Cooperatives and social capital: the Copasul case, Mato Grosso do Sul state

Cooperativas e capital social: caso da Copasul, Mato Grosso do Sul

Wesley Batista Akahoshi¹ Erlaine Binotto¹



Abstract: The term Social Capital has been used with some frequency to explain the social and economic development of communities and the cooperation between people. Thus this study aims to identify the existence of social interactions based on trust that give rise to Social Capital at an agricultural cooperative. It is a descriptive, exploratory, qualitative research complemented with quantitative data. The case study was conducted at the 'Cooperativa Agricola Sul Matogrossense' - Copasul, located in the municipality of Naviraí, Mato Grosso do Sul state. Interviews with 12 managers and 10 cooperative members, as well as document analysis were carried out. The survey data show that the Social Capital can be acquired through social interactions within and outside of the cooperative and the Communities of Practice can be very important sources of the origin of this capital. Relationships of trust, cooperation and informal norms are the basis for the accumulation of Social Capital in the cooperative organization. The actions of the cooperative based on upright principles such as honesty, transparency and reliability, as well as the fidelity of the cooperative producers, make the cooperative hold the postures of a cooperative group. Through the present study, we concluded that cooperativism, when well conducted and based on cooperative principles, constitutes a model for creating a large volume of Social Capital which can determine the success of the cooperative.

Keywords: Social capital; Trust; Cooperation; Communities of practice.

Resumo: O Capital Social tem sido utilizado, com certa frequência, para explicar o desenvolvimento econômico e social de comunidades e também a cooperação entre pessoas. Dessa forma, o presente estudo tem por objetivo identificar a existência de interações sociais baseadas na confiança que dão origem ao Capital Social em uma cooperativa agrícola. A pesquisa caracteriza-se como uma pesquisa descritiva e exploratória de caráter qualitativo, complementada por dados quantitativos. É realizado um estudo de caso da Cooperativa Agrícola Sul Matogrossense — Copasul, localizada no município de Naviraí/MS. Foram realizadas entrevistas com 12 gestores e 10 cooperados e análise documental. Os resultados mostram que o Capital Social pode ser adquirido por meio de interações sociais, dentro e fora do ambiente da cooperativa e que as Comunidades de Prática podem ser fontes bastante importantes para a origem desse capital. As relações de confiança, a cooperação e as normas informais são a base para o acúmulo do Capital Social na organização cooperativa. As ações da cooperativa, baseadas em princípios probos como honestidade, transparência, confiabilidade, assim como a fidelidade por parte dos produtores associados, fazem com que a cooperativa mantenha as posturas cooperativas do grupo. Por meio do estudo, foi possível concluir que o cooperativismo, quando bem realizado, com base nos princípios cooperativos, se apresenta como um modelo que permite criar um grande volume de capital social, e esse capital pode determinar o sucesso da cooperativa.

Palavras-chave: Capital social; Confiança; Cooperação; Comunidade de prática.

1 Introduction

There is a certain difficulty for rural producers in the current global markets, maintain their efficiency and possess greater bargaining power being alone, in other words, working individually. Unfortunately, in that situation, the producer tends to lose strength to realize negotiations satisfactorily.

Searching for such a solution, unity of efforts amongst producers is necessary, as an alternative to

Received Feb. 8, 2013 - Accepted May 12, 2015 Financial support: CAPES.

¹ Programa de Pós-graduação em Agronegócios, Faculdade de Administração, Ciências Contábeis e Economia – FACE, Universidade Federal da Grande Dourados – UFGD, Rodovia Dourados, Itahum, Km 12, Cidade Universitária, CEP 79804-070, Dourados, MS, Brasil, e-mail: wesleyakahoshi@gmail.com; e-binotto@uol.com.br

gain strength and representation in the market, and the path that many producers have found to realize that unity is by means of cooperation. The result of that cooperation, in many cases, turns into associations and/or agricultural cooperatives.

Brisola (2010) presents those organizations as spaces used by producers as a way to expose their realities and absorb new knowledge. That action has the aim to adapt producers to this new globalized environment, which corroborates with the idea of Nascimento (2000, p.2), that states: "[...] cooperatives are born to correct unequal relations in society [...]".

However, Crúzio (1999), Nilsson et al. (2009) and Rigo et al. (2008) list some reasons that have taken some Brazilian cooperatives to bankruptcy, showing contradictions in the current cooperative model in relation to the primitive original model. Lack of cooperation after the formation of the cooperative and the use of the organization for personal gain can be considered influential factors for that to occur.

It is evident that, while there is cooperation amongst members, some of the problems identified by the authors do not occur or are minimal. Taking as reference agricultural cooperatives and the common problems contained in the works of Crúzio (1999), Nilsson et al. (2009) and Rigo et al. (2008), we ask: what are the elements present in an agricultural cooperative which can aid in the maintenance of cooperative actions by the members?

Gulati et al. (2000) reinforce the need to change the way actions are taken, one against the other for profit, once the partnership tends to evolve into a position more oriented to relationships or, highlighted by Granovetter (1985), connections between people, and the actions of the involved are conditioned by their pertinence to interpersonal relations networks.

In that sense, Social Capital has been widely used in discussions related to local development, cooperation, social networks, among others, as stated by Vilpoux & Oliveira (2011, p. 203): [...] "the term social capital is increasingly being used to explain social and economic development and the cooperation between individuals".

In order to realize the study about Social Capital, it also necessary to analyze the trust that is directly linked to it, according to Cunha (2000, p.50-51) "[...] the concept of trust is generally defined starting from its narrow relations with the concept of social capital". Another point that contributes to the study of Social Capital is in identifying the source which gives it origin, in other words, identifying the type of social interaction existent in an agricultural cooperative that helps in its conception.

Thus, our aim is to identify the existence of social interactions based on trust that give origin to Social Capital in an agricultural cooperative.

Discussions with that theme, in the current context, are present in the different areas of knowledge and organization profiles, once the formal or informal cooperation has the possibility to produce competitive differential.

2 Theoretical Revision

2.1 Cooperation

Cooperation is something natural. Animals cooperate amongst each other to achieve common objectives. One of those examples occurs with lions which rarely hunt alone. They instinctively make strategic cooperative plans to slaughter large prey with the objective to satisfactorily feed, ensuring their survival as well as that of the den (BBC, 2011). In that aspect, the condition of cooperation is not a characteristic essentially human, also seen in so-called irrational animals.

In that perspective, cooperation always existed in human society. Since the earliest human records, cooperation was present. Ancient tribal members developed activities in a cooperative way. Ancient historical records already showed activities realized by groups of people in a cooperative manner (Bialoskorski, 2006).

Cooperation can be defined, according to Gianezini et al. (2009, p.6), as "(...) a relation of collaboration, help, mutual work and reciprocal exchange between men. It is an attribute of social relations that needs to be cherished as much as it is important". In this definition, the author, considers cooperation a very important attribute in social relations and should be incentivized and valued, given its essence and collectivity.

According to Souza et al. (2003, p. 290), [...] "the term cooperate comes from Latin *cum operari*, which means 'to work with' or 'do with'". The same author complements the idea saying that cooperation "[...] is every collective act (which involves more than one person) organized with views to achieve a common goal". However, the author defends that, in that sense, cooperation does not include all cooperative forms, just those that have a common objective, which, according to him, does not agree with reality.

The author considers that there are forms of cooperation in which those involved do not possess common goals, and as such, he ends up defining cooperation as "the situation according to which for a person to reach their goal, all others involved

should equally achieve their respective objectives, be they common or not" (Souza et al., 2003, p. 291). In this perspective, cooperation is built by mutual interests between individuals that opt to cooperate, envisioning greater gains in a cooperative interaction

than one without cooperation (Vilpoux, 2014).

In that sense cooperation becomes elaborate, considering it does not restrain cooperation merely to reach common objectives between those involved, understanding and covering other aspects of social relations.

Cooperation between individuals can arise from family relations, friendship, professionals or even by means of catastrophes (natural or not). It takes place through social interaction. That condition of cooperation is in human nature as is competition (Souza et al., 2003).

Cooperation, also called collective actions, has been studied throughout time, by many authors, such as Olson (1971, 2000), which offers a conceptual model for economic analysis of collective actions, supporting double concepts: value attributed by individuals to a collective asset and parcel of the collective asset produced that each individual receives. Ostrom (1990) analyzed several communities and identified common situations for those who were able to generate common resources. These communities remained stable for a long period, shared experience and groups were composed of participants that varied greatly in regards to economic capital, abilities, knowledge, ethnicity and race.

Harsanyi (1969) stated that individual behavior can be explained considering two dominating interests: economic gain and social acceptance. In that same perspective, Brito (2001) considers that collective actions can exist in a group of actors, linked to each other, for different motives which can be financial, technological cultural, among others.

As such, collective actions can be expressed by associative manner, which can be political, and union representation entities, or even actions like joint purchases, prospecting and external market sales, post sales services, quality control and solidary endorsement. That way, small organizations can ease their difficulties with collective actions (Sachs, 2003).

As for Axelrod (2010), cooperation refers to the practice of people or entities working together to achieve common or not common results. It is important that such perspective in agriculture be constructed for the long term. For Lusch & Brown (1996), the difference in those relations between short and long term is sustained by the possibility of exchange. Short term refers to market exchange which form under certain conditions and long term are formed as a result of exchange based on cooperation, in

spite of the actors having experienced loses for a short period of time.

In this perspective, trust sentiments can be constructed, loyalty and the will to continue cooperating (Lusch & Brown, 1996), for those relations are sentiments of trust constructed by each one and no type of imposition guarantees that behavior will be adopted. It is something that needs to be felt and cultivated. Silva & Lourenzani (2011) search to identify the relations of cause and effect among the variables hat favor the establishment and maintenance collective actions. They find that there is inter relation of the variables that affect cooperation, making it necessary for actions to attend the demands in products and processes which on their own would not be reached. That would promote gains for producers with insertion in the distribution channels.

On the above, one can consider that cooperation between individuals who share common needs or not, can give origin to cooperatives or associations constructed into formal businesses, governed by principles, laws and ideas, taking into account the concept presented by Gianezini et al. (2009), which in other words, means to realize a joint action. Thus, the study of the rule of agricultural cooperatives becomes convenient.

2.2 Agricultural cooperative

Competitiveness arising from globalization brings some problems to rural producers who have not noticed the competitive market which they are in. Thus, for the groups that are having difficulties due to globalization, Schneider (2004, p.2) shows that one solution can be found by means of cooperatives, stating that "[...] cooperatives are an answer to the problems imposed by globalization".

The first formal cooperatives formed in England. *Rochdale Society of Equitable Pioneers* is considered to be the first cooperative, created on December 21, 1844 in Manchester, in the city of Rochdale, England. It was conceived by 28 weavers, with the goal to face the industrial crisis of the time, guaranteeing employment and the supplying of basic needs of the group.

According to Andrade & Sicsú (2003, p.3) the cooperative was defined as "[...] an autonomous association of people who voluntarily united to face the necessities and common economic, social and cultural aspirations by means of an enterprise" by the International Cooperative Alliance (ICA).

Therefore, the cooperative is an enterprise formed by an association of people, which has as its principal mission the intermediation between the market and economy of its members. According to Bialoskorski (2000, p. 236-237), "[...] the fundamental mission granted to the cooperative business economy is to serve as intermediary between the market and the economy of its members to promote their increment, possibly promoting the producer to de productive chain".

In the cooperative societies structure, the member, exercises at the same time, the role of user/client of the business and proprietor, and in some cases as manager of that cooperative. Another important point in cooperative organizations is its doctrine principles that govern in general form how a cooperative organization should be.

Those principles have changed little since the first cooperative in Rochdale which, according to Schneider (1999, p.50), were six: "[...] democracy, free access, liberty to leave the cooperative cash buying and selling, interest limited to capital, returning of leftovers." The principles listed by the ICA, were based on the principles of the first cooperative in Rochdale: voluntary and free access, democratic management by members; economic participation by members; autonomy and independence; education, formation and information; inter-cooperation; interest for the community.

As for Gimenes (2007), besides adding value to agricultural products, the cooperative permits "[...] to increase bargaining power of rural producers in markets relatively imperfect [...]", also promoting improvement of the average income of rural producers.

The cooperative has shown a solution to correct inequalities in society relations, which can be used for the strengthening of rural producers. In the research done by Martinéz & Pires (2002), the authors consider that cooperatives an important strategy for rural development and the location where these are inserted, for they help member producers and local society to develop.

2.3 Social Capital, Trust Relations and Community of Practice (CoP)

2.3.1 Social Capital

Adler & Kwon (2002, p.17) state that the concept of social capital has been increasingly turning popular in an extensive number of subjects in social science and a growing number of sociologists, political scientists, economists who use the concept of social capital, in the search for answers to a vast extension of questions which are being confronted in their own fields. The concept cannot be considered new, but has been frequent in discussions of authors like Coleman (1988), Putnam (2006), Fukuyama

(2000), Bourdieu (1980), Lin (1999), Adler & Kwon (2002), of which some of these authors are pioneers of that term.

Fukuyama (2000), presents a definition of social capital as being an informal norm that promotes cooperation between two or more individuals, possibly those norms varying from reciprocity between two friends even the complex doctrines like that of Christianity or Confucianism. The author states that they are not just any sets of norms that constitute social capital; they should lead to collaboration in groups. They are related to traditional virtues such as honesty, compromise, fulfillment of functions of trust, reciprocity and others related to these (Fukuyama, 2000).

Likewise, Putnam (2006, p.181) says that norms strengthen social trust and considers reciprocity the most important. The author divides reciprocity into two types: balanced or specific and generalized or diffused. Balanced reciprocity "[...] concerns simultaneous exchange of items of equal value; for example, when work colleagues exchange their days off [...]", that is, the exchange in this case occurs at the same instant between parts.

Generalized reciprocity "[...] concerns a continuous relation of exchange which at any moment shows unbalance or lack of correspondence, but assumes mutual expectations that a favor today will be repaid in the future [...]" (Putnam, 2006, p.181). In other words, in this case, the exchange does not occur immediately between parts. One of the parts concedes a favor without, at that moment, receiving something in exchange. This, however, acquires a "credit" with the other part. Thus, that reciprocity has direct relation with social capital, "[...] the rule of generalized reciprocity is a highly productive component of social capital [...]" (Putnam, 2006, p.182).

In a more ample perspective, Coleman (1988) defines social capital by its function not being a sole entity, but a variety of different entities, with two common elements: all of them consist of some aspect of social structures and facilitate certain actions of the actors within the structure. According to the author, like other forms of capital, social capital is productive, making possible the realization of certain goals which, in their absence, would not be possible.

The same author states that social capital occurs by means of changes in relations between the people who facilitate the action. If physical capital is totally tangible, of visible material form, and human capital is less tangible, for being allied to the abilities and knowledge of an individual, social capital is even less tangible, for existing in relations between people (Coleman, 1988).

According to Coleman (1988), like physical capital and human capital facilitate productive activity; social capital does too and very well. For the author, a group within which ample credibility and mutual trust exist is capable of realizing much more tan compared to a group without credibility and trust. The same author shows, by means of practical examples, four main sources of social capital which include: Strong ties by means of the community, church or school; cultural origin; resulting from market relations (Coleman, 1988).

Putnam (2006, p.177) writes that "[...] social capital refers to characteristics of social organization, like trust, norms and systems, that contribute to increase efficiency of the society, facilitating coordinated actions". When he studied the modern Italian experience, Putnam (2006) shows social capital based on trust and cooperation. According to the author "[...] social capital facilitates spontaneous cooperation" (Putnam, 2006, p.177). For him, social capital works as conventional capital, in other words, those who dispose of it tend to accumulate more each time. For Putnam (2006), that type of capital is normally present in social relations chains, in which it is permitted to transmit and broadcast trust, transforming those social relations into guarantees.

For Vilpoux & Oliveira (2011), social capital has been used as a way to explain economic and social development besides cooperation between individuals. Social capital can arise from some social relations such as family, neighbors, friends, and professionals, among others, that possess their own characteristics, in which it is possible to highlight norms and trust.

In another perspective, Bourdieu (1980, p.2) states that social capital is the set of resources real or potential that are linked to the possession of a durable network of relations more or less institutionalized on mutual knowledge recognition, namely, participation in a group that is not only equipped with common properties, but also united by permanent and useful links. The volume of social capital possessed by an individual in particular depends on the extent of the network of connections that it can effectively mobilize.

For Lin (1999), social capital is the investment in social relations with expected returns. Particularly, individuals involve in social and network interactions, for the purpose of profit. According to the author, there are explanations of the reason why incorporated resources in social networks improve the results of actions: facilitates the flow of information; social ties can exercise influence over the agents that

play a fundamental role in decisions involving the actor – carries certain weight in the decision making process of an individual; social ties resources, and its known relations for the individual, can be designed by the organization or its agents as certifications of social credentials of the individual, some of which reflect the accessibility of the individual to resources by means of social networks and relations – social capital; social relations serve to enforce the identity and acknowledgement.

Given the diverse definitions and concepts about social capital from various authors presented in this paper, we will use as base social capital described by Putnam (2006), transiting, from time to time, in some conceptions described by authors exposed in this referential.

For the study of social capital, based on the definition given by Putnam (2006), it is necessary to approach trust relations. For the author, trust is the base for social capital.

2.3.2 Trust relations

Trust can be defined as "[...] belief in the credibility of a person or system, having in sight a given set of results or events, in which that belief expresses faith in the probity or love for one another, or the accuracy of abstract principles (technical knowledge)". Trust exists due to the absence of something in time and space, in other words, there would be no trust if it were possible to see all activities and thoughts of people, and these were completely transparent, understood and known. Thus trust exists as a form of faith, of belief and credibility. It is related to the honesty of an individual or system (Giddens, 1991, p.41).

For the same author, trust is also linked to risks that something or someone can provide. When there is trust, you assume the risk that alternatives exist where the actions of the individual or system can increase credibility, as well as have a deception and decrease credibility or make it null (Giddens, 1991).

Still in this sense, Vilpoux & Oliveira (2011 p.202) relate trust as the will to accept a vulnerable situation based on the behavior of another, inking that attitude to two types of expectations: (1) "depending on the judgment of a person on the tendency of another person to behave opportunistically"; (2) "depending on the possibility of a person acting opportunistically depending on the deterring authorities, local and global, the norms and formal control", namely, related to the penalties that the individual can suffer should he\she act in an opportunistic manner.

Faced with these concepts, one can consider that trust has become a central concept to explain behavior of businesses in organizational contexts. The capacity to create trust has been widely recognized as extremely valuable because it can significantly reduce transactional costs and lead to the creation of new ideas (Bachmann & Inkpen, 2011).

The value recognized and attributed to trust ends up evoking cooperation between those involved, as explained by Jerônimo (2005, p.35), who considers "[...] trust has been seen, besides a result and a means of cooperative interaction, as an aspect of organizational context and a forerunner to cooperation". In that sense, the author relates the willingness of individuals to cooperate in amanner dependent on trust. To cooperate, individuals of a social organization should have enough trust to share their resources, be they tangible or intangible, even running the risk of the other party having opportunistic behavior, taking advantage of this trust.

Putnam (2006, p.180) endorses the idea that trust relations generate cooperation, and still considers trust as a basic component of social capital, "[...] trust promotes cooperation. The more elevated the level of trust in a community, the higher the probability of there being cooperation. And cooperation itself generates trust". In that sense, trust relations shown by the author generate cooperation, which generates trust and are the foundation for social capital.

To complement the whole concept of trust already verified, Oliveira et al. (2009, p. 45) considers that "[...] trust can be understood as a mechanism that inhibits oportunism motivating people to cooperate with one another refraining from explicit safeguard mechanisms [...]". Therefore, trust is a generator of cooperation as well as inhibitor of opportunistic actions, based only on the credibility of others, with no formal norms of sanctions

2.3.3 Community of Practice (CoP)

Ethnographic studies show that social interactions in organizations have been a form of creation of knowledge in organizational communities formed by means of those interactions (Gropp & Tavares, 2006). Thus, considering creation of knowledge as being of explicit and tactical form, a (CoP) community contributes with the tactical knowledge part and not formalized.

Thus, we can define communities of practice as groups of people who share a concern, a set of problems, or a passion about a topic and deepen their knowledge and experience in this area, continually interacting (Wenger et al., 2002).

A community of practice in the vision of Souza-Silva & Schommer (2008, p.109) "[...] is a group of people who coalesce with each other to develop into a domain

of knowledge, linked to a specific practice." In this view, it is clear that the community of practice takes place initially by the drive to meet a common goal of a group of people, in order to develop knowledge of a practice, also common to the group, and not just for a pre-existent friendly interaction.

To understand the community of practice, Wenger et al. (2002) cite three base elements: the Domain, the Community and Practice, the domain that involves sharing practices that hold a common focus. The domain creates a common ground and a sense of common identity. The community creates the social fabric of learning. A strong community promotes interactions and relationships based on mutual respect and trust. It stimulates the desire to share ideas, expose their own ignorance, ask tough questions, and listen carefully. The practice is a set of structures, ideas, tools, information, styles, language, history and documents that are shared among community members.

Communities of practice are intended to develop building capacity and exchange of knowledge, self-selected members, merging with passion, commitment and identity with the theme or specialty of the group, and can last as long as there is interest of the group members. For Ipiranga Maria et al. (2008), it is not necessary that these people be in the same geographic area for a community of practice to occur.

In order to obtain learning through practice it is necessary to "[...] become a member of a CoP, not involving simply, a matter of acquiring information; it does require, disposition, professional conduct and perspective." (Binotto, et al., 2007, p. 19).

Boyett & Boyett (1999) consider that the development of CoP happens through informal networks, hallway conversations, information sharing, ways to perform work, cooperation, among others. It is a dynamic, versatile community, which becomes a knowledge repository. CoPs thus "emerge through interaction networks not being projected. CoPs are characteristic of informality, improvisation, the beginning of real learning, the reconstruction of the meaning of the environment [...]" (Binotto, 2005, p. 77).

For this study, the concept of CoP to be used is from Wenger et al. (2002), considering that this author was the one who originally coined the term "community of practice". The same author explains that the phenomenon which refers to CoP is old, only the terminology is recent.

3 Methodology

The nature of this research was exploratory and descriptive with case study. The instrument used was the semi-structured interviews. The research was

mainly ruled by the qualitative method, as it sought to identify the existence of social interactions based on trust leading to Social Capital in an agricultural cooperative. However, socioeconomic data for characterization and contextualization of members was also used. Therefore, the research also used quantitative data for this purpose.

Research subjects were identified within the body of associates at COPASUL - South Mato Grosso Agricultural Cooperative, which for more than 34 years, is formally constituted, with headquarters in Navirai/MS. Interviewed cooperatives must be active, conduct their business in the units established in the city of Navirai/MS and also reside in this city, regardless if they have land in other counties.

Therefore, the choice of producers adhered to the following requirements: a) the chosen producer must be an active member of Copasul; b) the member must be active in the Copasul headquarters units in the city of Navirai/MS; and c) must be representative of a group of more than two producers.

Once the standards for the choice of producers were set, we arrived at a sample of 11 groups, represented by 11 producers. These accounted for 56 cooperative members according to the information obtained from the Technical Department of Copasul, an average of just over five producers for each representative. Out of the 11 selected producers, it was possible to carry out the research with 10 of them representing a total of 47 members.

As for the leaders of the cooperative framework, the Copasul has four directors: CEO; VP Director; Chief Secretary; and Superintendent, and with eight managers. Thus, all leaders participated, totaling 12 people.

To maintain the anonymity of respondents, abbreviations were used: Director: D1, D2, D3, D4; Manager: G1, G2, G3, G4, G5, G6, G7, G8; Production Cooperative: P1, P2, P3, P4, P5, P6, P7, P8, P9, P10.

Data collection was carried out between October and December 2012 through the implementation of semi-structured interviews. The surveys were conducted in the city of Navirai/MS, which is the headquarters of Copasul.

Data from interviews which are quantitative data related to socioeconomic information were analyzed using tabulation spreadsheets. For the analysis of qualitative data collected through interviews, as well as other perceptions identified by the researcher - that are beyond speech or writing of the respondent - thematic analysis of text or image, presented by Creswell (2010) was used. Thereby, reliable transcriptions of some speeches

were made, while others were interpreted according to the categories of analysis.

4 Results and discussion

4.1 Profile of Interviewed

With regard to directors, participants were: the President, the Vice President, the Chief Secretary and the Superintendent. Respondents in this category are all male and married. Three are aged between 51 and 60, and only one is over 60 years of age. The one over 60 years is the president, who in the survey period was 82 years old and has occupied this position since the cooperative's establishment.

The term in office varies between six and 34 years, establishing an average of 15 years of residence in management positions. We should consider in this aspect that the president, as already explained, has been active since the cooperative's foundation, and that the office of oversight was established 10 years ago and has since been filled by the same person. Thus, throughout the duration of Copasul, only the Vice-Chairman and Director Secretary were occupied by more than one person, and yet, the current occupants of these positions, were already part of the audit committee of the cooperative.

The average time of cooperation of the officers in the organization is approximately 27 years, ranging between 13 and 34 years. As for the educational level of the directors, three have higher education with a degree in Agronomy, and one has finished elementary school.

Through these data, one can see the continuity of operations in management positions of the cooperative. Thus there is not a high turnover rate. In addition to noticing the time of cooperation, regardless of position in office, is also high. Managers have a good level of education and it is related to performance of activity in the cooperative.

As for managers, 87.5% are male and 12.5% female, that is, in absolute terms, seven, and one, respectively. All managers are married. This framework consists of relatively young professionals, and the majority, 62.5%, is aged between 31 and 40 years, representing five of the eight managers; 25.0% are between 41 and 50 years; and 12.5%, 51-60 years of age.

Regarding the level of education for managers, 87.5% have completed higher education and 12.5% completed high school. The academic training of professionals with higher education is divided between Agronomy, with 57%, and management, with 43%; both approximate values.

All managers are hired professionals and are not members. They exercise management function as trained market professionals with experience to work in such roles, either academic or professional experience gained by the performance of the activity. The average current term occupancy is eight years, ranging from two to 32 years.

The collected data show that 50.0% of the positions were filled by means of promotion, that is, professionals who were already employees of the cooperative and who have gone through an internal promotion process. That information is clearer when compared to the average working time within the cooperative, which is approximately 16 years, i.e. twice the temporal average performance in office. That information indicates that the cooperative sought to value graduates within its structure of human resources, with visions and values aligned with those of Copasul.

The profile of the Cooperative, that is, of surveyed farmers, members of Copasul are leaders in their respective groups, in other words, they represent more than an associate, as explained in the present study methodology. The data reported, therefore, represent only the respondents and not the general profile of Copasul members. Another factor to remember is that these are producers who work specifically in the area of Navirai / MS.

Respondents are all male and of these, 90% are married and 10% single and are distributed in the following age groups: 10%, 21-30 years; 10% 31-40 years; 20% 41-50 years; 50%, 51 to 60 years; and 10% older than 60 years. Of these, 60% of which are now leaders of their groups, are more than 50 years old and only 20% are in a range up to 40 years, showing that the more experienced ones are in the forefront of business as a reference and group leadership.

The level of education shown by the cooperative respondents is distributed as follows: 20% had incomplete primary education; 10% completed elementary; 10%, did not complete high school; and 60% have completed higher education. Data on the level of education show that, despite the leaders being in a high age group, most of them have completed higher education, that is, 60% have a relevant level of schooling. Producers who are in that condition, 83% studied Agronomy and 17% Administration.

Surveyed members have, as mean time in cooperation at Copasul a period of 17.4 years, ranging between 10 and 30 years. Some of these are producers, sons of cooperative pioneers and, for that reason, even after succession have continued, cooperation with Copasul.

4.2 Social Capital Analysis: Copasul case

Based on the definitions of Putnam (2006) and Fukuyama (2000), the presence of Social Capital in Copasul is analyzed by means of the interviews and research conducted.

Initially, through responses, we can see the presence of the CoP characteristics among the producers of Copasul, the domain through the development of the same activity and even the relationship with the cooperative. The community marked by means of informal groups formed for management of properties together, as well as trade relations and friendship offered by Copasul, and finally, practice by means of meetings for social gatherings and information sharing. This social interaction becomes important for the creation of Social Capital.

Another aspect identified in this study is based on the actions taken by Copasul to maintain cooperation. The strategies addressed by the cooperative to maintain cooperation, in the view of managers and directors are the services offered by Copasul. Actions taken to improve the service for the producer, with good purchases, good sales, infrastructure investment, technical assistance, terms for purchasing supplies, ie, manages their resources in the best interest for the producer. In addition to commercial activities, the cooperative seeks to maintain a social link with the members through socializing and events, in the search for loyalty and continuity of cooperation with Copasul.

Based on survey data, it is clear that the policy of Copasul, based on valuing the members, working for the producer, seeking better opportunities for them in order to maintain the producers active in their field of operation, has worked up to now. Producers remain cooperating and getting increasingly closer and involved in cooperative activities, a situation evidenced by the data, words and statements of all respondents.

The actions taken by the cooperative, although not formalized through documents, generates a sense of security in its members, in the activity they develop, namely in agriculture, the presence of this feeling has been declining. This sense of security is based on trust acquired by the producer in the cooperative, by the years of activity in the region.

This sense of security is elucidated when asked about the existing trust in the cooperative environment. For Putnam (2006), besides cooperation, trust is the basis for Social Capital.

The directors believe that trust is guided by the attitudes of the cooperative towards the members. For one of the directors, "[...] it is the transparency in all trade and free access that he (the producer) has from management to employees [...]" (D3).

In the view of the cooperative leaders, trust is linked to the realization of transparent actions, the daily practice of actions that lead the producer to trust. As explained by some managers, it is not something earned overnight, it takes time. The actions taken by the cooperative, aim to increase its credibility with the members through transparency, paid debts, free access of the producer to the whole cooperative, in other words, they have sought to conquer and maintain trust with members through individual integrity and that of the system.

For members, trust is also related to relationships and actions over time, "[...] it is honesty, proper administration, honest and serious board [...]" (P4). Or even, according to another producer, "[...] it is transparency in all trade and free access that we have from the administration to the members [...]" (P5).

The questions used sought to identify the trust level of members in the directors, managers and Copasul. Producers had to answer according to a level of trust scale. This scale showed trust levels: Very High; High; Regular; Low; Very low; and I do not trust.

The application of that question to producers was related to the President; Vice president; chief secretary; superintendent; managers; other members and, finally, Copasul as a company. The results are shown in Graphic 1.

The graph shows that 80% of respondents have a very high level of trust in the President, and 20% demonstrate a high level of trust in him. As to the Vice President 78% have a very high level of trust

and 22% a high level of trust. The same percentage goes for the Superintendent. For the director secretary, 67% have a very high level of trust, while 33% a high level.

With managers, opinions are divided, 50% very high and 50% high level of trust. Since there are eight managers, divisions or departments of management were not specified. We sought only an overview of trust in these professionals as a whole.

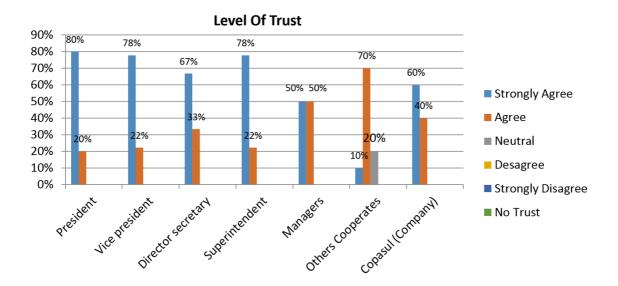
For other members, the trust level was 10% very high, 70% high and 20% regular. Analyzing the graph we can see that, in general, none of the options had a trust level below regular and only one was classified at that level.

Considering that, because it is a cooperative with a relatively large number of members, not all cooperative members have direct contact with each other. Thus, it was asked the respondent to make a general average.

For Copasul as a company, 60% have a very high level of trust and 40% a high level. This trust, according to those surveyed, is based on the transparency of the cooperative.

The authors Putnam (2006) and Fukuyama (2000) support their concepts of social capital on cooperation, trust and norms, and systems established between individuals of a social relation.

In this sense, norms and systems established by the cooperative do not refer to formal rules governed by statute or any other formal document. In the statute of the cooperative, only basic rules of a cooperative organization with rights and duties



Graphic 1. Level of Trust. Source: Elaborated by Authors based on interviews (2012).

of both parties are described. The norms that are related to cooperation and trust are present in social and moral rules, as evidenced by Putnam (2006).

It was asked the leaders how they deal with opportunistic cooperative members, those who use the cooperative only for their own benefit. According to the interviewees, that type of member does not exercise the fundamental role of cooperativeness which is cooperation, namely mutual aid. They only seek to satisfy their own personal interests and in this case are considered transitional.

The cooperative's policy, according to officials, is to seek the loyalty that member, showing transparency in the actions and presenting the ideals of the cooperative. The cooperative always seeks the recovery of this associate. If he does not meet the standards and ideals of the cooperative, the opportunist ends up leaving on his own. A natural selection occurs, point out the managers.

Even with the possibility of opportunistic producers seeking to take advantage of the free membership to a cooperative, according to the leaders interviewed, Copasul makes no demands for the inclusion of new members. All producers interviewed said they had been required nothing more than that stated in the bylaws of the cooperative.

Thus, the cooperative does not have strict rules that can lead to exclusion or disciplinary action that may create fear in the producer of being opportunistic or unfaithful. The way the cooperative works, ends up, as already stated, inhibiting such actions. As shown by Putnam (2006), the social and moral norms related to honesty, commitment, integrity, credibility, impartiality among other attributes considered good-natured, are the basis for the existing reliability in social structures.

According to the leaders, another way to positively or negatively manifest trust and cooperation in producers is through the advantages and disadvantages offered by the cooperative. On this ground, the advantages cited by all cooperative members were: group buying with good products and good prices; sale of group production, achieving good prices regardless of whether big or small producer; financial support in years of bad production; technical support; cooperative influence as beacon of prices in the region, especially in regard to prices for supplies.

Out of the producers surveyed only one reported a disadvantage in being associated with Copasul:

But if there is a downside that I can say it is you ... Let's say, I do not buy seeds here. I buy in Parana. I bought one year and I was not happy. why? Because in a cooperative I cannot come here to Copasul and make demands here: look I want better seed lots for me I'll pay thirty cents, forty

cents, fifty cents more per kilogram of seeds, but I want the best lot for me. I cannot do that. It is a cooperative of all cooperative members! It does not matter that I plant 9,000 hectares or those who plant 100 hectares everyone has equal rights and that is what I think is good in cooperatives. That is why I have this trust that I have in it. So I find that a disadvantage, I go to Maringa which is a private company [...] I want the best batch you have. [...] That is a disadvantage because we cannot demand the best for me. Everything is collective, and the collective is not always an advantage ... so that's the downside I say. That is why I have that trust in it (Copasul), who guarantees they were made for me, pretty soon won't they be against me? (P1).

That shows that even at a commercial disadvantage the producer starts to trust cooperatives. That statement shows the seriousness with which Copasul works. It works for the members, but without favoring one or the other due to production capacity, purchase or production delivery. Values the members for being farmers, not the productive potential, purchasing power or assets you have. All have the same rights and duties.

Social capital, thus, is present at Copasul through the evident cooperation inside and outside the cooperative environment, of existing trust relationships between producers and with producers, as well as through the moral and social standards established, which are strong and visible in actions of both producers and the cooperative.

The community of practice in this context emerges as a major source of social capital in cooperatives. According to Coleman (1988), one of the sources for social capital is strong ties through community, religion and family. In the case of the cooperative members of Copasul, it is not an ethnic, religious or cultural relation, for research has shown that producers are of varied ethnicities and cultures and are not within the same religious practice. What is shown in Copasul are strong links through social relations represented by groups of farmers outside the cooperative and also the groups that have arisen due to the cooperation in the cooperative environment.

Those solid social relations shown in cooperatives make it possible to maintain positive attitudes at Copasul. Even after 34 years of existence, Copasul remains active and in full growth.

One of the reasons identified for such success so far is the existence of high social capital, which enables the cooperative conduct business actions based on trust in the producers just as producers maintain their loyalty towards the cooperative. One of the examples most often cited by producers and directors is faithfulness in delivering products to the cooperative.

Social capital enables the cooperative to conduct business transactions with producers who have only leases, providing the full required amount of supplies for the production of this producer, with post-harvest payment. Such action is not performed by private supply companies in the region, which do not offer credit to tenant farmers, because they do not have the property to be given as collateral.

This fact is addressed by Putnam (2006) to illustrate through the case of rotating credit associations, that members of the association, as they lack physical collateral, commit their social relations. For the author "[...] social capital serves as a kind of guarantee [...]" (Putnam, 2006, p. 178).

Similarly, the cooperative is at risk when purchasing supplies in considerable volume, it invests in infrastructure relying on the producer loyalty, which in turn reflects in offering better services and continuity of trust and cooperation of producer with the cooperative.

Those practices from Copasul as well as the members enable the continuity of good character in the cooperative social structure. By means of the elements analyzed like CoP, cooperation, trust relations and standards established through their ongoing relationships, they give rise to social capital. That social capital directly assists in maintaining cooperative postures at Copasul, and maintains it active and growing.

For Putnam (2006, p.180), "[...] the progressive accumulation of social capital is one of the main sponsors for the virtuous circles [...]". Then, the initial practice of cooperation, trust, respect for the rules established at some point through the CoP, generate social capital. Maintaining those relations thus established, social capital tends to increase as well as the virtues related to the behavior of society.

Based on research with managers and associates, we verified an important figure in the context of social capital in the cooperative: the current president. The figure of the president of the cooperative, which since the founding of Copasul occupies that office, was fundamental to the cooperative's constitution as it is today.

In this sense, when asked about the perception of the interviewed about the figure of the main leader of the cooperative, some of the responses were: "an extremely honest person. [...] he is extremely reliable, and capable with an extraordinary vision. He has a vision that is... entrepreneurship [...]" (P1). Some testimonials from producers were emotional when talking about the person and what he represents not only to the cooperative but to the

local community "He is a fantastic human being, an example of life, honesty and seriousness [...]" (P4).

Another comment that it is important to highlight is that the president "[...] is a person as follows, very charismatic, opinion forming, great leadership, personality, credibility and made the cooperative have only one president since its foundation [...]" (D2). It can be seen in this comment that the president is influential. His virtuous figure turns out to embarrass, positively, the agents associated with him into also having virtuous conduct.

Individual social capital of the president of the cooperative reflects the collective social capital of Copasul, and influences individual social capital of other members and leaders. As shown by Recuero (2005), social capital is allocated to the individual, but exists only as a collective resource, i.e. social capital is only taken advantage of while it is related to social structures. That statement is more evident when asking about which factors would make producers stop cooperating.

Despite the level of trust in the president, as mentioned earlier, being very high, changing the president would not influence the continuity of cooperation by part of the associates. The interviews showed that this option has a small influence on the decision of the producers to stop cooperating. In a scale from one to five, in which one is the most important, changing the president was 30% classification four to 70% classification five, in other words, changing the president would not be a good reason for the producer associate to stop cooperating or leave the cooperative.

5 Final considerations

The objective was to identify the existence of social interactions based on trust leading to social capital in an agricultural cooperative. For that, we conducted a case study in Copasul - Agricultural Cooperative South Mato Grosso, located in the city of Navirai / MS.

We identified that these social interactions exist within the cooperative and that can actually lead to a type of capital that is not financial, it is social. That is, it is connected to social relations established through cooperation, trust and relationships. In that sense, the overall objective was successfully achieved, specifically, those social interactions based on trust led to social capital in the cooperative organization studied.

Thus, the cooperative movement, when properly performed based on cooperative principles, is presented as a model for creating a great deal of social capital, based on the conducted case study.

When considering the failures presented by the authors Crúzio (1999), Nilsson et al. (2009) and Rigo et al. (2008), of cooperatives they studied, one can conclude that social capital created by maintaining cooperative attitudes, transparency in cooperative actions and members, as well as the strong trust relationships can lead cooperative organizations to success.

Through the analyzes performed in the cooperative, one sees that this study may be useful for replication with other research objectives as well as parameter use for other beginning or already established cooperative groups, respecting the particularities and individualities of each.

Thus, at no time did we try to exhaust the subject related to social capital, cooperation, communities of practice, trust, or even about the cooperative model. Conversely, this study seeks to establish a relationship between the topics addressed by giving options to new studies, with perspectives, and coming from different areas, from engineering to human sciences, corroborating or even refuting the ideas addressed here. The subjects in the study have countless possibilities and untapped fields.

Acknowledgements

We thank COPASUL for their support and availability.

References

- Adler, P. S., & Kwon, S.-W. (2002). Social capital: prospects for a new concept. *Academy of Management Review*, 27(1), 17-40.
- Andrade, I. D. D., & Sicsú, A. B. (2003). Cooperativismo: um modelo associativista inovador. In *Anais do XXIII Encontro Nacional de Engenharia de Produção* (p. 8). Ouro Preto: Enegep.
- Axelrod, R. (2010). *A evolução da cooperação*. São Paulo: Leopardo.
- Bachmann, R., & Inkpen, A. C. (2011). Understanding Institutional-based Trust Building Processes in Interorganizational Relationships. *Organization Studies*, 32(2), 281-301. http://dx.doi.org/10.1177/0170840610397477.
- Bialoskorski, S., No. (2000). *Economia e gestão dos negócios agroalimentares* (cap. 11, p. 235-253). São Paulo: Pioneira.
- Bialoskorski, S., No. (2006). *Aspectos econômicos da cooperativas*. Belo Horizonte: Mandamentos.

- Binotto, E. (2005). Criação de conhecimento em propriedades rurais no Rio Grande do Sul, Brasil e em Queensland, Austrália (Tese de doutorado). Centro de Estudos e Pesquisas em Agronegócios, Universidade Federal do Rio Grande do Sul, Porto Alegre.
- Binotto, E., Nakayama, M. K., Siqueira, E. S., & Salgado, A. P. (2007). A comunidade de prática como ferramenta de criação de conhecimento no contexto do agronegócio (Desenvolvimento em Questão, Vol. 5, p. 11-42). Ijuí: Universidade Regional do Noroeste do Estado do Rio Grande do Sul.
- Bourdieu, P. (1980). Le capital social: notes provisoires. Actes de la Recherche en Sciences Sociales, 31, 2-3.
- Boyett, J. H., & Boyett, J. (1999). *O Guia dos gurus:* os melhores conceitos e práticas de negócios. Rio de Janeiro: Campus.
- Brisola, M. V. (2010). A evolução das "empresas rurais": uma proposição de análise interdisciplinar para a sustentabilidade economico-social do setor rural. In *Anais do 48º Congresso da Sociedade Brasileira de Economia Administração e Sociologia Rural*. Campo Grande: SOBER.
- Bristish Broadcasting Corporation BBC. (2011). *The truth about lion: strength in numbers*? Recuperado em 11 de janeiro de 2013, de http://www.bbc.co.uk/programmes/p00fptxf
- Brito, C. M. (2001). Towards an institutional theory of the dynamics of industrial network. *Journal of Business and Industrial Marketing*, 16(3), 150-166. http://dx.doi.org/10.1108/08858620110389777.
- Coleman, J. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94(s1), 95-120. http://dx.doi.org/10.1086/228943.
- Creswell, J. W. (2010). *Projeto de pesquisa: métodos qualitativo, quantitativo e misto* (3. ed.). Porto Alegre: Artmed.
- Crúzio, H. D. O. (1999). Por que as cooperativas agropecuárias e agroindustriais brasileiras estão falindo? *RAE: Revista de Administração de Empresas*, 39(2).
- Cunha, L. A. G. (2000). Confiança, capital social e desenvolvimento territorial. *Ra'e Ga* 4, 49-60.
- Fukuyama, J. S. (2000). *Social capital and civil society* (IMF Working Paper). Washington: International Monetary Fund.
- Gianezini, M., Gianezini, Q. D., Scarton, L., & Rodriguesr, G. (2009). O cooperativismo e seu papel no processo de desenvolvimento local: a experiência das cooperativas agrícolas no médio norte de Mato Grosso. In *Anais do*

- Giddens, A. (1991). As consequências da modernidade. São Paulo: UNESP.
- Gimenes, R. M. T. (2007). Agronegócio cooperativo: a transição e os desafios da competitividade. *REDES*, 12(2), 92-108.
- Granovetter, M. (1985). Economic action and social structure: the problem of embeddedness. *American Journal of Sociology*, 91(3), 481-510. http://dx.doi. org/10.1086/228311.
- Gropp, B. M. C., & Tavares, M. D. G. P. (2006). Comunidade de prática: gestão de conhecimento nas empresas. São Paulo: Trevisan Editora Universitária.
- Gulati, R., Nohria, N., & Zaheer, A. (2000). Strategic NETWORKS. Strategic Management Journal, 21(3), 203-215. http://dx.doi.org/10.1002/(SICI)1097-0266(200003)21:3<203::AID-SMJ102>3.0.CO;2-K.
- Harsanyi, J. (1969). Rational-choice models of political behavior vs. functionalist and conformist theories. *World Politics*, 21(4), 513-538. http://dx.doi.org/10.2307/2009665.
- Ipiranga Maria, A. S. R., Faria, V. C. M., & Amorim, M. A. (2008). A comunidade de prática da Rede NÓS: colaborando e compartilhando conhecimentos em arranjos produtivos locais. O&S, 15, 149-170.
- Jerônimo, F. B. (2005). A confiança em redes: a experiência de uma rede formada por sete cooperativas do setor agroalimentar do Rio Grande do Sul (Dissertação de mestrado). Centro de Estudos e Pesquisas em Agronegócio, Universidade Federal do Rio Grande do Sul, Porto Alegre.
- Lin, N. (1999). Building a network theory of social capital. *Connections*, 1(22), 28-51.
- Lusch, R. F., & Brown, J. R. (1996). Interdependency, contracting, and relational behavior in marketing channels. *Journal of Marketing*, 60(4), 19-38. http://dx.doi.org/10.2307/1251899.
- Martinéz, I. B., & Pires, M. L. L. E. S. (2002). Cooperativas e revitalização dos espaços rurais: uma perspectiva empresarial e associativa. *Cadernos de Ciência & Tecnologia*, 19(1).
- Nascimento, F. R. D. (2000). Cooperativismo como alternativa de mudança: uma abordagem normativa. Rio de Janeiro: Forense.
- Nilsson, J., Kihlén, A., & Norell, L. (2009). Are traditional cooperatives an endangered species? About shrinking

- satisfaction, involvement and trust. *International Food and Agribusiness Management Review*, 12(4).
- Oliveira, M. P., Zanini, M. T. F., & Resende, P. T. V. (2009). Confiança e monitoramento na integração de cadeias de suprimentos. *Revista de Negócios*, 14(4), 43-54.
- Olson, M. (2000). Power and prosperity: outgrowing communist and capitalist dictatorships. New York: Basic Books. 233 p.
- Olson, M. (1971). *The logic of the collective action: public goods and the theory of groups*. Cambridge: President and Fellows of Harvard College. 185 p.
- Ostrom, E. (1990). Governing the commons: the evolution of institutions for collective actions. Cambridge: Cambridge University Press. http://dx.doi.org/10.1017/CBO9780511807763.
- Putnam, R. D. (2006). *Comunidade e democracia: a experiência da Itália moderna* (5. ed.). Rio de Janeiro: Editora FGV.
- Recuero, R. C. (2005). Um estudo do capital social gerado a partir de redes sociais no orkut e nos weblogs. *Revista FAMECOS*, 28, 88-106.
- Rigo, A. S., Oliveira, D. G., Costa, F. J. C., Brandão, P. S. S., & Souza, D. D. (2008). Profissionalização da gestão e autogestão: um estudo dos problemas que ocasinaram a dissolução das cooperativas agrícolas dos perímetros irrigados no Vale do Rio São Francisco. In *Anais do 32º Encontro da ANPAD*. Rio de Janeiro: ANPAD.
- Sachs, I. (2003). Inclusão social pelo trabalho: desenvolvimento humano, trabalho decente e o futuro dos empreendedores de pequeno porte. Rio de Janeiro: Garamond.
- Schneider, J. O. (2004). Globalização, desenvolvimento local sustentável e cooperativismo. In *Anais do 3º Encuentro de Investigadores Latinoamericanos de Cooperativismo*. São Leopoldo: Universidade do Vale do Rio dos Sinos.
- Schneider, J. O. (1999). *Democracia, participação e autonomia cooperativa*. São Leopoldo: UNISINOS. 496 p.
- Silva, A. L., & Lourenzani, A. E. B. S. (2011). Modelo sistêmico de ocorrência de ações coletivas: um estudo multicaso na comercialização de frutas, legumes e verduras. *Gestão & Produção*, 18(1), 159-174. http://dx.doi.org/10.1590/S0104-530X2011000100012.
- Souza, A. R. D., Cunha, G. C., & Dakuzaku, R. Y. O. (2003). *Uma outra economia é possível: Paul Singer e a economia solidária*. São Paulo: Contexto.

- Souza-Silva, J. C., & Schommer, P. C. (2008). A pesquisa em comunidades de prática: panorama atual e perspectivas futuras. *O&S*, 15, 105-127.
- Vilpoux, O. F. (2014). Agrarian reform and cooperation between settlers in the Midwest of Brazil: an institutional approach. *Land Use Policy*, 39, 65-77. http://dx.doi.org/10.1016/j.landusepol.2014.03.011.
- Vilpoux, O. F., & Oliveira, M. A. C. (2011). Governanças na agricultura familiar: mercados, contratos, redes e cooperativismo. In O. F. Vilpoux (Org.), *Sustentabilidade e agricultura familiar*. Curitiba: CVR.
- Wenger, E., Mcdermott, R., & Snyder, W. M. (2002). Cultivating communities of practice: a guide to managing knowledge. Boston: Harvard Business School Press.