

Proposal  
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**S20 Circular Economy and Eco-Innovation in the Cooperative Movement\***

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*Research Project: Climate Circular Coop,*

**Rethinking the territorial responsibility of cooperatives in terms of transitions, a  
territorial circular economy approach**

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This proposal contributes to characterising the capacity and originality of non-profit organisations, such as cooperatives, in order to address the issue of transitions that are more environmentally friendly, economically viable and socially equitable. The proposal combines the circular economy with the analysis of proximity in order to better understand and promote the creation of new solutions in the territories (Torre and Gallaud, 2022).

This research is part of a conceptual approach to the potential of local approaches to reshape supply chains, taking into account both sustainability and social aspects. We want to explore how cooperatives can develop innovative practices rooted in their local context using the principles of the circular economy. The latter reconcile competitiveness with societal and environmental impact (Mayer, 2021). In what way is the cooperative model likely to contribute to these transitions and, in return, in what way do the needs associated with the requirement for transitions renew the cooperative models of action and the rules on which they are based in their territorial anchoring?

We propose to address the question of new solutions through transitions by hypothesising that a localised circular economy can improve the way organisations rethink their economic model and their responsibility in the local area.

The conceptual framework combines the analysis of proximities and the principles of the circular economy with a subject of study, cooperatives rooted in their territory. The cooperative model is characterised by ownership and decision-making power in the hands of its members,

as opposed to investors or shareholder companies (Hansmann, 1996; Hatak et al., 2016). Cooperatives are distinguished from other types of enterprises by two characteristics: their collective ownership (i.e. the primacy of human capital over financial capital through the non-remuneration of capital shares) and their democratic governance. Regardless of their size or form, from SMEs to large international groups, most SSE organisations are anchored in the community and deeply rooted in a local territory (ILO, 2022). They generate processes of collective action.

Collective action stems from a renewed social bond (Ostrom, 1990; Bretos et al., 2020) where the transformative force of social innovations unfolds (Callorda et al., 2018; Tortia et al., 2020). Because the place matters (Rodríguez-Poses, 2017), social innovations are drivers of this radical change in perspectives, i.e. social innovations with a social purpose through a participatory process. Collective action and social innovations crystallise in non-material learning and shared rules. The objective is to increase collective intelligence (Moor, 2023). It promotes its potential for social innovation and the hybridisation of public and private funding.

Our research hypothesis is to examine the principles of the circular economy, taking into account the various stakeholders in a wider territory, in order to highlight the novelty of the cooperative processes at work in the development of sustainable production chains. However, the structuring of circular economy value chains in a given region can only be accompanied by viable socio-economic models if circularity processes are designed from the outset, with circularity at the heart of the enterprise. The territorial anchoring of an enterprise is a strategic choice aimed not only at making the most of its environment, but above all at contributing to the creation of collective value for the region and the community.

The methodology mobilises a literature review using various examples from an ongoing research programme.

The notion of corporate territorial responsibility reinforces the common good in the sense of collective action and value creation. This notion of ‘value’ combines different dimensions (Mazzucato, 2022). It is not only economic, but also social, societal and environmental. As Ostrom (1990, 2005) explains, common goods are governance systems established to coordinate the exploitation of natural and artificial resources shared between different users (Farjam et al., 2020). By using the circular economy, we show that territorial responsibility contributes to common goods by establishing collective action agreements through the creation of local and territorial solutions. The territorialisation of cooperatives and other SSE units is specific in that it places people at the heart of the action through a process of collective territorialisation and anchoring of enterprises in their territories. The challenge here is to link economic and political systems, so that the creation of collective rules and the formation of value chains are recognised. The circular economy contributes to considering all stakeholders in its activities as relevant interlocutors with whom it is necessary to communicate and agree in order to achieve a joint, integrated and harmonious approach, integrating social and environmental considerations into the way stakeholders organise and structure their activities and fulfil their missions. The territory thus enables society to reconcile communities, reduce socio-economic divides and inequalities, as well as cultural, digital and energy inequalities. Under these conditions, the creation of value specific to each territory calls for the right to

experiment. The added value of the notion of territorial responsibility highlights the civic and cooperative engagement that reconciles living territorial ecosystems.

Furthermore, while it is also essential to develop synergies between local actors, the role often played by the public authorities, both as intermediaries and facilitators, is essential. Thanks to this geographical proximity and the collaboration between the actors, the social and solidarity economy can contribute to the territorialisation of economic activities and ecological practices. The results have highlighted the role of communities that are once again becoming active players, enabling us to rethink new cooperation processes. These communities should not be seen as closed, but as open at different levels of action. 'Think globally, act locally' to take into account not only the environment, but also the living world.

It is a question of rethinking the creation of value in the multiple sense of the term: social, environmental and societal. This creation of value is based on interdependencies, which explains why it is rooted in the local environment. It is thus designed on the basis of the needs of the stakeholders, and to initiate cooperative dynamics that reconcile the values and statutes of the SSE. The value creation strategy becomes ecosystemic in the sense that it reconciles an ecosystem and a sociosystem that require heterogeneous units of measurement. This is a methodological challenge that requires the study of field systems.

New activities (recycling, remanufacturing, etc.) are needed to integrate well-being and co-construction processes, not only between SSE enterprises and the conventional economy (Alroe et al., 2017), but also with all stakeholders (public policy, local authorities, associations, consumers, etc.).

This contribution thus helps to shed light on how companies combining territorial responsibility and circular economy, as an original and specific high-performance model, strengthen their territorial roots while acting for the common good. Companies reconcile the economic, i.e. being profitable in order to survive in a market while meeting the needs of their members, the social, by placing people at the heart of their *raison d'être* in order to meet current and future needs, and the environmental, to take into account the urgency of acting for the planet.

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