

# **Research plan / Challenges and Prospects of Cooperatives in a Globalizing World**

## **0. Abstract**

This project focuses on international cooperative law and its main objective is to address the challenges that cooperatives are facing in a globalizing world and to propose solutions to these challenges. Therefore, the ground-breaking ambition is to develop research in cooperative law and to facilitate the growth of the cooperative sector. The primary focus is on legal issues since law plays a key role in the development of businesses yet even today the state of research in the field of international cooperative law is unsatisfactory. In addition to legal scholarship, the project draws knowledge from several other academic disciplines, such as economics, sociology and sustainability science. This means that the research questions at hand are approached in an interdisciplinary manner as they are very complex and can only be studied by combining the perspectives of these different fields.

The project is structured into four parts which are related to one another and which will be investigated concurrently. The first part seeks to develop a holistic cooperative legal theory, since such theory does not yet exist. For cooperative law to mature into an established discipline, its primary concepts and principles, and its theoretical dimensions and methodological tools require profound analysis. Without solid theory, scholarship in cooperative law remains sporadic, being unable to fully separate from the study of companies. In the second part, the researchers concentrate on cooperative disputes. The purpose is to gather and analyze data such as court decisions and arbitral awards to understand the sources of conflicts within and between cooperatives, and furthermore, how cooperative law should be developed. In the third part, the focus shifts to the structure of cooperative ownership and control. The primary research questions answered here are, first, is it possible to develop novel financing instruments that facilitate the organic growth of cooperatives without transforming them into capitalistic companies and second, which control enhancement mechanisms should be utilized to empower the cooperative members as the actual decision-makers of the enterprise? Finally, the project explores the potential of cooperatives to facilitate sustainable development. The hypothesis is that cooperatives are drivers for an ideological change in profit-oriented markets, hence, the researchers seek to explain how and why cooperatives excel in pursuing sustainability goals and what the role of law is in this context.

## **1. Aim and objectives**

### *1.1 Significance of the research project in relation to current knowledge*

The thematic scope of this research project (“Project”) is international cooperative law. It will explore the challenges and prospects that cooperatives are facing in a globalizing world by focusing on specific research questions elaborated later in section 1.3. As the Project will venture beyond state-of-the-art, it is necessary to begin this plan by discussing briefly what has been previously studied, what the status of international cooperative law research is, and what the significance of the Project is in relation to existing knowledge.

The current status and future prospects of international cooperative law research have recently been studied by Pönkä (2018b), who is the principal investigator (“PI”) of the Project. His investigation shows that cooperative law research is relatively nationally focused, hence topics of transnational interest are often left unexplored. There are also countries in which studies on the national cooperative legislation hardly exist, even though cooperatives have a significant role in society. International cooperative law research, on the other hand, seems to be restricted to a rather limited number of active scholars. Also, international research institutions are relatively few in number and most of them, like the European Research Institute on Cooperative and Social Enterprises (“EURICSE”) and the UK Society for Co-operative Studies (“UK Society”), focus on cooperatives in general, not exclusively on cooperative-specific legal issues.

The most comprehensive books dealing with international cooperative law are the “International Handbook of Cooperative Law” (2013) edited by Fici et al. and the “Principles of European Cooperative Law” (2017) edited by Fajardo et al. Also, Henry’s monograph “Guidelines for Cooperative Legislation” (2012) and Münkner’s monographs “Co-operative Principles and Co-operative Law” (2015) and “Ten Lectures on Co-operative Law” (2016) contain valuable knowledge. Besides these publications, there are some other noteworthy books which include some legal analysis, but which primarily focus on subjects such as economics, sociology and politics. These publications include Hansmann’s “Ownership of Enterprise” (1996), Birchall’s “People-Centered Businesses” (2011); “People Over Capital” (2013) edited by Harrison and “The Oxford Handbook of Mutual, Co-operative, and Co-owned Business” (2017) edited by Michie et al. As for scholarly articles, influential publications are, e.g., Fici’s “Cooperative Identity and the Law” (2013), Henry’s “Sustainable Development and Cooperative Law” (2013) and Pönkä’s “Are Cooperative Societies Transforming into Cooperative Companies?” (2019).

The Project is linked to state-of-the-art knowledge by investigating topics which have not previously been studied sufficiently. Of course, existing publications are used as research materials, hence, the researchers will test and reevaluate previous findings in order to discover how the international cooperative law doctrine should be developed and propose improvements to benefit the scholarly community as well as the cooperative sector. Furthermore, the Project seeks to develop a holistic

cooperative legal theory which is based on state-of-the-art knowledge, as well as novel research findings. As Fici (2013a) has aptly remarked, “the history of cooperative law has yet to begin”.

## 1.2 Theoretical premise

Cooperatives have been systematically ignored by the scholarly community (Hansmann 2013) – and by legal scholars in particular. This is unfortunate, since cooperatives operate in similar business sectors to companies and, like the company form, the cooperative form offers entrepreneurs a versatile business structure: Cooperatives range from local producer cooperatives consisting of only a few members, to large multinational and multipurpose cooperatives with millions of members and turnovers counted in billions (Carini & Carpita 2017). Hence, cooperatives are important entities in the economic system and their mutual business model should be perceived as a serious alternative to the investor-centered, “capitalistic” model which is aimed at maximizing shareholder value.

Then again, during recent decades, the international cooperative movement has not been able to challenge company dominance. In the late 1990s, Holmström (1999) and Hansmann (1999) even predicted that traditional cooperatives would fail since they had not adapted to the rapid changes in the business environment. However, during the financial crisis of 2007-08, cooperatives showed their true potential by enduring the economic recession far better than companies (Birchall 2017; Birchall & Ketilson 2009; Borzaga & Galera 2012; Guidance Notes 2015). Also, after the crisis the cooperative sector has been steadily growing and researchers are beginning to show renewed interest in cooperative studies (Fici 2017; Henrÿ 2013b; Pönkä 2018b). Now, in the late 2010s, it seems that cooperatives are seeing a new dawn but in order for them to thrive, the structural weaknesses which initially led cooperatives to be outshined by companies, must be unveiled, studied and – if possible – fixed.

The central argument of the Project is that member owned businesses (“MOBs”), cooperatives in particular, matter and that they must be studied thoroughly and furthermore, their operational preconditions must be enhanced and strengthened through law. In other words, *the main objective of the Project is to address the challenges that cooperatives are facing in a globalizing world and to propose solutions to them.* The primary focus is on legal issues since law plays a key role in the growth of businesses yet even today the international cooperative law doctrine remains relatively underdeveloped. Furthermore, cooperative law research is often subject to the study of companies and many scholars perceive cooperatives merely as their inefficient and ideologically charged “little brothers”. Therefore, *the ground-breaking ambition of the Project is to break down all misconceptions regarding cooperatives and to develop research in cooperative law and furthermore, to facilitate the growth of the cooperative sector.*

As the Project focuses primarily on international cooperative law, research work related to it can be classified as legal scholarship. However, the researchers involved also draw knowledge from several other academic disciplines, such as economics, sociology and sustainability science. Hence, the problems at hand are approached in an interdisciplinary manner as they are complex and can only be understood by combining the perspectives of different fields.

### *1.3 Hypotheses and research questions*

As explained above in sections 1.1–2, the Project will venture beyond the state-of-the-art by focusing on cooperative-specific topics which have not been previously studied sufficiently – or even recognized by fellow scholars. Hence, the purpose is to generate genuinely novel knowledge. As the thematic scope of the Project – challenges and prospects of cooperatives in a globalizing world – is broad, the research work has been organized into four parts which are related to one another and which will be investigated concurrently.

(1) The first and the most important part of the Project concerns **cooperative legal theory** and the six research questions to be answered here are (a) *what is the purpose of the cooperative society and how are cooperatives distinct from other business organizations?* (b) *what are the core structural characteristics of cooperatives (i.e., the main principles of cooperative law)?* (c) *which theories has cooperative law been founded on, and how should these theories be developed?* (d) *how should cooperative law be studied (i.e., which research methods should be utilized in cooperative law research)?* (e) *what are the main elements of good cooperative law and is there need for legal uniformity?* and (f) *how can we prevent the “companization” of cooperative law (i.e., cooperatives from losing their mutual identity by transforming them into cooperative companies)?*

The findings of the first part of the Project will form a theoretical and methodological framework for its other parts and for cooperative law research in general. Such a framework is highly important as cooperative legal theory has not been studied holistically; for cooperative law to mature into an established discipline, its primary concepts and principles, theoretical dimensions and methodological tools require profound analysis (see similarly Fici 2013b). In other words, without solid theory, cooperative law scholarship remains sporadic being unable to fully separate from the study of companies. Furthermore, cooperative legal theory is needed to make a distinction between general (i.e., non-legal) cooperative studies and cooperative law research. To some extent, such a distinction is necessary, since the objectives of legal and non-legal research may not be concordant. In fact, non-legal studies have sometimes been accused of having the tendency to fall into the classic trap of ideology and political rhetoric (Birchall 2017; Pönkä 2018b), hence Fici (2013a) has argued

that there is a genuine need for legal scholars to study cooperatives.

(2) The second part of the Project focuses on **cooperative disputes** – an utterly unexplored topic. The purpose is to gather and analyze data such as court decisions and arbitral awards to understand the sources of disputes within and between cooperatives (i.e., in cooperative/member, member/member and cooperative/cooperative relationships) and how they are resolved. In other words, the research questions are (a) *which issues provoke disputes within and between cooperatives?* (b) *how are these disputes resolved and how should they be resolved?* and (c) *how can we use this knowledge to develop cooperative law?*

The empirical evidence provided by the second part of the Project will be used to support the argumentation in its other parts and as mentioned, to uncover flaws and imperfections in cooperative laws and practices. Also, the need for an international “cooperative disputes tribunal” – as proposed by Yebisi (2017) – is assessed critically. The hypothesis of the second part of the Project suggests that cooperative law research would greatly benefit from empiricism since previous legal scholarship has concentrated primarily on theory and now we need to test how these theories have applied into practice. Otherwise legal scholarship will remain ill-defined and abstract and, as shown by Pönkä (2018b), studies in cooperative law have a tendency to circulate around certain general topics without providing genuinely novel knowledge.

(3) In the third part of the Project, the focus shifts to **the structure of cooperative ownership and control**. Several studies indicate that the limited financial capabilities of cooperatives are preventing them from competing with investor-driven companies (Fici 2013a; Henry 2013b; Münkner 2016; Pöyhönen 2011). Therefore, the question, (a) *is it possible to develop novel financing instruments that both facilitate the organic growth of cooperatives and do not shift the decision-making powers from the members to investors?* requires scholarly attention. Moreover, (b) *the need for cooperatives to pursue growth* (and economic efficiency) must be assessed critically because growth (and competitiveness) cannot be a value in and of itself. There is always a risk that while growing, the distance between the cooperative society and its members grows simultaneously (Fajardo et al. 2017; Münkner 2016; Pönkä 2018a).

In practice, large cooperatives and listed companies share many similarities and several jurisdictions allow cooperative shares to be publicly traded just like the shares of a company (van Bekkum & Bijman 2007). Then again, due to the so-called principle of one member, one vote and the lack of efficient control enhancement mechanisms (“CEMs”), cooperative governance and corporate governance should not be perceived as being identical systems: The directors of a cooperative are often much more independent than the directors of a company vis-à-vis the owners of the enterprise.

Therefore, it is necessary to examine (c) *who has actual control over the cooperative* – the members, the directors or someone else? (d) *does contemporary cooperative governance promote efficient and democratic member control?* and most importantly, (e) *what CEMs are needed to empower the members as the actual decision-makers of the society?* Furthermore, several studies suggest that there are signs of managerial empire-building within large cooperatives (Fonteyne 2007; Pöyhönen 2011), hence the “black box” must be opened to reveal (f) *whose interests are the enterprise truly promoting* – or are large cooperatives merely pools of masterless capital?

(4) The final part of the Project discusses **the potential of cooperatives to facilitate sustainable development**. The hypothesis is that cooperatives are drivers of an ideological change in the profit-oriented markets as concern for community is an organic part of the cooperative business model (Henrÿ 2013a; Pönkä 2018a). On the other hand, altruistic measures in a company context are often artificial and motivated by investor interests, not by a genuine desire to promote sustainable values. In fact, the debate over corporate social responsibility (“CSR”) seems to focus excessively on large, multi-national companies, whereas the sustainability potential of alternative business forms, MOBs in particular, is often undermined. Therefore, the Project seeks to address (a) *how and why cooperatives excel in pursuing sustainability goals?* and (b) *what is the role of law in this context?*

Some scholars argue that cooperative research often highlights the economic, social and environmental benefits of MOBs by providing individual examples of well-performing cooperatives (Birchall 2017; Gertler 2004). Such examples rarely tell the whole truth and therefore, the Project will address the sustainability potential of cooperatives in a more pervasive manner. It is important to investigate how individual cooperatives actually demonstrate concern for the community, but even more importantly, we need to focus on the meta-factors which make cooperatives particularly important builders of sustainable development. Furthermore, it seems that in some jurisdictions, in theory and in practice, the distinction between cooperatives and social enterprises is becoming vague (Argyrou & Lambooy 2017), hence, there needs to be discussion about (c) *the extent to which cooperatives can pursue social objectives without losing their identity*. Or have cooperatives already been transformed into hybrid, multi-stakeholder organizations pursuing social policy goals instead of membership benefits?

In summation, the Project aims to achieve the objectives elaborated above in section 1.2 by investigating four interrelated topics. First, it seeks to develop a holistic cooperative legal theory as such theory is essential for cooperative law to mature into an established discipline. Next, the Project focuses on more tangible issues, i.e., cooperative disputes and problems related to cooperative governance and financial performance. Finally, the future prospects of cooperatives are examined by discussing how cooperatives can contribute to sustainable development.

#### *1.4 Expected research results and their anticipated scientific impact, potential for scientific breakthroughs and for promoting scientific renewal*

The Project aims to develop, transfer, test and reevaluate scientific knowledge. In terms of scientific contribution, the expected research results are related to creating a theoretical framework for cooperative law, i.e., a holistic cooperative legal theory, which introduces the primary concepts and principles, theoretical dimensions and methodological tools essential for future research. The researchers also expect to develop cooperative law through empirical analysis focusing on cooperative disputes, as well as the operational preconditions of cooperative enterprises by addressing their built-in structural weaknesses, i.e., specific problems related to cooperative governance and financial performance. Furthermore, by investigating the sustainability potential of cooperatives, the researchers anticipate showing that the cooperative business model is a driver of an ideological change in the profit-oriented markets as cooperatives combine operational efficiency with member-oriented successfulness and social and ecological responsibility.

By combining several fields of research, the Project will provide holistic understanding of the research topic. Having an interdisciplinary approach, it will have the potential to discover whole new theoretical openings and trigger a critical, yet productive and urgently needed debate beyond those small circles which are already engaged in cooperative law studies. The Project also seeks to influence the future development of cooperative legislation on both national and international levels. Consequently, it aims to enhance the prospects of the economy as a whole by improving the capabilities and competitive advantages of cooperatives. The researchers strongly believe that this will result in a business environment with a stronger awareness of the challenges and benefits in pursuing sustainable development.

## **2. Implementation**

### *2.1 Data to be used*

The research material of the Project will consist of primary and secondary legal sources such as laws, treaties and general principles of law, legal preparatory works and cases, recommendations, guidelines and statements and scholarly legal writings. Also, significant scientific publications in other disciplines, such as economics, sociology and sustainability science, are utilized. Furthermore, the researchers will collect and study annual reports, financial statements, auditors' reports and other similar materials to understand the ownership structures and financial performance of cooperatives and how cooperatives follow their sustainability plans.

Research materials will be collected through databases such as HeinOnline, Westlaw International, JSTOR, SSRN and LexisNexis Online. Although most materials are available online, the researchers will need to visit foreign universities and research institutions to gain access to certain data. Also, some materials need to be purchased, but the PI has already acquired a sound collection of cooperative law research which will be accessible to the whole research group.

All researchers are committed to following the University of Helsinki's research data policy as well as good research practices while selecting and using research materials.

## *2.2 Research methods*

Legal research ranges from straightforward description of laws – maybe with some elements of interpretation – to complex theory building. The purpose of the Project is not to describe cooperative statutes nor to interpret them but to create the ground-breaking theory and innovations necessary for the development of the discipline. The Project's research questions require the use of several methods, i.e., there is no one specific method applied by all researchers. Instead, they will agree together on the variety of applied approaches (doctrinal and non-doctrinal) and on terminology to ensure that the main objectives of the Project are achieved. Co-operation and coordination in methodological matters is also necessary since there is no consensus on the nature of legal methodology, i.e., there is no ideal or hierarchically superior method to follow: All methods are considered equally important. They all have advantages as well as disadvantages.

Besides theory building, methodological approaches to be utilized in the Project include empirical testing, law and economics analysis and functional comparison. Elements of social sciences are used to support all utilized research methods, but without trying to develop an interdisciplinary "super-method". As van Hoecke (2011) has aptly observed, "legal doctrine should use those disciplines, but not try to integrate them". Then again, as implied above in section 1.3, the researchers seek to develop methodology in cooperative law research, i.e., conventional research methods need to be adjusted to respond to the needs of innovative cooperative law scholarship.

## *2.3 Human resources*

### *Principal investigator*

Mr. Ville Pönkä, LL.D. (University of Helsinki, 2008), trained on the bench (District Court of Helsinki, 2009), docent of civil law and commercial law (University of Helsinki and University of Turku 2013),



PI (University of Helsinki, 2016)

#### *Other researchers*

Mr. Alexander Gurkov, LL.D. (University of Helsinki, 2018), attorney-at-law (Saint-Petersburg Bar Association, 2009), post-doctoral researcher in international arbitration (University of Helsinki, 2018).

Ms. Yi Zheng, Doctoral candidate in Economics (University of Helsinki), Master of Finance and Accounting (University of Adelaide, 2011). The expected time of completion of her doctoral dissertation is 6.2019.

The Project is to be administered by Mr. Pönkä, who is also responsible for supervising the work of the other researchers. All significant decisions regarding the Project will be made together by the research group.

As for scholarly work, Mr. Pönkä will focus on the first and third parts of the study, while Mr. Gurkov's primary role is related to the second part dealing with cooperative disputes. Ms. Zheng's expertise lies in economics and sustainability science and therefore she will concentrate on the sustainability potential of cooperatives. However, it must be noted that even though the researchers will be concentrating on individual areas of the Project, their scholarly contribution is not limited to one topic. On the contrary, as all parts of the Project are related to one another, each researcher must contribute to some extent to all research work. In particular, the theoretical and methodological questions need to be studied together.

#### *2.4 Collaborators*

Institutional collaborators of the Project include the Helsinki Institute of Sustainability Science ("HELSUS"), the InterTran Research Group for Sustainable Law and Business ("InterTran"), the European Consortium for Political Research ("ECPR"), Nordisk nettverk i selskapsrett [Eng. The Nordic Company Law Network], the UK Society, the European Corporate Governance Institute ("ECGI"), the Finnish Company Law Association ("FCLA"), the Finnish Arbitration Association ("FAA") and the Arbitration Institute of the Finland Chamber of Commerce ("FAI"). The PI is an active member of all these communities. He has also engaged in collaboration with the EURICSE and his aim is to consolidate the research group with it.

Furthermore, all members of the research group have fellow collaborators in several foreign universities such as the University of Aberdeen (Senior Lecturer Derek P Auchie), the Fordham

University School of Law (Professor Martin Gelter), the Ludwig-Maximilians University of Munich (Professor Dr. Florian Englmaier), the University of Oslo (Professor Beate Sjøfjell), the Saint-Petersburg State University, Faculty of Law (Associate Professor Vladislav Arkhipov) and the University of Stockholm (Dr. Daria Kozłowska-Rautiainen). National (i.e., Finnish) collaborators are so many that they cannot be listed here.

All collaborators have been chosen based on their scholarly orientations which are highly necessary for the Project. These orientations include company and cooperative law, sustainability and international dispute resolution.

### *2.5 Research environment*

The research work will be mostly conducted at the University of Helsinki, where the researchers have their offices. The researchers will also visit several foreign universities, as well as international research institutions such as the EURICSE. Researcher mobility is explained in part 7 (“Mobility”) of this application.

### *2.6 Schedule*

The timeframe of the Project is four years starting from September 2019 and ending in August 2023. During this time the research group will study the research questions elaborated above in section 1.3 and publish all research findings in international peer-reviewed journals and books. The research group will also publish a comprehensive monograph on cooperative legal theory.

The timeframe of the Project is structured so that during the first year (2019-20) the researchers will concentrate primarily on gathering and analyzing data and the aim is to publish initial research findings during the second year (2020-21). This is the first major milestone of the Project. During the third (2021-22) and fourth years (2022-23) the researchers will focus on finalizing their studies in the designated areas and on writing the book mentioned above. The researchers will undertake research trips as explained later in part 7 (“Mobility”) of this application and participate in international seminars and workshops throughout the Project. Also, annual seminars will be organized for collaborators and other researchers. Especially during the first year, the research group will need to hire a research assistant to help with data gathering and analysis. An assistant will also be needed during the final year to help with finalizing the book.

### *2.7 Risk assessment and alternative implementation strategies*

All researchers involved in the Project are committed to complying with good research practices. As experienced scholars they are familiar with ethical standards related to scholarly work, hence, there will be no reputational risks involved in the Project. The researchers are also committed to following this research plan, as well as all rules agreed upon by the group. If risks are detected during the Project life cycle, they will be addressed by the research group and alternative implementation strategies will be developed and deployed, if needed. At this stage, there is no need to discuss such strategies as no significant risks are currently known.

### **3. Responsible science**

#### *3.1 Research ethics*

To ensure the reliability and credibility of the results of the Project, the research group is committed to complying with good research practices set forth by the University of Helsinki and the Finnish Advisory Board on Research Integrity. As the Project involves much co-operation and coordination between many people, ethical standards are particularly important for promoting the values that are essential to collaborative work. Rules regarding authorship, copyright, data protection and confidentiality must especially be followed carefully. The researchers must always give due recognition to fellow scholars and sources utilized in their studies. Furthermore, all research findings must be based on solid and transparent arguments and the researchers must be prepared to account personally and collegially for all undertakings of the Project. No member of the research group has been found guilty of research misconduct of any kind.

#### *3.2 Promotion of open science*

The Project is committed to open access publishing, i.e., the researchers will prioritize, whenever possible, *gold open access* publication channels. However, if the researchers decide to use “traditional” (i.e., *green open access*) journals, they are committed to publishing their working papers in established preprint services such as the SSRN and the EURICSE’s working paper series to ensure the full promotion of open science. All publications and other activities within the scholarly community will be registered in the University of Helsinki’s TUHAT research database. Furthermore, the researchers will send their publications to the University of Helsinki’s library for open archiving in HELDA.

The PI is committed to ensuring that, if needed, the Project’s data is stored and made available through major national or international archives or storage services. In any event, all data will be made freely available as soon as possible after the research results have been published.

### *3.3 Promotion of equality and non-discrimination*

As explained above in section 1.3, the Project is committed to promoting sustainable development, including equality and non-discrimination, in the society. Equality and nondiscrimination are among the principle values of the international cooperative movement, hence, by promoting cooperatives, one promotes simultaneously these values in entrepreneurship and business management. The Project will also promote equality and non-discrimination within by ensuring that all important decisions are made democratically and by committing to avoid unjust or prejudicial treatment of different people involved. The University of Helsinki has an Equality and Diversity Plan which aims to support the creation of a healthy studying and working environment. This plan will be followed carefully by the Project. Furthermore, it is necessary to point out that the PI has been a member of the Association of Finnish Lawyers' division of equality matters (2012-14) and the University of Helsinki, Faculty of Law's employee welfare committee (2011-14), hence, he has gained vast experience in promoting equality and non-discrimination in work communities.

## **4. Competence of research team and collaborators**

### *4.1 Merits of research team members that are relevant to the project*

All members of the research group are experienced scholars. The PI, Mr. Pönkä, received his LL.D. from the University of Helsinki in 2008 being just 26-years old. Since then he has acquired the title of "varatuomari" [Eng. trained on the bench] (2009), docent of civil law and commercial law (2013) and principal investigator (2016). After finishing his doctoral thesis Mr. Pönkä has held different academic positions at the University of Helsinki's Faculty of Law and currently he is a senior lecturer of civil law and commercial law acting as the director of the Faculty's Masters' Degree Programme in International Business Law.

Mr. Pönkä is specialized in company and cooperative law, contract law, dispute resolution and law and economics. He is one of the few scholars committed to international research of cooperative law and therefore, he is well-suited for leading the Project. Mr. Pönkä has published several articles dealing with cooperative law in high-quality international journals and books such as the *European Business Law Review*, the *Journal of Entrepreneurial and Organizational Diversity*, the *International and Comparative Corporate Law Journal* and *The Cambridge Handbook of Corporate Law, Corporate Governance and Sustainability*. Mr. Pönkä has also gained vast experience in academic leadership as acting as the vice-dean of the Faculty and as a member of the Faculty's steering group of the Doctoral Programme in Law. Furthermore, he has supervised and evaluated several doctoral

dissertations and acted twice as an opponent. Mr. Pönkä was also one of the founding members, as well as the main editor, of the *Liikejuridiikka* [Eng. Business Law] journal. Mr. Pönkä is currently working as a research fellow at the Fordham University School of Law conducting research on cooperative law.

Mr. Gurkov received his LL.D. from the University of Helsinki in 2018. Prior to writing his doctoral thesis and working in academia, Mr. Gurkov practiced law for several years as an attorney, with a focus on international arbitration and enforcement of arbitral awards. Mr. Gurkov specializes in dispute resolution, contract law, and competition law. He is experienced in dispute resolution both as a researcher, by publishing a number of articles in international peer-reviewed journals, and as a practicing lawyer, by taking part in arbitral proceedings in major international arbitral institutions.

Ms. Zheng received her master's degree in finance and accounting from the University of Adelaide in 2011. She is currently a doctoral candidate in economics at the University of Helsinki. Ms. Zheng is specialized in game theory and theoretical industrial organization. Her main interests are game theoretical applications of sustainable development, boycotts and CSR. Her expertise in economics and CSR will be valuable and strengthen the interdisciplinary aspect of the Project.

#### *4.2 Merits of collaborators that are relevant to the project*

As mentioned above in section 2.4., all collaborators have been chosen on the basis of their scholarly orientations which are highly necessary for the Project. These orientations include cooperative and company law (the EURICSE, the UK Society, the ECGI, the FCLA and the Nordisk nettverk i selskapsrett), sustainability (the HELSUS, the InterTran and the ECPR) and international dispute resolution (the FAA and the FAI). Also, all individual collaborators are highly experienced scholars in different disciplines covered by the Project.

#### *4.3 How is the project linked to previous research by the PI or the research team, or to some other research?*

As explained above in section 4.1, the PI is one of the few scholars committed to international research of cooperative law and currently he is also one of the most productive scholars in this field of science. He has published several articles which fall within the thematic scope of the Project and currently he is conducting cooperative law research at the Fordham University School of Law. Mr. Pönkä's publications are listed in his CV.

The Project is also linked to the research work of Mr. Gurkov and Ms. Zheng. As explained above in

section 4.1, Mr. Gurkov is an expert in international dispute resolution having published many articles and books on this topic. Therefore, Mr. Gurkov is well-suited for studying cooperative disputes. Furthermore, Ms. Zheng's experience in economics and sustainability science is vital for the Project and she will strengthen its interdisciplinary aspect.

## **5. Societal effects and impacts**

### *5.1 Effects and impact beyond academia*

The expected societal impacts of the Project are significant. As explained above in section 1.4, in the long term, it seeks to influence the development of cooperative legislation at both national and international levels. Consequently, the Project aims to enhance the prospects of the economy as a whole by improving the capabilities and competitive advantages of cooperatives. The researchers strongly believe that this will result in a business environment with stronger awareness of the challenges and benefits in pursuing sustainable development.

In the short term, the researchers expect the discussion regarding the benefits of cooperatives to expand beyond academia. In other words, they anticipate promoting the understanding of the cooperative business model and thereby to encourage entrepreneurs to choose the cooperative as their organizational structure. The knowledge provided by the Project is also important for existing cooperatives, as the researchers seek to uncover flaws and imperfections in contemporary cooperative governance and financing and propose tangible solutions to them. Hence, the Project aims to show cooperatives how they can enhance their performance (i.e., efficiency) without losing their identity (i.e., without transforming into capitalistic companies).

### *5.2 Considering principles of sustainable development*

As explained above in section 1.3, the fourth part of the Project concerns sustainable development. In this part, the scholarly ambition is to address the sustainability potential of MOBs, cooperatives in particular, and thereby contribute to the discussion regarding CSR. In other words, the researchers aim to increase awareness of the challenges and benefits in pursuing sustainable development by studying how and why cooperatives help to achieve sustainability goals and what is the role of law in this context.

The Academy of Finland has argued that "research-based knowledge plays a key role in ensuring sustainable development and protecting the welfare of future generations". The researchers fully agree with this observation and strongly believe that the objectives of the Project are aligned with

the United Nation's Sustainability Development Goals. After all, concern for community is an organic part of the cooperative business model – an element which distinguishes service-focused cooperatives from profit-focused companies.

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## 7. Other information



### *7.1 How will researcher training be organized and research careers promoted in the project?*

The researchers will be encouraged to participate in research training programs and courses to improve their methodological skills and interdisciplinary understanding. Also, the PI will provide academic guidance whenever needed. However, it is important to note that all members of the research group are experienced scholars and therefore, they do not require any elementary training. The careers of the researchers will be promoted throughout the Project by networking with fellow scholars and by encouraging them to apply for academic positions. Also, the University of Helsinki's Career Services offers counseling for the researchers.

### *7.2 PI's working hours and salary in the project*

Mr. Pönkä is a senior lecturer and a program director, hence he will be able to allocate about 70 per cent of his working time to the Project. Mr. Pönkä's current contract will expire in December 2019, however, he has been employed by the Faculty of Law for 13 years and he believes that his contract will be renewed. Also, Mr. Pönkä has applied for the position of assistant/associate/full professor of cooperative law (University of Helsinki) and he was recently placed on the shortlist. In any case, Mr. Pönkä is determined to continue his work in academia and as a last resort, he can apply for a personal grant to cover his salary expenses for as long as needed.