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# **PARTICIPATORY CULTURE AND INNOVATION: THE CASE OF COOPERATIVES**

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## **ABSTRACT**

**Proposal:** The purpose of this document is to analyze the relationship between participation and innovation within the business context. To this end, special attention is paid to the influence of organizational culture and structure on participation in decisions. Likewise, cooperative societies are proposed as an example of innovative companies due to of their participative nature. A qualitative study tries to analyze more precisely this relationship between participation and innovation.

**Design / Methodology / Approach:** In this text we carry out an on the role of participation in results, in terms of innovation. First, the concept of innovation, well as its importance in the current environment, is defined. Second, we analyze the cultural and structural characteristics that favor participation, which is considered a key determinant of innovation. Consequently, the cooperative society model is suggested and a qualitative research is carried out in order to try to determine its influence on innovation.

Some literature on innovation, culture, organizational structure and cooperative societies has been used for this purpose. It has been obtained mainly through Google Academic and, to a lesser extent, through the database gathered in the Jaume I University of Castellón.

**Recommendations:** The instability of the current environment forces business organizations to search for new ways to achieve competitive advantages that allow for differentiation. Innovation therefore plays a key role for organizations, which is favored by the participation of workers. In this way, those organizations that, through their culture and structure, favor participation in decisions, will enjoy greater innovative capacity.

**Originality / Value:** This document aims to analyze with precision the positive effects of participation on innovation in the business environment. In this way, we have collected information about the cultural and structural typologies which favor participation the most, proposing the cooperative society as the better example of it. In order to accurately measure the impact of participation on innovation, a qualitative research is carried out to try to analyze this relationship given specific cultural and structural characteristics.

**Key words:** Innovation, Participation, Organizational Culture, Organizational Structure, Cooperative Society.

**PaperType:** Research work.

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## **1. INTRODUCTION**

In the last decades, due to the effect of globalization (Corma, 2012), there have been a series of changes in markets (Porter & Tanner, 2004) that have led to greater instability in markets (Martínez-Vilanova, 2008). Deregulation, technological advances, sophistication of needs and increasing competition are some of the consequences of the globalization process we have been through (Corma, 2012).

Given this situation, the adaptability of organizations to their environment becomes a key factor for their survival in increasingly dynamic scenarios (Bebé, 2004). This way, companies are forced to try to develop capacities that allow them to differentiate themselves (Casado, 2011). In this sense, innovation plays a key role, since it facilitates the achievement of competitive advantages that allow to improve the competitive position of the organizations (Wang et al., 2003) and, as a consequence, to achieve business success (Damanpour & Gopalakrishnan, 2001). However, to this end, innovation must be internalized within the organization itself and must strengthen competences linked to other configurational elements such as culture (Legnick-Hall, 1992; Galende del Canto, 2002; Vidal & Alcamí, 2005).

Among the main determinants of innovation are individual, organizational and cultural factors (Damanpour, 1987; Mumford, 2000; Naranjo, Sanz Valle & Jiménez, 2008). This dissertation aims to analyze the role of cultural factors in the innovative capacity of business organizations.

The culture of a company, which is shaped by the values, principles and beliefs assumed by the organizations (Cameron & Quinn, 1999), has an impact on the commitment of its members (Lord & Maher, 1991), since it establishes a series of policies and procedures that have an influence on their behavior. In this way, if culture fosters innovation and creativity, it can enhance their innovative capacity (Tesluk et al., 1997; Martins & Terblanche, 2003).

However, there are different cultural typologies with diverse characteristics and effects on innovation. Thus, for this work and considering the classification elaborated by Cameron & Quinn (1999), those cultures that enhance to a greater extent the participation of its employees will be given more attention. This is the case, for example, of the so-called “clan and adhocratic culture”. Therefore, the emphasis is on other typologies such as bureaucratic and market cultures, since they significantly limit participation by pursuing stability and control (Naranjo, Sanz and Jiménez, 2008).

Thus, the study will focus on the analysis of the effect on innovation of those organizational cultures that further encourage the participation of their workers in the decision-making process. This is why, in order to complement this relationship and in a descriptive and non-analytical way, structural aspects that are related to participation and culture are also taken into consideration. In this sense, the main characteristics of bureaucratic and organic structures are described, which, in the case of the organic ones, are close to the implicit characteristics of the cultures that advocate for participation and which are the object of this study.

Consequently, those environments that foster innovation are further developed. For this reason, a participatory model (Formichella, 2005) is required to grant autonomy to each of its members in order to achieve their commitment to the organization (Rodrigo Moya, 1995).

As a consequence, and given the important influence that cultural values have on cooperative societies, especially those that enhance participation in decisions (Rodrigo Moya, 1995), this study finally focuses in the analysis of the role of participatory cultures on innovation, within the context of cooperative societies.

Thus, starting from the hypothesis that a participatory culture has positive effects on the innovative capacity of a company, a qualitative research is carried out taking as sample population the cooperative societies located in a radius of approximately 40-50 kilometers around Castellón de la Plana. Once the geographic area was delimited, two cooperatives dedicated to different sectors but with marked cultural values according to the information extracted from their respective web pages were selected as the target population. One of them, Consum, dedicated to the sector of the distribution and the other, Grans i Menuts, involved in the education field.

The method selected for conducting the research has been the personal interview, carrying out a qualitative rather than a quantitative study, in order to obtain more detailed information and in a more open way.

On the one hand, and regarding Grans i Menuts, the secretary was initially contacted—who is the current president of the cooperative—and, after accepting the proposal, an appointment was made and the president of the cooperative, Rosa Olucha, was interviewed for about 30 minutes. The interview focused on the analysis of the level of participation that exists under the cultural characteristics of Grans and Menuts, and also of her relationship with the organization's capacity for innovation. From it,

therefore, different conclusions were drawn about the relationship between its —very participatory— culture and innovation.

On the other hand, and in reference to Consum, the person in charge of one of the establishments of the company located in Castellón de la Plana was contacted. The proposal was accepted although it was not possible to make an appointment, and we were left waiting to be called back. After some days without getting a response from this establishment, we contacted with other establishments in the area, obtaining diverse answers from them: from systematic negatives to total predisposition to carry out the interview. However, it was not possible to make an appointment and we returned to contact the first establishment we had phoned. After a second call, the person in charge of the establishment informed us that this request required the approval of the headquarters, so that, finally, it was not possible to interview any of the members of the cooperative within the geographical area of Castellón de la Plana.

As a consequence, the qualitative study has focused on the results derived from the research carried out on the Grans i Menuts cooperative, from which a number of conclusions could be drawn. However, despite the difficulties and the impossibility of interviewing a member of the Consum cooperative, some conclusions have also been drawn about their cultural characteristics and their level of participation, which have a certain degree of subjectivity, as they have their origin in a personal perception after the multiple contacts maintained with different members of the cooperative when trying to hold an interview.

Finally, we compiled the conclusions drawn from the research with regard to the theory reviewed for this dissertation, which, as we have already pointed out, tries to analyze the influence of participatory cultures on the innovative capacity of business organizations, in particular cooperative societies.



## **2. THE BUSINESS ENVIRONMENT CURRENTLY**

Over the last two decades, business organizations have undergone significant changes in both the markets they were present in and in their day-to-day operations (Porter & Tanner, 2004), a major consequence of the globalization of industries and organizations. This forces companies to develop their activity in increasingly competitive environments (Corma, 2012), and in which the changing demand of customers and the rapid technical changes that occur create greater uncertainty than in the past (Droge, Vickery y Jacobs, 2012).

The new characteristics of the markets (greater breadth and greater degree of liberalization) can, however, provide diverse opportunities to those organizations that are able to adapt to the changes produced in them. An example of this is the multinational companies, which in many cases manage to escape the control of States, taking advantage of the existing legislative gaps at the international level (Tamarit, 2005). In this way, business organizations acquire a global dimension. However, there are no analogous institutions that legislate in a global way, in order to exercise control over them and to safeguard the interests of States at the international level (Jurt, 2006).

In this scenario, the adaptability of companies in environments increasingly marked by change is key (Babé, 2004). To this end, it is necessary to give great importance to the development and the use of intangible assets of organizations, such as knowledge or skills and intellectual property, as they facilitate differentiation and thus hinder imitation by competitors (Benavides y Quintana, 2003).

### **2.1. The need to gamble for innovation**

The strategies traditionally pursued by firms in order to be able to compete in markets (Porter, 1985) are now insufficient when coping with competitive, dynamic and changing environments. This forces companies to orient their strategy towards the development of capacities that pursue the distinction and differentiation (Casado, 2011). It forces to innovate continuously (Martínez-Vilanova, 2008) The objective is achieving innovation in order to increase the competitive capacity of the organization through the achievement of competitive advantages (Wang y Ahmed, 2003).

Any organization that aspires to the achievement of competitive advantages through its organizational design has to possess two distinctive capacities (Casado, 2011).

On the one hand, a dynamic capacity, understood as the ability to achieve competitive advantages through innovation and market positioning (Leonard-Barton, 1992). This requires a continuous, free and up-to-date flow of knowledge, both internally and externally (Wang y Ahmed, 2003).

On the other hand, it requires the so-called “main point capability”. This refers to the ability to take advantage of the organization's own culture and values in order to achieve capacities that allow an effective adaptation to the changes that occur in the environment (Teece, Pisano y Shuen, 1997).

Jiménez (2008) lists three aspects as the key to achieving success and a competitive position in the market: first, aspects related to the influence of strategy; secondly, those related to the organizational structure; and, thirdly, the influence of people, culture and the business environment.

In this context, innovation plays a fundamental role in achieving sustainable competitive advantages over time and, therefore, to achieve business success (Damanpour y Gopalakrishnan, 2001). This is due to the greater flexibility and adaptability that characterizes innovative enterprises and, in turn, enables them to protect themselves from the instability of the environment, to respond quickly to the changes that occur in the latter and, finally, to take an advantage from competitors' new business opportunities as well as existing ones (Miles and Snow, 1978; Drucker, 1985).

Although innovation is a source of growth and a determining factor for the achievement of competitive advantages, however, creating it requires the coordination of the efforts of numerous participants, as well as the integration of tasks or activities related to different specialized functions (Van de Ven et al., 1999)

As advocated by various authors (Legnick-Hall, 1992; Galende del Canto, 2002; Vidal & Alcamí, 2005), organizations, through innovation, will be able to generate sustainable competitive advantages. However, this will be achieved to the extent that innovation is internalized within the organization itself so as to complement and enhance competencies related to other configurational elements, such as organizational culture.

This way, the continuous search for improvement and innovation brings organizations closer to excellence approaches, since it implies qualitative advances in aspects such as quality and processes (Porter & Tanner, 2004). These characteristics are achieved through the preparation and participation of workers in order to obtain competitive

advantages that guarantee success (Marín & Quesada, 2003). Innovation, therefore, is one of the key aspects to business success and excellence (Porter & Tanner, 2004).

### **3. INNOVATION**

Attempts have been made to emphasize the importance and influence of innovation, not only for survival, but also for business success. However, the concept of innovation has not been totally defined yet. In the next few lines, we will try to collect those definitions of the concept that most relate to the organizational and business sphere.

Lam (2002) considers innovation as a process of collective learning that can only take place under an organized environment. Freeman (1982) considers it as a process of technological integration and an attempt to create or improve a product, a process or a system. Hage (1999) thinks of it as the implementation of an idea or a new behavior for the company and its members, which can be related to a system, a process, a policy or a service, among others. Van de Ven et al. (1991) define innovation as a recombination of old ideas that modifies the present and, therefore, is perceived as novel by individuals.

Innovation is a tool that makes possible to make use of change so that it is perceived not as a threat, but as a business opportunity. It endows resources with a new capacity to produce output (Drucker P., 1985). Therefore, innovation is recognized as a key aspect for obtaining competitive advantages and, consequently, for business success (Naranjo-Valencia, Jiménez y Sanz-Valle, 2012).

Given the nature of innovation and its degree of radicality, there are different typologies of innovation, distinguishing, in the first case, between technical and administrative innovations and, for the second, between radical and incremental innovations (Damanpour, 1991).

According to their nature, technical innovations imply changes both in the products or services offered by the company and in the production processes of the company (Abernathy & Utterback, 1978; Damanpour & Evan, 1984), thus directly influencing the primary activities of the firm's value chain (Abernathy & Utterback, 1978). On the other hand, the administrative innovations are related to the politics or organizational structure of the company, thus influencing the secondary activities of the value chain, such as administration or management (Damanpour & Evan, 1984).

On the other hand, and according to its degree of radicality, we can distinguish between radical and incremental innovations, the former being those that produce root changes in the functioning of the organization and the latter being those that imply a

simple improvement similar to the practices already existing within the company (Ettlie, Bridges y O'keefe 1984; Damanpour, 1991).

Given the importance of innovation in achieving success in the business environment, several authors (Crossan & Apaydin, 2010; Damanpour, 1987) developed studies for the analysis of the main determinants of innovation. Among the different variables proposed by these authors, a classification has been made differentiating between individual, organizational and environmental factors (Damanpour, 1987, 1991; Mumford, 2000; Naranjo-Valencia, Jiménez y Sanz-Valle, 2008).

This paper aims to measure how the culture of a company affects its degree of innovation and, more precisely, how innovation influences those cultures that stand out because they have a participatory nature.

### **3.1. The organizational structure as a determinant of innovation**

Before going into detail about the definition of what organic and mechanistic structures and their relation to innovation, it is worth reviewing the literature about the concept of the organizational structure itself.

According to Mintzberg's (1979) definition of organizational structure, these are “the different ways in which work is divided into an organization in order to achieve its coordination, orienting it towards the achievement of its objectives”.

There may be different organizational structures depending on the degree of complexity of their activities, on their degree of standardization, on distribution and on decision making flows and the verticality of their relationships (Fernández, 1986). The potentialities and limits of an organization are thus marked by the organizational structure itself (Fernández-Ríos, Sánchez y Rico, 2001).

La estructura is therefore a key element of the organizational behavior of a company, since it frames a formalized system of processes and decision making, where the relationships between the members and the material elements of the organization take place (Fernández, 1986).

### **3.1.1. Bureaucratic organizations**

One of the types of structure developed in order to operate efficiently under environments marked by a certain stability are mechanistic or bureaucratic structures (Casado, 2011).

Under these structures, decision-making occurs vertically downwards, with different hierarchical levels in the organization. They are characterized by a marked functionalism, which is derived from the rigid departmental division and the specialization of work (Ahmed, 1998). Control, for its part, is highly centralized and in order to achieve the coordination of the different corporate activities with those performed by the lower levels of the organization, these structures require vertical links (Hankinson, 1999). Finally, they are structures with a high degree of formalization, through a rigid bureaucratic system and a set of rules and procedures clearly established and that, through these, limit the freedom of action of the members of the organization (Ahmed, 1998).

This type of structures worked until the moment there was a progressive increase of size of the organizations, derived from the rise of the globalization. This made it difficult to control certain functional areas of organizations, what originated, as a first solution, decentralization and derived in matrix typology structures (Casado, 2011). In spite of this, these structures also have some limitations, mainly due to their strong orientation towards attainment of greater power shares, which has a negative effect on business performance as well as on job satisfaction (Peters, 1979).

In recent years, the traditional mechanisms of obtaining competitive advantages that in the past served the companies to strengthen themselves, adapting their structures to the new necessities, have been exhausted, and today they are faced under the mantle of globalization. In this scenario, many entrepreneurs and analysts resort to the human factor as well as to the organizational design as answers to the new business environment. The aim is to achieve greater harmony between the organization and its members, as well as to achieve a direct relationship between labor well-being and productivity (Disla, 2003).

Accordingly, breaking with bureaucratic structures in all types of organizations, both private and public, is necessary given the fact that the rigidity of these organizations slows the development of creativity, as well as it limits the self-motivation of individuals and their commitment and responsibility with the organization (Azuaje, 2006).

### **3.1.2. Organic organizations**

In response to the problems posed by mechanical or bureaucratic organizations, organic organizations show up, which, according to the definition of Checkland (1999), are “a unit composed of different parts or elements that interact internally with one another, while they establish external relations with other organizational units”. This type of organization shows a greater predisposition for teamwork as well as a higher level of communication between all the members and levels of the same (Casado, 2011).

They arise in response to the impossibility of having control over the environment and the inability to adapt quickly through hierarchical structures, which are subject to bureaucratic organizations, since organic structures can respond more rapidly to changes in the environment by interacting constantly with (Engdahl, 2005).

Organic organizations are formed around a common object, and their members assume and share a set of principles and values that govern each of the decisions that are made in daily activities. This is why such organizations must take into consideration any individual or group that may be affected, both positively and negatively, by their activity (Engdahl, 2005).

They are highly decentralized structures, in which employees are given greater responsibility and power by involving them in management decisions and thus fostering a climate of trust (Hankinson, 1999). Unlike in the mechanistic structures where there was a high degree of formality, in the organic organizations there is a high informality that promotes the interaction among its members as a mechanism of learning and as a transmission of knowledge (Ahmed, 1998; Wang y Ahmed, 2003).

The role of the person is fundamental in this type of structures insofar as their behavior is based on the search for a balance between the staff and the collective; that is, between their interests and those of the other people that make up, together with it, the organization (Sosa, 2000).

Through a series of procedures and techniques that affect decision-making processes, information and communication technologies, and the development of lateral relations through decentralization, it is intended to enhance the flexibility of the organization (Sosa, 2000). This is why flexibility and adaptability are considered as the most important qualities of organic organizations (Burns y Stalker, 1961; Zammuto y O'Connor, 1992; Volberda, 1998).

However, the concept of flexibility can refer to different aspects depending on the organizational level in question (Ansoff & Brandergur, 1971). Consequently, according to the classification made by Ansoff & Brandergur (1971), and seconded years later by Volberda (1992), one can distinguish between operative, structural and, ultimately, strategic flexibility.

The so-called operational flexibility is understood as the capacity and intensity of adaptation of the procedures and activities that are carried out daily in the organization and that are necessary for the development of the economic activity of the company. That is, the capacity to adopt changes and the intensity with which they are applied. This type of change has certain limitations because, although they can sometimes be related to some elements of the environment, they never have an influence on the strategic and structural levels of an organization (Casado, 2011).

In the same vein as the previous one, structural flexibility is considered as the ability to vary, both by existing structures and processes, with the aim of adapting to changes given in the environment. It is a type of flexibility broader than the operational one, insofar as it encompasses the whole structure of the organization and thus the whole enterprise (Krinjen, 1979).

Finally, strategic flexibility encompasses the most radical changes within the organization, insofar as it can affect the economic activities or activities of the company (Aaker & Mascarenhas, 1984). It is natural under dynamic environments or in those that, for the moment, are novel and unknown to the company (Harrigan, 1983). When this level of flexibility is reached by an , it can be considered that it has acquired an organic character (Volberda, 1998).

This 'organic' term is used to differentiate flexible organizations from those with more bureaucratic or mechanistic structures, and which have a lower capacity to cope with the very new organizational challenges (Sosa, 2000).

In addition, these types of organizations, the so-called organic, share a number of factors as constitutive ones (Camps y Cruz, 2002).

A first factor is the technical system, which includes four different variables and, depending on how they are combined, the position of the organization will be different. These variables include the modes of production, the production plan, the means of transformation and the variety of activities performed (Casado, 2011).



Another key factor in organizational organizations is the organizational culture, which is understood as the set of beliefs and values assumed and shared by all the members of an organization and which have an influence in their behavior (Hofstede, 1980; Bate, 1984).

A third factor is planning and control systems. There are different types of them — worker incentive, human resources management, budget planning...—. All of them must pursue the coordination of work through the specialization and standardization of skills necessary for the development of work tasks and procedures, but also through culture, which tries to integrate a series of common values, and, finally, through continuous adaptation to the environment in which the company operates (Lenz & Lyles, 1985).

A fourth factor is the degree of formalization of the organization; that is, the degree of definition of the rules and behaviors to be fulfilled by the members of the organization (Casado, 2011).

Another constitutive factor is the degree of centralization in decision making (Pugh et al., 1968; Mintzberg, 1979), which gives rise to the existence of two types of structures. Those in which decision-making focuses on the highest levels of the organization are known as centralized structures, while those in which decision-making occurs at the lowest levels are decentralized structures (Casado, 2011).

Other determining factors are, on the one hand, the structural complexity of the organization (Robbins, 1990) and, on the other hand, the level of training that it requires. This means that, when facing a lesser standardization of processes, their complexity increases, and therefore, the organization requires workers with a higher level of training (Mintzberg, 1979).

A final constituent factor of this type of organization is its mutual adaptation, necessary to the implicit problems of decentralization, which are the lack of control, coordination and a significant increase in the costs of the activity (Nadler y Tushman, 1988).

The organic structures, unlike the mechanistic ones (which are based on hierarchies, the functional relations, the centralization and the control) favor the development of informal relationships based on trust and with both internal and external guidance (Wang y Ahmed, 2003).

This way, the horizontal organization seeks to harmonize the activities carried out by its members with the needs and capacities of external agents. This is achieved through

the conception of work teams as the organization's basic unit (Ostroff, 1999). The hierarchy in the horizontal structures is, in turn, distributed around the central processes. There is, in turn, a hierarchy whose functions are supervision, planning and strategic management (Casado, 2011).

This type of structures advocate for the autonomy and participation of all its members. This participation takes place not only in work processes and decision-making, but also in the search for instruments that allow coordination of processes through informal relationships based on trust. In this way, the structure of the organization is flexibilized (Zapata, 2006).

### **3.2. Conclusions derived from innovation**

Given that bureaucratic structures significantly impede the development of creativity and innovation, an organization that pretends to be innovative will have to favor a scenario in which its members come to terms with a set of common principles and values. These principles should allow members to self-manage and self-control subsidizing themselves under structures characterized by a greater simplicity, clarity and adaptability than those derived from mechanistic or bureaucratic structures (Moya, 1995).

There is a need for organizations to take a different view on changing and dynamic environments, more in line with the characteristics and needs of their environment. All this through a firm commitment to informality in relations, freedom of movement of knowledge, universal access to information and trust (Wang y Ahmed, 2003). Several authors (Sanchis & Campos, 2008) highlight the existence of a direct relationship between organizational learning and innovation, considering that innovation is a part of the learning process and is also a result of it. That is, innovations carried out by an organization will be favored by the acquisition of knowledge by its members (Jiménez y Sanz Valle, 2006).

However, the typology of innovation pursued here is not just technological, that is, that innovation that leads to technical improvements. What is prioritized is the so-called "social innovation", which allows the acquisition of more complex capacities that facilitate the achievement of sustainable competitive advantages over time —as they are not easily imitable— such as communication skills, adaptability to changes,

teamwork or managerial and organizational capacities (Sanchis-Palacio y Campos-Climent, 2008).

Innovation processes are also favored in local contexts insofar as they present much less uncertainty than the contexts in which firms usually operate. Context or social environment could be defined as the set of relations that occur in a specific territory and under a determined culture. This set of relationships generates a collective and dynamic learning process (Campagni, 1991).

As a consequence, companies develop more within environments that foster innovation, through cooperation and collective learning. Therefore, a dynamic agent that fosters a model of participatory management and that serves as a push within the organization is required in order to detect their needs through listening (Formichella, 2005).

## **4. THE PARTICIPATIVE CULTURE**

### **4.1. Culture as a determinant of innovation**

There are several theoretical studies that have been carried out in order to know or explain the relationship between culture or any of its components and innovation within the organizations (Ahmed, 1998; Mumford, 2000; Carmelo et al., 2001; Martins y Terblanche, 2003; McLean, 2005). Other theoretical contributions explain the need for innovation to be based on the company culture in order to be a source of competitive advantage in the organization (Barney, 1986).

However, in spite of the widespread use of the word culture in organizations, it never has the same meaning, since there can be three heterogeneous levels among them: the culture of the environment in which the company develops its activity, the internal subcultures in the organization and, finally, the general culture of the company as a whole, with clearly marked boundaries (Thévenet, 1992).

There are several authors who define the culture of a company as the values, beliefs and fundamental principles shared by the members of the organization (Deshpandé y Webster, 1989; Denison, 1990; Cameron y Quinn, 1999; Miron, Erez y Naveh, 2004). These values, beliefs and principles, when internalized by the members of the organization, influence the behavior and the attitude of the members, both individually and collectively (Lord y Maher, 1991).

The culture of the company is formed by a series of characteristic elements that give a determinate personality and own identity and, in addition, facilitate the understanding of the rest of subsystems existing within the organization when providing an evaluation system. The norms and behaviors assumed by the members of the company derive from its culture (Thévenet, 1992).

Culture plays a very important role in innovation and, consequently, in obtaining lasting competitive advantages over time, since it stimulates, or tries to stimulate, innovative behaviors in the members of the company, to the extent that the members accept and embrace innovation as a key value in the organization and commit to it (Hartmann, 2006).

The elements that make up the culture have an influence in the innovation and creativity of the individuals through the socialization and the coordination (Tesluk, Farr y Klein, 1997; Martins y Terblanche, 2003; Naranjo-Valencia, Jiménez y Sanz-Valle, 2012). Through the socialization, the members can know what creative behaviors the

company pursues and which ones they do not try to reach, while through coordination, a series of activities, policies and procedures through which the company aims to promote a set of principles and values that foster innovation and creativity and, therefore, its innovative capacity are established (Tesluk, Farr y Klein, 1997; Martins y Terblanche, 2003).

#### **4.1. Cultural typologies**

The business culture is formed by two cultural levels. On the one hand, a culture extrinsic to the company, determined by the environment in which it operates, and which is constituted by a series of principles and common perceptions that are a part of the historical development of the workplace. On the other hand, the intrinsic cultures of the organization, which arise from the subgroups that constitute the company and that do not necessarily have to agree with each other or with the general culture of the organization itself (Thévenet, 1992).

However, according to the classification of Bass & Avolio (1992), the culture of an organization can be transactional or transformational.

In transactional cultures, relationships between individuals are usually contractual in nature. The high degree of bureaucratization and structuring, as well as an approach on the interests of the organization rather than on those of the members are characteristic of these kinds of cultures. Employee engagement, therefore, is often short-term and motivated by personal interests. Individualism and independence of workers hinders cooperation between members, who are forced to negotiate in order to be able to work as a team (Bass and Avolio, 1992)..

On the contrary, there are organizations where there is a greater degree of flexibility, informality and dynamism, in which teamwork, long-term goals, personal growth and commitment are fostered, and are those that have a transformational rather than a transactional culture (Bass & Avolio, 1992).

On the other hand, four different types of culture can be distinguished if one follows the proposal elaborated by Cameron & Quinn (1999) in the Competing Values Model (CVM). This model determines four types of culture: clan culture, adhocratic culture, hierarchical culture and market culture (Cameron & Quinn, 1999).

The main characteristics of organizations with clan culture are flexibility and internal orientation. Through the clan culture, human development and teamwork are fostered, thus enhancing both participation and commitment of members to the organization. It is especially important, in addition, the role of a leader in organizations with this type of culture (Naranjo, Sanz y Jiménez, 2008).

Adhocrastic cultures also opt for flexibility at the expense of more stable structures. However, unlike clan cultures, where orientation is internal, the adhocratic orientation is totally external, given the nature of the companies that seek to lead the markets. Some of the main characteristics of organizations adopting an adhocratic culture are initiative, creativity and risk taking (Naranjo, Sanz y Jiménez, 2008). Also, an important feature of this type of culture is the decentralization of authority; that is, it is unevenly distributed rather than concentrated. This is the reason why they require matrix structures that allow mutual adaptation and coordination (Casado, 2011).

In spite of this, the adhocratic culture is not very effective in dealing with the routine problems of the day to day. However, it does is effective when applying any type of innovation (Casado, 2011).

On the other hand, there is the so-called market culture, which, through the struggle for competitiveness and the achievement of ambitious goals, prioritizes the external part of the organization. This type of culture requires the existence of mechanisms that facilitate control in the organization and stable environments and markets. In this way, they try to improve both their productivity and their competitiveness (Naranjo, Sanz & Jiménez, 2008).

Finally, the bureaucratic or hierarchical culture is characterized by a totally internal orientation, but, as in market culture, stability and control are pursued. To do so, it uses strict behavioral norms, formalizes processes and focuses on the constant search for efficiency (Naranjo, Sanz & Jiménez, 2008).

It is foreseeable that organizations with cultures that promote flexibility have a greater innovative capacity than those that are committed to stability (Naranjo, Sanz & Jiménez, 2008). Different authors (Arad, 1997; Martins & Terblanche, 2003) argue for the existence of a great link between innovative cultures and flexibility. Autonomy, creativity and risk-taking are potentiated under this type of culture (Wallach, 1983; Martins & Terblanche, 2003). There is, therefore, a direct relationship between the flexibility of an organization and its capacity to innovate, which implies that it is easier

to innovate under more flexible cultures (Naranjo-Valencia, Jiménez y Sanz-Valle, 2012).

The organizational link, which is the values shared by the members of an organization, is perhaps the major determinant of innovation for a company (Naranjo-Valencia, Jiménez y Sanz-Valle, 2012). This linkage is smaller in hierarchical organizations, fact which has a negative impact in them, given that their high formalization and centralization system significantly slows down the development of innovation (Burns y Stalker, 1961). This is why the constant search for innovation requires the business culture to be shared by each of the members that make up the organization (Naranjo-Valencia, Jiménez y Sanz-Valle 2012). And this is achieved through different mechanisms such as delegation, participation, learning and risk taking by members (Child, 1973), mechanisms implicit in adhocratic cultures and organic organizations (Burns y Stalker, 1961).

## **5. THE COOPERATIVE SOCIETY AS AN EXCELLENT COMPANY**

The important influence that culture has on cooperative societies forces to consider this type of structures within the scope of excellence (Moya, 1995). It is a type of society characterized by a totally associative spirit (García-Gutiérrez, 1992).

Apart from their associative character (García-Gutiérrez, 1992) there are a number of common characteristics in cooperative societies (García-Gutiérrez, 1992):

- A set of values assumed and shared in order to achieve objectives that meet their social and economic needs;
- A free adhesion regime and voluntary membership (Ley 27/1999, del 16 de julio, de Cooperativas);
- Collective ownership and democratic management;
- Common interest and business nature.

A dual purpose is deduced in this kind of organizations from the characteristic property regime of cooperative societies and their marked democratic character. On the one hand, a social objective and, on the other, an economic purpose (Pérez, Esteban & Gargallo, 2009).

The predominance of the labor factor against capital, fair and equitable distribution of benefits, participatory and democratic decision-making, continuous training and cooperation among cooperatives are some others of the principles that characterize this type of business. Sometimes these principles and values are not only shared by all members, but also put into writing, which favors their dissemination and execution (Moya, 1995).

Another very ingrained and key value within cooperative societies is consumer satisfaction. This, together with the continuous specialization of suppliers, should favor the improvement of quality in this type of organization (Moya, 1995).

In cooperative societies decisions about the objectives are carried out in a democratic way, which implies the need for the partners to participate in the processes of production, commercialization (García-Gutiérrez, 1992) and/or distribution. This bond grants the right to participation in decisions (Moya, 1995). Given the close relationship between the partners and the company, the former can be considered a part of the human capital of the society (Lepak y Snell, 1999).



Participation in decision-making processes has a positive relationship with the level of satisfaction and commitment of those partners themselves (Locke, Schweiger, 1979; Schweiger y Leana, 1986). Therefore, this double role of partner-client and/or partner-supplier could increase their commitment within the company (Vargas-Sánchez et al., 2002), which in turn has a positive impact on the quality of human capital (Lepak y Snell, 1999). In this way, it would facilitate the achievement of the cooperative's social objective, thus satisfying the needs while attaining expectations (Prieto, 2001) and building sustainable competitive advantages over time (Prahalad y Hamel, 1990; Hall, 1993).

This positive relationship between participation and commitment is explained from the competitiveness point of view. By taking part in a given process or activity, productivity improves and, consequently, the competitiveness of both the member who participates and of the organization itself increases, as they translate into a greater involvement with the organization (García-Gutiérrez, 1992).

Given the special nature of these types of societies, where participation becomes an innate process, applying other methods and strategies that try to promote participation in the company does not seem necessary, since it is already ingrained (Moya, 1995).

There is, therefore, sufficient reason to affirm that cooperative societies have a differentiating and distinctive culture with respect to the rest of capitalist societies, as they integrate a series of democratic principles that, in turn, are shared by all their members. These cultural characteristics, coupled with the commitment achieved by the participation in the decisions by the partners, suggest that there could be a close relationship between this kind of organizations and some of the key elements that characterize the excellent companies (Vargas, Grávalos y Marín, 1994; Moya, 1995), as they have a greater capacity to achieve a solid cultural dimension that allows the development of strategies (Moya, 1995).

Another of the peculiarities cooperative societies have is the role given to the leader, who acts as a propagating leader of the cooperative culture in order to try to achieve the commitment and full identification of each member with the project of society. In spite of this, as they have a leader with a propagating and non-integrating nature, the initial advantage is somewhat limited. Given this, there is a need to have a figure with sufficient capacity to integrate cooperative values with a culture and strategic dimension focused on the market and its values (Moya, 1995).

Other determinants of excellence in this type of society come together with the characteristics typical of cooperatives, which have a natural tendency to the generation of subcultures. These subcultures are born of the association of people who are part of society and share something with one another: a trade, an ideological current, a geographic space, and so on. In this way, each subculture assumes a series of own objectives, improving the exclusivity and differentiation. This is translated into the organization, into a development of the feeling of pride and of belonging of each member to the organization as a whole (Moya, 1995).

With all this, each value added to the cultural dimension favors in a sensible way the strategic dimension of the company, which leads, along with its small business nature and its cooperative principles, into an orientation towards market niches. Consequently, the size of these societies is usually not large and grow through association with other cooperative societies, growth that is favored by their cultural values. Among these values, cooperation is one of its most ingrained principles, which is considered as one of the determinants of excellence (Moya, 1995).

Thus, in cooperative societies, direct participation of the employee—who is also a partner at the same time— can be observed in decision-making processes, as he or she has a triple role within the society: as a worker, owner and entrepreneur (Sanchis Palacio & Campos Climent, 2008). Thus, through participation, the workers' creativity is consequently strengthened, which has a positive impact on innovation processes (Moya, 1995).

### **5.1. The commitment in the cooperative companies**

A study carried out by Vargas-Sánchez et al. (2002) regarding the influence of the commitment suggests that "organizations that achieve greater commitment reach a higher level of competitive advantage". According to this study, the competitive advantages are higher in cooperative companies than in other types of societies, insofar as the loyalty of their partner-clients is higher (Vargas-Sánchez et al., 2002).

In addition to this, the democratic management derived from its organizational structure allows, apart from a greater commitment, to achieve an improvement at a competitive level (Vargas-Sánchez et al., 2002). This special relationship between the partner and the cooperative can be a determinant of the excellence of this type of organization (Vargas, Grávalos & Marín, 1994; Moya, 1995). When the management and the social

base are both oriented toward the achievement and reinforcement of the commitment to the company, its effectiveness is greater (Vargas-Sánchez et al., 2002).

Strengthening the distinctive characteristics of these companies results in greater competitive strength. Nevertheless, other objectives related to economic efficiency must not be forgotten, but must be subordinated to the achievement and improvement of the commitment and loyalty to the organization. Therefore, this idea would suggest that the cooperative companies, without caring about of the importance of their principles or values, will have little success in their initiatives (Vargas-Sánchez et al., 2002).

This relationship of commitment between the partner and the cooperative, together with its culture and its democratic principles, can be a sustainable competitive advantage in the long term for different reasons. On the one hand, because it has the capacity to generate value for the company and, on the other hand, it is a scarce resource, since it can hardly be imitated (Vargas-Sánchez et al., 2002).

## **5.2. From participation to empowerment of the cooperative society**

As a consequence of the aforementioned information, aspects such as motivation, leadership and participation -which have been used to improve levels of commitment to the company- have recently been given greater importance when managing business organizations, which seek to improve the companies' quality and productivity levels, as well as their innovative capacity by stimulating the ideas and creativity of their members (Vargas, 1999). There are, therefore, sufficient reasons to grant workers greater participation in decisions (Mills, 1995).

Cooperative societies, due to their participative and democratic character, bring to the business environment democracy values that, despite being accepted in many areas of the everyday life, could not be found in the economic sphere (Vargas, 1999).

In recent times, and in line with the increasing ascent of participation in companies, the phenomenon known as empowerment, which surpasses the attributes of the participation, has appeared. While participation involves consultation and communication between the management and the worker, empowerment consists of the delegation of authority by the senior hierarchical levels for decision-making and freedom of action (Mills, 1995). In this way the management sets a series of objectives at the individual or collective level instead of establishing the tasks to be performed,

and the workers, making use of available resources, will try to reach them by deciding for themselves the way to do so. This idea suggests a shift from the traditional, advisory participation to some self-responsibility or co-responsibility (Vargas, 1999).

Greater responsibility is given to the working groups to decide freely when they assume a task that previously corresponded to a higher level. This task requires a total change of mentality and behaviour, since it implies a redistribution of power within the organization (Vargas, 1999).

In this way, the cultural character of cooperatives, where workers are involved in management, capital and profits, gives them some advantage over traditional enterprises. The cooperative society goes beyond a simple participatory enterprise by turning participation and democracy into a sign of its own identity. (Vargas, 1999). In this same line, Martínez Charterina (1995) suggests that participation is an expression that describes a movement, while democracy is the system through which participation is fulfilled". Consequently, the impetus for participation and commitment in cooperative societies can come hand in hand with the implementation of empowerment (Vargas, 1999).

However, the number of partners, when high, hampers and minimizes the development of participation, by losing personal contact between managers and partners. An excessive size may, therefore, be a negative element for participation (Vargas, 1999). On the contrary, the environment marked by increasing economic globalization and the increase of global competition promotes growth strategies as well as cooperative integration (Vargas, 1994). In spite of this, information technologies facilitate the intercommunication between geographically dispersed areas of work, which makes decision-making easier (Ricart & Valor, 1996). Therefore, information technologies, by facilitating communication, limit the problems derived from size and geographic dispersion, thus facilitating the implementation of direct democracy (Vargas, 1992).

## **6. QUALITATIVE STUDY: THE COOPERATIVE CULTURE AND ITS INFLUENCE ON INNOVATION.**

In order to analyze the relationship between participatory cultures and business innovation, research has been carried out, supported by a personal interview, on an organization with a distinctive culture that favors the participation of its members. To this end, a cooperative society of the education sector has been taken as a sample.

This research aims at measuring, on the one hand, the level of participation existing in society, given its cultural characteristics, and, on the other hand, its influence on innovation and its results. In this way, we intend to accurately know the practical consequences of a participatory culture on the results of a company and its innovative capacity.

### **6.1. Methodology**

In order to carry out this study, the intention was to analyze the influence of the culture of different cooperative societies with different cultural and structural features on innovation. However, despite the persistence in the attempt to conduct personal interviews with the members of different cooperatives, only direct information could be obtained from a single source from a cooperative society dedicated to the education sector. Consequently, due to these difficulties, we have focused on the analysis of this organization and its cultural attributes, including the participation of its members.

#### **Study sample**

This research, as we have stated above, tries to measure the relationship between innovation and the cultures that stand out for their participative nature.

It is based on the hypothesis that a participatory culture positively influences the innovation of a company.

In order to capture this relationship in a concrete and real context, the geographical area of study has been defined as a radius of approximately 40-50 kilometers around Castellón de la Plana. The potential population sampled are those societies characterized by a strong culture and values that advocate for participation. To this end, the potential sample has been delineated to the cooperative societies that are integrated in this geographical radius, since cooperatives, as suggested by the

theoretical framework studied, are characterized mainly by principles that advocate for democracy and for the participation of all its members.

Once the potential sample was delimited for cooperative societies in the geographical area of Castellón de la Plana and surroundings, the type of study to be carried out was chosen. We preferred to carry out a qualitative rather than a quantitative analysis in order to obtain the information necessary for this research. The procedure used was the conduct of personal interviews, made up of questions that try to measure the relationship between their culture and their innovation, depending on the level of participation of their workers.

The content of the interview questions seeks to address the characteristic aspects of the organizational culture of a cooperative society. In order to do so, it tackles issues related to the characteristics of the society, with regard to its culture and structure, in order to determine the degree of participation in the organization and to be able to measure, in a more concrete way, its influence on innovation and on the results of the company.

Once the target, and therefore the content to be treated in the interview, was determined, the population for the investigation was selected. Among the cooperative societies that are part of the defined geographical area, two have been selected, which have different characteristics. In this way, it is sought to know the degree of influence, predictably positive, of their culture on the innovations reached as well as to determine under what cultural characteristics, within the framework of the analyzed cooperatives, the influence on innovation is greater.

The cooperative societies under analysis are, therefore, the following:

- Consum Sociedad Cooperativa Valenciana
- Grans i Menuts (belonging to the Unió de Cooperatives d'Ensenyament Valencianes)

Not only have we sought to analyze cooperative societies with different cultural attributes, but we have also intended that their economic sector would be different, in order to avoid skewing the results by the specific characteristics of a determinate sector.

## **6.2. Development of research**

### **Consum Sociedad Cooperativa Valenciana**

Dedicated to the distribution sector, Consum was born in 1975 in Alaquàs (Valencia). It was created as a consumer cooperative formed by 600 consumer partners. Since its foundation, the company has grown continuously, positioning itself as one of the leading companies within the distribution sector. It is, on the other hand, the largest cooperative society of the Valencian Community.

Currently, the organization is made up of almost 700 Consum supermarkets and numerous Charter franchises. The current number of consumer partners exceeds 2.6 million people.

It was born with the mission of satisfying its partners and customers, offering quality, variety, price in its products as well as a quality service thanks to the attention and commitment of its workers. Its vision, on the other hand, is to achieve independence, innovation, honesty and sustainability to become a model company within its sector.

Among its cooperative principles—which are pointed out on its website along with its mission and vision—we would like to highlight the following: attention to stakeholders (workers, suppliers, customers and the environment in general), the supply of products, training, information transmission, welfare, development, sustainability and accountability.

The choice of Consum for the study has been based on the economic importance that it implies at regional level, being, as has been said, the largest distribution cooperative in the Valencian Community. Due to its size as well as to the values that stand out from its web page, we have considered appropriate and interesting to analyze this society. In this way, it would serve as a benchmark to determine which cooperative societies favor innovation more, if those that are more horizontal and participative or, on the other hand, those that present a more vertical and complex structure that limits the development of participation.

The objective has been to conduct a personal interview with the person responsible for one of the various Consum establishments in Castellón de la Plana or, failing that, with one of their workers. However, it is necessary to highlight the difficulties and barriers that have had to be faced when trying to interview any member of the cooperative, without finally achieving being successful at it.

After contacting the person responsible for one of the Consum establishments located in Castellón de la Plana, a positive response was obtained for carrying out an interview. Despite this, it was not possible to make an appointment and we waited for confirmation from the person in charge. When no answer was obtained, we tried to contact the people in charge of other Consum establishments of the aforementioned city. However, success was not achieved given that, according to the response given by some of those contacted, they were not able to accept such requests without prior approval from the headquarters. As a result, a second contact was made with the person in charge of the first establishment contacted, who also confirmed that the approval of the headquarters was required.

Given the impossibility of having been able to conduct a personal interview with a member of the Consum Cooperative, it has not been possible to investigate the degree to which their cultural traits influence the development of innovations that allow the achievement of sustainable competitive advantages over time. However, and because of the different contacts maintained with members of the company, and in comparison with the information extracted from its corporate website, we have tried to draw different conclusions related to the object of the present study:

1. Continuous difficulties in obtaining information about society through an interview suggest that access to it is not as broad as the principles of the cooperative promote. This may make us question if these principles are really strongly rooted in it.
2. The willingness on the part of some of those responsible for the Consum establishments with whom we contacted for carrying out the interview, on the one hand, and on the other hand, its dependence on a higher body when trying to make an appointment for the interview, suggest that the freedom and participation of working partners is limited by the structure of the organization. Consequently, decisions seem to be contingent on the decisions of the governing bodies, which hypothetically could be seen as something negative with regard to the participation and commitment of their workers.
3. The continuous growth of the cooperative since its birth and its strong presence in the Valencian Community could have hindered the autonomy of the different establishments that make up the cooperative as well as that of its members. However, no precise conclusions can be drawn in this regard.



## **Grans i Menuts**

*Grans i Menuts* is a cooperative dedicated to the education sector, born in 1976 and made up of fathers and mothers who "wanted to offer their children a more rewarding education and to respond to their expectations of freedom and renewal" as conventional schools did not satisfy their expectations. During the forty years since its inception, the cooperative has grown significantly. However, it has continued to enhance its main qualities, as stated on its corporate website, which are "participation and cooperation among all the people who are part of the community".

Its mission: to educate students in intelligence in a global way with the dual purpose of facilitating their autonomous and full integration in the society, while preparing them for future knowledge.

The values on which it is based, like those of any cooperative society are: self-help, self-responsibility, democracy, equality, equity and solidarity. We can also find values such as honesty, transparency, responsibility and, finally, social vocation.

As a secular center it fosters democratic universality by trying to emphasize those things that identifies all of us rather than those others that make us different. Their actions are always committed to the defense of human rights, gender equality, the defense of peace and social justice.

Among the most outstanding principles are the following:

- A) Principle of voluntary and open membership
- B) Principle of democratic management by the partners
- C) Principle of economic participation of the partners
- D) Principle of autonomy and independence
- E) Principle of education, training and information
- F) Principle of cooperation between cooperatives
- G) Principle of interest in the community.

After contacting Rosa Olucha, president of the cooperative, a personal interview was carried out in order to discuss the relationship of its participatory culture with its innovative capacity. The interview was made to Rosa herself, who currently is the president of the cooperative.

Initially, after a general staging of the structure of the interview as well as the questions that would be addressed in it, the first questions are presented, which try to cover the characteristics of its culture and its principles, among which her president highlights, among many, "democracy in decisions and commitment to education". These principles are strongly rooted "both among the workers and among the parents of the students", since, she argues, "parents who bring their children to this center, know and share our values to a certain extent, otherwise they would choose a traditional school".

According to its president, initially the society was born as a fully assembly and egalitarian movement. During its four decades of existence its structure has been altered due to the continuous growth experienced. However, despite this growth, the society continues to maintain a totally participatory spirit. "The base is still the assembly", which is the decision-making body of which all members participate. In spite of this, and due to the growth achieved, the number of assemblies has been reduced considerably. At present, a series of periodic assemblies are held, in which the organization's guidelines are decided and set, contrary to what happened at the beginning, when, instead of deciding the guidelines to be followed in the future, assemblies were used to address all day-to-day decisions. This generated a problem at the operational level because it forced the continuous call for assemblies.

Due to the growth experienced by the society and, consequently, to its structure, she is asked about the effect that this growth has had on the management of the cooperative. The response of its president is that the effect has been positive since "the assembly system that we had at the beginning was not operative".

Rosa also showed a general organizational chart of the structure of the organization, in which two blocks could be seen: assembly and teaching management.

The assembly, which is at the top of the organization chart with the governing council, is made up of independent work teams. The decisions taken in it are implemented by the governing body, which also is responsible for the main activity of the society: education. It is made up of a director, various heads of study and management personnel, and a series of departments divided by branches.

The autonomy and decisions taken by the members, therefore, individually and at the collective level, are subject to the decisions taken in the assembly. "Once we reach consensus, we end the meeting", says the president. This limits the autonomy and, to a certain extent, the participation of the members. However, it continues to have a democratic character, as everyone participates in the decision-making processes —

that is, the assemblies— despite the reduction in the number of assemblies currently being held.

Once its cultural characteristics have been determined, focusing on its participation characteristics, we tried to detect the improvements and innovations that have been achieved and their degree of relation with the distinctive attributes of their culture through a series of questions about the improvements or innovations achieved by the organization.

As a result of its culture of assemblage participation, the president of this organization says that the implementation of a new teaching (called classroom) methodology has been decided—which is still in the process of being applied—. This methodology aims to reverse the traditional system of learning in schools. Thus, "the lesson, instead of being given in class, will be given at home together with the parents, thanks to some material—videos or texts—that students will have to check in their homes to later perform homework and work in class". Since this is an innovative measure pending implementation, conclusions cannot yet be drawn about its effect on the organization's results. However, there is a direct relationship between participation and the decision to implement it, since this decision has been made in the assembly and by all its members. This innovation, according to the classification of Abernathy & Utterback (1978) and Damanpour & Evan (1984), would be considered a technical innovation, implying changes in the service offered by the society.

On the other hand, the president of this cooperative states that the participatory and democratic attributes of the Grans i Menuts culture have favored the development of a methodology of its own work with a high innovative and participative character. Contrary to what happens in other schools, in Grans i Menuts "work is done by projects; the students, thanks to class assemblies, choose the projects in which they wish to work", thus encouraging the participation of students in decision-making processes carried out by other educators in other schools. Likewise, not only the participation of all the members is encouraged, but also their continuous interaction.

In this way, the result of transferring the participative character of society to all areas of the organization has had a positive impact on the organization, significantly reducing the levels of student conflict. "Normally there is no conflict with students, and between students neither." This reduction of the conflicts supposes an innovation that would be framed within the context of the social innovations.

Along the same lines, and as a result of participatory decision-making processes derived from the cultural principles of society, the cooperative has taken part of an educational experience based on emotional education called "Happy Classrooms". Through this experience, students are trained to act as mediators of conflicts. The result, in addition to also minimizing the level of conflict in the center, has implied that "the classrooms now are silent and students can work quietly", without the need of teachers to resort to coercion.

However, the participatory nature of Grans i Menuts, despite achieving conflict minimization, has not had the same effect on school failure levels in the center if compared to other educational centers which a priori are less participatory. According to her president "school failure is usually comparable to other schools".

In spite of this, and as an innovative measure arising from the existing participatory model, the alumni are tracked for two years from the time they leave the center, in order to gain a better understanding of the difficulties they may face after their departure. This is intended to improve the existing work processes to try to minimize the potential risks that the student may face once he leaves the center.

The participative model of Grans i Menuts, according to the statements made by its president, has led to it to be introduced in the FQM system of continuous evaluation of the quality in its search for continuous improvement and innovation. According to Rosa, "in the end this is excellence", since the organization and all its members are always in search of learning and improvement. This has a positive impact on innovation and it is due to the commitment of members that derives from the participatory culture of society.

As conclusions following the interview to the president of the Grans i Menuts cooperative, the following stand out:

- 1- Cultural principles are strongly rooted, not only among working partners, but also among all members of their community: students, parents and teachers, including democracy and participation.
- 2- The cooperative educational model, characterized by its culture and principles, does not necessarily translate into an improvement of student academic performance. Compared to other centers, the academic results are usually similar. In spite of this, the economic results obtained by the innovations are obtained. For example, the significant reduction of conflicts —with the consequent reduction of the resources destined to their—, the silence in the

classrooms or the increase of the students' sociability, among others. This results, as has been stated, in a greater commitment, not only by the partners, but also by the students and, as a result, in a better and more suitable work environment. This makes it easier to carry out the work of both teachers and students, which provides a competitive advantage if compared to other educational centers, requiring less resources when in need to solve problems. This advantage is difficult to imitate by its competitors, which therefore improves the competitive position of the company.

- 3- If on the one hand the assemblage character guarantees that the decision making takes place in a democratic way, on the other hand, it limits the autonomy of the members as they are subject to the decisions adopted in the annual management assemblies. In this way, the partners can find difficulties in carrying out projects and ideas, since they must have the general approval of the assembly. This limits the decision-making capacity of workers and makes it difficult to delay the implementation of strategies that seek to achieve innovative improvements. The negative result is less ability to adapt to short-term changes.
- 4- Its participatory nature derived from its cultural principles, as suggested by the revised theory, significantly enhances the commitment of its members, which in turn positively influences its innovative capacity.
- 5- Most of the innovations developed through this participatory model are social innovations, such as reducing conflict, improving commitment and motivation and improving the classroom environment. To a lesser extent, there are technical innovations related to processes or service, but there are also, for example, those related to the improvement of the processes and that derive from the follow-up carried out to alumni of the center or the integration in the educational experience based on the emotional education. Regardless of the typology of innovation achieved, it derives from the cultural and participative characteristics of the society and has positive effects on the results to the extent that they allow the achievement of sustainable competitive advantages over time.
- 6- On the other hand, the causes of the increase of the number of achievements in the social field, but not in the academic field, have its origin in the structure. The assembly, as it is made up by teams of work and being totally participatory, facilitates the development of innovations. On the contrary, the teaching and working part of the organization chart is more like the structure of a capitalist society organized in a functional way. This limits to some extent the

participation and autonomy of the members. However, and despite of it, both variables remain high. All this causes more innovations to be achieved in the social field of the organization than in the academic one.

## **7. CONCLUSIONS OF THE INVESTIGATION**

Starting from the hypothesis that societies with participatory cultures have a positive influence on their innovative capacity, and once the qualitative research has been developed, the following conclusions are drawn:

As proposed by several authors, the principles of cooperative societies —democracy in decision-making, voluntary adherence, cooperation, among others— encourage participation and, therefore, the commitment of its members.

This commitment derived from participation makes it possible to increase the innovative capacity of the organization, at least in the social context, since, as we have seen, it has less influence on technical innovations, although its relationship is also positive.

Translated into the economic results gathered, the influence of this relationship between participatory culture and innovation cannot be precisely determined. However, it does have an effect on other types of results, which are not necessarily linked to the economic sphere. For example, as we have seen, in Grans i Menuts the results have been improved in terms of commitment, attention and sociability on the part of the students. Also, as the levels of conflict have been minimized, teaching has been facilitated. This does have a positive economic effect insofar as it allows less resources to be allocated to conflict resolution.

Those cultures that limit the autonomy and participation of their members, either due to a hierarchical structure or due to the absence of values that advocate for participation, are in turn limited in their innovative capacity as well as in their ability to differentiate and gain competitive advantages.

However, there are certain contexts under which participatory cultures are limited in their ability to develop innovations and differentiate themselves. This happens when the size of the organization is small and the organizational structure is little defined.

The assembly, in turn, in spite of providing democracy in the decisions and enhancing participation, limits the autonomy of the members, thus minimizing to some extent the degree of flexibility of the organization. This could restrain the company's innovative capacity and its capacity to respond to changes; however, in order to determine its effect more precisely, it would be necessary to carry out an analysis in which, in addition to participation, attention was paid to the existing relationship between innovation and autonomy. This research could be carried out in future studies that seek

to investigate more about the joint effect of participation and autonomy on innovation, instead of focusing solely on the study of one of them—in this case, the participation that derives from the company's culture—and its relation with innovation.

Finally, the distinctive culture of cooperative societies, oriented towards the participation of all its members, facilitates their ability to differentiate themselves and obtain competitive advantages, having, in turn, a greater innovation capacity. This improves their competitive position compared to other types of society, such as capitalist societies. Thus, the achievement of competitive advantages hardly imitable by its competitors is fostered.

After analyzing the role of a strong culture with a strong participatory nature, such as in cooperative societies, and once the conclusions from the qualitative study carried out in a cooperative society in Castellón were drawn, it can be affirmed that, as suggested throughout the theoretical review, participatory cultures positively influence the innovative capacity of companies. This is the case of cooperative societies where cultural principles are deeply rooted (García Gutiérrez, 1992; Rodrigo Moya, 1995) and where decision-making is carried out in a democratic and participative way (Rodrigo Moya, 1995).

Participation, then, as asserted by various authors (Locke & Schweiger, 1979; Schweiger & Leana, 1986) and as has been observed through research, has a positive relationship with regard to the commitment of members. According to research, this translates into an improvement of the innovative capacity of the organizations that have these cultural attributes.

In this way, culture and participation become key elements for organizations that claim to be innovative in order to adapt to the dynamism of markets. Therefore, the cultural characteristics of cooperative societies, in which, as has been demonstrated, participation plays a key role for the organization, give these types of companies greater capacity for innovation.

Consequently, these kinds of societies will have less problems when trying to adapt to the continuous changes that derive from environments that are, as Bebé (2004) suggests, "increasingly dynamic". In this scenario, adaptive capacity is a key factor for the survival of organizations (Bebé, 2004).

The research carried out in this work provides important conclusions for the understanding of the participative roles of the members of the organization in the decisions made and in how it translates into the innovative capacity of the organization.



On the one hand, it contributes positively within the framework of research on the determinants of innovation in organizations, insofar as it provides evidence on the positive effects participatory cultures have on the development of innovations. This can be seen in the innovative measures introduced, within the framework of education, by the Grans i Menuts cooperative through its democratic system of participation in the assembly. These have resulted in a reduction of conflicts —and there has been a consequent reduction of the resources destined to their resolution— and in new methodologies for student training.

On the other hand, it is a contribution to business organizations that, due to different circumstances, need to improve their adaptive capacity in order to strengthen their competitive position and which, in order to achieve this, require a marked innovative character. Such organizations, given the current characteristics of the markets and the environment, can be numerous, and they should take into account the importance of promoting a strong and entrenched culture that advocates for the participation of all its members in decisions-making. In this way, they will be able to respond better to the dynamism of the environment, improving their capacity for innovation and achieving, through participation, the members' commitment to the business project.

Ultimately, the conclusions of this investigation can, in turn, be useful, if taken into consideration, for other types of organization, not necessarily business organizations. It could be the case of artistic, cultural, political or student organizations, trade unions or any other kinds of associations which require, permanently or at any given time, a greater capacity for innovation to adapt easily to changes.

To the extent that organizations give more weight to participation, in turn trying to strengthen their culture so that it is shared and it has an influence on the behavior of all their members, they will increase their ability to achieve innovative measures that improve their competitive position. Giving up, therefore, members' freedom to participate in decisions, through bureaucratic cultures, has a negative influence on the responsiveness of organizations.

## **Limitations**

Despite the contributions of this research within the framework of innovation, certain constraints have to be considered, which have been able to prevent more concrete results and conclusions.

In this line, as we have conducted an entirely qualitative study, the results could not be measured in numerical terms. However, the research object suggested that the study model should be qualitative as it allows for more in-depth information gathering than the closed questions of a quantitative study, as this technique uses more open personal questions that give rise to other new ones which might have not been foreseen.

On the other hand, since it was not possible to conduct a personal interview with one of the two cooperatives that were the subject of the qualitative research, it was not possible to compare the influence of the different cultural characteristics of each of the two societies —Consum and Grans i Menuts. In this way, only precise results of the research on Grans i Menuts have been obtained.

Along the same vein, as we delimited the sampled population to the geographical area of Castellón de la Plana, it was not possible to determine with precision that the conclusions drawn from this study are equally applicable in economic and/or social scenarios with different characteristics.

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