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Credit Matters. The Role of Institutional Support in the Development of the Cooperative Model. A Case Study

ABSTRACT

The role that the cooperative world could play in local development is often underestimated, with the phenomenon being attributed to specific areas that are richer in cooperative ethos and social capital. This paper analyses the situation of cooperation in Sardinia in light of the still unexpressed potential of this model and the possible role of public institutions in stimulating the mutualistic model, especially by addressing a specific aspect: the difficulties that cooperatives often encounter in accessing credit. We believe that in a condition of simultaneous crisis in both the market and the state, cooperative action and cooperative enterprises present a viable alternative grounded in principles of sharing, social responsibility, personal autonomy, and mutualistic behaviour. To achieve this, there is often a need for appropriate institutional incentives. The paper analyses the effects of a particularly innovative policy aimed at facilitating access to credit, implemented by regional institutions. It observes how the policy encourages the choice of the mutualistic model, the reasons that prompted cooperatives to participate, the effects on the benefiting businesses, and the collaboration networks they activate within the territory.

KEY-WORDS

CREDIT, INSTITUTIONAL SUPPORT, SOCIAL CAPITAL, CIVICNESS, LOCAL DEVELOPMENT

1. Introduction

The importance of cooperation for economic and social development is now recognized by the scientific literature, both sociological and economic. With the term cooperation, however, we can understand both the broader process of collaboration between different subjects or companies that maintain their organizational autonomy and the equally important process of individual subjects who cooperate to obtain a common benefit and achieve a common goal. Often, territories with a high number of cooperative enterprises are also those territories in which cooperation between different companies is more significant, thus creating a virtuous circuit in which social capital—the set of resources exchanged between subjects—grows and improves the results of the economic performance of a territory as a whole (Gherardi and Masiero, 1990). In sociological research, there was much debate about the concept of social capital until Coleman (1990) systematized it and used it to overcome the difficulties of economic theory of rational choice in explaining cooperation between individuals: in many cases, sociologists argue, cooperation helps to improve the exchange between subjects and limit conflicts or non-productive competition. The relevance of cooperation is even more significant in a southern region like Sardinia where, for a long time, the sociological and economic literature has indicated a historical and atavistic lack of cooperative ethos (Banfield, 1958; Almond and Verba, 1963). In Sardinia, the cooperative system, despite the effect of the demographic, social, and economic crisis of the post-2008 era and the constant difficulty in accessing credit for small and medium-sized enterprises, has been characterized by a constantly growing trend.

At the core of the issue precisely lies the difficulty in accessing credit for small and medium-sized enterprises, of which the majority of regional cooperatives are a part. In Italy, the difficulty in accessing credit constitutes a problem of considerable magnitude, with more pronounced features compared to the OECD countries' average. Within this landscape, the economic-financial crisis of 2008 has depleted the savings of individuals and middle-class families, who, unlike in the past, can rely less on their own capital to start independent economic activities (Negri and Filandri, 2010). Surveys conducted by the Bank of Italy indicate that the proportion of businesses reporting not obtaining the full amount of requested financing reached 12% in 2011, more than double the average of the previous decade (Signorini, 2012).

The difficulty of accessing credit is often correlated with social exclusion and economic poverty, generating marginalization from employment, income, social networks, political and social participation, and adequate quality of life, directly undermining individuals' capabilities (Sen, 1979; 1985). The effects have been particularly severe for certain individuals and/or businesses operating in disadvantaged areas. The credit crunch following the austerity policies of the past decade has further exacerbated the situation. In this context, access to traditional credit channels for those unable to provide personal or asset-based guarantees has proven particularly complex. As supported by Signorini (2012), starting from 2008, the conditions for credit supply became more restrictive due to the strong tensions repeatedly faced by bank balances. These tensions primarily transmitted to the productive system through a stricter selection of clientele. Budget constraints and the uncertainty of macroeconomic conditions have compelled

credit institutions to focus lending towards less risky businesses, those with more balanced economic and financial conditions¹. Still, at the end of 2023, Istat confirmed, based on assessments provided by businesses, that the majority of interviewed companies, regardless of the economic sector they belong to, judged the conditions for accessing credit to be unchanged or worsened (Istat, 2023).

Among the possible ways to limit the damage of the crisis, the Autonomous Region of Sardinia has identified support in access to credit for entrepreneurship as the most important factor in fostering the creation of new employment, both in traditional sectors and in innovative ones. This support was implemented through two instruments: institutional microcredit dedicated to all enterprises and a specific fund for cooperative enterprises². Specifically, the fund provided for the disbursement of repayable contributions granted in the technical form of the participatory loan, a financial intervention that allows cooperative enterprises to obtain the necessary financial resources for the implementation of an investment program, which also includes increasing the level of capitalization of the cooperative through direct involvement of its members.

In this context, we present the results of the evaluation entrusted by the Autonomous Region of Sardinia to the Independent Evaluation Body (IRIS) for the assessment of the *Fund for the development of the cooperative system in Sardinia* with the aim of “strengthening existing cooperatives through the creation of a financial engineering fund for the acquisition of shareholdings in the capital of existing cooperatives”. In general, the first notice provided for a maximum repayment duration of 60 months; it targeted economic sectors considered priorities for the island economy, including tourism, activities related to libraries, archives, management of archaeological areas, museums, environment, renewable energy, welfare, manufacturing, and ICT. It was intended for cooperative societies formed more than 12 months prior, and a total of 68 cooperative companies benefited from this notice. The second notice, while maintaining the same economic sectors as the first, allowed access for newly established or established companies, including workers buy-out (WBO) initiatives, thereby supporting not only existing cooperatives active in the region but also stimulating the establishment of new cooperative societies. In this case, 37 companies were beneficiaries, resulting in a total of 105 cooperative societies financed. The general objectives of the evaluation activity we conducted included analysing the management model of the fund and its sustainability, assessing the impact of the fund on the organizational and economic dynamics of the financed companies, and providing indications for the possible inclusion of the fund in the framework of the new ESF programming. The evaluation was

¹ The importance of institutional support in credit in Sardinia is even more significant given the almost complete absence of cooperative credit banks (CCBs) in the territory, which historically played a role as a financier attentive to the needs of the cooperative world (Dopico and Schenk, 2017). In the regional territory, there are only two CCBs, the CCB of Arborea and the CCB of Cagliari, operating in their respective areas and in some neighbouring municipalities.

² This work is part of the assessment of the *Fund for the development of the cooperative system in Sardinia*, (Valuation of the capacity of the fund for cooperative development to achieve the purposes concerning which it was established), established in December 2012 (Axis I Adaptability of the OP ESF 2007-13, I notice 2015, II notice 2017) carried out by IRIS Srl, as an independent evaluation body for SFIRS - Autonomous Region of Sardinia.

conducted through a desk analysis, which involved studying and analysing the socio-economic context, procedural, financial, and physical progress, as well as aspects related to the planning strategy and analysis of the implementation processes. Additionally, a second part utilized more strictly sociological tools, which included direct surveys through in-depth interviews and administration of questionnaires directly to the cooperatives receiving the fund. The sample considered consisted of 21 cooperatives, with 15 interviews conducted through the administration of a structured questionnaire and six case studies with in-depth interviews. The latter included two “older” cooperatives, two constituent cooperatives and two cases of workers buy-out. In these six case studies, the importance of social capital and the professional networks activated by the beneficiaries were reconstructed using Social Network Analysis tools for the six cooperative companies included in the case studies.

Our hypothesis is as follows: cooperation does not emerge spontaneously, despite some territories being equipped with social or cultural prerequisites. In this framework, institutional support and economic and financial incentivization tools become a fundamental means to encourage and facilitate the spread of the cooperative enterprise model. In the literature, there has often been a tendency to consider socio-cultural requirements, such as social capital, not only necessary but also sufficient. We believe that the case presented in this research is particularly useful for highlighting that institutional intervention is essential to bridge the gap often observed between the presence of socio-cultural prerequisites for cooperation and the actual creation of cooperative enterprises.

This article is structured in three main parts. The first part begins with a brief historical overview of the cooperative system on the island and continues by explaining why there should be a greater investment in cooperative enterprises in Sardinia based on two assumptions. The first is based on the results of academic research on the link between cooperation, social capital, and local economic development, confirming the high presence of social capital on the island—an excellent foundation for investment to enhance cooperation and the transmission of trust. The second relies on economic and labour market data of cooperative enterprises. From this point of view, the institutional support for cooperative enterprises is justified by their good performance in the regional territory, where both the number of businesses and the number of employees is increasing. The second part of the article presents an analysis of the Fund for the development of the cooperative system of Sardinia. In the third part of the article, the analysis of the effects of the fund on the involved cooperative enterprises will be presented, aiming to highlight the achieved objectives, the effects on the beneficiary cooperatives, and the actors involved in the process. The article concludes with a reflection on the role of institutions in promoting the cooperative model in the region.

2. Why support cooperative enterprises in Sardinia: some theoretical evidence

The relationship between the world of cooperatives and the regional territory has never been difficult, but it has fluctuated over time. For instance, the book *History of Cooperation in Sardinia* (1991), edited by Girolamo Sotgiu and commissioned by Legacoop for the association's 100th

anniversary, outlines the evolution of cooperation on the island from its inception to its current state. Sotgiu describes how cooperation initially emerged and expanded, portraying the contemporary reality of island cooperation as mature. The movement exhibits vibrancy and growth across various economic sectors, boasting substantial turnover, numerous partners, and engagement in diverse economic activities.

Sotgiu highlights a resurgence of the cooperative movement immediately following World War II. Following a pattern outlined by Birchall (2011), the initial participants were primarily landless peasants from the South, supported closely by leading national and Sardinian political parties, who actively organized and promoted cooperative endeavours. This phase marked a significant moment for the cooperative movement, facilitating the integration of new social forces into economic and political spheres. However, the history of cooperation in Sardinia post-World War II has not been consistently positive or progressive. Sotgiu (1991: 32) notes: “So if undoubtedly, in the short term, the movement of agricultural cooperatives was able to respond to the needs of the hungry and unemployed peasant masses and contribute to solving contingent food problems, in the long run, it was necessary to move with new programs and to different production objectives to continue to fulfil a positive function in a profoundly transformed society”. The volume also delineates the emergence and consolidation of the role of institutions, particularly the regional administration, in fostering the diffusion and advancement of the cooperative system, which has shown slightly lower penetration in certain economic sectors compared to the rest of the national territory. Presently, cooperative enterprises are increasingly vital for the regional economy, signalling the need for innovative cooperation support policies in terms of both methodology and objectives. This significance primarily stems from the unique economic circumstances we are experiencing.

To characterize this situation, Provasi (2019) describes a condition of simultaneous crisis in both *the market* and *the state*. Historically, the 1930s were defined by the challenge of laissez-faire market policies, prompting Keynesian-Welfarist state interventions to counteract the adverse effects of economic cycles and protect vulnerable segments of society. Conversely, the 1970s witnessed the onset of a crisis within the Keynesian state, marked by budgetary constraints and a lack of consensus on distributive justice criteria. This era saw the resurgence of neoliberal principles in the 1980s, characterized by deregulated finance, globalization, competitive individualism, and a subsequent erosion of state sovereignty and legitimacy. Finally, the financial and economic crisis of 2007-2008, stemming from the subprime mortgage crisis, precipitated global economic turmoil, opportunism, and widespread disillusionment. Despite this latest crisis and the acknowledged deficiencies in financial regulation, proposing economic solutions that challenge the foundations of the neoliberal model remains challenging. Provasi (2019) describes a vicious cycle wherein excessive reliance on the market fosters instrumental and opportunistic behaviours, exacerbating individualism and undermining credibility and consensus necessary for effective state intervention in the public interest. However, it is precisely within this context, as Birchall (2011; 2012; 2013) has repeatedly emphasized, that cooperative behaviour and cooperative enterprises can foster social cohesion and reciprocity among societal actors, instilling renewed moral principles within

both society and the market while respecting individual autonomy. In this regard, cooperative action and cooperative enterprises present a viable alternative grounded in principles of sharing, social responsibility, personal autonomy, and mutualistic behaviour. At the same time, Spear (2000) emphasizes that state and market failures lead consumers and workers to search for alternatives and conduct transparent economic exchanges based more on trust.

As we will explore further, their proliferation across national and regional territories is increasing, underscoring the fundamental importance of appropriate incentives and support policies.

2.1. How cooperatives contribute to the local economy

The necessity of supporting the cooperative model in Sardinia is bolstered by both general evidence, which may be applicable to other national contexts, and more specific evidence relevant to the regional territory. Among the former, it is noteworthy that cooperatives, through retaining profits within the local community and promoting democratic participation among members, contribute to the economic sustainability of the region, particularly in disadvantaged areas. Furthermore, cooperative enterprises play a vital role in preserving local cultures and knowledge, with many engaged in sectors closely intertwined with local traditions, such as agriculture, crafts, and experiential tourism. Moreover, cooperativism often prioritizes values like solidarity and social inclusion, offering economic opportunities to diverse individuals, including those facing disadvantages or marginalization. This helps mitigate inequalities and fortify social cohesion within communities. In addition to these factors, two particularly noteworthy aspects warrant emphasis. Firstly, there is a notable presence of civic engagement and social capital in the regional territory. According to various authors (Gherardi and Masiero, 1990; Birchall, 2011; 2012; Borzaga and Galera, 2012; Novkovic and Gordon Nembhard, 2017), robust civic engagement, social capital, and relational networks are fundamental prerequisites for fostering trust and cooperation, foundational to the cooperative model³. Secondly, there is a notable economic aspect to consider, specifically the remarkable resilience to economic crises demonstrated by cooperative enterprises in the region, coupled with their significant contribution to the local economy and employment. As Birchall (2011: 13) notes, “MOBs [member-owned businesses] are good in a crisis”. These two elements will be further elaborated in subsection 2.2 and section 3 that follow.

2.2. Social capital in Sardinia. A good base for the development of the cooperative system?

In everyday discourse, discussions about complex social phenomena like cooperation often rely on clichés or simplistic notions based solely on common perceptions. This is evident in the case of cooperative behaviour in Sardinia, where it is frequently asserted that there is limited cooperation, or

³ At the same time, several international institutions, like International Labour Organization (2002) and United Nations (2023), affirm that the cooperative model enhances social capital and civic engagement in communities, thereby contributing to a virtuous cycle that aids local development.

that cooperation is difficult due to a lack of trust. An oft-repeated saying, *pocos, locos y mal unidos* — few, crazy, and badly united—, attributed to King Charles V but actually by Martin Carrillo, Visitor of the Kingdom of Sardinia and ambassador of King Philip IV in 1641, has become a mantra explaining the perceived lack of cooperation in the island. Additionally, there is a prevalent notion of envy being a hindrance to cooperative behaviour, further limiting collaboration. However, the data presented in this article challenges these clichés, demonstrating that cooperation plays a significant role in Sardinia.

Turning to scientific research, Johnston Birchall offers insights by reviewing and analyzing theories that help us understand the persistence of cooperative behaviour in specific regions. Birchall (2011) particularly emphasizes the concept of social capital. The notion of social capital has sparked extensive debate in Italy, especially following Robert Putnam's and colleagues influential book *Making Democracy Work* published in 1993. Among the various definitions of social capital, Alejandro Portes (1998: 8) provides a comprehensive one: “ability to secure benefits through membership in networks and other social structures”. Social capital encompasses sources, relationships, and norms rooted in the socio-economic-institutional structure of a society, which give rise to effects such as trust and cooperation among individuals. Birchall (2011) suggests that higher levels of social capital increase the likelihood of cooperative development. Thus, social capital emerges as a crucial factor in understanding the diffusion of cooperativism within a territory (Gherardi and Masiero, 1990). Recently, several authors have highlighted the connection between the cooperative world and social capital. Novkovic and Gordon Nembhard (2017: 13) affirm that “cooperatives are enterprises with foundations in social networks and rich social capital, guided by social norms and relationships such as solidarity, reciprocity and trust”. The important aspect highlighted is the connection between the cooperative world, social capital and local communities: “thanks to their embeddedness at the local level—which is facilitated by the participation of a plurality of stakeholders, including members, beneficiaries and workers—cooperatives contribute to enhancing social capital and strengthening trust relations within communities” (Borzaga and Galera, 2012: 12). At the same time, cooperative enterprises have a positive impact on communities because they limit the negative externalities resulting from market failure (Novkovic and Gordon Nembhard, 2017).

From this perspective, the case of Sardinia stands out within the national context. Numerous analyses indicate that the region can be considered relatively rich in civic engagement and social capital, surpassing other southern regions and, in some aspects, even outperforming traditionally privileged regions in this regard (Chiesi, 2003; 2005; 2007; Barbagli and Santoro, 2004; Cartocci, 2007). Sardinia exhibits social capital values at or above the national average, with Cartocci (2007: 101) noting that “Sardinia is the only central-southern region with a positive value”, confirming the presence of robust civic behaviours that form the foundation of cooperation. This data is further confirmed by the extensive article by Barca, Pavolini, and Trigilia (2015), which analyzes similarities and differences among Italian regions.

However, despite this strong foundation of civic engagement and social capital, the cooperative model in the region is not as prominent as in other parts of Italy. This makes the case of Sardinia emblematic, highlighting that the complex concept of cooperation, particularly in the economic

domain, cannot be directly correlated with social capital and civic engagement alone, without considering other factors (Piselli, 1999; 2003; Trigilia, 1999; Bagnasco et al., 2001; Bagnasco, 2002; Barca, 2011). While civic engagement and social capital are fundamental for the diffusion of cooperativism, the transition may not occur spontaneously without appropriate incentives or support from institutions. As argued by Johnston Birchall (2011), relying solely on a single theory, such as social capital, may not adequately explain ongoing processes. Instead, it is beneficial to carefully examine ongoing processes, gather diverse information, and consider the different roles of the involved actors. This article aims to follow Birchall's suggestions by comprehensively examining the territorial system, its regulations, and the actors involved.

3. Why support cooperative enterprises in Sardinia: some empirical evidence

According to the Istat report *Structure and performance of Italian cooperatives* (2019), the cooperative system in Italy exhibits variations across sectors of economic activity, the chosen cooperative model, and its ability to generate added value. Regional analysis helps to elucidate the specificities present in each area and the significance of cooperative enterprises in the Sardinian economy. Table 1 illustrates the impact of the cooperative system compared to the overall economic framework. In 2015, Sardinia reported 22 cooperatives per 1,000 enterprises, a remarkably high figure comparable to Puglia and surpassed only by Sicily (23) and Basilicata (27). However, understanding the importance of cooperation requires more than just the number of companies, as regions like Emilia-Romagna (11 cooperatives per 1,000 companies) exhibit much lower values despite the sector's well-known success stories.

Regarding the longevity of Sardinian cooperatives, the values align with national data (Table 2). Sardinian cooperatives are relatively young, with 60% in operation for no more than 10 years and almost 30% active for no more than two years. This suggests that the *cooperative* has emerged as a viable alternative to more traditional business models in recent years. The number of cooperatives with over 25 years of activity is much lower. This discrepancy is a notable difference compared to regions with a historical presence of the cooperative sector, such as Emilia-Romagna, Friuli Venezia Giulia, and the Autonomous Province of Trento. The data indicates that regions with a longer history of cooperatives tend to have enterprises with greater longevity. Conversely, in the Italian Mezzogiorno, many cooperative enterprises are relatively young. A positive interpretation of the data could suggest a rejuvenation of this business model in less developed areas of central-southern Italy. Additionally, the data highlights another significant aspect: in 2019, over 60% of cooperatives in Sardinia were between 0 to 10 years old, indicating that these cooperatives emerged after the devastating economic crisis of 2008.

Table 1. Number of cooperatives per 1,000 enterprises, regional data

Region	N. of cooperatives for every 1,000 enterprises
Piedmont	8
Valle d'Aosta	16
Liguria	9
Lombardy	10
Trentino-Alto Adige	15
<i>Bozen</i>	<i>17</i>
<i>Trento</i>	<i>13</i>
Veneto	7
Friuli-Venezia Giulia	9
Emilia-Romagna	11
Tuscany	10
Umbria	11
Marche	11
Lazio	19
Abruzzo	12
Molise	17
Campania	17
Puglia	22
Basilicata	27
Calabria	14
Sicily	23
Sardinia	22
Italy	13

Source: Istat report *Structure and performance of Italian cooperatives* (2019).

Table 2. Breakdown of cooperatives by age group, regional data

Region	Age groups (in years)								
	0-2	3-5	6-10	11-15	16-20	21-25	26-30	31 and more	Total (=100)
Piedmont	22.2	17.3	16.3	9.1	9.5	6.6	5.3	13.8	2,684
Valle d'Aosta	13.3	9.0	14.9	18.1	9.0	9.6	10.6	15.4	188
Liguria	24.2	16.0	14.7	12.7	8.6	4.7	4.3	14.9	1,118
Lombardy	28.1	17.1	13.5	7.8	6.1	5.4	5.0	17.0	8,314
Trentino-Alto Adige	17.2	9.9	16.8	6.4	6.9	5.6	6.0	31.1	1,277
<i>Bozen</i>	<i>20.8</i>	<i>12.2</i>	<i>21.6</i>	<i>7.3</i>	<i>6.2</i>	<i>5.2</i>	<i>2.6</i>	<i>24.1</i>	<i>755</i>
<i>Trento</i>	<i>12.1</i>	<i>6.7</i>	<i>10.0</i>	<i>5.2</i>	<i>7.9</i>	<i>6.3</i>	<i>10.7</i>	<i>41.2</i>	<i>522</i>
Veneto	26.0	16.1	13.3	8.6	7.2	5.3	5.9	17.6	2,947
Friuli-Venezia Giulia	17.1	10.5	11.0	11.0	8.6	7.5	7.5	26.7	789
Emilia-Romagna	19.8	14.5	12.4	8.5	7.2	5.8	5.8	25.9	4,209
Tuscany	22.8	16.1	15.5	9.3	8.9	4.5	4.3	18.6	3,124
Umbria	24.7	13.0	14.1	10.4	8.2	6.0	6.8	16.9	718
Marche	25.7	16.3	16.7	10.5	8.5	4.2	4.7	13.3	1,357
Lazio	35.3	21.8	18.3	9.4	5.0	2.3	3.8	4.1	8,421
Abruzzo	28.2	17.3	16.1	12.0	9.6	3.0	5.2	8.5	1,182
Molise	28.0	16.4	17.5	10.7	11.0	2.5	5.4	8.5	354
Campania	29.6	21.5	23.1	11.5	5.1	2.5	2.0	4.6	5,962
Puglia	30.4	21.0	19.0	11.1	6.0	2.5	2.9	7.2	5,475
Basilicata	25.5	20.2	17.7	13.1	8.0	4.7	5.4	5.5	967
Calabria	27.4	20.5	20.9	12.6	7.2	2.8	4.4	4.2	1,512
Sicily	29.0	18.5	19.0	11.7	7.4	3.7	4.6	6.1	6,195
Sardinia	27.9	16.1	15.8	13.5	6.8	4.7	6.0	9.3	2,234
Italy	27.7	18.2	16.9	10.1	6.8	4.1	4.5	11.7	59,027

Source: Istat report *Structure and performance of Italian cooperatives* (2019).

Regarding the turnover volumes of Sardinian cooperatives, Table 3 illustrates that approximately 50% of cooperative enterprises have an annual turnover of less than EU 100,000. This aligns them with the trend observed in most central and southern Italian regions, as opposed to northern Italy,

where cooperatives tend to fall into higher turnover brackets. In Sardinia, 27% of cooperatives have a turnover of less than EUR 20,000 per year, indicating potential challenges in accessing credit, particularly common among micro-enterprises.

Table 3. Distribution of cooperatives by turnover class, regional data

Region	Turnover classes in thousands of EUR						Total
	0-19	20-49	50-99	100-199	200-499	500 and more	
Piedmont	21.2	7.5	9.4	10.8	17.3	33.8	2,684
Valle d'Aosta	14.9	12.2	14.9	10.1	17.0	30.9	188
Liguria	20.9	9.3	10.6	13.0	20.1	26.0	1,118
Lombardy	25.0	8.5	8.4	10.9	15.2	32.1	8,314
Trentino-Alto Adige	16.9	10.5	9.3	9.9	14.6	38.8	1,277
<i>Bozen</i>	<i>23.2</i>	<i>11.8</i>	<i>10.3</i>	<i>10.7</i>	<i>14.3</i>	<i>29.7</i>	<i>755</i>
<i>Trento</i>	<i>7.9</i>	<i>8.6</i>	<i>7.9</i>	<i>8.6</i>	<i>14.9</i>	<i>52.1</i>	<i>522</i>
Veneto	18.8	7.0	8.9	11.4	17.8	36.1	2,947
Friuli-Venezia Giulia	16.2	10.0	10.4	12.9	17.1	33.3	789
Emilia-Romagna	19.4	7.5	7.8	10.6	14.2	40.4	4,209
Tuscany	19.3	8.7	10.5	14.5	18.2	28.7	3,124
Umbria	18.8	10.7	13.5	14.6	17.1	25.2	718
Marche	19.5	11.5	13.3	16.2	17.2	22.4	1,357
Lazio	32.9	10.2	11.1	13.2	14.7	18.0	8,421
Abruzzo	26.1	13.6	12.5	15.8	15.8	16.2	1,182
Molise	27.7	14.7	13.8	15.0	15.5	13.3	354
Campania	28.8	12.2	14.0	14.2	15.6	15.1	5,962
Puglia	30.3	13.5	13.3	15.3	13.8	13.8	5,475
Basilicata	27.1	13.2	16.2	17.3	13.4	12.7	967
Calabria	35.0	14.5	14.4	14.2	12.7	9.1	1,512
Sicily	32.0	14.4	13.9	13.6	14.1	12.0	6,195
Sardinia	27.0	10.8	13.2	15.3	16.5	17.1	2,234
Italy	26.0	10.7	11.4	13.1	15.4	23.1	59,027

Source: Istat report *Structure and performance of Italian cooperatives* (2019).

The data presented so far is further supported by the dimensional analysis of cooperatives (Table 4). In Sardinia, the predominant reality consists of small and very small cooperatives, with approximately 80% having at most nine employees. This scenario starkly contrasts with regions like Lombardy, Trentino Alto Adige, Veneto, Emilia Romagna, Piedmont, and Tuscany and the Autonomous Province of Trento where cooperatives with more than 50 employees represent, and often exceed, 10% of the total number of cooperatives in the region.

Table 4. Percentage breakdown of cooperatives by number of employees

Region	Classes of employees (percentage values)							Total
	None	1	2-9	10-19	20-49	50-249	250 and more	
Piedmont	20.4	10.3	34.3	12.3	11.8	9.4	1.6	2,684
Valle d'Aosta	28.2	17.6	29.8	11.7	8.0	4.8	0.0	188
Liguria	21.6	10.9	37.6	13.0	9.3	6.6	1.1	1,118
Lombardy	25.7	8.7	30.2	11.3	12.5	10.1	1.4	8,314
Trentino-Alto Adige	29.1	8.4	25.6	12.0	11.7	12.0	1.3	1,277
<i>Bozen</i>	<i>36.4</i>	<i>11.0</i>	<i>26.8</i>	<i>9.1</i>	<i>8.3</i>	<i>7.9</i>	<i>0.4</i>	<i>755</i>
<i>Trento</i>	<i>18.6</i>	<i>4.6</i>	<i>23.9</i>	<i>16.1</i>	<i>16.5</i>	<i>17.8</i>	<i>2.5</i>	<i>522</i>
Veneto	17.7	10.0	33.3	13.9	12.5	10.8	1.7	2,947
Friuli-Venezia Giulia	19.4	10.8	34.2	15.6	9.9	7.7	2.4	789
Emilia-Romagna	24.2	10.3	32.1	11.2	11.1	8.1	3.1	4,209
Tuscany	25.6	11.3	33.5	10.8	9.1	8.4	1.2	3,124
Umbria	18.0	14.2	38.6	10.6	9.6	7.1	1.9	718
Marche	24.1	13.6	40.5	9.2	6.9	4.9	0.8	1,357
Lazio	22.5	14.2	38.2	9.7	8.8	6.1	0.6	8,421
Abruzzo	19.7	14.4	42.1	11.8	7.4	4.3	0.3	1,182
Molise	16.4	17.2	41.8	13.3	9.0	2.0	0.3	354
Campania	19.9	16.3	45.0	9.8	6.2	2.5	0.3	5,962
Puglia	21.7	15.7	45.9	8.3	5.6	2.4	0.3	5,475
Basilicata	21.8	18.5	45.0	6.5	5.9	2.1	0.2	967
Calabria	20.0	17.9	46.2	8.7	5.8	1.5	0.0	1,512
Sicily	24.2	18.1	42.8	8.1	4.6	2.0	0.2	6,195
Sardinia	14.0	14.8	48.8	10.3	8.7	3.2	0.2	2,234
Italy	22.3	13.3	38.4	10.3	8.7	6.0	0.9	59,027

Source: Istat report *Structure and performance of Italian cooperatives* (2019).

To grasp the extent to which cooperative enterprises affect the regional economic system, it's essential to examine the data concerning the added value these enterprises generate compared to the added value created by other types of enterprises (Table 5). Overall, Sardinia ranks favourably with a contribution of 7.3%, surpassed only by Emilia-Romagna (10.4%), Umbria (9.4%), and the Autonomous Province of Trento (7.6%).

Table 5. Added value of cooperatives on the added value of other companies, percentage data

	Cooperative added value (thousands of EUR)	Added value of other companies (thousands of EUR)	Value added of cooperatives on value added of other companies (%)
Piedmont	2,009,891	57,108,187	3.5
Valle d'Aosta	58,457	1,484,020	3.9
Liguria	604,706	16,321,596	3.7
Lombardy	5,498,855	198,315,756	2.8
Trentino-Alto Adige	943,726	16,889,304	5.6
<i>Bozen</i>	<i>409,679</i>	<i>9,841,598</i>	<i>4.2</i>
<i>Trento</i>	<i>534,047</i>	<i>7,047,706</i>	<i>7.6</i>
Veneto	2,158,951	68,420,846	3.2
Friuli-Venezia Giulia	635,351	13,629,400	4.7
Emilia-Romagna	6,476,241	62,571,529	10.4
Tuscany	2,116,883	40,676,701	5.2
Umbria	670,666	7,107,923	9.4
Marche	547,848	14,623,386	3.7
Lazio	2,726,497	96,480,042	2.8
Abruzzo	270,097	9,750,148	2.8
Molise	68,204	1,178,598	5.8
Campania	1,065,064	29,023,675	3.7
Puglia	967,987	18,289,059	5.3
Basilicata	178,487	3,131,337	5.7
Calabria	166,129	6,029,388	2.8
Sicily	888,038	18,606,073	4.8
Sardinia	561,103	7,663,960	7.3
Italy	28,613,181	687,300,927	4.2

Source: Istat report *Structure and performance of Italian cooperatives* (2019).

The data observed thus far delineate a Sardinian cooperative system that, despite the small size of the firms, is operational and capable of positively impacting the island's economy. The Istat report *Structure and performance of Italian cooperatives* (2019) offers an intriguing perspective on the role of cooperatives as a means of mitigating and emerging from economic crises. In this regard, it is noteworthy that between 2007 and 2015, at the national level, there was a continual increase in the number of cooperatives and their employees, contrasting with a consistently negative trend observed in other types of companies (Table 6).

Table 6. Number of cooperatives and other enterprises (years 2007, 2011, 2015) and percentage changes compared to 2007. National data

		Cooperatives	Others
Year 2007	Enterprises	50,691	4,503,407
	Employees	956,835	10,984,821
Year 2011	Enterprises	56,946	4,465,366
	Variation 2007-11 (%)	12	-1
	Employees	1,061,282	10,735,843
	Variation 2007-11 (%)	10	-2
Year 2015	Enterprises	59,027	4,357,437
	Variation 2007-15 (%)	16	-3
	Employees	1,126,155	10,296,737
	Variation 2007-15 (%)	18	-6

Source: Author's own elaboration on data from the Istat report *Structure and performance of Italian cooperatives* (2019).

Considering the regional level, the region (Table 7) exhibits a consistently growing trend in both the number of cooperatives and the total number of employees within them. The 2015 data, in particular, surpass the national average, with a 24% increase in the number of cooperatives compared to 2007, compared to a 16% increase at the national level; similarly, there is a 26% growth in the number of employees compared to 2007, compared to an 18% increase nationally. The data show that the cooperative system appears to withstand the impact of the crisis better.

Table 7. Number of cooperatives and other enterprises (years 2007, 2011, 2015) and percentage changes compared to 2007. Comparison between Sardinia and the national average

		Sardinia	Italy
Year 2007	Cooperative	1,804	50,691
	Employees	17,971	956,835
Year 2011	Cooperative	1,993	56,946
	Variation 2007-11 (%)	10	12
	Employees	20,768	1,061,282
	Variation 2007-11 (%)	16	11
Year 2015	Cooperative	2,234	59,027
	Variation 2007-15 (%)	24	16
	Employees	22,680	1,126,155
	Variation 2007-15 (%)	26	18

Source: Author's own elaboration on data from the Istat report *Structure and performance of Italian cooperatives* (2019).

4. How the institutions can encourage cooperation: an analysis of the Fund for the development of the cooperative system of Sardinia

The social and economic scenario depicted in the preceding paragraphs provides numerous insights and prompts various inquiries. Primarily, in Sardinia, we encounter a cooperative system carving out its niche in the local economy and exhibiting greater resilience to economic downturns compared to conventional enterprises. As the data show us, it is a system that may still appear in a phase that we could define, explicitly referring to the *phases of life* codified by Birchall (2011) in a period of expansion and growth, requiring resources and opportunities to flourish and solidify.

If this interpretation holds true, it becomes imperative to ascertain whether and which external assistance and supportive measures, including regulatory and institutional interventions, could foster further expansion and provide stability to cooperative enterprises.

4.1. Some characteristics of the Fund for the development of the cooperative system of Sardinia

The Fund for the development of the cooperative system of Sardinia⁴ emerges within the context of institutional support aimed at addressing the systemic crisis faced by the island in the aftermath of the 2008 financial crisis. This fund was established to facilitate access to credit, particularly for new cooperative enterprises or existing cooperatives, given the tightening of traditional credit accessibility for many economic actors. The strategic objectives of the fund, outlined in the Operational Plan, aimed “to provide new opportunities for capitalization and strengthening of cooperatives operating within the Sardinian territory”. Additionally, it aimed to counteract what was perceived as a chronic situation of under-capitalization and difficulties in accessing credit. Comprising two calls, the first in January 2015 and the second in February 2017, the fund attracted 68 cooperatives in the first round and 37 in the second. The participatory loan offered by the fund had a maximum repayment duration of 60 months, which most cooperatives utilized. The loan repayment period typically extended between 2020 and 2023 for the majority of companies. In the initial call, recipient companies were established cooperatives operating for more than 12 months. The priority economic sectors eligible for funding included tourism, libraries, archives, management of archaeological areas, museums, and other cultural activities, environmental protection, renewable energies, welfare, manufacturing, and ICT (multimedia, information, and communication services). The second call broadened the eligibility criteria to include newly formed cooperatives, cooperatives in the process of establishment, and initiatives such as WBO.

4.2. Some methodologic notes

The evaluation of the Fund for the development of the cooperative system in Sardinia employed a mixed-method approach, combining closed-ended questionnaires with case studies conducted through in-depth interviews. The in-depth interviews conducted for the case studies utilized structured open-ended questions aimed at eliciting detailed information regarding the company's history and its engagement with the fund.

The sample for the interviews comprised 21 beneficiaries out of a total of 106 participants across the two notices. 15 of these beneficiaries were surveyed using structured questionnaires, while the remaining six underwent in-person interviews guided by a qualitative interview protocol. The cooperatives represented in the sample primarily consisted of production and labour cooperatives, with a smaller representation of type A and type B social cooperatives. The 21 cooperatives involved in the study signed loan contracts spanning from December 2015 to March 2019. Among the six case

⁴ The evaluation was conducted by the Independent Evaluation Body IRIS s.r.l. *The effects produced by the Fund for Cooperative Development in Sardinia*, servizio di Consulenza e valutazione POR-FSE 2014-2020 della Regione Sardegna, mimeo 2020.

studies, two were start-up cooperatives, and two were instances of WBO. The questionnaire analysis delved into the formation process of these cooperatives, the motivations behind their application for regional funding, and the extent to which access to the fund influenced their economic and financial circumstances. Additionally, Social Network Analysis tools were utilized to map out the network of contacts and trusted collaborations essential for the professional life of each of the six case study cooperatives, shedding light on their levels of social capital.

5. Strengths and weaknesses of a policy experiment: main results

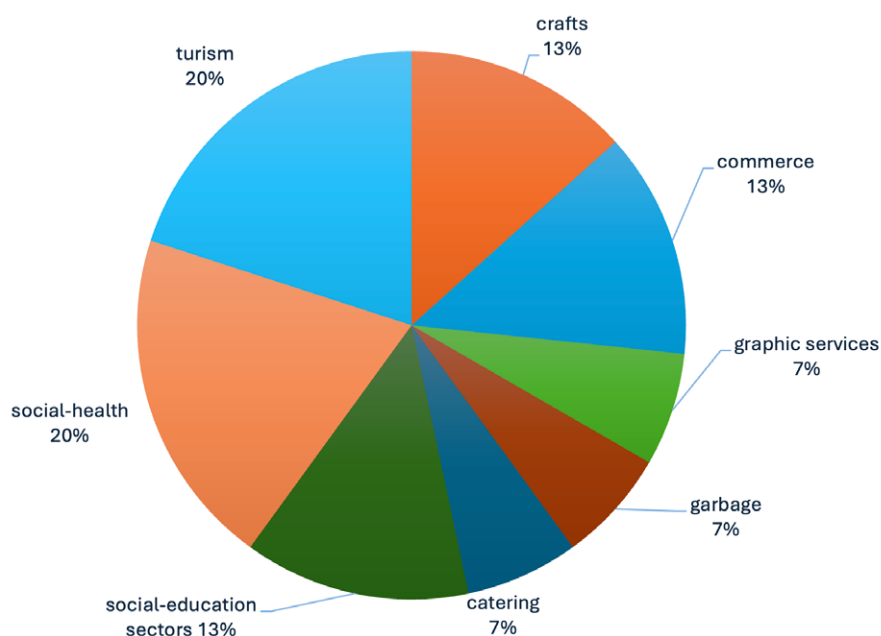
The analysis of questionnaire responses reveals that the organizational characteristics of the cooperatives in the sample closely mirror those observed in the regional data. The beneficiary companies exhibit a range of ages, with the majority having less than 10 years of activity (53%), while just over a quarter are long-standing entities with over 31 years in operation. The latter group of cooperatives, according to the respondents, emerged during a period marked by strong incentives for cooperative enterprise creation, notably facilitated by regulatory mechanisms such as Law 49/1985 and Law 44/1986. These laws, enacted as extraordinary measures for entrepreneurial development in Southern Italy, were instrumental in fostering cooperative formation in economically disadvantaged regions. More recent regulatory frameworks have also played a role in stimulating the establishment of younger cooperatives. For instance, respondents cited Law 381/1991 as a crucial factor in the constitution of a social cooperative with two decades of experience. Similarly, the enactment of Law 59/1992, which introduced the concept of the funding partner and the mutual fund for cooperation promotion and development, addressed capital scarcity issues during the same period. Additionally, regional legislation such as Law 5/1957 was frequently cited as pivotal in initiating cooperative ventures.

From this analysis, it becomes evident that in contexts characterized by significant developmental challenges like Sardinia, specific regulatory packages play a fundamental role in facilitating cooperative enterprise creation. However, it's noteworthy that the primary motivation for establishing cooperatives, as identified by most respondents, was often driven by economic and fiscal considerations rather than altruistic or cooperative objectives. This aspect underscores the pragmatic approach adopted by many cooperatives in the region, which prioritize economic viability and fiscal advantages over purely cooperative ideals. At the organizational level⁵, the cooperatives within our sample closely reflect the distribution of types observed at the national

⁵ At the national level, we see a predominance of production and labour cooperatives (within which the members are the same workers) and social cooperatives, in turn, distinguishable into type A cooperatives (also called user cooperatives) and type B cooperatives (also working cooperatives). There are also consumer cooperatives, within which the members are the consumers/users of the product/service, and the conferral cooperatives, widespread in the primary sector, where the members give the cooperative their own products (be they grapes, vegetables, milk, etc.), to make the cooperative itself more competitive.

level. There is a notable predominance of production and labour cooperatives, followed by social cooperatives (types A and B), with only one consumer cooperative identified. Regarding the size of these cooperatives, the majority are small-scale operations with hardly more than 20 members. Only two cases involve cooperatives with over 20 members: one being a social cooperative managing various healthcare facilities with a substantial workforce, and the other a consumer cooperative operating in the food sector. In terms of organizational stability, the cooperatives in our sample exhibit relatively consistent structures over time. In the past two years, 47% of respondents reported no changes in membership numbers, while 33% experienced growth and only 20% noted a decrease due to resignations. The economic sectors in which these cooperatives operate are varied, with the majority (33%) engaged in the social, health, and socio-educational sectors, followed by tourism (20%), crafts (13%), commerce (13%), and graphics services, advertising printing, catering, and production of materials for garbage collection (7% each). This breakdown by sector aligns with the distinction between social cooperatives, which are predominantly focused on the social, health, and educational fields, and production and labour cooperatives, which are involved in a broader range of economic activities.

Figure 1. Sectors of economic activity (percentage values)



Source: Author's own elaboration.

The economic performance of nearly 70% of the interviewees reflects a situation of market growth, with the fund being viewed as a significant contributor to this expansion. For many beneficiaries, the increased financial resources provided by the fund played a crucial role in enabling their companies to meet market demands. This included expanding their geographical reach, diversifying products, or broadening their client base. Additionally, the psychological impact of feeling supported in making investments cannot be overlooked. To assess the extent to which the fund influenced the financial viability of the cooperatives, beneficiaries were asked whether they had sought other forms of support. Almost half of them (47%) had not previously applied for other forms of financing. While the youth of many cooperatives may partially explain this, others cited the lack of opportunities in their economic sector, or the perceived inconvenience and high costs associated with accessing other forms of support (13%). However, 40% of the sample managed to secure other forms of funding, indicating the attractiveness and success of the fund⁶, which was perceived as economically advantageous and procedurally feasible.

The data underscores the significant challenges faced by cooperatives in accessing liquidity and other forms of support (Table 8). Consequently, all interviewees expressed a consensus on the importance of both regional funding and tax and banking benefits for the future planning of their businesses. However, there was slightly less agreement regarding non-monetary support tools such as mentoring and support services (73.3%), indicating a preference for initiatives that provide immediate liquidity or relief.

Table 8. Tools useful for future planning (percentage values)

Regional funding	100.0%
Mentoring and support	73.3%
Tax and banking benefits	100.0%

Source: Author's own elaboration.

In Table 9 the fund is depicted as a significant boost for business operations, with recourse to bank loans being the least preferred option (33%). This reluctance is attributed not only to the cost of borrowing but also to the stringent collateral requirements and the complexity of loan application procedures. Instead, the favoured alternatives include direct shareholder intervention (60%), participation in projects and tenders (60%), or seeking other forms of public funding (53.3%). These alternatives are perceived as more accessible and less burdensome compared to traditional bank loans.

⁶ <https://www.sfirs.it/index.php?xsl=1345&cs=15&v=9&c=12825&na=1&n=3>

Table 9. Alternative financial instruments (percentage values)

Bank loan	33.3%
Other public funds	53.3%
Participation in projects and tenders	60.0%
Intervention of shareholders	60.0%

Source: Author's own elaboration.

5.1 A focus on the six case studies

The selection of six specific case studies for in-depth interviews provides a deeper understanding of the cooperative dynamics and their interaction with the fund. Among these cases, five are production and labour cooperatives with memberships ranging from three to 10 individuals, while the remaining case is a type A social cooperative engaged in social and health services. Through these interviews, we have the opportunity to address three significant issues that also emerged from the analysis of the questionnaires. The first concerns the channels used to discover the possibility of accessing the fund. The second concerns the type of support offered by the fund to the cooperative. Finally, the third concerns the motivations related to the choice of the cooperative form. Additionally, the Social Network Analysis facilitated the reconstruction of collaborative networks among cooperatives, shedding light on the form and content of these relationships and the social capital embedded within them. In the citations of the interviews, we will refer to existing cooperatives at the time of accessing the fund as *old cooperative*, cooperatives born concurrently with the fund as *new cooperatives*, and workers buy-out cooperatives as WBO.

5.2 The channels for accessing the fund

The first aspect revolves around how and why cooperatives became aware of the opportunity to access the fund. It appears that newly formed enterprises learned about the fund often through private consultants, leading to a decision driven primarily by economic opportunity and tax advantages. Conversely, those who learned about the fund through cooperative sector organizations tended to prioritize ethical aspects alongside economic opportunity, embracing the mutualistic organization.

In cases where private consultants were involved, the value of finding competent and knowledgeable advisors capable of navigating existing financing opportunities is emphasized. Assistance in preparing documentation and submitting applications is also highlighted. However, there is a risk of over-reliance on consultants, where their expertise becomes the sole criterion for choosing the most suitable financing option. While this is viewed positively by interviewees, it does not address the fundamental aspects of organizational structure. Without strengthening internal management capacity or gradually internalizing managerial skills, the cooperative risks dependency on external functions, knowledge, and values, jeopardizing its sustainability in the long run.

The second subject that arises in the promotion of the fund is the role of cooperative associations, particularly Legacoop. Within the analysed case studies, Legacoop's ability to guide members in selecting various support tools for cooperatives is highlighted, along with ensuring the necessary skills for preparing documentation efficiently: *"We are members of Legacoop, and I must say they are truly excellent as representatives of cooperatives, and we have been very satisfied. It's our union; they provide us with all these financial instruments that they know about before us, and then they guide us in preparing the documents and applications. They supported us in everything; they prepared the documentation. And with cooperatives, they are very careful; even in their relations with us, they don't pressure us. On the contrary, they provide us with all these financial instruments that they know about before us and help us"* (Interviewee from an old cooperative).

The role of cooperative associations in the cooperative world emerges as relevant for both well-established cooperatives in need of assistance and newly established cooperatives. As asserted by Gherardi and Masiero (1990), the level of participation in the activities organized by cooperative associations may vary among individual cooperatives and their management teams, but their role remains essential. Not only do they represent interests, but they also foster networking among local businesses.

5.3 The fundamental assistance provided by the fund

The second key point that strongly emerges from the interviews is the fundamental financial support obtained through access to the institutional fund. This support is crucial, especially considering the complexities of accessing credit, particularly for small and medium-sized enterprises, especially in areas where local credit institutions have become scarce over time. This financial assistance provided by participating in the institutional fund has been essential for both existing businesses and newly established cooperatives. For existing businesses, the funding has provided a means to restore balance sheets or make innovative investments. For newly established cooperatives, it represents a way to overcome initial difficulties. The interventions carried out with the received funding have been diverse:

- Capitalizations and assetizations: *"Certainly, the balance sheet is more in line with the income statement. The EUR 60,000 of share capital are real. We used a part of the financing to buy the offices, which we have already finished paying for and are now our property. Let's say we are putting assets into the cooperative"* (Interviewee from an old cooperative).
- Working capital for networking: *"We primarily oriented it towards working capital. The request was specifically made for that purpose, and it was deemed appropriate. So, we used it for trips, travels, and operating expenses. They were crucial. And we are already repaying. They were fundamental for the development of spin-offs. We made a huge number of trips and contacted numerous people to refine the ideas, and we moved forward with a seeding activity"* (Interviewee from a new cooperative).

- Starting the business or completing requirements: *“Consider that this warehouse was empty, there was absolutely nothing inside. So, consider everything, the pallet truck, the alarm system. All the furniture, everything you see was done with that money”* (Interviewee from a WBO).

In one of the WBO cases, the funding was used to finalize a situation that had been suspended until then. The cooperative members had initially signed a business branch lease contract during the first years of operation. However, at a certain point, to settle debts from the previous management, the business was put up for auction. Through the funding, the cooperative was able to formally and definitively acquire the business, which was crucial for its continuation. Overall, the case studies demonstrate the significant success of the fund in supporting new projects and meeting the needs of more established cooperatives aiming to adapt to the demands of continuously evolving markets.

5.4 Why choose the cooperative form?

The third aspect that emerges from the interviews concerns the potential influence of the fund on the choice of the organizational form of *cooperative* compared to that of a traditional enterprise. The interviews shed light on the ethical component of choosing the cooperative form, alongside economic considerations. The choice of the cooperative form is often driven by ethical motivations, such as a desire for shared decision-making and risk-sharing among members: *“The choice of the cooperative form was not accidental. We wanted our think tank to have specific characteristics reflected in the social form. [...] We believe that the cooperative form is an excellent way to tackle the problems of starting a new business”* (Interviewee from an old cooperative).

This ethical element is evident in the cases of WBO, where members seek to eliminate hierarchical structures and distribute decision-making: *“Before, we had no say in the actual management, in issuing orders. The directives were given to us by the owners. Instead, the shareholders now participate with the Board of Directors; commitments and problems are distributed and discussed. It is a much more advantageous situation, at least the risk is distributed, and everyone is satisfied with this way. It allows us to live independently; we are satisfied”* (Interviewee from a WBO).

Moreover, the cooperative form is often chosen for its economic advantages, such as tax benefits and equal ownership: *“No, we never thought of not forming a cooperative, never. Especially because there was talk of having benefits, and the only option was to have a cooperative. Also, the financial outlay through the notary would have been very different if we had chosen a different form of enterprise. During that period, we hadn't received any income for three months, and on top of that, it was the only way to pay fewer taxes, both in terms of registration and later on with the first financial statements. We immediately thought of forming a cooperative. And then, on equal terms, we believe it's fair to be equal because otherwise the problem would have arisen, 'who holds the majority?' Choosing a limited liability or capital company? We would have always ended up with 'then there will be someone in charge', but no, we are all at 10%. 10 at 10%”* (Interviewee from a WBO).

However, in some cases, the choice of the cooperative form is driven purely by economic and fiscal convenience, rather than ethical considerations: *“In the meantime, we were advised on how to open this new type of business, and the most convenient was precisely that of the cooperative rather than an Ltd. In reality, the cooperative is also an Ltd, but costs and different purposes would have entered with the company. The business consultant advised us to create a cooperative”* (Interviewee from an old cooperative).

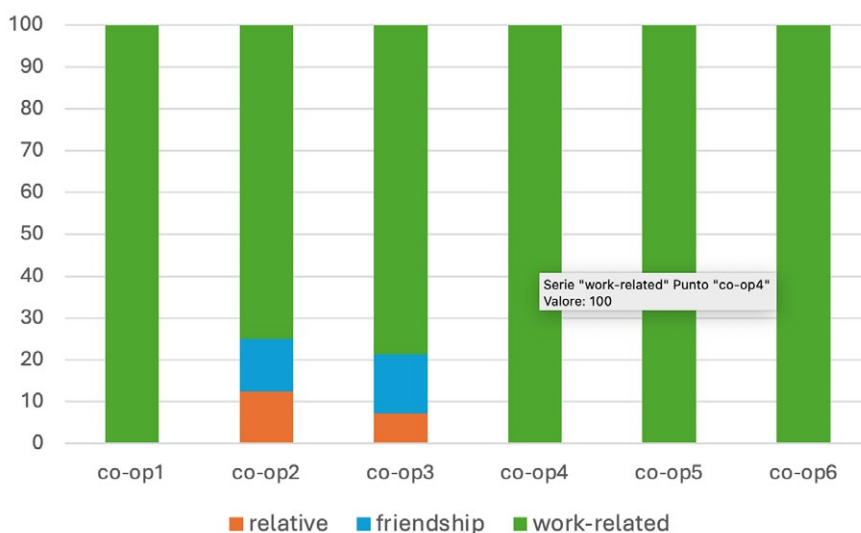
This raises questions about whether it is appropriate to encourage the formation of new cooperatives primarily based on economic incentives rather than ethical considerations. However, the longevity and success of cooperatives born under economic incentives suggest that values and interests need not be opposed. Solidarity can also be fostered through structural arrangements, as highlighted by Gherardi and Masiero (1990). Therefore, leveraging economic incentives to encourage the formation of cooperatives may still lead to long-term benefits for members and the community.

5.5 Cooperative action and social capital

To analyze the social capital possessed by this sample of cooperative enterprises, we employed the methodology outlined in Social Network Analysis (SNA), along with the specific application of Personal Network Research Design (PNRD) (Halgin and Borgatti, 2012), also referred to as ego-network analysis (Granovetter, 1973; Burt, 2005). SNA is a research technique used to identify collaboration relationships, whether explicit or latent, among multiple actors within a network. The sociological and economic literature has established that entrepreneurial success is closely linked to the ability to network within a territory, a process primarily driven by the collaboration ties established among economic and social actors (Chiesi, 2005). PNRD allows for verifying whether the form and composition of the networks of the interviewed actors are conducive to the formation of social capital. It also enables the examination of what type of social capital exists within their network, whether it is bonding or bridging, consisting of strong or weak ties. The primary interest is to understand individuals' capacity/ability to access certain forms of social resources. The technique involves the individuals themselves highlighting their significant contacts and thus identifying the resources they derive from their personal contacts. For the actors involved in this policy, various aspects of the economic-social network structure were investigated by asking them to first identify the main alters in their economic-commercial network: loyal customers (12 alters) and the main companies supplying goods and services (14 alters). Additionally, they were asked to indicate the companies with which they had established a medium or long-term collaboration (6 cited ties). Finally, we also explored the trust network, comprised of those actors to whom the interviewee (ego) turns to for advice, opinions, information, or suggestions for their business, and who may not necessarily be part of other networks. This is undoubtedly the most cited sub-network, with a total of 24 alters. Following the guidelines of the literature, it is possible to delve more deeply into the substance of contacts: understanding the intensity and *thickness* of the bond through the duration over time, the level of trust between the two parties; the way that allowed the subjects to get to know each other and maintain collaboration over time, and finally, the physical proximity/distance between the two actors involved in the relationship.

The first element we analyze concerns the origin of the mentioned ties. As observed in Figure 2, only for two enterprises, or a maximum of 20%, are the ties of familial or parental origin, or they are friendships that stem from childhood. It is rather a process of acquiring professional connections desired and enhanced by the individuals working in the cooperatives. It could be argued that the professional ties mentioned are, in most cases, bridging social capital ties, instrumental and oriented towards economic action, and not subject to the limitations of strong (bonding) ties of traditional action.

Figure 2. Origin of the relationship between cooperatives and their ties (percentage values)

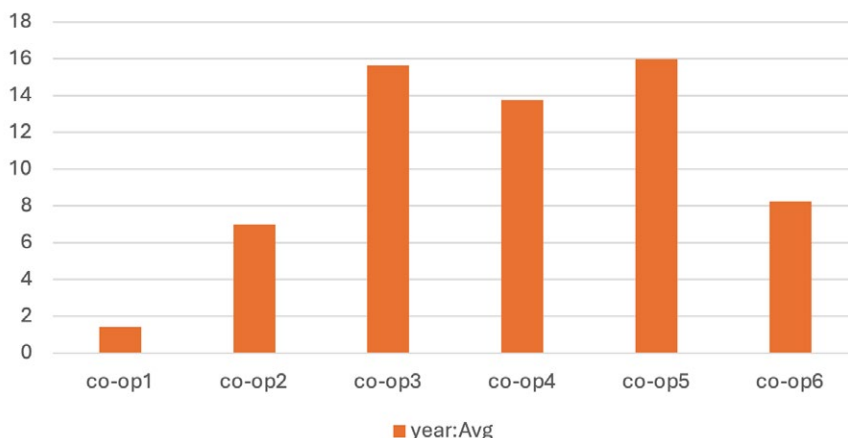


Source: Author's own elaboration.

In addition to the origin of the tie, according to Granovetter (1973) the duration of the bond (Figure 3) is a good indicator of the strength of the relationship and the trust between the two parties. Especially when discussing economic relationships, where the bond is functional to economic-productive collaboration and is not due to or reinforced by cultural or traditional aspects (such as family ties), the duration of the bond over time is synonymous with trust that helps contain the transaction costs typical of spot exchanges in the market economy.

In the contacts mentioned by the interviewees, the average years of acquaintance with the respective alters is approximately 10 years. Considering that family members represent only 3%, it can be stated that cooperatives have a stable and long-lasting network of contacts over time. Contrary to what might be expected, not only do older cooperatives have long-standing professional contacts, but also new cooperatives and WBO rely on long-standing relationships, with an average age of 14/15 years. These are enterprises that, regardless of their recent history, build their professional networks on individuals who bring with them pre-existing and stable trust.

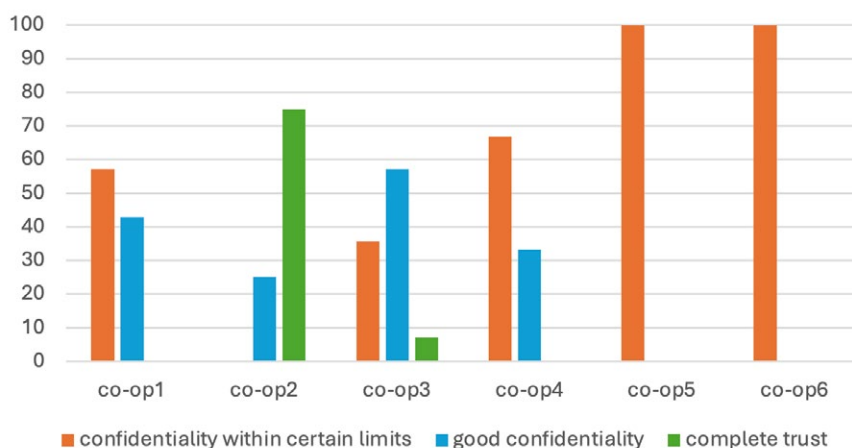
Figure 3. Duration of the professional relationship (years of duration)



Source: Author's own elaboration.

The level of trust within collaboration networks is another crucial parameter to consider in understanding their structure. In Figure 4, it is evident that none of the mentioned ties are characterized by low or poor levels of trust. Instead, the majority of ties are characterized by good levels of trust, albeit within defined limits. This suggests that while there is a generally positive level of trust among network contacts, it may not be uniformly high across all relationships.

Figure 4. Level of trust⁷ (percentage values)

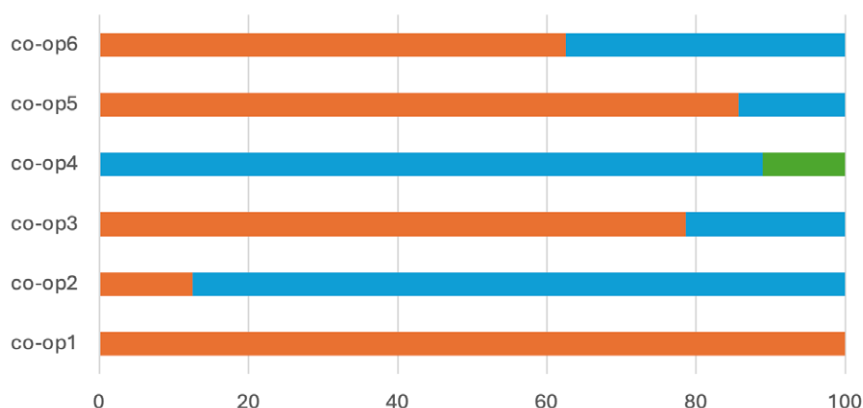


Source: Author's own elaboration.

⁷ It's worth noting that the two options implying low or no mutual trust were never chosen.

Figure 5 illustrates the geographical area in which the mentioned contacts operate. It shows that in almost all cases, professional relationships are formed with individuals or companies operating in the same area of work as the cooperative enterprise, typically within the same municipality or province. There are only two cases where relationships extend beyond the regional borders, with a majority of contacts from other parts of the region. In one exceptional case, the relationships even extend to the national territory, indicating a broader scope of collaboration.

Figure 5. Residence area of the collaboration ties (percentage values)



Source: Author's own elaboration.

To conclude, the social networks of the interviewees are primarily composed of individuals outside their core networks of family, friends, and relatives. These networks seem to be relatively broad in scope and not particularly exclusive (Mutti, 1998). The level of trust and the duration of relationships with their contacts indicate that these are professional relationships characterized by a high level of trust but primarily focused on professional rather than personal connections. Additionally, data on the localization and proximity of partner enterprises allow us to establish an overarching framework for the type of social capital among the beneficiaries: it becomes evident that the networks are highly localized and closely tied to the operational context of their own enterprise. In summary, it can be concluded that, based on the composition of the networks, the social capital is bridging and lacks strong ties; it appears to be oriented towards collaboration with external parties that are deeply embedded in the local community.

6. Some conclusions. Why the cooperation system needs specific institutional support

Especially for the less developed regions of southern Italy, few studies analyze the importance and impact, current and potential, of the cooperative system for the local economic system and, more generally, for the socio-economic development of these areas. Recalling the classic question posed

by Birchall in various publications (2003; 2011; 2012): is there an advantage for society in general from the presence of member-owned businesses? The case presented here appears particularly focused because it highlights several interesting aspects. Sardinia is a region in which social capital, an element that should be the basis of cooperative behaviour, is present and, according to many studies, with values often above the national average (although not at the levels of some regions of northern Italy). No cultural or systemic elements are obstacles to a more significant development of the cooperative system. Two reflections can start from this statement: the first can begin from the qualitative analysis carried out on the sample of cooperatives in this research; the second must start from the results of the analysis of Istat data on the quantitative growth of cooperative enterprises on the island.

The first aspect to discuss in the conclusions concerns the choice of the cooperative form. Although these are companies with varied seniority, often the decision to opt for the cooperative form at the time of establishment depended significantly on the search for tax advantages and the presence of facilitations or support conditions for the enterprise, including the cooperative fund itself. From the interviews and questionnaires, it can be observed that while some subjects chose the cooperative enterprise for ethical reasons, for the majority, the choice was influenced by rules that made this option more economically attractive. This aspect is not negligible and must be duly considered when evaluating the effects of a cooperative support policy and public institutions' intervention in supporting cooperative enterprises (Birchall, 2011). These decisions, even if driven by economic opportunities, have led to the emergence of successful economic enterprises. Many cooperative enterprises are established during periods when public incentives for cooperation remain, producing healthy and productive enterprises for the territory and the members who work there. The fundamental role of public institutions and the commitment of politics in encouraging this sector become evident. In the specific case analysed here, the fund has an impact on the Sardinian territory where there is an apparent lack of entrepreneurial spirit on one hand, and on the other, there is a need to find adequate tools to support new ideas that can create new businesses, new jobs, and foster more general local development. In this socio-economic context, this sort of *cooperative opportunism* is an element to be supported because, in any case, it implicitly brings, as Birchall well demonstrated, a different idea of business, both in terms of internal relations among the shareholders and the accountability of the actions it entails. This confirms Birchall's view that "co-ops tend to flourish when there is a sympathetic government and a cultural and legal environment that supports cooperative development" (2011: 29).

This leads to the second consideration, which arises from the analysis of Istat data. The data indicate that regional cooperative enterprises not only weathered the economic-financial crisis of 2008 better than traditional enterprises, but they also grew in number, contrary to forecasts. In this context, the policy of the fund for the growth of cooperatives discussed in this article aims to facilitate the establishment of new cooperative enterprises and support those already active. The Sardinian regional context appears to be highly conducive to the cooperative system, but the cooperative entrepreneurial culture requires effective incentive tools. Unlike other support mechanisms for traditional businesses, policies that promote cooperation seem to have a positive and enduring impact. Building on Johnston

Birchall's reflections and suggestions, a broader and more structured review of cooperation in southern Italy is necessary. This review should consider all regional regulatory instruments and their medium- to long-term effects, aiming for continuous improvement. This approach would enable regulatory and economic support tools for cooperation to become standard practices in contexts where traditional businesses struggle to compete and generate economic and social benefits. Institutional support has historically been inconsistent, preventing the consolidation of the cooperative sector in the regional territory, despite its significant contributions in terms of businesses, employment, and resilience to economic crises. As further evidence of this, it appears that even the fund analysed in this article, despite the positive assessment of cooperatives and industry associations, was not replenished, indicating a short-sighted approach towards the region's economy.

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