

## An Institutional Approach to Stakeholder Participation in Cooperative governance: The role of Legitimacy

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**ABSTRACT:** The purpose of this paper is to shed light on how legitimacy, a core concept of the institutional theory, may present a relative framework for understanding stakeholders' participation in cooperatives' governance. Co-operatives are recognizing the importance of involving stakeholders in their governance structures. In fact, particular forms of cooperatives have emerged as a result, namely, multi-stakeholder cooperatives, a cooperative form that bring together multiple stakeholders with diverging interest and where governance is more sophisticated than homogeneous member cooperatives. Stakeholder participation in governance has raised researchers' interest whose assumptions have often questioned the viability of this practice due to the multitude of interests. Hence, we believe that this question deserves our full attention. In this framework, this paper aims to shed light on the importance of the concept of legitimacy in understanding the link between cooperatives and their environment embodied by stakeholders' involvement in governance. In other words, we study how stakeholders are able to serve the cooperatives' common objective despite the divergence of their interests as we highlight the role of legitimacy, a central concept upon which institutionalism is founded.

**KEYWORDS:** Cooperatives, Stakeholders; Governance; Institutional theory; Legitimacy.

### 1 INTRODUCTION

Governance can be viewed as a way to protect and respect stakeholders with multiple interests and as a tool for fulfilling these entities' dual mission: social and economic. Cooperatives must adopt effective governance practices that will make them attractive in the eyes of their members and, more broadly, in the eyes of their communities.

Interest in cooperative governance is still restricted to academia and some governmental and non-profit organizations. The question of governance is sometimes irrelevant or even too complex to implement, due to the lack of tools adapted to cooperatives' particular focus. This oversight of the importance of cooperatives' governance framework often obscures the constraints faced by cooperatives in particular in regards to governance structures that could fuel them with potential human resources and adequate communication tools necessary to reconcile their essence and vocation with the needs of the community [1].

In fact, most of studies conducted in the field of cooperatives governance generally highlight the internal dimension of practices related to members' interests and effective participation. They are often still lagging behind on the study of key "external" or secondary stakeholders' involvement in governance while maintaining a balance between their dual role (social and economic) that intercalates decision making and efficacy.

Studies bridging cooperatives governance and decision making are generally founded upon the concepts of legitimacy. On that basis, companies are conceived as a nexus of contracts [2] linking diverse groups of stakeholders for whom the strategic center must find a cooperative equilibrium [3].

In this perspective, despite the interest allocated by certain authors [4], [5], cooperatives remain an under explored field in management. The field of social and solidarity economy is marked by "an under-representation of researchers in management sciences" while "being constantly confronted with the rise of management" [6]. Our work enrolls in this rising call for "research

fields crossed fertilization, " namely those of strategic management and social and solidarity economy. This paper comes in continuity to scientific works on cooperatives governance and decision making from a holistic perspective.

We begin this paper with a provision of a general scope of cooperatives where we introduce the main foundations of social economy and cooperatives more specifically. The following section attempts to explain the link between cooperatives and their government from an institutional perspective. We then shed light on cooperative organizations' governance from a partnership approach as we tackle stakeholder involvement from a legitimacy stand point. We then continue with emphasizing the importance of involving stakeholders in governance structures. Finally, we present a reflection on the main works that emphasize the role of legitimacy in decision making and stakeholders' participation in governance within cooperatives.

## **2 THE SCOPE OF COOPERATIVES**

The social economy is the set of economic activities that are characterized by the legal entrance and companies bylaws which include partnerships in contrast to joint stock companies. These are associations, cooperatives, mutuals and subtly include foundations as well.

There have been many attempts to define social economy [7], [8], [9]. Philip Kotler says that social economy is a term invented by Muhammad Yunus to describe a company that makes money while impacting the society in which it operates [10].

The most important descriptive proposal was the Charter of the school of Social Economy directors promoted by the Permanent European Conference on cooperatives, mutuals, associations and foundations (CEP-CMAF, 2002) <sup>1</sup>. It expresses the following:

- The primacy of the individual and social objective over capital;
- Voluntary and open membership;
- Democratic control by members;
- The combination of members' interests / users and / or the general interest;
- Defense and application of the principle of solidarity and responsibility;
- Self-management and independence from public authorities;
- The surplus is used to achieve the objectives of sustainable development.

The cooperative sector occupies a significant place in the national economy as it plays a prominent role in the socio-economic development and represents an important part of the economic and social development programs of the country.

A "cooperative" is a particular application of a very old concept: cooperation; the latter can be defined as a social process in which individuals gather to achieve a common goal. The term "cooperation" is not novice and it was present at all ages of mankind.

The cooperative is an economic organization defined as a social utopia and a practical experience in the late 19th century and was gradually specified in the law of some countries in the 20th century [11]. Its codification, varying across national contexts, refers to a set of values, principles and rules set out by the International Cooperative Alliance (ICA): a cooperative is "an autonomous association of persons united voluntarily to meet their aspirations and economic, social and cultural needs through a company which ownership is collective and where authority and control are practiced democratically" [12]. It is defined by principles of free and voluntary membership, autonomy, democratic administration (one member, one vote) and solidarity-inspired economic participation (members' participation in equity, indivisible and un-remunerated equity).

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A review of the cooperative movement's history suggests that despite many differences between countries of origin, industry sector, organizational structure, governance and funding, the key element that unites these various businesses is their commitment to a goal. They are usually focused on the economic and social development of their members and require mutual trust between the member, the company and between members themselves. According to [13], cooperatives' dual - economic

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<sup>1</sup> "Created in November 2000 under the name of CEP-CMAF -the European Standing Conference of Cooperatives, Mutuals, Associations and foundations- with the purpose of establishing a permanent dialogue between the social economy and the European Institutions" UN Social and Solidarity Economy. <http://unsse.org/about/observers/social-economy-europe/>

and social - purpose creates a "symbiosis" that often stimulates difficulties for management. It can lead to tensions on the best way to reconcile these often conflicting objectives [14].

### 3 THE QUESTION OF STAKEHOLDERS' INVOLVEMENT IN COOPERATIVES' GOVERNANCE:

Governance arises differently in social enterprises in general seeing the way these entities are linked to their environment and consequently their stakeholders. This peculiarity of social enterprises implies a broader kind of governance [15] entailing the internalization of several groups of stakeholders in a sense that the latter participate effectively in decision making and therefore contribute into the achievement of the cooperative's effectiveness.

#### 3.1 AN ANCHORAGE IN THE INSTITUTIONAL THEORY

Although organizations were analyzed under a sociological lens [16], in-depth studies of organizations as a social phenomenon and a representation of independent social actors was fully out of the research scope until the emergence of the work of [17]. The latter described organizations as independent social actors in modern social processes and that the structural components of a social system are inter-related and he explained why these inter-relationships are important for the system's survival.

The study of institutions was initiated through the works of the classics of sociology, [18] and [19] who attempted to theorize what institutions are and how they impact actions and structure within a society. In fact, although Weber attempted to define the antecedents of actions in social settings and highlighted the fact that social interactions are comprehended according to a system of beliefs of cultural rules that provide the meanings required to interpret them [19]., on the other hand, referred to institutions as "symbolic systems" such as knowledge, beliefs, cultural systems, moral authority... etc. He defined them as:

"beliefs and modes of conduct instituted by the community. Sociology can then be defined as the science of institutions, their genesis and their functioning" – [19] Pp. 22-23

For [18], institutions represent the regulators of social interactions. He, therefore, acknowledges that the concept of an institution is closer to the idea of association:

"... it is a group whose statutory regulations are granted with relative success within a zone of delimiting action to all those who act in a definable way According to the criteria" [18] Pp. 94

In the 1970s, institutional research has shifted towards a new form of institutionalism which continued to recognize individuals' embeddedness in cultural and structural contexts but envisioned society as a group of rational and purposive actors with interests [20]. New institutionalism regards the social environment as an institutional setting that influences actor's behavior, practices and ideas, the latter conceived as purposive and rational [21] [20]. distinguishes between two types of neo-institutional approaches. Realist institutionalism views actors as sovereign, rational and purposive and suggests that before the latter start operating, a fundamental institutional principle must be put in place to regulate their behavior. The realistic scheme of institutionalism supposes that the environment is based upon one narrow principle or rule that I created by the actors themselves [20]. In opposition to realist institutionalism, sociological institutionalism sets the ground for a new approach to institutional contexts that are said to go far beyond pre-set rules or norms. This second scheme revolves around the core idea that actors are controlled and empowered by institutional contexts that are exogenous to the actors, meaning that they have existed before and are anchored in historical origins [22]. In this set of reflection, actors are no longer purposive and bounded entities; rather, they are a construction by and in their environment [23].

#### 3.2 THE COOPERATIVE GENESIS

Cooperatives as an alternative form of organizations mirrors how actors' embeddedness in their community/society can shape action. Anthropologist [24] explains that cooperatives operate in congruency with their communities. She also highlights the fact that cooperative members are viewed as "people of action in their communities and beyond" and that the cooperative values and principles which are intended to support the cooperative structure have as an origin and are continuously framed

by the social structure. The seventh principle of cooperation<sup>2</sup> which consists of “the cooperative’s concern for the community” perfectly translates cooperatives’ anchorage in their societies and emphasizes the tight link and relationship between the cooperative and the community [25].

Along with this opened thinking towards the role and influence of the social structure on organizations, [26] questioned traditional models of organizational structure and introduced an unconventional perspective that featured symbolic properties of structures. They assessed the traditional explanations of formal structures which reflect decision maker’s rationally in optimizing work coordination and control to enhance efficiency. In other words, [26]’s approach considered that the consistency between the society’s core values and those of the organization are critical to securing the environment’s support:

“Organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures.” [26] Pp. 340.

Moreover, [26] added that organizational survival rather relies on formal structures than on their actual task performance:

“Thus, organizational success depends on factors other than efficient coordination and control of production activities. Independent of their productive efficiency, organizations which exist in highly elaborated institutional environments and succeed in becoming isomorphic with these environments gain the legitimacy and resources needed to survive.” [26] Pp. 352.

Accordingly, organizations will respond to the environment’s pressures to increase legitimacy and thus, institutional homogeneity. In our analysis, we consider the sociological stream of the neo-institutional theory which celebrates actorhood as a source of capacitation and empowerment [27]. In this expanded institutional context, the “well constructed actor” is empowered and owns the capacity to participate in collective organizations composed by other social actors, thus, he owns the legitimated capacity to use his agency to achieve collective goals while pursuing his own [28]. Actors in this perspective rise above individual interests<sup>3</sup> and operate to serve the universal common good [20] [29]. provide as an illustration the non-governmental organizations as actors who act for the higher good and common interest [30]. suggests that there is a relationship between the social structure and cooperative formation. He identified “shared social interests” and “minority culture and solidarity” as the main factors explaining cooperative formation. With the first being based on collective aspirations or exclusion from economic structures, the second factor reflects on the fact that across history of cooperatives their formation has been made within certain classes [30]. Additionally, [31] advances on the antecedents of cooperatives’ formation pointed out that six conditions are needed for members to form a cooperative: “threats to economic position, an understanding that the cause of these threats is societal rather than individual, aspirations which include the social, cultural and the economic, knowledge of ideas and models that provide hope, intensive interactions with other community members and the opportunity to participate and be involved, and support systems that provide advice and information”. He insists on the importance of knowing the socio-economic relationships prevailing in the society to best identify the common perspective that will direct and energize the cooperative [25].

In fact, [25] identify a collective social movement as “an awareness of distinctive aspirations and needs which grow out of common cultural backgrounds” (P.p. 535). They found upon their analysis of factors that stimulate cooperatives’ creation in the Evangeline region in France that the prevailing awareness of the need to preserve the region’s cultural identity catalyzed a general recognition and compliance with the fact that struggle and efforts are required. Further, [25]’s findings linked cooperative members’ attachment and connection to social networks (ie. Family and Friends), to other community members and even to the territorial setting itself. They explained that the member’s motivation and source of energy to act stems from their integration into supportive community networks [31] and that these interpersonal attachments decreased the threat of having a free rider [32] as individuals get involved to help others based on the principle of reciprocity and identify the community needs as their own.

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<sup>2</sup> The International Cooperative Alliance identifies seven principles which are applied by cooperatives worldwide: (1) voluntary and open membership; (2) democratic member control; (3) member economic participation; (4) autonomy and independence; (5) education, training, and information; (6) cooperation among cooperatives; and (7) concern for community.

<sup>3</sup> Mayer (2008) argues that the new actors may work towards serving particular interests yet they mainly act as agents for the collective goal and the common good.

[33], on the other hand, underlines the interdependency that exists between economic structures and moral relationships that shape people's behaviors and link them to each other. In other words, he claims that market values must align with the community's social values.

To further shed the light on how cooperatives are anchored in their social structures, we showcase a literature overview on the importance and the role of stakeholders and their involvement in cooperatives from a legitimacy based institutional perspective.

### 3.3 A PARTNERSHIP APPROACH TO COOPERATIVES' GOVERNANCE

Corporate governance stands for "all organizational mechanisms delimiting powers and influencing management decisions" [34]. In a broader sense, governance is a set of principles, practices and organs that govern not only procedures of coordination, interaction and power division between actors of a company, but also the relations between the company and its environment; in other words, between the company and its stakeholders [35].

Stakeholders' theorists such as [36], [37] examined the ability of stakeholders to influence the company in terms of their stake's nature and the source of their power [38]. defines a partner (referred to as a stakeholder) as:

"any group or individual that may affect or be affected by the achievement of organizational goals". P. 46

Although it shares many common features with the governance of traditional businesses, governance in social enterprises arises differently. The theory of stakeholders [38] goes beyond shareholdership and emphasizes the multiplicity of partners who affect and are affected in return by the organization. From a stakeholders' perspective, the level of their participation and representation in governance structures differentiates cooperatives from other types of organizations. The importance of these social and environmental aspects stimulates a complex environment in which the influence of stakeholders plays a key role in governance and, thus, in the sustainability of cooperatives. Cooperatives and mutuals research places the organization in a partnership based type of governance [39], [40]. Essential is the idea that organizations have responsibilities towards stakeholder groups and thus, implicitly towards social entities [41]. The organization considers that the interests of these groups are legitimate and that the management must try to satisfy all stakeholders.

The logic of capitalist rationality focuses on meeting the interests of individuals and considers that game theory is the best mechanism to achieve collective prosperity [42]. In contrast, the social economy highlights a logical alternative centered on the common good and the collective ability to give shape to the economy. The model put forward by [43], inspired by the stakeholder theory [38] contributes to the formulation of the ontological theory of stakeholders. This theory provides a broader perspective of stakeholder participation, which multitude is inherent to social economy enterprises and goes beyond restrictions related to equity inflows. The "social" perspective is naturally aligned with the structure and objectives of cooperatives as they exist to serve a part of society.

We choose to tackle cooperative organizations as partnerships based firms where relationships are established based on trust, democratic participation and commitment [44]. A fundamental principle of stakeholder processes is that all stakeholders are equally important [45]. It is the nature of the envisaged objectives that will help to choose the necessary institutional structure and the appropriate mix of stakeholders that should be involved in the initiative.

Stakeholders are individuals or groups of individuals with multiple interests. The main stakeholders are shareholders, employees, customers, suppliers, and communities. They are essential and critical to the existence of the organization and their relationship with the latter is guided by specific laws. Other secondary stakeholders include the environment (competitors, ngos, government, media, social and religious groups, etc). They also require attention and cannot be ignored.

### 3.4 LEGITIMACY AND STAKEHOLDER INVOLVEMENT

According to [46], stakeholders can be defined based on their legitimate interests within the organization. This implies that stakeholders are clearly identified and that their interests have intrinsic value. These authors apprehend stakeholders in a descriptive, instrumental and normative dimension. From a descriptive point of view, the organization is perceived as a place combining interests that are both cooperative and competitive. Managers should then take into account the interests of different actors. In an instrumental perspective, the authors are interested in relationships between stakeholders and the organization's performance following the guiding principle that stipulates: "companies that practice stakeholder management are more efficient in terms of profitability, stability, growth... Etc." [47]. Finally, the normative perspective, characterized by a strong moral dimension, focuses on the legitimacy of stakeholders' interests.

The concept of legitimacy following the assertion of [48] is clarified by the definition stating that stakeholders represent a group whose business needs to exist, especially customers, suppliers, employees, financiers, and communities [49]. Legitimacy represents a strategic resource for the organization [50] and at the same time, a social constrain that normalizes its decisions [22]. It stands as a major criterion for the organization’s sustainability and credibility [44].

The salience model of [51] identifies legitimacy as one of three attributes that help identify and prioritize stakeholder groups. These are factors that determine how much attention the management will give various stakeholders:

*Authority:* Being in a position to carry out actions despite the resistance.

*Urgency:* A call for immediate action, either because of the sensitivity of time or the critical nature of the issue.

*Legitimacy:* The perception that the actions are desirable, proper and appropriate.

[22] identify three isomorphic pressures that model organization’s alignment with established institutions within the environment to garner legitimacy:

*Coercive isomorphism:* generally related to legal pressures or those practiced by other organizations they depend on.

*Normative isomorphism:* consists of attitudes, norms and values adopted by institutional actors

*Mimetic isomorphism:* sums imitation practices amongst organizations and habitual or “taken for granted” reactions to uncertainty.

**Table 1. The salience model (Hybrychte, Mertens & Rijpen, 2014)**

Isomorphic pressures	Driver	Legitimacy
<b>Coercive</b>	Regulation, funding, pressures from powerful actors	Pragmatic – Not conforming would exclude organization from perceived benefits
<b>Normative</b>	Norms, Values, preferences	Moral – Not conforming would be seen as wrong
<b>Mimetic</b>	Taken-for-grantedness	Cognitive – Not conforming would be unthinkable

Another lens upon institutional pressures is introduced by [52] and [53] [52]. defines legitimacy as “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” [52] pp. 574 [52]. and [53] broke up the concept of legitimacy into three dimensions:

*The pragmatic or regulative legitimacy:* Represents the main reason behind the organization’s conformity to coercive pressures by regulatory entities and/or the motivation, utility and benefit perceived;

*The moral legitimacy:* Explains why the organization aligns with common norms and values within the environment; it is based on the expression of shared values;

*The cognitive legitimacy:* Shows how organizations tend to imitate other successful or powerful actors in their environment (through the same process of taken-for-grantedness) and from a stakeholder perspective it highlights how the business is understood by its environment [35].

**Table 2. The dimensions of legitimacy (Hybrychte, Mertens & Rijpen, 2014)**

	For the social enterprise	For the stakeholder
<b>Coercive pressures Pragmatic legitimacy</b>	Involvement of stakeholders for acceptance, to avoid sanctions, to obtain resources. Coercive pressures do not leave much choice	Perceived benefits, control... etc.
<b>Normative pressures Moral legitimacy</b>	Involvement of stakeholders because it is the “right thing to do”	Improved reputation, ethical perception in the environment
<b>Mimetic pressure Cognitive legitimacy</b>	Involvement of stakeholders because of imitation or because not doing it would be unthinkable	Imitation and habits

Meyer and Scott (1983) found that when the environment exposes several institutional pressures, organizations tend to have more internal administrative capacity with heterogeneous field members. Legitimizing practices seem, therefore, to have an important role in leveraging the organization's project, sustainability [44] as it refers to symbolic practices legitimizing a social system [54], [55] or again, a strategic investment in governance so as to increase stakeholders' trust and commitment [56]. Stakeholders' involvement practices, therefore, will enhance organizational legitimacy [35].

Stakeholders' involvement can be either passive, restricted to simply sharing information, or more active in the form of actual stakeholder representation in governance structures [35]. In social and solidarity economy enterprises, including cooperatives, several actors are involved through a process of collective entrepreneurship [57], [58], [59], are given a voice to best interact with the organization and are granted the right through a legal form to participate in governance structures [60].

"Board members [and by extension stakeholders involved in governance structure], through personal and/or professional contacts, are a benefit to the organization because they can access information and reduce uncertainty" [61] pp. 522.

[35] in their work on multiple stakeholders' involvement in governance tempted to tackle legitimacy within the context of social and solidarity enterprises. Accordingly, they advance that when legitimacy is pragmatic, cooperative organizations may seek to involve stakeholders as part of a coercive process, for instance, specific regulations that imply the involvement of a certain category of stakeholders. Additionally, the pragmatic type of legitimacy implies that actors comply with a certain organizational practice because they perceive an interest in it. In the case of stakeholder involvement, being the practice, organizations seek to involve stakeholders as part of a regulatory pressure and/or, for pragmatic reasons such as: to secure resources like funding, expertise...etc. On the other hand, stakeholders may want to be involved in an organization because they perceive certain benefits (access to information, membership to a network ... etc.). Moral legitimacy, on the other hand, refers to what is "the right thing to do" to be perceived as good organizations. When stakeholders' representatives are involved in governance structures, the social enterprise's profile seems to align best with the prevailing norms and values. Finally, the mimetic type of legitimacy finds its origin in the normative one "it was the right thing to do". With the powers of habit, it submits the principle of "taken-for-grantedness" and becomes "unthinkable not to do so. It implies that stakeholders are involved because "it has to be done that way".

#### **4 STAKEHOLDER INVOLVEMENT IN COOPERATIVE GOVERNANCE AND THE ROLE OF LEGITIMACY: EMPIRICAL EVIDENCE FROM MULTI-STAKEHOLDER COOPERATIVES**

Stakeholders' theorists such as [36], [37] examined the ability of stakeholders to influence the society in terms of their stake's nature and the source of their power.

[38] defines a stakeholder as "any group or individual that may affect or be affected by the achievement of organizational goals". The concept of legitimacy is clarified by the definition stating that stakeholders represent a group whose business needs to exist, especially customers, suppliers, employees, financiers, and communities [49]. The legitimacy by [51] is "A generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within a socially constructed system of norms, values, beliefs and definitions".

On the other hand, [62] state the organization is a continuous interaction with the social environment in order to acquire the resources it needs. Thus, the organization depends on the environment for its resources. Therefore the sustainability of the organization depends on its ability to handle the demands of its environment, in particular those formulated by the groups that hold the resources needed for survival. The legitimacy will therefore ensure the organization the society's approval and give it the ability to obtain the resources it needs to survive [63], such as capital, technology, managers, skills, clients, and networks.

The neo-institutional approach is based on three forms of legitimacy [52] and aims to stabilize a collective compromise between different logics [54] [52]. defines legitimacy as "a generalized perception that the actions of an entity are desirable, adequate to systems built to certain social norms, values, beliefs".

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<sup>4</sup> Hoffman (1999) identifies an organizational field as "community of disparate organizations, including producers, consumers, overseers, and advisors, that engage in common activities, subject to similar reputational and regulatory pressures" in Hoffman (1999), Institutional evolution and change: Environmentalism and the US chemical industry, *Academy of Management Journal*, 42(4)

The cue for evaluating stakeholder legitimacy shall be inferred from social norms and values. Thus, an organization may consider stakeholder claims corroborate and right when they are in accordance to the norms and values of the its own norms and values being themselves anchored in those of the society [51].

Accordingly, modern businesses now include in their strategy a moral dimension, allowing access of all stakeholders to the strategic project. A firm then needs to establish a consensus between the expectations of different partners who are likely to be contradictory. The challenge for the organization is how to achieve conciliation between social expectations and economic concerns. Communication between the core leadership and stakeholders implies the construction of a cultural legitimacy to make the project acceptable.

Being a social and solidarity economy enterprise, the cooperative is subject to the same legitimacy problems [35]. stand for maintaining stakeholders' involvement in cooperatives governance. They refer to neo-institutional theories, namely the theory of legitimacy to propose that stakeholders' involvement can improve cooperatives' organizational legitimacy [35]. The main issue in this model is how to manage the tradeoff between participation and effective decision making.

The multi-stakeholder approach helps identify stakeholders' (primary and secondary) motivations to be involved in the cooperative governance. The challenge is to determine the terms of this involvement by highlighting the congruence between these motivations and the cooperative's legitimacy vis à vis the community.

[64] and [65] insist on the fact that co-operatives must focus on their values and concern for the community. Thus, the latter consider their goals and objectives as a priority focus.

The literature undertaking cooperatives in general rarely includes studies that tackle the way in which stakeholders are involved in governance structures. Stakeholders' involvement was tackled generally from a stakeholder-cooperative leader/center relationship-led perspective while almost overlooking how these relationships are manifested (specifically how speech and practice are reconciled). It is this reconciliation that facilitates the understanding of how stakeholders' involvement is manifested.

Multi-stakeholder cooperatives are a prominent form of cooperation with more than one category of members (there is cooperation between workers, consumers, public authorities, and other stakeholders). Emerging from Italy in 1991, multi-stakeholder cooperatives have become a popular reference model of holistic governance especially dur to their sensitivity to their community's needs [65]. explains that multi-stakeholder cooperatives are the logical translation of the seventh cooperative principle (concern for the community).

A study conducted on the various dimensions of how multi-stakeholder cooperatives function showed that this dimension of plural participation represents the greatest challenge [66].

In fact, the analysis of the literature on multi-stakeholder cooperatives governance shows that the latter has implications for cooperatives legitimacy [67]. The stakeholder representation in the Board of directors is beneficial because it encourages using a wider range of resources and expertise necessary to the development of an efficient strategy. Consequently, stakeholders can make valuable contributions that affect the board's decisions [67], [60] also argued that having funders involved in governance led to stronger ties and good communication [68]. illustrates that stakeholders within multi-stakeholder perceived the cooperative as a legitimate platform where they may contribute with their time and effort for altruistic reasons not related to individual interests.

Effectively, [68] also asserted that multi-stakeholder processes may re-enforce legitimacy by increasing effective participation of persons who are directly affected by decisions and by ensuring that the decisions made reflect and align with the cooperative's main objectives. Additionally, four case studies on multi-stakeholder cooperatives in Canada [69] demonstrated that conflict in these entities is minimal between stakeholders. Furthermore, disagreements tend to nurture discussions due to the legitimacy of the cooperative's core project [69].

[70], on the other hand, admit that the manager's commitment to working closely with the board of directors in multi-stakeholder cooperatives helps translate the organization's commitment to democratic principles.

Such empirical results will not only help enrich scholarly work on stakeholders' participation in cooperatives, yet, it will also help advise emerging multi-stakeholder cooperatives on the importance of the legitimacy of their common objective in converging interests towards the organization's central project.

## 5 CONCLUSION

The raising awareness about the importance of governance in cooperatives' control and management represents a real challenge. While stakeholders continue to be involved, directly or indirectly, in cooperatives' governance, understanding the mechanisms of their participation processes becomes a requirement. This paper puts forward a starting point for research on stakeholders' participation in cooperatives' governance, considering, of course, the cooperative's exquisite principles.

We believe that legitimacy represents a viable concept that may help guide cooperatives in their journey of serving their members and their communities at the same time. Legitimacy ensures a constant alignment between the cooperative's core project and stakeholders' motivation to be involved regardless of their nature/type and interests. However, it is important to mention that despite the emerging nature of the sector there is little empirical research stakeholders' involvement in cooperative governance specifically.

On the other hand, eventhough the multi-stakeholder model continued to be popular for the last 30 years, it is crucial to continue investigation their governance processes. Will they continue to be sustainable in time and what are the antecedents of their success inspite of the diversity of their members?

In this perspective, scholars highlight the increasing interest and investigation on multi-stakeholder cooperatives in countries such as Canada and Italy [71].

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