The Role of Social Capital in the Worker-Managed Cooperatives of Buenos Aires, Argentina
A Case Study

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The phenomenon of recaptured worker-managed cooperatives in Argentina was a reaction to the economic crises that hit the country in the end of the 1990s, early 2000s. When no other choices were available, workers at a number of companies threatened by bankruptcy decided to take matters in their own hands. By occupying their respective workplaces and creating worker-managed cooperatives they kept their jobs and today, over 10 years later, they thrive as horizontal, democratic entities existing in all sectors of the economy. In their struggle for survival, the relationships to each other and the communities in which they operate became vital. This study investigates the importance of these relationships further. In the light of the theory of social capital, a field study was carried out in Buenos Aires in which a number of cooperatives and representative organizations took part. Through qualitative interviewing, the voices of the workers at these organizations have been heard and their stories constitute the basis for this case study.

*Key words:* Recaptured businesses, Social capital, Worker-managed cooperatives, Las empresas recuperadas, Cooperativismo
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I. Introduction

This initial chapter serves as an introduction to this research. A brief background of the phenomenon is presented and followed by declarations of research problem and question, method, theory and delimitations. The units of analysis are listed and an outline provided.

1.1 Background

In the end of the 1990s, early 2000s, Argentina suffered from an economic recession of magnitudes never experienced before and in 2002 when the country declared bankruptcy it was the largest sovereign debt default in world history (The Take 2004). This had major impacts on the Argentinean society and resulted in rising unemployment rates, degradation of social welfare, a vast number of citizens falling into poverty, and eventually street-raids and plundering (Petras 2003, Magnani 2009). It was in the aftermath of these catastrophic events that the phenomenon of recovered businesses spurred from a grassroots level. When threatened by bankruptcy, and thus unemployment, the workers at a number of companies decided to occupy their workplaces in order to continue the production and protect their jobs. Running the former vertically managed companies as cooperatives with a horizontal organizational structure, the worker-managed businesses became a nationwide movement enjoying media attention and support from fellow citizens. Between 2001-2003, the number of recaptured businesses increased rapidly, taking the form of cooperatives, as this was the only legal framework that allowed the workers to win government sanctions. By then, around 200 recaptured businesses existed in Argentina, and today 10 years later, the number is still increasing. They exist in all sectors of the economy and are run as worker-managed cooperatives, based on the ideas of equality and democracy in decision-making and participation. With the support of each other and the local competence of lawyers, doctors, university volunteers, and people in the neighbourhoods, these workers have succeeded with something thought of as impossible by many. Today they are divided in a number of representative organizations working for their mutual interests, they operate on the commercial markets as any other company and are socially active in their local communities (Petras 2003, Tilly 2005, Meyer 2009).

1.2 Research problem, Question and Significance

The unique phenomenon of recaptured worker-managed cooperatives in Argentina presents a number of interesting features. Through a field study in the autonomous capital of Buenos Aires I have investigated a number of these entities and their activities. Given the alleged strength of this movement, the support from various actors in the communities and the affinity between the cooperatives, I wanted to explore the phenomenon in the light of the theory of Social Capital. This theoretical concept gives value to relationships at various levels of society and thus makes an interesting lens of analysis in this specific case. The aim of this paper is to answer the following research question;
What is the role of Social Capital in/for the worker-managed cooperatives of Buenos Aires?

By answering this question, the social relations within and between the cooperatives and the local communities in which they operate will be examined and the importance of these relations revealed. Given the position of the social capital concept in the development debate and the unique characteristics of this phenomenon it is my conviction that a study like this is of significance.

1.3 Method

This research takes the form of a qualitative case study where the case is the phenomenon of recaptured worker-managed cooperatives in Buenos Aires and the units of analysis are the cooperatives and their representative organizations. The data has been collected through 15 semi-structured interviews from which the relevant parts have been transcribed and thematically analysed in relation to the theoretical framework.

1.4 Theory

The concept of Social Capital constitutes the theoretical framework upon which this study is based. It has been present throughout the research design, thus permeating this case study. The definition used in this paper derives from Robert Putnam (1995):

“Social capital refers to features of social organization, such as networks, norms, and social trust, that facilitate coordination and cooperation for mutual benefit”.

1.5 Delimitations

This study was carried out in the province of Buenos Aires. Enjoying a higher level of political autonomy, this area diverges from other provinces in Argentina and the worker-managed cooperatives are thus operating in a distinct political and legal environment (Landguiden.se). Given this, any attempts of generalizing beyond the research context should be done in the light of this knowledge. Further, a case study is a limited in-depth research strategy where the units of analyse constitute the base of empirical analysis, any findings are thus exclusively representative of these. Moreover, only one method of data collection was employed. For a more nuanced and rich data collection additional methods should be utilized. Lastly, there are numerous features of interest related to the phenomenon of worker-managed cooperatives such as their economic performance, political orientation, and the role of women within the movement, to name a few. This study however, focuses singularly on the role of social capital in/for these entities.

1.6 Units of analysis

The cooperatives and representative organizations participating in this study through the interviews of 15 spokespersons are; 9 cooperatives; Artes Gráficas El Sol, Brukman, Hotel Bauen, IMPA, Maderera Córdoba, Cooperpel, Gráfica Campichuelo, Gráfica Patricios and Gráfica Chilavert. 4 representative
organizations; Confederación Nacional de Cooperativas de Trabajo (CNCT), Movimiento Nacional de Fabbricas Recuperadas (MNFR), La Federación de Cooperativas de Trabajo (FECOOTRA) and Federación Argentina de Cooperativas de Trabajadores Autogestionados (FACTA). Additionally, one interview was conducted with a person at the Facultad Abierta, a faculty at the University of Buenos Aires working with and studying the recaptured businesses of Argentina (www.recuperadasdoc.com.ar).

1.7 Outline

The paper starts out with a brief review of the most prominent literature on the concept of social capital and continues by diving deeper into the theoretical issues of the study. Following that, they methodological components are presented and discussed, serving as a link to the chapter of data analysis. The study is rounded off by a conclusion of the findings.

2. Literature review

This section provides a review of the most prominent literature on the theory of social capital, exploring the major contributions to the field. By touching upon issues of definition, sources, outcomes and measurement, I will set the stage for why and how social capital is a part of this study.

2.1 Social capital, a contested concept

Being emphasized by a number of prominent scholars in the late 1980s early - 90s, the idea of social capital gained attention and was already in the late 90s at the centre of the development debate (Sobel 2002, Bridger 2001, Fine 1999). Today, although a contested concept due to its ambiguous meaning and character, the idea of social capital is adopted by all the major players within the development field; international institutions, NGOs and national governments (The World bank 2013, OECD 2007, UNESCO 2002, Franke 2005, Fukuyama 2002, Fine 1999). Francis Fukuyama (2002) argues that the interest in social capital originates in a broader rethinking of the development model in the 1990s where the Washington consensus had failed to take to account weak state-society relations. In the late 1980s, early 1990s a renewed interest in the social aspects of development and the potential of grassroots, democratic, community-based approaches to poverty reduction and development paved the way for the concept of social capital (Sobel 2002, Narayan 1999, Bridger 2001). Development scholars in the late 1990s paid increased attention to institutional capacity and the role of social networks and community participation, ideas that by then started to merge around a general framework; social capital (UNESCO 2002).
2.2 Definitions

Most authors concur that there are three grounding fathers whose work have constituted the basis for much of the contemporary research; Pierre Bourdieu, James Coleman and Robert Putnam (Adam & Roncevic 2003, Woolcock 1998, Bauer et.al 2012). Bourdieu, in 1986, defined social capital as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a “credential” which entitles them to credit, in the various senses of the word” (in Adam & Roncevic 2003). Coleman (1988), just a couple of years later, took the following approach; “social capital is defined by its function. It is not a single entity, but a variety of different entities having two characters in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors - whether persons or corporate actors – within the structure”. He also added in a later publication (1990 in Teorell: 2003) that; “like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence”. Perhaps the most influential and debated author on the concept is Putnam whose studies on civic engagement in Italy (Putnam 1993) and later in the USA constitutes the basis for much of today’s research. He defines social capital as; “Social capital refers to features of social organization, such as networks, norms, and social trust, that facilitate coordination and cooperation for mutual benefit “(Putnam 1995). As declared, this is how social capital is defined in this study, a broader discussion on the issue of definition is found in the theoretical section.

2.3 Conceptual features

Social capital is found at a number of levels in society; at the micro (individual), meso (organizational) or macro (national) level, within or between individuals, organizations or state - society relationships (Fukuyama 2002, Grootaert and Bastelaer 2001, Franke 2005). There are several types of social capital identified in the literature; bridging, bonding and linking, structural and cognitive (Grootaert and Bastelaer 2001, Woolcock 1998, Adam & Roncevic 2003), together with numerous “perspectives”; the communitarian, network, institutional and synergy views (Woolcock and Naryan 1999, Franke 2005). In this study I look at social capital from a micro and meso perspective. I further apply the bridging, bonding and linking qualities of the concept, along with its structural and cognitive characteristics. There are a number of argued sources and outcomes of social capital; some argue that it is brought about by the inculcation of shared norms, through habit, shared experiences and leadership (Fukuyama 2002), others argue that it is in cross-cutting ties between groups that social capital is best generated (Narayan 1999). Engagement in voluntary organizations (Putnam 1995) and diversity in the group (Rothstein & Stolle 2003) are other suggested sources. The outcomes are auspicious, stronger and more efficient state institutions (Fukuyama 2002), honest governments and low levels of corruption (Rothstein & Stolle 2003, Adam & Roncevic 2003), social and political change together with economic development and poverty reduction (UNESCO 2002, Woolcock & Narayan 1999). Depending on the level, macro, meso or micro, in
which different authors have tried to measure social capital, combined with their theoretical approach to the issue, numerous instruments of measurement have emerged (Rothstein 2005, Paxton 2002). Two approaches to measuring social capital have however influenced much of the existing empirical literature; the so-called “Putnam instrument” using a number of indicators such as trust, networks and norms of reciprocity when measuring social capital. The second approach derives from the work of Bourdiue and Coleman, focusing on variables indicating the position of the individual inside social networks (Adam & Roncevic 2003). Although today’s major development agencies and international institutions have developed their own tools of measurement (Franke 2005), social capital research is very contextual, thus one needs to adapt measurements corresponding with ones particular research (UNESCO 2002).

The concept is highly contested; there is wide criticism of it being vague and ill defined (Rothstein & Stolle 2003, Adam & Roncevic 2003), it assumes a wide variety of meanings, dimensions, sources and outcomes and is frequently referred to in both social, political and economical studies. In the theoretical and methodology sections of this paper I intend to outline and motivate my approach to the theory of social capital and all its implications.

Before advancing to the chapters of theory and method, a repetition of the research question in the light of the above knowledge is in order: What is the role of social capital in/for the worker-managed cooperatives of Buenos Aires?

3. Theoretical framework

In this section I intend to further discuss the concept of social capital and its central position in this study. By diving deeper into issues of; definition, types and dimensions, sources, outcomes and measurement of the theory, I hope to give an adequate answer to what social capital is in this particular research and how it has and will be used in my research-design and analysis of data.

3.1 Definition

In the literature review the most significant definitions of social capital are presented. Most empirical studies up to date have applied one of these or a slightly modified version of them. A number of authors have approached the issue of defining the concept in other interesting manners; Fukuyama (2002) views social capital as “any instance in which people cooperate for common ends on the basis of shared informal norms and values”, providing us with an arguably “catch-all” definition but with a clear focus on cooperation and joint understandings. The World Bank (2013) claim that social capital refers to “the institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions”, another wide definition that stresses the role of “norms” and “institutions” as promoters of social interaction. Rothstein and Stolle (2003)
discern the two terms of the concept, social and capital, arguing that social indicates that the phenomenon is relational, which means it captures interaction between people. Capital indicates that we are dealing with something that should be understood as an asset to the ones possessing it and in order to be an asset, the relation need to be of a certain quality. Coleman concur; “unlike human capital that is lodged in individuals, social capital inheres in the structure of relations between persons and among persons (in Teorell 2003). The OECD (2007) view it as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups” and Grootaert and Bastelaer (2001) defines it on a society level as “the institutions, relationships, the attitudes and values that govern interactions among people and contribute to economic and social development”. As evident, criticism of social capital being an all-encompassing loosely defined idea which can be applied in almost any context and situation, thus demeaning its legitimacy, might be in place. However, there are authors who dismiss the whole definitional debate; “social capital is what social capital scholars do” as Knack puts it. He argues that it is irrelevant whether social capital is, or should be understood as a micro or macro phenomenon (Knack in UNESCO 2002). “Just as social scientist do important and rigorous work on “power” without a universally agreed-upon definitions of it, so too, these writers maintain, we should care less about debating terms and more about applying consistent scholarly standards to evaluating the merits of research on “social capital”, Woolcock further argues (in UNESCO 2002). In line with Rothstein and Stolle’s argument (2003), I believe that concepts in social sciences are by nature difficult to define as they often refer to un-observables. Therefore, when working with such a concept one needs to embrace it with an awareness of the definitional difficulties it brings about (Adam & Roncevic 2003).

So where does this research stand in this definitional myriad? It is clear that I need to make use of a definition fitting the aim of answering my research question. Since I want to explore social capital at group, (within the cooperatives themselves) network (between the cooperatives) and community (the context in which the cooperatives operate) level, I intend to make use of a broad definition that describes the attributes of social capital that is of interest in this study, namely; the well-established definition deriving from Putnam (1995);

“Social capital refers to features of social organization, such as networks, norms, and social trust, that facilitate coordination and cooperation for mutual benefit”.

By applying this definition, I am allowed to examine the various features of the cooperatives, their respective communities and networks that facilitate their cooperation and collective action for mutual benefits.

3.2 Forms of social capital

As with most aspects of social capital, there is much debate over the various forms that social capital takes. Fukuyama (2002) argues that there is a qualitative dimension of social capital and that social cooperation can be found in many places serving different ends and purposes depending on where. Grootaert and Bastelaer (2001) provide an interesting and useful understanding of the concept arguing that there are two distinct types of social capital – structural and cognitive. ”Structural social capital facilitates information sharing, and collective
action and decision-making through established roles, social networks and other social structures supplemented by rules, procedures, and precedents”, thus an externally observable form. “Cognitive social capital refers to shared norms, values, trust, attitudes, and beliefs”. Constituting a more abstract and subjective form of the concept. An organization can facilitate social interactions and the cognitive social capital created can survive the organization and have effects beyond the original members (Grootaert and Bastelaer 2001). This approach is attractive to my study and provides me with analytical tools useful when answering my research question. Using this interpretation of the concept I have formulated a sub-question of relevance:

What forms of structural social capital can be found in the cooperatives and the representative networks, and what type of cognitive social capital is this generating?

Coleman (1988) highlights two distinctive forms of social capital that are of interest here; Obligations, expectations and trustworthiness, and Norms and effective sanctions. The first form refers to an informal interchange of favors, e.g. A does something for B and trust B to reciprocate in the future creating expectations and obligations. The second refers to norms adhered to in a group our organization such as the norm of acting in the interest of the collectivity, thus abstain from self-interest. From this approach one additional sub-question is formulated:

What informal interchange of “favors” exists within and between the cooperatives and their respective communities, and what type of expectations and obligations of reciprocity does these establish?

Another approach distinguishes two types of social capital: bonding and bridging. Bonding social capital is the result of interactions with people like oneself while bridging social capital are interactions with other “external” groups promoting generalized trust (Rothstein & Stolle 2003). The OECD (2007) explains bonding social capital as “links to people based on a sense of common identity – such as family, close friendship, culture and ethnicity” and bridging as; “links that stretch beyond shared sense of identity, for example to distant friends, colleagues and associates”. The argument goes that these strong links (bonding social capital) or/and weak links (bridging social capital) allow their possessors to attain certain goals and simultaneously generate trust and reciprocity (Bauer et al 2012). For communities or organizations, bonding social capital is not enough in order to “move on”, as Woolcock & Narayan (1999) argues, there needs to be a presence of both types as this “allows individuals initially to draw on the benefits of close community membership, but in doing so also ensuring that they acquire the skills and resources to participate in more extensive networks that transcended their community, thereby progressively incorporating them into mainstream economic life”. These characteristics of social capital compose the basis for two additional sub – questions:

What kind of bonding social capital can be indentified in the cooperatives, and what are the sources/outcomes of this?
What kind of bridging social capital can be indentified between the cooperatives, in their representative networks and between the cooperatives and their respective communities?

This study focuses on social capital from a micro- and meso-perspective, investigating the role of social capital at the individual, communitarian and organizational level. Franke (2005) provides us with a rigorous explanation of them both; the micro-approach focuses on the value of collective action, it deals with the “propensity of actors to cooperate by way of association or by joining forces to attain certain objectives”. Social capital is seen as the values and aspirations underpinning the co-operative relationship, the types of association that defines this co-operation, and their perception of collective issues (cognitive social capital). In the meso-approach, the instrumental value of social capital is at the centre of attention; the potential of social networks to produce resources such as information and support (Portes 1998, Franke 2005). It investigates structures that may facilitate co-operation (structural social capital). The meso-approach is further based on the notion that social capital is a property that arises from interdependence between individuals and between groups within a community, a resource originating from social ties and is used by members of networks (Franke 2005). This generates an additional sub-question of importance;

What types of interdependency exists within and among the cooperatives, and with their respective communities?

The sub-questions generated here will guide the analysis of the data in order to answer the overall research question.

3.3 Measuring Social capital

The ways of measuring social capital are as numerous and diverse as the definitions and forms of the concept. One needs to assess the previous research done in the field, while at the same time take into account the context where the study is conducted (Franke 2005, UNESCO 2002), in order to design a measurement tool fitting ones specific research aim. The World Bank (2013) describes the complexity of measuring the concept by arguing that the most comprehensive definitions of social capital are multidimensional, including different levels and units of analysis and further argues that trying to measure features of ambiguous concepts like “community”, “organization” and “network” is equally troublesome.

However, two approaches to the issue of measurement have prevailed and can be found in much of the empirical literature. The first is a survey-based measure of how much people trust each other. The World Value Survey being the most famous example where samples of people in a number of countries answered the question; “generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” (Guiso et al 2000). As evident, this only speaks for one indicator of social capital; trust. The second approach measures other dimensions of social capital, in Putnam’s famous study of sub – national governments in Italy from 1993 he investigates civic engagement by relying on observable behavior; voter turnout, newspaper readership, membership in voluntary organizations etc. (Putnam 1993). This
approach is argued to be more reliable than subjective survey responses but bearing a weakness of what answers might imply in the sense of values and trust (Guiso et al 2000).

Given the limited number of adequate social capital measures and the context-dependent nature of social capital, most authors have made use of proxy indicators (Narayan in WB 1999, Grootaert and Bastelaer 2001). Thus the measurement challenge is to identify contextually relevant indicators of social capital (Grootaert and Bastelaer 2001). In close correspondence with the theoretical framework and earlier models of analysis, brought forward by the World Bank, the OECD as well as a number of national governments (Franke 2005), and with contextual and practical considerations (the nature of the cooperatives, their communities and networks together with the methodological choice of qualitative interviewing) I have constructed my interview-guides in the light of the following “indicators” relatable to social capital;

Trust, norms of collective action, norms of reciprocity, expectations and obligations, networks, participation and representation, interdependence, quality of relationships, democratic and horizontal decision-making, economic and social development, and political participation.

These “indicators” stem from the theoretical knowledge gained before conducting the first interview and have thus been used differently and unevenly depending on the nature of the interviews. As will be argued in the analytical section, they have shown sufficient for answering the given sub-questions and thus the overall research question.

4. Methodology

In this section the methodological choices and practices are explored and discussed, motivating the research design, the method of data collection and the procedure of data analysis. Additionally, strengths and limitations of these techniques are reflected upon.

There is a philosophical angle of qualitative research that appealed to me when planning this study; “human behavior, thoughts and feelings are partly determined by their context, if you want to understand people in real life, you have to study them in their context and in the way they operate” Gillham (2000:11) argues and further states that “how people behave, feel and think can only be understood if you get to know their world and what they are trying to do in it…” (p. 11-12). Silverman (2005) is on the same track when asking the questions; “Do I want to study this phenomenon or situation in detail? Or am I mainly interested in making standardized and systematic comparisons and in accounting for variance?” the previous being my intention. Employing qualitative methods allow you to carry out investigations where other methods are either not
practicable or not ethically justifiable, to explore complexities that are beyond the scope of more “controlled” approaches, and to view a case from the inside out and to see it from the perspective of those involved (Gillham 2000:11, Bryman 2012: 401).

4.1 A Case study

As declared, this study takes the form of a qualitative case study. Punch (2005) argues that defining what a case study is can be problematic but that the general idea is that “one case (or perhaps a small number of cases) will be studied in detail using whatever methods seem appropriate” with the goal to develop full understanding of the particular case in its natural setting, context and complexity (p. 144). Stake (in Bryman 2012) proposes that a case study research is concerned with the complexity and particular nature of the case in question (p. 66). And Yin (in Punch 2005:145) provides us with yet another; “a case study is an empirical inquiry that; investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used”.

So what is a case? Gillham (2000) provides a broad definition; “a unit of human activity embedded in the real world; which can only be studied or understood in context; which exists in the here and now; that merges in with its context so that precise boundaries are difficult to draw”, he further states that a case can be an individual, a group, an institution or community (p.1). A case can also be some event or entity that is less well defined (Yin 2003:23). Case studies can take a number of forms and Stake (in Punch 2005:144) has distinguished between three main ones; 1. The intrinsic case study; where the aim of the researcher is to gain a better understanding of the particular case, 2. The instrumental case study; where a particular case is examined to give insight into an issue or to refine a theory, and 3. The collective case study; where the instrumental case study is extended to cover several cases, to learn more about the phenomenon, population or general condition. I would argue that my study is an instrumental case study where a theory is guiding the process, it is also a collective case study where several entities are examined and where the aim is to learn more about the phenomenon.

When establishing what my study is a case of, there are 3 characteristics of case studies useful to comply; firstly, the case is a “bounded system” which implies that is has boundaries. I am investigating a phenomena which is spread all over Argentina, however, my research context is Buenos Aires and given the contextual differences between Buenos Aires and other areas the city constitute one geographical boundary. Secondly, the case is a case of something. My study, is a case of a number of cooperatives (9) and representative organizations (4), who also constitute my units of analysis. Thirdly, there is an attempt to preserve wholeness, unity and integrity of the case, giving a broad picture. At the same time focus is needed and is brought by the research question (Punch 2005:146).

4.2 Mapping and Sampling

When sampling potential units of analyse I mapped the cooperatives and respondents of interest in the city of Buenos Aires, considering location and possible transportation. As Holliday argues; the research setting should be
sufficiently small in order for the study to be logistically and conceptually manageable (Holliday 2007:34). Getting in contact with a translator was crucial for the conducting of interviews and with some luck I met an ambitious and skilled translator whom I owe a lot of the progress with my study to. I had decided to apply a purposive sampling, selecting cooperatives and respondents that I believed would be conducive for answering my research questions. As stated, the aim has never been to generalize to a wider population and any random probability sampling seemed unfeasible (Bryman 2012:416). As anticipated, I made use of a snowball sampling technique (Bryman 2012: 424); at numerous occasions respondents or key informants told me; “you should talk to person X at Y, tell him/her that you met with me”. This became a natural way of progress given my limited time and budget. I am fully aware of the consequences this sampling method might have upon the credibility of my research as many of the respondents have not be exclusively sampled by me, however, it would be naïve to believe it could been done in another way, given the limited time and resources at my disposal. My intended sample size of respondents was 10-20 and the sampling strategy was arguable successful as 17 interviews with different respondents have been conducted.

4.3 Semi-structured interviewing

The choice of conducting interviews relates to the previously described characteristics of social capital and the nature of qualitative research. As Gillham (2000) suggests, interviewing is an effective technique when a small number of people are involved, in my case 17, and when your questions are mainly “open” and require an extended response with prompts and probes from you to clarify the answers, as in my study where many questions are exploring behavior and perceptions (p. 62). He further argues that the semi-structured approach is the most important form of interviewing in case study research (p. 65). I wanted detailed, rich answers by inviting the respondent to reflect upon my questions and his/her answers. The semi-structured approach allowed me to ask various types of questions; follow-ups, probing ones, specifying and indirect ones in order to achieve this (Bryman 2012:478). When performing case study interviews, one has to operate on two levels at the same time, satisfying the need of your line of inquiry while simultaneously asking “friendly” and “nonthreatening” questions (Yin 2003:90), sometimes turning it into a complicated task.

Given the respondents position at his/her cooperative or representative network, the interview guide and the questions have obviously differed but the earlier declared indicators of social capital constituted the base for the development of questions through out the whole study. Many segments of the interviews have been of an oral history character; which implies that the respondent has been asked to reflect upon certain events and periods of the past. With all history-interviews there is a risk of biases due to memory lapses and distortions (Bryman 2012:491), however, this method seemed to me as the greatest way of investigating the respondent’s experiences. In total, 17 interviews were conducted, all ranging from 40m to 2h, taking place at the respective workplaces of the respondents. All respondents were handed a letter of written consent, all interviews were audio recorded and at all times were the respondent given the chance to ask me questions about my study and other topics of interest.
4.4 Working with the data

Out of the 17 interviews 15 are used in the analysis. Due to low audio-quality 2 interviews were useless. From these 15, the most attractive information has been transcribed and thematically analysed. Using thematic analysis I have organized questions and answers under various themes in order to answer my sub-questions and consequently the research question. The data is taken holistically and rearranged under themes, the development of themes and organisation of data is interconnected with the sub-questions and indicators deriving from the theoretical framework (Holliday 2007:94-95). Bryman (2012) defines a theme as a category identified by the analyst through his/her data that relates to his/her research focus (and quite possibly the research questions) and that builds on codes identified in transcripts and/or field notes (p. 580). This approach has allowed me to maintain the connection between theory and analysis and to work with the data in a structured manner.

4.5 Strengths and limitations

The choice of conducting semi-structured interviews has allowed me to retrieve first-hand information otherwise inaccessible. The number of cooperatives and representative organizations represented in the study gives a broader, more inclusive picture of the phenomenon. Moreover, the fact that the theoretical framework has permeated the design of interview guides and the analysis of data adds to the quality of the research. An obvious weakness of a study like this is that generalization beyond the research context is not feasible; the conditions under which the cooperatives of Buenos Aires operate are unique. Further, it could be argued that the usage of more than one single method would have increased the richness of the data. Perhaps my greatest challenge while trying to progress with this field study was the language barrier. Not speaking Spanish forced me to depend on a translator which of course brings about certain issues; the fact that I couldn’t tell whether her translation was correct, not being able to affect her relation to the respondent and being dependent on her presence during interviews forced me to be even more flexible with time and planning. However, as Gokah (2006) one has to tackle a number of challenges in the field; potential risks, problem with access, ethical issues and cultural norms are highlighted. Making use of a translator has been vital when tackling these problems. Being a local, her knowledge about the surroundings and the culture has been crucial and her assistance throughout the whole research process has been determinant.

5. Analysis

This paper has so far explored the concept of social capital, discussed its forms and measurements and motivated the methodological strategies. In this section the data is analyzed through a three-level approach; firstly, the cooperatives
themselves will be discussed, secondly the networks that interconnects them, and finally the local community in which these entities operate. Although these three levels interrelate, it is my belief that an approach like this brings structure to the study. The sub-questions formulated in the theoretical framework guides the analysis. Noteworthy is that when referring to the respondent, he or she is referred to in third person, this because of the translators way of retelling their answers.

In order to offer perspective, a number of case studies, where similar evidence has been found, will be sporadically referred to. Majee and Hoyt in their studies “Building Community Trust Through Cooperatives: A Case study of a Worker-Owned Homecare Cooperative” (2009) and “Are worker-owned cooperatives the brewing pots for social capital?” (2010) explores the creation of social capital within a worker-owned homecare cooperative and the extended community trust this have generated. Lizzaralde (2009) discusses the importance of social capital within the Mondragon cooperatives in her article “Cooperatism, social capital and regional development: the Mondragon experience”. Forgács (2008) compares two Hungarian cooperatives with respect to their social capital in his “Leadership and Importance of Social Capital in cooperatives during Transition: A Case Study of Two Cooperatives”. The fifth study by Megyesi, Kelemen and Schermer “Social Capital as a Success Factor for Collective Farmers Marketing Initiatives” (2010) focuses on the role of social capital at micro and macro levels in relation to the success of farmer cooperation.

5.1 The Cooperatives

When examining the cooperatives themselves, it is their organizational structure and the norms and values generated from this that are of interest. As argued by Grootaert and Bastelaer (2001) ”Structural social capital facilitates information sharing, and collective action and decision-making through established roles, social networks and other social structures supplemented by rules, procedures, and precedents. Cognitive social capital, on the other hand, “refers to shared norms, values, trust, attitudes, and beliefs”.

So what type of structural social capital can we identify within the cooperatives? The most specific character of the worker-managed cooperatives is the horizontal structure in which they work. With no single owner or boss, everyone is equally entitled to the company and its assets. As Hugo Cabrera from Graficá Campichuelo puts it:

“A cooperative is horizontal in their decisions and participation, there is solidarity and democracy. That’s within the cooperative, outside the doors it’s just like any other company” and continues; “…most workers are taught at university how to work in a company that is pyramidal so its very hard for them to understand how to work in a horizontal way”(interview nr. 4).

Ernesto Gonzalez from Chilavert concurs:

“It’s democratic and it’s not like a typical company where it’s pyramidal, where someone takes the decision”(interview nr. 2)
Luis Caro, president of the MNFR describes the recaptured cooperatives within “his” movement and their organizational structure, differentiating them from older, more traditional cooperatives:

“They have assemblies and all the decisions are taken together. In the assemblies, when ever they want they can vote and change the management department. In traditional cooperatives there is a system of hierarchy, the management has a very strong position, they (the “new” cooperatives) rule that out, the power is in the assembly. The ones who are in the administrativ department has to once a week show the assembly what it is that they have been doing. They are the same (the workers), there are no differences in terms of salary. There is solidarity, harmony and unity. Everything is decided in the assembly, everything. If there is a problem, workers can act fast because they are into everything that happens.”(Interview nr. 14)

This horizontal structure was found at every cooperative and is together with the mechanisms of decision-making (the mentioned assemblies) the two pillars on which the cooperatives are founded. The process of decision-making is of great interest since it differs from more traditional procedures in traditional companies. Daniel Lopez at Grafica el sol describes the process:

“There is an administration group and those are the ones who propose the things for the vote and then they (all the workers) get together and they vote by raising their hand and if somebody else has something that they want to bring up they just raise their hand”. The workers elect the administration every year; “ So when a year finishes it expires (the position you have within the administration) and then we go to a vote again and any worker can run for it. Everyone votes”(interview nr. 1)

At Chilavert the procedure is the same:

“Its once a month (The assembly), the workers are divided into different groups and each group has their on responsibilities and then they also see if they need to make changes… beforehand they decide more or less what they are going to talk about in the assemblies and then they vote, and in the same assembly, if they want to talk about something else, its open”. (interview nr 2)

It became clear during the interviews that these features of organization and decision-making constitute the heart of the cooperatives, equality and democracy is central. This gives rise to the question about what type of cognitive social capital might be generated out of these features? What are the norms and values derive from this horizontal, democratic company structure?

A reshaping of relationships and interaction between workers was often stressed:

Daniel Lopez: “Of course there is more trust, and if there were to be some distrust that would disappear because its horizontal and there is more room for speaking and discussing things…there is something…
if something goes wrong for someone, its like; if I go down you go down because we are all more related” (Interview nr.1):

Gabriel Rojas from Gráfica Patricios:

“its just different, before the relationship was in the sense that they would get together and fight against somebody, but now the focus is on the development and the growth of the company. If he grows, they grow and if they grow they grow together, so the relationship is completely different. That’s the thing with cooperativismo, the change between relationships within the job itself. First at work, and then at the same time basic human relationships…” (Interview nr. 6):

In line with the findings by Majee and Hoyt (2009); this interaction helps to build trust among members. Another consequence of the new organizational structure is the level of participation and cooperation. Through training and interaction, members acquire skills that increase their confidence and ability to work and participate in business activities, as argued by Majee and Hoyt (2009). The same authors found that when members jointly own their business and share the returns, they are more inclined to participate (Majee and Hoyt 2010). Being a co-owner of a company you find yourself more committed and interested in the well being of your organization:

Ernesto Gonzalez: “Yes, because it’s not like a typical company where nobody really cares what you think...there is more commitment.” Continuing; “The management thing makes you feel like this, they have to do a lot of things. Before, he says, he had a feeling that when he came to work his life would stop and once he left his life would start again. He doesn’t feel like that anymore, the relationship between them (the workers) and the actual work is just a lot closer”. (Interview nr. 2)

Hugo Cabrera at Gráfica Campichuelo explains that the workers are very eager to affect the future of the cooperative:

“... the last assembly they had when they discussed about buying a new building, people were very passionate, not fighting but had a strong discussion and when it finished it was more like emotional since it’s a decision that is going to affect his kids and maybe their kids, and he is saying that some grandchildren of some of the founders are working here so its something that should go on”. (Interview nr 4)

There is evidently extensive bonding social capital within the cooperatives, the feeling of “we are in this together” seem to permeate the cooperatives from their organizational structure to the workers attitudes towards each other, and the workplace. Gabriel Rojas puts in a splendid way:

“All the workers are free to choose if they want to stay here or go to another company where they would probably get more money. There is something in the relationship between people that makes them stay here. It’s not like in a private company where someone wants to get a higher position, because here they are all the same. You are not
threatened, your just here because you want to be here” (interview nr 6)

As argued in the next section, and supported by Majee and Hoyt’s case study (2010), it is through this individual empowerment (the knowledge and ownership that comes with cooperative structure) that members gain the confidence to attain more knowledge and increase participation, leading to more social capital at both a bonding and bridging level.

5.2 The Networks

In this section the relationship between the cooperatives is examined, what type of bridging social capital can be found and what does this generate? I will start by first looking at the informal relationships between the cooperatives and then take a closer look at the representative organizations.

The informal relationships existing between the cooperatives are mainly of a “support-nature” where the lending of space, interchange of experiences and actual physical backing-up during occupations and demonstrations are at focus. Much of the latter happened in the early 2000s when the workers were fighting to keep their jobs. Ernesto Gonzalez:

“they gave support and they received support and he was saying that in 2002 when this company was fighting there were other cooperatives doing the same thing so they kind of worked together” and continues: “when the other cooperatives had a physical conflict they were there to prevent the police from kicking them out… during the time when some cooperatives went bankrupt and started working again, maybe during a year a year and a half, yes, they gave them not only financial support but also sometimes they would get people here and they’d let them work here…there is a permanent relationship between the cooperatives. One example is that they (the cooperatives) decided to buy this machine that will make the work better and faster. One that is available for everyone to use” (interview nr. 2)

Adriana at Cooperpel said that even though their cooperative isn’t always very active in the representative organizations they would show solidarity with other workers in the movement:

“They are part of the network, and they always, even if not very actively, they always try to give support, she was mentioning one time that they gave room for another cooperative to stay here…”(interview nr. 3)

As declared, the cooperatives are divided in a number of representative, second degree organizations. Within these, as we shall see later in this analysis, the relationships between cooperatives are strong. However, as argued above, there is a feeling of fellowship among the cooperatives transcending their respective organizations, a relationship built on trust and reciprocity, just as Fredrico Tonareri from Hotel BAUEN and FACTA describes it;
“The relationship is strong, because of different reasons they decided to get together in different organizations but in the case of somebody in need of help, where they have to fight it together, there is solidarity… its like if you touch one you are touching everyone, so they would get together, it became very representative… “ (interview nr. 10)

During my field study I conducted interviews with spokesmen from four of the major representative organizations of worker-managed cooperatives in Argentina. Connecting and representing the cooperatives while providing a number of services, these networks serve as the bridging social capital needed for the cooperatives in order to develop. Fredrico Tonareri describes the services provided for their members;

“They do different kinds of things, give legal advice, know-how about how to proceed to start their business… all the workers that work for FACTA they work at some place else…its not like they have a manual… what other people have done to them, they do to somebody else” (interview nr. 10)

FACTA is built on solidarity; cooperatives have realized the mutual benefits attainable from organizing collectively and the solidarity between them that emerged during the early years of 2000s doesn’t wear off according to Fredrico;

“Solidarity is the basis of the whole process… It would have been impossible to do any of this without solidarity because it has to be among workers to get their company back and among cooperatives to get this process working, even though some people might not understand this its one of the pillars…” (interview nr. 10)

These findings are in accordance with those of Majee and Hoyt (2010); “As the cooperative business grows, so does its capital base, including interaction among members, between members and other community members, and between the cooperative and other businesses. This interaction creates both social and business linkages”.

Manuel Maria at FECOOTRA illustrate their work:

“…they give advice when they occupy the fabrica and they instruct them on what to do next, like how to make the cooperative happen, the very first stage of the whole process when the workers have no jobs and have to get together and form a cooperative. They have a micro-credit program and they also have a rotating financial fund where cooperatives can borrow money and through another programme they can pay that back” (Interview nr. 16)

The goal of FECOOTRA is to promote independence of its members but there is also need for cooperation to attain mutual benefits;

“Nowadays there are no cooperatives that are a 100% dependent on FECOOTRA, maybe in the beginning yes, when the cooperatives are started they give them loans and legal advice and help them draw a business plan, but the idea is that they are productive in their own and
that they don’t need the organization to work. He thinks that they need to work more together to have more political power to actually make some changes and maybe get some representative to be part of the decision-making politics so that they can actually see some changes” (Interview nr. 16)

Within the MNFR the relationships are strong and the economic results are striking, Luis Caro explains:

“…He is giving an example of a metal factory in the provincia of Buenos Aires where the workers bought the machines and the place and they get about 20,000 pesos each a month. And here (the Gelcho cooperative), as we can see they have raw material, they have machinery they have products ready to be sold and checks to check in, and here they get around 15 000 pesos a month, which is around 3-4 times more than the same worker would get in another company which is not a cooperative”. (Interview nr. 14)

He goes on by describing a “financial fund of solidarity” providing cooperatives with financial help when needed;

“If a cooperative is in need of something, in this case money, they will ask other cooperatives which are part of the movement to ship in, if they need for example an electrician, they will help them. There is not like a fixed fund, they raise money for every case. To start this cooperative, Ghelco, they needed 8000 pesos and another cooperative; UNIFORCA gave this money to them. And they (Ghelco) in turn lend money to Brukman to get the electricity back.”(Interview nr 14)

My very last interview was conducted with a representative at the CNCT, a confederation connecting the various representative organizations and federations representing the cooperatives. He describes the function of CNCT;

“They work to improve the overall conditions of all the cooperatives, in a legal and administrative way to improve the bankruptcy law as well…the cooperatives are affiliated in a two way path, one by territory and one by sector and that gives them greater opportunities to work towards an improvement in the legal area and also in the commercial areas…you can still, in the federation, talk about politics that cover all cooperatives but not specifically about commercial improvement, so they think that this division is very important” continuing by giving examples of commercial benefits: “…”others would tell stories about how getting together would give them better prices. And by working together they would be able to meet the demand that by themselves, individually, they wouldn’t do.” (Interview nr. 17)

Similar results are found in Lizarralde’s study where the creation of solidarity mechanisms within the cooperative networks has been fundamental for its member’s development. These cooperatives also joined forces for mutual benefits. In Forgacs (2008) case study, farmer cooperatives joined similar representative organizations and expressed the benefits of information sharing, collective action

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and mutual trust. The need of existing bonding social capital, as can be found in the cooperatives themselves, for the creation of these “bridging” networks is highlighted in Megyesi, Kelemen and Schermer’s (2010) study where bonding social capital played a decisive role in the initiation of second degree organizations.

5.3 The Community

A third and vital component of the cooperatives and their existence is the relationship they possess with their local community. It is argued that social capital is a property that arises from interdependence between individuals and between groups within a community, it is thus viewed as a resource that originates from social ties and is used by members of networks (Franke 2005). Many of the cooperatives in this study have enjoyed support from people living in their local neighborhoods and some owe their very existence to these supporters. This has created a relation of reciprocity where several cooperatives have initiated social projects such as cultural centers and schools. Ernesto Gonzalez provides one example;

“He says that actually it would have been impossible to get the company back if it weren’t for the support from the neighbourhood, the fight lasted for months and they were 8 (workers at the company) so they needed support. In order to give something back to the community they have, started a documentation centre (The Facultad Abierta), a centro cultural workshops, and a school for grownups”.
(interview nr. 2)

Gabriela at the Maderera Córdoba explains that;

“When they closed down, everybody in the neighbourhood helped them, the other shops here, the suppliers gave them things so they could get running…” (interview nr. 7)

Natalia from Facultad Abierta complement this picture;

“…Most of the cooperatives do have a relationship to the neighbourhood, as for example this one (Chilavert) who has a school for grownups and a cultural venue… sometimes they don’t have a physical place in their fabrica to do something for the neighbourhood but they work with for example the maintenance of the streets in the neighbourhood or they do a special thing for children on the streets or something like that…once a place near hear were on fire and the workers of Chilavert put out the fire before the firemen came”.
(interview nr. 13)

All these social projects are financed by the cooperatives themselves and on the question of why they are doing this, Natalia answers;

“In the case of Chilavert its solidarity because there were 200 neighbours who were standing in front of the fabrica when there were
8 workers here and the police came… there are some laws that have to do with the expropriation of a place, making it legally correct if the place has a communal purpose, though this is a place to work, if they do social work they will be “covered“. It is also a strategy because you don’t know what will happen tomorrow…” (interview nr. 13)

Marcello Castilla from IMPA talks about the success in their school-project;

“The school is for grown-ups and for young people, and kids with special situations at home or where the parents have problems or cant afford a proper education. At first they were workers, people from the neighbourhood and workers who wanted to finish secondary school. From 2004 to 2011 all the teachers worked for free, but they demonstrated, so from 2011 on the teachers get a salary from the state… and other cooperatives and social organizations would meet here and see how this school project was working well so they copied it and took it to other neighbourhoods as well.” (interview nr. 15)

Majee and Hoyt (2010) found that workers who believe that their businesses meet the interests of the community are more motivated to work. A conclusion than can be drawn in this case as well, given the positive attitudes towards interactions with the community.

It is not only the cooperatives themselves that work to foster relationships with the community, their representative organizations have initiated a number of projects in order to “give back” to society. Manuel Maria talks about a project done in a prison;

“They work with people in prisons, and there is one, the first cooperative that has done this kind of work, its called Cabrones, it is in Barracas, there were three guys who were former prisoners and now they are in charge of working with this organization…because there was no law that would allow prisoners to create cooperatives while they were still in jail, they had to do it with relatives of these prisoners, this is what changed in Corrientes (the law) and FECOOTRA are working to spread this all over the country.” (interview nr. 16)

For the CNCT the social projects are key for the cooperativismo:

“Its necessary and its something that you have to do, the cooperative has a double role, first it has to work as a company to be competitive in the market so that workers can have a descent life, and then the second one, the social role they have, the social commitment to the worker, the family the neighbour, the society and the idea that you can survive in a capitalist world but with different values.” Giving an example of their contribution; “…they are also working with a project focusing mainly on addictions, to work with those problems within the cooperatives and federations. This is very important, as the problem is not only the addiction of the worker but also the discrimination that this person might get in the cooperative because of this” (interview nr. 17)
Just as found among workers of the cooperatives and their representative organizations, the Forgacs study (2008) showed that the motivation among cooperatives of helping the community was strong and that the general attitude among workers was highly community oriented. Megyesi, Kelemen and Schermer’s (2010) found the same manifestations of bonding social capital in the communities they studied as the cooperatives developed local norms of helping each other.

6. Discussion and Conclusion

The aim of this research has been to investigate the role of social capital in/for the recaptured worker-managed cooperatives in Buenos Aires, Argentina. Through a field study, a number of semi-structured interviews have been conducted with representatives from 9 cooperatives, 4 representative organizations and 1 faculty at the University of Buenos Aires. Through a research strategy designed in close connection with the theoretical framework of social capital, the data required to answer the overall research question has been attained. Using Putnam’s (1995) definition of social capital; “Social capital refers to features of social organization, such as networks, norms, and social trust, that facilitate coordination and cooperation for mutual benefit”, this study have tried to answer the following research question:

What is the role of social capital in/for the worker-managed cooperatives of Buenos Aires?

I would argue, in the light of the empirical findings presented in the analytical section, that social capital and the quality of it plays a vital role in both the creation and future existence of these entities. It is evident that the horizontal structure of the cooperatives and their democratic mechanisms of decision-making have promoted participation and ownership. Through closer relationships with each other, workers have developed norms of collective action and equality. These qualities permeate the representative organizations as well, being built upon the already existing informal networks of the cooperatives. As the empirical data suggest the bonding social capital within the cooperatives is intensely present, the source of this seems to be the struggle which the workers went through when fighting to keep their jobs. Also, the non-hierarchical structure at the workplace contributes to this. The outcomes are evidently a harmonic atmosphere with motivated workers.

The relationships between the cooperatives are seemingly strong, the realization of the benefits deriving from working together has served as a basis for the creation of strong, member-driven representative organizations. Sharing the same background, and in many cases the same fate, the workers can identify with each other, facilitating the cooperation. The level of bridging social capital is thus high. The same goes for the communal relationships, by initiating various social projects and services the cooperatives have secured a mutually fruitful
relationship with their neighborhoods. The massive support received from voluntary actors has fostered these community-oriented norms among the workers and thus the cooperatives and representative organizations. “Giving back” to society is a way to promote the idea of cooperativismo as an alternative way of working, it thus yields further purpose to the existence of the cooperatives. The findings deriving from case studies of similar nature as this one reinforces these arguments. It seems as if the organizational model of the cooperatives enhances and facilitates cooperation and equality.

Conclusively, this study has shown the importance of the quality of relationships within and between organizations in order for them to develop in contexts that are lacking the conditions required for this.
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Interviews, all conducted in the year 2013

1. Interview number 1, 29/1: Daniel López at Artes Gráficas El Sol
2. Interview number 2, 30/1: Ernesto Gonzalez at Gráfica Chilavert
3. Interview number 3, 30/1: Adriana at Cooperpel
4. Interview number 4, 5/2: Hugo Cabrera at Gráfica Campichuelo
5. Interview number 6, 7/2: Gabriel Rojas at Gráfica Patricios
6. Interview number 7, 9/2: Gabriela at Maderera Córdoba
7. Interview number 9, 21/2: Juan-Carlos at Brukman
8. Interview number 10, 25/2: Fredrico Tonareri at Hotel BAUEN and FACTA
9. Interview number 11, 25/2: Marcelo at Hotel BAUEN
10. Interview number 12, 25/2: Maria at Hotel BAUEN
11. Interview number 13, 28/2: Natalia at Facultad Abierta

12. Interview number 14, 4/3: Luis Caro at MNFR

13. Interview number 15, 5/3: Marcello Castilla at IMPA

14. Interview number 16, 6/3: Manuel Maria at FECOOTRA

15. Interview number 17, 7/3: Representative from CNCT