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AUTHOR

JEROME WARREN
Goethe University Frankfurt; Seminar for Cooperative Studies, University of Cologne (Germany)
jnwarren@riseup.net

A Path-Dependence Analysis of Italian Social and Community Cooperatives

ABSTRACT

In Italy, cooperatives emerged as a key vehicle for solving problems. As these problems evolved, so did the cooperative identity. Path-dependence analysis is a methodological approach that seeks to explain discontinuous processes by means of notions like inertia, incorporating both contingent and reactive processes and events. A literature based on organizational path dependence is drawn on to analyze how an interaction between institutional and legal processes generated an inertial pull towards "cooperativizing" sectors of the Italian economy, in particular, with reference to the emergence of a distinct species of multi-stakeholder enterprises with both regenerative, integrative and federative dimensions. The article follows Bennison (2024) in adapting Schreyögg, Sydow, and Holtmann (2011)'s organizational path dependence analysis to interpret the evolution of a diverse ecosystem of multi-stakeholder cooperatives in Italy. By simplifying the analysis to a number of key historical episodes and events, it attempts to demonstrate the importance of non-linear processes of inertia and reinforcement in contributing to a regime's organizational evolution. Different from the existing literature, the article argues that path-dependent processes do not always result in a deterministic "lock-in", but can also facilitate open-ended outcomes. A broader goal is to show how the innovative type of stakeholder management adopted by multi-stakeholder cooperatives achieves economic, organizational and entrepreneurial outcomes beyond merely solving agency problems, by so doing providing a template for other countries and regions seeking robust strategies for dealing with various dimensions of the contemporary pluri-crisis.

KEY-WORDS

COOPERATIVES, ECONOMIC DEVELOPMENT, ECONOMIC DEMOCRACY, PATH-DEPENDENCE, SOCIAL SERVICES, GOVERNANCE, TRANSITION, TRIPLE HELIX, QUADRUPLE HELIX, INNOVATION, SUSTAINABILITY

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1. Introduction

Unprecedented challenges and crises facing societies worldwide are imposing complex constraints that are transforming the way that numerous activities are organized (Borzaga et al., 2014). Recent discussions of concepts like "pluri-crisis" or "twin transition" indicate that stress is developing at multiple levels in systems, from natural ecosystems to demographic decline, the maintenance of political and social stability and the provision of basic services, among others (Ferreira et al., 2022). This stress is apparent in the insinuation of new missions into the economic and organizational domains (Mazzucato, 2021). These new logics require agents to prioritize new goals (for instance, the UN sustainable development goals) with respect to other competing goals (for example, profit). This raises a fundamental agency problem that is poorly compatible with organizational models lacking communication, coordination and culture and focusing solely on competition based on adverse selection via "spot" transactions (Slater and Bennis, 1990; Bowles, 2016; Dow, 2018; Biggiero et al., 2022).

Indeed, as numerous empirical and theoretical works across disciplinary boundaries demonstrate, increasing complexity means changing the way societies (including firms) do things (Biggiero et al., 2022). In particular, increasing numbers of stakeholders agree that a holistic approach to solving grand social challenges offers more potential than one couched in reductionistic terms (Bauler et al., 2022). In many ways, this reflects a general shift away from mechanical to ecosystem-based epistemologies that emphasize resilience over efficiency (Dow, 1988; Ulanowicz, 2009; Fath et al., 2019).

This generally means replacing this domain of "spot" transactions by a *relational* domain, one where trans- and inter-actions occur over time, communication occurs and long-term relationships are established (Wieland, 2018). Such relationships must deal with the very real claims various stakeholders have on the society (for example, a firm) in question, which frequently requires an iterative critical process of (re)examining stakeholder theory as practiced today, including its intersection with numerous implicit domains like law (Ellerman, 2021), as well as social structure and convention (Rosser and Rosser, 2023).

In other words, whether desired or not, present conditions are pushing economic and organizational theory toward closer engagement with disciplines like sociology, with a focus on *structure* and *relationships* at the center of this shift (Bowles, Gintis and Gustafsson, 1993). Notions like work integration social enterprisers (WISEs), worker recuperation and polycentric governance are presenting a plethora of new models and recombinations of prior models as tools to deal with various aspects of the pluri-crisis (Galera, 2010; Ostrom, 2010; Nyssens, 2014). The same can be said more generally of the increased importance of business networks in shaping and navigating complex technological and social innovations, for example, R & D and innovation networks, clusters, regional development poles, science parks and similar phenomena (Villa and Antonelli, 2009; Biggiero and Magnuszewski, 2023). These and related developments require economic and organizational theory to adapt to a more volatile and unpredictable *status quo*.

1.1. Objective

This article attempts to contribute to economic and organizational theory by building on the legacy of Thorstein Veblen, a pioneer of evolutionary economics (Peukert, 2024). In particular, it intends to mix microeconomic (agency) theory and organizational (stakeholder and entrepreneurial) theory with evolutionary theory. It seeks to achieve this by applying a path-dependence analysis in the setting of the emergence of multi-stakeholder cooperatives in Italy. Path-dependence analysis, described in further detail in section 3, is an approach at the intersection of sociology, history and institutionalist economics, based on analyzing the evolutionary interaction between dynamic processes and positive feedback. The article's objective is therefore to contribute to an evolutionary relational theory of the firm by indicating possible general lessons from the development and increasing complexity of the Italian cooperative form for numerous domains at the intersection of microeconomic, organizational and entrepreneurial theory, including urban renewal, community development, job creation, work integration and mental health policy, in other countries and regions.

More specifically, it intends to investigate how the particular evolution of Italian cooperatives, especially the emergence of multi-stakeholder cooperatives, can present lessons about the shifting nature of cooperatives—and enterprises in general. It argues that as the underlying situation enterprises face shifts and changes, the types of problems that arise similarly change. Cooperatives, it argues, take on new functions with respect to their self-organizing problem-solving capacity in response to these underlying shifts. As such, it aims to contribute to a more general recognition of complexity and resilience within economics and organizational science (Tilebein, 2006).

Conceptually, it combines a process-oriented and ultimately evolutionary approach to economics with both ethics and law. It employs this synthesis to the analysis of issues of *agency* and *stakeholder management* in an environment of volatility and rapid change. The adoption of path-dependence allows the analysis of these concepts to emphasize aspects such as combinatorics, complexity, discontinuous change, self-organization and resilience, as opposed to concepts such as efficiency and optimization. Within this broad domain, the concept of the *quadruple* and/or *quintuple helix* is a central anchoring concept for this contribution. These concepts build up on Etzkowitz and Leydesdorff (1995)'s original "triple helix" model of innovation, which is based on evolutionary interactions between the "helices" of government, industry and university. To these, "the quadruple helix adds another group of actors to the cooperation model. It arises as a consequence of the fact that the triple helix is not a sufficient condition for innovative long-term growth and that civil society must play an active role in knowledge creation and sustainable growth" (González -Martinez et al., 2021: 85). Meanwhile, iterations with a fifth or "quintuple" helix typically add environmental stakeholders (Galvao et al., 2019).

At the same time, it wishes to challenge overly simplistic applications of path-dependence approaches, demonstrating a unique diaspora outcome in the case of Italian community cooperatives. It seeks to add knowledge to efforts to extend innovation studies beyond a triple helix framework, offering examples from social and community cooperative universe as manifestations of a quadruple or quintuple helix.

The article begins in the following section by conducting a literature review on the evolving role of cooperatives as problem-solvers. Then, in section 3, path-dependence analysis is introduced as a tool to explain the unique process of "cooperatization" that transpired in Italy, and is connected to the rise of Italian multi-stakeholder cooperatives (MSCs). In section 4, path dependence analysis is applied to the five stages of initial pre-formation, deviation, second pre-formation, formation and "diaspora" of MSCs in Italy applying organizational path-dependence analysis. The results are discussed in section 5, before conclusions are drawn in section 6.

2. The shifting role of cooperatives

Cooperatives tend to include logics and dimensions, such as their culture of deliberation, openness and non-discrimination, subsuming of the logic of profit within a logic of member benefit or "patronage" and numerous other principles and practices enabling a "humanistic" governance (Novkovic, Miner and McMahon, 2023). This has historically, and continues to, render cooperatives suitable to problem-solving. There are numerous problems that cooperatives have been demonstrated to solve, including poverty-reduction of members (Kwapong and Hanisch, 2013), the accumulation of capital for initiating worker-managed firms (Ellerman and Gonza, 2024) the reduction of the costs of collaboration (Franken and Grashuis, 2023) and increasing stakeholder coordination and communication (Peterson and Anderson, 1996).

Beyond their benefit to the immediate membership, anecdotal evidence suggests that cooperatives are also suitable to solving problems beyond the concern of the cooperative's immediate membership: for example, encouraging rural and urban (re)development in otherwise neglected or underserved regions (Hanisch, 2016), resilience viz. economic crisis (Tortia and Troisi, 2021), as well as the creation, support and maintenance of stable inter-firm business networks (Warren et al., 2024) and can also significantly contribute to community well-being (Arando et al., 2012).

Beyond this, research shows they create spillover effects that potentially impact political participation (Vieta et al., 2024), are able to promote social innovations (Warren et al., 2024), are generally more productive than comparable investor-owned firms (Pérotin and Robinson, 2004) and have significant *economic* advantages in sectors like ICT (Belloc, Burdin and Landini, 2020; Young-Hyman, Magne and Kruse, 2023), reduced monitoring costs (Bowles and Gintis, 1993) and increased structurally activated employee participation (Weber, Unterrainer and Höge, 2020).

Nevertheless, the above-outlined unprecedented pluri-crisis has also affected the cooperative movement. For cooperatives, this has frequently meant rethinking the ways in which their identities manifest within a context of turbulence and transformation. In many ways, this has meant questioning the very nature of the cooperative identity as a "member-oriented business for fulfilling commercial social or cultural interests of its members" (Cracogna, Fici and Henry, 2013: 417). For example, the last 30 years have witnessed the rise in some quarters of strong inter-firm cooperative networks, including more formal meta-organizations (Warren et al., 2024). In addition to this,

the rise and increase in complexity of intersectional challenges has created the conditions for the emergence of new types of cooperatives.

Beginning in Italy and spreading soon to France, Spain, Portugal, Canada and more recently to other countries (Galera and Borzaga, 2009), an emergence of MSC enterprises has occurred that has in many ways challenged the traditional self-definition of cooperatives as member-oriented organizations (Münkner, 2004; Lund and Novkovic, 2023; Warren et al., 2024). MSCs are a curious amalgam, connecting the economic logic of the enterprise with the regulatory logic of governments, frequently adding to these a logic of academic research centers, civil society and environmental heritage, representing a quadruple or quintuple helix model of innovation (González-Martinez et al., 2021; Leydesdorff, 2021; Sacchetti and Borzaga, 2021). More generally, MSCs have introduced an evolutionary process of *fluidizing* stakeholders within (and outside of) cooperatives, including a focus on user participation and ownership, for instance recipients of social services (European Commission, 2020). They have provided a template for bridging the gap between the changing and dynamic needs of various communities and the traditionally static typology of stakeholder management (Carayannis et al., 2018).

3. Methodology

Path-dependence analysis (PDA)—a graphical methodology embedded in systems science, with roots in historical sociology, economics and economic history (Mahoney, 2000)—analyses "dynamic process[es] governed by [their] own history, characterised by self-reinforcing dynamics and positive feedbacks" (Bennison, 2024: 200). Positive feedbacks typically result from "irreversibility, uncertainty, unpredictability of results, self-reinforcing mechanisms and non-linear change" (Gigante, 2016: 14)[1]. Therefore, institutions and outcomes can be the result of singular local, regional or national contexts, which endogenously constrain agency along increasingly stable paths. This aligns PDA with a Veblenian, evolutionary approach to economics, as Veblen interpreted "the endogenous change of economy and society, both in constant evolution and change, [as] the explanandum" or that being explained by a particular theory (Peukert, 2024: 30).

Path-dependence analysis has been employed in a variety of settings, including in innovation studies (David, 1985). In social settings, PDA must display three attributes (Mahoney, 2000: 510ff.). Firstly, the significance of *chronology*, placing an emphasis on "events that take place in the early stages of an overall historical sequence". Mahoney explains this condition with the epithet, "*when* things happen within a sequence affects *how* they happen" (Mahoney, 2000: 510). An example of the importance of chronology is Mazzucato (2013)'s observation that technologies like touch screens and GPS first required massive public sector investment before they were turned into tools for private consumption via the iPhone.

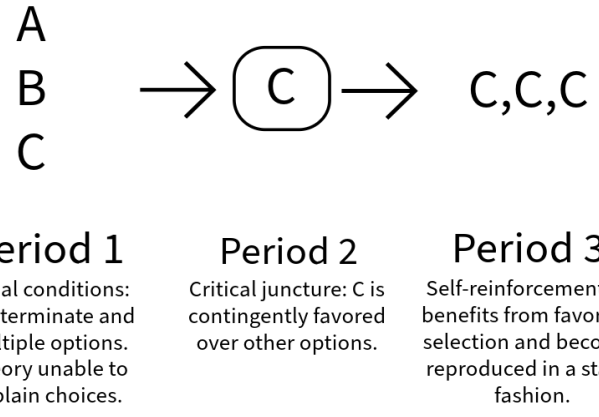
[1] In economics, these concepts are associated with Herbert Simon and the Postkeynesian tradition (Rosser and Rosser, 2023).

Secondly, "in a path-dependent sequence, early historical events are contingent occurrences that cannot be explained on the basis of prior events or 'initial conditions'" (Mahoney, 2000: 511). That is, PDA does not view events as flowing deterministically, but rather relates them stochastically to initial conditions. In other words, *things might have happened differently*.

Thirdly, "once contingent historical events take place, path-dependent sequences are marked by relatively deterministic causal patterns or what can be thought of as 'inertia'- i.e., once processes are set into motion and begin tracking a particular outcome, these processes tend to stay in motion and continue to track this outcome" (Mahoney, 2000: 511). This is a general observation in systems theory: that systems exert an agency that feeds back upon and constricts the agency of the system through time (Ashby, 1956; Ulanowicz, 2009; Biggiero, 2019; Koppl et al., 2023).

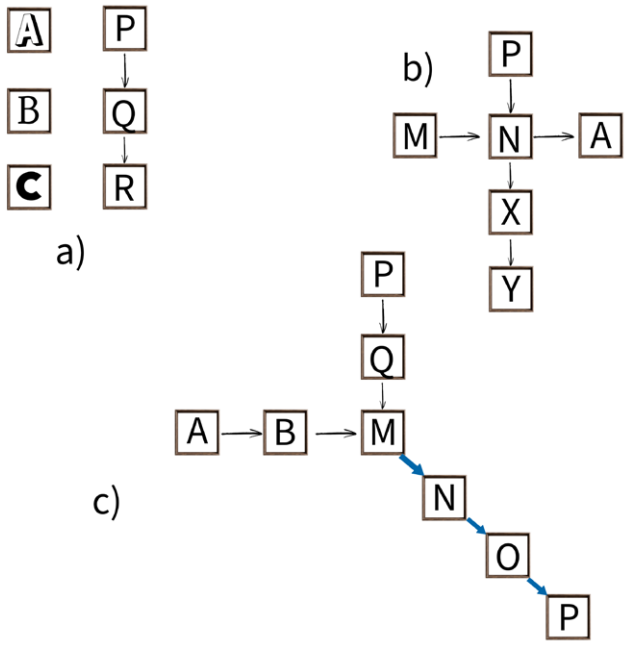
Beyond these three conditions, two types of path-dependent process sequences are identified by (Mahoney, 2000: 508ff.): firstly, "self-reinforcing sequences" and secondly, "reactive sequences […] With self-reinforcing sequences, inertia involves mechanisms that reproduce a particular institutional pattern over time". Meanwhile, "[w]ith reactive sequences […] inertia involves reaction and counter reaction mechanisms that give an event chain an 'inherent logic' in which one event 'naturally' leads to another event" (Mahoney, 2000: 511). Lastly, while "self-reinforcing sequences" are governed by "critical junctures" providing inertia via positive feedback (Mahoney, 2000: 513), "reactive sequences" are rather driven "by setting in motion a chain of tightly linked reactions and counterreactions", also described as "powerful response" (Mahoney, 2000: 527). Self-reinforcing sequences are represented by Figure 1, while reactive sequences by Figure 2c.

Figure 1. A figure representing self-reproducing processes of contingent events and critical junctures



Source: Adapted from Mahoney (2000).

Figure 2. A graphic showing different sequences, particularly: (a) non-intersecting, (b) inconsequential and (c) reactive sequences



Source: Adapted from Mahoney (2000).

Schreyögg, Sydow and Holtmann (2011) argue that such self-reinforcing processes, increasingly providing stability and predictability to organizations, allow PDA to be applied to organizations as *organizational path dependence* (OPDA). However, the application of (organizational) path-dependence analysis to investigate cooperative enterprises' development has been relatively less frequently practiced. Two recent exceptions are Bengtsson (2024)'s PDA of the changing role of housing cooperatives in Sweden and Bennison (2024)'s application of PDA to analyze the role of cooperatives in the context of Australia's legal and institutional structures. Bennison (2024: 198) adapts an OPDA framework in order to "provide […] insight into using path dependence methodology to examine the development trajectory of Australian cooperatives" and finds that a complex interaction of factors including the influence of British law and the deregulation of the Australian currency led to an inertial drive to "normalize" the corporate form in Australian business and legal domains, leading to a situation where "cooperatives have inadvertently been disadvantaged by multiple regulators and fragmented legislation" (Bennison, 2024: 207).

The innovative aspect of Bennison's approach is to show how critical events and decisions lie early in the modern history of Australia, underscoring the difficulty in changing or reorienting the trajectory of public policy, but pointing to potential avenues for future development. Similarly, Bengtsson (2024: 17)'s application seeks to demonstrate that path-dependent processes do not

necessarily always lead to positive self-reinforcement, but can also put in place "self-destructive" processes, such as the introduction of market pricing into Sweden's cooperative housing ecosystem, "which in the end led to the collapse of the system".

These prior examples serve to point to missteps and "worst practices" with respect to cooperative development. However, the question remains as to what agenda policymakers *should* be pursuing to initiate self-reinforcing processes to expand the role of cooperatives in providing key services internationally. A gap is thus evident when analyzing *effective* or "best practices" processes of cooperative development, especially comparatively (Jensen, Patmore and Tortia, 2015). It is to this gap that the present contribution seeks to provide supplementary knowledge by tracing out concretely steps in the evolution of the Italian cooperative experience towards an innovative multi-stakeholder framework.

I argue particularly that the evolution of MSCs in Italy can be primarily traced back to five distinct phases of development: (1) an initial pre-formation phase from the 1850s until 1924; (2) a regressive "deviation" phase from 1924 to 1943; (3) a second pre-formation phase from 1943 to 1980; (4) a period of formation from 1978 to 1991; and (5) a "diaspora" phase from 1991 until the present. Each period is marked by a combination of contingent and reactive events that coalesce at critical junctures or instilled certain contingent chain reactions (Mahoney, 2000). The data used consists of three main sources: firstly, publicly available laws, statutes and directives. Secondly, authoritative historical and historiographic sources which confirm the facticity of particular events and intersections. Many of these sources were discovered during visits to the Centro Italiano di Documentazione sulla Cooperazione e l'Economia Sociale in Bologna in 2019. Thirdly, these are supplemented via semi-structured interviews with key stakeholders, as well as field observations carried out during multiple research trips to Italian social and community cooperatives beginning in February 2019 and continuing until July 2024, from which descriptive statistics are drawn.

4. The Italian context

Italy is the Western country with the largest number of cooperatives and persons employed in cooperatives. At present, Italian cooperatives make up more than 8% of Italy's gross domestic product, 20% of the population are members and a third of Italians buy from consumer cooperatives (Lusetti, 2016). Employment at Italian cooperatives has increased dramatically in recent years, and the sector was responsible for nearly a third of all jobs created in the decade between 2001 and 2011. This contrasts with other sectors in Italy that were not as resilient following the Global Financial Crisis of 2008 (Ammirato, 2018). At the same time, a robust and supra-regional system of relatively self-organized service providers has emerged across the country, with tens of thousands of "social cooperatives" and a growing network of "community cooperatives" introducing a multi-stakeholder logic into the intersection of the economic, social and public spheres (European Commission, 2020).

All of this points to Italy as an exemplar of cooperative economics "best practices" that can

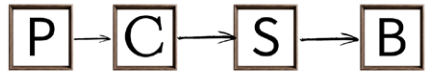
provide guidance to cooperatives and policymakers around the world. To achieve this aim, greater understanding is required of Italy's legal and institutional framework and its role in guiding and nurturing the national cooperative movement. In the subsections below, an analysis is undertaken of the endogenous developments in Italy, divided into five periods beginning in the 1850s, tracing out the path-dependent emergence of MSCs in the form of social and community cooperatives.

4.1. First pre-formation

A contingent, self-reinforcing process emerged within a context of social, economic and political pressures abounding in Italy and elsewhere, especially after the financial crisis of the 1870s, known as the "Great Depression". This process entailed a slow coalescence by various stakeholders in the emerging Italian state. Beginning in the 1850s and extending into the 1880s, the cooperative enterprise became an instrument to develop the Italian economy and increase the autonomy of peasants, farmers and workers[2]. Accompanying, and influenced by, this coalescence were the actions of key actors and stakeholders that privileged cooperative development, especially after 1890. These actions led to the promulgation and enactment of policies that privileged cooperatives in public contracts.

Period 1 can be represented by Figure 3. It applies the notion of contingent, self-reinforcing processes to understand the initial pre-formation stage of the institutional and legal environment that led to social and community cooperatives appearing in Italy at a later stage. These initial conditions, themselves the result of numerous contingencies, deeply shaped both of the following periods. The contingent process is elaborated below.

Figure 3. A figure representing one series of contingent events: the convergence around cooperatives as tools for dealing with social, economic and political pressures



P: Social, economic & political pressure

C: Consensus around cooperatives among liberal nationalists, socialists and catholics

S: Favored by key stakeholders, like Luigi Luzzati

B: Policies benefitting cooperatives

Source: author's own elaboration.

[2] These coalitions often emerged in regions marked simultaneously by high "social capital" and a lack of a strong state or market provision (Borzaga et al., 2014).

4.1.1. Consensus support for cooperatives

Throughout the pre-fascist era, the cooperative sector held a privileged status, due to a "virtuous cycle" of support from a wide spectrum of social reformers, including liberal republicans like Giuseppe Mazzini and Luigi Luzzatti, socialists and communists, as well as Catholic social reformers. On the part of liberals, support emerged due to notions like Mazzini's desire for the harmonic development between the relations of capital and labor and believed in the rights of association of labor in achieving a progressive liberation of all of humanity ("la libertà per tutti") (Mario, 1885). Terms like "interclassist" and "Mazzinian socialism" have been applied to his thought (Monsagrati and Villari, 2012), and he promoted "interclassist" *associazione* via worker, producer and consumer cooperatives in his writings and actions.

A generation later, Luigi Luzzatti—who served as Treasury Minister in the Giolitti administration beginning in 1899 and served shortly as Italian Prime Minister in 1911, during which time he promoted cooperatives via legislation (Dow, 2003; Fonte and Cucco, 2017)—started the first *banca popolare* in Lodi and promoted the agricultural banks as a means to lift farmers and rural citizens out of poverty (Leonardi, 2012). Luzzati referred to the banche popolari as "school[s] of civic education" (Goglio and Leonardi, 2010: 14). Cooperatives of this liberal tradition are today typically known as "green cooperatives" (Bianchi, 2021a).

Socialists and communists became intertwined with Italian cooperatives from the early days. Together they gained a majority in the largest federation of cooperatives in 1886, renaming it the Federazione Nazionale della Cooperativa, adopting its present name, Lega Nazionale delle Cooperative e Mutue ("Legacoop"), a few years later (Ammirato, 1996). Initially consisting of 248 cooperatives, "the central goal from the start was to lobby the government for tax concessions and access to public works contracts" (Dow, 2003: 68). The Lega was supported by Andrea Costa, first socialist deputy in the Italian legislature, elected in 1882 (Bianchi, 2021a). This connection to the political domain was strengthened after the 1901 elections, with cooperative socialists including Oddino Morgari entering the Parliament (Bianchi, 2021a).

Further influence on the cooperative movement came from socialist cooperative pioneer Nullo Baldini, who in 1883 established a workers' cooperative in Ravenna (Poni, 1968). Baldini's goal with such efforts was "to eradicate unemployment and poverty in the countryside of Romagna" (Manfrin, 2002). By 1898, the majority of the Lega's cooperatives aligned with the Socialist Party, a trend that would shape "Legacoop" and its "red cooperatives" into the present (Zamagni and Zamagni, 2010)[3].

Beyond liberal nationalists and socialists, Italian Catholics also came to support the development of cooperatives (Agostini, 1984). Priests like Don Giuseppe Toniolo (1845-1919) and Don Lorenzo Guetti (1847-1898) "spurred the Catholic social world to take the leadership of the popular masses,

[3] For further sources on socialist connections to cooperatives, cf. Jossa (2019) and Bianchi (2021a).

avoiding the supremacy of 'non-Catholic philanthropists' and 'red shirts'" (Bianchi, 2021a: 130). In part as a reaction to general social and economic pressures and as a product of appeals of well-placed Catholic leaders like Toniolo, the Church responded with Pope Leo XIII's *Rerum Novarum* encyclical, which placed central attention on the welfare of the poor and working classes, promoting a perspective of social justice that has subsequently called "the preferential option for the poor" (Pope Leo XIII, 1891; Ammirato, 2018; Patmore and Balnave, 2018). The Catholic support for trade unionism and cooperatives attempted to prevent the further spread of socialistic or communistic ideas (Bianchi, 2021a).

Around the turn of the century, a dialogue emerged within the Catholic church between the Vatican hierarchy and local priests seeking to remedy the indigence of their parishioners and the Catholic affiliated cooperatives, also known as "white cooperatives" which by the 1920s numbered in the several thousands, played a central role in mediating these relationships[4] (Agostini, 1984).

As a result of this broad consensus, Italian cooperatives were granted concessions that allowed them to generate income for their members. For instance, cooperatives were exempted from bidding for small contracts due to legislation in 1904, giving them preferential access to public works contracts. Much of this preferential legislation was passed under the government of Giolitti between 1904 and 1911, "designed first to verify the genuinely cooperative nature of the societies eligible for public works contracts and then to permit their grouping in consortia in order to win larger contracts" (Zamagni and Zamagni, 2010: 49). Moreover, regions like Trentino-Alto Adige and Emilia-Romagna experienced particularly strong cooperative development due to particular local actors. In several other regions, strong cooperative development was present in the consumer o*r banking sectors.*

4.2. Deviation 1924-1943

The second period was initiated by the takeover of power between 1922 and 1924 by Mussolini's fascists. The period following the March on Rome is therefore marked by a clear discontinuous set of chain reactions that saw highly reactive occurrences transpire. Firstly, the rise of Mussolini saw not only the paralysis, but the attempted decapitation, of the Italian cooperative movement. Then, after 1943, the cooperative federations' involvement in the struggle against fascism and authoritarianism saw the movement rewarded with an esteemed position within the post-war Italian constitution. This is represented in Figure 4.

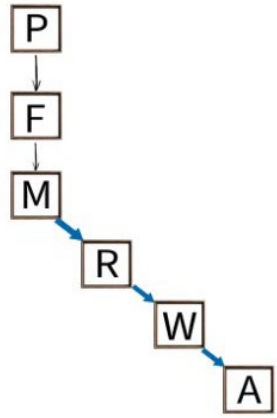
The development of cooperatives in Italy became paralyzed and largely subverted by the fascist dictatorship of Mussolini (Beals, 1929; Bartlett, 2014). Mussolini co-opted those cooperatives which he was able to and weakened or forbade the more recalcitrant ones. This began in 1922, when

[4] For surveys of Catholic credit unions, see Cafaro and Berbenni (2014). Meanwhile, for regional case studies, see Itçaina (2014) for Emilia-Romagna, Frisina (2006) for Vicenza and Agostini (1984) for Trentino.

noncompliant cooperative officials were removed, and continued in 1924, when all cooperatives came under the jurisdiction of provincial authorities. In 1925, the socialist cooperative federation Lega was outlawed (Zangheri, Galasso and Castronovo, 1987). While there were around 8,000 socialist ("red") and a similar number of Catholic ("white") cooperatives in 1922 with millions of members (Vujačić and Aradarenko, 2015), by 1929, these were all but destroyed, "though new fascist cooperatives" were created (Beals, 1929: 499).

After the defeat of fascism in Italy in 1943, the realization that cooperatives played a strong part as countervailing institutions meant that the postwar Italian government recognized the cooperatives' role in the antifascist resistance (Earle, 1986).

Figure 4. Deviation entailed by Mussolini's rise to power in Italy, which initiated a reactive process



P: Social, economic & political pressure
F: Fascists harnessing frustration for support
M: March on Rome
R: Resistance and antifascism
W: Mussolini's weakening of cooperatives
A: Postwar recognition of cooperatives via constitution

Source: author's own elaboration.

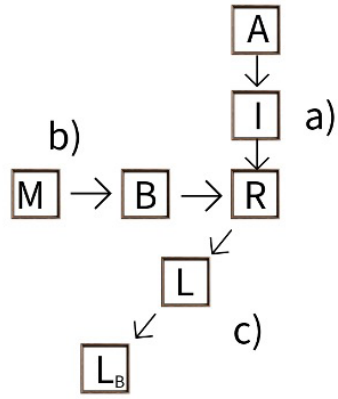
4.3. Second pre-formation: 1943-1978

The third period, represented by Figure 5, is shaped by an increasing importance of the cooperative development model in Italian policy. This is such that even a major political crisis in a later period seemingly did not significantly impair the further position of cooperatives in the Italian economy (Ammirato, 2018). Therefore, the period is marked by a significant self-reinforcing process stemming from cooperatives' privileged position (Figure 5a), placing cooperatives at the center of the reconstruction and development of the Italian economy after the war as a result of the restitution after the end of fascism in Italy, evidenced for instance by the insertion of cooperatives into the post-war Italian constitution (Cracogna, Fici and Henry, 2013). At the same time, a distinct

process resulting from Italy's rapid modernization impacted the country's social service provision, particularly the mental health system, straining its asylums and providing fertile ground for the global anti- and critical psychiatry movements in Italy (Figure 5b).

These two processes conjoin at a critical juncture (Figure 5c), marked by significant discontinuities and in particular the threat of a referendum to close Italy's asylums, which presented an impetus for a set of reactive sequences. Constraining these events, the inertia of the cooperative's presence in public policy influenced the resolution of the ensuing crisis. Thus, the reactive period only served to reinforce the formation of a cooperative development policy. I outline these processes and junctures below.

Figure 5. A figure representing two contingent paths, (a) representing the role of Italian cooperatives in post-Second World War reconstruction and (b) representing efforts to reform mental health that coalesce at a reactive process impelled via a threat of a referendum to close Italy's asylums (c)



M: Efforts to reform mental health
B: Development of a "Basaglian" canon in Gorizia and Trieste
A: Article 45
I: Importance of cooperatives in rebuilding Italy
R: Threat of referendum on closing asylums
L: "Legislative innovation"
LB: Legge Basaglia

Source: author's own elaboration.

4.3.1. Influence of legal institutions

The Italian postwar legal structure was greatly responsible for the promotion of cooperatives. After the Second World War, laws like the Legge Basevi (1947) made the state directly responsible for the promotion of cooperatives and public policy was designed to undo much of the damage the fascist regime had done to the independence and vitality of the cooperative sector, including cooperative banks (Colajanni, 1995; Conti and La Francesca, 2000). In fact, the existence of cooperatives is enshrined into law via Article 45 of the Italian constitution, which establishes their socially beneficent role:

> "The Republic recognizes the social function of co-operation of a mutually supportive, non-speculative nature. The law promotes and encourages co-operation through appropriate means and ensures its character and purposes through appropriate checks."

This vaunted position placed Italian cooperatives, including credit cooperatives (Leonardi, 2012), in a central position in reconstructing the war-torn Italian economy. In post-war Italy, the beneficent treatment of the cooperative sector that was initiated in the pre-fascist era continued[5].

4.3.2. Mental health reform and new forms of agency

Connecting "a disparate but international political movement that aimed to reposition (in a radical way) psychiatric theory *and* practice" (Foot, 2015: 37) with particular experiences of resistance against Italian fascism, individuals like Franco Basaglia and Antonio Slavich observed the changes Italian society was undergoing after the Second World War:

> "A 'great transformation' was taking place. Italy, in 1961, was in the middle of an unprecedented boom: the so-called economic miracle. After thousands of years, rural economies and cultures began to disappear almost overnight. Peasants flooded to the cities, and factories sprung up everywhere. This rush to modernity inevitably affected Italy's outdated and static institutions, including the antiquated asylum system" (Foot, 2015: 7).

Italy's psychiatric care system was one of the main backgrounds reflecting this transformation. For example, in 1968, "a new Italian law […] introduced voluntary treatment for [mental hospital] patients" (Bennett, 1985: 71-72). In this context of change and transformation, in which asylum directors had "full authority in the internal health policy of the institution" (Foot, 2015: 20), Basaglia introduced a strong informal logic into psychiatric care, intending to "place the diagnosis in brackets" and undermine the traditional doctor-patient hierarchy. This process, which began in the psychiatric asylum of the peripheral city of Gorizia and which continued in Trieste, resulted in *The Negated Institution,* which defined a "Basaglian canon" (Mezzina, 2016).

In the language of contemporary microeconomics and organizational science, Basaglia and his colleagues moved away from an approach of adverse selection and introduced a direct communicative, or *relational*, approach that defies the neoclassical organizational model (Wieland, 2018; Biggiero et al, 2022).

For example, in Trieste, "a workers' cooperative was established and employed former patients on a paid contractual-work basis", while "many elderly, disabled, long-stay patients" who were unable to return to the community "were given the status of 'guests'", which enabled them to receive

[5] For example, "[w]orker cooperatives were exempted from taxes if labor costs exceeded 60% of total costs, and from competitive bidding on small public works contracts" (Dow, 2003: 69). In addition to these advantages, strict regulations determined what could be done with profits and dictated membership growth policies (Ammirato, 2018). For an overview of the continuing relevance and strength of the Italian cooperative sector, see Ammirato (2018).

social benefits (Bennett, 1985: 74-75). At the same time, former wards were converted to house these individuals (Bennet, 1985).

The inertia for a reform of the asylum system also came from outside the psychiatric community. This includes the Radical Party's activities in pressuring the legislature to take action to reform the decrepit system. The Party's referendum initiative put reactive pressure on parliamentary institutions to act (Scheper-Hughes and Lowell, 1986), causing "normal procedures [to be] bypassed" (Foot, 2015: 372).

The result of this complex pressure was Law 180/1978, otherwise known as the "Basaglia Law". This law, to date the first in the world to completely close mental asylums, still required numerous elements: a legal form, general social consensus and, particularly, experiences in community-based mental health and social services[6].

These would emerge from cities like Trieste, where innovative forms of care were initiated that were based on combining care with emancipatory forms of entrepreneurialism. The cooperative Lavoratori Uniti, initiated in 1972 and formally registered in 1974, is an example. Initially tasked with cleaning the hospital and wards, it soon expanded its operations to cleaning local schools. It was unsubsidized, meaning its operations were autonomous and its members needed to meet or exceed costs. In 1978, the cooperative had 90 members, 23 of whom were "normal employees", that is, neither former nor current recipients of mental health services (Bennett, 1985: 85).

4.4. Formation: 1978-1991

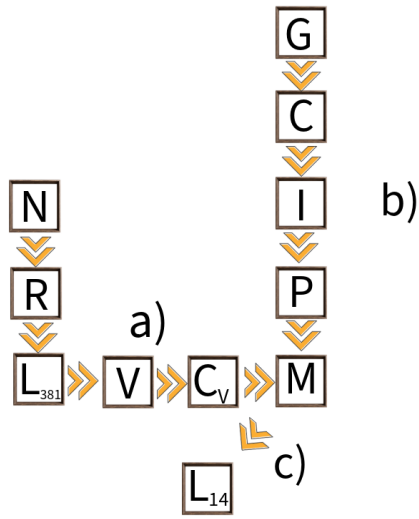
The fourth phase, depicted in Figure 6, consists of a number of contingencies that have challenged the cooperative movement's traditional self-perception and at the same time "infected" the traditional single stakeholder cooperative form with a bottom-up model of community development that arose relatively autonomously from particular local needs. Nevertheless, the prior consensus around the cooperative form as a development tool in Italy created a situation where new models emerged within the domain of the cooperative form in the guise of the *social,* and later *community, cooperatives*.

In particular, this period is also marked by two relatively autonomous processes, the first of which (Figure 6a) follows the effects of the external economic pressures on various levels, in particular through a process frequently labeled "neoliberalism". In Italy, this process was channeled via the cooperative movement and led to mutations in the model of the self-organized service cooperative.

[6] Indeed, one of the problems that emerged after the law's passage was the uneven enforcement: "A two-track system was developed. Islands of excellence existed in parallel with places where little or nothing had changed. The future, the present and the past were all visible inside Italy's mental health system" (Foot, 2015: 374). Scheper-Hughes and Lovell (1986: 171ff) speak of situations in the south of Italy where "deliberate misapplication of the law resulted in a form of 'dumping' that Italians call 'wild discharges'—i.e, patients literally bused off hospital grounds without any discharge plans or material or social resources. As a result, homelessness seems to have increased in several cities".

At the same time, a second process (Figure 6b) was initiated by a government crisis in 1991 that led to the dissolution of all dominant political parties and ushered in a period or introspection within the cooperative movement. These two processes converged via the critical juncture of the rise of the community cooperative form (Figure 6c).

Figure 6. A graphic representing two contingent paths: (a) which represents the "mutation" of the social cooperative form and (b) representing the results of a government crisis. These both meet at (c), representing a new form of community development organized via the community cooperative form



N: Globalization and international pressure
R: Ruling 396 of Constitutional Court
L381: Legge 381
V: Valle dei Cavalieri
G: Government crisis
C: Dissolution of CPI
I: Cooperative identity crisis
P: Poletti's vision
M: Melpignano
L14: 2014 Puglian regional law

Source: author's own elaboration.

4.4.1. The creation of social cooperatives

The idea that the Basaglia Law was "the end of one long story" and "the beginning of another" (Foot, 2015: 383) is reflective of the nature of reactive processes: they frequently set in motion "displacement, layering, drifts, and conversion" (Bennison, 2024: 202) and therefore feature discontinuous elements. Likewise, the threat of the referendum and the creation of the Basaglia Law (Figure 5c) did not immediately close Italy's asylum system, since no replacement institution had yet been established.

However, it set in motion a discontinuous process that emerged from acute social and political pressures, which acted in Italy primarily on two levels: the level of regional management of care for people falling outside of the traditional labor market and the national political level via the efforts to organize a referendum to eliminate the asylum system. Through the intersection of these two processes, a decades' long chain of reactive and counter-reactive events was set in place, featuring its own inertial forces.

Institutionally, various cooperatives had been providing such services in places like Perugia and Trieste. This includes the Trieste cooperative Lavoratori Uniti, discussed above, as well as the Perugia cooperative Nuova Dimensione, which began by offering childcare and at-home care for disadvantaged individuals (European Commission, 2020). In many ways, it therefore appears, the legislature was merely sanctioning existing practices (Scalvini, 2001; Cohen and Saraceno, 2002).

The Basaglia Law was followed in 1988 by ruling 396 by the Italian Constitutional Court, which "established the unconstitutionality of the Crispi Law (Law 6972/1890), which provided that welfare activities had to be organised exclusively by public entities". Instead, the court "claimed that support for people in need was the responsibility of all citizens. The Constitutional Court pressed the Parliament to identify adequate legal forms suitable for the management of welfare services" (European Commission, 2020: 23). By the mid-1980s, around 600 cooperatives existed in Italy serving the public interest (Borzaga and Failoni, 1990), "which often transformed themselves into cooperatives as soon as their activity increased in importance and stabilisation became unavoidable" (European Commission, 2020: 23).

Legally speaking, Law 381/1991 created two types of social cooperative: *type A* social cooperatives provide social services, such as mental health services. These services are by their nature restricted to those making use of them (e.g., recipients of mental health counseling, drug treatment, cultural integration courses, etc.). Meanwhile, *type B* social cooperatives focus on carrying out a broad range of activities that is rather unrestricted, however, all or in part for underprivileged demographics like the people with disabilities, elderly, youth, migrants, etc. Therefore, type A social cooperatives restrict the *activity*, while type B cooperatives restrict the *stakeholders* involved (Irecoop, 2016; Fonte and Cucco, 2017; European Commission, 2020).

4.4.2. Italian neoliberalism and "mutation"

Neoliberalism has been described as both an ideology of isolating private power ("dominium") from public accountability ("imperium") (Slobodian, 2018) and as a process which results in a frequent tendency to "limit […] government involvement in the provision of welfare services" (Borzaga, Depedri and Galera, 2015: 209). However, neoliberalism is in many ways also a path-dependent phenomenon, with the nature of developments generally "depending on the previous state of the supply of social services" (Borzaga, Depedri and Galera, 2015: 210). As anthropologist James Ferguson (2010) has observed, this in fact enables a multitude of neoliberalisms to exist simultaneously. However, there are clear limitations to the ability to harness or "occupy" concepts

like neoliberalism. For instance, Bianchi and Vieta (2019: 8) argue that "the quasi-public nature of [social and community cooperative] services is not adequately compensated (if at all) with public investments", meaning such organizations "are forced to rely on market activity or the pursuit of hard-to-come-by grants". Therefore, the funding of public services (high or low) and their form of organization (state, market or self-organized) should be considered separately.

Italy is a country not marked by "an extensive public supply of services", but of "limited supply of social services" and so according to the scheme proposed by Borzaga, Depedri and Galera (2015), it experienced a different form of neoliberalism than, for example, Scandinavian countries. Ferragina and Arrigoni (2021: 1) argue that Italy's neoliberal turn occurred in an iterative process, "hitting first social groups without sufficient power resources to defend their social entitlements and right[s]".

Nevertheless, both the presence of a strong cooperative sector, the lack of a strong presence of other non-profit organizational types and the desire of the Italian cooperative sector to become more actively involved in social enterprise fueled the rapid *de facto* adoption of the social cooperative model (European Commission, 2020).

While the original function of social cooperatives was integration, in particular, of socially marginalized individuals (Borzaga et al., 2014), from the beginning, "mutations" began to appear (Irecoop, 2016). These "mutations" can be connected causally with the effects of "neoliberalism", which brought with it economic, social and political pressures (Fonte and Cucco, 2017). These "mutations" arguably saw an expanded use of the legal form of the social cooperative for purposes beyond work integration of people with mental disabilities or the chronically unemployed. In so doing, these "mutations" both expanded and challenged the traditional understanding of the function of the social cooperative form, much in the sense of a "development" in Tinbergen's evolutionary approach to ethology (Tinbergen, 1963; Warren, 2023a).

One example is Cooperazione Libera Terra, a consortium of social cooperatives with the largest Italian retailer—Coop.Italia—to sell ethically and sustainably sourced produce from land repossessed from criminal organizations. Libera Terra has facilitated a multi-stakeholder approach to reclaiming, recuperating and re-purposing resources formerly controlled by the mafia and simultaneously enabled disadvantaged individuals in marginal communities to increase their autonomy via entrepreneurial activities (Ciasullo and Festa, 2014).

In a similar vein, the phenomenon of the social cooperative was soon applied to integrate additional types of communities beyond the elderly and those with mental disabilities, including geographically marginalized villages in remote areas (Irecoop, 2016). Especially rural regions in Italy have experienced dramatic declines in population in recent decades, and the despair that followed the financial collapse revealed to many the need to find new models of collective agency and of local development (Irecoop, 2016). The first of these to arise was arguably the Valle dei Cavalieri in rural Emilia Romagna in Northern Italy.

Valle dei Cavalieri originated as an attempt to revitalize a disconnected rural community (Succiso) that had been affected by environmental disaster and a decline in population (Irecoop, 2016). It began formally in 1991, when residents attempted to stem the demographic decline

by creating a legal entity to carry out the revitalization effort. It was initiated as a type B social cooperative, but differed from most social cooperatives in that it basically involved a large part of the community of Succiso[7].

The model of rural regeneration that emerged from this first mutation saw the founding of an association of "authentic villages" (Stomeo, 2012). Initiated as the Associazione Nazionale dei Comuni Virtuosi, it has been joined today by the Borghi Autentici. These grassroots networks of rural townships promote local sustainable development and regeneration—including renewable energy, protecting groundwater resources, improving waste collection services, etc.—among many rural Italian communities facing demographic decline and lacking either strong state or market support (Stomeo, 2012; Irecoop, 2016).

4.4.3. Political crisis and reflection

Simultaneously, a government crisis without precedent impelled a set of reactive events that led, among others, to the dissolution of the Italian Communist Party (PCI) (Liguori, 2009). The crisis was promulgated by the revelation of corruption between local governments, established parties and revealed "a system that had long since been shaken to its foundations" (Bonfreschi and Corduwener, 2023: 154). Thus, a critical juncture arrived that "heralded the delayed Italian neoliberal turn […] characterised by a long-term reform process which start[ed] from the margins and then affect[ed] the entire population" (Ferragina and Arrigoni, 2021: 11-12).

The political crisis reverberated to the cooperative movement (Sechi, 1995; Zamagni and Zamagni, 2010). Particularly Legacoop, which had historically been closely aligned and allied with the PCI, was forced into a period of introspection. This introspection continued for more than a decade, with questions as to the propagation and promotion of the cooperative model in the broader Italian society, especially without historical partners like a strongly aligned political party playing an important role in developing a new strategic orientation for the Italian cooperative sector (Caselli, 2016). At the same time, the influence of the 1980 International Cooperative Alliance (ICA) congress in Moscow pushed the Italian cooperative federations like Legacoop to focus more centrally on community development (Borzaga, Depedri and Galera, 2015), a strategy they have been consistently applying in the interim (Bianchi, 2021b).

Other cooperative federations, like Confcooperative, have developed similar strategies. According to Gonzales (2010: 236), Confcooperative "emphasized community responsibility and participation in the production as well as consumption of welfare". The consortium Città Aperta—a second-order cooperative in Bergamo associated with Confcooperative and founded in 2002—is an example of this strategy. It comprises seven type A social cooperatives (including one community cooperative) and three type B cooperatives providing various

[7] https://valledeicavalieri.it/wp/ [Accessed: 5 December 2024].

services, ranging from education to integration and cleaning services[8]. A member of one of the affiliated cooperatives— Cooperativa Sociale L'impronta, a social cooperative of 350 members—remarked that "with the consortium, we have access to resources that we would otherwise not have, greatly facilitating our work and enabling us to engage in projects we would otherwise not be able to"[9].

Therefore, beyond solving problems, social cooperatives in Italy have created networks that are able to scale and scope resources beyond what an individual cooperative would otherwise be capable of. This ecosystem development recalls the emergence of the community cooperative form in Italy.

4.4.4. The rise of the cooperative di comunità

The two processes outlined above coincided at the critical juncture of the promulgation of a regional law for establishing community cooperatives in Puglia, a region in the extreme south of Italy. This happened in the small remote village of Melpignano, whose then mayor had been elected with a visionary program to re-imagine the role of the community in rural development.

Resulting from the activities of a number of engaged local citizens resisting the local construction of a large photovoltaic (PV) installation by an outside actor, in 2011, a service cooperative was created with 70 members. In order to secure funding for an alternative PV project, Legacoop provided security for a loan. This plan was highly successful and Legacoop used its leverage and resources to help draft and pass the Puglian Regional Law 2014/23, the first law of its kind recognizing and regulating community cooperatives[10].

The distinguishing feature of this type of cooperative is that it does not typically require a specific number of members, but stipulates a percentage of the local populace who should become members by a certain time, usually one year after founding (Warren, 2022). Moreover, community cooperatives typically do not restrict the value they generate to benefit their members, but tend to emphasize general or public value-generation (Sacchetti and Borzaga, 2021; Lund and Novkovic, 2023). This underlines the evolution of the mission of the cooperative form beyond concern for the interests of the immediate membership. In particular, the semi-official 2016 Ministry of Economic Development (MISE) report identifies two distinct "impact" domains beyond the community cooperative's membership, firstly social and secondly ecological regeneration (Irecoop, 2016; Galvao et al., 2019).

[8] Source: meeting with three members of Città Aperta on 16 July 2024.

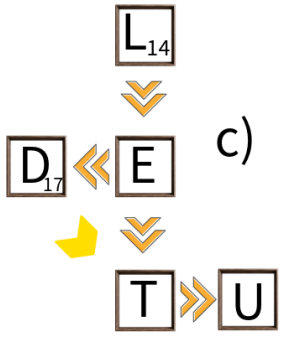
[9] Source: private discussion on 16 July 2024.

[10] Sources: interviews with members of Comunità Cooperativa Melpignano and Legacoop Puglia, September, 2021.

4.5. Diaspora

The fifth and final period is represented by Figure 7. It begins with the contingent event of the creation of the first regional law governing community cooperatives, leading to a process of "social epidemiology" that simultaneously pushed efforts towards a national framework of community cooperative legislation and reinforced a patchwork of regional legal statutes entailing a diversity of types. This process has most recently resulted in the urban uptake of the community cooperative form. These processes are elaborated below.

Figure 7. Representing the "diasporal" development of the community cooperative form



L14: 2014 Puglian regional law
E: Social epidemiology
D17: Failed attempt at a national law
T: Typology of community cooperatives
U: Urban uptake
F: Federation

Source: author's own elaboration.

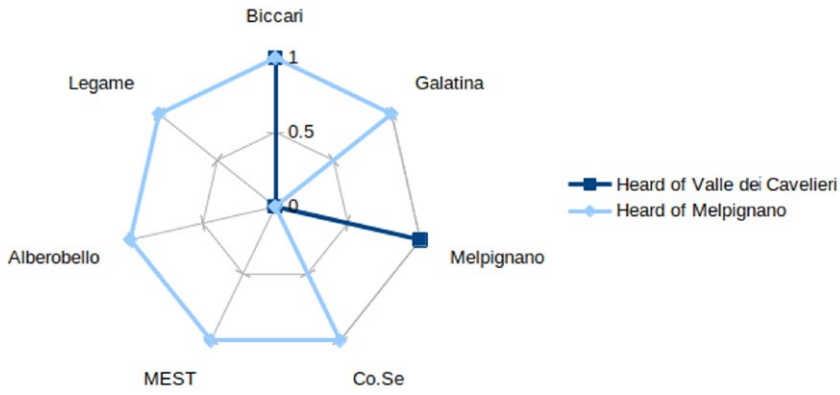
The take-up of "community cooperatives" was initially slow and accelerated after 2014. As mentioned, the idea resonated with then president of Legacoop (2002-2014) and later Italian Minister of Labor (2014-2018), Giuliano Poletti, who was looking to promote cooperative solutions to community revitalization (Stomeo, 2012). In many ways, Legacoop served as a bridge between the affected community and governments[11].

In recent years, community cooperatives have emerged also in urban agglomerations, like Bari (the cooperative MEST) and Genoa (the cooperative Ce.Sto) (Warren, 2022). This has led in many ways to what could justifiably called a "diaspora". Diaspora, a Greek term meaning "to sow over" or "to disperse", has been traditionally applied to ethnic, cultural or linguistic groups that are disbursed over broad distances, occasionally involuntarily (Edwards, 2004). One example of the Italian cooperative diaspora is the slow but steady spread of community cooperatives throughout

[11] Cf. Chapter 10 of Warren (2022). At the same time, in other cases, visionary politicians attempted to adapt Melpignano's strategy of local development. For example, in 2017, the newly elected mayor of Galatone initiated a community cooperative, a vision reflected in his electoral campaign (Warren, 2022: 704).

Italy. In an analysis of Puglian community cooperatives conducted by the author, the general process by which the community cooperative spread was strongly based on word-of-mouth, with two community cooperatives mentioning Valle dei Cavelieri as a direct inspiration and six mentioning Melpignano as a direct inspiration. This is represented by Figure 8, which shows the primary channel of "epidemiology" of the community cooperative form in Puglia. The figure makes clear that the Succisio→Melpignano path is valid for nearly every community cooperative, save for Biccari, whose founding president had heard of both Succisio and Melpignano.

Figure 8. A web depicting the "epidemiological" spread of the community cooperative form among a handful of Puglian community cooperatives



Source: author's own elaboration.

Another way which a "dispersal" of the community cooperative form can be seen is in the plethora of legal forms which it has taken throughout Italy. Beyond Puglia, a number of other regions introduced community cooperative laws after 2014. These tend to fall into several camps: Puglia, discussed above, represents one type of legislation. Similar jurisdictions are characterized by the attempt to clearly define the role and purpose of community cooperatives (Warren, 2022). This differentiation is a particular feature of the Southern Italian community cooperative type. In addition to Puglia, Abruzzo, Basilicata, but also Trentino-Alto Adige[12] have detailed laws distinguishing the function and composition of community cooperatives from other cooperative types.

A second type of legislation is represented by Tuscany[13] and Piemonte[14], which specify the location, composition and purpose of any community cooperative, without necessarily distinguishing

[12] Regional Law n. 1, 31 January 2022.

[13] "Legge Regionale Sulle Cooperative Di Comunità" (Regional Law 67/2019 modifying Regional Law 73/2005).

[14] Cf. Regional Law 100 "Disposizioni in materia di cooperative di comunità".

it strongly from other types of cooperatives in form[15]. The third type of community cooperative legislation, representing regions like Liguria[16] and Sardegna[17] leave the specification of the composition very open, specifying only their function in terms of revitalization of neglected regions. A fourth type incorporates community cooperatives directly into social cooperative legislation. Emilia-Romagna[18] and Lombardy[19] are examples. These two provinces formulate legislation on community cooperatives, "[i]n fact[…] without introducing particular distinctions between social cooperatives and community cooperatives" (Sforzi and Borzaga, 2019: 20)[20].

As of writing, more than a dozen Italian regions "have approved specific regulations in this regard, albeit in different ways, with the risk […] of fragmenting the reference framework and to create a multiplicity of types of community businesses" (Sforzi and Borzaga, 2019: 21). Thus, the result is such that "on the one hand, none of the regulations propose specificities that should characterize community businesses, and, on the other, on the contrary, some of these impose constraints that risk limiting their operations" (Sforzi and Borzaga, 2019: 20). Despite the advantages of a legal patchwork, like giving individual regions more flexibility in attenuating legislation to local needs, it also creates a situation that renders legal and professional services more difficult.

In interviews conducted with stakeholders from 20 different community cooperatives including one consortium of 10 social and community cooperatives[21], a consistent refrain was that the community cooperative form provided compromise and flexibility between the commercial and community-building dimensions. For example, stakeholders from five of the cooperatives interviewed claimed that the community cooperative form provided a benefit over and against the association form. All 20 allow members to switch their types which is in accordance with the statutes regulating both social and community cooperatives and switches have occurred in 16. Moreover, with respect to the primary mission of the respective cooperative, 20 listed social regeneration and an additional 15 listed ecological regeneration. This is reflected in Figure 9.

15 https://coopdicomunita.toscana.it/nuova-legge-regionale-67/2019 [Accessed: 5 December 2024].

16 Regional Law n.14, 7 April 2015.

17 Regional Law n.35, 2 August 2018.

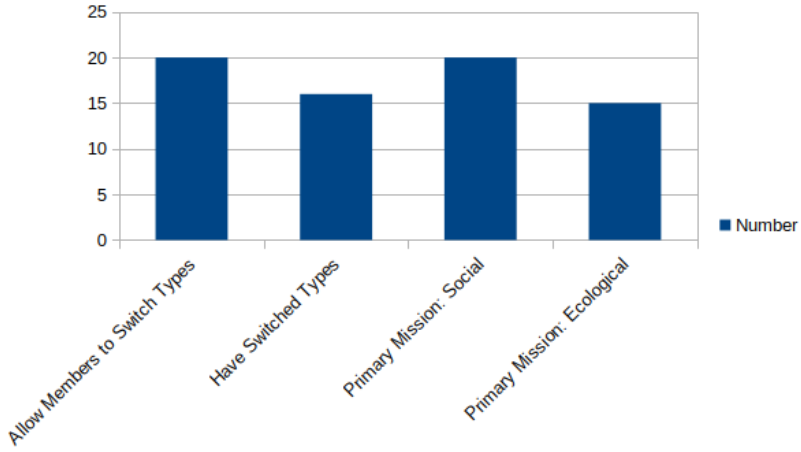
18 Regional Law n.12/2014.

19 Regional Law n. 36/2015.

20 Other regions yet, such as Campania, have had some success harnessing the foundation form to situate similar projects, such as the Centro Ciro Colonna in Ponticelli, near Naples, a community center in a former school focusing mainly on youth integration.

21 The cooperatives interviewed included Open Group, Legame Brindisi, Cooperativa di Comunità di Biccari, Melpignano Cooperativa, eLabora Galatone, Alberobello, MEST Bari, Co.Se, Ce.Sto and Città Aperta, a consortium of 10 social and community cooperatives. Additionally, two interviews were conducted with Trieste psychiatric caregivers.

Figure 9. Number of cooperatives interviewed that enable members to switch types; where such switches have occurred; whose main mission is social in nature; and whose main mission is ecological in nature (non-exclusive)



Source: author's own elaboration.

5. Discussion

A qualitative organizational PDA approach, following Schreyögg, Sydow and Holtmann and Bennison extends institutional ethology and evolution from the Italian context to demonstrate cooperatives can serve the role of an agent for reducing complexity and for navigating political, economic and social change. The potential for MSCs like social and community cooperatives to be generalized as a robust form of polycentric (self) governance of essential services has been investigated. PDA has facilitated an elegant representation of the complex interaction of key institutional and legal moments in the modern history of Italy that contributed to the diaspora of a cooperative development policy that has culminated in a plethora of "micro development laboratories" (Irecoop, 2016: 6). The method can be critiqued for bias or strategic omission, but this can be reduced by carrying out a broad survey of relevant historical (primary and secondary) literature "combined with an awareness of this limitation, mak[ing] this research no weaker or stronger than other soundly conducted research (Bennison, 2024: 207).

If the Italian case points to general lessons with respect to path-dependence, then one hypothesis is that the simultaneous existence of a national macro-framework for agency, in Italy in the form of nationally present cooperative federations, and devolved governance of particular resources or services can promote an indeterminate and *subsidiaric* organization of these resources or services. In order to verify this as a general conclusion, comparative path-dependence analysis of community-based service provision would need to be carried out in similar polities with devolved or regional administration of social services.

Beyond bilateral comparisons, what general lessons does the Italian example provide for other countries or regions wishing to promote local community empowerment in navigating state and market retreat? Certainly, there appear to be several general lessons to be drawn. Firstly, having or electing allies into political office, either at the local, regional or national level appears to be essential. These allies can create positive feedback via legislation or institutional prerogative, like the preferential treatment of cooperatives in Italian municipal contracts during the Giolitti administration. As the fascist break's failure to destroy the cooperative movement demonstrates, such feedback can demonstrate endurance, even in the face of strong adversity.

Secondly, and compared with less resilient ecosystems like the plywood cooperatives of the Pacific Northwest (Pencavel, 2002), establishing federated structures early on can improve synergy and enable a redistribution of resources from stable nodes to areas of a region or country with less robust presence of necessary resources. Such federative structures can similarly promote positive feedback, such as the example of both Legacoop's success in connecting Puglian stakeholders with the regional government and in assisting in drafting the first regional law on community cooperatives.

Thirdly, the article appears to point to what one could refer to as a dialectic between a standardized lock-in process and a less deterministic, open-ended developmental process that has in the above been described as "diaspora". While standardization benefits the creation of ancillary knowledge, such as an integrated university curriculum, as pointed out by Bennison (2024), it also risks foreclosing upon the precise process of mutuation that enabled the unique Italian ecosystem of social and community cooperatives to emerge. On the other hand, diaspora enables the maximum of local independence. However, an ecosystem consisting merely of single examples risks preventing the emergence of ancillary professional knowledge, such as legal and accounting expertise, relegating the emerging phenomenon to the proverbial margins. Therefore, some balance is likely needed between the two opposing forces of this particular dialectic (Ulanowicz, 2009).

The five phases outlined in the prior section clearly demonstrate the importance of a long-term orientation in designing and implementing public policy and in achieving broad consensus among key stakeholders early in transitional eras. Without the advocacy of such a broad swathe of Italian civil society, represented by the "red", "white" and "green" cooperative traditions and the prominent supporters of cooperatives, it is highly unlikely that a formation and development process with a similar outcome (diaspora) would have occurred. Moreover, especially the later developments between the rise of social cooperatives and the extension to the community cooperative demonstrate the centrality of earlier decisions in constraining later public policy.

However, while Bennison's analysis of the case of Australia demonstrates an increasingly deterministic "corporatization" process, the Italian context reveals a robust "cooperativization" process that, while not the inverse of the Australian context, appears to show a more nuanced institutional, legal and organizational environment. This means that in Italy the interaction between key institutional stakeholders and an early adoption of suitable legislation fed back on and promoted cooperative solutions to numerous challenges to the Italian economy and society. As

a consequence, the inclusion of cooperatives in university curricula is more wide-spread in Italy[22].

A key finding of the above analyses is to broaden the understanding of OPDA processes. As opposed to deterministic "lock-in" effects, as outlined by Schreyögg, Sydow and Holtmann (2011), and as reinforced by Bennison (2024), the research underpinning this article evidences non-deterministic *and* open-ended processes. Therefore, while prior applications of OPDA have generally found increasingly deterministic feedback loops, the reviewed sources present the idea of a relatively open evolutionary process where the cooperative form was employed as a problem-solver at various points in Italy's history, the—frequently hyper-local—actors and interests involved promoted a diaspora, rather than a lock-in. The simultaneous resilience, growth and diversity of the Italian cooperative model via MSCs provides a case study of effective multi-level governance embracing values like subsidiarity, self-management and development (Ammirato, 2018).

A second key finding is the presence of intersectional (and indirect) evolutionary processes resulting from the extension of the innovation model to include a fourth and fifth helix (civil society and environment). This has implications, among others, for entrepreneurial theory, by providing an empirical basis for moving beyond the neo-Schumpeterian synthesis exemplified by Mazzucato and Perez, among others (Perez, 2003; Mazzucato, 2013; Lavie, 2023), towards a post-Schumpeterian, community-oriented notion of innovation. In this vein, the noteworthy thing about the rise of examples like Valle dei Cavalieri is that they promote a particularly *self-organized* version of neoliberalism (Ferguson, 2010). Towards this end, Bianchi and Vieta (2020) develop a model embedding self-organizing groups in local territories.

This has implications for microeconomic theory via an evolutionary notion of agency. PDA, and especially its organizational variant, are in a position to help economists "conceiving their theory [of agency] in terms [closer] to the evolutionist's habits of thought" (Veblen, 1898: 376). Therefore, the finding that the primary mission of each of the 20 community and social cooperatives interviewed by the author is social, whereas 15 additionally claimed to have an ecologically oriented primary mission echoes prior evidence. For instance, (Bianchi 2021b: 132) in a study of 29 community cooperatives, finds that, while "reasons vary from case to case […,] the most often cited objective is economical and looks at the development of local economies", whereas "[s]econd is the revitalization of rural and mountain areas".

This evolutionary aspect additionally has implications for organizational theory, via an indeterminate, relational and emancipatory type of stakeholder management. The perspective advocated for here suggests that innovations like Libera Terra—a consortium of social cooperatives and a national supermarket chain discussed above—can harness public and citizen initiative to serve both public (expropriating illicit criminal organizations) and private (creating jobs in regions under-served by the traditional labor and capital markets) missions.

[22] For instance, Cian (2017: 72ff.) and Garavaglia and Lattanzi (2010) reveal a general interest in the Italian commercial law curriculum and the case of cooperatives' presence in "co-programmazione" and "co-progettazione" curricula moreover present a picture of practical inclusion of cooperatives in some entrepreneurial programs (Sacchetti and Ianes, 2023).

The semi-official MISE report observed the failure of a "top-down" approach to creating a network of community cooperatives in Sardinia "is due to the idea that the creation of community cooperatives cannot be stimulated from above. It is not possible to found a cooperative, a business, by having people meet for the first time. Since this is an undertaking that involves risk, people must be close-knit, at least as far as the group is concerned" (Irecoop, 2016: 227). Meanwhile, (Galera, Giannetto and Noya, 2018: 32) argue that "bottom-up mobilisation through the engagement of volunteers or the community at large is an—if not the most important—factor explaining the innovative reach of non-state actors" in integrating asylum seekers[23].

A third key finding is that social reforms often occur first in the periphery and then percolate via word-of-mouth, before coalescing around a general model that is then frequently taken up in the center. The cooperative banks are an example of this, with peripheral regions like Trentino Alto-Adige offering an early rise in rural banks, before the tide of *banche popalari*. Successful worker cooperatives like Nullo Baldini's were often created in peripheral areas to engage in public works, while the concepts and approaches behind social cooperatives emerged in part in mental institutions literally on the edge of the periphery (Gorizia, Trieste). The community cooperative form also emerged largely in peripheral regions and has recently spread to urban areas.

At the same time, its variations across Italian regions and even within regions in terms of mission, purpose and vision demonstrate a shift in the logic of the cooperative enterprise away from "internal" models associated with single-stakeholder types and towards a co-activational model of cooperativism bridging the divide between economy, municipal governance and civil society within a functionally enlarged ecosystem and promoting the common good by providing public goods and often promoting so-called "commoning practices" between these diverse stakeholders (Bollier, 2020; González-Martinez et al., 2021; Sacchetti and Borzaga, 2021).

Lastly, it must be stated that the community cooperative form is still relatively marginal. While there are thousands of social cooperatives throughout Italy, there are roughly 190 *cooperative di comunità* present there[24]. However, the model's spread to urban centers like Bari (e.g., MEST), Bergamo (e.g., Città Aperta) and Genoa (e.g., Ce.Sto), and its adoption in other jurisdictions like Germany and the UK, where local communities have self-organized around maintaining bars, bakeries, post offices and

[23] However, it should be stated that quadruple and quintuple helix models generally incorporate the public sector as an active agent. Therefore, the reverse side of the coin of Italy's model of self-organized neoliberalism is the risk of further state retrenchment and a "vicious cycle" that ultimately locks in a solely *ad hoc* social, welfare and economic policy, especially in peripheral regions (Bianchi and Vieta, 2019). This danger, of paradoxically accelerating regional inequalities, should be considered in assessing the viability of the social and community cooperative model generally. In particular, the dangers of a "two-track system" expressed above in section 4.3.2 (footnote 6) should serve as a warning to policymakers and others to ensure minimum standards are met, even in otherwise self-organized systems of, for example, social care provision. This can only be ensured via suitable monitoring. It should be noted at this point that "suitable monitoring" does not necessarily imply this must be state-led. Warren, et al. (under contract) will emphasize how Austria's *Prüfverbände* (auditing associations) serve as both resource and challenge to suitable self-regulation of the cooperative sector.

[24] https://coopcomunita.aiccon.it/ [Accessed: 5 December 2024].

other community resources, point to its growing relevance in a diversity of settings (Lang and Roessl, 2011; Moldenhauer, 2021; Warren, 2022; Blome-Drees and Thimm, 2024).

6. Conclusion

The analysis of path-dependent processes has here been employed in an attempt to represent key processes and ensembles thereof in their interactions towards privileging certain social practices via experience, institutional consensus, legal frameworks and via a reflexive and open-ended processes of dialogue between civil society, economic actors and government.

One lesson to be drawn from the above discussion is that cooperatives have long been accepted in the Italian collective conscience as problem-solvers. The repeated promotion of cooperatives at various transitional stages, from industrialization and urbanization to reconstruction and the navigation of globalization, the transition to a service economy and (rural) demographic decline reinforces the idea that, as the nature of problems changes, the problem-solving capacity of cooperatives similarly adapts. In the form of an epithet: as the world becomes more complex, cooperatives, too, become more complex!

While Bennison's and Bengtsson's analyses of the Australian and Swedish cases argued that numerous factors coalesced via feedback to either prevent the emergence of a strong cooperative federalism (Australia) or to "self destruct" an existing ecosystem (Sweden), the above analysis of historical and ongoing processes in the Italian context sought to reveal an alternative path of social and economic development. Other stakeholders, from public policy officers to politicians and educators should take note of the key features of the Italian context: broad social consensus around the cooperative form, a considerable body of legal practice privileging cooperative development, strong federations and an active process of dialogue between cooperatives, their allies and representatives and regional and national governments in crafting suitable and effective policies (Jensen, Patmore and Tortia, 2015). A broad understanding of the genesis and evolution of the Italian model of "bottom-up", self-organized development via the cooperative form can provide stimulation for concrete steps for promoting similar policies of self-management and relational governance of (public) value generation in other jurisdictions in the face of a global transition in the dual domains of climate change and digitalization.

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