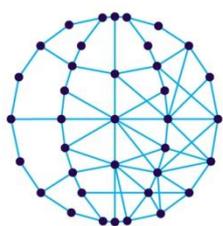


*Cooperatives : The Power to Act*

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# A TRUST AND RECIPROCIY BASED PERSPECTIVE ON GOVERNANCE MECHANISM IN COOPERATIVES

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## **Abstract**

This paper aims to highlight the coordination of relationships between the members of cooperatives from a trust and reciprocity based view. First, the research object is defined and delineated from other similar concepts and terms. We then discuss reciprocity, starting with the foundations of this concept and revealing its development over time. Trust is presented as an ideal-typical mechanism for coordinating cooperative relations. The discussion of the effectiveness of trust concerning the establishment and maintenance of highly complex transaction relationships based on long-term objectives leads to delineating the relationship-related, maxim-based trust and context-related norm-based trust. The two separate streams of discussion on reciprocity and on trust in the context of cooperatives are then related to each other. Finally, implications are discussed and the key findings on the interplay between reciprocity and trust are summarised. Impulses for future research are also provided.

## **Résumé**

Cet article s'intéresse aux relations de coordination entre les membres des coopératives du point de vue de la confiance et de la réciprocité. L'objet de recherche est d'abord défini puis différencié d'autres concepts et termes analogues. Nous discutons ensuite de la réciprocité, à commencer par les fondations de ce concept et en révélant son développement dans le temps. La confiance est présentée comme un mécanisme idéal-typique de coordination des relations coopératives. La discussion sur l'efficacité de la confiance en ce qui concerne l'établissement et l'entretien de relations transactionnelles hautement complexes sur la base d'objectifs à longue échéance conduit à différencier la confiance normative associée à la relation, fondée sur les maximes et associée au contexte. Les deux fils de discussion sur la réciprocité et la confiance en contexte de coopérative sont ensuite mis en relation. Enfin, l'article s'attarde aux implications et résume les faits saillants de la relation entre la réciprocité et la confiance. Des pistes de recherches sont également proposées.

## **Resumen**

El objetivo de este trabajo es subrayar la coordinación de relaciones entre los miembros de las cooperativas desde una visión basada en la confianza y la reciprocidad. Primero, se define y se delimita el objeto de investigación a partir de otros conceptos y términos similares. Cuando hablamos de reciprocidad, comenzamos con los fundamentos de este concepto y revelamos su desarrollo a través del tiempo. La confianza se presenta como un mecanismo ideal y típico para la coordinación de las relaciones cooperativas. La discusión acerca de la eficacia de la confianza respecto de la constitución y la conservación de relaciones con un alto nivel de complejidad en materia de transacciones, sobre la base de objetivos a largo plazo, conduce a la delimitación de una confianza relacionada con los vínculos y basada en las máximas, y de una confianza relacionada con el contexto y basada en las normas. Ambas diferentes corrientes de debate sobre la reciprocidad y sobre la confianza en el contexto de las cooperativas, entonces, están relacionadas entre sí. Finalmente, se comentan las repercusiones y se sintetizan los hallazgos clave en la interacción entre la reciprocidad y la confianza. También se brindan estímulos para investigaciones futuras.

## Introduction

In recent years, there has been a renewal of political and academic interest in cooperative organisations as potential alternative providers of public services. Deregulation and liberalisation tendencies have created new opportunities for cooperatives but this has also redefined their traditional societal role and organisational identity. Traditional cooperatives are member-focused in their goal structure as they aim at generating economic benefits primarily for their organisational member base. Nevertheless, they constitute a distinct organisational form different from organisations in the private, for-profit sector as they are “democratic, member-owned and controlled enterprises, in which membership is open to all stakeholders and decisions are taken on the basis of one member one vote” (Somerville, 2007: 13).

Empirical accounts from different European countries, however, highlight the recent emergence of new forms of cooperative organisations that provide their services to a broader community, therefore acting in a quasi-public or community interest rather than being entirely member-focused in their activities. Nevertheless, these clearly constitute a cooperative identity as democratic, community-owned and controlled organisations. In this paper, we refer to them as “third party focused cooperatives” to highlight the difference with traditional member-focused cooperatives. For example, based on case studies from Austria and Germany, Lang and Roessl (2011) analyse cooperative initiatives that operate for the benefit of local communities by taking over the provision of amenities and services in a neighbourhood, such as cafes, shops, and recreational facilities. This produces economic, social and even psychological benefits for all local residents arising from increased opportunities for social interaction as well as local volunteering and employment opportunities on a small scale.

Similarly, the European research stream on social enterprises has highlighted the emergence of forms of registered cooperatives that provide services to a broader community and act in a general societal interest rather than being entirely member-focused in their activities (Defourny and Nyssens, 2008; Kerlin, 2006). These cooperative initiatives often fill the gap left by the withdrawal of the state and focus on satisfying social needs.

From an organisational theoretical point of view, the shift from benefitting members to third parties might seem like a simple variation of the collective character of cooperatives, leading to “very subtle distinctions between social cooperatives and many traditional cooperatives” (Young and Lecy, 2014: 1320). However, in this paper, we argue that the coordination mechanisms of member-focused cooperatives and third-party-focused cooperatives are of a fundamentally different nature.

Theoretical socio-economic approaches towards cooperatives have traditionally highlighted trust as a coordination mechanism as being crucial to understanding the distinctive nature of cooperative organisations (Draheim, 1952; Valentinov, 2004). The question is how trust is produced. In this respect, the concept of reciprocity—prominently discussed in the area of social enterprises (Enjolras, 2009)—is viewed as a social principle that establishes relationships.

This paper therefore aims at answering the following research question: How does member coordination (and therefore interplay of trust) and reciprocity differ in member-focused cooperatives and third-party-focused cooperatives? By linking different types of trust (namely instrumental, maxim-based, and norm-based) to different reciprocity types (namely transaction-specific, relation-specific, and generalised), we aim to differentiate member-focused and third-party-

focused cooperatives on the basis of their coordination mechanisms. The conceptual argument that we want to put forward in this paper is that different forms of cooperatives must be viewed as organisations built on different types of trust and different types of reciprocity.

On the practical level, a key implication of our research is that the emergence of third-party-focused cooperatives poses challenges and opportunities for traditional cooperative and non-profit organisations, as well as for legislative and regulatory bodies in these fields. The emergence of third-party-focused cooperatives might be seen as a reorientation towards the original cooperative identity.

In the next section, we first define the research object and delineate it from other similar concepts and terms. We then discuss reciprocity, starting with the foundations of this concept and revealing its development over time. In the third section, based on analysis of the deficits of the classical coordination mechanisms, market and hierarchy, trust is presented as a third ideal-typical mechanism for coordinating cooperative relations. The discussion of the effectiveness of trust concerning the establishment and maintenance of highly complex transaction relationships based on long-term objectives leads to delineating the relationship-related maxim-based trust and context-related norm-based trust. In section four, the two separate streams of discussion on reciprocity and on trust in the context of cooperatives are related to each other. Section five discusses implications, summarises the key findings on the interplay between reciprocity and trust, and provides impulses for future research.

## Definition of the Research Object

Especially in this area characterised by hybrid organisational forms and, therefore, a lack of clarity in definitions, it is important to attempt delineating the research object in order to enable a fruitful development of the scientific discourse.

In this respect, we elaborate on four different organisational types:

Type A = member-focused co-operative in the legal and organisational sense. This type belongs to the for-profit sector. There is consensus to label these organisations as co-operatives.

Type B = member-focused co-operative in an organisational sense. This type belongs to the for-profit sector. As these organisations are member-dominated and member-focused, there is consensus to label these organisations as co-operatives (co-operative organisations, co-operatives in an organisational sense), even if they are organised in other legal forms (e.g. associations).

Type C = third-party-focused co-operative in the legal sense. This type is a social enterprise in the legal form of a co-operative, so one could label these organisations as third-party-focused cooperatives or as social enterprises governed as a co-operative (member dominated social enterprise).

Type D = third-party-focused member-dominated organisation. This type is a social enterprise in other legal forms than a co-operative. As these organisations are member-dominated, one could label these organisations as third-party-focused co-operatives or as member dominated social enterprises (social enterprises governed as a co-operative).

**Table 1**

	organisational types			
	A	B	C	D
member focused = aim at benefitting the members, promoting their economic and/or living conditions	yes	yes	no	no
third-party focused = aim at benefitting other people, but not the members	no	no	yes	yes
belong to the for-profit sector	yes	yes	no	no
belong to the non-profit sector	no	no	yes	yes
member dominated = democratically controlled by the members, democratic decision-making	yes	yes	yes	yes
co-operative in the legal sense	yes	no	yes	no

Types A and B constitute co-operatives in the organisational sense, as the term “co-operatives” refers not just to cooperatives in the legal form but also to organisations using co-operative principles to guide their organisational activities (Somerville, 2007; Valentinov, 2004).

Types C and D constitute social enterprises, as these provide welfare services and are part of the third sector, operating in between the profit-oriented private sector and the public sector (Spear and Bidet, 2005: 196). Social enterprises are voluntarily created by a group of people and are governed by them in the framework of an autonomous project. They may depend on public subsidies, but public authorities or other organisations (federations, private firms, etc.) do not manage them. Those who establish a social enterprise totally or partly assume the risk of the initiative (Spear and Bidet 2005: 201).

These distinctions lead to two different labelling possibilities:

**Table 2:**

Label-1	member focused co-operatives	third-party focused cooperatives or social cooperatives
Label-2	cooperatives	social enterprises

In order to emphasise the peculiarities, we use the terms member-focused co-operatives and third-party-focused co-operatives to label our research objects.

### Reciprocity

Tit for tat—Reciprocity as a promoter for relationships produces trust and coordinates behaviour. Nevertheless, reciprocity can neither lead back to pure self-interest nor to pure altruism (Adloff and

Mau, 2005). It is rather a combination of both. “Understanding reciprocity is indispensable for understanding all social forms, such as communities, organizations, families, and political systems” (Kolm, 2008).

The principle of reciprocity makes behaviour expectable. Through the first act of giving an imbalance emerges, creating an impetus for reciprocity. Only by answering the gift by a reciprocal act can this imbalance be resolved (Strehle, 2009). Although the origin of the concept of reciprocity leads back to Marcel Mauss (1923-24), Emile Durkheim already deals with reciprocity in 1893. For Durkheim, solidarity of modern societies is not only based on reciprocal, habitualised dependencies, it is rather accredited by the members of a society. As a basis of a modern form of solidarity, Durkheim constitutes the idea of a reciprocal acceptance of the nature of relations (Durkheim, 1999).

According to Malinowski (1922), people have commitments toward one another and act in conformity to norms. However, reciprocity also means mutual dependencies; reciprocity is a mutual structural pattern of exchange of goods and services. For Malinowski, the principle of reciprocity is shadowed in the mutually determined exchange of good deeds (Gouldner, 1984). For Ferdinand Tönnies (1926 [first 1887]), a modern society is a society of exchange. In such a society, every member has its own agenda following its own interest (Adloff and Mau, 2005).

For Georg Simmel (1908), the existence of social relationships is hedged by gratefulness, which creates interdependencies and a give and take of benefits (Adloff and Mau, 2005). Mauss deals with the gift and the connection to reciprocity. By this gift exchange, social relationships are regulated over giving, accepting and replying. For Mauss, this gift exchange is a social fact, which can assume a cooperative shape (Adloff and Mau, 2005). For Gouldner (1960), reciprocity is a regulatory principle. If an exchange relation is less reciprocal, the stability of the relationship is less likely. Conversely, if the exchange is strongly reciprocal, the relationship is more likely to be stable (Gouldner, 1984).

Hobhouse (1951 [first 1906]) sees reciprocity as a basic principle of society: In this context, reciprocity is a mutually conditioned exchange of advantages. For Parsons (1951) too, the stability of a social system depends on the reciprocity of the exchange relation. As well for Bourdieu, giving is characterised by the concealment of the exchange and the associated circle of give and give in return (Adloff and Mau, 2005).

Stegbauer (2002) distinguishes between diverse types of reciprocity: Direct and generalised reciprocity, as well as reciprocity of positions and perspectives. Direct reciprocity is based on direct dyadic relationships in which equivalent benefits are made. Stegbauer mentions the purchase as the simplest form of goods exchange, in which goods are traded in exchange for money. The outcome of this is no further commitments. Money as a medium is applied to produce reciprocity. In the sense of generalised reciprocity, gifts and actions cannot be paid directly and promptly. Reciprocity can be generalised over an extended period, during which a reward cannot be traced back to the original benefit (A feels obliged to give B something back, because A has received benefits from B in the past, e.g. benefits provided by parents are recognised by the children and given back in form of caring for the parents in old age). Reciprocity can be generalised over a specific characteristic (e.g. over all members of a community). Here, the reward cannot be traced back to the same actor (A feels obliged to give something to B, because A received benefits from a group, which is interested in A's well-being).

Reciprocity of roles appears through expectations: the expectations of an actor produce expectations of another actor. Reciprocity of perspectives can be seen as the recognition of the viewpoint of another. In the sense of Mead (1965 [first 1934]), the adoption of a perspective has significant implication in the formation of a cooperative society. The reciprocity of perspectives is a prerequisite for successful direct reciprocity—one understands the expectation of the other with respect to the adequate reciprocal behaviour (Stegbauer, 2002).

A further distinction is between positive and negative reciprocity. For Cox (2004), an action that is positive reciprocal is a generous action given in response to a generous action of another person. In this sense, positive reciprocity is conditional geniality that is altruistic (Cox, 2004). Berger (2013) is concerned with altruistic reciprocity and sees it as an unconditional inclination which an actor passes even if this is expensive and does not promise any strategic advantage in advance. Accordingly, altruistic reciprocity is a possible explanation of cooperation in anonymous complex societies. At this point, the role of altruistic reciprocity as a catalyst of cooperation is limited on the one hand to situations with social control, and on the other hand to anonymous situations. Altruistic reciprocity is the inclination of responding cooperatively to friendly actions of partners and responding unfriendly to unfriendly actions, even if this is connected to costs and no prospect of future interaction exists (Berger, 2013).

### **Trust in the Context of Cooperative Organisations**

The advantages of cooperative relationships arise from the functioning coordination of the members' behaviour. Only when each member in a cooperative relationship forgoes short-term opportunism in favour of common long-term objectives can the cooperative relationship lead to advantages for each member (Hatak et al., 2015; Roessl, 1996). How is it then that some members are able to ensure that their partners in the cooperative relationship behave according to the rules stipulated ex-ante? In this regard, three ideal-typical governance mechanisms can be distinguished: (1) spontaneous behavioural governance on the basis of the market mechanism, (2) hierarchical or mechanistic governance on the basis of regulation and sanctions, and (3) heterarchical governance on the basis of trust (Adler, 2001; Osterloh and Weibel, 2000).

Cooperatives can be sufficiently coordinated neither (due to their long-term orientation) by the market mechanism nor (due to the absence of a hierarchical authority) by hierarchy (Lang and Roessl, 2011). Therefore, a mechanism other than market or hierarchy must be in place to coordinate the relationships between cooperative members (Furubotn, 2001). As an alternative mechanism, "trust" (e.g., Adler, 2001; Hatak and Roessl, 2011; Sabatini et al., 2014) has been suggested for coordinating highly complex and uncertain cooperative relationships. In order to further develop the line of argument of Osterloh and Weibel (2000) and, respectively, Adler (2001), a differentiation between instrumental, maxim-based and norm-based trust is required:

Instrumental trust can be specified as behaviour based on rational considerations (Luhmann, 2000). The trustor trusts the trustee because of control and sanctions. Any behaviour other than that expected is less attractive to the trustee. In other words, costly sanctions in place for a breach of trust exceed any potential benefits from opportunistic behaviour, reducing the uncertainties regarding the behaviour of the other—thus, the trustor's trust is legitimate. The transaction partners evaluate the single transaction solely on the basis of transaction related costs and benefits (Falk and Fischbacher, 2006). Such relationships can also be considered as cooperation without any benevolence. As instrumental trust requires controllable behaviour and definable outcomes, this

mechanism is confronted with organisational failure in the case of complex cooperative arrangements. Thus, instrumental trust is congruent with hierarchical coordination, which is why we refrain from using the term “instrumental trust,” preferring to label it “hierarchical coordination.”

Referring to maxim-based trust, the trustor neglects the existing latitude of opportunistic behaviour of the other, because the actors expect others not to strive for short-term advantages but rather to behave as agreed upon in order not to endanger the potential valuable relationship. These mutual expectations arise from the actors' evaluations of the relationship based on relation-related costs and benefits. Consequently, the transaction partners behave in a cooperative manner, that is, in a way that will prove beneficial only if the other does not prey upon them but rather responds cooperatively in turn. Therefore, maxim-based trust can help coordinate relationships effectively within member-focused cooperatives. Repeated cycles of exchange and successful fulfilment of expectations strengthen the willingness of the parties to rely upon each other and increase the resources brought into the relationship (Rousseau et al., 1998). Therefore, information available to the trustor from within the relationship constitutes the basis of maxim-based trust (e.g., if the partner behaves as agreed upon, even if there is leeway for opportunistic behaviour, this can be taken as a signal that this partner—due to the perceived future value of the relation—does not want to jeopardize it). The amount of knowledge necessary for trust, based upon experiences gained within relationships, is somewhere between complete information and complete ignorance (Simmel, 1964). In the case of complete information, there is no need to trust, and with complete ignorance there is no basis upon which to trust. Basically, maxim-based trust draws its coordinating power from the advantages that the cooperative arrangement bestows upon its members. Whereas hierarchical coordination (instrumental trust) is based on cost-effectiveness considerations, maxim-based trust involves a broader array of resource exchange including socioemotional support. Repeated interactions create expanded resources, including shared information, status, and concern. These expanded resources can in turn enable the development of a psychological identification. The member-focused cooperative's members may come to characterise themselves in relation to the other members or the organisation, as “we,” and may derive expressive benefits from being part of their cooperative (Borzaga and Sforzi, 2014). In that way, the value of the members' relationships with their cooperative increases, benefitting the level of maxim-based trust. Nevertheless, as maxim-based trust is based on the value of the relationship, it cannot explain the existence of cooperatives that focus on the advantages to third parties.

In contrast, norm-based trust is intrinsically motivated: The trustor trusts the trustee because of collective norms embedded in a concrete spatio-temporal context. A norm is a socially defined right of others to control an individual's action (Coleman, 1990). The societal embeddedness of cooperative members is acknowledged in the classic cooperative literature by Draheim (1952), who mentions shared religious beliefs, neighbourhood attachment, class consciousness, and even philanthropic values as crucial factors that connect members of cooperatives (Valentinov, 2004). In this regard, shared norms can be seen as “a basis for trust between actors, because they imply a high degree of taken-for-grantedness which enables shared expectations even between actors who have no [...] history of interaction. In the first instance, this approach is based on the phenomenological assumption that actors are ‘looking at the world from within the natural attitude’ (Schuetz, 1967: 98) relying on [...] the validity of institutionalized rules, roles and routines” (Moellering, 2006: 373). Therefore, norm-based trust involves the development of shared interpretative schemes and place-bounded norms to which the actors refer in cooperative interaction. In fact, norm-based trust stems from the trustor's and trustee's interpretation of the social context in which their relation is embedded (Moellering, 2005). Citizenship behaviour from a

cooperative's members is characteristic of norm-based trust (Organ, 1990). This is because norms are more likely to be internalised when an individual clearly identifies with a particular group (Berg et al., 1995). Thus, only norm-based trust can coordinate relations within third-party-focused cooperatives and explain community-based enterprises.

### **Reciprocity and Trust in Cooperatives**

Reciprocity as a social concept that establishes relationships can be seen as a trust producing principle (at the same time, reciprocity can be perceived as being based on trust). Thus, reciprocity in the sense of gift exchanging enables trust building. The value of the gift is not essential, its effect is. The gift in return confirms the trust set in a relationship. Actors who are engaged in reciprocal exchange trust their partner more than those engaged in negotiated exchange (Molm, Collett and Schaefer, 2006). Since the relation between the concepts of trust and reciprocity has not been made clear so far, there is no consensus whether trust enables reciprocity or reciprocity induces trust.

Cox (2004) states that reciprocity was detected in many trust games. In this context, trust is the belief that one person has about the behaviour of another person. An act, which is perceived as an indicator of trustworthiness, gives the receiver of the act the chance to behave cooperatively –this can create a lasting beneficial relationship for both. Cooperation by a trustee includes reciprocity, because he/she returns the cooperative offer of the trustor. However, reciprocity cannot be equated with cooperation, because it is also involved in negotiated relationships (Diekmann, 2004). Reciprocity establishes balance within a group: It enables changing the positions of power, dissolves power positions to some extent and thus loosens up social hierarchy and diminishes potential for conflicts (Simmel, 1964). Alternatively, negative reciprocity – responding to bearish behaviour with bearish behaviour – cannot enable trust building. As reciprocity builds trust and trust enables reciprocal cooperation (Kahan, 2003), it seems promising to try to link types of reciprocity to types of trust: Relationships based on instrumental trust are based on transaction-specific reciprocity. In these relationships, generosity and gratitude are not at all the underlying motivations of the actors (Bruni, 2008; Poledrini, 2015). Alternatively, as Falk and Fischbacher (2006: 310) put it, “distributive consequences of an action alone trigger reciprocal actions.” Such relationships can also be considered as cooperation without any benevolence. Therefore, some have raised the issue that instrumental trust is not trust at all, or that it could be seen as trust at its narrowest bandwidth (Luhmann, 2000).

In the case of maxim-based trust, the actors expect that the other will not to strive for short-term advantages but will rather behave as agreed upon in order not to jeopardize the potential valuable relationship. These mutual expectations arise from the actors' evaluations of the relationship based on relation-related costs and benefits, i.e., relation-specific reciprocity (Enjolras, 2009: 764). From a reciprocity theory perspective (Falk and Fischbacher, 2006), relation-specific reciprocity shows clear similarities to Fehr et al.'s (2002) concept of “strong reciprocity.” Strong reciprocal relationships are driven by the expectations of the actors that they will receive something in return through the relation (Fehr et al., 2002).

In line with Poledrini (2015), we argue that norm-based trust is based on generalised reciprocity (sometimes labelled as “unconditional reciprocity”, see Bruni, 2008). Generalised reciprocity as the prevailing mechanism underlying norm-based trust relationships in third-party-focused cooperatives “constitutes the solidary extreme, referring to transactions that are altruistic” (Enjolras, 2009: 764), so that a trustor can trust a trustee without establishing trust in a specific personal relationship. In

contrast to transaction- and relation-specific reciprocity, the reward for generalised reciprocal behaviour is provided by the actor himself, through his behaviour aimed at benefitting third parties. Furthermore, generalised reciprocal behaviour can coexist with specific reciprocity, which also comes closer to the nature of real-world cooperatives (Bruni, 2008; Poledrini, 2015). In fact, third-party-focused cooperatives build on a community-based sense of reciprocity among their members, which enables a trustworthy behaviour in the social environment (Borzaga and Sforzi, 2014).

Building on previous taxonomies (Enjolras, 2009; Poledrini, 2015; Valentinov, 2004), the table below summarises our discussion on the proposed linkages between the concepts of reciprocity and trust in order to distinguish between cooperative enterprises on the basis of their respective coordination mechanisms:

**Table 3**

		Organisational Arrangement		
		single transaction	member-focused cooperatives	third-party-focused cooperatives
Prevailing type of reciprocity		transaction-specific reciprocity	relation-specific reciprocity	generalized reciprocity
Prevailing type of trust		instrumental trust	maxim-based trust	norm-based trust

At this point, it should be noted that these considerations are based on ideal-typical constellations. With a view on the cooperative landscape, one has to take into account that these constellations overlap, resulting in a variety of mixed forms.

In fact, the governance structure of a cooperative is essential to the resource pooling of its members through strengthening of the reciprocity norms that underlie the trust-based relations within cooperatives (Enjolras, 2009; Sabatini et al., 2014; Spear, 2005; Valentinov, 2004). Depending on the form of reciprocity considered, the focus is either on member-focused cooperatives or social enterprises. Social enterprises deal with generalized reciprocity while member-focused cooperatives apply the form of direct reciprocity.

Thus, in member-focused cooperatives, heterarchical coordination through maxim-based trust is rooted in the relation-specific reciprocity stemming from the perceived value of the relationship for the individual member. E.g., because a credit cooperative granted me a loan in difficult economic circumstances, I return the favour through my continuing engagement in that member-focused credit cooperative or, I am active in the credit cooperative because I expect this engagement to pay off with the cooperative supporting me in the future. These perceived membership-related benefits induce members to behave in a cooperativemanner, that is, they stick to their membership and do not switch to other potentially more favourable providers of financial services.

In contrast, in the case of third-party-focused cooperatives, the external, community orientation is based to a large extent on generalised reciprocity norms, which allow for the mobilising and pooling of resources such as donations or voluntary work that are typical of non-profit organisations. Generalised reciprocity can be understood as a motivation to repay generous actions by carrying

out actions that are generous or helpful for others (e.g., having perceived that I have gained societal support, I return the favour through my engagement in a third-party-focused cooperative helping homeless people). By emphasising their ideal-typical coordination mechanism, third-party-focused cooperatives have the potential to realise desired socio-political effects. Thus, besides pursuing economic objectives, the distinct governance structure based on generalised reciprocity enables third-party-focused cooperatives to achieve civic objectives as well. The active promotion of volunteering based on norms of reciprocity within the cooperative and beyond its borders in the wider community (Spear and Bidet, 2005) provides third-party-focused cooperatives with access to resources (Somerville and McElwee, 2011).

Governance structures based on maxim-based trust/relation-specific reciprocity for member-focused cooperatives and norm-based trust/generalised reciprocity for third-party-focused cooperatives allow these organisations to approach and develop the resources necessary to achieve their specific objectives. This is what, in fact, constitutes the competitive advantage of both member-focused and third-party-focused cooperative organisations, as these governance mechanisms allow them to mitigate the coordination failures of hierarchy and the market (Enjolras 2009; Evers 2001).

## Summary, Conclusion and Impulses for Future Research

The aim of this paper was to relate the concepts of trust and reciprocity to one another in order to provide a more holistic understanding of the cooperative enterprise. This basic idea is supported by Gouldner's (1984: 102) principle statement on reciprocity, i.e., if you want to be helped by others you must help them –correlating to the basic cooperative principle of self-help. We have argued that there is a relation between specific types of trust that create “the capability for resource exchange” (Andrews, 2010: 586) and reciprocity considerations and that these constellations in turn characterise specific ideal-typical cooperative settings. More specifically, distinguishing between maxim-based and norm-based trust—which are, respectively, the result of reliable adherence to relation-specific reciprocity and generalised reciprocity norms—benefits our understanding of how trust coordinates the actions of members of different organisational forms of cooperatives.

However, the empirical evidence presented suggests that the reality of cooperative practice is not always that clear-cut. Key implications of our research for the scientific community relate to differentiating between linking of different types of trust and reciprocity in order to improve our understanding of the multifaceted reality of the organisational forms that exist in the cooperative landscape.

Based on the framework developed in this paper, member-focused and third-party-focused cooperatives should be analysed with respect to their coordination mechanisms throughout the life cycle, including growth in terms of member number, so as to bring to light the dynamic interplay of specific reciprocity norms and trust. Such preferably qualitative longitudinal research efforts could finally lead to a more comprehensive taxonomy of organisational arrangements with respect to their underlying coordination mechanisms. Furthermore, future research should operationalise the concepts of norm-based and maxim-based trust as well as the associated generalised and relation-specific reciprocity to lay the foundations for quantitative studies testing the findings regarding differences between member-focused and third-party focused cooperatives, also for different country and sector contexts, which may reveal differences in the interplay of reciprocity norms and trust.

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