

Guest Editorial

Theorising economic plurality and making it mainstream is crucial

The present issue of the *Journal of Co-operative Studies* features three papers selected from the Lyon ICA Conference. All three discuss the specific contributions of co-operatives in the context of organisational plurality. Under a theoretical viewpoint, Chevallier focuses on co-operative (in)efficiencies as they are analysed (or not) in economics, while Borzaga, Depedri and Tortia discuss theories able to properly analyse the specific role of co-operatives and social enterprises as well. Under the empirics of evidence, Gloukoviezoff analyses the remaining specificities of French financial co-operatives concerning financial inclusion.

The two theoretical papers confront co-operatives to economics and question the efficiency criteria applied to them. Both develop critiques against the common view of co-operatives in economics, which ultimately consider them as the result of imperfect competition or market failures – co-operatives should disappear in short. This view by default must be challenged by positive theories (which does not mean that they would not be critical). One major feature of such renewed theoretical approaches should be a redefinition of the concept of efficiency. Inside this analytical framework, Chevallier rather develops a critique of the deficiency theses (without completely rejecting them actually) and analyses cooperative rules through the lenses of their relative efficiency in comparison with non-cooperative world. He discusses especially two sorts of deficiencies: the slowness of the decision processes, and a deficit of rationalisation in the means to reach the plurality of objectives that, precisely, contributes to slowness. Under this viewpoint, co-operatives would be less innovative and experience a lower growth than non-co-operative firms. Those deficiencies, however, would make co-operatives more stable organisations. Chevallier argues that all those analyses miss the point that co-operatives also experience alternative sources of efficiencies that should be considered. Under this viewpoint, the ambitious paper of Borzaga, Depedri and Tortia pave the way for another conception of efficiency. Dealing with the way organisation theories may suit co-operative and social

enterprises specificities, they denounce the assumptions on which economic analyses are mostly built, especially individuals pursuing their sole self-interest and the profit maximisation as the only objective of the firm. On this basis, economics mostly underestimates the growth potential, the weight and the role of co-operatives and social enterprises. They propose to develop a new theoretical framework, in which the plea for economic plurality is notably justified by the basic plurality of individual motives and by a widening of the traditional and narrow view of efficiency. This one should go beyond the sole private benefits, and should include mutual benefits and public benefits. The authors advocate behavioural economics and evolutionary theories as two alternative theoretical frameworks able to contribute to this widening.

On the empirical side, Gloukoviezoff's paper is a keen analysis of the role of French financial co-operatives in what is increasingly called financial inclusion. History is not neutral: while those financial co-operatives originated in the credits needs of farmers and artisans, one should not forget that public policies have had a major role in their development, which helps understand their domination in retail banking today. Do they still have a role in fighting against financial exclusion? The picture appears to be quite contrasted. Like elsewhere but with the acute specificities of the financial sector, they have faced a sharp liberalisation from the 1980s onwards that led them close to lucrative commercial banks practices. Gloukoviezoff shows that, nevertheless, financial co-operatives still have an interesting role, especially in that they have been able to innovate by proposing ways of managing their customers' difficulties or a form of social microcredit that help people access credit when their demands have been refused elsewhere. However, several concerns remain that Gloukoviezoff is well aware of: the isomorphic trends that dilute co-operative specificities do not have to be underestimated; financial co-operatives do not behave the same way, some being more virtuous than others; the role of public policies will be a central one in the extension of what constitute still limited experiments, casting a shadow over them if banks go on their business as usual.

Actually, a public policy like the US Community reinvestment act, as proposed by Gloukoviezoff, could strengthen financial inclusion, but this could not save co-operatives from the weakening of their specificities.

In this special section of the *Journal of Co-operative Studies*, the analysis of co-operative specificities result in ambiguous lessons. On one side, taking those specificities into account lead to criticise mainstream economic theories since they are unable to properly consider co-operatives; one should consider them positively, not by default (Chevallier; Borzaga, Depedri and Tortia). On the other side, those specificities are empirically assessed, and criticised. Are not there evidences of the weakening of those specificities, if not, sometimes, their vanishing, as a general trend in numerous sectors and countries since a few decades? In this case, mainstream theories

could be right. This paradox can certainly be explained by the historical victory of mainstream theories and their policy implications since the 1980s, sustaining isomorphic temptations and endangering the specificities of co-operatives and eventually organisation plurality. If this analysis is true, this is an appeal to recast economics around economic plurality, since theory performs reality.

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