The Social Composition of Italian Co-operatives: Historical Evolution and Analysis of Political and Economic Reasons

Michele Bianchi
University of Parma

Abstract

Since the 19th century, co-operatives have served their members through a system of mutual benefits between members and organisations, aggregating homogeneous stakeholders. Recently, a new direction within the Italian co-operative movement has recognised the value of membership diversification to include different groups of stakeholders. What are the reasons for this change? This study reviews the relevant literature, taking an historical institutional approach to the evolution of the social composition of co-operatives. More generally, the article shows the reciprocal influence between organisations and society, framing the complex socio-political system within which co-operatives have evolved and influenced Italian society.

1. Introduction

The Italian co-operative movement has its historical roots in the mid-19th century. Since then its evolution has been interwoven with Italian political and economic history. The literature has highlighted how the co-operative movement has registered significant growth in terms of number of enterprises, employees and product value (Mazzotta & Sicoli, 2013; Euricse, 2015). Moreover, to a greater extent than other forms, this model of firm has succeeded in becoming part of a more complex political and social system (Zamagni et al., 2004). As Sacchetto and Semenzin (2014) point out,

this demonstrates both the peculiar permeability of the co-operative form and its propensity to be not only a model for organising economic production but also an element of social life in the territories where co-operatives operate. The scholarly debate on co-operatives has examined their socio-economic evolution together with that of the society and the economic system, bringing out the crucial evolution of the model from a highly mutual structure to a "demutualised" business model (Battilana & Zamagni, 2012; Ekberg, 2012). But the debate has not yet considered the most recent mutations of the co-operative model, which suggest the renewed central role of mutuality and the rebirth of members' direct participation in governance.

This work examines the whole evolution of co-operatives in Italy, from a specific point of view that emerges from the analysis of the historical literature, highlighting their positioning within society. This examination recognises the need for substantial research on how the model has evolved owing to economic and political factors (Ekberg, 2012). In the 19th century, co-operatives were formed originally to mitigate the socio-economic distress of the weaker sections of population within the emerging industrial society of the Piedmont region. Subsequently, they expanded in the rest of Italy, supported by the workers' movement, which fought for the proletarian class, and by the Catholic Church, for the protection of the more fragile parts of the middle classes. Therefore, cooperation often referred to some specific sectors of society, those compatible with its nature, which favoured democratic management by the members and an optimisation of resources through mutuality (Ianes, 2013). Analysing the origins of cooperation in different countries, Fay (2005) concludes that two elements characterise the emergence of the co-operative form: the relationship between cooperation and the weakest sections of the population and the homogeneity of the members' economic interests. We therefore have to ask ourselves if today, a century and a half later, these considerations are still pertinent and whether instead co-operatives have not evolved rather towards a model detached from social class and marked by new approaches.

It is clear that the contemporary co-operative system presents itself in a completely different manner; it now plays a central role within our economic system and addresses all social groups indiscriminately. In fact, new forms of social and community co-operative have developed recently, with new approaches to the issues that affect members of different classes.

This evolution raises questions whose answers will contribute significantly to the debate on the political history of Italian society and on the socio-economic role of the co-operatives in this country. If co-operatives no longer target only specific social categories with shared economic needs and interests, how has this changed their composition and socio-economic role? And above all, what were the reasons for this change? The hypothesis is that as a form of business the co-operative is permeable to its reference context, insofar as it serves the interests of its members rather than those of shareholders/investors; anyone who shares its values can join, thanks to the "open door" principle, and participate in the democratic administration of the business. As Battilani (2014) observes, the co-operative has a dual nature, both economic and social. And it is influenced by various factors, such as national law, entrepreneurial culture, market structure and managerial approach (Battilani & Zamagni, 2012). For these reasons, the social composition of co-operatives has changed in accordance with the social, political and economic challenges that they have faced over time.

The analysis presented here traces the historical evolution of the co-operative movement in Italy, paying particular attention to its intertwining with political and economic events. The discussion highlights how in the various historical phases, owing to political structures and social changes, the co-operative model evolved, even as its founding characteristics remained unaltered. Co-operatives have shifted from a very definite composition based on a single category to a more inclusive, multi-stakeholder model (Borzaga & Sacchetti, 2015), so as to create social benefits for multiple categories and communities. The conclusion reflects on the reasons why co-operatives are now undergoing a new period of prosperity, featuring

the renewed central role of mutuality (Bianchi, 2019). They offer a prospective solution, producing responses to the ramified needs of multiple stakeholders. Such an approach is hard to reconcile with the objective of profit maximisation or with the requirements of centralisation, control and standardisation characteristic of government bureaucracy.

2. Theoretical framework and methodology

With the foregoing research object and questions in mind, the analysis adopts a theoretical approach within the area of organisational theory; in particular, historical institutionalism appears to be the most suitable theoretical framework for examining the history of the Italian co-operative movement. As Suddeby et al. (2013) observe, this theory requires a focus on the historical processes that shape institutional paradigms; the present analysis accordingly follows the suggestion to further develop the historical examination of institutional changes in Italy (Decker et al., 2018). Considering the concept of "institutional work" as the "broad category of purposive action aimed at creating, maintaining and disrupting institutions" (Lawrence & Suddaby, 2006, p. 216), we can interpret the history of co-operatives along with the evolution of institutions such as the state, the market and the political system. Co-operatives, and particularly their national confederations, which have had a fundamental social and political role for nearly two centuries now, can be considered as active agents capable of influencing the evolution of those institutions. While the historical perspective is of course relevant, the analysis is not limited to the sequence of events but extends also to the "critical junctures" that form this history (Subbady et al., 2013).

More generally, the analytical framework is multi-level. At the micro-level, the agents deal with socio-economic realities, addressing their actions depending on the institution. These institutions constitute the meso-level and influence the main characteristics of the

co-operatives. At macro-level, finally, we examine the crucial role that ideologies have played historically in defining the visions of the socio-economic system and influencing the sub-levels.

The analysis performed here engages in an integrative literature review (Snyder, 2019), a method of research that allows the review of a specific topic and also provides the opportunity to conceptualise a new theoretical model. This means analysing the main works on the history of the Italian co-operative movement. The selection criteria set the boundaries for data collection. First, we take those published in both Italian and English, where available; second, there is no time limit, both old and recent publications being included; third, special attention is paid to academic research, i.e. books and articles in peer-reviewed journals. However, non-academic works (e.g. booklets published by national confederations or practitioners) have also been included. Experts on the topic have been asked for advice on the most relevant literature, and databases have been consulted (Google Scholar and EBSCO). This second stage used keywords to narrow the scope of the search ("Italian" AND "co-operative" AND [history OR evolution OR implementation OR "historical phases"] both in Italian and English).

Considering the results of a preliminary exploratory search, the history of the Italian movement is divided into five stages, which recur frequently in many historical examinations (foundation, politicisation, inter-war period, modernisation, contemporary times). The information extracted from the literature is catalogued in these five historical periods; for each, the key critical socio-economic junctures, which determine significant changes to the organisational model, are analysed in relation to the most significant social phenomena, economic developments, political conditions, and institutional influences.

3. The beginnings: the fight against capitalism

The first step in understanding the emergence of the co-operative form in mid-19th-century Italian society is to grasp the profound

alteration of the social structure with modernisation and industrial revolution. At the end of the century, Giuseppe Toniolo, a professor of economics and a future leader of the Catholic co-operative movement, pointed out that the evolution from a rural and craft-based society (with its rigid hierarchy and associative structures such as craft and trade corporations) into an industrial society had created new social classes and redesigned the system of power. In Marx's interpretation, the rise of industrial capitalism meant the centralisation of the new economic power in the hands of the bourgeoisie, i.e. the owners of the means of production. The breakdown of the traditional corporations and the transformation of the workforce into a proletarian working class left large sections of the population at the mercy of exploitation, with no form of protection or representation. As we know, in Marx the capitalist enterprise is structured precisely in terms of this absolute power in the hands of those who own the means of production and extract surplus value from the workforce. Industrial capitalism therefore creates radical asymmetries of economic power, which give rise to inequality and conflict between the capitalist and the working classes. The resulting social structure raises social needs and demands that derive essentially from the model of governance of production. Inequality spawned the urgent need for consumer goods or for better working conditions; above all, workers needed to achieve full consciousness of their role in the production of value and translate this into a new capacity for management, for self-organisation. This is the background to the emergence in the 19th century of a model that contained not only elements of economic production but also a social vision of the future society. Co-operatives contested capitalist society and re-organised the workforce into an economic structure able to emancipate workers. The main principle of this revolutionary structure of enterprise was "mutuality," the exchange between the co-operative and its members. The producers create this structure by pooling their resources, and the co-operative provides benefits for the least possible expenditure (Casale, 2005; Mazzotta & Sicoli, 2013; Bianchi, 2019). As Meriggi (2005) explains, these principles found fertile ground in

many European workers' movements, including Italy, albeit somewhat later than in the rest of Europe. Historically, the first co-operatives arose in the context of mutual aid societies developing additional means of support for the working class in response to the negative effects of industrial capitalism (Briganti, 1982; Earle, 1986; Fornasari & Zamagni 1997; Ianes, 2013). In addition, many co-operatives, especially in retail trade, were formed with the approval of philanthropic entrepreneurs who saw in these early forms the germs of a system of self-managed welfare and the possibility of alleviating the hardships of the urban population.

Mutual aid societies provided a fertile terrain where the first forms of cooperation took root. In these societies, forms of solidarity and assistance were already in being in the working and peasant classes (Zamagni et al., 2004). The co-operatives went a step further, enabling workers to become an active part of the economic system by setting up forms of production and consumption that did not seek profit but aimed for access to goods, services and jobs with guarantees and protections that would improve their members' living conditions. The first forms of cooperation were food warehouses and associations for creating jobs; the scarcity and poor quality of consumption goods and the dire need to escape unemployment brought many groups of workers to form the first embryos of Italian co-operatives (Bressan, 2011).

In 1854 the Society of Workers in Turin opened the first food warehouse, whose purpose was to combat increases in the prices of foodstuffs. The profits were to be re-invested for mutual assistance, such as a fund for workers unable to work. The first workers' co-operative was formed in 1856 in the town of Altare, in Liguria. The aim was to fight rampant unemployment by promoting the art of local glass processing. At the same time, the co-operative set aside part of its revenues to finance pensions and welfare assistance (Ianes, 2013). In Italy, that is, the diffusion of the co-operative model was linked to the workers' movement and to its press. The newspapers and magazines of the workers' and peasants' associations divulged the political and social analyses of co-operative leaders who called the

proletarian masses to self-organise against the capitalist system. These publications were the main medium for conveying information and news about the co-operative movement (Briganti, 1982; Earle, 1986; Fornasari & Zamagni, 1997). They clearly embodied the close linkage between consumers' and workers' co-operatives and working-class political movements.

Furthermore, the origins of Italy's mutual banks confirm the close ties between this new form of economic collaboration and the weaker classes of society. The first initiatives in this sector came in the Northeast, thanks to the Germanic influence inherited from the Austro-Hungarian Empire. This cultural overlap allowed translation into various ideas of Italian credit cooperation. In 1864, Luigi Luzzatti opened the first popular bank in Lodi. In parallel, Leone Wollemborg translated the German idea of the Raiffeisen, a modern form of rural credit association, into the Italian context; the first was opened in 1883 in Loreggia near Venice (Battilani & Schröter, 2013).

In this first phase, it is evident that economic and social needs drove the Italian pioneers to introduce the co-operative form, creating a bond between the needs of the weakest sections of the population and the benefits of mutuality, by removing economic activities from the profit logic. As Sapelli (1998) points out, the conceptualisation of new social classes channelled people's endeavours towards aggregation and self-organisation, so as to ward off increased social unrest. The welding between social classes and co-operatives was completed. These socio-economic structures enabled people to see themselves as part of a social class; membership did not serve solely to access resources or find jobs; the co-ops attracted people from certain social classes owing to the implicit class spirit embedded in them (Zangheri et al., 1987). Co-operatives instituted a critical innovation of the system of production by demonstrating the possibility, in practice, of running a business not for profit but for social purposes and in solidarity. They aimed not only at producing goods or services but sought to further the social vision of a more egalitarian and democratic society (Mazzotta & Sicoli, 2013). The success of co-operatives in Italy was due among other things to their connection

with a variety of political doctrines, which encouraged their spread and continued growth, forming a solid alliance among certain economic sectors, political parties, and social classes.

4. Consolidation and politicisation of the co-operative movement

At the turn of the century, the co-operative system underwent an initial phase of consolidation in Italy, in correspondence with its intensified politicisation. As Hoyt and Menzani (2012) illustrate, political indoctrination polarised the movement into two spheres. On the one hand, the anti-capitalist ideal was especially strong among the organisations closest to the popular classes, i.e. producer and consumer co-ops. On the other, the peaceful idea of reforming society "with and not against capitalism" was espoused by the co-operative credit movement, with a middle-class membership. This pattern was not unique to Italy; towards the end of the century, the co-operative movement more generally took on marked organisational and political characteristics destined to determine its role in society and the economy (Briganti, 1982). The idea of cooperation as the driving force for the emancipation of the lower classes had long been postulated by political scholars, who saw it as a way to shape the new society, as in Robert Owen's New Lanark experience (Mazzotta & Sicoli, 2013). However, only in the last decades of the 19th century did political doctrines integrate the co-operative enterprise into their ideological programmes (Meriggi, 2005). The bonds between political parties and co-operatives tightened. Workers' and consumers' co-operatives found more support from the Marxist-inspired parties, while at the same time conservative forces believed that co-operatives could serve to prevent the advance of socialist forces by mitigating the hardships that might otherwise have fuelled revolutionary thrusts (Fornasari & Zamagni, 1997; Hoyt & Menzani, 2012). In Italy, the first political idea that inspired co-operatives was that of Mazzini, inspired by liberal and republican values. This perspective promoted the creation of a more equal society, which would

improve the living conditions of the weaker sections (Meriggi, 2005; Molteni, 2010; Fabbri, 2011; Mazzotta & Sicoli, 2013).

Subsequently Marxist doctrine, which influenced the movement most heavily, crept into the co-operative world through the strong bond created with the working class associations. Many leaders of the labour movement founded or led worker and consumer co-operatives in various European countries (Fay, 2005; Meriggi 2005). The first socialist position was assumed at the congress of the Italian Federation of Co-operatives in 1886, when the socialist wing gained the majority and took over the leadership (Sapelli et al., 1981). The Federation then became the National League of Co-operatives and Mutuals (*Legacoop*) in 1893. The movement benefited from the support of Andrea Costa, elected in 1882 as the first Socialist deputy in the Italian parliament. The relationship between co-operatives and socialists became stronger still in 1901 when leading figures of the co-operative movement such as Oddino Morgari, Quirino Nofri, Rinaldo Rigola and Dino Rondani were elected to parliament. The idea of cooperation produced a model still more widespread in the Italian economic panorama, i.e. the labour co-operative (Earle, 1986). In 1883, the Socialist Nullo Baldini inaugurated the General Association of Farm Labourers in Rimini. The terrible, precarious conditions of these workers moved Baldini to develop a new aggregation of the work force for land reclamation and to organise these forces into enterprises to carry out infrastructure projects. Compared with previous experiences of producers, these co-operatives differed mainly in social make-up: not craft workers or small landowners but simple labourers in agriculture or construction. With this model, Baldini sought to eradicate unemployment and poverty in the countryside of Romagna (Sapelli et al., 1981; Earle, 1986; Fabbri, 2011; Ianes, 2013).

In response to the pressure from the Socialists, the Catholic social and political area advanced ideas and proposals to repel the proliferation of Marxism. Toniolo spurred the Catholic social world to take the leadership of the popular masses, avoiding the supremacy of "non-Catholic philanthropists" and "red shirts" (Toniolo, 1953). His

theorisation of direct Catholic action on market dynamics pointed to the necessity of protecting the petit bourgeois class from the speculation of giant companies that could set prices and determine the availability of goods in their own interests, extorting wealth from small businesses. This social class needed to develop its own political and economic awareness; subsequently Catholic organisations created endeavours of their own to defend small traders, businesses and farmers. Structuring the resources of this lower-middle class into collective organisations enabled them to negotiate better conditions in the broader market, where otherwise individual actors would have been crushed (Sapelli et al., 1981; Earle, 1986; Ianes, 2013). The social and political turning point here was Pope Leo XIII's encyclical *Rerum Novarum* in 1891, which spurred Catholics to face the social question by defending workers' rights and favouring associations for protection and assistance. The evolution of Catholic doctrine in the world of co-operatives eventually led, in 1919, to the formation of the National Confederation of Co-operatives (*Confcooperative*), as a counterpart to the Socialist *Legacoop* (Fabbri, 2011). Meanwhile, even the co-operative mutual banks were significantly politicised; this branch of the co-operative movement was mostly related to local parishes. In 1890 Luigi Cerutti, a young priest in Gambarate, near Venice, founded the first Catholic credit union. Priests had had a fundamental role in the development of credit unions, as they were generally among the few educated people in the villages and also the highest local moral authorities, so they could decide who deserved loans (Degl'Innocenzi, 1986). This reinvigorated the local power of parishes and favoured the rise of the myriad of small and medium-sized businesses that would constitute a solid political base for the Catholic movement. This was the context for what has been recognised as an Italian peculiarity: each of the different doctrines developed its own representative structures, which fragmented the movement and prevented their unity (Briganti, 1982; Earle, 1986).

This strong political inclination led the national confederations and their members to define their ties with three major political par-

ties, the Socialists, Communists and Christian Democrats. This produced what Pizzorno (1977) called the "solidarity mechanism"; the co-operatives' consolidation as key economic actors brought substantial growth in membership and in the income generated. These organisations, as well as the parties, were held together by political values and a sense of solidarity; over the decades, these pools of resources were transformed into a stable form of mutual support between the economic and political sectors. This co-operative system aimed to support the weakest social groups while reinforcing the political role of the parties, which once seated in local government could sustain the co-ops through public contracting. The benefit was reciprocal; the co-operatives were guaranteed a regular source of commissions, while the political parties gained stable and substantial pools of voters where their co-operatives were most present, creating diverse strongholds in various areas (Ammirato, 1996; Bressan, 2011).

5. The co-operatives in the world wars

In the early 20th century, cooperation took on a fundamental if ambiguous role. With the legislative simplifications of the Giolitti government, it was easier for co-operative consortia to participate in public tenders, including those for military procurement, first for the military campaign in Libya and then in World War I (Degl'Innocenti, 1986; Zangheri et al., 1987; Fabbri, 2011). Military demand essentially requisitioned the whole of the Italian economy, with astronomical expenditures and consequent earnings for the suppliers. But while the immediate profit was worth the effort, the absurdity of supplying national armies that enlisted workers as combatants soon became evident (Molteni, 2010). The war brought millions of deaths, mostly from the social classes that the co-operatives sought to protect: industrial workers, farmers, and the petit bourgeoisie. Colonialism also thwarted the values of internationalism that were also part of the co-operative ideal (Briganti, 1982).

These ethical issues were dealt with at the 18th Congress of *Legacoop*, in 1918, after the end of the war. There, co-operators reaffirmed the goal of socialising the means of production and class solidarity (Earle, 1986).

Nonetheless, co-operatives benefited from increased work deriving from public contracts, which increased demand and with it the size of co-operatives in terms of incomes and members. World War I caused a dramatic increase in the public debt and high levels of unemployment; in this situation, co-operatives, especially consumer co-operatives, played a fundamental role in keeping food prices low (Briganti, 1982). But this was not sufficient to curb the generalised rise in prices (Zamagni et al., 2004). The situation resulted in the so-called Red Biennium (1919-1920), a succession of strikes and uprisings that also led to the birth, in 1921, of the Italian Communist Party. In these years of popular struggles, the so-called "Triple Alliance" of trade unions, parties and socialist co-operatives was established. This further strengthened mutual aid and political support for the Socialist Party, which was one of the strongest parliamentary representatives for unions and co-operatives. At the same time, the Catholic forces, with the support of the Popular Party, increasingly imposed themselves in the defence of small owners and the bourgeois class against cartels and their market power, especially in the financial field, through the development of credit co-operatives and popular banks (Degl'Innocenti, 1981; Sapelli et al., 1981).

The advent of Fascism had serious consequences for Italian co-operatives. The idea of industrial democracy and workers' emancipation conflicted with the dictatorial vision in which both society and the economy were to be managed by the central government. Over the years, co-operatives, consortia and representative centres were closed or deprived of their powers, centralising their control in a National Co-operation Body founded in 1927 (Briganti, 1982). As Sapelli et al. (1981) explain, the inability to self-determine economic objectives and social strategies led to the practical disappearance of the co-operative form, although some of the structures were kept alive by the regime. This eventually led many co-operative members to

join the anti-fascist resistance movement; during the first years of resistance, they anticipated the role of co-operatives in the economic and social rebirth of the country (Fornasari & Zamagni, 1997). After World War II, Italy was in ruins, divided, in need of profound changes and radical policy interventions. Cooperation played a fundamental role, and its commitment paid off with a surprising growth in conjunction with the post-war economic boom (Earle, 1986).

6. Co-operatives under the Republic: massive growth and demutualisation

This brief history makes it clear that cooperation had adopted a strong social, economic and political position. It aimed to protect members and defend jobs, even at the cost of colliding with the prevailing production system or an authoritarian regime. Indeed, the idea of cooperation implied change in the social and economic paradigm, placing industrial democracy and self-determination at the centre not only of the economic sphere but also society (Fabbri, 2011; Battilani & Zamagni, 2012). This tightened the link with political parties, which were proposing ideologies and programmes compatible with the values of cooperation. The changes in contemporary society marked significant developments for Italy, and the co-operatives underwent a substantial transition. In the course of economic and social modernisation the co-operatives took key decisions, with a major shift from their traditional setting to more contemporary arrangements (Fabbri, 2011: Battilana & Zamagni, 2012). They moved towards a more profit-focused model, loosening their ties with specific social categories; these modifications led to a kind of "demutualisation" process (Fornasari & Zamagni, 1997; Battilani & Schröter, 2013; Mazzotta & Sicoli, 2013), which followed more from the necessity to adapt the co-operative system to the new consumer society than from any ideological choice on the part of the movement (Ekberg, 2012). Adaptation was primarily an economic necessity, but it did have political motivations as well, which demonstrates the

model's permeability to the social, economic, and political factors of the environment.

Immediately after the war, the movement benefited from a "co-operative euphoria" (Degl'Innocenti, 1981) visible in the first national census (1951), which registered 10,782 co-operatives nationwide, certifying the rebirth of a movement deeply oppressed by the fascist regime but never vanquished in spirit. Briganti (1982) analyses how the challenges came mainly in three areas: extending the co-ops' presence across the national territory, especially to the South; entering new market sectors; and strengthening internal structures and entrepreneurial capacity. Sapelli (1998) underlines how rising household incomes and new technologies, in both production and communication, made the choice to grow and modernise imperative. It was during this period that the co-operative movement acquired its "entrepreneurial culture," preferring business growth to the internal strength of cooperation, which had determined the fundamental social and political mission of the movement (Fabbri, 2011). Consequently, co-operatives gained market shares in various sectors; at that point this was the only reasonable strategy choice to avert the sector's economic and political marginalisation. The modernisation and pronounced marketisation of the co-operative sector also came by way of improvement of the managerial groups, with an increase in their education and professional level (Battilani & Zamagni, 2012).

However, this growth and development fostered the progressive restriction of democracy in the co-operatives, the adoption of typically capitalist management strategies that made the co-ops more and more similar to the capitalist enterprises they were competing with (Sacchetto & Semenzin, 2014). As Battilani and Schröter (2013) observe, this amounted to the "demutualisation" of co-operatives, which more and more closely resembled corporations in which managerial control and profit maximisation far outweighed the active participation of members. The demutualisation was also caused by the growing size of the co-operatives and the weakening of members' control due to their rapidly rising numbers.

Table 1
Co-operatives under the Republic

Year	N° Co-operatives	N° Workers
1951	10,782	137,885
1961	12,229	192,008
1971	10,744	207,477
1981	19,900	362,435
1991	35,646	584,322
2001	53,393	935,239

Source: Mazzotta R. & Sicoli G. (2013), *Le imprese co-operative: mutualità e ristorni*, Franco Angeli, Milan.

Table 1 traces the growth of the co-operative movement in Italy from the end of World War II to the turn of the century. Although the category "workers" does not reflect the actual number of "members" for each co-operative (these figures and annual incomes were not registered) the expansion of co-operatives was clearly significant (Mazzotta & Sicoli, 2013). At the same time the political forces initiated a course of greater autonomy for the co-operative confederations (Sapelli et al., 1981; Zangheri et al., 1987; Fornasari & Zamagni, 1997). The most significant change was made by the Communist Party, which altered its relations with the co-operatives. With the aim of breaking out of the Party's political isolation, the Communist leaders assigned a new role to the co-ops. Starting in the early 1960s, alongside the original objective of gathering working class forces together and protecting consumers, the left-wing co-operatives targeted the lower middle classes too as new stakeholders (Fabbri, 2011; Battilani & Zamagni, 2012; Ianes, 2013). This meant abandoning radical anti-capitalist positions and favouring a new approach to reconcile Marxism with the democratic order of the Republic. This was a significant step, because it triggered a major expansion of the co-operative movement.

During the economic boom of the 1950s and 1960s, the challenge was to bring co-operatives to play a fundamental role in the Italian economic system by stepping up the production of value added and expanding membership in order to guarantee stability and growth.

Between the 1950s and 1970s, modernisation took place in all sectors where cooperation was present (Battilani & Schröter, 2013); with substantial investment, the co-ops introduced agricultural machinery and new industrial plants, created the first networks of supermarkets and consortia for mass distribution, and founded mutual insurance institutions such as Unipol. This confirmed the intention to attain production volumes initially beyond the scope of cooperation.

This steady evolution has made the co-operative movement, today, one of the fundamental pillars of the Italian economic system. The country's 39,500 co-operatives employ 1,150,000 workers and generate annual turnover €150 billion; they have a total of 12 million members and account for 8% of GDP.[1] These data show the economic and social importance of co-operatives and indicate how the strategy of moving into new sectors of activity, most recently welfare services, has brought additional social categories to join, broadening the range of co-operative stakeholders. At the same time, the movement has definitely marked its independence from the political sphere (Zamagni et al., 2004). The massive corruption scandals and related judicial inquiries of the early 1990s wiped out the historically dominant parties, thus leaving many sectors of society without their traditional political references. Co-operative organisations exploited this situation to accelerate the process of autonomy, which also favoured an interclass membership base.

7. New forms of co-operative: welfare and community development

To contextualise the two most recent forms of cooperation, social and community co-operatives, we identify the socio-economic context within which they arose and developed. With the oil crisis of the 1970s, which brought inflation together with unemployment,

[1] www.alleanzadellecooperative.it

and the subsequent neo-liberal reforms of the 1980s, an economic policy of cuts to public spending and incentives emerged throughout the western world. In Italy, citizens' self-activation through grass-roots initiatives by civil society and the "third sector" emerged as the best way to modernise the welfare system (Fazzi, 2013). Migliavacca (2008) explains these changes by reference to the growing complexity of contemporary society, which generated new social needs. Traditional public services, especially in welfare, weakened by constant budget cuts and bureaucratic rigidity, were no longer able to respond, so government policy sought to recognise, encourage and structure initiatives organised "from below" as an innovative response to new social needs (Thomas, 2004; Fazzi, 2013). As Borzaga and Defourny (2001) argue, third sector organisations, characterised by non-profit social objectives, constituted an efficient solution, via solidarity and participatory methods, to introduce social innovations in welfare. In this sense, the co-operative model has a key role because it allows forms of solidarity among people with similar needs and limited resources for satisfying them. Co-operatives have also become social enterprises, because they can structure business plans in the welfare sector and provide various categories of stakeholders with benefits (Thomas, 2004; Fazzi, 2012; Borzaga & Sacchetti, 2015).

It is worth mentioning here that according to the law on social co-operatives their official purpose consists in "pursuing the general interest of the community in human promotion and social integration of citizens."[2] This is achieved through social, health and educational services (type A co-operatives) or through supplementary activities for job placement (type B co-operatives). Social co-operatives are recognised for their ability to produce social innovation in services by involving marginal social groups that would be hard to reach and manage by public services alone (Borzaga & Defourny, 2001). However, this does not mean that these organisations play a

[2] Law 381 of 8 November 1991, Article 1.

merely residual role with respect to the public administration or the for-profit sector. As Borzaga and Sacchetti (2015) explain, the development capacity of these services is linked to their know-how, their ability to create a shared management model with the various actors involved, such as local authorities, welfare clients and their families, other third-sector realities, and volunteers. These co-operatives structure services in order to extend the benefits of mutuality to other stakeholders and to the community as a whole (Bianchi, 2019). The co-operative form distributes its benefits, as a collective enterprise with democratic management, to multiple stakeholders; its social functions expand the set of beneficiaries, produce and sell goods and services using the market but outside the dynamics of profit maximisation (Thomas, 2004). With their defined purpose of providing a service to the community, often by integrating weak categories into social life, the social co-operatives make the themes of democracy, equality and solidarity the centre of their mission as enterprises.

Table 2
Social Co-operatives in Italy

2001	2011	2015
5,511	11,264	16,125

Source: Italian Central Institute for Statistics (ISTAT), 2020.

Since 1991 a variety of forms of self-organisation in local social services have arisen among social co-operatives, which have achieved great success. Table 2 reports the results of the first (2001) and second (2011) national censuses and the first permanent census of non-profit organisations (2015). However, the socio-economic necessities of local communities have required further adaptation of co-operatives in the social economy. To cope with the lack of public resources and services and compensate for market failures, many communities are self-organising for local development. Their goals include providing services, creating jobs, regenerating unused local resources and reactivating social ties (Mori & Sforzi, 2018). This re-

cent tendency in the Italian community development field is another demonstration of the relevance of co-operatives in situations where the social mission outweighs economic profit (Majee & Hoyt, 2011). Moreover, these grass-roots processes involve a multiplicity of subjects called to take action and participate in structuring the entrepreneurial path and service management (Borzaga & Zandonai, 2015). Co-operatives can manage this complexity due to their capacity to develop multi-stakeholder governance (Borzaga & Sacchetti, 2015). Mori and Sforzi (2018) explain that community co-operatives perform activities in various economic fields (agriculture, tourism, catering, energy production, green care, artistic heritage management and maintenance, to name a few). The mission is to maximise benefits for the local community; community co-operatives do so by acquiring a means of production through shares or regenerating local assets (Mori & Sforzi, 2018; Bianchi & Vieta, 2019). Bianchi (2019) highlights a fundamental trait of community co-operatives: the use of these means activates external mutuality between the members and other local residents based on a common sense of belonging and solidarity. For example, the companies can represent a significant opportunity for the so-called "internal areas," marginal territories at a considerable distance from the basic services, areas suffering from progressive depopulation, owing among other things to the lack of employment opportunities (Majee & Hoyt, 2011). In these areas, community co-operatives can develop new economic activities of food production, tourist attractions and services to resident communities by exploiting the considerable number of publicly owned buildings that are no longer used (Micelli & Mangialardo, 2016).

The first community co-operative formed in Italy was the Valle dei Cavalieri co-operative, in Succiso Nuova, a village in the Apennines of Emilia-Romagna. In 30 years it has contributed significantly to save the village, regenerating local assets and promoting new economic opportunities. In 1991 a group of young residents decided to do something about the progressive abandonment of Succiso Nuova. The main problem was the absence of any sort of service and

business: that year, the village's last bar and grocery store went out of business. The new co-operative decided to use the old elementary school building, closed years before for lack of pupils. This venue had not been assigned to any new use, and the local government lacked the resources for its conversion, so title was transferred to the co-operative, which renovated the building and installed a new bar and grocery, then a restaurant, a 20-bed B&B, and the tourist info-point for the regional park. The co-operative owns a mini-van, which serves the village in many ways: it takes the last few children to school, delivers medicines to elderly people, ships goods from other towns. In addition, Valle dei Cavalieri has activated relationships with other businesses in order to promote partnerships for local development. It has united local farmers and created a small dairy where they can manage cheese production close to their farms. It has worked with other tourist operators in the area for integrated promotion among various services. The co-operative collaborates with the municipality, which is responsible for maintaining green areas and for snow ploughing; in addition, the co-operative has managed the info-point of the regional park of the Tuscan-Emilian Apennines, also hosting group and school visits. Valle dei Cavalieri also contributes to the growth of the community co-operative movement by organising a training course every year for co-operators interested in forming community co-operatives in their own territories. In short, the co-operative has successfully regenerated an asset in collaboration with the public sector, engaging in activities directly useful to the community, providing through its budget for additional services, with expanded investment for the co-operative as such and for the territory of Succiso Nuova (Bianchi and Vieta, 2019).

8. Discussion

The 19th-century model of the co-operative enterprise aimed to serve the interests of specific social classes. Our thesis is that this

commonality of interests was dictated by the conformation of social stratifications and by the relatively clear distinction between social categories that prevailed in those times. Business theory supports the idea of equivalence between homogeneity of membership and control of the cost of governance. The contemporary setting presents a totally different challenge; nowadays, the co-operative form embodies diverse if complementary stakeholders' interests and looks to new governance mechanisms to engage them in control and production. The homogeneity of the original co-operative form sprang from its very genesis, the collective mobilisation of labour forces to produce and consume for social and political purposes. Around these needs, the co-operatives organised democratic control and fostered a new egalitarian vision of society for the exploited classes. The mission considered members' interests chiefly in terms of jobs and access to consumption goods and credit. This idea found a key connection with political ideologies that offered a progressive idea of society to overcome dramatic social inequalities and favour social and economic self-realisation.

The first profound changes in this original socio-ideological structure appeared during reconstruction in the aftermath of World War II and the economic boom of the 1950s and 1960s. New demands from society and novel market challenges faced the co-operative movement with a dramatic choice: either radically redefine their nature so as to take advantage of the new conditions or remain in an economic niche and political isolation (Battilani, 2014). The transition from a business model structured to respond to social issues based on mechanical solidarity to a contemporary, market-driven model, possibly interested in profit maximisation, ruptured the mutuality system and worked a profound mutation of the essence of cooperation. If until then the co-ops had sought solutions to capitalist inequalities by re-organising production around the enhancement of their members' living conditions, now they looked to the market for innovative solutions in terms of management and resource provision. The movement sought to expand its role in the economy and use growth to establish a strong financial base, enrol

more members and provide more benefits, as well as achieving mutual reinforcement with political forces.

This can be seen in the rethinking and re-establishment of the values of consumer co-ops in the 1970s (Ammirato, 1996; Zamagni et al., 2004; Battilani and Schröter, 2013). The retail sector was more vulnerable than others to the competition of traditional mass retailing during the explosive growth of this sector. The co-ops were obliged to organise a national distribution chain, create new consumption habits, and turn to professional advertising; they had to adopt a new managerial approach, borrowing values and techniques from the traditional capitalist market and expanding their customer base. This involved renovation of the ideological view of co-operatives' role in society, as the Communist Party understood, in order to break down social class barriers and expand the vision. By now consumer co-operatives have acquired a position of leadership in the market; it is evident that they have recognised the altered socio-economic context and adapted their business to it. They have seen the potential trade-off between the protection of the weakest classes and the possibility of gaining market shares. To do this, however, they can no longer address just a single social category but require a mass clientele that includes consumer-members belonging to multiple social groups.

Generally, co-operatives changed along with society, reflecting the end of social classes and the rise of a "fluid society" (Bauman, 2000). The Marxist theoretical framework offered a vision for major social and political forces for almost a century and a half, pointing to the social division that stemmed from economic conditions. Over the past few decades, however, solid cultural institutions and traditional economic systems have been dissolved, and people have come to conceive their social position and conditions in a different way. The disappearance of classes called "proletariat" or "bourgeoisie" generated fluid social identities, while the dismantling of national welfare systems has faced society with the necessity of coping with new social needs (Fazzi, 2013).

To summarise, cooperation in Italy has been transfigured, with

the adoption of new social and community forms. As Blackshaw (2010) notes, there has been a reorganisation around the idea of "local communities," which do not actually correspond to the original structure of pre-industrial communities but do provide a new significance to social aggregation. The new social and community co-operatives arose from cultural backgrounds, rooted in civil society and the voluntary sector (Borzaga & Defourny, 2001; Bianchi & Vieta, 2019). As a consequence, their view of society is transversal, targeting social needs rather than the social status of the membership base.

The continued interaction between the macro-, meso-, and micro- levels of the social structure has been the driving force in the evolution of the system as a whole. Issues and innovations at the micro- and meso-levels have consistently influenced the macro-level; and even though the old ideological paradigms survived for a century and a half and determined the shape of societies, they always had to deal with the insights that emerged from the sub-levels. This confirms certain aspects of the neo-institutional school of analysis, which does not see institutions as static entities but considers the historical process that underlies their contemporary configuration (Subbudy et al., 2013). With the decline of the ideological systems, the meso- and micro-levels suffered a progressive but radical shift towards membership homogenisation. Economic and political causes (market evolution, legislation and/or party support) have affected the social composition of the co-ops profoundly: the variations at the macro (ideological) level have modified the settings at the meso (institutional) level and strategies at the micro level.

Co-operative membership no longer refers to a homogeneous category of stakeholders, as in the traditional co-ops, but involves multiple groups that contribute diversified resources and knowledge. As the EU Social Business Initiative suggests, the need for the European network of social enterprises is now to devise innovative models for engaging multiple stakeholders in the participatory management of goods and service production in mixed welfare systems. This kind of engagement attenuates the negative externalities en-

gendered by lack of participation of the agents affected by production activity and other failures typical of asymmetry of information and decision-making, which can threaten the benefits for the more vulnerable categories and for the community as a whole (Borzaga & Sacchetti, 2015). This is accompanied by a renewed sense of mutuality, re-proposed in a form that tends to be shared with the agents who form part of the environment in which the co-operative operates, in order to fulfil the social function and, in part, justify the use of resources with a strong community orientation.

9. Conclusion

One might say that today's social and community co-operatives in part represent a "return to the origins" of cooperation, albeit with governance structures open to transversal categories of interests, precisely because of their function of supporting the members and creating employment, as distinct from enterprise management and market competitiveness. The crucial factor in this rediscovery of the original co-operative function, namely the aggregation of subjects with scanty resources and compatible needs, is the changed social context. As social class identity is no longer so clearly defined, co-operative aggregation is based on social and economic characteristics inherent in the satisfaction of transversal collective needs, which reflect the concrete social, economic and environmental challenges to which the self-managed organisation responds with joint representation of users together with workers, volunteers and other stakeholders. This represents a new solution with respect to the traditional reliance on government or the market, and even with respect to the traditional co-operative based on class interest. Historical institutional analysis reveals the inter-level dependency among agencies, institutions, and ideologies; co-operatives demonstrate that a micro-level business model can structure a sector and its own superstructure, exert significant influence on institutions, and even help determine the reform of society following ideological indications. Organisations and institutions are

not static entities but evolve along with society and indeed also critically influence the latter's evolution.

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