

Cooperative Change and the Myth of Rationality

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Abstract

Much of the current research on agricultural cooperatives is biased towards weaknesses of the cooperative organization form. The literature says very little about the strengths and advantages of the cooperative form and what is necessary to develop the form's uniqueness into a sustainable competitive advantage. We argue that for cooperatives to remain viable and competitive, the advantages of the form must be clearly manifested. There is now a lack of systematic theorizing in this field. Typically, the weaknesses of the cooperative form are compared to the strengths of the investor-owned firms. Our point is that the cooperative form is based on a logic which is different from that captured by the image of rationality, seemingly prevalent in many current studies of cooperatives. There is a call for a more coherent theory of the competitiveness of the cooperative form. So far, the contributions based on agency theory and transaction cost economics (TCE) are essentially met by an optimistic but incomplete cooperative ideology.