Raiffeisen today

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1.1 Introduction

This contribution explores the meaning, value and applicability of Raiffeisen's ideas in modern times. To come right to the point, the traces of Raiffeisen's footprints are still clearly visible in many economic sectors, both in Europe and elsewhere. This does not only hold for the agricultural and financial sector which had Raiffeisen's attention. Looking at recent literature, listening to current politicians and/or trend watchers, reading recent policy reports, and observing many mature and large rural and financial cooperatives and a boom of – new types of – cooperatives in 'new' sectors, one has to conclude that his notions are by no means old-fashioned or outdated, despite the fact that they were formulated such a long time ago. Interestingly, it appears that his principles were picked up, transposed, or reformulated to address economic and social issues prevailing today.

The article is structured as follows. Section 1.2 investigates the legacy and contemporary relevance of Raiffeisen's ideas in the food and agricultural (F&A) as well as banking sector in Europe and other parts of the world. Each subsection begins with an exploration of Raiffeisen's footprint in these sectors in Europe. The second part discusses the applicability of his concept in rural and financial sectors in other countries. Section 1.3 looks at the re-appearance of Raiffeisen and his ideas in trending policy and academic discussions and publications. Section 1.4 sketches the global potential for cooperatives. A brief section concludes.

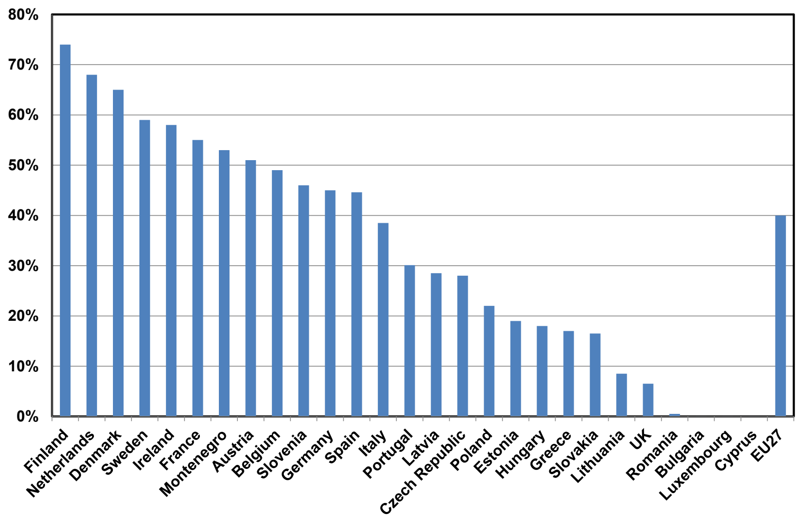
1.2 Raiffeisen's cooperative fields of operation

1.2.1. Rural cooperatives

It is interesting to look at the market position of food and agricultural (F&A) cooperatives in the European agricultural and banking sector today. For the majority of current F&A cooperatives, one cannot claim that they either directly originate from or are exactly modelled on Raiffeisen's ideas: the origin and intensity of the cooperative tradition differ across EU countries. Be that as it may, an extensive EU-wide study in 2012 (Bijman *et al.*, 2012: Support for Farmers' Cooperatives"; SFC) revealed that the cooperative form is the most popular business organisation in the European F&A sector. Figure 1 displays the relative importance of F&A cooperatives in all EU Member States, based on the "SFC Cooperative Index": the estimated market share of all cooperatives at farm gate sales level weighted for eight sectors.[1]

1 *Sheep meat, olives, wine, cereals, pig meat, sugar, diary, fruit & vegetables.*

Figure 1: Market share of agricultural cooperatives, per EU country, 2010



Source: European Commission's report on 'Support for Farmers' Cooperatives' (2012, p. 28).

The figure evidences that there are large differences between Member States. F&A cooperatives have reached dominant market positions in countries like Finland, the Netherlands and Denmark, but have much lower market shares in countries like Estonia or Spain. The average market share of all F&A cooperatives in the EU equals 40%. On the whole, they are crucially important business organisations for European farmers. Most farmers are members of at least one cooperative, and even non-members trade with them or benefit from the presence of cooperatives in particular markets. However, this fact is not much prevalent in agricultural statistics and research.

Though it is tempting to conclude that Raiffeisen's main mission is – virtually – completed in agricultural Western Europe by now, the rural population in many other parts of the world still encounter financial exclusion and poverty, partly due to unscrupulous usurers. In fact, farmers in European countries were in the same situation as many farmers in emerging and developing countries (EDCs) are today. They were farming on small plots, had little or no access to financial services and no bargaining power due to small production quantities. Moreover, the F&A supply chain was very fragmented. Hence, F&A cooperatives in EDCs could in principle deliver market improvements and increases in revenues for farmers as their mature counterparts in the western world have been able to achieve for their members. Obviously, new cooperative enterprises face completely different market circumstances and dynamics than their western counterparts many decades ago. Times have changed. Markets are increasingly globally oriented, technologies are very complex and alter rapidly, and a much more rapid development of newly established cooperative enterprises into larger, market-oriented, professional and well-managed organisations seems recommendable. Past experience in Europe learns that sufficient scale and/or a strong umbrella organisation, which can help remove high transaction costs for new (and fragile) cooperative enterprises, might yield additional advantages for the members of the primary cooperatives. In fact, Raiffeisen already recognised the benefits of the establishment of APEX organisations to assist and serve primary or, equivalently, grassroots – F&A or credit – cooperatives a long time ago.

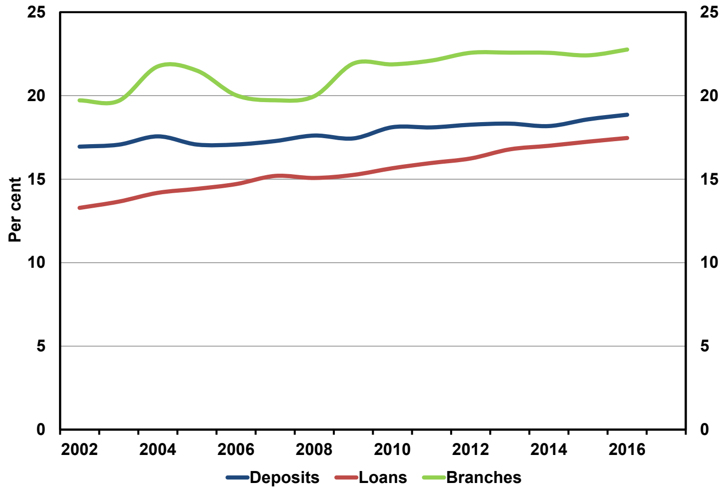
The European F&A history clearly demonstrates that collective self-help, self-responsibility and self-governance were the keys to success of F&A cooperatives. Raiffeisen's formula seems equally well-suited to combat critical economic impacts and their social consequences, i.e. poverty, distress and indebtedness of farmers, by new and existing F&A cooperatives in EDCs. In this respect, it is widely accepted that agricultural development functions as a fundamental catalyst for economic development, poverty alleviation and reducing malnutrition (World Bank, 2008). Today, only one third of the smallholder farmers in emerging and developing countries takes part in some form of group enterprise. Increasing the degree of organisation could lead to considerable benefits for many smallholders. 85 percent of the world's 460 million farms are small-scale, of less than two hectares. By joining farmers' interest organisations, they would be able to upscale their production well above household subsistence levels, thereby producing marketable surpluses. Productivity growth in F&A is also needed to address one of the most urgent global challenges for mankind: food security and the food supply chain. These issues are becoming increasingly pressing in light of the predicted increase in world population to around 10 billion in 2050.

At this point, it is relevant to recall three additional practical lessons learned by Raiffeisen that are of great interest for new and incumbent F&A cooperatives in EDCs. Firstly, he recognised that those who need cooperatives most, are usually the least able to establish, maintain and manage one. Hence, F&A cooperatives in EDCs would benefit from the participation and involvement of all classes in society, i.e. small and large farmers, local notables and elites. Every member of the cooperative should have 'something' to pool and should not be dependent on others for its survival. The question should not be how cooperatives can help the poor and disadvantaged, but how the poor and disadvantaged can help themselves by forming or joining cooperatives. The latter aspect is linked to another personal experience. Raiffeisen lost confidence in charity and donations to fulfil economic and social needs. He concluded that philanthropy was not effective and not self-sustaining; it does not stimulate people to take control of their own destiny. 'Free' external help to – members of – F&A cooperatives should only be based on the motto: *'So jemand nicht will arbeiten, der soll auch nicht essen'* ('If a man will not work, he shall not eat'; Raiffeisen, 1866). Self-help became his adage. The third insight is that F&A cooperatives can serve multiple objectives. F&A cooperatives do not just bring about economic benefits for individual farmers, but can also increase their collective capacity and sustain a kind of rural social order. Put differently, they could be effective institutions to strengthen and (re)invigorate local communities.

1.2.2 Cooperative banks

The facts and figures reported below show that the legacy of Raiffeisen is very much alive in European banking to date. To begin with, a number of contemporary European cooperative banks still bear his name. Looking at the list of current IRU members, we count eight European cooperative banking groups that 'descend' from his ideas (but were logically founded by national pioneers of cooperative banking) and were originally linked with the agricultural sector.[2] The long and rich history of these financial cooperatives demonstrates their ability to adapt to changing circumstances, to surmount challenges and to re-invent themselves all the time. It must be noted that all cooperative banks have followed divergent evolutionary trajectories, because they – had to – operate in different political, geographical, legal and regulatory contexts. However, there are various features that from the very beginning characterised credit cooperatives and still distinguish the descending business model. The most important of these timeless characteristics – as already formulated by Raiffeisen – are democratic governance (i.e. bottom up structures) and mutualism.

Figure 2: Average domestic market shares of eight 'original' Raiffeisen banks in Europe (2002-2016)



Source: own calculations based on data of eight European cooperative bank members of IRU, the European Central Bank and Swiss National Bank.

An important indicator for the attractiveness and appreciation of cooperative banks is the evolution of the member base, given that membership is not required to be served by a cooperative bank anymore. Based on our data collection, we observe a spectacular increase in the member base of these banking groups. The number of members surged from 25 million in 2000 to more than 33 million in 2016, i.e. a rise of 33 per cent. In relative terms, their member expansion is equally impressive: the ratio of the total number of members to total population grew by almost 3 percentage points and currently equals 13 per cent. The rising number of members resulted in strengthened market positions over the past fifteen – turbulent – years. (see Figure 2). We could not plot the average F&A market share in the Figure due to missing data. For cooperative banks that do report these figures, we found that their F&A market share lies far above their overall loan and deposit market share. Cooperative banks clearly still play an indispensable

2 Austria: Raiffeisen banks; France: Confédération du Crédit Mutuel; Germany: Bundesverband der Deutschen Volksbanken und Raiffeisenbanken; Italy: FEDERCASSE; Luxemburg: Banque Raiffeisen; Netherlands: Rabobank; Switzerland: Raiffeisen Schweiz; Portugal: FENACAM.

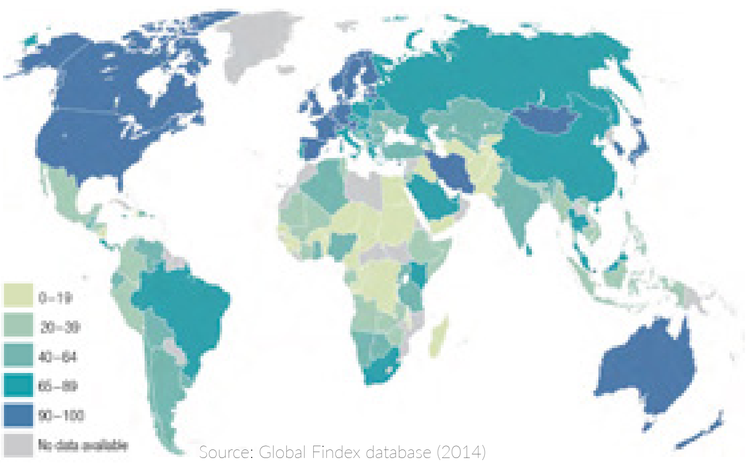
role in financing agricultural and food industries throughout Europe.

The collated data underline their vitality and vibrancy. Note that they gained market share before, during and after the Great Financial Crisis (GFC). They were hardly affected by the GFC and the subsequent economic and sovereign debt crises in the EU, whereas many large listed banks in Europe needed some form of state support to survive. Hence, Raiffeisen's philosophy has definitely not outlived its attractiveness and usefulness in European banking. His principle of 'locality' has remained visible as well at cooperative banks: the average branch market share considerably surpasses the average loan and deposit share. This signifies their decentralised structure and territorial proximity, combined in most banks with an integrated cooperative system and internal solidarity arrangements to avoid the failure of an individual cooperative bank. Customers benefit from the commitment of these cooperative banks to remaining locally based, keeping a relatively extensive branch network, and maintaining a high level of lending to local small and medium-sized businesses as well as the agricultural sector during an economic slowdown or credit crunch, thanks to good capitalisation (Groeneveld, 2018).

As will be elaborated in other parts of this publication, many trends and events have necessitated frequent adjustments of the governance and organisational structures of cooperative banks. They do not look and operate like the original local credit cooperatives from the remote past. As a consequence of changes in society and national economic structures, cooperative banks began to service other client groups and businesses, opened up membership for non-agricultural customers and private individuals and abolished membership requirements for customers applying for a loan in the 1960-1970s. Nowadays, cooperative banks serve large numbers of non-members. Furthermore, the roles and responsibilities of the central organisations of cooperative banking groups have gained in importance over time, largely due to the increase of non-traditional activities in cooperatives and the actions of regulators and rating agencies.

In section 1.2.1, we briefly sketched the opportunities for rural cooperatives in EDCs. However, as Raiffeisen already acknowledged, it is hardly possible to stimulate rural development and/or F&A cooperatives without addressing the issue of rural finance development. Both aspects are intertwined. The viability and growth potential of rural cooperatives will be severely tempered if they, and their members, would encounter high barriers to access financial services. This would also impede general economic and social progress. Hence, a well-functioning rural finance system is a necessary ingredient for rural economic growth. The point is that financial access is still not self-evident in many parts of the world. In a recent publication, the World Economic Forum (2018) estimates that 2 billion adults currently lack access to basic financial services and many more are underserved. Based on immense research, a world map with bank account penetration is constructed (see Figure 3). Not surprisingly, account ownership varies widely around the world. In high-income OECD economies, account ownership is almost universal: 94 per cent of adults reported having an account in 2014. In developing economies only 54

Figure 3: Bank account holders (as % of total population)



Source: Global Findex database (2014)

per cent did. There are also enormous disparities among developing regions, where account penetration ranges from 14 per cent in the Middle East to 69 per cent in East Asia and the Pacific.

The present reasons for financial exclusion sound strikingly similar to those heard in rural Germany around 1850. Global surveys indicate that 59% of adults without an account cite a lack of enough money as a key reason, which implies that financial services are not yet affordable or designed to fit low income users. Other barriers to account-opening include distance from a financial service provider, lack of necessary documentation papers, lack of trust in financial service providers, and religion. Moreover, around 200 million formal and informal micro, small and medium-sized enterprises in emerging economies lack adequate financing to thrive and grow. According to the World Bank (2008), closing the financial exclusion gap is vital to spurring economic growth, alleviating extreme poverty, and boosting shared prosperity. Financial inclusion is actually identified as an enabler for 7 of the 17 so-called Sustainable Development Goals. In a supportive enabling environment, there are certainly good opportunities for cooperative financial institutions and for networks of savings and credit cooperatives in EDCs. In sum, financial players based on the original principles of rural credit cooperatives can undoubtedly contribute to the elimination of financial exclusion worldwide and bolster rural development. At any rate, these initiatives should appreciate the critical component of self-help.

1.3 Modern re-interpretation and re-appraisal of Raiffeisen's ideas

1.3.1 Raiffeisen as social innovator

Recently, the work and achievements of Raiffeisen are re-interpreted or framed within a completely new context. With the benefit of hindsight, Fairbairn (2017) asserts that Raiffeisen can be qualified as a true 'social innovator': he found a solution to a social problem, and society as a whole was the main beneficiary. On the one hand, Raiffeisen worked in many ways within existing social institutions. At the same time, his desire to meet economic and social needs drove him to create new forms of action and organisation that resulted in social innovation. His process of 'trial and error' illustrates that social innovation in fierce transitional eras depends critically on values, will, a readiness to experiment, flexibility and an ability to find allies. These personal qualities enabled Raiffeisen to break through existing institutions to initiate large-scale processes of social change.

The mentioned qualities provide new insights for social-innovation research and policy. The message is that social innovation is a context-dependent and institutionally embedded process and may even sometimes have a profounder impact on society and economy than the generally prevailing one-dimensional focus on technical innovation. Social innovation cannot be standardised and is not universal. Each pressing social issue in specific times, specific places, specific cultures and mentalities requires a different solution and individuals having the same qualities and perseverance as Raiffeisen.

The collaborative economy and the increasing European policy attention for social innovations are without any doubt topical manifestations of Raiffeisen's ideas and approach, though the advocates are not always referring to his legacy. The European Union has recently defined social innovation as '*… new ideas, that meet social needs, create social relationships, and form new collaborations. These innovations can be products, services, or models addressing unmet needs more efficiently*' (European Commission, 2014a). Raiffeisen's activities and purposes were fully in line with this definition. He was a social innovator *avant la lettre*.

1.3.2 Social capital

About twenty years ago, some timeless characteristics of cooperatives appeared as key elements in a new interdisciplinary academic strand centred around the concept of 'social capital' (Putnam, 2000). Social capital generally refers to anything that facilitates individual or collective action, generated by networks of relationships, reciprocity, trust, and social norms. People who are part of these networks are inclined and prepared to do things for one another. Like cooperative pioneers elsewhere, Raiffeisen was explicitly aiming at knitting strong interpersonal ties in local communities. He strongly believed in what is now called 'social capital' to meet economic and social needs. Many years later, the literature has theoretically and empirically formalised that trust is both a condition for and a consequence of cooperation and involvement in networks. In other words, social capital and cooperatives are closely connected. Actually, cooperatives can be qualified as social-capital based organisations.

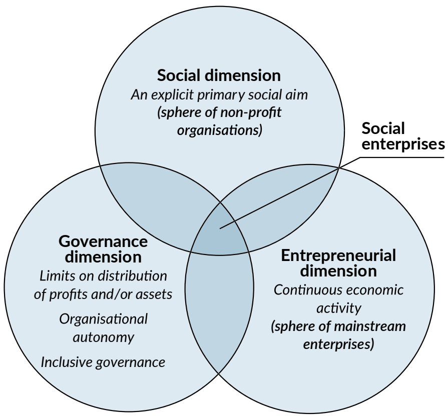
Hence, trust and social capital are indispensable for the creation and subsequent prosperity of cooperatives. Without exception, all cooperatives are/were established by a network of people with common social and economic needs. Cooperatives are usually set up as small scale and locally oriented enterprises by members who know each other and have fairly homogenous interests. The homogeneity of member interests and a high level of trust among members render cooperatives effective instruments of collective action. Initially, cooperative firms have a transparent and manageable structure. When they are small, they can be governed like partnerships. This is likely to change when cooperatives (i) open up their membership to population groups with different backgrounds, i.e. cooperatives have to cope with more heterogeneous member preferences, (ii) increase the scale and/or scope of their (non-)cooperative activities. In the latter cases, it is objectively becoming more difficult to sustain a critical level of active member participation as these cooperatives generally shift to a governance system based on delegated representation or an elected non-executive board that appoints and monitors professional managers.

Based on a survey of sixty large and mature cooperatives, Birchall (2017) concludes that an important success factor for large and complex cooperatives is the design architecture of their governance. He states that the governance structure of a large cooperative has to foster three sets of relationships: between members and the – elected – board, the elected board and the managers, and the managers and the employees. Note that these relationships are basically about mutual confidence among all stakeholders that their individual objectives of the cooperative are fully aligned.

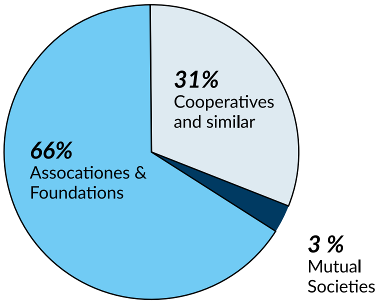
1.3.3 Cooperatives as social enterprises in the modern social economy

Over the last two decades, a 'new' organisational concept has rapidly become fashionable: the social enterprise (see Borzaga and Defourny, 2001). Upon closer inspection, this construct bears a close resemblance to the cooperative concept which gradually evolved in the 19th century. The European research network EMES employs nine criteria for identifying social enterprises, grouped into three blocks: the economic and business dimension, the social dimension and the participative governance dimension (Figure 4). It defines social enterprises as organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity. We conclude that the inventors of the social enterprise concept have – perhaps unintendedly or unconsciously – rephrased and transposed Raiffeisen's ideas in a modern way.

Figure 4: The three dimensions of a social enterprise



Source: European Commission (2014b).



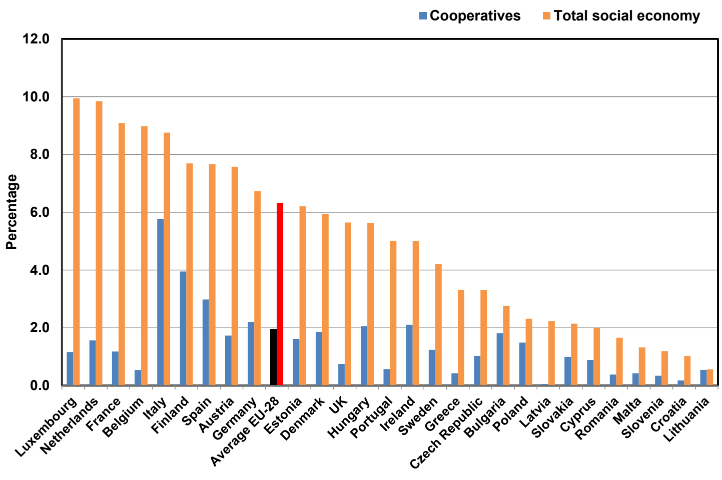
The notion of social enterprises currently enjoys great political attention and is firmly embraced by the European Union (EU). The deep economic and financial crises in the EU around 2011 triggered this interest. At that time, many joint stock firms failed and unemployment rates rose to exceptionally high levels in many EU countries. Governments acted as temporary shock absorbers by increasing their expenditures. This led to surging deficit and debt levels that triggered comprehensive austerity measures which in turn pushed many countries in a severe economic recession. Policy makers started to look for alternatives to investor-owned businesses. The interest in social enterprises was further boosted by research and data confirming their steady growth rate that has shown good resilience to the crisis (EU, 2014b).

Nowadays, the EU regards social enterprises as fundamental pillars for the so-called social economy (abbreviated as SE; European Economic and Social Committee [EESC], 2017). Leaving aside the details, the SE comprises two sub-categories: a) the market or business subsector and b) the nonmarket producers' subsector. The market subsector of the SE is made up, essentially, of cooperatives, mutual insurance and mutual provident societies, company groups controlled by social economy organisations and other similar enterprises and certain non-profit institutions at the service of social economy enterprises.

Conservative estimates by the EESC indicate that the SE currently provides at least 14 million paid jobs in Europe, accounting for 6.5% of the total working population of the EU-28. The pie chart shows that employment in cooperatives resemble around 31 per cent of all SE jobs. Including both paid and non-paid employment, the SE has a workforce of over 19.1 million, with more than 82.8 million volunteers, equivalent to 5.5 million full time workers. Cooperatives, mutuals and similar entities have more than 232 million members. Finally, the SE encompasses over 2.8 million entities and enterprises. Despite this size, the SE remains invisible in national accounts, a hurdle that constitutes a major challenge to emphasise the importance and relevance of the SE.

Measured in terms of employment, Figure 5 depicts the state of the SE as well as the cooperative sector in each EU country and thereby offers an international comparison. These weights are the lower boundaries of the true shares of SE employment due to incomplete underlying statistical information sources. Apart from this general remark, the small employment shares of the sub-sector cooperatives underestimate the 'presence value' or the impact of this sector on general market conditions and society. For instance, workers in cooperative firms are dedicated to meet the social and economic needs of astonishing numbers of members.

Figure 5: Share of cooperatives and entire social economy in total employment per EU country



Source: own graphic representation of data published in EESC (2017, p. 68-69)

Looking at the bars in the figure, one immediately observes large variations in the SE landscape across EU countries. While SE employment accounts for between 9% and 10% of the working population in countries such as Belgium, Italy, Luxembourg, France and the Netherlands, in the new EU Member States such as Slovenia, Romania, Malta, Lithuania, Croatia, Cyprus and Slovakia the SE remains a small, emergent sector, employing under 2% of the working population. The large share of cooperative employment in Italy clearly stands out. This mirrors the existence of many employee cooperatives, which are not so common in other EU countries.

The SE is seen as a cornerstone not only for jobs and social cohesion throughout Europe but also for building and consolidating a European Pillar of Social Rights. The SE is also praised for its ability to create genuine interdependence between economic and social issues rather than making one subordinate to the other. The EESC states that the SE is a model of resilience, and usually continues to prosper while other economic sectors are struggling. Within this concept, social enterprises like cooperatives reflect the need for an economy that reconciles social, economic and financial dimensions, that is able to create wealth and that is not measured solely in terms of its financial capital, but also – and above all – by its social capital. These remarks about the advantages of social enterprises in the SE surely resonate Raiffeisen's conviction.

1.4 Outlook for cooperatives

Two centuries after his birth, the Raiffeisen idea is still inextricably linked with cooperative basics of self-help, self-responsibility and self-governance and the possibilities to work together for a better existence for all. The previous sections already hinted at great opportunities for cooperatives based on the ideas of founding fathers like Raiffeisen. In principle, the cooperative organisational form is suitable for virtually all economic sectors in many countries. New cooperatives could be established in all sectors and in every country around the world where 'unmet' needs exist in the eyes of potential members. In both developed and developing societies, not everyone has easy access to certain products or/and services or is able to fully participate in society. Or some population groups are on the brink of being deprived from essential services or struggle to achieve or maintain a basic living standard. This could be due to many factors, like changing government policies, weak or eroding social security, health care and education systems, etcetera. Obviously, unmet needs differ considerably across population groups, economic sectors, countries, as well as over time. Besides, the economic, legal and cultural structures and development phases of countries deviate widely. This implies that the potential for various types of cooperatives varies across countries and continents, too. The bottom line is that some people may find themselves in a comparable situation as the rural population in Europe in Raiffeisen's days. If this is the case, the individual and collective welfare and wellbeing of people with common interests/issues or exclusion threats in the broadest sense of the word could be enhanced by the creation of a mutually owned firm. A cooperative enterprise could also facilitate risk diversification and the realisation of economies of scale and scope, etcetera.

At this point, it should be realised that such an aspiration, i.e. a perceived need, is not a sufficient condition for the propensity to set-up and develop a viable cooperative and to become and stay a member. The availability or eligibility of the cooperative model to potential members depends on the entire spectrum of 'institutions' (norms, values, attitudes) as well as the institutional environment in a particular country (Groeneveld, 2016). In a supportive external environment, cooperatives can thrive because people are attracted to join and shrink if membership does not entail advantages exceeding (im)material contributions. Apart from a conducive environment, the ultimate success and viability of each cooperative depend on the functioning of its internal governance, operating efficiency, strategic vision and the quality of the products and services and level of satisfaction of their members, i.e. the perceived member value. One dimension of the internal success factors deserves explicit mention: cooperatives require financial capital for start-up and for potential subsequent growth, typically from members but that source is not always sufficient or available at the levels needed. An adequate capitalisation policy and/or gaining access to capital sources is key for a cooperative's viability and survival. An extensive global survey commissioned by the International Cooperative Alliance (2014) concludes that the bottom line for a sound capitalization policy is that cooperatives must be profitable and should not pay out all annual profits as dividends to members. Note that this corresponds exactly with Raiffeisen's preference to capitalise rural and credit cooperatives.

As demonstrated by the current policy attention for social enterprises, cooperatives fit perfectly in the new zeitgeist. The popularity of the cooperative business model rose indisputably after the outbreak of GFC in 2007. This turmoil positively affected the opinions and views about cooperatives among policy makers, regulators and academics. The shifting mind-set was partly based on 'hard' evidence that cooperatives in general had significantly outperformed firms with other organizational forms after the GFC and the following recessions (Birchall *et al.*, 2009). As documented in Michie *et al.* (2017), they were able to create and preserve employment at times when other types of enterprises shed jobs. This observation casted doubt on the validity of the mainstream view in economic manuals and policy debates which prevailed for many years.

The chances that the 'old mainstream view', which discriminated against non-archetypical enterprise forms, will resurface again have abated. The United Nations did not declare 2012 as International Year of Cooperatives just for the sake of it (United Nations, 2011). In addition, international consultancy firms now show serious interest in the merits and characteristics of the cooperative business model; cooperatives had hardly been on their radar for many years. In academia, the interest has rebounded to the benefit of 'member-owned' organisations in recent years (Michie *et al.* [Eds.], 2017; Karafolas [Ed.], 2016). Another irreversible milestone is the recognition of the cooperative idea as an Intangible Cultural Heritage of Humanity by the UNESCO (United Nations Educational, Scientific, and Cultural Organization) in 2016. This confirms the timeless nature and global applicability of the cooperative organisational form.

Not just in academic and policy circles, but also in practice one can observe many signs of vitality and innovation in the cooperative sector. For instance, two new types of cooperatives have recently arisen in several countries both within and outside Europe over the past decade. The first category concerns cooperatives with specifically declared *social* goals which spouted up as pure bottom-up phenomena.[3] According to trend watchers and academics, this development reflects that more and more people are turning their back on the one-dimensional focus on narrow, measurable outcomes and have enough of paralysing bureaucracy that have taken away their autonomy and responsibility. They want to take back control of their own lives and the organisation of local livelihood, i.e. reducing the democratic deficit.

The second category of a new sort of cooperative that is spreading today in many parts of the world originates from civil initiatives to establish cooperatives with a community focus. In Europe, market liberalisation has been a major impetus for the entry of new cooperative providers into public services. Outside Europe, this phenomenon is particularly present sectors related to energy and – rural – water systems. However, the cooperative form is increasingly in the picture as a partial solution for failed privatisations of public utilities and services like waste disposal sites, incinerators, nuclear power plants, etcetera. These cooperatives do not need to compromise their level of service to make a profit for investors. In addition, these cooperatives can be designed so that multiple groups are represented in their boards of directors (i.e. a multi-stakeholder cooperative).

3 Other contributions in this publication report various national case studies of cooperatives in the areas of energy, health care, care giving, education, employment and housing.

1.5 Concluding remarks

This article intended to get across the point of the viability, diversity and versatility of member-owned businesses two centuries after Raiffeisen's birth in general terms. The following contributions contain ample evidence of their proven ability to address basic human needs in a way that includes also the more vulnerable segments of society. Moreover, these case studies by country and sector showcase the ability of cooperatives to adapt to contexts that can be very different in terms of economic, social and cultural conditions, and to provide a large variety of goods and services operating in sectors ranging from agriculture to banking (i.e. Raiffeisen's sectors), from social services to consumer goods, etcetera.

Looking ahead, it seems important that cooperatives explain their identity if they are to avoid misuse of the form, and risk undermining its reputation and credibility. Moreover, it is crucial that cooperatives continue to make the case for their model in contrast to a capital-based model. In this respect, it is indispensable to bring the cooperative alternative to the attention of younger generations. Technology has opened intriguing new opportunities to reach these population groups and exemplifies the benefits of collaboration, not necessarily linked to physical proximity. Another theme enabling cooperatives to demonstrate their eligibility to address pressing questions is the concern about growing income and wealth disparity between and within countries (Piketty, 2014). The sustainable profile is viewed as another big asset of cooperatives. Cooperatives often allege that they are by design inclined towards a high level of sustainability in environmental, social and economic respects. Of course, they need to meet these expectations and claims in practice.

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