

Cooperatives, labour processes and the mobilization of the precarious – from injustice to strategic positioning in a “global world”?

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ABSTRACT

Cooperatives are often seen as an effective and participative way of mobilizing workers, especially in times of crisis. In recent years many organisations have advocated cooperatives as mechanisms of voice, security and social justice, not just within a specific production setting but also, within Global Value Chains (GVCs) (FBB 2004; Utting 2015). What is not clear is whether such labour process contexts generate the conditions (re: Kelly 1998; Atzeni 2009) of injustice necessary to cement and retain effective mobilization and representation?

The specific questions we turn to in this paper are - to what degree does mobilization (into cooperatives) have to be driven by a sense of injustice? That is, what form(s) might this sense of injustice need to take? Secondly, what role do external actors (e.g. agencies of assistance; buyers; suppliers) or structural “imperatives” (e.g. organizational form) play in the ongoing (cooperative) development process without compromising initial principles of representation? This paper uses two different examples of cooperatives to reflect on what might drive and what might maintain worker cooperatives. The first example is an older cooperative project (Nova Amafrutas – NAF) for the supply of fruit from the Brazilian Amazon (Pegler, 2009), the form it took and challenges it faced in developing and maintaining structures and worker commitment for a new enterprise (but one tied to global production). The second is the VIOME workers mobilization in Greece and the challenges workers faced to reestablish hands-on management and organizational commitment to a family run national firm/cluster (Philkeram) within the context of sector uncertainty (Chourdakis 2015, unpublished).

The cases allow us to contrast two situations of injustice, former mismanagement and sector uncertainty. At Viome the trigger point comes from existing workers, poor work processes and a workforce (plus their leaders) who felt “they” could do better at their plant than was being done by the faltering parent company (Philkeram). In the case of Nova Amafrutas, the injustice was previous mismanagement but also poverty, partly due to the uncertainties of demand from a more distant buying public (of fruit). Yet it was more the leaders and “helpers” of the workforce who saw the need for a new form of organization.

Once established, however, both cooperatives faced internal and external challenges. For example, how to establish work, reward and incentive systems? Secondly, how to decide on

suppliers (i.e. do they have to be cooperatives?) but also basic production questions (i.e. what volume, quality and flow of production).

In terms of our overarching objective, how important is the initial drive for a cooperative (e.g. the nature of injustice, leadership and degree of solidarity) to the continuation of its fundamental principles of participation and equity, this is an important axis of analytical comparison but also of great practical and policy relevance. This paper's discussion confirms our hypothesis that space and context complicate the drive for worker driven cooperatives in GVC contexts. Yet the prospect of injustice driven "reasons for solidarity" may still exist. Secondly, even in situations where conditions favour injustice driven solidarity (e.g. Viome), conflicts over fundamental labour processes and class dynamics will still abound.

1.0 INTRODUCTION

The globalisation process, especially via global value chains (GVCs), seems to have accentuated the difficulties involved in the process of worker representation. This has been well discussed in the academic and "grey" literature, as a process (Utting 2015; Bronfenbrenner 2007) and in terms of civic society challenges and options (Beikhart, Harcourt and Knorringa (eds) 2015).

Developing networks of information, transparency and confidence across GVCs strains physical, logistical and monetary capacities of those involved in promoting better outcomes for workers and communities. These difficulties compound existing representational dynamics involved for those "on the ground" but often have to be attempted as decision making affecting agents at source is frequently dissipated across chains and/or is based a long way from where production takes place. Developing an effective model of interest representation is especially pronounced in the case of buyer driven chains. In these cases, chain governance – i.e. information flows, the assignment of responsibilities and the exercise of power – is more ambiguous and amorphous.

Yet it is exactly these types of situations in which many policy makers, activists and academics are still keen and optimistic to promote better (i.e. some definition of fair, just, decent, socially sustainable) conditions for those many working at early parts of chains (FBB ; Utting 2015). Moreover, many advocates and agencies continue to assert the potential to represent via the formation of cooperatives and networks involving such an enterprise form.

This paper is informed by the literature which underlines the difficulties involved in the social upgrading of workers at the beginning of GVCs (especially buyer driven, agricultural ones), in particular in their effective representation (Barrientos et al 2011; Pegler 2015). Adding the specific difficulties of cooperatives (in themselves and at an inter-organisational level) is another challenge that must be considered. Yet our exploration of the potential for mobilization is also based on a belief that there are factors which may help promote and maintain cooperatives as an effective representational form in a chain context.

Mobilization, and the consideration of injustice as a driving force, form the fundamental base of this inquiry into the robustness of representational/participative processes. Our cases are, however, limited to the consideration of cooperatives, their a) formation and b) continuation in relation to the validity and form that injustice (and related factors) may take. In order to examine the variety of internal/local and external/chain related factors which may promote or hinder the sociological basis (e.g. injustice) for (continued) mobilization, we deliberately compare cooperatives in very different situations.

The case of VIOME is a local manufacturing firm (part of a regional cluster/chain) faced with employer driven (family firm asset reallocation) and context driven (Greek crisis) difficulties. A majority of workers took it upon themselves to establish a firm based and more equitable model of organisation due to perceived injustices. The earlier, NOVA AMAFRUTAS (NAF) fruit processing cooperative was no less based on actual injustices, both (long term) poverty based but also in terms of a lack of rights, voice and entitlements. Yet it was partly the result of the efforts of external agents, allied to existing factory workers and local actors, that this sense of injustice was taken to both a local (cooperative) organisational level and to a global chain negotiation plateau (on their behalf) with their main buyer and chain coordinator.

These similarities and differences also take on an interesting form when looked at on a day to day organisational level as both these enterprises evolved. Despite the different backgrounds to the establishment of these two cooperatives, many of their subsequent dilemmas and decisions suggest that injustice either changes in form or becomes less relevant as they face new capitalist/ market driven imperatives.

The paper makes this comparison of the driving forces for mobilization in these two cooperatives using the following structure. Section 2.0 provides a conceptual summary of the main arguments used in the literature concerning the antecedents needed for mobilization, as is later applied to these two cooperative cases. Sections 3.0 and 4.0, respectively, compare the cases for a) what drove the formation of each enterprise as opposed to b) what challenged the enterprises further development as a cooperative. The issue here being – after formation, was the cooperative still able to retain the worker based participative form many had hoped for and what factors helped or hindered this process? Section 5.0 brings together the implications and Section 6.0 concludes the paper.

2.0 MOBILISATION & INJUSTICE : THEORETICAL CONSTRUCTS

2.1 Introduction to the theoretical framework

Labour participation at the early parts of GVCs attracts a great attention from scholars and activists, and it will grow further, as long as buyer-driven chains and precarious labour from the global south meet. Thus, it becomes important to theoretically situate why and how workers become a mobilised group. Could the preconditions after the mobilization, that had previously empowered labour cohesion, “weaken” in the future?

Kelly (1998) who strengthened the analysis of collective action in industrial relations, would argue that a mobilization process would occur based on dissatisfactions which workers are individually experiencing and that under the presence of committed leadership and other preconditions would collectively be realized by workers as injustice. Thus, according to Kelly's mobilization theory, 'injustice' is thought to be the mechanism that workers use to fight for their interests; similar to how profitability is used by employers to drive their decisions.

For Atzeni (2010), on the other hand, exploitation is seen as surplus value extraction and not injustice; rooted in capital-labour conflicts and not in dissatisfactions. The author does not reject the existence of injustices, yet he challenges the centrality of them in mobilization theory. Although he recognizes that the injustice-driven mobilization theory of Kelly's is useful for a micro-dynamic analysis of the workplace, he introduces the concept of solidarity as central for mobilization, and unlike Kelly, argues that solidarity does not build on the preconditions, rather the contrary. Solidarity is not a function that occurs, but an organic element of work that exists due to production's nature, one that requires cooperation and collectivity by workers. He also recognizes that solidarity may appear as "not-activated" in some cases, but during conflicts it quickly builds workers cohesion, without the need for Kelly's preconditions. This perspective allows Atzeni to support his argument that cooperative formation which replaces previous capitalist firms, could now be better understood as spontaneous mobilizations of (un-unionized) workers.

These perspectives guide this paper's attempt to understand what triggers and what maintains mobilization in cooperatives; either in terms of injustice or solidarity. The first section discusses Kelly's mobilization theory and Atzeni's redefinition of its preconditions, then moving to some broader critiques of the cooperative production model.

2.2 Mobilization Theory

2.2.1 Dissatisfaction, Injustice, and Collective Action

Kelly (1998), influenced by Tilly's (1978) attempt to conceptualise collective action, considers it as an ensemble of individual experiences and concerns. Another point of Kelly's is that employers are mainly concerned about profitability, while workers do not have a main mechanism to fight in favour of their interests. (1998: 4)

Thus, when Kelly (1998) makes use of Tilly's theory of collective action, he attempts to understand the dynamics of workers' mobilization by bringing collective action more into industrial relations. To do this, he explores the move from dissatisfaction to injustice, and then from injustice to collective interest. According to him, dissatisfaction cannot necessarily explain collective action. What he believes explains it is a sense of injustice. He thus describes this experience as a situation where an action is perceived as "wrong or illegitimate" (1998: 27).

Preconditions of Tilly's theory of collective action that Kelly also accepts are the "definition of interests, the degree of organization, and the costs and benefits of taking action" (Kelly, 1998: 33). Mobilization theory reconsiders these by assuming that individual workers calculate costs and benefits when considering collective action as a possibility. In an elaborated form, Tilly's theory calculates the balance between "interests, organization, mobilization, opportunity and the different forms of action" (Kelly 1998: 25), with the concept of interests being its core. Accordingly, interests come to be defined by workers, individually and then collectively. The idea of organization reflects the minimum structure that a group of workers might need to mobilize. The concept of opportunity, on the other hand, contains three aspects, "the balance of power between the parties, the costs of repression by the ruling group, and the opportunities available for subordinate groups to pursue their claims" (Kelly 1998: 25).

Kelly's mobilization theory elaborates on collective action within industrial relations, and argues that injustice collectivizes or makes labour coherent but that this transformation depends under three preconditions: attribution, social identification, and leadership (when looking internally), and long waves (when examining the external context).

2.2.2 The cohesion of a mobilized group of workers: Attribution, Social Identification and Leadership

From what we have seen so far, according to mobilization theory, a group of workers is almost thought of as one subject, the "mobilized group". Of course, Kelly recognizes that workers realize dissatisfactions individually as a first step, but what remains unclear is whether the cohesion of workers is important not only for the process but also for the outcomes of the mobilization. First, he states that attribution "is an explanation for an event or action in terms of reasons, causes, or both", but he also notes that whether an attribution is true or false is not given. (Kelly, 1998: 30)

Moreover, he refers to Hewstone's (1989) classification of attribution as "personal (or internal) vs external (situational)" to explain that "for example, if a union negotiating team signs an unsatisfactory agreement with the employer some team members may blame themselves for using poor negotiating arguments whilst others may prefer external attributions, such as the company's poor market position or the lack of militancy of the union's members. Each type of attribution has very different consequences for future behaviour, and could lead, respectively, to better preparation, fatalism or the mobilization of members." (1998: 30) Thus, in the case where mobilization takes the form of a new organization (such as the one of this paper) we need to examine the presence of such attributions influencing the cohesion of the mobilized.

Another ingredient for cohesion is the social identification of workers. Kelly borrows this concept from social identity theory to explain that both individualism and collectivism of workers is built on the situational context. The author argues that social identification is different from personal identification and thus may be a concept which supports cohesion. However, he refers to an interesting reading of Brown (1978) to explain that social identification defines the social categories we belong to and that "Evaluations of these categories derive from social comparisons with members of other groups (outgroups) along

dimensions normally favouring one's group, e.g. skilled workers differentiate themselves from semi-skilled workers by reference to their qualifications" (Kelly, 1998: 31)

What the author believes follows from this is that "individuals with a strong sense of social identity, when 'switched on' during a mobilization campaign, may think in terms of *group* interests and *group* gains and losses" (italics by author) (1998: 34), considering in this sense 'leadership' as a catalytic factor in the triggering of mobilization.

2.3 The centrality of Solidarity to Atzeni's mobilization: The "cooperative nature" of workers in the production process

Atzeni's (2009) contribution to mobilization theory offers a chance to use Kelly's mobilization theory to analyze 'non-traditional' workers' mobilization, such as the establishment of cooperatives to replace firms. In terms of ideas about how each such enterprise is driven, Blyton and Turnbull (1994) argued that in capitalist organizations "the creation of an economic surplus, the co-existence of conflict and cooperation, the indeterminate nature of the exchange relationship, and the asymmetry of power" are some of the matters labor faces in industrial relations. At a micro-dynamic level Atzeni also adds that "the exercise of managerial control, depending as it does on profitability rather than on humanity, might in itself be perceived as authoritarian and coercive, and thus be a potential source of conflict." (Atzeni, 2010: 4). Thus both authors point to structural injustices that are embedded in the capitalist organization of production. However, the question this raises in terms of a change from firm to cooperative is - should we (how far should we) expect a cooperative to replace these features, to clearly and quickly eliminate this kind of governance after the transformation? Do cooperatives phase out injustices?

Atzeni's contribution is valuable in this matter as he introduces the characteristic of solidarity which potentially could be seen as an ingredient of unity and cohesion within the mobilized group. However, he notes that "(...) the problem is not to deny the existence of injustice (...) but to understand that [injustice] reinforces the idea that collective action is all about contesting rights, not power and class relations." (2010: 19)

On the other hand, Atzeni (2010) effectively makes a distinction between the two periods, through the concepts of not-activated and activated solidarity. In this sense, Atzeni's contribution to mobilization theory is crucial as he attempts to re-consider and re-examine the core of the theory, drawing from cases where workers are carrying out radical mobilizations by occupying plants and self-organizing production. In any case, he reminds us that solidarity is not just a process but also not just a superficial theoretical concept. His argument is well-grounded. He situates solidarity as a situation that is embedded in worker's own definition. In that process, divided labour cooperates to produce in spite of the contradictions of capital - one that tends to exploit it. He then explains that this could be considered contradictory since labour cooperates to reproduce the capital that exploits it, and he tracks the activation of solidarity to this exact moment:

"When the impelling need of capitalists for profitability breaks even the illusion of an equal exchange relation, exploitation is revealed. Changes in workers everyday working conditions (longer hours, harder work or greater danger), despotic managerial control (less movement of

freedom, tighter definition of tasks or separation of workers), reduction of wages and redundancies are some of the forms in which this exploitation is represented.” (Atzeni, 2010: 24)

Thus exploitation no longer means just capital-labour conflict over financial issues such as wages, but under what conditions labour cooperates to reproduce its value. In response to that, he introduces the twofold meaning of solidarity to explain the objective basis of mobilization. First, the not-yet-activated solidarity that derives from “the simple fact that labour is a collective activity” as the “fertile soil” (Atzeni, 2010: 28) and secondly, the solidarity that comes to grow on that fertile soil and leads to a mobilization.

In summary, Atzeni suggests that we should “think of solidarity as a concept that can be perceived as a dynamic process and should be analyzed in progress” (2010: 29). Yet, there are various authors that argue, in contrast, that certain conditions of cooperatives will act against this dynamic happening for them, as is noted below.

2.4 Critiques of the Cooperative Production Model

Ben-Ner argues that it is very likely the members of a cooperative will be less productive than wage labour (1984: 251). Part of his justification relies on arguments like the lack of discipline and motivation because of the monitor’s absence and of excessive egalitarianism between workers. (1984: 248) But, if workers are really perceiving monitoring as “authoritarian and coercive” (as Atzeni notes) because of a capitalist firm’s aim to reproduce capital as quickly as possible to achieve high profitability, then shouldn’t we expect a counter strategy from cooperatives?

In other words, if workers are mobilizing against authoritarian management which is the outcome of intensive production, wouldn’t they be likely to follow a slower growth plan? If not, do they just risk bringing up injustices that are rooted in intensive production organization? Thus, perhaps we should not evaluate cooperatives using capitalist criteria such as profitability/productivity. Maybe these criteria reproduce injustices and workers should introduce a different production culture. But how else might they survive capitalist markets?

The question thus is, are cooperatives really able to provide a different model of organisation? If the structural characteristics of firms are reproducing “injustices”, then what about cooperatives themselves? Do they generate or at least still experience “injustices”?

In this regard, Ben-Ner makes two interesting points about cooperatives’ evolution over time. First, “the better the business of the producer cooperative the more numerous becomes the group of hired wage labourers” (1984: 249) and that, “over the long run, the proportion of members decreases and the organization is transformed gradually into a capitalist firm” (1984: 248). Similarly, Vieta states that many cooperatives in Argentina are concerned that if the number of new members is larger than the founders, this might change the focus and ethos of the organization and turn it into a capitalist firm. They will start hiring labour rather than introducing new members. Thus, Vieta concludes “ironically, these institutions tend to reproduce the very exploitative and alienating capitalist practices that led to the labor instability protagonists were contesting in the first place” (2010: 305).

3.0 INJUSTICE AS A LEVER TO FORM A COOPERATIVE – INTERESTS AND AGENDAS IN FORMATION

3.1 Introduction

The case studies of this paper support the idea that mobilization theory should be flexible enough to apply in cases of both unemployed/underemployed labour (e.g. NAF) in need of representation as well as situations where people working under precarious conditions (e.g. VIOME) also choose to form alternative enterprises such as cooperatives. While Kelly puts primary focus on the emergence of injustices in the formal workplace and the genesis of collective action, Atzeni contributed by questioning the theory's inability to explain, for example, informal workers' mobilization.

Another interesting intersection of the two cases of this paper relates to the operating objectives and starting position of the two fledgling cooperatives. For example, at the VIOME cooperative workers began the cooperative knowing that they would probably earn less than they previously did as hired labour. In the case of NAF, from the beginning the scheme's intention was to have an inclusive solution with workers and farmers increasing their wages and *voice*.

In this regard, Harvey (2015) warns that there is a tendency to "privilege the labour market and workplace as twin central domains of class struggle" (2015: 67). Keeping this in mind, the present paper searches for injustice as a lever to form cooperatives both in and out of the workplace. For instance, the coalition of interests pushing for the formation of NAF were driven by the complex injustices affecting the rural poor involved in passionfruit and other fruits production in the Amazonian region. In contrast, a sense of injustice could be seen to be more explicit and workplace-based in the case of the formation of VIOME.

The actual interest base, the values and how an initial agenda came to be formed for NAF and VIOME are discussed below. In terms of the theoretical departure points concerning injustice noted earlier, the questions this discussion raises are a) whether this reflected "sufficient dissatisfaction" to provide a foundation based on solidarity and b) why/why not.

3.2 Searching for Pre-cooperative Labour Cohesion? Injustice and Solidarity in a Rural Setting (NAF)¹.

The NAF cooperative model (for factory workers and growers) grew out of failed attempts to establish a viable passion fruit concentrate processing operation in the Benevides region of Para State in Brazil. Poverty, exclusion and hierarchical social relations have characterized the situation facing rural families in this region for generations. Whilst the region has soils and climate suitable for the production of such perennial crops, it is one which has faced many booms and busts. The 20th C also saw numerous efforts to promote diverse plantation strategies but with limited results. Peasant families who supply passionfruit have observed many fruit based enterprises, especially early (1980s) failed attempts by Swiss entrepreneurs to produce passionfruit pulp and medical compounds and then by Brazilian enterprises (Amafrutas; 1990s)

¹ The below summary and comment taken from the study, Pegler (2004).

to try to tap into this fruit supply chain using the same facilities. Within a situation of market and organizational crises there was also the vexed issue of the role of local traders - needed by the factory but (whilst members of the same community) considered by many to be exploitative of rural workers and family welfare.

Pressures for a revitalized enterprise, one based on cooperative principles, were being voiced by many existing (soon to be unemployed) Amafrutas factory workers in 1999. These workers, through their work and community, had connections to various actors in the chain – local activists, other fruit factory workers and many of the producing families living in their vicinity. Together they started to develop an idea for a more participative enterprise but one based on a more diversified and stable economic footing. This came to the attention of Brazilian labour NGOs (Unitrabalho) and to like-minded agencies in the Dutch/International NGO movement (ICCO). This led to a more concrete conceptualisation of a more viable, participative and diversified model of production in 2001 (Pegler 2004; Nova Amafrutas 2001).

This plan was seen as having economic (passionfruit + diversified fruits), environmental (reduced tree felling incentives; bio processes; protection area) and social (training; literacy; solidarity and community development) components. Two important initial ideas, in addition to participative processes and diversified/value added production, were that of micro credit for producers/communities and the provision of a socio-technical training and advice centre (ibid).

Eventually, a reconstituted enterprise owned by 3 cooperatives (one for old growers, one for new growers and one for factory workers) was formed and legalized. Quite early on, efforts were made to smooth and regularize tasks/hours of work and incomes from factory and office work, the final idea being to do such for all families supplying to NAF based on a diversified and value added plan for fruit cultivating, harvesting and processing. Correspondingly, plans came to be made for social services (school materials and transport; communications) and local networks of families (sub nucleos of the coops for communication and participation forums).

Quite early on, however, it was known that this plan would require an intricate web of local supporters from industry, government and specialist NGOs. Key actors sought to develop these linkages. Furthermore, the success of this plan also depended on NAF's relation with their key international buyer (Passina). How might this international firm (and others firms in finance, marketing and technology, for example) deal with NAF's desire to 1) diversify their passionfruit pulp client base, 2) diversify their fruit product range and 3) upgrade value added at source. This was not so certain as these same global buyers are also involved in other fruits (e.g. bananas; oranges; acai) and further value added product ranges (e.g. juices; soaps; cosmetics) based on these fruits, in Brazilian and other markets.

The courageous aspect of this project was its desire to engage with the market but use a stronger fiscal base to spread the gains of growth, and improved voice, in a broader and more explicit way to the many thousands of poor families in their network (a la Gaiger 2001). As a principled concept, in this formative phase it demonstrated that cooperatives do seek to change the balance of power in market relations and offer opportunities for *voice*/alternative claims. Significant efforts were also made to organize/make a plan, show leadership and open up (in theory at least) space for the “citizenship of the poor”. Yet despite a desire to include the rural poor in

this core, this was always a challenge. Whether a significant sense of *social identification* and *attribution* comes early (i.e. Atzeni - via initial solidarity experiences) or late (i.e. Kelly - in how they build on an injustice) in the process, promoters faced a challenge in its development. Interviews on this project/locale at this time consistently showed examples of apathy, “melancholic visions” or cynicism about what this enterprise did or might represent for rural producers and their livelihoods (Pegler; 2009). Interviews with factory staff more directly involved in the project also showed reservations and uncertainties (ibid, fieldwork).

3.3 Searching for Pre-cooperative Labour Cohesion? Injustice and Solidarity in Industrial Settings (VIOME).

The case of VIOME and a range of other examples (Palomino 2003; Vieta and Ruggeri 2009; Vieta 2012) show that workers may engage in spontaneous mobilizations to challenge the fundamental exploitation of the capital-labour process, occupying existing organisations and transforming them into cooperatives. However, as Atzeni notes, “these coercive conditions are natural, taken for granted, and exploitation – in terms of extraction of surplus value - is not (always – sic) part of workers’ daily vocabulary” (2010: 23). What was part of workers’ vocabulary at VIOME was exploitation embedded in workplace practices. Two forms of injustice appeared, firstly, the reduction of labour costs due to a technological upgrade and, secondly, stronger disciplinary behaviour against VIOME’s workers. Both of these injustices came into conflict with workers’ strong sense of ownership of their workplace and role in it.

The Philkeram group went bankrupt - announcing a pause of payments in 2011² and the abandonment of VIOME as an enterprise unit. Following this, some workers decided to occupy the plant, and later on, to establish the VIOME cooperative. The establishment of this cooperative was the only way that they could legally produce. Hence, the organisation of the factory finally transformed from a firm operating within a cluster to a cooperative that the workers governed horizontally, producing environmentally sustainable cleaning products.

3.3.1 The Downsizing of VIOME

The workers of VIOME “recognized” the first injustice when the insertion of two new production lines in the cluster in 2006-07 led to significant cuts in per unit labour use. Furthermore, this technological upgrade within the cluster led to the downsizing of VIOME as an industrial enterprise, inducing a general downward spiral in the enterprises fortunes.

The first new production line was introduced in the mother company Philkeram Johnson S.A and the second one in Hippocampus S.A, another company of the cluster. On the one hand, this led to a technological upgrade of the two companies and could have led to a process upgrade for the whole cluster. However, this investment meant costs, ones that the mother company decided to cover through cuts and austerity in other parts of their operations. As a response, VIOME workers started the first spontaneous mobilizations. They undertook work stoppages. Their trust in the administration of the cluster had been ruptured.

² Between 2009-2011 the Philkeram group had stopped the operation of the whole cluster, but in 2011 announced the final bankruptcy.

This apparent upgrade of the cluster led to a downgrade in VIOME for two reasons. As long as the upgrade's costs could not be absorbed by the mother company austerity was imposed on the affiliated units. For example, VIOME was forced to change their input supply base/process. Instead of continuing to purchase them for lower prices from the market, they were required to buy them from the mother company. This change downgraded the product since the raw materials were not the quality or price they used to use. This led to an increase of the final product's price and a drop in its quality, and soon it was not competitive in the market.

According to workers, VIOME was negatively affected and its total income was reduced because of this transformation. Workers believed that the mother company's intention was not to cut costs/create efficiencies but to use VIOME assets and productive operations to underwrite debts and faltering demand for the groups other products. This forced VIOME into a downward spiral

3.3.2 Disciplinary Governance

The geographical location of the clustered firms meant VIOME's director and supervising managers had their offices at Philkeram SA building. As a result of this, their workers (informally) acted as the actual 'administrators' of the production line. This meant workers developed administrative skills, and explained their later strong disappointment in the (above mentioned) transformation in the production process. In particular, workers stated - "we were seeing the failure of the new materials; we were mixing them and they were not integrating" or "we were already carrying every task out by ourselves", "we knew what good quality of our products meant".

However, this empowering autonomy of the workers lasted only until the first mobilizations. With the first work stoppages, the mother company "readjusted" its governance to tackle the "freedoms" that workers had been exercising. An indicative example was the discipline techniques towards the leader of the early mobilizations; first, the director offered him a promotion and when he refused, he was demoted and assigned to a post that was far away from other workers.

As a result, during this process, the workers realized not only the exploitative nature of the capital-labour process but also its authoritarian disciplinary techniques when they attempted to challenge its dominance. "VIOME reminded them of a military-style of rule" workers said.

Summarising, what in fact "shook up the consciousness" of workers was the transformation of work/production processes, especially when the mother company contradicted its own flexible governance model. Conceptualising the above mentioned production processes, we may consider that these supervisory changes conflicted with the knowledge/power that workers had developed by working autonomously. A certain freedom/participatory experience in the workplace was being removed from them. This conflict/injustice helped to escalate worker mobilization.

4.0 INJUSTICE TO MAINTAIN THE COOPERATIVE OVER TIME – IS SOMETHING ELSE NEEDED?

The preceding section served to question our vision of how and when injustice enters the process by which mobilization first occurs. Moreover, what form does injustice, and its link to core interests take in cooperative organisations? Is it less prevalent in dispersed rural settings (NAF)? To what degree does the role of external agents limit rather than serve to explicate a sense of injustice (solidarity) with respect to those interests?

The discussion of the further development of participative/cooperative values and principles moves to a different level as cooperatives go beyond their initial formation to day to day decisions and involvement in the market. Atzeni, in particular, suggests different phases are possible - that solidarity is not static and can grow or diminish over time.

In this sense, in this second phase of the cooperative development/mobilization process, many of the participative challenges appear more similar between the two cases. What dominates this analysis and discussion is the way in which cooperative principles intersect (conflict) with the pressures of market and of value chains. These are felt on both internal and external activities of these enterprises (see - Davis 2001; Fernandez 2001; Pegler 2004 – on the below issues).

At an internal level, the effectiveness of participation is determined by information, communication and most fundamentally by the level of trust/solidarity between actors within the enterprise. Key ways in which this will be expressed are in hierarchical relations (of occupation; opportunity) and in terms of reward systems (levels; ratios). At an external level, challenges to cooperative values may be reflected in decisions concerning the ethical focus of their suppliers, price-profit and quality-quantity tradeoffs; what to do when they grow (more members or more profit?), the use of investment funds (to labour or capital?) and (in the case of GVCs) in respect to agreements made with global buyers.

Where is the balance in respect to a need for labour power and consent in capitalist productive processes, vs participative and other social features, found in these enterprises as they evolved? Does injustice still play a strong role in this or are other factors more prevalent as they more deeply engage in market relations? The following sections use examples from each study to explore these questions concerning the maintenance of what we might call - “the mobilization spirit”.

4.1 NOVA AMAFRUTAS – Production under Pressure³

Once legally formed and supplying a more regular volume of pulp to Passina in the Netherlands post 2001, NAF cooperative coordinators and various strategic internal partners quickly faced pressures to start building their desired more sustainable and solid economic base. Manipulating rosters to provide more regular work for factory employees could only be done for a while but even this did nothing for the income security of the many family farmers/suppliers with whom they clearly wished / needed to build a stronger solidarity relation.

In the immediate absence of a broader range of buyers, this meant approaching the main international supplier (Passina) and making some agreements. For example, they asked Passina, who faced difficult supplier relations in Ecuador and the Philippines, to a) understand and support their cooperative form, to b) buy passionfruit regularly from them and also give them c) preference as a supplier of other (12) fruits, ones which Passina already manages, transports and sells on to second level product makers (e.g. Coca Cola). This Passina eventually

³ See NAF (documents) and Pegler, 2004/2009 on these developments.

agreed to in principle but only if NAF could guarantee to deliver, on time, the quantity and quality of passionfruit and other fruits “they” (i.e. Passina and their powerful clients) required. Passina expressed its commitment to local, sustainable and social processes, but only up to a point (Pegler 2004).

Secondly, knowing that their dependence on Passina was a two-edged sword (in the sense that they ultimately wished to operate in markets where Passinas’ big clients dominated – e.g. fruit juice sales), they still sought commercial and logistical relations aimed at supplying juice in tetra pak to local and regional markets. Even more ambitiously, they sought to build a cluster of like-minded alternative product makers to work close by as dedicated partners (e.g. the sustainability leader Natura – for soaps and other products using passionfruit and other fruit pulps). More indirectly, other NGOs came to participate in plans to promote ecological tourism on their land and social education for families in the regions. A virtuous cycle of solidarity based cluster relations looked possible to many.

Yet this whole arrangement faced traditional and new pressures and these progressively began to show. For example, after some negotiation, decisions concerning the purchase of some of their inputs (e.g. reinforced plastic drums) were driven by price considerations in favour of suppliers from a longer distance and ones not based on coop values. In contrast, the *Natura* company (a known leader in ecological/social commerce) decided to locate at the site for the production of soaps based on fruit residue. Yet this did not use any direct cross subsidization with NAF and involved a factory with very few workers (even fewer NAF ones). It was very capital intensive.

Moreover, the deal made with Passina to support NAFs production of multiple fruits (thus income subsidisation/smoothing for families) created further contradictions in organizational form and intent. Within the multiple coop model NAF had developed there was (due to sheer numbers of families and sub regions) a need to develop sub directors - sort of like regional coordinators for comment, feedback, coordination and communication / *voice* in general. These were established.

Yet with Passina’s quantity and quality requirement underlying their agreement to purchase more passionfruit and other fruits from NAF, these coordinators came under pressure. Rather than being a conduit for grass roots participation and *voice*, they became more like decentralised supervisors of expected production volumes (per family/per product/per year) within their region. This created disillusionment of families and supervisors alike. This was not helped by political differences and disputes between the various cooperatives (one of which included traders/truckers as members) and their leaders. Thus external aspects of the chain connection added to existing concerns about the viability of participation as the scale and complexity of operations grew.

Other internal contradictions to participative/coop values also emerged, some of them consequential to these value chain relations. For instance, that same upgrading/product diversification plan highlighted the fact that factory and administrative processes would require new types of skills and greater demarcation in occupation/skill levels, reporting structures and the like (a la Hernandez 2001). One solution to this potential hierarchisation was to separate participation as a broad decision-making process vs participation as a more traditional, shop

floor, production based issue. This appears to be the direction they started to move – a dual track.

In terms of participation in rewards, NAF applied (as noted) a form of subsidization for factory staff off season. This was achieved via the withholding of revenue in season. Also, pay rates for these non-growers was based on a % of receipts with a cap being put on the difference between the highest and lowest paid worker. Guaranteeing these levels and %s put a lot of pressure on NAF, especially when market prices fell below what they sought to maintain for growers and non-growers. Moreover, short term credit from other sources would never be a solution. The only thing that might drive this situation in a sustainable way was the rapid development of a multiproduct model based on clear and rising volumes and/or prices (thus rising net revenue).

The failure (or slowness) of this intricate cross subsidisation model to evolve can be linked to many other crises within the enterprise and its network. A vicious spiral took place. Low market prices for passionfruit meant that funds were required from elsewhere for wages, whereas market prices above what they offered truckers (still their model of supply) meant fewer truckers (also often coop members) were interested in supplying product to NAF. Senior/skilled plant staff expressed some reservations about their wages (relative to the market) at the same time as even non labour based investments in productive improvements proved increasingly difficult to attract from investors and partner organizations (Pegler 2009).

As noted, even those growers with some initial belief in the idea began to be confused and disillusioned with the new quota demands of local level coop representatives. This was not helped by the fact that technical assistance (e.g. with respect to crop health and propagation) and social services (whether it was school buses or training on cooperative values) were slow to evolve and thinly spread across a wide region. These also required funds from either partners, loans or revenue cross subsidization, funds which did not materialize as required.

The desired end result of this ambitious plan – i.e. improved income, *voice* and social/educational opportunities for the poor – proved too difficult to solve in this case. Within not too many years of its rise the factory was abandoned and pilfered, the forest logged/used for housing and various creditors left unfulfilled. *Natura*, a commercial (but CSR/sustainability focused) partner remained (within a walled compound) as a soap/cosmetics producer, now sourcing fruit skins from longer term cooperatives in other regions of the state. What this case suggests is that, while solidarity may in fact be possible as a process in construction, it is difficult in rural, value chain situations. Moreover, no one doubts the value of leadership but the balance of “helpers” vs cooperants and the manner in which differences are resolved and participation achieved must still allow/ be based on sufficient interest and allegiance to drive further cooperative development based on solidarity. Market pressures build on old cooperative ambiguities and value chain connections may add further to these contradictions. The contrasts and comparisons of this situation with VIOME are quite striking.

4.2 VIOME – Developing on their Own

When the cooperative VIOME was formed, it started the production of environmentally sustainable cleaning products. The absence of capital and the need to produce products that

would be quickly and easily purchased by their network of supporters⁴ drove the decision for a new product.

As a consequence, workers of different occupations started learning new skills and working at different posts depending on the need of the new products. This can be seen as the general outcome of the mobilization, which up to that point encountered a hierarchical division of labour. Indicatively, chemical engineers and the accountant are now the only specialized positions who are also assisting the rest of the workers when not busy. Labour division in a hierarchical form is not intended, and up to date, not needed.

VIOME also faced the debate of how and where to trade its products. For example, workers made an early decision to make use of a mixed system of both solidarity economy and the conventional market. The first is used for selling their products and the latter because it offers them cheaper raw materials. This has offered them a safety net against a level of intensive production that market competition would require. Nevertheless, VIOME is not operating in a network of cooperatives for both inputs and outputs, neither have they decided to take their chances only in the market as NAF did. This tactic has created an “amphibious” organization that on the one hand takes advantage of the low costs of a competing market to be sourced, but also promotes its products in a solidarity network of individual consumers⁵. Yet this means they have little feedback upon which to build a stronger financial base from production.

Their cooperative form has been criticized by the former union of the mother company. Particularly, the former labour union of Philkeram blame the cooperative VIOME for splitting the workers in their fight against the former administration, and for limiting their bargaining power in their demand for compensation. They believe that VIOME promotes worker self-deception; that workers can recover their “losses” through self-management. Moreover, Philkeram’s labour union describes VIOME as a reproduction of exploitation in a more absolute manner than the previous administration. Normalizing an underproduction process, working in precarious conditions and becoming micro-entrepreneurs that end up exploiting their own surplus value, is the argument used by the communist party’s union as well.

The most important internal challenge VIOME faces is the limitation of the production line. The reasons for this limitation might vary but the result is clear. The lack of resources such as technology and capital but most importantly their decision for slower development results in a low scale of production. Interestingly, low productivity reinforces a vicious cycle of low reproduction of capital and of labour’s value. These contradictions are usually solved during the general assembly where every worker has a say. Most of the time they try to reach a consensus but when controversial topics are discussed voting is the main option. Indicatively, workers have rejected (by voting) the insertion of new products against chemical engineers’ assurance that the product would be successful but that they would need to accept some risks

⁴ Since their new products are of the kind that every household uses on a daily basis.

⁵ Yet the fact that these consumers cannot form a collective or significant pressure on VIOME to upgrade, for example, the quality of its products is a problem of this approach and one which markets usually “solve”. Accordingly, a critic coming from individuals is that the standardization of their products remains poor.

in the process. They believed that these were sacrifices you need to make when self-management and solidarity are involved, and that there are times when some workers have to slow down their expectations whereas others may need to not be afraid of upscaled production.

This production organization results in a slower paced operation but offers new thinking over the continuation of solidarity and workers' cohesion because it smooths contradictions that cooperatives traditionally face. Yet, even when cooperatives get rid of their hierarchical management structure, contradictions such as the production of exchange values that include their surplus value, still exist. Only by disentangling these contradictions via consensus might the cohesion of workers be maintained.

Yet what VIOME's horizontal decision-making is concerned with is not only the "how" to produce question but also with how this democracy is mirrored in production organization and with respect to the actual products. Workers wish to create products that embody characteristics of what the product is (in quality terms), how is it produced (in workplace democracy terms), what is the price (i.e. is it affordable for other workers to buy it) and what is the impact on the environment etc. All of the aforementioned are embedded in the product even if the person that buys it, does not notice it. Most importantly, they seek to bring a balance between external debates and the internal horizontal organization with its tendency towards a possible hierarchical division of labour. This is quite a different case of *solidarity economy* to NAF.

On the other hand, if workers, despite their mobilization against the injustices they have previously faced, still work under conditions which in any other context would have been thought as exploitative, what does this mean? The difference may be that workers believe that their surplus value alienation is healed and that capital does not exploit them (or does not do so in quite so complete a way). For example, they believe that working under difficult conditions is not self-exploitation but a part of their struggle to sustain workplace democracy which is later mirrored in the products' social value. Whatever the case, this example offers us a chance to understand that the VIOME cooperative faces similar challenges to other enterprises. In this case, low productivity still holds back their ability to increase income. Trade, through solidarity networks, does not solve this problem since – as earlier noted – it cannot in itself transform the production process.

Regardless, what we can notice in the case of the cooperative VIOME in comparison with NAF, is that the workers administration tries not to allow either external market pressures or internal self-exploitation issues to affect the organization. External pressures are fought through their choice to operate in a solidarity network and keep productivity at low levels. Internal contradictions are healed through compromise. They have, broadly, collectively accepted the general assembly as the only body that is legitimate to take decisions. By trying not to internalize market pressures fewer forces to de-unite workers may appear.

In the beginning of this paper we asked ourselves two questions, how injustices or solidarity drive the establishment of a cooperative, and second, which are the injustices that maintain a dynamic mobilization. The latter question seems to be changing after the analysis of the pressures that both cooperatives' cases faced. Market pressures do not create an unjust context but a competitive one that threatens the internal cooperative principles. Such pressures are not

only faced by cooperatives but also by firms and should be considered given in the market. Particularly, firms face alike pressures to their internal structure that results in either austerity or increase of productivity.

The important question then is how much a cooperative can strengthen its workplace democracy, like the assembly of VIOME to not collapse, when either internal or external pressures prevail. We may summarize that the main contradiction that cooperatives in value chains and out of them face, is the dilemma between a market strategy to enhance competitiveness and an organisational strategy to maintain horizontality/ solidarity. The major difference is that the dependency on a value chain and the responsibilities that it carries, lowers overall degrees of freedom. When such external pressures appear, the only way out is to not allow them to transform the internal organization in an unjust manner.

5.0 SUMMARY & IMPLICATIONS

One of the difficult sociological issues this discussion raises is, do such enterprises therefore require new or continuing injustices to retain their mobilization spirit, their participative flavour? At a broader political economy level, does this mean that the continuing drive to establish value chain linked sustainability and solidarity networks is destined to fail? If local or regional remains the best form for these, then how might these enterprises fare or engage with TNC and country based supply networks of capital, especially as these powerful chain drivers grow in influence and coverage?

More specifically, walking the line between engaging in the market but not being (too much) part of its individual ethics, hierarchical structures and atomistic profit driven principles is a very hard one. This applies from the start but seems to lead to further ambiguities as the enterprise evolves and has to “perform”. Looking at this from another angle, it does appear as if solidarity needs “fuel to keep it going” and move beyond the continuing (relentless) influence of a market based perspective.

Internally, in both of these examples, these pressures were reflected in wages levels, wage relativities, occupational hierarchies and decision making models and processes. Yet the two enterprises made quite different decisions in respect to these issues – VIOME the more radical and immediately participative. Yet NAF did try some novel forms of cross subsidization to make up for differences in hierarchies and income.

In terms of external pressures on solidarity, VIOME showed its “solidarity credentials” more clearly and practically in its local purchases and sales. At least, for some, “other” values are real and actual, they are contested on the shop floor. However, external markets have come to be increasingly wide and global to some firms. NAF thus appeared to have forgone micro level victories in favour of trying to build a more visible, engaged and assertive stance with global buyers in their chain – a chain they, unlike VIOME, cannot ignore. That this did not work in the end is as indicative of the challenges of global markets as it is of local level jealousies, pettiness, power clichés and corrupt/rent seeking behaviour. Moreover, this particular type of value chain – dispersed, rural, based on poor/low educated labour and a very hierarchical buyer

– is already a disadvantage for labour. Coalitions of injustice, let alone of readily identifiable beds of class conflict, are diffused at best.

On the other hand, even in this more concentrated context for solidarity (VIOME), there were (and have continued to be) dissenting voices. More conservative unionists saw this as a model that could not last in the market. More vehemently, this was seen as being nothing more than a well meant but misguided path which would only contribute to worker self-exploitation. To others, the real enemy is capital and the exploitative process of value creation, at least the degree to which it takes place. Yet when this value capture process encroaches across national boundaries, governments and social movements it would therefore still seem necessary to search for locally driven solutions (with other values/objectives) that seek to take back some of this power and voice to shape livelihoods. The process of strategic positioning, attempted by cases like NAF, is not expected to stop. Yet, finding a balance between how this is achieved on the ground, vs by virtue of external helpers, would seem to be an important variable in this search.

6.0 CONCLUSIONS

We dealt with two different examples of cooperative processes and outcomes in this paper. One cooperative remains active (Viome), yet has not seen any significant operational expansion, whereas the other despite achieving a larger scale of operations eventually shut down (NAF), after its workers and supporters left the cooperative.

Viability and financial expansion are undoubtedly unsolved puzzles among scholars of cooperatives. The idea behind this paper was to challenge the preconditions that lead to the establishment and long-term operation of workers' cooperatives (see Atzeni, Vieta etc.), especially in certain market segments such as the GVCs. Are the factors that lead to the establishment of cooperatives the same as the ones affecting their maintenance and upscaling? Or is the viability of cooperatives subject to different factors once they are established and progressively integrated into competitive markets?

Diving into our cases; once we confirmed that the preconditions for the establishment of workers' cooperatives are similar to the ones suggested in the literature, we found ourselves facing the question – why do some cooperatives not make it in the long-term even if they emerged out of similar preconditions? We found a number of (related) reasons to explain this.

First, we found that the founding principles of cooperatives, such as solidarity and horizontality, need to find ways to coexist with a competitive market strategy. However, finding and applying a production model that accommodates both is very difficult. Paradoxically, we find that it is not only the internal injustices of an organisation that when workers solve by establishing a cooperative will guarantee successful workers' representation; a competitive market will also heavily influence the continuation of workplace democracy and horizontal governance. Competitive-market environments seem to impose a condition to organisations, under which, injustices between the workers of a cooperative could be re-

generated, disrupting or complicating previous attempts to warrant horizontality and maintain solidarity.

Does this mean that cooperative principles will not stand GVCs' competitive nature? Our research suggests that partly and unfortunately yes. We need to remind ourselves that entry and success in such markets is difficult, and it is often low production costs which boost competitiveness, allowing an organisation to withstand competition with other suppliers. For many conventional organisations this is frequently achieved at the expense of labour rights and not via "high road (e.g. niche product; high wage and high quality)" strategies. In other cases, credit is what gives the initial boost to organisations.

The fact that workers' cooperatives have greater difficulty using the first option and do not have easy access to credit leads us to a second proposition / observation. For example, in NAF's case, labour costs were never challenged by the global buyer, and instead other factors related to the competitive nature of GVCs have suffocated the cooperative. While production costs may have not been the direct reason behind NAF's workers dissatisfaction, the threat of losing the link to the global buyer lead to compromises, both internally within the organisation (e.g. local supervision of product supply tendencies) and relative to their near exclusive buyer (e.g. quality/quantity imperatives of the buyer). As a result, from both angles the horizontal governance structure got transformed to a more vertical one to fit this competitive market.

Atzeni argues that solidarity is the essential driver of workers' cooperatives and we agree that it prevails in most cases, especially at the early conception stage of a cooperative. While solidarity is a proven initial "glue", our study shows its divisive force at other times. For instance, when using Viome as a comparison, we see its workers constantly focusing their attention on one thing: maintaining solidarity, even if it costs them the opportunity to scale-up/ go the "high road". Contrasting this with NAF we note the double-edged sword between competitiveness and solidarity, at many levels. Solidarity may constrain efficiency/monetary options and the opposite; competitiveness may constrain solidarity. In the latter case, when solidarity diminishes, its divisive force could be thought as great as when it first mobilised and united workers. Eventually, a cooperative that does not find a balance between market competitiveness and maintaining solidarity/ horizontality may become less resilient.

In the case of NAF, their labour withdrawal and the cooperative shutdown offered us a key point to understand the internal-external balances of strategies presented above. However, while labour withdrawal may signal a failing cooperative, it does not necessarily mean failure for the workers per se. It may be considered a learning and restructuring process where workers and their organizations are shaped mutually – a process based on trial and error towards, perhaps, the establishment of a more viable organizational strategy in the future.

Concluding, the case studies in this paper offer two different scenarios within which cooperatives can be found. Viome shows us that by maintaining consistency with its early principles it preserves solidarity, yet it compromises high revenue markets as part of those principles. NAF offers us the opposite example. While it also started with internal cooperative principles they took up the challenge to participate in a competitive environment. As a result,

they found themselves compromising part of their founding values in order to (try to) maintain external competitiveness. It may not be easy to pick the correct tactic, at least initially, thus an ongoing restructuring/revitalisation process is necessary for cooperatives to continue enhancing workers' voice as first intended.

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