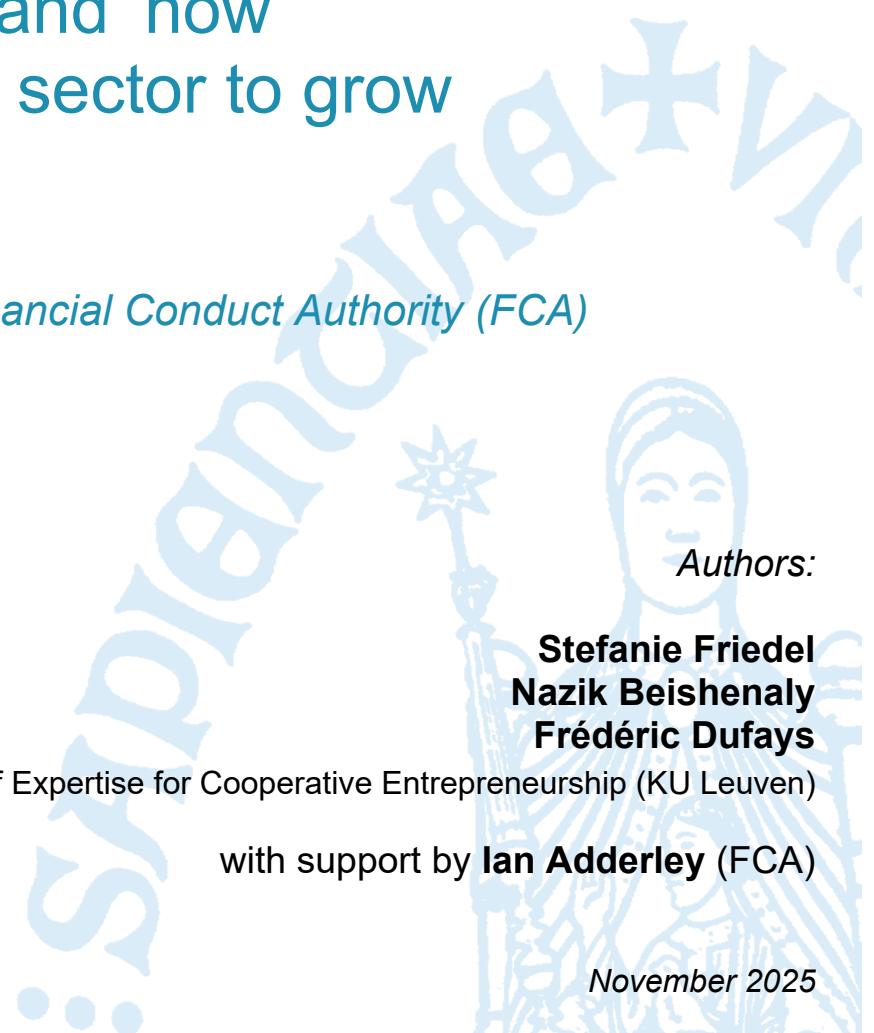


Cooperatives and their Ecosystems

The ‘why’, ‘who’ and ‘how’
in supporting the sector to grow

Report prepared for the Financial Conduct Authority (FCA)



Authors:

Stefanie Friedel
Nazik Beishenaly
Frédéric Dufays

Centre of Expertise for Cooperative Entrepreneurship (KU Leuven)

with support by **Ian Adderley** (FCA)

November 2025

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Executive summary

Cooperatives¹ are businesses owned and democratically controlled by the people who use their services – such as workers, consumers, producers, or a combination of them. While they operate in the same markets, cooperatives differ from their profit-driven counterparts: cooperatives have a purpose inspired by the members' needs, they are led by social values, and are focusing on mutual benefit, democratic governance, and long-term sustainability.

To best support the sustainable growth of cooperatives, their development need is to be adapted to reflect their distinct nature. For that endeavour, the entirety of the *cooperative entrepreneurial ecosystem* needs to be considered. Entrepreneurial ecosystems are a set of actors, institutions, policies and cultural norms. They determine how well entrepreneurs are supported in starting new businesses, and scaling-up existing ones. There are five interconnected component parts to the cooperative entrepreneurial ecosystem²: (I) Policy and regulatory frameworks, (II) Education and skills, (III) Market environment, (IV) Culture, and (V) Networks. Each of these five components has different institutions and actors operating within and across it.

(I) **Policy and regulatory frameworks:** Governments and legislators have an important role to play. When done well, they constitute institutions of support. The legal framework within which cooperatives operate can help or hinder their success. Legal recognition can help grow a cooperative sector. Supportive policies – whether on tax, or procurement, can help to level the playing field between cooperatives and profit-driven firms. This needs to be accompanied by proportionate oversight and regulation.

(II) **Education and skills:** Education can help spread knowledge on, and visibility of, cooperatives. Training, skill development, and knowledge distribution happen at different levels. Schools, universities, and professional qualification providers have a role to play. It is important that those starting businesses know cooperatives are an option, and that appropriate business support is then available. Education and training are also relevant for members and workers in cooperatives.

(III) **Market environment:** Access to markets is an important part of the ecosystem, both for creating new cooperatives, and scaling-up existing cooperatives. Access to finance is a major need within the ecosystem. Cooperatives can face challenges accessing finance from traditional lenders, if knowledge and understanding of the model is low. Specialised financial institutions and support services can help address this. This could include financing from within the cooperative movement.

(IV) **Culture:** Culture is shaped by people. Relationships within cooperatives include those with members, beneficiaries, supplies, workers, and the broader community. The culture within the ecosystem will be shaped in part by the history of cooperatives within that country, and the attitudes towards them.

(V) **Networks:** Networks allow knowledge exchange and create commercial opportunities. They are common across cooperative sectors, taking the form of cooperative federations, such as trade associations, as well as commercial arrangements and secondary structures among cooperatives. In some countries, we find donor support, helping in the establishment of cooperatives. Cooperatives

¹ See definition by the International Cooperative Alliance: <https://ica.coop/en/cooperatives/what-is-a-cooperative>

² Beishenaly, N., & Dufays, F. (2023). Entrepreneurial ecosystem for cooperatives: The case of Kyrgyz agricultural cooperatives. *Annals of Public and Cooperative Economics*, 94(4), 1173-1198. <https://doi.org/10.1111/apce.12407>

may also form partnerships with non-cooperatives to meet particular needs. This network component is thoroughly discussed and brought to life with international examples in the simultaneously published report by researchers based in Canada, on the specific topic of '[Sustainable Cooperative Networks and Ecosystems](#)'.

Supporting the cooperative entrepreneurial ecosystem

The various components of the ecosystem are interconnected. For example, education and training may be better informed with clear statistical classification of cooperatives, helping to promote their visibility. This may in turn make a case for supportive policy intervention. Supportive policy intervention needs to be underpinned by proportionate oversight or regulation to protect the cooperative identity, and to prevent abuse. Cooperatives would need to be ready to take up any opportunity offered, requiring the right supply of business advice, and access to finance. Growing a cooperative sector requires action across the ecosystem.

1. WHY are cooperatives interesting?

The cooperative difference

Throughout their history³, cooperative and mutual enterprises have been an important part of the economy, by fulfilling people's shared needs where the market or government have been unable to provide solutions. Still today, during the second 'International Year of Cooperatives' proclaimed by the United Nations (UN), the sector's significance is shining through the 2025 motto "Cooperatives are building a better world".

How do they succeed in this endeavour? Cooperatives are **jointly owned and democratically governed** by the people who use their services – these can be workers, consumers, or producers, or a combination of them. Compared to investor-owned companies, cooperatives operate simultaneously within an economic and a social logic, a so-called 'dual nature'⁴. Next to surviving in the market through providing products or services to members, cooperatives are implementing a social logic, focusing particularly on mutual benefit, participatory governance, and long-term sustainability. This different approach generates more equitable outcomes, benefiting members and communities directly, which makes cooperatives particularly **resilient** in times of crisis⁵. This "cooperative difference"⁶ lies in their embeddedness within the community and their prioritization of social goals over pure profit maximisation for shareholders' value.

Worldwide, cooperatives share the same agreed-upon definition, underlying values, and principles⁷ (see Frame 1) that provide them with a **common identity**, as well as guide and unite them in a global cooperative movement.

³ See e.g. Fairbairn, B. (1994). The Meaning of Rochdale: The Rochdale Pioneers and the Co-Operative Principles. <https://doi.org/10.22004/AG.ECON.31778>

⁴ Doherty et al. (2014). Social Enterprises as Hybrid Organizations. *International Journal of Management Reviews*, 16: 417-436. <https://doi.org/10.1111/ijmr.12028>; Novkovic, S. (2022). Cooperative identity as a yardstick for transformative change. *Ann Public Coop Econ*, 93, 313–336. <https://doi.org/10.1111/apce.12362>

⁵ Billiet et al. (2021). The resilience of the cooperative model: How do cooperatives deal with the COVID-19 crisis? *Strategic Change*. 2021; 30: 99–108. <https://doi.org/10.1002/jsc.2393>; Birchall, J. & Ketilson, L.H. (2009). The resilience of the cooperative model in times of crisis. ILO, Geneva. <https://www.ilo.org/publications/resilience-cooperative-business-model-times-crisis>

⁶ Novkovic, S. (2008). Defining the co-operative difference. *The Journal of Socio-Economics*, 37(6), 2168-2177. <https://doi.org/10.1016/j.socloc.2008.02.009>

⁷ International Cooperative Alliance (2015): Guidance Notes to the Co-operative Principles. <https://ica.coop/sites/default/files/2021-11/ICA%20Guidance%20Notes%20EN.pdf>

Frame 1: Cooperative values and principles (ICA)

Deeply rooted in a strong international movement, cooperatives utilize the same definition brought forward by the International Cooperative Alliance (ICA), the umbrella organisation for all cooperatives worldwide:

'A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.' (ICA, 2015)

The ICA emphasises that cooperatives are based on six common social **values**: **self-help, self-responsibility, democracy, equality, equity, and solidarity**. Informed by these values and by the principles that inspired the first 'official' cooperative in Rochdale the 19th century, the International Cooperative Alliance (ICA) has established seven basic **principles** that every cooperative in the world should ideally use as a compass:

1. Voluntary and open membership

Cooperatives are open to all individuals who are willing to accept the responsibilities of membership, without discrimination. They are voluntary organizations, ensuring inclusivity regardless of gender, race, and social status.

2. Democratic member control

Cooperatives are democratically governed and controlled by their members, who can actively participate in setting policies and making decisions. Each member typically has one vote, ensuring equal say regardless of their level of investment.

3. Member economic participation

Members contribute equitably to, and democratically control, the capital of the cooperative. Surpluses are usually reinvested in the cooperative or distributed fairly among members in proportion to their transactions with the cooperative.

4. Autonomy and independence

Cooperatives are self-help organizations controlled by their members. Even when entering partnerships or raising capital from external sources, they maintain their autonomy and democratic control

5. Education, training and information

Cooperatives provide education and training for their members, leaders, and employees to effectively contribute to the co-op's development. They also inform the public about the nature and benefits of cooperation.

6. Cooperation between cooperatives

Cooperatives strengthen the movement by working together through local, national, and international networks and federations. This collaboration among each other helps build a stronger cooperative economy and mutual support.

7. Concern for community

While focusing on member needs, cooperatives typically strive for the sustainable development of their communities. They act responsibly toward people and the environment in their decision-making.

What really differentiates cooperatives from mainstream investor-owned companies as well as the non-profit sector, is that they are enterprises with **economic goals**, operating in the market, while pursuing simultaneously a **social logic**. Unlike investor-owned firms that maximise shareholder profit, cooperatives reinvest surplus for the **benefit of their members and/or community**. And unlike non-profits, which often rely on donations or grants and are governed by boards that may not directly represent service users, cooperatives are self-sustaining enterprises guided by the needs and decisions of their members. Although generating profits, cooperatives are using their surplus as a *means* to fulfil their mission by distributing surplus fairly among their members and/or reinvesting in the cooperative, its community, or even donating to aspire to their social goal shared by the members. This general mission of maximising member and/or community value may also be observed as (oftentimes) temporary strategies in other types of organisation. However in cooperatives, it appears to be secured, given the embeddedness of **democratic control** in each cooperative's by-laws or articles of association – inspired by the ICA cooperative identity statement with its specific values and principles. This allows a cooperative's members to play their simultaneous roles as users, owners and controllers⁸ of their own enterprise, protecting its member-focused or social mission.

Importance of the ecosystem

Circling back to the UN 'International Year of Cooperatives' of 2025, the motto 'building a better world' cannot be achieved if cooperatives operate exclusively by themselves. In fact, driven by their social values and democratic principles, they rely on – and thrive by – their supportive relationships with like-minded organizations and institutions within their networks, even more than other types of enterprises do. The importance of such **cooperation among cooperatives** is reflected in the sixth ICA principle (see Frame 1). Recently, the importance of such intercooperation has also been recognized by the UN, explicitly utilising the term **entrepreneurial ecosystem** when describing the specific objectives attached to the 2025 'International Year of Cooperatives'. One out of these four objectives is directed towards promoting the cooperative sector's growth and development. In order to reach this objective, the UN are encouraging their nation members to "strengthen the entrepreneurial ecosystem and establishments for cooperatives".

Therefore, the aim of this report is to outline what role **each part of the ecosystem** can play to **support cooperative (and mutual) entrepreneurship**. In what follows, we first explain what entrepreneurial ecosystems are, before applying this lens to the specific context of cooperatives. Then, each ecosystem actor or institution is explained in detail, with examples from different countries, serving both as inspiration and caution how they can support or inhibit the development and growth of cooperative entrepreneurship. Finally, we draw conclusions, including tailored recommendations for each actor and institutions, how to strengthen and support the cooperative movement.

⁸ Mamouni Limnios et al. (2018). The member wears Four Hats: A member identification framework for co-operative enterprises. *Journal of Co-Operative Organization and Management*, 6(1), 20-33.
<https://doi.org/10.1016/j.jcom.2018.03.003>

2. WHO is playing a role in supporting cooperatives?

'Entrepreneurial ecosystems' as a holistic lens

In principle, we can view any cooperative or mutual enterprise as being embedded in an *entrepreneurial ecosystem* consisting of powerful *institutions* such as governments or education providers, distinct *customs* steered by local culture and media, and many influential *actors* such as citizen movements, funders, and other organizations penetrating the market. Taking a broader stance, an *entrepreneurial ecosystem* refers to the **complex set of actors, institutions, policies and cultural norms** that together determine how well entrepreneurs are supported in a given sector or geographical territory, shaping their activities in terms of starting up, growing and innovating their businesses⁹. Key components of entrepreneurial ecosystems typically include regulatory frameworks, targeted policies, physical infrastructure, markets, access to finance, human capital, and networks of collaboration. Each component of that ecosystem plays an important role in either hindering or supporting the development of a given sector, or specific organisations throughout the stages of their lifecycle.

The study of such interconnected components of *entrepreneurial ecosystems* is fairly recent, with early works being published about a decade ago. The first entrepreneurship and organizational scholars have used the approach with a view to fostering conducive environments for increasing the performance of **for-profit companies**¹⁰, particularly those striving for innovation and growth. The lens of entrepreneurial ecosystems has also been applied in the context of **social enterprises and social innovation**^{11 12}. In that endeavour, as well as considering foremost market logics, community logics have also been recognized, including a broader group of stakeholders and processes that drive (social) organizational development. Most recently, the ecosystem approach has been specifically adapted to the context of **cooperatives**¹³, adhering to their distinctive values and principles of entrepreneurship.

For cooperative enterprises, the entrepreneurial ecosystem lens appears to be particularly relevant because cooperatives differ in terms of mission, ownership, and governance from conventional for-profit firms. Since cooperatives combine market and social logics, their entrepreneurial ecosystems usually consist of additional components in comparison to the mainstream, for-profit ecosystems because some of the usual supports either do not fit or are not sufficient. While definitions of social enterprise vary, cooperatives are generally viewed as a form of social enterprise. But their member-based approach with a strong emphasis on democratic governance justifies a more tailored approach to their entrepreneurial ecosystem. Such **typical cooperative ecosystem features** may include

⁹ Mason, C. & Brown, R. (2014). Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship. Final Report to OECD, Paris, 30, 77-102.; Brown, R. & Mason, C. (2017). Looking inside the spiky bits: a critical review and conceptualisation of entrepreneurial ecosystems. *Small Bus Econ* 49, 11–30 (2017). <https://doi.org/10.1007/s11187-017-9865-7>

¹⁰ Mason & Brown (2014); Spigel, B. (2017). The Relational Organization of Entrepreneurial Ecosystems. *Entrepreneurship Theory and Practice*, 41(1), 49-72. <https://doi.org/10.1111/etap.12167>

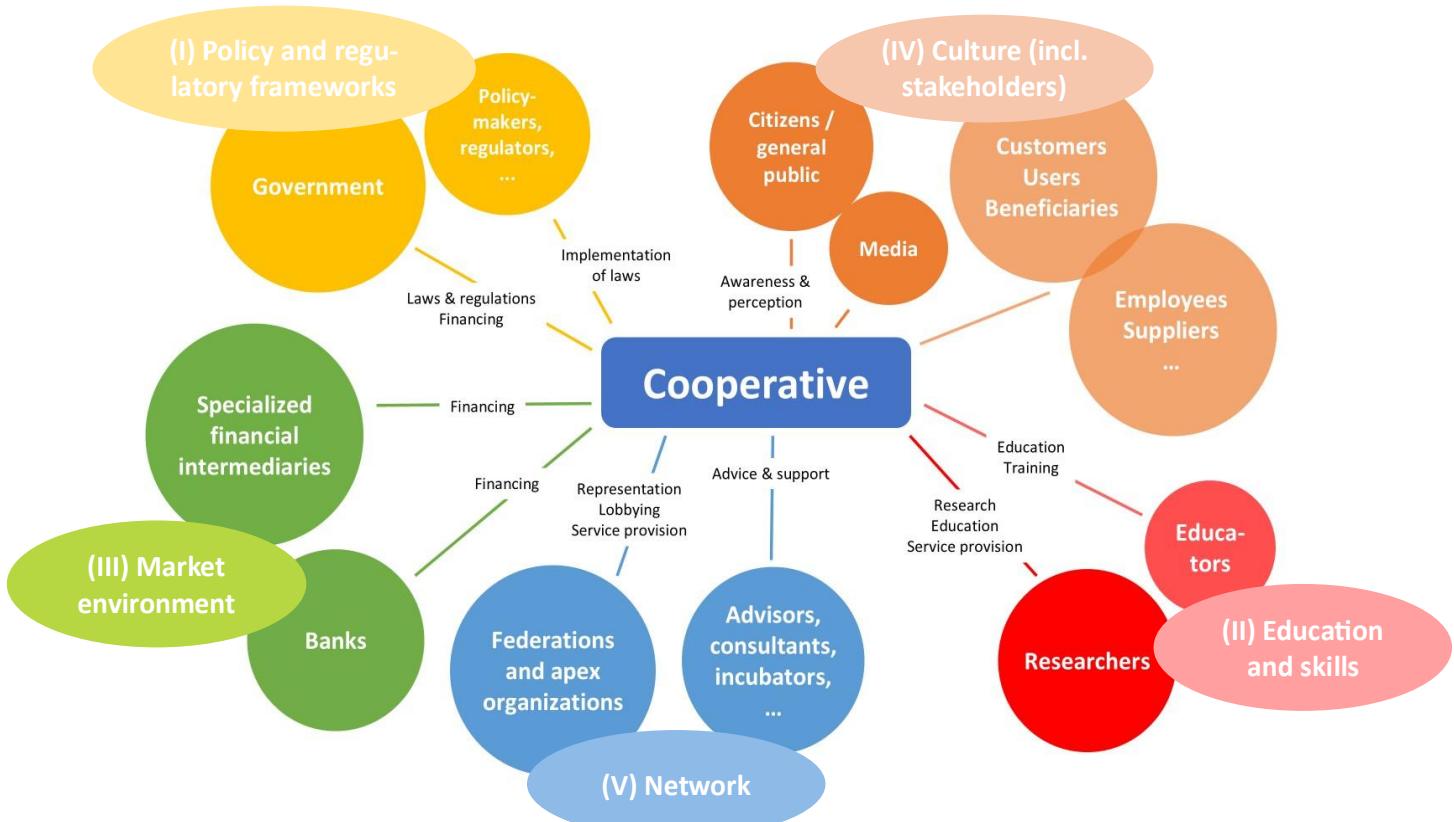
¹¹ Roundy, P. T. (2017). Social Entrepreneurship and Entrepreneurial Ecosystems: Complementary or Disjointed Phenomena? *International Journal of Social Economics*, 44(9): 1-18. <https://doi.org/10.2139/ssrn.2893165>

¹² Catala, B. et al. (2023). From entrepreneurial and innovation ecosystems to the social economy ecosystem. *Journal of Business Research*, 163. <https://doi.org/10.1016/j.jbusres.2023.113932>

¹³ Beishenaly, N., & Dufays, F. (2023). Entrepreneurial ecosystem for cooperatives: The case of Kyrgyz agricultural cooperatives. *Annals of Public and Cooperative Economics*, 94(4), 1173-1198. <https://doi.org/10.1111/apce.12407>

specialized supportive legal and tax frameworks, public policies that recognize cooperatives' social value, targeted financing instruments that may combine mainstream and not-for-profit sources as well as a member-return logic, strengthening of cooperative knowledge, and strong networks among cooperatives.

Figure 1¹⁴: Key components and their actors and institutions in a cooperative entrepreneurial ecosystem



Hence, for researchers, practitioners, policymakers, consultants and other supporters who wish to strengthen cooperatives across sectors and types, thinking through the lens of *entrepreneurial ecosystems* may help to shift strategies. Instead of the usual isolated interventions (such as a targeted grant programmes), the approach invites the building and nurturing of a **holistic** environment in which cooperatives can consistently emerge, scale, and sustain themselves.

¹⁴ Adapted from: Beishenaly & Dufays (2023) and integrated with the model developed by: Rijpens, J. & Marée, M. (2015). Baromètre des Entreprises Sociales en Belgique. Académie des Entrepreneurs Sociaux, HEC - Université de Liège. <https://orbi.uliege.be/bitstream/2268/194714/1/BarometreES2015.pdf>

The 'WHO' of cooperative entrepreneurial ecosystems: Actors and institutions

One of the first explicit attempts to utilize the lens of entrepreneurial ecosystems and apply it to a given cooperative context, has been carried out by a research team based in Belgium¹⁵. While their article's empirical setting is focused on Kyrgyzstan, their theoretical work is valuable more generally and inspires to be replicated in other territories. Five key components of entrepreneurial ecosystems, each with important actors and institutions, have been identified (see Figure 1) which are particularly important to cooperatives:

(I) Policy and regulatory framework:

- Government
- Regulators

(II) Education and skills:

- Researchers and academics
- Educators

(III) Market environment

- Banks and other lenders
- Specialised financial intermediaries

(IV) Culture

- History, norms and perceptions
- Direct stakeholders (customers, users, beneficiaries; employees and suppliers)
- General public
- Media

(V) Networks

- Federations, trade associations, apex bodies
- Advisors, consultants, incubators

(I): Actors and institutions shaping the POLICY AND REGULATORY FRAMEWORK

Self-evidently, legislation along with regulations and policies are influencing vastly whether and to what extent cooperatives are recognised and supported, resulting in differences across nations, regions and through historical law changes. *Governments* hold a key role in laying out the legal framework for entrepreneurs in general, and for cooperative entrepreneurs' specific needs tied to their member centrality and 'dual nature' combining social and economic goals.

¹⁵ Beishenaly, N., & Dufays, F. (2023). Entrepreneurial ecosystem for cooperatives: The case of Kyrgyz agricultural cooperatives. *Annals of Public and Cooperative Economics*, 94(4), 1173-1198. <https://doi.org/10.1111/apce.12407>

The key aspect appears to be **legal recognition**. If a country lacks specific cooperative legislation, or laws are vague, cooperatives may have to fit into inappropriate legal categories (e.g. general association law, or corporate law for mainstream profit-driven firms), which can hurt their special needs in terms of access to finance, public contracts, or tax incentives. Therefore, it seems crucial to define what a cooperative is exactly, how it can be formed and by whom, the minimum number of members, how it should be governed, what types of capital contributions are allowed, and how profits or surpluses can be distributed. The cooperative identity statement (see Frame 1) developed by the ICA, is often put forward as an inspiration for the development of national legislations on cooperatives through its internationally-agreed upon definition along with the six cooperative values and seven principles. How this can be brought into practice has been outlined by several exemplary country reports¹⁶ assembled by the ICA and its regional offices. Moreover, the ILO (International Labour Organization) published clear guidelines¹⁷ on how to develop cooperative legislation in order to sufficiently support cooperative entrepreneurship. As an important additional benefit, adhering to these international guidelines helps the cooperative movement in global recognition and advocacy, and enables the comparison of legal frameworks across the world.

The **example of Italy's** 1991 law¹⁸ shows how legal recognition can increase visibility and spur the establishment of cooperatives, with numbers rising substantially from about 2000 in 1991 to 4500 cooperatives in 1997. The law established an explicit legal category for so-called '**social cooperatives**' with the explicit aim of serving the general interest of the community and fostering social integration. Social cooperatives in Italy still benefit from this law that made it easier to contract with local authorities for social services, access public funding or tenders, and the option to employ marginalized people with favourable terms.

In addition to legal recognition, certain cooperative-friendly, **supportive policies** providing regulatory relief or incentives can play an important role in accelerating cooperatives' establishment and growth. For example, certain tax exemptions or breaks, or favourable contracting and public procurement policies, can level the playing field between cooperatives and mainstream profit-driven firms significantly. This ties to another key aspect of the role of governments: they need to guarantee **regulation and oversight**, ensuring that cooperatives who are enjoying supportive policy measures, comply with legal, accounting and audit requirements, as well as financial, management and social performance reporting. All this, however, likely requires skills and resources which could overburden start-ups and smaller cooperatives. But transparency appears to be necessary to avoid potential improper use of beneficial policies by certain cooperatives or other types of business that are mainly focused on economic gains.

In general, cooperative legislation ideally **balances** the need of **protection** of cooperative members and the public, while being proportionate to not to stifle cooperatives' diversity of types, their access

¹⁶ See the website of the ICA for a global overview: <https://ica.coop/en/newsroom/news/legal-framework-analysis-diagnosis-cooperative-law-worldwide> and the website of coops4dev for several regional reports, e.g. for Europe (including a country report of the UK): <https://coops4dev.coop/sites/default/files/2021-11/ICA-EU%20Partnership%20Legal%20Framework%20Analysis%20Regional%20Report%20Europe%5B8%5D.pdf>

¹⁷ See <https://www.ilo.org/publications/guidelines-cooperative-legislation-third-revised-edition>

¹⁸ See <https://coops4dev.coop/sites/default/files/2021-03/Italy%20Legal%20Framework%20Analysis%20Report%20.pdf>

to finance and their potential to innovate and scale. Clearly, both over-regulation and laws modelled rather closely on investor-owned firms, can hamper cooperative development. The example of **Switzerland**¹⁹ shows how certain **legal and regulatory restrictions** can create additional constraints on cooperatives, inhibiting their formation, innovation and growth potential. The Swiss Cooperative law (Code of Obligations) appears to have remained largely unchanged since 1937. The law is described as offering sustainable but only slow growth opportunities, creating barriers in areas like raising capital (because cooperatives cannot issue tradable shares), or burdening strategic reorientation (such as high thresholds for mergers), which may make cooperatives less agile.

Another challenge can be observed in nations with strong regional autonomy, in terms of differing legislations and/or policies for cooperatives. For instance in the US context, credit unions can be either state-chartered or federally chartered, leading to different growth patterns²⁰. But even with strong national legislation, such as in the UK context, regional governments can take quite different policy approaches. Likewise in **Belgium** where a recent (2019) national law change²¹ has led to clearer recognition of the legal form of cooperative enterprises, regional differences are stark in terms of responsible authorities and ministries. This has resulted in higher growth numbers of cooperatives, due to more favourable policies in terms of grant eligibility and support in the Walloon region, as compared to the Flemish region.

Nonetheless, even the most cooperative-friendly legislation and policies need to be actively known, applied and brought towards entrepreneurs through regulators and policymakers, as well as implementors of law such as local public servants, assessors of public grant applications, notaries and judges. If such '**institutions of support**'²² do possess knowledge on cooperatives (see (II) Education and training) and are generally perceiving them with goodwill (see (IV) Culture), the entire cooperative ecosystem is strengthened through the legal foundation and its implementation.

*(II): Actors and institutions providing **EDUCATION AND SKILLS***

Education that spreads knowledge on cooperatives appears to be a key driver of supportive cooperative ecosystems, as well as fostering visibility of the cooperative model. Inherent in the fifth cooperative principle, training, skill development and knowledge distribution mainly happen at four different levels²³:

Firstly, **university education** can make (or break) cooperative movements, through (a lack of) sufficient numbers of qualified specialists and recognised courses at bachelor's and master's levels. For example in Africa, two dedicated cooperative universities teach solely or mainly courses entirely tailored to cooperatives, e.g. cooperative law, cooperative management or cooperative accountancy: 'The Co-operative University of Kenya' in Nairobi and 'Moshi Co-operative University'

¹⁹ Fabrizio, N. (2024). Swiss Cooperative Law: Driver or Obstacle to Cooperative Growth?. In: Ambühl, M., Brusoni, S., Niedworok, A., Gutmann, M. (eds) Cooperatives in an Uncertain World. Contributions to Management Science. Springer, Cham. https://doi.org/10.1007/978-3-031-56200-6_3

²⁰ Goddard, J. A. et al. (2002). The growth of US credit unions. Journal of Banking & Finance, 26/12, p. 2327-2356. [https://doi.org/10.1016/S0378-4266\(01\)00203-5](https://doi.org/10.1016/S0378-4266(01)00203-5)

²¹ See https://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=nl&la=N&cn=2019032309&table_name=wet#LN_K0249

²² Beishenaly, N., & Dufays, F. (2023)

²³ Beishenaly, N. & Dufays, F. (2023)

in Moshi, Tanzania. But in general, universities and business schools worldwide do not include education specifically on cooperatives. A recent study shows how university law education does not provide sufficient knowledge about the cooperative model²⁴. Moreover, despite the large number of MBA programmes across the world, very few business schools target cooperative businesses' management and governance specifically in their curricula²⁵. One exception is the Sobey Business School at Saint Mary's University in Halifax, Canada, which provides a specific international Master's program, i.e. the 'Master of Management: Co-operatives and Credit Unions'. These general findings align with research showing how cooperatives have disappeared from economic textbooks²⁶, and potentially likewise at public secondary schools. The authors' own example²⁷ (a university chair and connected centre of expertise on cooperative entrepreneurship) demonstrates how teaching activities for a variety of target groups can increase knowledge about cooperatives quite widely (e.g., through a workshop at children's university event, a bachelor elective course with plenty of applications to practice, recurrent teaching cases, guest lectures at other faculties, and an executive program designed for cooperative practitioners).

Secondly, this example ties to the general lack of **post-degree professional training and education** on cooperatives, which appears to be a shared concern of many experts in the field, across countries. Lifelong learning opportunities, such as for example 'Continuous Professional Development' (CPD) in the UK, have gained momentum in the last decades. However, in practice it is noticed that modules, training and events that cover the specificities of cooperatives and mutuals, are missing. As a result, professions involving close contact with different legal forms of enterprise - such as accountants, impact investors, lawyers, business consultants and advisors, and governance professionals (all of them important actors in the cooperative ecosystem) - appear to lack knowledge on the specificities of cooperatives and mutuals. Consequently, advice given to cooperatives is often not based on actual facts, but presumptions about cooperatives. A forthcoming report on the cooperative sector in Belgium²⁸ highlights such experiences from experts and practitioners: for example, existing cooperatives and entrepreneurial starters have been given the unfortunate advice by notaries and business consultants 'to rather choose an easier legal form'.

Next to the external stakeholders, a third and equally (or more!) important educational endeavour on cooperatives can be directed towards **members' skills development and training**. This can be organised as individual efforts by certain cooperatives, or at a regional or national level by cooperative federations. For example Belgium's largest renewable energy cooperative Ecopower, with more than 70 000 members, consciously chooses to provide recurring, accessible webinars on e.g. reading the yearly accounts in preparation of their AGM. Next to these, they also invite their members to low-key and cosy so-called 'energiecafés' in various towns and cities throughout each

²⁴ Villafañez Perez, I. & Douvitsa, I. (2025). When cooperatives go to (law) school. What theory and research tell us on Cooperative Law's inclusion at a University level? *The Münker Series*, Issue 2, pp. 71-98.

<https://iuscoopertivum.org/wp-content/uploads/2025/06/The-Münker-Series-Issue-2.pdf>

²⁵ Kuznetsova, O. et al. (2025). Cooperatives and business schools: Why the disconnect? *Management Learning*, in press. <https://doi.org/10.1177/13505076251320889>

²⁶ Kalmi, P. (2007). The disappearance of cooperatives from economics textbooks. *Cambridge Journal of Economics*, 31(4), 625-647. <https://doi.org/10.1093/cje/bem005>

²⁷ See the KCO's website <https://feb.kuleuven.be/drc/kco/en/homepage>

²⁸ Dufays, F. et al. (forthcoming). Belgian Cooperative Monitor 2025. Exploring and explaining the Belgian Cooperative Economy (2016-2025). Cera / Kenniscentrum voor Coöperatief Ondernemen, KU Leuven.

<https://feb.kuleuven.be/drc/kco/belgiancooperativemonitor>

year, where the most engaged members exchange knowledge and provide input for upcoming strategic decisions of the cooperative.

Fourthly, **knowledge and information dissemination** on cooperatives, both for members and the general public, can be taken up by external players. For example in the UK, the Co-operative College takes considerable leadership and responsibility in training cooperative members across sectors and types. In other countries, e.g. the Netherlands, the national cooperative council, a federation of cooperatives, takes up this responsibility. Besides such non-profit or governmental top-down educational providers, also commercial and even cooperative consultancy businesses alike are providing education, training and specific skill development to cooperatives. A potential barrier in particular for starting or smaller cooperatives, or those in economically precarious situations, can be the high costs related to training fees of most educational providers, next to general lack of time, language requirements, accessibility problems tied to mental or physical disabilities, or lack of digital skills particularly for elderly and more marginalised members.

(III): Impact of the MARKET ENVIRONMENT

Cooperatives are active enterprises operating and competing in a market, producing goods or providing services that need to generate profit as a means to fulfil cooperatives' more social or member-centred purpose. Given that fact, the market is a key dimension of the cooperative entrepreneurial ecosystem. Three aspects in particular influence cooperatives' survival and growth options: access to markets, access to finance, and support services.

The first aspect applies to all types of businesses, i.e. **access to markets**, including domestic vs. neighbouring markets and international trade, but also changing market demands. For example, traditional producer cooperatives across Western Europe were established more than a century ago as small, very local collaborations of farmers who secured better prices at the local seller when joining forces. Throughout the decades, however these smaller producer cooperatives could not compete anymore with growing and later internationalizing market pressures, resulting in many mergers and a more and more export-oriented marketing focused on maximum gains for the farmers (but potentially less democratic participation in the decision-making process). Increasingly, cooperatives strive for access to sustainable value chains, particularly in the agricultural sector. Given their underlying values of solidarity and democracy, and their member-based nature, they have the potential to promote voluntary sustainability standards²⁹. These do not only improve the access to markets, but also contribute to a more sustainable trade. Also, mutual help from cooperative to cooperative – for example from Western cooperatives towards their counterparts in the Global South – are proving to be an important leverage for their access to markets.

Secondly, and potentially most importantly in times of start-up or scale-up, **access to finance** is a constraint for cooperative development. Developing and fostering cooperative credit institutions would strengthen cooperative entrepreneurial ecosystems as a whole. For example the Mondragon group in Spain, as well as the cooperative movement in Québec, Canada, were strengthened by the

²⁹ Beishenaly, N. & Marx, A. (2026). 'Bridging Global and Local Governance: Cooperatives as Facilitators of Voluntary Sustainability Standards.' In Mena, S. et al. (Eds.), [Handbook of Research on Sustainability and Governance](#). Cheltenham: Edward Elgar.

presence of credit unions. However, most 'classic' finance providers do not consider cooperatives as eligible for most grants, as these target either non-profits or for-profits exclusively. In some countries, impact investors and financial intermediaries can be seen as **support services** that remedy this constraint partly. Still, most commercial banks and other classic financial institutions do not know the cooperative model sufficiently well, resulting in a reluctance to provide loans, and/or high interest rates if a loan can be secured. Such prejudice concerning cooperatives can be embedded in the overall culture, another key factor in cooperative entrepreneurial ecosystems that is discussed hereafter.

*(IV): Influence of (and on) **CULTURE***

In the original attempt, the cooperative entrepreneurial ecosystem lens was applied to the cooperative sector in Kyrgyzstan³⁰. The context of a post-Soviet country strongly impacts its culture in general, and its culture concerning cooperatives in particular. 'Culture' is thereby defined as stories, social norms, and cultural attitudes to (cooperative) entrepreneurship. Three aspects of culture will be discussed in the following, after which we add a fourth aspect, i.e. the influence of media.

Firstly, **histories of cooperation** in a certain country can be negative (such as the case of Kyrgyzstan with forced collaboration in state-driven, collective farms without much voice options) or rather positive (such as the rich cooperative heritage of the UK with the Rochdale Pioneers in the 19th century). What really matters is the possibility of sharing these historical evolutions and being allowed to openly discuss their origins and implications.

Secondly, as already touched upon before, the awareness of **cooperative values and principles** is important to form legislation, but also a personal as well as public opinion on what the meaning of 'cooperative' entails precisely. Also here, transparent and open dialogues help to gain in understanding not only historical evolutions, but also personal differences in interpretations of which values and principles are to be followed, and which ones might be less applicable.

Thirdly, a **supportive culture** is beneficial for cooperative establishment and growth. Connotations and interpretations of the word 'cooperative' can differ wildly in the **general public**. In that sense, EU legislation on energy cooperatives refrained from using the word 'cooperative' to honour Eastern European countries negative associations with the term, instead settling on 'energy communities' with definitions very close to the initial cooperative definition.

Adding a fourth aspect to how culture shapes cooperative entrepreneurship, we argue that the **media** should be considered as well. Much like the general public (and many cooperative members), journalists as well as online content creators might not precisely know what cooperatives are, and send out incorrect messages to the world. A recent example is a Belgian newspaper article on an innovative scale-up cooperative producing mushrooms from coffee grounds. While Belgium has distinct legislation on a cooperative legal enterprise form, the cooperative in the article was described as a 'cooperative association', which does not exist legally, nor justifies the investment of more than a million euros to scale up their business. At the same time, less classical media outlets

³⁰ See Beishenaly, N. & Dufays, F. (2023)

can help to shift cooperative culture to embrace more diversity in the movement. Where the Rochdale pioneers were exclusively male, the UK-initiated podcast 'Co-op Women's voices'³¹ hosted by Rebecca Harvey (executive editor [Co-op News](#)) and Dr. Sarah Alldred (head of international partnerships of The [Co-operative College](#)) explicitly gives credit to women in the cooperative movement.

In general, more awareness is needed on how we interpret certain concepts and how we look at our national or regional cooperative history. Stories and norms can reinforce negative connotations, or build a newer, more positive narrative that enables cooperatives to be set up and grow a bit more easily. That way, we do not need to passively depend on the current culture, but can actively shape it. A crucial role hereby is played by a cooperative's **direct stakeholders**. Somewhat overlooked thus far, certain stakeholders directly involved with cooperatives are playing a crucial role to strengthen the cooperative ecosystem: first and foremost the members themselves, but also non-member categories such as managers and employees, as well as external customers and suppliers (of course, it depends on the type of cooperative to determine which category is usually a member vs. a non-member).

Some research³² shows that overall, members of cooperatives are not particularly aware of the cooperative values and principles, which is even true for managers, albeit to a somewhat lesser degree. Their role in strengthening the cooperative entrepreneurial ecosystem lies in taking initiative to educate themselves, or ask their cooperative to provide education and skill training necessary to understand the cooperative uniqueness and apply it to governance processes.

Moreover, non-member customers and suppliers, especially those with an affinity for cooperative ideology, can actively search their local market for cooperative options, consciously buying at cooperatives, or creating preferential collaborations with cooperatives and social economy enterprises. This brings us directly to the fifth and last component of the cooperative entrepreneurial ecosystem, namely the role of networks and partnerships – followed up by a discussion on the interconnectedness of all five components and resulting from that, practical recommendations how to strengthen them.

(V): The role of NETWORKS AND PARTNERSHIPS

This part is kept intentionally shorter to allow for ample space for our colleagues in Canada to further explore their concept of 'Complex Cooperative Networks'³³ in their simultaneously published [report](#).

As laid out by the entrepreneurial ecosystem literature, business associations and professional networks allow knowledge exchange and create commercial opportunities. For cooperatives, given the sixth cooperative principle that aims for 'cooperation among cooperatives', such networks are even more vital to their survival and purpose fulfilment. We can distinguish three types of networks and partnerships:

³¹ See <https://ica.coop/en/newsroom/news/co-op-womens-voices>

³² Ghauri, S. (2021). 'Co-operative Principles and Values: Does the Talk Match the Walk?' *Journal of Co-operative Studies*, 54, no. 3: 7–22.

³³ Rodrigues J. M., Miner, K. & Novkovic, S. (n.d.). Complex Cooperative Networks
www.smu.ca/webfiles/ComplexCooperativeNetworks.pdf

First, **cooperative unions and networks of cooperatives** allow for knowledge exchange and potential collaboration at the local, regional, national and even international level, building legitimacy for the entire cooperative movement. The ICA is a strong example of a federation that represents cooperatives worldwide and strengthening their shared cooperative identity. But also at the local level, cooperatives engage with like-minded organisations, buy each other's products, use each other's services, share tips and provide mutual support. Such 'cooperation among cooperatives' can usually thrive at a local level with some engaged 'leaders', but seldomly scales to regional or national levels without facilitation by cooperative federations or other players. Usually, **cooperative federations** are quite strictly organised geographically, by sector or type of cooperative. However, a recent example in Colorado³⁴ shows how a multi-stakeholder network of single-stakeholder cooperatives (i.e., worker; consumer and producing cooperatives all active in solar energy) could create national impact with their potentially replicable model for scaling up cooperative businesses. In general, cooperative federations and apex organizations are inadequately supported and recognized by governments, which makes them dependent on member contributions. Depending on sector and context, some cooperative federations might thus lack funding and capacity to carry out the representation and lobbying task.

Second, **donor support** is an important aspect particularly for cooperatives in developing countries. The BRS (Belgische Raiffeisen Stichting – Belgian Raiffeisen Foundation) is an example of such a 'donor' organisation that provides microfinance schemes, technical support, but also training and advice on legal issues for cooperatives e.g. in Africa, South-East Asia or Latin America. But also in Western contexts, such 'donors' can play an important role in cooperative establishment and growth, such as for example the large Belgian cooperative Cera, formerly a savings bank. Likewise, they provide tailored advice to cooperatives, draft up business and financial plans, and have a considerable budget to organise networking events for the cooperative sector, and support social economy projects.

Thirdly, **other partnerships** with non-cooperatives and international organisations are situated almost outside the cooperative entrepreneurial ecosystem lens. Advisors, investors and intermediaries with commercial business logic offer their services to cooperatives, sometimes without fully understanding the cooperative identity. Linked to that, there are examples of collaborations – sometimes fully set up by cooperatives themselves – that mostly function in a business-to-business manner. For instance, cooperative banks in Germany have created large institutional protection schemes³⁵, allowing for strong network-internal monitoring, early warning risk management, and nearly unlimited protection of deposits. Likewise in the United States, credit unions form 'Credit Union Service Organisations' for particular commercially arranged products and services. These commercially inspired collaborations pose the question whether they should be legally treated as cooperative or commercial endeavours.

³⁴ Rodrigues, J.M & Schneider, N. (2021). Scaling Co-operatives Through a Multi-Stakeholder Network: A Case Study in the Colorado Solar Energy Industry, *Journal of Entrepreneurial and Organizational Diversity*, 10(2): 29-53.

³⁵ See: Haselmann et al. (2022) Institutional Protection Schemes: What are their differences, strength, weaknesses and track records? Leibniz Institute for Financial Research SAFE. SAFE White paper no. 99. https://safe-frankfurt.de/fileadmin/user_upload/editor_common/Policy_Center/SAFE_White_Paper_88.pdf

3. HOW to assess and embrace the interconnectedness of actors and institutions? Practical implications to foster support for cooperatives

Interconnection and interdependencies: potential chain of actions

For the sake of clarity, we discussed the five different components of the cooperative entrepreneurial ecosystem as separate clusters, almost insinuating independence of each other. However in reality, the different actors, institutions, practices and norms are strongly **interconnected**, which makes ecosystems complex (and so interesting to disentangle potential influences).

As laid out before, **legal recognition** of cooperatives with clear definitions and supportive regulations are considered to be the **very starting point** of a strong cooperative entrepreneurial ecosystem with potential for growth. Additionally, such clear definitions and regulations make it possible to not only collect valuable regional, national and sector-specific statistics on cooperatives. **Statistics**³⁶ appear to be a strong tool to lobby for increased legitimisation of the cooperative model, and can inspire governments as well as donators and impact investors to **finance** (at least the start of) overarching cooperative education and training programs accessible to all types and sectors. When different **education providers** (public, commercial, non-profit or cooperatively organized) are funded, they can **develop courses and training** to close knowledge gaps and develop skills for cooperative members, but also managers and other direct stakeholders. We also see that the general public can be inspired by the cooperative model and its value-led, democratic way of organizing, as a recently funded programme by the Northern Ireland Department for the Economy³⁷ shows.

While this chain of actions appears to have a linear character, this is not the case in the complexity of reality. Where government action is lacking, the chain could be **initiated** by a federation of cooperatives (if existing), or by an educational provider developing different types of training (e.g. several worker cooperatives offering such consultancy services have been established throughout more recent years). After some time of benefiting from training, the cooperative movement would be strengthened by increased knowledge and skills, and could organize itself to lobby for supportive policies and a legal framework. This is where cooperative members themselves would need to want capacity development, and cooperatives could actively ask them to join training. Such training and peer-to-peer learning could also be rooted in a broader social movement of citizens striving for a more human-centred, solidary economy and social justice.

In all instances, the fifth cooperative principle – providing **education and training** on cooperatives to members and the public – could be seen as the **core issue**. Members and managers alike should learn to increase awareness of the uniqueness of the cooperative model, critically questioning a current economic and financial system that does not serve the wellbeing of most. Interestingly, this is linked to communication, both within the cooperative and externally. In that regard, **reporting on**

³⁶ See e.g. the work of the International Labour Organization to develop standards for statistics on cooperatives: <https://www.ilo.org/resource/news/advancing-cooperative-statistics-ilo-unveils-new-information-guide-and>

³⁷ See <https://www.economy-ni.gov.uk/news/ps55000-funding-boost-co-operative-research-and-awareness>

cooperatives' impact and sustainability appears to be an important avenue to pursue. Both academic research³⁸ and the UN³⁹ indicate that cooperatives are more likely to contribute to sustainable development than other types of enterprise. Still, the measurement of cooperatives' added social impact remains scarce, thus reporting and transparently communicating about it towards members and broader public is inhibited. There clearly is a role for researchers and federations to develop user-friendly impact measurement tools (see e.g. the Guidebook provided by the ICA⁴⁰) – and an equally important role for cooperatives to collect data before and after interventions.

To conclude, we provide an array of practical recommendations for interconnected actions by different ecosystem actors and institutions. First, we provide a suggestion for carrying out an initial assessment of the current situation (of a specific cooperative, or cooperatives in a certain area or even nation), with tailored questions. Then, we suggest key resources for implementing each ecosystem component into practice.

Actions supporting the cooperative entrepreneurial ecosystem

Applying the cooperative entrepreneurial ecosystem requires an understanding of the local context. For example, we outlined earlier how the historical development and attitudes towards cooperatives are an influencing factor that can also evolve over time.

To bring the entrepreneurial ecosystem approach to the practical test, we recommend taking stock of the current position on each component part. For each, there is merit in exploring who the relevant actors may be. They will be more obvious in some instances – such as the government, in the policy and legal framework component. Upon digging deeper and thinking out of the box, there may however appear impact investors, charities and foundations, network opportunities, specialised financial institutions, business incubators, universities etc. already engaged in the cooperative entrepreneurial ecosystem – or with potential to be involved in the nearby future.

We include below examples of the type of questions that could be considered for each of the five components of cooperative entrepreneurial ecosystems.

³⁸ Newell, R., Dale, A., Herbert, Y., Duguid, F., Foon, R., & Hough, P. (2015). Trans-disciplinary Research: An Academic-Practitioner Partnership Effort on Investigating the Relationship between the Cooperative Model and Sustainability. *International and Multidisciplinary Journal of Social Sciences*, 4(1), 23-53.

³⁹ United Nations (2025) Report of the Secretary-General. Cooperatives in social development
<https://social.desa.un.org/publications/cooperatives-in-social-development-2>

⁴⁰ International Cooperative Alliance (2016). Sustainability Reporting for Cooperatives: A Guidebook
<https://ica.coop/en/media/library/publications/sustainability-reporting-co-operatives-guidebook>

(I) Policy and legal framework

1. Is there clear legal recognition of cooperatives and a supportive legal framework, either national or regional?
2. Are cooperatives currently statistically identified and analysed, and if so, how? How is their impact measured and reported?
3. What is the current policy position – do cooperatives benefit from advantages in policy, or suffer from any restrictive policies (or gaps in policy)? Are cooperatives considered and, where relevant, integrated into wider policy initiatives?
4. Is regulation and oversight of cooperatives proportionate? How can reporting requirements be balanced with regard to supporting emerging or smaller cooperatives?

(II) Education and skills

1. What is the level of understanding of cooperatives across the different actors in the ecosystem e.g. government, advisors, education providers, the cooperative sector itself, and the general public?
2. How visible are cooperatives on the curriculum, at different levels of education (e.g. secondary school, universities, professional training)? Are there business education and management programmes designed specifically to prepare staff for cooperative enterprises? Do relevant actors have a clear educational strategy, and research agenda?
3. Do individual cooperatives, or does the cooperative sector, help provide members with training, e.g. to strengthen knowledge on cooperatives, and to develop skills to participate? Likewise, is there sufficient provision of knowledge and training for cooperative staff and professional advisors?

(III) Market environment

1. What are any opportunities vs. barriers to market entry or expansion for cooperatives?
2. Do cooperatives have access to finance for both start-up and scale-up activity – including from commercial lenders, government, donors, or the cooperative sector?
3. What measures are in place within the cooperative sector to help support its growth?

(IV) Culture

1. How are cooperatives perceived by different stakeholders who are aware of them?
2. How are cooperatives portrayed in classic and social media?
3. Does the cooperative sector, or government, have a strategy in place to promote cooperative identity?

(V) Networks

1. Are existing networks in place to help advocate for, and support, cooperatives? Which different players are active in those networks, and to what extent?
2. Are cooperatives well served by existing federated and apex networks or structures (e.g. too many, too few, lack of resources or outreach)?
3. Have cooperatives identified and formed collaborations with other cooperatives? How can such ‘intercooperation’ be facilitated, what hinders collaboration and cooperative network formation?

The connections between these component parts should be considered as part of that assessment. This assessment will help baseline the current position – identifying gaps and areas of strength. The assessment can then feed into practical steps or strategies for a supportive cooperative entrepreneurial ecosystem.

We provide here practical recommendations for interconnected actions by different ecosystem actors and institutions.

- **Governments** should not only provide legal recognition and cooperative-friendly policies, but also expand support for starting or scaling cooperatives. They should make sure that also people from less-inhabited regions, and those living in poverty, are taken into account.
- **Financial actors** need to develop innovative financial instruments and a more balanced financial mix including cooperative-specific grants, member capital, impact investors, and crowdfunding at the local community level. Moreover, existing cooperative financial actors could deploy more targeted actions towards other cooperatives specifically.
- **Researchers** should conduct more statistical and qualitative analyses on cooperatives, in order to compare to other cooperatives, other for-profit forms. This can be done on equal footing with the practitioners, which could result in peer networks, mentoring on governance, finance, and business planning.
- **Education** is key: Raise internal and public awareness, and potential investors' understanding: cooperatives are often poorly understood - clearer communication and education is therefore key to grow both membership and capital flows.
- Integrate cooperatives into a **broader, alternative economic strategy**: Realising that inclusive growth, community wellbeing, social values are explicitly incorporated in the 'Social and solidarity economy', a model that is being increasingly embraced by the UN⁴¹ and ILO⁴².

In developing specific plans to tackle challenges identified in the earlier assessment, there are international resources to leverage. Overall, the Canadian initiative [PortailCoop](https://portailcoop.ca) provides access to everything from academic research output to practice-based reports and teaching materials, in different languages (English, French and Spanish). Additionally, there are specific materials useful for different components and actors of the cooperative entrepreneurial ecosystem:

⁴¹ See activities by the United Nations Inter-Agency Task Force on Social and Solidarity Economy: <https://unsse.org/>

⁴² See Resolution by the International Labour Organization (2022): <https://www.ilo.org/resource/record-decisions/ilc/110/resolution-concerning-decent-work-and-social-and-solidarity-economy>

- **Law** - ILO [*Guidelines for cooperative legislation*](#); and International Co-operative Alliance resources on legislation: <https://legislation.coop/>
- **Accounting and reporting** - Adderley, I., Mantzari, E., McCulloch, M., & Rixon, D. (2021). Accounting and reporting for co-operatives: a UK Perspective. *Journal of co-operative studies*, 54(3), 45-57. <https://dx.doi.org/10.2139/ssrn.5365023>
- **Statistics** – ILO [*Guidelines Concerning Statistics of Cooperatives*](#) (2nd edition); Co-operatives UK: <https://www.uk.coop/understanding-co-ops/co-op-research-and-data>
- **Research** – the International Cooperative Alliance [Committee on Cooperative Research](#)
- **Education and training** - [The Co-operative College](#); Teaching cases: <https://usaskstudies.coop/research/current-projects/ivey-cases.php>
- **Networks** – International Centre for Co-operative Management, [*Complex Networks for Co-operative Economies*](#)

Overall, it remains important to look for interconnection and influences between the different components, but also across various stakeholders. Supporting cooperative entrepreneurial ecosystems in order to grow the sector, requires longer-term attention and willingness to support. Moreover, adequate follow-up is needed to further legitimise the cooperative model for different stakeholders.

KU LEUVEN
Faculty of Economics and
Business - Centre of Expertise
for Cooperative Entrepreneurship
NAAMSESTRAAT 69 BOX 3035
3000 LEUVEN, BELGIUM
kco@kuleuven.be
<https://feb.kuleuven.be/drc/kco/en/>

