* 49(6): 449–458.
- Confcooperative (2023): *Confcooperative Historical Background*. Retrieved from <https://www.confcooperative.it/Confcooperative-HISTORICAL-BACKGROUND>. [27 July 2025].
- Cornforth, C. – Thomas, A. – Spear, R. – Lewis, J. (1988): *Developing Successful Worker Co-operatives*. London: Sage Publications.
- Cornforth, C. (1995): Patterns of Cooperative Management: Beyond the Degeneration Thesis. *Economic and Industrial Democracy* 16(4): 487–523.
- Cornforth, C. (2004): The Governance of Co-operatives and Mutual Associations: A Paradox Perspective. *Annals of Public and Cooperative Economics* 75(1): 11–32.
- Cornforth, C. (2014): Understanding and Combating Mission Drift in Social Enterprises. *Social Enterprise Journal* 10(1): 3–20.
- Cornforth, C. (2020): The Governance of Hybrid Organisations. In: Billis D. – Rochester C. (Eds.): *Handbook on Hybrid Organisations*. Cheltenham – Northampton: Edward Elgar Publishing.
- Davis, G. F. (2005): New Directions in Corporate Governance. *Annual Review of Sociology* 31(1): 143–162.
- Diefenbach, T. (2013): *Hierarchy and Organisation: Toward a General Theory of Hierarchical Social Systems*. New York: Routledge.
- Diefenbach, T. (2019): Why Michels’ ‘Iron Law of Oligarchy’ is not an Iron Law—and How Democratic Organisations can Stay ‘Oligarchy-free’. *Organization Studies* 40(4): 545–562.

- DiMaggio, P. J. – Powell, W. W. (1983): The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review* 48(2): 147–160.
- DGRV. (2024): *Zahlen und Fakten der Genossenschaften in Deutschland [Facts and Figures on Cooperatives in Germany]*. Retrieved from: <https://www.dgrv.de/news/zahlen-und-fakten-2024/>. [27 July 2025].
- Dufays, F. – O'Shea, N. – Huybrechts, B. – Nelson, T. (2020): Resisting Colonization: Worker Cooperatives' Conceptualization and Behaviour in a Habermasian Perspective. *Work, Employment and Society* 34(6): 965–984.
- Egan, D. (1990): Toward a Marxist Theory of Labor-Managed Firms: Breaking the Degeneration Thesis. *Review of Radical Political Economics* 22(4): 67–86.
- Erdal, D. (2011): *Beyond the Corporation: Humanity Working*. London: The Bodley Head.
- Fitzgerald, L. – Dopson, S. – Buchanan, D. – Bryman, A. (2009): Comparative Case Study Designs: Their Utility and Development in Organizational Research. In: Buchanan, D. – Bryman, A. (Eds.): *The Sage Handbook of Organizational Research*. London: Sage Publications.
- Fournier, V. (2008): Escaping From the Economy: The Politics of Degrowth. *International Journal of Sociology and Social Policy* 28(11–12): 528–545.
- Friedman, M. (2007): The Social Responsibility of Business is to Increase its Profits. In: Zimmerli, W. C. – Holzinger, M. – Richter, K. (Eds.): *Corporate Ethics and Corporate Governance*. Berlin – Heidelberg: Springer.
- Gummesson, E. (2000): *Qualitative Methods in Management Research*. London: Sage Publications.
- Hansmann, H. (1999): Cooperative Firms in Theory and Practice. *LTA* 48(4): 387–403.
- Harnecker, C. P. (2012): Democracy and Solidarity: A Study of Venezuelan Cooperatives. In: Atzeni, M. (Ed.): *Alternative Work Organisations*. London: Palgrave Macmillan.
- Hartz, R. – Tümpel, M. – Hühn, M. – Rybnikova, I. (2024): Handling the Organizing Paradox: A Multiple Case Study of German Cooperatives. *Economic and Industrial Democracy* 45(4): 1112–1136.
- Hawken, P. (2010): *The Ecology of Commerce: A Declaration of Sustainability*. New York: Harper Business.
- Heras-Saizarbitoria, I. (2014): The Ties That Bind? Exploring the Basic Principles of Worker-Owned Organizations in Practice. *Organization* 21(5): 645–665.
- Hernandez, S. (2006): Striving for Control: Democracy and Oligarchy at a Mexican Cooperative. *Economic and Industrial Democracy* 27(1): 105–135.
- Hueth, B. – Marcoul, P. (2015): Agents Monitoring Their Manager: A Hard-times Theory of Producer Cooperation. *Journal of Economics & Management Strategy* 24(1): 92–109.
- International Co-operative Alliance (1995): *Statement on the Co-operative Identity*. Retrieved from: <https://www.ica.coop/en/cooperatives/cooperative-identity>. [27 July, 2025].
- Jaumier, S. (2017): Preventing Chiefs From Being Chiefs: An Ethnography of a Co-operative Sheet-Metal Factory. *Organization* 24(2): 218–239.
- Jensen, A. (2011): Saving Companies Worth Saving: Spain Pioneers a Sustainable Model of Democratic Corporate Governance. *Economic and Industrial Democracy* 32(4): 697–720.
- Kalmi, P. (2007): The Disappearance of Cooperatives from Economics Textbooks. *Cambridge Journal of Economics* 31(4): 625–647.
- Klein, P. G. (1998): New Institutional Economics. Available at SSRN 115811.
- Kokkinidis, G. (2015): Post-Capitalist Imaginaries: The Case of Workers' Collectives in Greece. *Journal of Management Inquiry* 24: 429–432.
- Langmead, K. (2016): Challenging the Degeneration Thesis: The Role of Democracy in Worker Cooperatives? *Journal of Entrepreneurial and Organizational Diversity* 5(1): 79–98.

- Lawrence, T. B. – Suddaby, R. (2006): Institutions and Institutional Work. In: Clegg, S. R. – Lawrence, T. B. – Hardy, C. (Eds.): *The Sage Handbook of Organization Studies*. London: Sage Publications.
- Marglin, S. A. (2008): *The Dismal Science: How Thinking Like an Economist Undermines Community*. Cambridge – Massachusetts – London: Harvard University Press.
- Martens, H. (2015): Anders Wirtschaften–Genossenschaftliche Selbsthilfe [Alternative Ways of Doing Business – Cooperative Self-Help]. *Zeitschrift für das gesamte Genossenschaftswesen* 66(2): 61–78.
- Martin, G. – Farndale, E. – Paauwe, J. – Stiles, P. G. (2016): Corporate Governance and Strategic Human Resource Management: Four Archetypes and Proposals for a New Approach to Corporate Sustainability. *European Management Journal* 34(1): 22–35.
- Meyer, J. W. – Greenwood, R. – Oliver, C. (2017): Reflections on Institutional Theories of Organizations. In: Greenwood, R. – Meyer, R. E. – Lawrence, T. B. – Oliver, C. (Eds.): *The Sage Handbook of Organizational Institutionalism*. London: Sage Publications.
- Michaud, M. – Audebrand, L. K. (2022): One Governance Theory to Rule Them All? The Case for a Paradoxical Approach to Co-operative Governance. *Journal of Co-operative Organization and Management* 10(1): 100151.
- Münkner, H. H. (2015): *Co-operative Principles and Co-operative Law*. Münster: LIT Verlag.
- Münkner, H. H. (2018): Stellenwert der Genossenschaftswissenschaft im Spektrum der Wirtschaftswissenschaften und der Rechtswissenschaft [The Significance of Cooperative Studies Within the Spectrum of Economics and Legal Studies]. In: Brazda, J. – Blisse, H. (Eds.): *Beiträge zur kritischen Genossenschaftsforschung*. Wien: Eigenverlag des FOG.
- North, D. C. (1990): *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Norton, M. I. – Ariely, D. (2011): Building a Better America—One Wealth Quintile at a Time. *Perspectives on Psychological Science* 6(1): 9–12.
- Novković, S. – Miner, K. – McMahon, C. (2023): *Humanistic Governance in Democratic Organizations: The Cooperative Difference*. Cham: Springer.
- Pansera, M. – Rizzi, F. (2020): Furbish or Perish: Italian Social Cooperatives at a Crossroads. *Organization* 27(1): 17–35.
- Parker, M. – Cheney, G. – Fournier, V. – Land, C. (Eds.) (2014): *The Routledge Companion to Alternative Organization*. London – New York: Routledge.
- Patton, M. Q. (2014): *Qualitative Research – Evaluation Methods: Integrating Theory and Practice*. London: Sage Publications.
- Pendleton, A. – Gospel, H. (2013): Corporate Governance and Human Resource Management. In: Bach, S. – Edwards, M. R. (Eds.): *Managing Human Resources*. Chichester: Wiley.
- Puusa, A. – Hokkila, K. – Varis, A. (2016): Individuality vs. Communality. A New Dual Role of Co-operatives? *Journal of Co-operative Organization and Management* 4(1): 22–30.
- Reifschneider, A. (2024): Genossenschaftliche Unternehmensnachfolge [Cooperative Business Succession]. BWGV. Retrieved from: <https://www.wir-leben-genossenschaft.de/de/Genossenschaftliche-Unternehmensnachfolge-16184.htm>. [27 July, 2025].
- Schoch, K. (2020): Case Study Research. In: G. J. Burkholder – K. A. Cox – L. M. Crawford – J. H. Hitchcock (Eds.): *Research Design and Methods: An Applied Guide for the Scholar-Practitioner*. Thousand Oaks: Sage Publications.
- Schultz, H. (2008): Produktionsgenossenschaften des Handwerks in der DDR und in der Transformationsphase [Craft Production Cooperatives in the DDR and During the Transformation Phase].

- In: Bayerl, G. – Neitmann, K. (Eds.): *Brandenburgs Mittelstand: Auf dem langen Weg von der Industrialisierung zur Marktwirtschaft des 21. Jahrhunderts*. Münster: Waxmann.
- Schwartz, M. (2023): Nachfolge-Monitoring Mittelstand 2022 [Succession Monitoring in the German Mittelstand 2022]: Knappheit an Nachfolgekandidaten nimmt zu, Misserfolge dürften häufiger werden. *KfW Research. Fokus Volkswirtschaft* 424.
- Scott, W. R. (2008): *Institutions and Organizations: Ideas and Interests*. London: Sage Publications.
- Spear, R. (2004): Governance in Democratic Member-Based Organisations. *Annals of Public and Cooperative Economics* 75(1): 33–60.
- Storey, J. – Basterretxea, I. – Salaman, G. (2014): Managing and Resisting ‘Degeneration’ in Employee-Owned Businesses: A Comparative Study of Two Large Retailers in Spain and the United Kingdom. *Organization* 21(5): 626–644.
- Thibaut, B. (2004): Genossenschaften. In: Nohlen, D. (Ed.): *Lexikon der Politik*. Berlin: Directmedia.
- Thornton, P. H. – Ocasio, W. (2008): Institutional Logics. In: Greenwood, R. – Oliver, C. – Sahlin, K. – Suddaby, R. (Eds.): *The Sage Handbook of Organizational Institutionalism*. London: Sage Publications.
- Thyer, B. (2009): *The Handbook of Social Work Research Methods*. London: Sage Publications.
- Velmer, S. (2024): The Evolution and Evaluation of the Italian Legislation on Social Cooperatives and Social Enterprises: Facilitator or Obstacle to Their Diffusion? In: Ambühl, M. – Brusoni, S. – Niedworok, A. – Gutmann, M. (Eds.): *Cooperatives in an Uncertain World: Perspectives From Switzerland and its Neighbors*. Cham: Springer.
- Verhees, F. J. H. M. – Sergaki, P. – Van Dijk, G. (2015): Building up Active Membership in Cooperatives. *New Medit* 14(1): 42–52.
- Vieta, M. – Depedri, S. – Carrano, A. (2017): The Italian Road to Recuperating Enterprises and the Legge Marcora Framework. *Euricse Research Report* 15(17).
- Westenholz, A. (1993): Paradoxical Thinking and Change in the Frames of Reference. *Organization Studies* 14(1): 37–58.
- Yin, R. K. (2018): *Case Study Research and Applications: Design and Methods* (6th ed.). Thousand Oaks: Sage Publications.
- Zamagni, V. (1993): *The Economic History of Italy 1860–1990*. New York: Oxford University Press.
- Zamagni, S. – Zamagni, V. (2010): *Cooperative Enterprise: Facing the Challenge of Globalization*. Cheltenham – Northampton: Edward Elgar Publishing.