

# Chapter 57

## Creativity with Institutionalization: Cooperatives as an Alternative Way of Starting a Creative Business – Cases from Finland

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### ABSTRACT

*Typically, creativity and institutionalism are not closely related. However, when talking about cooperatives (or co-ops), the authors introduce, in addition to the paradoxical tension between institutionalism and creativity, perspectives and cases in which institutionalism is a channel for creative production. People often associate cooperatives with institutional characteristics because of their collective manifestations in history, such as agricultural or financial cooperatives. Furthermore, co-ops typically consist of several entrepreneurs working under the same “umbrella” organization. However, according to the outcomes of the chapter, cooperatives could also be a source of, or at least a channel for, contemporary creativity. In this chapter, the authors introduce Finnish cases in which the planners and designers of creative industries have established cooperatives successfully. These cooperatives have already created sustainable paths in their business activities to provide younger and youthful entrepreneurs with business possibilities and at least modest profitability. They also consider neo-cooperatives and light cooperatives, which provide services to cooperatives and allow them to focus on their main area of creating and innovating new business. Creativity cannot flow if there is no time or will to secure large investments and financing, or if the marketing and brand-building are problematic and the decision-making slow. Cooperatives could provide a suitable arena for innovative and creative business if there is a will to change and renew the idea of cooperative institutions, law, and practice.*

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## 1. INTRODUCTION

The contemporary cooperative business can be much more than a stereotypical traditional cooperative with the archetypal features of institutionalism. Cooperative organizational models have evolved from the traditional agricultural business to those that have proportional tradable shares and which can be managed in a similar way to a limited company. This means the importance of the traditional cooperative ideology is increasingly lost in the tradable shares model, as mainstream economic thinking becomes more important (Nilsson, 1999, pp. 5–6). However, the changes in the cooperative business model have led the cooperative format to become more seductive, thus enabling innovation.

Typically, cooperatives have been seen as institutions (Godfrey & Wilfred, 2006), and in institutions creativity is a problematic theme (James et al., 1999). We study in this chapter this form of paradoxical tension (see e.g. Jarzabkowski & Van de Ven, 2013) between institutionalism and creativity using co-ops as an example. As institutions, cooperatives might offer a safe learning community, a working environment where some members encourage development of the work, an idea of what the cooperative could be, and a focus on doing something new and different from the typical cooperatives (Kasanen, Lukka, & Siitonen, 1993, p. 7).

A small cooperative is an enterprise like any other type of business, and it requires skill and consideration – even bureaucracy – to establish one. The new act on cooperatives in Finland, brought into force on January 1 2014, links them with new corporate-like characteristics, but the basic elements remain the same and the changes are both supported and opposed. Among the sources of worry is the blurred line between the structures of cooperatives and corporations, as,

ultimately, a cooperative produces services and wages for its members, while a corporation yields profits for its owners.

Cooperatives have a conservative and static image because of their typical agricultural, financial sector, and retail branches (Global300 Report, 2010). However, Finland, for one, has witnessed a transformation in the phenomenon of cooperatives because of educational changes in polytechnics, high schools, and universities. Several higher education institutions have established student co-ops to support their entrepreneurial learning, and cooperatives linked with education are the gateway to subsequent entrepreneurship.

The greater importance placed on entrepreneurship and cooperatives associated with learning is based in the general development of wider society. Young people's unemployment levels have increased almost everywhere. The unemployment level among highly educated people in Finland increased by 25% last year, and 38,000 are now without work. This tendency is reflected worldwide; for example, generally in Europe and China the transition period of highly educated people from high school or university to work is lengthening, and transition patterns are becoming, according to Salas-Velasco (2007), less defined and less certain than they once were (see also Alajoutsijärvi, 2013; Li et al., 2013).

The cooperatives formed in higher education institutions can provide a source of independent entrepreneurship closely attached to the students' studies and allow them to develop their business ideas and networking (Eronen, 2012). After graduation, they are able to continue doing business through their own co-op. The world is changing and life is becoming increasingly unstable and complex, which demands an entrepreneurial touch and attitude (Kyrö & Ristimäki, 2008, p. 259).

There are theoretical discussions to support these ideas. For example, Ristimäki (2004, 12)

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