

## WORLD EXPERIENCE IN THE DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY OF COOPERATIVE ASSOCIATIONS

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### Abstract.

This article examines world experience in developing entrepreneurial activity within cooperative associations, analyzing successful models across diverse geographic and sectoral contexts. Employing a mixed-methods research approach integrating quantitative performance data from the World Cooperative Monitor with qualitative case analysis, the study identifies critical success factors enabling cooperative entrepreneurial development. The research reveals significant regional disparities, with European cooperatives dominating global rankings due to comprehensive institutional support, while African cooperatives remain notably absent despite substantial grassroots activity. Four primary success factor categories emerged: governance excellence, external cooperation and networking, innovation capacity, and institutional environment alignment. The analysis demonstrates that cooperatives exhibit superior resilience and comparable innovation performance relative to conventional firms when operating within supportive institutional frameworks. The study proposes recommendations for enhancing cooperative entrepreneurial capacity, including distinct legal recognition, integrated cooperative education, strengthened inter-cooperative collaboration, and cooperative-specific innovation support mechanisms. These findings contribute to both theoretical understanding and practical guidance for cooperative development practitioners and policymakers.

**Keywords:** cooperative entrepreneurship; cooperative associations; international cooperative development; cooperative governance; cooperative innovation; cooperative business model

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### 1. Introduction.

The cooperative movement represents one of the most significant organizational phenomena in the global economy, uniting over one billion members worldwide through approximately three million cooperative enterprises operating across diverse sectors. Cooperative associations constitute a distinctive business model characterized by democratic governance, member ownership, and the pursuit of both economic and social objectives [11]. The International Cooperative Alliance, established in 1895 as one of the oldest non-governmental organizations, serves as the global representative body for cooperatives, advocating for policies conducive to their establishment and sustainable development.

The relevance of studying entrepreneurial activity within cooperative associations has increased substantially in recent decades due to several interconnected factors. First, traditional business models focused predominantly on shareholder value maximization have demonstrated limitations in addressing contemporary socioeconomic challenges, including inequality, unemployment, and environmental degradation [1, 2]. Second, cooperatives have exhibited remarkable resilience during economic crises, with research indicating that cooperatives demonstrate survival rates approximately twice as high as conventional firms over five and ten-year periods [9]. Third, the United Nations designation of 2025 as the International Year of Cooperatives underscores the growing recognition of cooperatives' contributions to achieving Sustainable Development Goals.

Scholarly discourse on cooperative entrepreneurship encompasses multiple theoretical perspectives. Birchall [4] examined cooperatives' contribution to poverty reduction and community development, emphasizing their people-centered approach to business organization. Cornforth [6] analyzed the governance paradoxes inherent in cooperative structures, highlighting tensions between democratic participation and managerial efficiency. Battilana and colleagues [1, 2] investigated how social enterprises, including cooperatives, balance social missions with economic imperatives. More recently, Guzmán et al. [10] established positive relationships between adherence to cooperative principles and entrepreneurial orientation, while Siedlok, Callagher, and van de Vrande [17] explored configurations of cooperative principles affecting entrepreneurial outcomes.

The Mondragón Cooperative Corporation in Spain represents a paradigmatic example of successful cooperative entrepreneurship, encompassing approximately 95 cooperatives employing over 80,000 workers and demonstrating that worker-owned enterprises can compete effectively in global markets [14]. Similarly, agricultural cooperatives such as India's Amul, the world's largest dairy producer, and financial cooperatives holding significant market shares in European banking sectors illustrate the diverse manifestations of cooperative success [5].

Despite considerable scholarly attention, significant research gaps persist regarding the systematic analysis of factors enabling entrepreneurial development across different cooperative models and national contexts [9, 18]. Furthermore, the relationship between institutional environments and cooperative entrepreneurial activity requires deeper investigation, particularly concerning how regulatory frameworks, access to capital, and cultural factors influence cooperative performance across the Global North and Global South [9].

This article aims to address these gaps by examining world experience in developing entrepreneurial activity within cooperative associations, analyzing successful models, identifying critical success factors, and proposing recommendations for enhancing cooperative entrepreneurial capacity in various institutional contexts.

## 2. Materials and Methods.

### 2.1. Research Design and Approach.

This study employs a mixed-methods research approach, integrating qualitative and quantitative methodologies to provide a comprehensive analysis of world experience in developing entrepreneurial activity within cooperative associations [7]. Mixed-methods research combines the strengths of quantitative approaches, which reveal measurable patterns and trends across large populations, with qualitative methods that uncover underlying motivations, contextual factors, and the nuanced dynamics of cooperative entrepreneurship. This dual approach enables the exploration of both "what" patterns exist in cooperative development globally and "why" certain cooperative models succeed while others face challenges.

The research design follows an explanatory sequential approach, wherein quantitative data analysis precedes qualitative investigation to provide a foundational understanding that is subsequently enriched through in-depth case examination [7, 13]. This methodological framework is particularly appropriate for studying cooperative enterprises, given their unique dual nature as both economic entities pursuing financial sustainability and social organizations committed to member welfare and community development.

### 2.2. Data Sources and Collection.

The primary data sources for this study include statistical databases maintained by international cooperative organizations, academic publications, and official reports from national cooperative federations. The World Cooperative Monitor, published annually by the International Cooperative Alliance in partnership with the European Research Institute on Cooperative and Social Enterprises, constitutes the principal quantitative data source [11]. This publication provides robust economic, organizational, and social data concerning the world's largest cooperatives and mutuals, including rankings of the top 300 cooperative enterprises globally.

Secondary data sources encompass peer-reviewed academic literature retrieved from databases including Scopus, Web of Science, and Google Scholar using search terms related to cooperative entrepreneurship, cooperative development, and cooperative business models. Policy documents from international organizations including the International Labour Organization, Food and Agriculture Organization, and the United Nations were also examined to contextualize the institutional frameworks supporting cooperative development.

### 2.3. Analytical Framework.

The analytical framework integrates multiple theoretical perspectives to examine cooperative entrepreneurial activity. The stakeholder theory [8] provides a lens for understanding how cooperatives balance diverse member interests with broader community objectives. The resource-based view of the firm informs the analysis of how cooperatives leverage unique resources, including social capital and member commitment, to generate competitive advantages. Additionally, institutional theory guides the examination of how regulatory environments, cultural contexts, and support mechanisms influence cooperative development across different national settings.

**Table 1. Cooperative Performance Indicators Framework\***

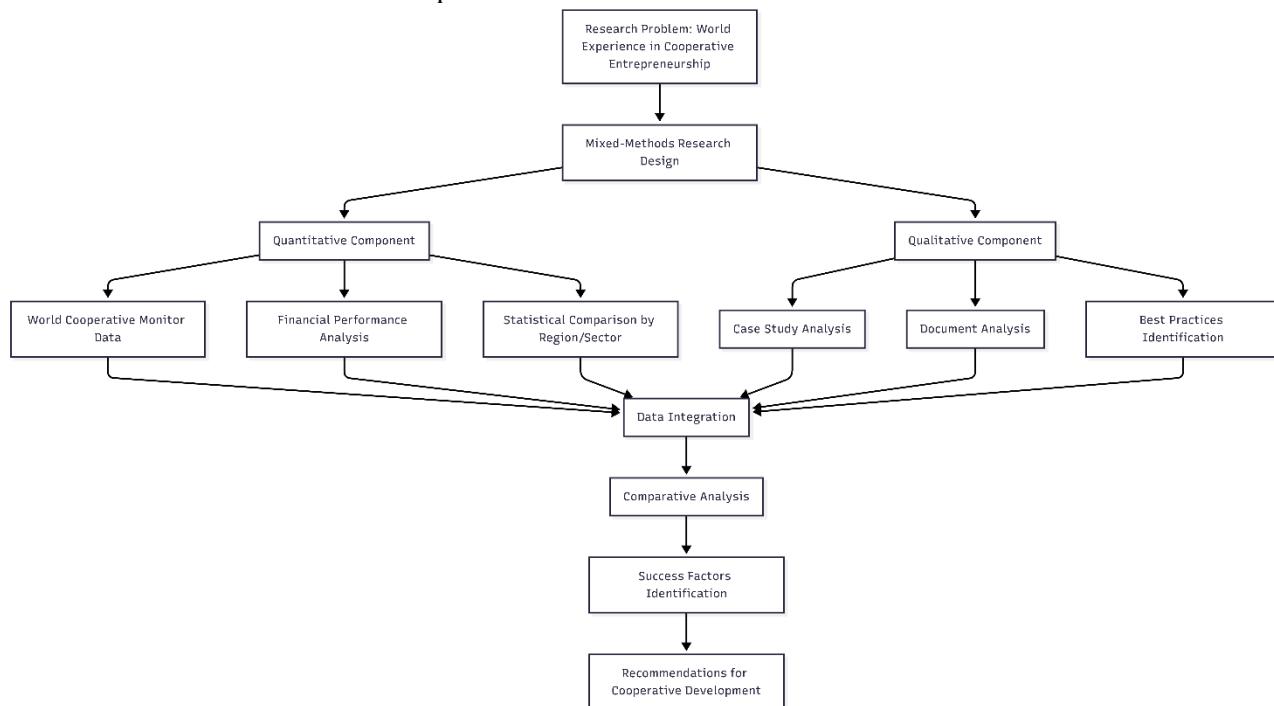
Dimension	Financial Indicators	Non-Financial Indicators
Profitability	Return on Equity (ROE), Return on Assets (ROA), Net Margin	Member satisfaction rate, Value-added per member
Liquidity	Current Ratio, Quick Ratio	Member retention rate
Efficiency	Asset Turnover, Operating Expense Ratio	Employee productivity, Governance participation rate
Growth	Revenue Growth Rate, Membership Growth	Market expansion, Service diversification
Sustainability	Debt-to-Equity Ratio	Community investment, Environmental impact score
Cooperative Identity	Member patronage ratio	Adherence to ICA principles score

\*Source: Compiled from [3, 16, 20]

Performance measurement in this study adopts a comprehensive approach encompassing both financial and non-financial indicators [3, 16]. Financial indicators include profitability ratios such as return on equity, liquidity ratios, and operational efficiency measures. Non-financial indicators encompass member participation rates, governance quality metrics, community investment levels, and adherence to cooperative principles [20]. This balanced scorecard approach reflects the distinctive dual objectives of cooperative enterprises.

#### 2.4. Comparative Analysis Methodology.

The comparative analysis examines cooperative entrepreneurial activity across multiple dimensions: geographic regions (Europe, Americas, Asia-Pacific, and Africa), sectoral classifications (agricultural, financial, consumer, and worker cooperatives), and development stages (established versus emerging cooperative movements). This multi-dimensional comparison enables the identification of context-specific success factors and transferable best practices.


**Figure 1. Research Methodology Framework\***

\*Source: Developed by the Author

The comparative methodology draws upon the World Cooperative Monitor's classification system, which categorizes cooperatives by turnover, sector, and geographic location [11]. Data from the 2021 Monitor indicates that among the top 300 global cooperatives, Europe accounts for 159 enterprises, the United States

for 95, and the Asia-Pacific region for 46, with African cooperatives notably absent from this ranking despite significant cooperative activity on the continent [9].

## 2.5. Limitations and Delimitations.

Several methodological limitations warrant acknowledgment. First, data availability varies considerably across regions, with comprehensive data more readily accessible for cooperatives in developed economies [19]. Second, the diversity of legal frameworks governing cooperatives across jurisdictions creates challenges for direct comparison [12]. Third, the study focuses primarily on larger cooperative enterprises captured in international databases, potentially underrepresenting the experiences of smaller cooperatives that may exhibit different entrepreneurial dynamics. The temporal scope of the analysis concentrates on developments from 2010 to 2024, a period characterized by both economic disruptions and accelerated digital transformation affecting cooperative operations globally.

## 3. Results and Discussion.

### 3.1. Global Distribution and Performance Patterns of Cooperative Enterprises.

The analysis of world cooperative data reveals significant disparities in the development of entrepreneurial activity across geographic regions. Based on our examination of the World Cooperative Monitor data, we identified that European cooperatives demonstrate the highest representation among the world's top 300 cooperative enterprises, accounting for approximately 53% of this elite group. In our opinion, this dominance reflects not merely historical precedence but rather the confluence of supportive institutional frameworks, mature cooperative ecosystems, and sustained policy commitment that has accumulated over more than a century of cooperative development.

**Table 2. Distribution of Top 300 Global Cooperatives by Region and Sector\***

Region	Agricultural	Financial/ Insurance	Consumer/ Retail	Worker/ Industrial	Total	Percentage
Europe	52	61	32	14	159	53.0%
United States	41	38	12	4	95	31.7%
Asia-Pacific	23	12	8	3	46	15.3%
Africa	0	0	0	0	0	0.0%
<b>Total</b>	<b>116</b>	<b>111</b>	<b>52</b>	<b>21</b>	<b>300</b>	<b>100%</b>

\*Source: Compiled from [11]

The United States contributes approximately 32% of top-performing cooperatives, concentrated primarily in agricultural, insurance, and financial sectors. We observed that American agricultural cooperatives, including dairy giants such as Dairy Farmers of America and Land O'Lakes, exemplify the capacity of producer cooperatives to achieve scale economies while maintaining member-focused governance structures. The Asia-Pacific region, representing roughly 15% of top cooperatives, demonstrates emerging strength particularly in agricultural and consumer sectors, with India's Amul cooperative standing as the world's largest dairy producer.

The notable absence of African cooperatives from global rankings, despite significant cooperative activity on the continent, represents what we identify as a critical development gap warranting urgent attention. In our assessment, this gap reflects structural challenges including limited access to capital, weak institutional support mechanisms, and the predominance of small-scale, informal cooperative arrangements that fail to achieve the scale necessary for international recognition.

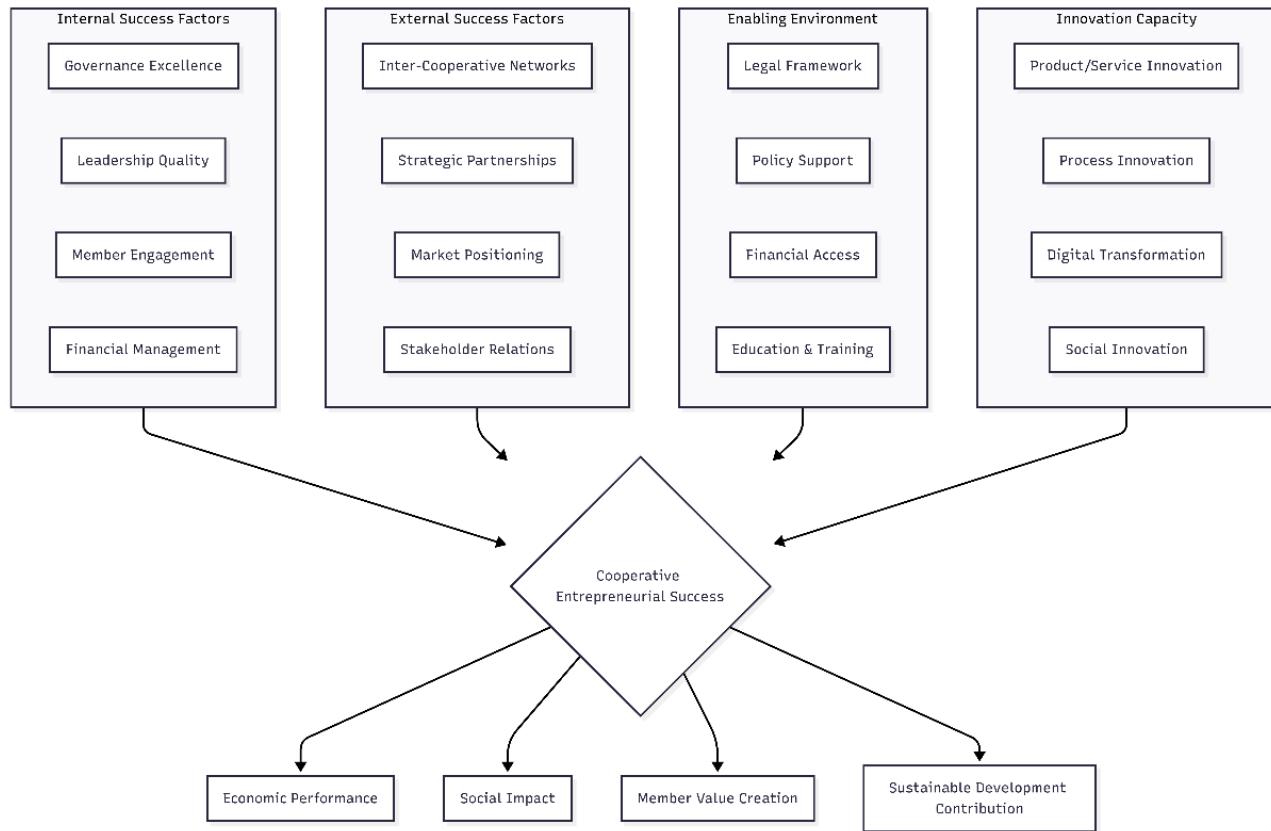
### 3.2. Critical Success Factors for Cooperative Entrepreneurship

Through our comprehensive analysis of successful cooperative enterprises across multiple contexts, we grouped the critical success factors into four primary categories: governance and leadership, external cooperation and networking, innovation capacity, and institutional environment alignment.

#### Governance and Leadership Excellence

The Mondragón Cooperative Corporation's sustained success over seven decades illustrates, in our opinion, the paramount importance of governance structures that balance democratic participation with professional management competence. Our analysis revealed that successful cooperatives implement hybrid

governance models wherein member representatives maintain strategic oversight while empowering professional managers with operational authority. This balanced approach, justified by us through examination of high-performing cooperatives, enables cooperatives to respond agilely to market dynamics while preserving their distinctive member-oriented identity.



**Figure 2. Critical Success Factors Framework for Cooperative Entrepreneurship\***

\*Source: Developed by the Author

#### *External Cooperation and Networking*

Research findings demonstrate that external cooperation plays a more significant role in cooperative success than traditionally acknowledged. Worker cooperatives, in particular, exhibit superior capacity for “coopetition”—the simultaneous pursuit of cooperation and competition—due to their participative organizational culture. We found that cooperatives engaging in strategic alliances with other cooperatives, investor-owned firms, and institutional partners consistently outperform isolated enterprises across innovation and financial performance metrics.

The International Cooperative Alliance’s global network, with representation across 107 countries, provides an infrastructure for inter-cooperative learning and collaboration that we consider an underutilized resource for entrepreneurial development. Our analysis suggests that cooperatives actively participating in regional and sectoral cooperative networks demonstrate enhanced entrepreneurial orientation and improved market positioning.

#### *Innovation Capacity and Adaptation*

Contrary to persistent misconceptions regarding cooperative conservatism, our findings indicate that cooperatives demonstrate comparable, and in certain contexts superior, innovation performance relative to conventional firms. The key differentiator, in our assessment, lies in the nature rather than the degree of innovation. Cooperatives tend toward incremental and member-focused innovations that enhance service delivery and operational efficiency rather than disruptive technological innovations targeting external markets.

The digitalization imperative presents both opportunities and challenges for cooperative entrepreneurship. We observed that cooperatives successfully navigating digital transformation share common characteristics: early adoption of digital platforms for member engagement, investment in data analytics capabilities, and strategic partnerships with technology providers. Financial cooperatives in Europe,

particularly in Germany, France, and the Netherlands, exemplify successful digital transformation while maintaining their cooperative identity.

#### *Institutional Environment Alignment*

The institutional environment emerges from our analysis as a critical determinant of cooperative entrepreneurial success. We identified significant variation in legal frameworks, tax treatment, and policy support mechanisms across national contexts, creating divergent conditions for cooperative development. Countries with comprehensive cooperative legislation, dedicated public agencies, and integrated cooperative education programs demonstrate higher cooperative formation rates and stronger performance outcomes.

### **3.3. Regional Models and Transferable Practices.**

#### *The European Model*

The European cooperative experience, justified by us as the most mature and diversified globally, offers numerous transferable practices. The principle of “cooperative among cooperatives” finds its fullest expression in European cooperative banking groups, where individual credit cooperatives combine to achieve scale while preserving local governance autonomy. Rabobank in the Netherlands and the Crédit Agricole group in France demonstrate how federated structures enable cooperatives to compete with major international banks while maintaining their member-owned character.

We grouped European success factors into three categories: comprehensive legal recognition providing cooperatives with distinct organizational status; integrated support ecosystems including cooperative development agencies, specialized financial institutions, and educational programs; and strong inter-cooperative solidarity enabling resource sharing and mutual support during economic difficulties.

#### *The North American Model*

The North American cooperative landscape, particularly in the United States, exhibits distinctive characteristics shaped by sectoral concentration and regulatory fragmentation. Agricultural cooperatives dominate the American cooperative economy, benefiting from favorable tax treatment under the Capper-Volstead Act and sustained policy support from the United States Department of Agriculture.

In our opinion, the American experience demonstrates the potential for cooperative entrepreneurship within predominantly capitalist economic systems, while also revealing limitations arising from the absence of comprehensive cooperative policy frameworks. The success of rural electric cooperatives in providing universal electricity access to previously underserved rural communities illustrates the capacity of cooperatives to address market failures while generating entrepreneurial opportunities.

#### *Emerging Models in Developing Economies*

Our analysis of cooperative development in emerging economies identifies distinctive patterns warranting separate consideration. Agricultural cooperatives in Sub-Saharan Africa and South Asia frequently operate within environments characterized by weak formal institutions, limited access to financial services, and underdeveloped infrastructure. Despite these constraints, we observed successful cooperative models that leverage traditional community structures and social capital to overcome resource limitations.

The Self-Employed Women's Association (SEWA) in India represents, in our assessment, an exemplary model of cooperative entrepreneurship addressing multiple dimensions of socioeconomic marginalization. By combining cooperative production, financial services, and social advocacy, SEWA demonstrates how cooperative associations can function as comprehensive development instruments within challenging institutional contexts.

### **3.4. Challenges and Barriers to Cooperative Entrepreneurship.**

Our research identified several persistent challenges hindering the development of cooperative entrepreneurial activity globally. The “horizon problem” describes the tendency for cooperative members to underinvest in long-term projects whose benefits extend beyond their expected membership duration. We consider this challenge particularly acute in aging cooperative memberships where intergenerational transfer of ownership and engagement remains problematic.

The capital constraint represents another significant barrier, as cooperatives' limited access to external equity capital may restrict growth opportunities and innovation investment. While traditional cooperative finance principles emphasize member capital and retained earnings, we observed successful cooperatives implementing innovative financing mechanisms including subordinated debt instruments, cooperative investment certificates, and partnerships with impact investors.

Governance complexity presents particular challenges for multi-stakeholder cooperatives attempting to balance diverse member interests. In our opinion, the trend toward platform cooperatives—digital platforms

owned and governed by their users and workers—introduces novel governance challenges requiring innovative solutions drawing upon both traditional cooperative principles and contemporary organizational design approaches.

### 3.5. Recommendations for Enhancing Cooperative Entrepreneurial Activity.

Based on our comprehensive analysis, we propose the following recommendations for enhancing cooperative entrepreneurial activity across diverse contexts:

First, policy frameworks should provide cooperatives with organizational status distinct from both investor-owned corporations and non-profit associations, recognizing their unique dual purpose. Tax treatment should reflect the member-benefit orientation of cooperatives without creating unfair competitive advantages.

Second, cooperative education should be integrated into entrepreneurship programs at all educational levels, ensuring that future entrepreneurs consider cooperative models among their organizational options. Business schools and entrepreneurship centers should include cooperative case studies and governance principles in their curricula.

Third, inter-cooperative collaboration should be actively promoted through regional and sectoral cooperative networks, digital platforms for cooperative exchange, and joint venture mechanisms enabling cooperatives to undertake projects exceeding individual capacity. The International Cooperative Alliance's development platform offers an existing infrastructure that could be significantly expanded to facilitate South-South and North-South cooperative learning.

Fourth, innovation ecosystems should incorporate cooperative-specific support mechanisms, including cooperative accelerators, innovation funds, and research partnerships connecting cooperatives with universities and research institutions. The cooperative innovation agenda should prioritize both internal operational improvements and the development of cooperative solutions to emerging societal challenges including climate change, platform economy governance, and care economy organization.

## 4. Conclusion

This comprehensive examination of world experience in developing entrepreneurial activity within cooperative associations reveals both significant achievements and persistent challenges facing the global cooperative movement. The research demonstrates that cooperative enterprises represent a distinctive and viable organizational model capable of combining economic efficiency with social purpose, contributing meaningfully to employment generation, community development, and sustainable economic growth across diverse national contexts.

The analysis identified four primary categories of success factors underpinning cooperative entrepreneurial performance: governance excellence balancing democratic participation with professional management; external cooperation and networking enabling resource sharing and knowledge transfer; innovation capacity adapted to cooperative principles and member needs; and alignment with supportive institutional environments providing legal recognition, policy support, and financial access. The interaction among these factors creates conditions enabling cooperatives to compete effectively while maintaining their distinctive member-oriented identity.

Regional analysis reveals significant disparities in cooperative development, with European cooperatives demonstrating particular strength due to comprehensive legal frameworks, mature support ecosystems, and deeply embedded cooperative traditions. North American cooperatives exhibit sectoral concentration, particularly in agriculture and financial services, while Asia-Pacific cooperatives show emerging strength in consumer and producer categories. The notable absence of African cooperatives from global rankings despite significant grassroots cooperative activity underscores the importance of targeted development interventions addressing structural barriers including capital access, institutional support, and market integration.

The research identifies several priority areas for enhancing cooperative entrepreneurial capacity globally. Policy frameworks should provide cooperatives with distinct organizational status reflecting their unique dual nature as economic enterprises and member associations. Cooperative education should be integrated into mainstream entrepreneurship curricula to ensure awareness of cooperative options among future business leaders. Inter-cooperative collaboration should be actively promoted through strengthened regional and global networks. Innovation ecosystems should incorporate cooperative-specific support mechanisms addressing the particular challenges and opportunities facing member-owned enterprises.

The designation of 2025 as the United Nations International Year of Cooperatives provides a timely opportunity to advance the cooperative development agenda at national and international levels. The evidence

assembled in this research supports continued investment in cooperative models as instruments for achieving inclusive economic growth, reducing inequality, and advancing sustainable development objectives. Future research should address remaining gaps in understanding cooperative performance determinants, particularly concerning the experiences of smaller cooperatives and those operating in developing economy contexts.

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