

Classifying Multinational cooperatives

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Beginning in the 1990s, to compete with multinational enterprises (MNEs), some worker cooperatives adopted a strategy of international growth and started acquiring and setting up subsidiary businesses around the world. The establishment of capitalist foreign subsidiaries have transformed these cooperatives into MNEs with a dual model consisting of a core cooperative core at home and capitalist subsidiaries overseas (Bretos and Errasti, 2017). This paradoxical trend of some traditional cooperatives, characterized for embracing democratic processes of decision-making and pursuing both economic and social goals, has resulted in much controversy amongst scholars, commentators, and practitioners.

In this article, we present a classifying framework that analyzes the uniqueness of multinational cooperatives (MNC) including their particular organizational features, as well as the risk and challenges in the course of their international expansion. At the core of this framework is our argument that the international growth of cooperatives entails an incremental process combining two basic aspects. On the one hand, there is the overseas expansion of business activities, like any other MNEs –which has been extensively analyzed by international business literature (Dunning, 2001; Johanson and Vahlne, 1977, etc). On the other hand, there is the overseas expansion of the cooperative model –which has been scarcely studied in the literature. Our model focuses on the second pattern, that is, on the organizational configuration of foreign subsidiaries, where core cooperative practices, such as decision-making power, ownership and participation in profits, might be transferred in an incremental and gradual process, determining cycles of degeneration and regeneration of cooperative principles. Our model attends carefully to the importance of organizational learning and global experience, the basic thesis of the evolutionary theory (Johanson and Vahlne, 1977).