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Paper Section

4) Innovation, entrepreneurship and social enterprise

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Title: Cooperatives’ rationality within the social economy: a study of agro-ecological cotton production network in Brazil

Abstract:

Productive networks organized through the social economy have been an economic alternative for poor workers in developing regions. This study analyzes how a productive chain of agro-ecological cotton in Brazil (called Justa Trama) is organized through a network based on principles of fair trade and social economy. The productive process starts in several rural areas of northeastern Brazil where the cotton is cultivated according to agro-ecological guidelines. The cultivated cotton is then sent to several cooperatives in different states of Brazil until is transformed into clothing and sold in Brazil and overseas. Although the network combines several kinds of organizations such as associations, NGOs, agricultural workers and trade unions, the cooperatives predominate. Workers’ cooperatives and their role in the productive restructuring have been broadly analyzed in the literature. However, their role within a geographically dispersed network based on fair trade and the social economy has not been studied in depth. This work proposes to fill this gap using the theory of communicative action of Jürgen Habermas as the theoretical base. According to this theory, contemporary society is organized around market relationships that limit the potential of human beings. Therefore, communication plays an important role in bringing about social emancipation. Thus, this study sought to answer the following research question: How and to what extent do cooperative practices within a network based on social economy and fair trade principles encourage the emergence of a substantive rationality, according to the theory of communicative action of Jürgen Habermas? To answer this question, the typology of rationality (instrumental or substantive) was investigated within the studied cooperatives. Several indicators of organizational processes were developed to find out what kind of typology was used by the cooperatives (Serva, 1997), such as: decision making process, forms of communication, mission and values, environmental relations, hierarchy, control, division of work and social action. Field research was carried out with 8 key informants, and 30 workers from four cooperatives located in three Brazilian states. Stronger substantive rationality was found within those cooperatives whose genesis was related to workers’ participation in their organization and management and less was encountered among those cooperatives merely organized for survival purposes without a deeper understanding of the processes involved in their participation in this kind of network.

Key-words: networks, cooperative, social economy, cotton production
INTRODUCTION

Productive networks organized through social economy have been an alternative for workers within a global economy, minimizing several forms of workers’ exclusion and exploitation. In developing countries, social economy is often organized within the periphery of formal economy. Nevertheless, it has taken an important role in strengthening the social tissue. It has involved several kinds of productive organizations raising participation of excluded and marginalized workers (Singer, 1999).

The production of agro-ecological cotton is an example of how a productive network can link workers from several regions and consumers worldwide within a new social architecture. The productive process starts in several rural areas within the Brazilian northeast state of Ceará, where cotton is cultivated within agro-ecological guidelines. The cultivated cotton is then sent to São Paulo where it is transformed into thread in a cooperative. The fabric is made in Minas Gerais, a southeastern state, in another cooperative and sent to other two states in the south Brazil (Santa Catarina and Rio Grande do Sul). The garments incorporate seeds and dyes from a cooperative in north Brazil to finally be sold in Brazil and overseas.

This network exists since 2005 and organized about 700 workers in Brazil. It has two different dimensions: the environmental, since the cotton production used in the final products is cultivated under the guidelines of agro-ecological agriculture, and the social, including workers in peripheral regions through the principles of social economy and fair trade.

The network combines several kinds of organizations, such as: associations, NGOs, cooperatives, groups of rural workers, trade unions, etc. Nevertheless, cooperatives are an important organization within the network. From about 700 workers of the network, a total of 300 are organized in cooperatives. From a diversity of workers involved in the several segments of the cotton chain production and the final products, this study focus on this segment of the network: the cooperative workers located in the urban areas of São Paulo, Minas Gerais, Santa Catarina and Rio Grande do Sul, in the southeast and south Brazil.

Workers cooperatives and its role in the productive restructuring have been broadly analyzed in the literature. Often times, workers cooperatives have faced numerous difficulties in their daily activities, and have being criticized for their inability to provided to its members a work environment according to the principles which guided cooperative activities. Furthermore, its role within a productive network, geographically dispersed has not been studied in depth. This work purposes to fill this gap using the theory of communicative action of Jürgen Habermas as the theoretical base. The study seeks to answer the following research question: How
cooperative practices within a social network make possible the emergence of a substantive
rationality, according to the theory of communicative action of Jürgen Habermas?

In order to answer this question, a field research was carried out with 08 key informants,
representing several organizations part of the network and 30 workers of four cooperatives
located in three Brazilian states.

The following sections of the paper will present the theory of communicative action of Jürgen
Habermas, the social economy network called Justa Trama and its several segments, the
methodological approach, the data collection and analysis, and finally the conclusions of the
study.

1. THE THEORY OF COMMUNICATIVE ACTION

Jürgen Habermas belongs to the second generation of thinkers from the Frankfurt School
(Institut for Sozialforschung), which was founded in 1923 by the Ministry of Education in
Germany. In that institute important theoretical conceptions were developed, including critical
theory, which were highly influential in progressive thought in the twentieth century
(TENÓRIO, 2002).

The starting point of Habermas theory of communicative action is that being a human agent is
to participate, at least potentially, in a community which speaks. However, this agent needs to
recognize the difference between truthful and false premises. In order to recognize this
difference, knowledge should rise from a discussion of agents about the human experience
under free conditions without coercion during a defined period of time (GEUSS, 1988).

According to Habermas (1987), this would be the ideal situation of speech, carried out between
completely free and equal human agents. Defending rationality based on communication,
Habermas established language as social praxis, elevating speech to more authentic competence
of human beings:

Communicative action is understood as a circular process, in which the author is two things at the same time: He is an initiator, who dominates situations through imputable actions. At the same time he is also a product of the tradition in which he is found, from the social enterprises he belongs to and the
Thus, the theory of communicative action of Habermas (1987) considers communication as a fundamental element in the decision making process. Based on the work of Weber, Habermas identifies two kinds of actions: instrumental and communicative (or substantive). The instrumental one is oriented to success, whereas the communicative action emphasizes harmony among actors working towards mutual understanding. He states that:

> A communicatively achieved agreement has a rational basis; it cannot be imposed by either party, whether instrumentally through intervention in the situation directly or strategically through influencing the decisions of opponents … what comes to pass manifestly through outside influence … cannot count subjectively as agreement. Agreement rests on common convictions" (Habermas, 1984: 287).

Unlike instrumental action, which is characterized by a utilitarian view, communicative action (substantive) deals with human development, the individual consciousness and human emancipation. However, is not a simple task to understand substantive rationality, since contemporary society focuses on the market and is therefore restricted to the utilitarian logic, inhibiting the practical manifestation of other types of rationality, which emphasize human and social development (Ramos, 1981).

Based on Habermas, Serva (1997) developed several dimensions of the two types of rationalities, instrumental and substantive, in the organizational context, as shown in Table 1.

<table>
<thead>
<tr>
<th>Organizational Procedures</th>
<th>Instrumental rationality</th>
<th>Substantive rationality</th>
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<tbody>
<tr>
<td>Decision making process</td>
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Table 1: Organizational processes analyzed to identify the type of rationality within the studied cooperatives;
Therefore, an organization driven either by instrumental or substantive rationality would display these characteristic within its organizational processes. This study investigated how the cooperatives demonstrate these qualities in their daily practices from the standpoint of their workers.

The following sections describe the Justa Trama network, the methodological approach of the study and the data collection and results.

2. JUSTA TRAMA

The search for feasible options for fighting social exclusion has created several socioeconomic practices, intended to link production to ethical and ecological principles. According to (Mance, 2002), proposals to overcome poverty through a development model that increases the production of wealth of nations runs the risk of contributing even more to the number of the poor. The social economy represents an alternative designed to fight social inequalities at their economic, political and cultural roots.

Laville (1994) asserts that social economy represents productive activities whose logic differs from the capitalist model of production. Social economy is therefore based on reciprocity and common propriety, whereas the capitalist model of production focuses on competition relations and individual interests.

In Brazil, the social economy is organized predominantly through associations and cooperatives. However, the formation of a network bringing together several of these organizations has been a challenge and a new experience. Justa Trama is an example of a complex network of social enterprises engaged in the manufacture of products made of agro-ecological cotton. The network was born during discussions between several Brazilian NGOs and workers’ organizations including several cooperatives, such as UNIVENS and CONES and TEXTILCOOPER (early members of the network). It was nurtured during the Brazilian Forum for the Social Economy in 2004, where several organizations shared their projects with some cooperatives, such as Açaí and Fio Nobre.
In one experimental project, the network, without a name at that time, received an order of 60 thousands bags to be delivered in the World Social Forum in 2005 in Porto Alegre, Rio Grande do Sul. This first job had the participation of Cones, in São Paulo, which was responsible for spinning the cotton. Textilcooper produced the fabric which was transformed into garments by Univens and Fio Nobre. ADEC (Association of Educational and Cultural development of Tauá), located in the state of Ceará, joined the network in the same year and became responsible for organizing the rural workers into the production of agro-ecological cotton.

The first resources were obtained through a project of SENAES (Brazilian National Secretary of Social Economy) and were used in the development of a trademark, traveling expenses to promote meetings with leaders, which has happened at least every three months aiming at allowing a democratic participation of all organizations in the strategic decisions of the network. Thus, the Justa Trama network was officially launched in 2005 at the national Brazilian event called Children´s Hope. The following sections describe shortly the cooperatives members of Justa Trama network.

3. WORKERS’ COOPERATIVES AND THE JUSTA TRAMA NETWORK

Workers’ cooperatives focus on ensuring that cooperative workers have stable forms of occupation. A goal beyond providing work and income to their workers is to allow the informal work force to organize into service sector entities or into the production of certain goods, directly taking over the means of production and management. Through the mechanisms of self-management or co-management the workers can take over companies with financial difficulties, maintaining the production and jobs. The following is a brief description of the cooperatives which are part of the Justa Trama network.

3.1. CONES

The Nova Esperança (CONES) cooperative performs the activities related to spinning of the agro-ecological cotton that comes from ADEC, which gathers the cotton from the producers and sends it to CONES. It is located in Nova Odessa, in the state of São Paulo. This county, together with Santa Barbara D’oeste and Americana, forms a production center of thread and fabrics. These three cities experienced a boom in the 1990s. Although they are still important in the Brazilian economy, they experienced many difficulties after the opening of Brazilian markets in the late 1990s. CONES is an example of a workers´ organization set up to deal with
the closing of several companies in the area. In 1998 a group of workers took control of a plant after its closure. The workers, former employees of the company, decided to create a cooperative and CONES was founded. At the present time CONES has 209 cop-workers and 90 employees. At that time of the closure, the old company had 400 employees, but only 138 participated in the transformation of the plant into a cooperative. According to CONES’ leadership, the reason they still have employees is that it was necessary to keep a certain number of qualified workers, who did not agree to become part of the cooperative, but were necessary to its functioning.

The cooperative processes 2,600 tons of agro-ecological cotton a year, which is not their full production. In a recent assembly, the cooperative workers decided not to fully join the Justa Trama. According to the president, this was a decision to ensure the functioning of the cooperative. They argue that they can not restrict their work to only agro-ecological cotton and be economically viable. Therefore, they work within a capitalist logic in order to survive. They recently celebrated the purchase of their own building, which was propriety of the former plant. Because of the high demand for their work from several customers, they see Justa Trama as only one of their customers.

3.2. FIO NOBRE

Fio Nobre is the smallest organization of the network. Located in the state of Santa Catarina, in southern Brazil, the cooperative was founded in 1993 as a micro enterprise of self-management, after existing for years as an informal business. It became a cooperative little more than a year later when they got together with another group which also works for Justa Trama. At the present time, Fio Nobre has 20 workers and produces thread for crochet, used in bags, uniforms, t-shirts, and another few items. Working for Justa Trama gave Fio Nobre a certain stability, since they can count on the constant orders to keep the line of production working.

3.3. COOPERATIVA AÇAI

The AÇAI cooperative is located in Rondônia, in the city of Porto Velho, in the Amazon region. It has 25 workers that, together with the families who live in precarious circumstances on the banks of the region’s rivers, collect seeds from the trees and process them. Since Justa Trama does not use synthetic notions the natural seeds become buttons and other decorations for the clothes. After they started to work for Justa Trama they became known outside the community, which has been very good for their business, since they got other customers as well. They have also gained visibility by participating in fairs and showing their work in several other locations.
3.4. UNIVENS

The UNIVENS cooperative (Unidas venceremos) is located in the city of Porto Alegre, in Rio Grande do Sul, in southern Brazil. The neighborhood where the cooperative is located suffered a severe economic crisis in the 1990, when many garment factories closed down because of Brazil’s opening its borders to imported products. Some women who lost their jobs in those factories decided to get together and buy some sewing machines. Working at the local church, they started to fill some orders, but informally. With the need to issue receipts, they formalized their business in 1996 as a cooperative called UNIVENS.

At this present time, Univens has 26 workers and has a major role in Justa Trama network, since it is responsible for the financial control of the network, whose administration is located in the facilities of Univens. Nine years after its foundation, Univens purchased its own land and the Spanish NGO AKSUR helped it to build the building where it is now located. Because of its role within the Justa Trama, Univens has had stability and is able to keep the production line working constantly either for Justa Trama or other clients.

Justa Trama is now undergoing a phase of internationalization, exporting its products to several European countries following contacts made during fairs and other events. Currently four cooperatives (Cones, Fio Nobre, Univens and Açai) participate in the network and one association of rural workers (ADEC). Besides these organizations, the network counts on support from and contacts with several other organizations as shown in Figure 1.

The format, the participants and their connections in Justa Trama network are demonstrated in Figure 1:
Figure 01: Justa Trama Network

Source: Elaborated by the authors, adapted from Metello (2007)
4. METHODOLOGICAL PROCEDURES

This research has a qualitative approach in the collection and data analysis. Field research was carried out with 8 key informants from organizations participating in the *Justa Trama* network, and 30 workers from four cooperatives located in three Brazilian states. Semi-structured interviews were the main data collection technique. They allowed the interviewees to express their ideas and opinions about their experiences related to their role in the network. In order to answer the research question, the interviews’ contents were analyzed to identify what type of rationality (instrumental or substantive) predominated within the daily practices of the cooperatives studied. The following section presents the data collected and analyzed from the interviews.

4.1. DATA COLLECTION AND RESULTS

In order to investigate the typology of rationality presents within the cooperatives, the following organizational procedures were organized into eight dimensions as shown in Table 2.

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Table 2: Organizational processes for identifying the type of rationality within the studied cooperatives;

Source: Elaborated by the authors. Adapted from Serva, 1997

The numbers in the columns show the incidence the interviewees referred these dimensions during the interviews. The following interview fragments exemplify subjects’ perceptions of their experience that demonstrated the several dimensions of one or the other rationality.
Common Good

*Cones* is everything for us. We started with a failed business and built a cooperative. What we earn here is ours. I participate in 100% of the cooperative’s activities. I don’t talk for others, but I do participate. Because I am part of the administration council I have more responsibilities... I have been here since the beginning… The beginning was hard, I didn’t know what a cooperative was about… We kept growing, growing and now we have arrived at the point where we have today two plants working.

Twenty people participate in the council-19 council members and the president. The rest of the people come to the assemblies and participate. They give their opinions in order to improve the cooperative and also the cooperative movement.

I am from the countryside. I have worked here for two years. Here we are happy because we do good things for the others. We are called to give our opinions about everything. We participate in the day-to-day of the cooperative.

Happiness

I feel so happy to work here for our growth, for what we achieved. I think I can speak for everyone.

We know that our work helps other people and we feel happy.

Communication

I have been here for only seven months, but what I like about it the most is that we know everything that is going on. It maybe a small order or a big one, we know everything. We talk about everything and give our opinions.

Understanding about the cooperative movement

My definition of the cooperative movement is that it is the wave of the future. I believe the tendency is to increase the importance of cooperatives. Everybody is owner, everyone participates and each one has the right to give his/her opinion. I believe cooperatives will be in a near future a new work system. On the other hand, there are businesses with a boss, but in the future they will become cooperatives.

Control
I don’t like to speak, Mr. ….. should have chosen another person. He may not like it. I have been here since the time of the old plant. For me it is better now because I didn’t lose my job, because the company closed down and they took over. But I don’t want to answer. I may answer wrong. You are going to video me? I don’t want (the president arrives) Mr……, I didn’t tell anything, ok? (worker from a cooperative, but not cooperative member)

Environment

Everyone has a day to do things. This week I make the coffee, but the president has her week to make coffee. She makes sure that she does things like us. She likes to help. When we have something to decide we get together and solve it very quickly. We know that we are doing something good for the environment and for the people.

Emancipation

We are like a family. We discuss everything and we can always give our opinion about what happens here. We watch videos and learn what is going on in the world.

According to Habermas, in order for a system of norms to be valid it needs to be accepted by all involved based on a universal principle of human dignity. Substantive rationality is then the ability to establish a consensual basis upon the use of reason, which takes into account everyone’s interest. Therefore, the participation of the subjects is essential. The findings have shown that overall the cooperatives studied offer a locus of work sociability much more participative and democratic, and increasing worker satisfaction in the work place. There was only one exception. One cooperative, although it has demonstrated a history of struggle to overcome the closing of the old plant, still adapted a mixed management model in which some workers are allowed to experience a more human environment whereas others may not. Therefore, the results showed that substantive rationality predominated among the interviewed workers, although the instrumental rationality was also present in some of the interviews.

FINAL CONSIDERATIONS

According to Mance (2002), the aim of creating social economy networks is to promote autonomous cultural change within the societies where they establish themselves, building a
system of ethics and worldview based on solidarity. It also intends to promote ecological and sustainable economic growth.

However, because they work within the capitalist system, the social economy networks can not isolate themselves from the usual aims pursued by conventional networks, which include: large scale, market power, reducing costs and risks, accumulating social capital, knowledge, learning, innovation and the creation of collective solutions. The Justa Trama Network is an example of a complex network which has dealt with several important issues related to the market and workers’ emancipation.

As an answer to our research problem, we found that there is evidence of substantive rationality within the studied network. However, we did not encounter the same frequency and intensity of rationality throughout the studied cooperatives. It is important to point out that the genesis of these organizations is not homogeneous, a fact which influences the dominant rationality.

Even though all of the cooperatives within the network have been organized as a result of the crisis of the capitalist system, not all of them emerge from businesses formally organized, which is the case of the cooperative responsible for the cotton spinning, the largest cooperative of the group. Perhaps, because this cooperative had been previously part of a capitalist organization, it maintains the logic of a capitalist organization, with instrumental rationality and marked verticalization of power. On the other hand, by organizing as a cooperative, the workers managed to protect their jobs in times of great economic difficulty and even to open new jobs. Stronger substantive rationality was found within cooperatives whose genesis is related to worker’ participation in their organization and management and weaker among those cooperatives which only organized for survival purposes, without a deeper understanding of the processes involved in their participation in this kind of network.

Bibliography


