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# Organizational Culture in Cooperatives: an exploratory approach

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## Abstract

In recent years, organizational culture has become one of the common themes of interest of scientific and academic research. Each organization has its own unique cultural identity. Based on the recognition that organizational culture is considered important to an organization's results, and social economy organizations are concerned with improving managerial practices and results, our objective is to study organizational culture in cooperatives: identifying their organizational culture as a specific type of organization of the social economy, recognized as increasingly important economic agents; and in doing so, explore the usage of a widely known model, the Competing Values Framework (Quinn & Rohrbaugh 1983).

Three cooperatives were studied. Their presidents were interviewed, and a questionnaire was applied to cooperative members to obtain demographic and organizational culture data. Differences between the cooperatives' cultural profiles seem to be consistent with both the circumstances of Portuguese social economy organizations (SEOs), and to the organizations' uniqueness regarding their trade, focuses, and history. International firm trends were compared with this study's results, and also appear to be explained by the SEO's management practices evolution standpoint: lack of structured way of working, and the need to improvise and innovate in order to get things done. The importance of our research is held in the fact that social economy, and the cooperative movement in particular, has a developing importance in the expansion of many economies, the lack of literature on culture in SEOs, and the exploratory usage of a well-known model of management literature in cooperatives.

**Keywords:** Cooperatives, Social Economy, Organizational Culture, Competing Values Framework

## Introduction

Social economy (SE) prioritizes social objectives and social values and sees profit as a means to meet social goals, not primarily as a means to create individual wealth. Social economy seems to offer an ideal background to nurture synergies between social, economic and environmental goals (Sonnino & Griggs-Trevarthen 2013). In the context of the European Union, SE is composed of an abundant number of actors. SE has increased more rapidly than the population as a whole: between 2002 and 2010, it increased from 6% to 6.5% of the total European paid workforce, and from 11 million jobs to 14.5 million jobs (Monzón-Campos & Chaves-Ávila 2012). Within SE, cooperatives play a very important role and it was no coincidence that in 2009, the United Nations General Assembly proclaimed the year 2012 as the International Year of Cooperatives. Unquestionably management professionalization is a process that has been occurring across SE, although this is subject to a variety of interpretations (Parsons & Broadbridge 2004). The structural changes that occur at local and regional levels require the adoption of new working strategies meant to generate inclusive and sustainable development (Hosu 2012). In doing so, organizations need to develop suitable techniques for managing change, and the professionalization of SE activities will result in a series of changes (Parsons & Broadbridge 2004). The main objective of our work is to study organizational culture in the specific context of cooperatives, using the Competing Values Framework model. Literature review will deal with organizational culture; namely, the competing values framework, as well as organizational culture and organizations in SE, particularly in cooperatives. We will then present methodology, empirical results, discussion, and main conclusions.

## **Organizational Culture and the Competing Values Framework Model (CVF)**

Along with the national culture, each organization shares its own culture (Bligh & Hatch 2011). In recent years, organizational culture has been receiving a lot of attention from scholars and managers, because there is the belief that culture influences organizational effectiveness. Organizational culture can be considered a set of values, norms and beliefs (Handy 1993), a group of mental programming, which leads to shared beliefs, meanings and expressions through artifacts and patterns of behavior (Altaf & Jinnah 2011; McSweeney 2002). Several authors have proposed organizational culture models in the form of typologies (Bligh & Hatch 2011; Deal & Kennedy 1982; Steers & Sanchez-Runde 2002) in order to compare and generalize results, but also in order to conceptualize the construct. We have chosen to use the Competing Values Framework model, because it is one of the most used models (Felício et al. 2013; Neves 2000) and there is scientific and academic evidence that this typology is reliable.

Hartnell et al. (2011) published a meta-analysis on scientific researches published between 1980 and 2008, which supports the existence of a relationship between culture (measured by Competing Values Framework model) and organizational effectiveness. This has provided enough evidence to support the conclusion that each organizational culture typology may be related to organizational effectiveness.

The Competing Values Framework (Quinn & Rohrbaugh 1983) is built on two contrasting dimensions: one represented by an axis that varies between flexibility and dynamics and stability and control (vertical axis); and another that varies along the horizontal axis from internal to external orientation (Quinn & Rohrbaugh 1983). Together, these two dimensions shape the four quadrants of the model: clan, adhocracy, market and hierarchy. The clan type of culture is characterized by teamwork, employees' involvement and their organizational commitment. The clan quadrant is an interlacement between flexibility and internal orientation. Adhocracy type of culture represents adaptation and innovation, new products and new product features as a way that leads to higher profitability. Adhocracy quadrant is placed in the intersection of flexibility and external orientation. Market is another type of culture whose success is measured through market penetration and competitiveness. It is focused on the external environment and intersects with the control end of the flexibility/control axis. Hierarchy type of culture focuses on formality, procedures, rules and structure in the workplace, in general. This quadrant is placed on the control part of the flexibility/control, vertical axis and on the internal orientation end of the horizontal axis (Cameron & Quinn 2011).

Organizational culture is particularly important in social economy organizations, particularly because of the characteristics and motivations of people that work in SEO (Parente 2010). To better understand the concept of organizational culture in the SEO environment, we must identify its main features, such as the organizational culture is learned, it is determined by the organization's history, it is partially subconscious and it is heterogeneous (Orsi et al. 2005).

## **Methods**

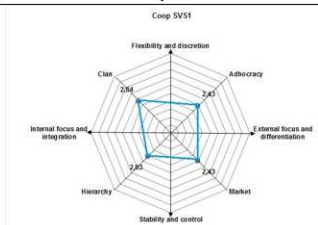
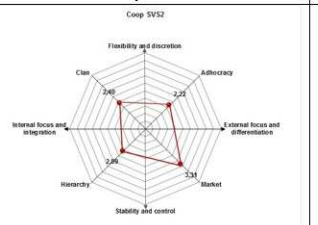
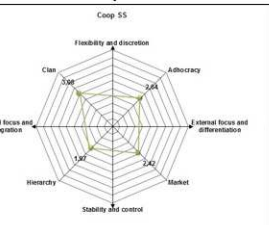
The three cooperatives studied were a sample of convenience: two secondary vocational schools and a social solidarity, located in the same city. Data was collected through a questionnaire and interviews with the cooperative directors. The interviews occurred at the time permission was requested to perform this study. The main topics concerned the main characteristics, accomplishments and challenges of the cooperatives. The questionnaires were administered directly during September and October 2014. We used the Organizational Culture Assessment Instrument (OCAI) based on the competing values frame developed by (Cameron & Quinn 2011), translated and adapted to the Portuguese context (Rodrigues & Caetano 2013). The OCAI is a validated tool for assessing current and preferred organizational culture. The model questions six dimensions with four answer hypotheses corresponding to each type of culture. The participant divides 100 points between a number of descriptions that correspond to the different organizational culture types, according to their experience of their present organization. To simplify responses, our instructions were to distribute 10 points across four alternative answers. The questionnaire was adapted by the authors to the specific SEO context, with some very small adaptations to some specific words. In total we have answers from 96 members of the three cooperatives.

## Results and Discussion

Results are presented in Table 1; they are presented in a radar chart as recommended by the CVP model authors (Cameron & Quinn 2011). Scores of each culture type in each cooperative are also shown, as well as the comments on their cultural profiles.

The first cooperative studied is a secondary vocational school (Coop SVS1), settled since 1989, and derived from the will of several partners (cooperatives and association of cooperatives). It does not specialize in a particular field, the seven vocational courses offered range from secretariat and accounting, both tailored to the social economy sector, to safety and rescue in a water environment, to computer management and 3D design, to restoration and artistry in stone.

Table 1 – Cultural profiles and scores

	Coop SVS1	Coop SVS2	Coop SS
Cultural Profiles			
Scores	<b>Clan-2,84; Adhocracy-2,43; Market-2,43; Hierarchy-2,03</b>	<b>Clan-2,40; Adhocracy-2,22; Market-3,31; Hierarchy-2,09</b>	<b>Clan-3,08; Adhocracy-2,64; Market-2,42; Hierarchy-1,97</b>
Comment	Balanced profile	Market and Clan culture	Non hierarchy culture, otherwise balanced

The survey was answered by 6.5% of the cooperative members (36 out of 552). Coop SVS1 presents a balanced cultural profile, i.e. there is no one culture type that stands out from others, since all the culture types are within one point range. Cameron and Quinn (2011) specify up to one point difference between culture types (the equivalent to 10 points in the authors' original proposal); the results are considered equivalents. This means that they do not have a special character, or a defined way to act. These results may be explained by the very different fields of school courses, and their own sub-cultures, which, on the whole, are not defined.

The second cooperative in this study is also a secondary vocational school (Coop SVS2), this one specializing in arts. In 1963, a group of artists decided to found this cooperative, hoping to promote access to art and alternative culture to the art of the state regime, and to stimulate the development of associations and cultural and artistic production processes, which evolved into education. The courses they provide require and develop artistic skills, particularly in the field of visual expression, and new technologies are used as a complementary tool. There are seven courses related to design: equipment design, fashion design, 3D digital design, graphic design, multimedia and animation, conservation and restoration, and fashion production. The cultural profile of Coop SVS2 was based on 4.5% of responses from its members (20 out of 450) and reveals that the dominant type of culture is market, combined with clan (since there is less than one point difference). According to Cameron & Quinn (2011), organizations with market type of culture are results-oriented and emphasize finishing work and getting things done; people are competitive and focused on goals. These values can be reached emphasizing the position that the organization has on the market (external) and stressing the control to achieve efficiency through actions that follow a clear definition of objectives and strategy. Among the cooperatives studied, only Coop SVS2 presents similarities with the cultural profile found in retail and trade industry organizations, considering the research conducted by the authors with over 1,000 organizations (Cameron & Quinn 2011). As Coop SVS Organization T2 is a teaching cooperative, and given the current situation of high competitiveness in the market, we can understand the prevalence of this culture as a means of survival and being recognized in the market and within the field in which it operates. In this sense, this cooperative has invested in activities, besides specializing in different kinds of training related with visual expressions for different levels and age groups: it established national and international partnerships, enrolled in participation in international projects, and

conducted several advertising campaigns, which is not usual for this kind of vocational school. The clan type of culture was also a significant score, which relates to a family-like type of organization, emphasizing flexibility and focusing on employees. It is understandable in Coop SVS2 as it has suffered several evolutions and fractures during its lifetime, bringing people together, as well as having the same the same shared goal “teaching arts”, making everyone feel they are in the “same family”.

The third cooperative deals with Social Solidarity (Coop SS) and it is the oldest one, founded 122 years ago, in 1893. Since its beginnings, this cooperative has offered opportunities of solidarity savings, free courses, adult literacy, and publishing. Nowadays it maintains three building blocks of intervention, and also has two medical clinics, with almost all types of medical specialties, at affordable prices.

The analysis of Coop SS responses (8.5%: 40 out of 354) indicates that the cultural profile is also balanced, except for the hierarchy culture, which is more than one point from the most prominent type of culture. That is to say that rules, procedures and control are not considered as important as other issues in the daily way of working. The balanced type of culture may be explained in Coop SVS1 by the variety of activities, focuses and people involved, which spreads instead of concentrates attention. The low hierarchy culture score might be explained by the characteristics of Portuguese’s SEOs: the existence of minor staff structures in SEOs, as well as the unprofessional way of working, supported by unqualified management staff and members (Parente 2014).

In general, all cooperatives report the lowest score on hierarchy type of culture, which is not in pace with the international trend presented by the authors. Around the world, and over the years, thousands of firms have been focusing more on a hierarchy type of culture, suggesting that cooperatives and SEOs still have a path to follow towards better management practices.

Another trend presented by Cameron and Quinn (2011) is that adhocracy type of culture tends to have the lowest score among the firms they studied. In our research, considering cooperatives, adhocracy culture is among the dominant cultures in two of the cooperatives studied (Coop SVS1 and Coop SS). Members of cooperatives recognize the adhocracy type of culture as important in their daily way of working. This is to say that they value flexibility, innovation, and entrepreneurial attitude to get their work done, and to ensure the success of their cooperative. This data is also consistent with the specific context of Portuguese SEOs, where there is little organizational structuring, and there are plenty of new situations and scenarios (e.g. legislation, budget cuts) where organizations need to improvise and innovate (Parente 2014). However, it is fair to mention that, given the competitive environment among a large number of SEOs, in particular for gaining financing, nowadays the majority of SEOs are concerned with being more structured, and beginning to adopt managerial approaches ([Akingbola 2006](#)), including those in Portugal (Parente 2014).

## **Conclusion**

The relevance of our research was based on several premises: in the fact that social economy, and the cooperative movement in particular, has a growing importance in the development of many economies (Monzón-Campos & Chaves-Ávila 2012); in the management literature and management practice beliefs, where organizational culture is considered essential to the results of organizations ([Kerlin 2010](#)), even if there is not a predominant cultural profile specifically related to cooperatives; as well as the growing number of SEOs becoming more concerned with using efficient managerial practices ([Akingbola 2006](#); [Parente 2014](#)).

We used OCAI (Cameron & Quinn 2011), a largely tested scale sustained by a consensual theoretical framework (CVF model), to explore the usage of this well-known model and instrument on a different type of organization (cooperatives) in order to understand if it would be sensitive to the differences between them. And it seems it was. Results from the quantitative data, collected through the survey, present differences between cooperatives that appear to be consistent with both SEO’s Portuguese circumstances, and to organizations’ uniqueness, regarding their trade, focuses, and history.

The first cooperative in the study, Coop SVS1, a secondary vocational school, presents a balanced cultural profile; no cultural type stands out, which can be explained by the field diversity of the courses they have. The second cooperative studied, Coop SVS2, is also a secondary vocational school, but specializing in art courses. It has the most clear cultural profile: market culture (faces the market in a competitive way, all members in the same direction – “teaching arts”), combined with clan culture (family-like type of culture,

coming from more than 40 years in the business, and with a joint mission). The third one studied, Coop SS, is a social solidarity cooperative. Its cultural profile is mainly balanced, except for the hierarchy type of culture, for which its scores are so low, and that stands out in a negative way: lack of focus on procedures and work structure.

International firm trends were also analyzed and compared with the cooperatives, and can also be understood in the light of SEO's management practices evolution standpoint: SEOs do not focus as much on procedures and internal control (low hierarchy type of culture score), and do not emphasize innovation, improvisation, and entrepreneurial attitudes, as these Portuguese cooperatives (relatively high adhocracy type of culture score).

The main limitation of our research is the small number of cooperatives studied that do not allow a global and integrated view of cooperatives. Nevertheless, the results of this exploratory approach to organizational culture in cooperatives seem to encourage use of this CVF model approach on a wider sample. It would also be interesting to study other variables related to organizational culture, such as organizational performance.

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