

THE ROLE AND STRATEGY FOR A COMMUNITY ASSOCIATION OF CO-OPERATIVES AS A SECONDARY ORGANIZATION: THE CASE OF THE GURO COMMUNITY ASSOCIATION OF CO-OPERATIVES IN KOREA

by

Yena LEE*, Yunhwan NAM, and Sanghoon LEE
Sungkonghoe University, Seoul, South Korea

ABSTRACT: *In 2012, the 'Framework Act on Cooperatives' was legislated and about 7,500 co-operatives have been newly established in Korea. However, most of them are small, less competitive, and less skilled in management. In addition, they have difficulties in obtaining financial and management support from other organizations due to the lack of general awareness about co-operatives in Korea. To assist these co-operatives, secondary self-formed organizations composed of co-operatives have been created. This study explores the characteristics of these organizations and proposes possible models and strategies for cooperation among co-ops through these secondary organizations. In detail, we explore (1) the cooperation model to encourage collaboration among co-ops, (2) the roles and possibilities of secondary organizations to activate this cooperation model, and (3) the specific strategies and challenges for a more accessible cooperation model. To answer these questions, we conduct focus group and in-depth interviews with member and non-member co-ops in the Guro Community Association of Co-operatives, which is a self-organized secondary association in the Guro district in Seoul. Based on the interviews, we tried to find out their needs and the possibility for cooperation among co-ops at the level of the association. Also, we drew a conceptual cooperation model and its specific strategies through the association from theoretical review and interviews.*

1 Introduction

After the Framework Act on Co-operatives went into effect in 2012 in Korea, there have been an increasing number of co-operatives in various fields. There are nine Acts on co-operatives in Korea. The existing eight Acts¹ other than the Framework Act are special

* Email: yena0411@gmail.com

1 The nine Acts on co-operatives in Korea are as follows (enforcement date in brackets):
① National Agricultural Cooperative Federation Act (1957) ② Small and Medium Enterprise Cooperatives Act (1961) ③ National Federation of Fisheries Cooperatives Act (1962) ④ Tobacco Production Cooperatives Act (1963) ⑤ Forest Cooperative Act (1980) ⑥ Credit Union Act (1972)

laws for industrial cooperatives, and require exacting standards of establishment. The Framework Act on Co-operatives makes it possible to set up small and medium scale co-ops with various business models² (Kim 2015). This Act also allows four types of new legal entities as a (general) cooperative, cooperative federation, social cooperative and social cooperative federation. Based on this Act, central and local governments can support in the aspects of management, tax and accounting, education, policy, etc. By July 2015, the number of co-ops registered at The Ministry of Strategy and Finance (MOSF) reached a total of 7,442. Among those numbers general co-ops took up the majority at a whopping 7,098, approximately 95% of the entire number (the rest of them are general co-op federations, social co-ops, and social co-op federations).

However, the general public know little about co-ops in social and economic aspects. Moreover, most established co-ops are comprised with less than ten members and have not been able to get their businesses started properly.³ According to a survey, conducted by MOSF in November 2013, targeting the 1,209 co-ops registered and authorized by May 2013, about 45.6% out of 747 co-ops were inactive. The main reasons were lack of funds (33.4%), unprepared revenue models (22.3%) and a shortage of members (14.1%).

Under such circumstances, discussions concerning the sustainability and the operation of co-ops are being conducted in earnest, and the importance of cooperation among the co-ops is becoming a focal point. As the 6th principle of seven cooperative principles, cooperation among co-op aims to practice the value of solidarity and to strengthen the co-operative movement. At the same time it is necessary for each co-op to survive and sustain itself. Cooperation among co-ops can be realized in various ways. For example, one co-op makes a business contract with another co-op. In addition, multiple co-ops collaborate with each other for other purposes. Furthermore, secondary organizations are conceived as one of the major forms of cooperation among co-ops. Especially, the association of co-ops, as a secondary organization, based on the local community is able to play a significant role in leading cooperation among co-ops which is difficult for small individual co-ops to attempt. This creates and develops a regional co-operative ecosystem in the long term.

At this time, there are not many studies on cooperation among co-ops, especially focused on the secondary organization. This study suggests a model to facilitate cooperation among co-ops via secondary organization established by multiple co-ops, with the case of Guro Community Association of Co-ops (hereafter GCAC). In detail, we explore (1) the cooperation model to encourage collaboration among co-ops, (2) the roles and possibilities of a secondary organization to activate this cooperation model, and (3) the

⑦ Community Credit Cooperatives Act (1982) ⑧ Consumer Cooperatives Act(1999) ⑨ Framework Act on Cooperatives (2012).

2 However, financial or insurance business are restricted to co-ops by the Article 45 (3). (Article 45 (Business Activities) (3) . . . no cooperative shall be engaged in any financial or insurance business defined in the Korea Standard Industrial Classification Code publicly announced by the Commissioner of the Korea National Statistical Office pursuant to Article 22 (1) of the Statistics Act.).

3 Kyungki Daily News, 'Let's just make a co-operative, half of them just open without business,' by Jayeon Jung, 2013.11.18. <http://www.kyeonggi.com/news/articleView.html?idxno=720442>

specific strategies and challenges a for more accessible cooperation model. To accomplish these aims, we examined the concept and necessity of cooperation among co-ops and the characteristics of the association by searching the literature. Then, with reference to the interviews with the member co-ops of GCAC, we tried to find out their needs and the possibility for cooperation among co-ops at the level of the association. As a consequence, we drew a conceptual cooperation model and its specific strategies through the association from theoretical review and interviews. Finally, the implications and limitations of this study are discussed.

2 Theoretical background

2.1 Concept and the necessity of cooperation among co-ops

In ICA principles, the 6th principle emphasizes that cooperation among co-ops aims to ‘strengthen the co-operative movement’. This principle can express the cooperative value of solidarity in a practical way (Shaw 2014:20), and also contribute to building an ecosystem in the co-operative sector through collaborative network. Cho (2014), the former president of the Gosam agricultural co-op in Korea, defined that ‘cooperation among co-ops aims to reduce total debt as well as increase total benefit of community, by making the best use of each organizations’ resources with the recognition of the difference of others’ (Cho 2014:31). Inter-cooperation, one of the ten principles of the Mondragon Corporation, enables co-ops to get benefits by working with other co-ops collaboratively, and this interdependent system between co-ops makes it possible to form and share common resources for business as well as dealing with changes in the market (Witherell et al. 2012).

In this study, we defined the meaning of ‘cooperation among co-ops’ as follows, with the intention of integrating meanings from the definition above to deliver a comprehensive understanding:

Cooperation among co-ops means not only sharing the values of co-ops and strengthening the co-operative movement, but also reducing the total debt and increasing total profits by overcoming inherent limitations and solving a variety of problems through the recognition of the differences between each other, resource-sharing to the full and performance of a variety of joint business operations, such as mutual trade, co-production, joint sales etc., with other co-ops in the same or different industry.

Research reveals that cooperation among co-ops can be a source for securing sustainability and competitiveness of individual co-ops. Smith (2001) insisted that if there are no co-ops in the market or lack of cooperation, the existence of individual co-ops would be threatened, because of ‘network externalities’ in the establishment and survival of a co-op. Using the case of Mondragon, Lizarralde (2009) stated that the network of cooperation among co-ops is developed in order to capitalize synergies from clusters and to create innovation by encouraging mutual learning. He also emphasized that the economic and social success of the organization is relevant to the accumulated social capital in the network building process.

Cooperation among co-ops based on trust and solidarity enables individual co-ops to obtain the necessary resources in an efficient way by sharing and complementing with others, to reduce transaction costs using the network, and to raise market power by reaching economies of scale (Dyer 1997, Williamson 1995, Shin 2002, Kim et al. 2002, Wernerfelt 1984, Podolny and Page 1998). This, in the long term, could result in strengthening co-ops' competitiveness and sustainability. Many countries provide legal and institutional systems in order to support cooperation among co-ops. In Korea, there are laws to encourage the set up federations (secondary organizations) of co-ops and offering a legal basis. We will mention this in more detail in the next section.

On the other hand, according to McDonnell et al. (2012), cooperation among co-ops does not necessarily conclude that one needs to receive resources and services from another co-op. Instead, they explain that cooperation can lead to growth in business and contribute to the development of co-ops in the community. In other words, cooperation among co-ops is crucial not only for pursuing the value of solidarity between co-ops in principle, but also for enduring this movement through their business in reality. We centered on the secondary organization as a mediator to facilitate cooperation. The regional association of co-ops, a secondary organization consisting of individual co-ops, can bring out cooperation between different co-ops and create a stable market environment for the co-ops. Therefore, we explore appropriate strategies to activate this association and the possibility of cooperation.

2.2 Secondary organization of co-ops and its characteristics

2.2.1 *Secondary organization of co-ops in Korea*

According to Snaith (2014), federation means groupings and long-term relationships for common interests between co-ops and it can be called 'horizontal inter-cooperation (Snaith 2014:1)'. He also explains that cooperation among co-ops could take diverse forms and that a federation as a secondary organization intends to represent its member co-ops with an independent governance and financial system.

In the context of the legal system in Korea, cooperation with other co-ops or federation can be understood as a substantial way to pursue the 6th principle of co-operatives. With reference to the principle, the Framework Act on Cooperative in Korea defines related regulation on the Article 8 (Cooperation with other Cooperatives or Federations).⁴ The Article states that a co-op can constitute secondary organizations with other co-ops (Song 2014). These secondary organizations can be organized in several forms depending on whether it is a corporate body or not. On the one hand, there are

4 Chapter I Article 8 (Cooperation with other Cooperatives or Federations)

(1) Each cooperative, federation of cooperatives, social cooperative, or federation of social cooperatives shall endeavor to cooperate reciprocally with other cooperatives, cooperatives under other Acts, foreign cooperatives, and related international organizations, promote mutual understanding with them, and develop joint projects.

(2) When it is necessary to achieve the purposes prescribed by paragraph (1), a cooperative, federation of cooperatives, social cooperative, or federation of social cooperatives may organize and operate a council with other cooperatives or cooperatives or federations under other Acts.

secondary organizations voluntarily formed by co-ops and they are centered on the region or industry, in the form of a voluntary association, not as a corporate body. In Korea, this type of secondary organization (a voluntary association) is called 'association'. On the other hand, secondary organizations can also be founded as a corporate body based on the other chapter of the same Act.⁵ This type (a corporate body) is called 'federation'. At the end of 2015, there were 48 federations of co-ops in the form of corporate bodies. Recently, some co-ops got together and founded a secondary organization in the form of an independent co-op, not an association or federation.

Association is a united organization created by multiple organizations with a common purpose. The association is a less strict organization than federations and alliances. According to Yang and Lee (2003), the association can be established by the consultation of multiple organizations that have a common purpose concerning the coordination and liaison of the office. In other words, the association is a connected body between multiple organizations but is a less severe type of co-agency, in the sense that the organizations can maintain their independence. As the association strengthens its solidarity, it can then become a legal entity, and be able to perform independent businesses from a wider range.

GCAC, the subject of this study, is a voluntary association, not a corporate body. GCAC was established earlier than other associations. Since its establishment, GCAC has made efforts in many ways to promote cooperation. However, the member co-ops in the GCAC still felt the necessity to have a clearer understanding of how to cooperate among co-ops. Therefore, as an exploratory research, we propose meaningful strategies for more bottom-up and voluntary ways of solidarity through secondary organization.

2.2.2 Characteristics of the association as a network organization

Because of the radical macro environment changes including increased uncertainty, growing competition, rapid technology development, and so on, the cooperation among individual co-ops based on trust is necessary (Kim 1996). The association which is a type of cooperation among co-ops can be seen as one of the forms of network organizations, so its characteristics can be understood by applying network-related theoretical research. With reference to previous studies, the association of co-operatives can be established by agreement of related co-ops in order to achieve common purposes and mutual benefit. This has the characteristics of a network organization. Yeung (2000) defines network as follows: 'networks as both a governance structure and a process of socialization through which disparate actors and organizations are connected in a coherent manner for mutual benefits and synergies.' Such network organizations are formed by the interactions between the actors and resources. In other words, the actors are dependent on the resources that are controlled by one another and pursue mutual interests by jointly utilizing these resources. In addition, they are able to form an open-oriented nature by using relational means of communication (Bae 2003). Since this is a loose form of cooperation among co-ops, it can have some advantages for 'strength of weak tie (Granovetter 1973)'. However, the

5 This is based on 'Chapter III Federation of Cooperatives' and 'Chapter V Federation of Social Cooperatives' of the Framework Act on Cooperative.

binding power could be weak, so the form cannot guarantee the active participation of members.

Actors in the network can bring or utilize resource from the network, and this can be helpful to complement each co-op's weakness (Rowley 1997, Dyer and Singh 1998). Some researchers also found that a network can be viewed within three interconnected layers in a business perspective, and mention resource network among them. For example, Holmlund and Tornroos (1997) suggest three kinds of network layers in business networks: production network, resource network, and social network. First, production network is made by firm actors in a business network, and this layer is related to the value chain of the products/services. With the firm actors, resource actors which provide the necessary elements for production such as finance, technology and knowledge can form the resource network layer. The third layer is the social network constituted by interconnected actors in the expanded second layers.

Simmons and Birchall (2008) recognize the nature of co-op with a network perspective. With reference to the values and principles of co-operatives, according to them, the 'connectedness' between co-ops and their members are essential. Thus, a co-op can act as 'a hub for organizing particular local economic interests and/or for protecting common pool resources (Simmons and Birchall 2008:15)'. In addition, they argue that the principle of 'cooperation among co-ops' serves as a useful measure for increasing benefit by forming an extensive network. The Mondragon group in Spain and small manufacturing co-ops in Northern Italy are mentioned as examples of this secondary network. Pollet and Develtere (2003) also stress the role of federation which can represent collective interests of co-ops. Further, they argue that when these networks connect with other actors at a wider level, country and abroad, a tertiary network can be created at the national or global level (Pollet and Develtere 2003:53).

In relation to the association of co-ops, there are some studies focusing on the effect of networks of co-ops. First, in the research about the supply chain of agricultural co-operatives, Perez and Martinez (2007) argue that the enhanced collaborative supply chain networking of co-ops can help in building up the performance and financial interests of the co-ops. Desrochers and Fischer (2005) stated that enhanced network performance of the co-ops can reduce transaction costs, and such reduced costs can be maintained more stably by formally integrating the co-ops within the network.

Lee and Kim (2006) explain the long term strategic network that companies use in order to gain a competitive advantage in the market. The main advantage that comes from utilizing strategic networks is the effectiveness and efficiency of achieving economies of scale. In economics, an economy of scale is defined as a phenomenon whereas the output increases the long-term average total cost declines. In order for a small organization to achieve economies of scale, creating synergy by establishing networks is essential. Co-ops can be seen as equivalent to small-medium enterprises and venture companies. Co-op businesses in the network are able to maintain their independence while being interdependent on one another. This means that it is capable to effectively share information and resources through the network. Furthermore, the values and principles of co-ops can be key elements of a successful strategic network. In essence, the association of co-ops can be characterized as the network organization of co-ops, and it is necessary to strategically identify and utilize the characteristics as a network organization in order to bring along more positive effects.

Table 1 – Classification of intermediate support organization

Criteria	Classification
Founders	① Government-initiated type ② Private-initiated type ③ Consignment type
Operating structure and resource mobilization	① Consulting type ② Coalition type ③ Consortium ④ Group type
Business contents	① Total support type ② Specialized field type
Area of service provided	① Wide-area type ② Local-area type

Source: MA S. J. 2011.

2.2.3 *The characteristics of the association as an intermediate support organization*

As seen above, the association of co-ops is a network organization voluntarily formed by individual co-ops. At the same time, it has the characteristics of an intermediate support organization. This means the association of co-ops can serve useful roles and functions as an intermediate support organization. Thus, we explore the concept of intermediate support organization to understand the characteristics of the association.

According to Ma (2011), the concept of ‘intermediate support organization’ first appeared in the early 20th century in England. These organizations mainly helped in coordinating the activities of non-profit organizations and building up their competence. In European countries, where co-ops were an already prominent force, social economic organizations have developed into associations or consortium groups. In recent years there has been a growing tendency to actively reinforce support activities such as creating markets and enhancing professional competence. Co-ops intermediate support organization, based on Ma’s study, can be understood as ‘an organization that supports co-ops in various services such as costly business operations or matters that are hard to solve by itself, all for the purpose of developing co-ops’. By putting together prior researches, Ma (2011) categorized the different types of intermediate support organizations in accordance with founders (or subject of foundation) and activities (see Table 1).

First, divided by the type of founder, there are public institutions (government-initiated), private institutions (private-initiated), and public institutions consigned over to the private sector (consignment). Intermediate support organizations can also be divided according to the operational structure and resource mobilization methods. The consulting-type organization is where consulting companies combine in order to provide consultations to relevant organizations. In the case of the coalition-type organization, including the representative role of co-operatives, it performs a variety of support functions to members and potential members. In order to implement joint projects, the consortium-type organization performs support functions to organizations participating in the consortium. In the case of the group-type organization, they are dedicated to the development and support of sub-enterprises within the group while sharing their overall management based on local homology or on a specific solidary motivation. In addition, based on the business content, intermediate organizations can be categorized into two groups, the total support-type and specialized support type. The former assists co-operatives in a wide range of fields and other related groups, whereas the latter only assists in fields where they are specialized. Organizations can also be classified into two groups based on the area range they serve. The metropolitan organization – a wide

Table 2 – Role and function of intermediate support organization

Role	Function
Mediator	<ul style="list-style-type: none"> • Policy decision maker and procedure executor • Improving policy effectiveness (Monitoring, Feedback) • Policy proposal (various policy-demand delivery)
Coordinator	<ul style="list-style-type: none"> • Participating in communication between members and forming an open network • Connecting and coordinating resources among stakeholders
Capacity Builder	<ul style="list-style-type: none"> • Gathering and providing information • Research • Counseling and consulting • Sharing information with members and training members (training human resources)

Source: KO K. Y. 2014.

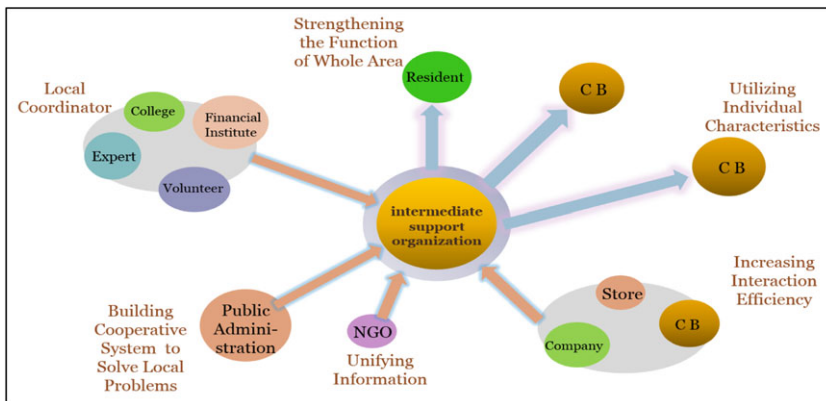


Figure 1 – The role of intermediate support organization for community business.

Source: Kim et al. 2013.

area type – can assist co-ops in several municipalities and/or provinces. The local organization – a local area type – only supports co-ops in certain local areas. Given these points on the intermediate support organization, the associations of co-ops currently founded in Korea are understood as being privately initiated by individual co-ops, while at the same time it can also be seen as a coalition-type that serves the supporting and representing functions for member co-ops. In addition, there are regional associations of co-ops in certain areas.

Based on previous researches, Ko (2014:135) explains the concept of intermediate support organization as ‘an organization that heightens the value of community networks by working as an intermediary, conciliator, and capacity builder within the network’. He also classified the roles and functions of an intermediate support organization into three categories (see Table 2).

Kim et al. (2013) introduced the concept of Community Business (CB) as the outcome of people’s voluntary cooperation. They also emphasized the role of intermediate support organization for CB as a facilitator for both foundation and activities of CB. In addition, they provide the definition of intermediate support organization for CB, which helps CBs and their stakeholders to make a network with other organizations and to get necessary information or business know-how. Figure 1 depicts these roles

of intermediate support organizations for CB. As a mediator and facilitator for CBs, the intermediate support organization obtains resources from various entities locally, and makes outcome to CBs and to the community. The association of co-ops can have similar characteristics as intermediate support organizations for CB and perform the same function mentioned above, because co-ops can be seen as a type of CB.

Putting together the concepts and categorizations of an intermediate support organization, we can view the association in Korea as a private-initiated type, formed by individual co-ops on their own initiatives, as well as a coalition type to represent and support member co-ops. The associations provide their service in both the wide and local area. In terms of its business contents and function, the association usually provides total support services to individual co-ops such as new market opening, education, information sharing, and so on. In accordance with Ko (2014)'s classification, the associations in Korea serve as a coordinator currently situation. In the long term, the association can help co-ops to reinforce their capabilities by complementing its function as a mediator and capacity builder.

3 Research methods

3.1 Subject of the study: Guro Community Association of Co-ops (GCAC)

Guro-gu is one of the 25 districts (in Korean 'gu') of Seoul. In the mid-20th century, there were huge industrial complexes in the Guro area, which were the driving force of industrialization of South Korea. For these reasons, the strong roots of labor and civil movement still remain in Guro. Before the enforcement of the Framework Act on Cooperatives in 2012, various kinds of social economy organizations like consumer co-ops, social enterprises and CBs in Guro have run their own business.

GCAC was founded in November 2013 by ten individual co-ops in Guro area on their own initiative. It is a private organization, not a corporation. At the time of this research, late December 2014, 27 member co-ops among 78 co-ops in Guro joined in GCAC. Its purposes are to promote mutual cooperation between co-ops in Guro and to contribute to create a social economy ecosystem. Member co-ops have to pay a monthly membership fee to run this organization, which is the major income of GCAC. Despite the lack of funds, GCAC attempted to do various activities to achieve its own purposes with financial support from local government. They tried to do collaborative activities such as networking, promoting mutual transaction, education, workshops, joint events, agreement MOU with other non-profit organizations in the local area, and so on. Figure 2 demonstrates the detailed status of member co-ops of GCAC and other co-ops in Guro.

3.2 Research methods

To obtain data, we did interviews with co-ops in Guro. There were two group interviews of member co-ops and several individual interviews with each member co-op. Individual interviews were conducted after the first group interview. Through the first group interview, member co-ops exchanged their opinions on cooperation between co-ops, participation and activities in GCAC, and their needs of GCAC as a member.

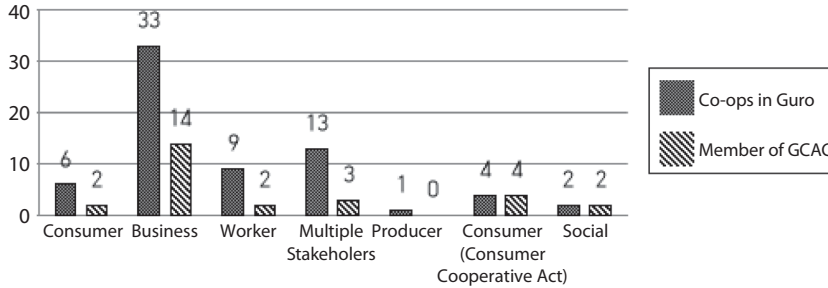


Figure 2 – Classification of co-operatives reported and members of GCAC in Guro.

After individual interviews, there was another group interview with member co-ops to give members an opportunity to complement the first group interview and to ask them more questions about their urgent problems. Individual interviews included not only each member co-op of GCAC, but also non-member co-ops in Guro. By in-depth interview with each co-op, we tried to understand their status, needs, and opinions about cooperation among co-ops and activities of GCAC for a year. Analyzing these interviews, we examine the role of GCAC as a secondary organization and suggest some viable cooperation models through GCAC.

Eleven among twenty-seven member co-ops participated in group interviews twice, and 19 member co-ops responded to individual interviews. The interviews were done from October to December, 2014. Most of the interviewees were chief directors of member co-ops, and some were full-time employees.

4 Result

4.1 Interviews of member co-ops

4.1.1 *Questions related to activities of association and cooperation among co-operatives*

We asked member co-ops several questions related to activities of GCAC during the year. Table 3 shows the questions and answers in summary. As the major reasons to join to GCAC, exchanging information, building up networks, and establishment of ecosystem for social economy were mentioned most. To the question about the advantages from being a member of GCAC, they answered that it is good for networking, broadening their understanding of co-ops, and getting emotional empathy with other co-ops by sharing similar experiences.

Most interviewees reacted with positive attitudes toward cooperation among co-ops and the possibility of its realization. However, in reality, cooperation among co-ops was not as much as they thought. As for the reasons, they have a low level of understanding of each other due to the lack of information, and this makes a barrier for mutual transaction between co-ops. In addition, some factors which hinder cooperation with other co-ops were mentioned. First of all, co-ops cannot concentrate on cooperation among co-ops because their priority is to solve their current problems. Moreover, it

Table 3 – Summary of interviews of member co-ops

Question	Answer
Reason to join	<ul style="list-style-type: none"> • Networking/information exchange (Sharing experience) • Contribution to develop the infrastructure of co-ops • Enhancing competitiveness through the cooperation among co-ops • Solving business problem utilizing co-operative eco-system • Exploring co-operative projects • Contributing to the construction of co-operative ecosystem
Advantages of participation	<ul style="list-style-type: none"> • Networking – forming the bond of emotional sympathy • Understanding other co-operatives' perspective • Smooth communication – cooperation through association
Difficulties of cooperation among Members	<ul style="list-style-type: none"> • Urgent priority to solve the pending issues of each co-op • Lack of mutual understanding due to the lack of information among co-ops in different industries • Lack of time to discuss about cooperation • Lack of contents and lack of common purpose • Opportunistic situation
Possible way of cooperation	<ul style="list-style-type: none"> • Joint-business (joint workplace, joint sales showrooms, joint local parcel service, joint search for new clients, sharing human resources, sharing job information) • Developing joint business model for public project at the association level • Regularizing interchange (sharing information about market situation at an appropriate time, Sharing know-how and experience) • Joint education for members of co-ops including management education • Establishing the concept, role and systematic methodology of cooperation among co-ops • Building infrastructure to facilitate the cooperation among co-ops in different industries
Activation plan for association	<ul style="list-style-type: none"> • Securing foothold (place, manpower, funding) • Activeness and impellent power • Joint business of association – enhancement reciprocal transaction • Participation of various co-operatives – supporting new co-ops • Providing high information – solidarity for outside activity
Supports from central and local government to activate association and cooperation	<ul style="list-style-type: none"> • Improving support and incubating system (law, regulation, policy and management resources) • Building the system of public procurement preferential purchase from the members of the association • Increasing the understanding of public servants about co-ops

Source: Authors.

is hard to transact with other member co-ops due to the lack of mutual understanding caused by the difference of business. In addition, there was a concern about opportunism.

The possible types of cooperation among co-ops, they answered, are joint-business (joint workplace, joint sales showrooms, joint local parcel service, joint search for new clients, sharing human resources, and sharing job information), composition of the consortium for public projects, regularized interchange (sharing information about the market situation at an appropriate time, sharing know-how and experience), joint education for members of co-ops including management education, and so on. Especially, they

Table 4 – Summary of interviews of member co-op - requests to GCAC

Items	Details
Business support	<ul style="list-style-type: none"> • Providing joint business for small co-ops • Supporting the establishment of business planning and strategy for small co-ops • Funding/collecting equity • Finding a market and/or steady work
Promotion	<ul style="list-style-type: none"> • Encouraging mutual cooperation for member recruitment • Help to promote individual co-op business • Consistent publicizing the existence of association • Supporting a campaign for funds
Place utility	<ul style="list-style-type: none"> • Establishing a base for community-based-exchange • Securing a place for education
Education	<ul style="list-style-type: none"> • Providing a common working place • Education and training for members of co-ops to develop core workforce • Providing an opportunity for cross-training for practical task through coaching, talent donation, etc.
Inter-communication	<ul style="list-style-type: none"> • Advising to change opportunistic behavior • Providing an opportunity for communication, information exchange and networking
Miscellaneous	<ul style="list-style-type: none"> • Encouraging quasi-membership system among co-ops • Listening and solving the difficulties of co-ops each other • Making an effort to improve act, system and public support policy for co-ops
Ranking of Joint service requested	<ul style="list-style-type: none"> ① Joint clerical services ② Co-design(logo, business card, etc.) ③ Joint office ④ Joint delivery services ⑤ Joint web pages ⑥ Joint certification ⑦ Joint marketing

Source: Authors.

Table 5 – Summary of interviews of non-member co-op

Question	Answer
Route to know the association	<ul style="list-style-type: none"> • Most aware of the association • Hearing from the association or obtaining the information about the association from education about co-operative
Reason not to join the association	<ul style="list-style-type: none"> • Absence of staff • Low solidarity • Not known in detail • Unavailable time
Intention to join the association in the future	<ul style="list-style-type: none"> • Most of them intend to join the association
Barriers and difficulties of participation in association activities	<ul style="list-style-type: none"> • Unavailable of time due to absence of staff • Pursuit of personal interests alone • Feeling no need for (for business)

Source: Authors.

were expecting that more cooperation would be possible when the level of understanding gets higher within the association.

To activate GCAC more, members thought it necessary to secure a foothold including place, manpower and funding, to do joint business driven by the association, and to promote mutual and reciprocal transactions, etc. They also emphasized the role of central and local government for the association. Specifically, they mentioned the necessity of support systems for start-ups and small businesses by proper law, regulation, higher understanding of public officers on co-ops and social economy, and building the

system of public procurement preferential purchase from the member co-ops of the association.

4.1.2 *Requests to GCAC*

Member co-ops require GCAC to serve various roles to strengthen their competitiveness by activating cooperation among co-ops. In detail, there were requirements to facilitate cooperation among member co-ops to recruit new members for each co-op, to promote member co-op's business, and to publicize the activities of GCAC to raise funds. Some co-ops strongly suggest that GCAC needs to secure a common use space which can be a base for group activities and networking. They also asked GCAC to provide diverse managerial and administrative support for start-ups and/or small co-ops. Also, there were demands for education such as training to develop core workforce skills, cross-coaching between member co-ops, and for intercommunication, information exchange, and networking. There were other opinions as follows: encouraging a quasi-membership system among co-ops, listening to and solving each other's difficulties, making an effort to improve the Act, system and public support policy for co-ops. The most required and preferred joint services were relevant to cost saving and new market openings. These kinds of services can enhance member co-ops' capability through actual cooperation.

To summarize the two group interviews and individual interviews with member co-ops, they recognize the characteristics of the association as a network organization, and try to have more chances to improve their network and to increase mutual understanding so that they can get synergy for the business. To meet their needs, however, GCAC has to strengthen its own ability to contribute and support member co-ops business and sustainability.

4.2 Interviews of non-member co-ops

We did interviews with co-ops which are in Guro but not members of the association. First, we asked whether they recognize the existence of the association or not, and if so, how they know about the GCAC. Non-member co-ops we interviewed were aware of GCAC by directly hearing from the association or obtaining the information about the association from education about co-ops. As to the reasons for not joining the association, they answered that they do not have enough staff or time to participate, or do not feel the sense of kinship and the need for solidarity. However, some of them showed their intention to join the association in the future. Similar to member co-ops, non-member co-ops request GCAC to take a role of representative for local co-ops and to provide management support such as promotion and new market openings. They also mentioned about the need for government to carry out policies for co-ops and to improve their awareness of the co-ops. As a whole, the answers of non-member co-ops were similar to that of member co-ops, but some of them showed negative or passive attitudes toward cooperation among co-ops because they don't realize what they can get from such cooperation. For more cooperation among co-ops, they expected GCAC to improve mutual understanding and networking.

5 Findings and discussion

5.1 Classification of cooperation among co-ops and the role of the association

Through the interviews, we find that member co-ops are satisfied with networking through GCAC because GCAC has tried hard to form networks between member co-ops, and other social economy entities including social enterprise or community business. However, they still want to have more opportunities to know each other, especially about other co-op business models. The results of the interviews also show that GCAC also contributes to the local community. GCAC collaborates with other organizations, and participates in various projects or events in the Guro area. As a secondary organization, GCAC has explored new markets for their member co-ops, but as yet there are no remarkable results.

Even though members recognize the importance and necessity of cooperation and are eager to participate in cooperation more actively, there are some barriers against cooperation, such as the lack of understanding and the difference of their business model. For these reasons, members find it difficult to know how cooperation among co-ops can actually be realized. Therefore, many member co-ops request GCAC to play an important role in promoting cooperation among co-ops.

Based on the results from interviews, this study suggests criteria useful in explaining cooperative relationships between co-ops on their business model, and also classifies the type of the cooperation of co-ops with the criteria. The purpose of the classification is to find out more effective ways of cooperation as well as to raise understanding of the cooperation among co-ops with different business models. Above all, we examine the specific strategies of the association to facilitate and mediate cooperation suggested in the model.

Two criteria were used to classify the cooperation among co-ops. One is the homogeneity of business between co-ops; the same type of business vs the different type of business. The other one is the relationship of business between co-ops in terms of supply chain relevance; the vertical relation between co-ops along the supply chain vs the horizontal relation between co-ops along the supply chain.

In the case that co-ops are doing business in the same industry (same), they can obtain the effect of the economies of scale through cooperation among them. Working with others, they can increase their competitiveness and decrease the total cost. If co-ops are doing business in the different industry (different), they can co-operate by taking advantage of networking. When multiple co-operatives are related vertically along the supply chain (vertical), they can co-operate with each other by reciprocal transaction. That is, they can deal in raw materials between the raw material provider and the producer, or cooperate in the distribution stage between the producer and the distribution channel member. If multiple co-ops are doing business at the same level along the supply chain (horizontal), the effect of cooperation among them can be obtained by tasks related to the management of co-ops rather than cooperation along the supply chain.

Using these two criteria mentioned above, cooperation among co-ops can be categorized into four groups. First, those co-ops doing business in the same industry and having the vertical relation along the supply chain can cooperate within the supply

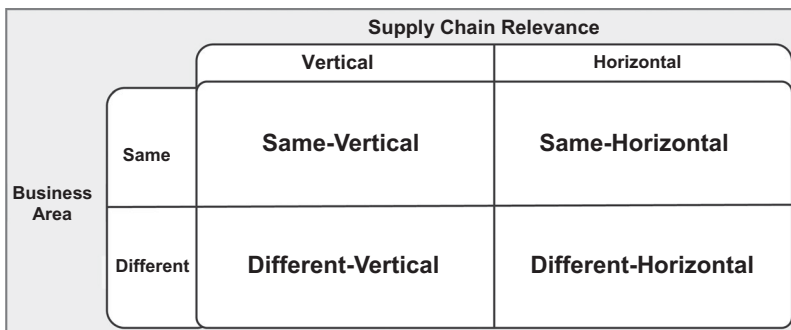


Figure 3 – Classification model of cooperation among co-ops in association.

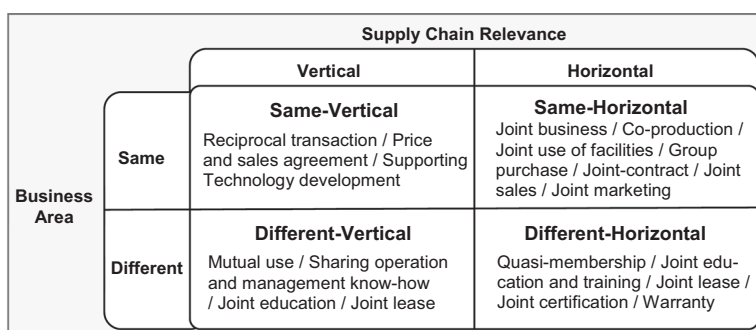


Figure 4 – The ways of cooperation.

chain (same-vertical). In this category, they can trade all kinds of materials and services which co-ops need to produce and sell (product and/or service). Therefore, co-ops can form close transaction relationships in their main business. Second, when co-ops are in the same industry, but find it hard to make a business relationship along the supply chain (same-horizontal), co-operatives can achieve economies of scale by co-operating. This is because co-ops are not only doing business in the same industry, but also performing similar functions in the supply chain. Third, co-ops doing business in different industries and having a vertical relation along the supply chain (different-vertical) have difficulties finding a way of cooperation. In this case, they can help each other in regard to support activities. Fourth, co-ops doing business in different industries and having horizontal relations along the supply chain (different-horizontal) can cooperate. Figure 3 shows the four types of cooperation explained the above.

In detail, we made some suggestions of strategies for cooperation models through the association (see Figure 4). For the first type of classification, same-vertical type, co-ops can cooperate by reciprocal transactions associated with their business in the same supply chain. This strategy includes transactions based on price agreement, sales agreement, supporting technology-development and so on. The role of the association here is to find out the feasibility for reciprocal transactions and to connect between member co-op’s business models.

In the case of the second-type of classification, same-horizontal, co-ops aim to have effects from the economies of scale. In other words, joint use of facilities and/or equipment which individual co-ops find hard to buy or use alone, co-production, group purchase, joint-contract, joint sales and so on are possible through cooperation. Also, the association has to make more effort for joint marketing through cooperation. This is accomplished by related activities such as joint promotion, joint sale showroom, and joint branding. At the high level of collaboration for joint marketing, it would be feasible to develop joint CI, to introduce a joint certification system, and to utilize the negotiating power of the association. Since these plans would be directly associated with each co-op's marketing, it requires member co-ops' active participation and close mutual cooperation.

If co-ops are in a different business area, in the cases of the third (different-vertical) and the fourth (different-horizontal) type of classification, there would be no clear distinction between the third and fourth types in detail strategies. To some extent, reciprocal transactions could be possible but it is hard to connect in the supply chain. Rather, in these types, we can expect the effect of networking which results in reducing cost, pooling and sharing resources, and creating trust and social capital. It is carried out by sharing operation and management know-how, buying equipment and/or service for operation and management, joint education and training, joint lease, joint certification and/or warranty, and so on. If the association mediates these kinds of cooperation using the network, synergy effects can be created. More specifically, the association can provide management support services to their member co-ops. It can offer a common space as a kind of 'business center' for small co-ops. At the center, the association can provide various joint activities for members, such as joint clerical service, joint education or training programs, tax accounting counselling, and so on. During the interviews, many small co-ops in GCAC request GCAC to do these activities. In addition, the association can facilitate mutual cooperation and exchange between member co-ops. For more mutual understanding, the association can provide a networking field to share each member's information or management know-how. Member co-ops can deliver and exchange useful information or news to other co-ops through the association. Also, quasi-membership could be possible between member co-ops. This can be a good chance for each co-op to promote new members.

Table 6 shows how individual member co-ops of GCAC would belong to the classification suggested in this study. Through the interviews, we could find that there were a few cases of cooperation among member co-ops although the scales were small. For example, the co-op which produces and sells LED lights worked with a house interior and remodeling co-op. This kind of cooperation can be viewed as a reciprocal transaction because two co-ops can be located upward and downward of the same supply chain in the interior or remodeling industry (same-vertical type). Similarly, it is possible to co-operate between the co-op which produces beauty products and the beauticians' co-op.

Co-ops which are in the same business as well as their relationship being horizontal (same-horizontal type) they can use networking to share useful information and experience. Each group of co-ops which provide house interior services, employment and recruitment services, IT system services, and consumer co-ops are in this type. They can cooperate with each other in their business area. In the case of an ads printing co-op, which manufactures printing and signs for advertising, it often had transactions with other member co-ops in Guro. This is a feasible type of mutual use through the association even though each co-op is in a different industry.

Table 6 – Classification of the type of cooperation⁶

	Vertical	Horizontal
Same	<ul style="list-style-type: none"> • Transaction of Beauty Goods (17SeungRhee co-op – MiYongKunkang co-op) • Transaction of LED Goods (Zipsurhee - Interior related co-ops) 	<ul style="list-style-type: none"> • Sharing construction crew (between Interior related co-ops) • Network table among co-ops in same industry (employment and recruitment services co-ops, consumer co-ops, interior co-ops, IT co-ops)
Different	<ul style="list-style-type: none"> • Transaction related to advertising and (Kkumuel Pumuen co-op-the others) • Employment and Recruitment Services/Co-ops need human resources (job co-ops – the others) • Delivery service (HwaHwue co-ops – consumer co-ops) • Sales agency service (joint marketing service for small merchant – LED co-op) 	<ul style="list-style-type: none"> • Quasi-membership and mutual use (consumer co-ops – funeral co-ops – EcoGuro) • Transaction of Garland (HwaHwue co-ops -The others) • Funeral service (Gidok co-ops – The others) • Digital or cultural experts and contents (Nabee co-ops / IT co-ops)
The role of the association to promote cooperation	<ul style="list-style-type: none"> • Activities led by association among co-ops • Cooperation related to market exploitation through association • Cooperation related to management support through association • Enhancing mutual understanding / Mutual education and coaching through association 	

Source: Authors.

5.2 Cooperation among co-ops through the association level

The association can develop itself as an independent organization. As it matures and becomes more capable, the effect of cooperation among co-ops can be maximized. Interviewing member and non-member co-ops in Guro, we identified their desire for the association to promote cooperation and to exploit more of its own potential.

6 Business models of each member co-op of GCAC are as follows.

	Name of co-op	Business model		Name of co-op	Business model
1	Kkumuel Pumuen Ads printing co-op	Manufactures for promotion(sign, printing)	2	Guro Seemin Dure consumer co-op	consumer co-ops
3	CoopY co-op	Education and research of co-op	4	Aruemdaun Dure consumer co-op	
5	Hankook MiyongKunkang CEO co-op	beauticians	6	Hansalim consumer co-op	
7	Uri Mill co-op	selling Korean wheat product	8	Guro iCOOP consumer co-op	
9	Youngrim Middle School Social co-op	cafeteria in middle school	10	LED co-op	LED lights and products
11	EcoGuro co-op	sunlight generation in Guro	12	17SeungRhee co-op	Beauty and medical device
13	Jiguchon co-op	businesses for multicultural family	14	Culture&Art co-op Nabee	Culture and art planning, education, performing
15	Hankook IT co-op	IT infra-building service	16	Hankook IT Gaebalja co-op	IT infra-building service
17	Zipsurhee co-op	House interior, remodeling	18	Jungsosangkongin joint marketing co-op	Joint marketing
19	JikupSangdamsa co-op	Career management, consulting, education	20	Awutsoosing co-op	Supply of manpower
21	Baekmanin Iljari Chajajuki co-op	recruitment, job matching	22	Contaekcenter systemintegration business co-op	Building infra system for enterprise communication
23	HwaHwue co-op	flower shop	24	Gidok co-op	funeral services

First, many member co-ops request the association have an important role in raising funds. It is hard for small co-ops to raise funds by themselves, because the Framework Act on Cooperatives states that ‘no cooperative shall be engaged in any financial or insurance business’⁷. In addition, membership fees of co-ops are recognized as a debt rather than a capital by the industry of finance. Therefore, small co-ops can improve fund raising capacity through the secondary organization. We can consider several different ways to raise funds for the association. Crowd funding inside the association would be a primary way to raise funds. It is another way of funding saving a certain amount of profit as a common development fund when there is a trade between member co-ops. Also, co-ops need to co-operate with credit unions and/or the bank of agricultural co-ops which is called NH bank in Korea. In case of Guro, they are not members of the association, so it would be the first step to make them join GCAC. Then potential ways of making funds from financial institutions could be discussed. Although it is at a very early stage in Korea, utilizing social funds could be another way. The association can collect information related to social funds, inform their member co-ops, and support them in using social funds.

Furthermore, the association of co-ops can cooperate with other secondary organizations to build up a new market and to bring out stronger synergy. These expansions of cooperation can lead to form a social economy market. Given the difficulties for social economy organizations to compete with corporations in the market, the social economy market can contribute to their survival and sustainability, and in the long term, to the ecosystem of social economy. According to interviews, however, cooperation is not easy among co-ops due to the heterogeneity of member co-ops’ business models. This hinders amicable cooperation and development of the social economy market. To overcome these limitations, the association can cooperate with other social economy entities in the local and near area to make a broader ecosystem. Around Guro, there are several community associations of co-ops in the near area. If the agreement can be made between those associations for mutual cooperation, it is possible to explore a feasible cooperation model among co-ops in different community associations. To make a MOU with other community associations, or to establish a larger range of apex organization are practicable ways for more cooperation. Moreover, social enterprises, community businesses and self-support businesses already have their own secondary organizations in the local area. Cooperation with these social economy organizations could be necessary and meaningful.

Lastly, the association can contribute to development of the social economy at the local level. In the interviews, co-ops want the association to serve important roles in the policy making process, as an advisory and representative organization of local co-ops in cooperation with local government. If the association is getting bigger and being developed, it could be a community center which provides necessary services for local people as well as co-ops. In the name of the association, member co-ops can participate in voluntary works or talent donation.

7 Article 45 (Business Activities) (3) (See <http://www.law.go.kr/eng/engLsSc.do?menuId=1&query=cooperative&x=0&y=0#liBgcolor19>)

6 Conclusion

We explored possible ways to lead and encourage cooperation among co-ops with the case of GCAC. As a consequence of the interviews, small and new co-ops in the local area empathized with the necessity to build an ecosystem through cooperation among co-ops and expected some roles of the association to achieve this. When an individual co-op does not have enough resources and capabilities, establishing a secondary organization, like GCAC, is a feasible way to obtain accessibility to and competitiveness in the market. This means that the association based on cooperation among co-ops could solve the problems which are hard for an individual co-op to solve. Furthermore, cooperation among co-ops can build a higher level of social capital than other cooperative relationships between organizations other than co-ops, because it is rooted in the 6th principle of cooperatives and value of solidarity. Drawing cooperation models and strategies, we suggested feasible ways for the association to contribute to facilitate cooperation among co-ops.

One of the important aspects of our cooperation model is that it focuses on the supply chain relevance and the homogeneity level of business. This emphasizes that cooperation among co-ops is not just mere abstract value or principle, but a closely combined relationship with each co-op's business model. Numerous cases worldwide are evidence.

We suggest specific strategies for the association to take the role of facilitator depending on the development states of the organization⁸. At the birth stage it can concentrate on building networks and sharing information through repeated interchange. When entering the youth stage, the association can carry forward joint businesses and promote collaboration in business using a cooperation model. At maturity, it can affect the local community and government by proposing policies related to co-ops and social economy, investing in R&D, etc. In order for the association to be developed step by step mentioned above, it needs to create a synergy using networking. In addition, it is significant to bring out local co-ops' participation and commitment since the association is a voluntarily-formed secondary organization.

These are limitation in this study. First, we could not investigate all co-ops established in Guro. Second, we tried to interview as many non-member co-ops as possible, but some of them did not co-operate. Third, we did not include the NH bank (the bank of agricultural co-ops), credit unions and community credit co-ops in this study. The reason is that they are initiated by central government, not by civil society, and show passive attitudes towards cooperation with other co-ops and social issues in the local area. It would be meaningful research, therefore, to include them in the future.

Now, in Korea, co-ops and their secondary organizations are spreading out rapidly but it is just beginning, where trust is the most important thing. As a lot of previous researches concluded, trust is the key element for improving network capability and community sustainability. Therefore, being trustworthy with an open mind and a

8 We divided the stages in three: birth, youth, maturity, with reference to organization development model of Lippitt and Schmidt (1967).

considerate attitude is the most crucial goal to achieve for member co-ops. It would be very interesting to focus more on the development of the association and co-ops in the local area, and continuous follow-up researches are required in the future.

REFERENCES

- BAE E. H., 2003, 'A test of governance in the theory and practice of network organizations: a case study of the Daecheong Lake Saving Movement', *Korean Public Administration Review*, 37(3), 67–93.
- CHO H. S., 2014, A case of cooperation among Co-operative of Gosam Agricultural Co-operative, *GSEF2014- Seoul Coop Conference Session*. 28-31. Seoul, South Korea.
- DESROCHERS M. and FISCHER K. P., 2005, 'The power of networks: integration and financial cooperative performance', *Annals of public and cooperative economics*, 76(3), 307–354.
- DYER J. H., 1997, 'Effective interfirm collaboration: how firms minimize transaction costs and maximize transaction value', *Strategic Management Journal*, 18(7), 535–556.
- DYER J. H. and SINGH H., 1998, 'The relational view: Cooperative strategy and sources of interorganizational competitive advantage', *Academy of Management Review*, 23(4), 660–679.
- GRANOVETTER M. S., 1973, 'The strength of weak ties', *The American Journal of Sociology*, 78(6), 1360–1380.
- HOLMLUND M. and TÖRNROOS J. Å., 1997, 'What are relationships in business networks?', *Management Decision*, 35(4), 304–309.
- KIM B. C., 2015, 'A study on the government's support policy to cooperatives', *Journal of Digital Convergence*, 13(2), 83–89.
- KIM J. H., TAE Y. L., LEE H. J. and LIM Y. J., 2013, 'A study on the roles of intermediaries for community business vitalization', *Korea Rural Economic Institute, Research report*, R712, 1–99.
- KIM S. Y., 1996, 'A study on the new institutional theories of firm and interfirm network theory', *Korean management review*, 25(1), 107–152.
- KIM Y. H., HAN K. H. and LEE K. B., 2002, 'Venture networks of resource mobilization', *Korean Journal of Sociology*, 36(4), 89–121.
- KO K. Y., 2014, 'A comparative study on Maeul community network of autonomous districts and role of intermediary support organization: focused on comparison between the Dongdaemun-gu and the Seongbuk-gu of the Seoul Metropolitan City', *Journal of Social Science*, 26(2), 131–159.
- LEE D. H. and KIM D. H., 2006, 'The effect of network characteristics on strategic alliance in internet industry: an exploratory study', *Journal of Strategic Management*, 9(1), 101–120.

- LIPPITT G. L. and SCHMIDT W. H., 1967, 'Crises in a developing organization', *Harvard Business Review*, 45(6), 102–112.
- LIZARRALDE I., 2009, 'Cooperatism, social capital and regional development: the Mondragon experience', *International Journal of Technology Management & Sustainable Development*, 8(1), 27–38.
- MA S. J., 2011, 'How to activate intermediary bodies for rural social enterprises', Korea Rural Economic Institute Research reports, R640-2, 1–125.
- MCDONNELL D. P., MACKNIGHT E. C. and DONNELLY H., 2012, 'Democratic enterprise: ethical business for the 21st century', available at SSRN 2041159.
- PEREZ A. and MARTINEZ M., 2007, 'The agrifood cooperative net chain. A theoretical framework to study its configuration', *Acta Agriculturae Scand Section C*, 4(1), 31–39.
- PODOLNY J. M. and PAGE K. L., 1998, 'Network forms of organization', *Annual Review of Sociology*, 24(1), 57–76.
- POLLET I. and DEVELTERE P., 2004, 'Development cooperation: how co-operatives cope', Cera Foundation, Belgian.
- ROWLEY T. J., 1997, 'Moving beyond dyadic ties: a network theory of stakeholder influences', *Academy of management Review*, 22(4), 887–910.
- SHAW L., 2014, 'Cooperation among Co-operatives', *GSEF2014-iCOOP Session 'The Meaning and Practices of Co-operative 6th Principle: Cooperation among Co-operatives'*, pp. 19–27). Seoul, South Korea: iCOOP Co-operative Institute.
- SHIN D., 2002, 'Interorganizational cooperation networks and trust-based governance: antecedents and outcomes of inter-partner trust in global interorganizational cooperation networks', *Journal of Strategic Management*, 5(2), 49–84.
- SIMMONS R. and BIRCHALL J., 2008, 'The role of co-operatives in poverty reduction: network perspectives', *The Journal of Socio-Economics*, 37(6), 2131–2140.
- SMITH S. C., 2001, 'Blooming together or wilting alone? Network externalities and Mondragón and La Lega co-operative networks', WIDER Discussion Papers, World Institute for Development Economics (UNU-WIDER), No. 2001/27.
- SNAITH I., 2014, 'Cooperation among cooperatives', UK National Report on PECOL, ch.5.
- SONG J. I., 2014, 'Cooperation among co-operatives in Korean co-operative legal system - focusing on the legislative study network construction in co-operative sector', *Cooperative Management Review*, 40, 35–71.
- WERNERFELT B., 1984, 'A resource-based view of the firm', *Strategic Management Journal*, 5(2), 171–180.
- WILLIAMSON E. O., 1995, 'Transaction cost economics and organization theory', in *Organization Theory: From Chester Barnard to the Present and Beyond*, Oxford University Press.
- WITHERELL R., COOPER C. and PECK M., 2012, 'Sustainable jobs, sustainable communities: the union co-op model', Ohio Employee Ownership Center.

- YANG H. M. and LEE J. H., 2003, 'Vitalization of the councils of governments for cooperation among the local governments: focused on the cases of Yeongsan River Councils of Governments and Seomjin River Councils of Governments', *Korean Association For Local Government Studies*, 15(4), 175–194.
- YEUNG H. W. C., 2000, 'Organizing 'the firm' in industrial geography I: networks, institutions and regional development', *Progress in Human Geography*, 24(2), 301–315.