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A CO-OPERATIVE AS A FORM OF COLLABORATION IN TOURISM BUSINESSES

Master's thesis,
Tourism Marketing and Management

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Abstract

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Title A co-operative as a form of collaboration in tourism businesses			
Main subject Tourism Marketing and Management	Level Master's thesis	Date 17.5.2021	Number of pages 38+1
Abstract <p>Lack of previous research into co-operatives in the tourism field created a big research gap which sparked this research.</p> <p>The aim of this study was to find out why Finnish tourism businesses chose co-operative as their form of business and what advantages and challenges they have faced.</p> <p>This research was conducted using qualitative methods and the data was collected through semi-structured interviews and analysed with qualitative content analysis. Five Finnish tourism co-operative representatives were interviewed, by Microsoft Teams and Google Meet. Interviewees were selected through purposive sampling.</p> <p>The results show that co-operatives are still unfamiliar to many as four out of five interviewed co-operatives had faced challenges and suspicion regarding not being considered as an actual business. One big reason for starting a co-operative was that it was cheaper to start (before 2019) than limited company and was possible for the interviewed companies since at the beginning they had limited financial resources. Advantages included being able to apply for student benefits or unemployment money since being employed by the co-operative and not considered as entrepreneurs. Challenges in addition to not being recognized as an actual business also included some members being more active than others and different expectations among members.</p> <p>All interviewed businesses were still happy with their choice and recommended co-operative business form for committed and hardworking people.</p>			
Key words: collaboration, co-operative, tourism			

Tiivistelmä

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Tiivistelmä <p>Tämän tutkimuksen tavoitteena oli selvittää miksi suomalaiset matkailualan yritykset valitsivat osuuskuntamuodon ja mitä hyötyjä/etuja ja haasteita heillä on ollut.</p> <p>Tutkimus toteutettiin kvalitatiivisia metodeja käyttäen ja data kerättiin puolistrukturoiduin haastatteluin. Tulokset analysoitiin kvalitatiivisen sisältöanalyysin avulla. Tutkimukseen haastateltiin viittä suomalaista matkailualan osuuskuntaa. Haastattelut tehtiin Microsoft Teamsin ja Google Meetin välityksellä. Haastateltavat valittiin valikoivalla otannalla.</p> <p>Tulosten mukaan osuuskunnat ovat edelleen monelle vieraita sillä neljä viidestä haastatellusta oli kohdannut haasteita ja epäluuloja osuuskuntamuotonsa vuoksi. Osuuskuntia ei pidetä oikeina yrityksinä vaan luullaan usein esimerkiksi yhdistyksiksi. Taloudelliset syyt varsinkin yritystaipaleen alussa olivat isoin syy osuuskunnan perustamiselle. Osuuskunnan perustaminen oli edullisempi vaihtoehto (ennen vuotta 2019) kuin esimerkiksi osakeyhtiön perustaminen. Eduiksi haastatellut luettelivat erilaisten tukien saannin mahdollisuuden esimerkiksi opintotuen ja työttömyysetuudet. Työntekijät ovat osuuskunnan palkkalistoilla, joten heitä ei luokitella yrittäjiksi ja näin ollen ovat oikeutettuja erilaisiin etuuksiin. Haasteita tunnettuuden lisäksi olivat muun muassa se, että osa jäsenistä on aktiivisempia kuin toiset ja se, että jäsenten odotukset ovat eriäviä.</p> <p>Kaikki haastatellut osuuskunnan edustajat olivat edelleen tyytyväisiä valintaansa ja suosittelivat osuuskuntamuotoa sitoutuneille ja työtä pelkäämättömille ihmisille.</p>			
Avainsanat: yhteistyö, osuustoiminta, matkailu			

CONTENT

1. INTRODUCTION	5
1.1 Background	5
1.2 Objective and research questions	6
1.3 Key concepts	7
1.4 Structure of the research.....	7
2. THEORETICAL BACKGROUND	8
2.1 Collaboration.....	8
2.2 Co-operative	13
2.2.1 What is a co-operative?.....	13
2.2.2 History.....	14
2.2.3 Different types of co-operatives.....	16
2.2.4 The dual role/nature of co-operatives	17
3. METHODOLOGY.....	19
3.1 Research approach.....	19
3.2 Data collection.....	19
3.3 Data analysis.....	22
4. RESULTS & FINDINGS.....	22
5. DISCUSSION & CONCLUSIONS	31
5.1 Discussion of the findings	31
5.2 Managerial implications	33
5.3 Trustworthiness and validity	34
5.4 Suggestions for future research	35
6. REFERENCES.....	36
APPENDIX: INTERVIEW QUESTIONS	39

LIST OF FIGURES

Figure 1. Shared criterion space among collaboration and related constructs (p. 8)

LIST OF TABLES

Table 1. The Business Models of the Co-operative and Investor-Owned Firm (p. 18)

Table 2. Summary of the interviews (p. 21)

Table 3. Why did you choose to start a co-operative? Did you think about other forms of business e.g., limited company? (p. 23)

Table 4. When you think back now, was co-operative the right choice for you? (p. 24)

Table 5. What kind of advantages have you had as a co-op? (p. 25)

Table 6. What kind of problems or challenges have you faced? (p. 26)

Table 7. Have your collaboration being successful? (p.27)

Table 8. If you were starting a new business now, would you choose co-op? (p. 28)

Table 9. What would you say to people who are thinking of starting their business and thinking about co-operative as their form of business? (p.29)

1. INTRODUCTION

1.1 Background

Back in 2005 Jones and Haven wrote how tourism is the world's largest industry making major contributions to the economy and how SMEs are the backbone of the tourism industry. According to Komppula (2014) 90% of Finland's tourism businesses can be classified as microenterprises. Microenterprise or microbusiness as it is sometimes called, refers to a business that employs few people. A microenterprise usually operates with fewer than 10 people and is started with a small amount of capital. Most microenterprises specialize in providing goods or services for their local areas (investopedia.com). Since most tourism businesses are SMEs, it is important to research them more closely.

In 2011 co-operative entrepreneurship was considered quite new phenomenon in Finland. To some people employee- owned co-operatives were thought to be more as associations than business enterprises. According to Troberg, Ruskovaara and Seikkula-Leino (2011) joint entrepreneurship in any juridical form has not been common in Finland. Co-operative entrepreneurs have faced many obstacles and prejudices from different interest groups for example from banking. Getting loans have been difficult due to co-operative entrepreneurship not been a known form of business in Finland. Banks have been unsure about responsibility issues when there are many owner- entrepreneurs (Troberg et al, 2011). In Finland worker-co-operatives became more common in the mid-1990s. Before there have been a long tradition of consumer, agriculture, and infrastructure co-operatives. In 2015, 885 worker, service and professional co-operatives were listed in the national co-operative register of the Pellervo Society. One explanation for this is that according to Finnish legislation, a person is not considered an entrepreneur if they own less than 15% of an enterprise and in so are entitled to unemployment benefits (Puusa & Hokkila, 2015). According to Finnish Patent and Registration Office there was 38 452 new businesses founded in 2020 from which 20 020 were limited companies and 92 were co-operatives (prh.fi).

In their research Jussila, Kalmi & Troberg (2008) state that Finland has the most cooperatives in the world in relation to its population. Cooperative as a form of business and as a business model is widely used around the world. According to International Co-operative Alliance (ICA), there are nearly 800 million members in cooperatives worldwide (Jussila et al., 2008). However, research into cooperatives especially in the tourism context is still lacking. In recent decades, cooperative research in economics have concentrated more in the effectiveness of cooperative banking, micro financing,

and the effects of individual ownership. In business studies the focus has been in values, principles and social responsibility of the cooperative system, attitudes and behaviour of members and staff working in cooperatives, ownership and governance, and the leadership of cooperatives and competitive advantage (Jussila et al., 2008).

There has been research into the fact that several economic textbooks neglect to cover co-operatives in business context, leading to students not knowing about co-operatives (Kalmi, 2007). In his research Kalmi (2007) found that textbooks made before World War II dealt quite extensively different aspects of cooperatives. After in more recent books, the absence of information about cooperatives is clear and even misleading information can be found. According to Novkovic (2008) investor-owned firms are the dominant type of business in market economies, but there are much more co-operatives present than literature suggest if all types of cooperative organizations are considered. In Puusa et al. (2016) it is also mentioned that in education co-operatives have been generally ignored resulting in low level of knowledge regarding cooperatives and the ideology behind them. With these previous research results in mind there seems to be a big research gap concerning cooperatives in tourism and for that reason this study is an important addition.

1.2 Objective and research questions

The aim of this research is to improve understanding of tourism business collaboration and, especially a cooperative as a form of collaboration. The objective of this study was to find out what made tourism businesses choose co-operative as their form of business and was co-operative the right choice for them.

This research is based on the following research questions:

- *Why tourism businesses choose co-operative as a form of collaboration? (instead of for example, Limited company)*
- *What are the advantages and challenges of being a co-op?*

Research is implemented through qualitative research approach. Semi-structured interviews were conducted via Microsoft Teams and Google Meet with the representatives of tourism co-operatives in Finland. Preferred face-to-face interviews were not possible due to the current Covid-19 situation.

1.3 Key concepts

Collaboration

Hardy et al. (2003) write how collaboration between organizations is advisable because working together allows them to access more resources and allows them to do more than one could do alone. Gursoy, Saayman and Sotiriadis (2015, p. 17) describe collaboration as “a recursive process where two or more people or organizations work together to realize shared goals.”

Co-operative

“ICA defines that Cooperatives are people-centred enterprises owned, controlled, and run by and for their members to realise their common economic, social, and cultural needs and aspirations” (“What is a cooperative?”, 2020). Schröter & Battilani (2012, p. 3) define cooperative “as an autonomous organization of persons who meet their common economic, social, and cultural needs by voluntarily forming a jointly owned and democratically controlled enterprise.”

Co-ops can be divided into three different typologies: customer-owned co-ops, worker co-ops, and producer-owned co-ops (Schröter & Battilani 2012).

1.4 Structure of the research

This research consists of five main chapters: introduction which gives background for this study, theoretical background where collaboration and co-operatives are explained in detail, methodology where the research approach, data collection and data analysis is explained, results and findings explains the interviewees answers, and discussion and conclusions summarises the research and discusses trustworthiness, validity, and possible future research topics.

2. THEORETICAL BACKGROUND

2.1 Collaboration

Cambridge Dictionary defines collaboration in business context as the act of working together with other people or organizations to create or achieve something. Cooperate is one of the synonyms used for collaborate/collaboration and all these terms will be used in this research. (Cambridge Dictionary)

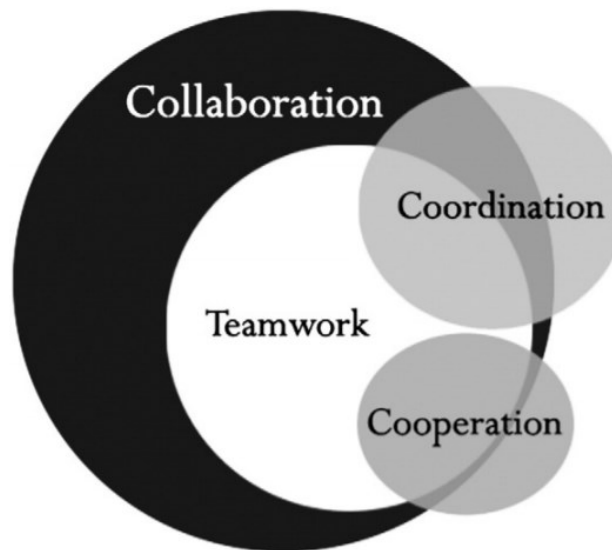


Figure 1. Shared criterion space among collaboration and related constructs by Bedwell et al. (2012, p. 136).

Today's business markets are very competitive, and it is of great importance that people, and businesses collaborate to be successful and to survive. Consumer's wants and needs are rapidly changing, and tourism destinations and businesses are facing new challenges all the time. Recognizing and meeting these challenges are the steps towards success rather than failure. Working together and collaborating is the nature of the tourism industry. Tourism is an industry that offers experiences, and those experiences are often a combination of different products and services (Gursoy et al., 2015). According to Holder (1992) public and private sector cooperation in tourism is a necessity and Gursoy et al. (2015) write that when managing and marketing tourism-related businesses, cooperation and collaboration are the most important aspects. According to Wang and Fesenmaier (2007), a substantial amount of coordination and collaboration among variety of different players is needed due to the fragmented nature of the tourism industry. Tourism businesses form collaborative relationships with different motivations such as social, economic, or strategic motivations. Wang and Xiang (2007) continued that for example interdependence, small size and fragmented markets can lead to willingness to form collaborative alliances to achieve common goals.

There are many structural and process alternatives when organizations consider participating in strategic alliances. These range from loosely connected alliances to very formal and integrated. Within the tourism context some projects require more formal and closer relationship than others. According to Wang and Xiang (2007, p. 7) “Affiliation, cooperation, coordination, collaboration, and strategic networks describe the modalities in which tourism alliances function. They can be used to capture and clarify the extent to which tourism organizations work together to achieve their goals and describe interorganizational activities among the tourism industry”. Collaboration process do not remain the same but changes over time. Collaborative relationships are being shaped and restructured by the actions and interpretations of the involved parties. Collaboration can be described as a joint learning experience and a tool to transfer knowledge (Wang & Xiang, 2007). According to Bedwell et al. (2012) collaboration process can only occur if the involved parties share at least, one mutually agreed or mutually defined goal. It has been said that having a shared goal is the most critical aspect of collaboration. Kourti (2017, p. 94) states that “When partners collaborate, they plan, decide, think and act jointly together, and, therefore, the products of their work reflect all the participants’ contributions”.

In their book Ritchie and Crouch (2003) write how the tourism and hospitality industry are full of small to medium-sized (SME) enterprises. For many, economic motivations are not the main point and turning a hobby into a living is common. Tourism businesses often support local people especially small, locally owned businesses localize the economic benefits. Creating innovative tourism services and ideas and developing them is in the heart of many tourism business. Because there are so many small businesses there are also problems and challenges. “Many owner-managers lack the skills, expertise or resources to function efficiently and effectively” (Ritchie & Crouch, 2003, p. 142). According to Ritchie and Crouch (2003) the attractive qualities of the tourism industry can lead to bad investment decisions since the owner-managers economic judgement might get clouded when dreaming of riches.

Perkins and Khoo-Lattimore (2020) studied small tourism firms in Australia and stated that small tourism firms “face a number of challenges due to their size, including a lack of flexibility, a lack of insight, inappropriate marketing mix, limited access to information and limited cash flow” (p. 184). Small businesses also often do not know their business environment well, they plan short-term, and have a management structure (typically owner-managed) that strongly influence the way tasks are managed. According to Perkins and Khoo-Lattimore (2020) if small businesses collaborate, they can share knowledge and resources and advance their marketing skills and in doing so they can overcome these challenges. Often small tourism businesses are located in regional/rural destinations and can

face additional struggles due to their location that influence the competitiveness of their tourism offering. There is not that much research done specifically in the challenges of small tourism businesses but in other industries there are, and one can identify similar challenges. These challenges according to Perkins and Khoo-Lattimore (2020, p. 185) “include lack of capital, lack of information on business strategy and marketing, lack of social resources, prioritizing other issues that they perceive to be more important, slow technology adoption and challenges to keep up with subsequent changes to trade, family business dynamics and balancing business and family life, and difficulty recruiting and retaining staff”. In tourism also seasonality, location and relationships with tourism organizations can be challenging.

Augustyn and Knowles (2000) studied the performance of tourism partnerships and wrote about factors that influence the success of tourism partnership. They wrote that establishing an official body that is responsible for the joint efforts is important. A body based on mutual relationship where partners share their strengths and can combine their resources, share their skills and costs, and know what everyone can expect from the collaboration. Knowledge and expertise guides which role each partner plays. Constant feedback is necessary, and objectives should be revisited regularly. According to Hall (1999) there are many parties involved in the decision-making processes in the tourism industry and for that reason coordination can be extremely difficult sometimes.

Marasco et al. (2015) found that previous research supports the notion that collaboration plays an important role in innovation processes and outcomes as well as in gaining competitive advantage at intra-organizational, inter-organizational networks and system levels. Czernek (2013) also wrote that to achieve competitive advantage cooperation is needed within (intra) and between (inter) the public and the private sector. According to Czernek (2013, p. 84) “Cooperation in tourism may be defined, after Wood & Gray (1992), as a form of voluntary joint actions in which autonomous stakeholders engage in an interactive process, using shared rules, norms, and structures, to act and decide on issues related to tourism development”. Many authors have studied determinants of cooperation which include situations, events, objects, features, actors’ capabilities etc. that can further the start of cooperation. Competition, economic conditions, advances in technology, growth in tourism demand, strategic alliances, increasing customer expectations, and crises are considered as preconditions that drive partners to work together (Czernek, 2013). In her study Czernek (2013) write that there are certain key characteristics to successful tourism partnership. These include “personal/interpersonal qualities: strong leadership, common identity, vision, honesty and openness, active listening, and ability to adjust to new situations; and organizational/operational factors: competent personnel and continuity of employment over the life of partnership, flexibility of financial accounting procedures,

appropriate environment where meetings are organized, and support from higher-level entities”. (p. 85).

Based on the research presented in their book Gursoy et al. (2015) state that “collaboration and cooperation play significant roles in the successful planning, development, management, and marketing of tourism businesses and destinations.” (p. 321) Raising the question of which form of collaboration will produce the best results for everyone involved? Wang (2008) studied collaboration in marketing perspective and found out that often both private and public tourism organizations who collaborate have different ideologies and values causing imbalance that need to be sorted for the collaboratives to work. The key to building collaborative relationships is an understanding of the relationships and processes. Collaborative arrangements involve stakeholders working interactively on a common issue or a problem by exchanging ideas and expertise and sharing financial and human resources. Wang (2008) also writes that collaborative relationships should be regarded as cycles of cooperation, conflict, and compromise.

Globalization is something that tourism industry must face and adapt to. Challenges and possibilities arise from new travel demands, new tourism destinations and new markets. Public and private sectors are in search for tools to help them stay competitive. (Gómez Nieves & Reyes Uribe, 2015)

Cooperation is seen to be in a key role for tourism destination communities.

The context of cooperative behavior among actors and organizations in tourist destination communities comprises various areas of cooperation (e.g. the formal creation of a marketing pool, the development of a jointly owned sport facility, the establishment of a sales deal with the help of travel packages) and various intensities of cooperation (e.g. the formulation and the development of a common price strategy in the committee of a transport association, the shuttle service between a hotel and a ski school). Additionally, cooperative behavior takes place between and among public institutions and private organizations as well as between single individuals and therefore in a setting in which the term ‘cooperation’ assumes different meanings depending on the role of the respondents and the organizational context in which they operate. (Beritelli, 2011, p 615).

Cooperation does not mean that competition is replaced and not all cooperation is successful. “For small and medium enterprises, business cooperation, alliances, and partner-ships are important ways of collaboration, because many of those small and medium enterprises do not have enough material, financial, or human resources to grow on and maintain themselves successfully in the market”

(Gómez Nieves & Reyes Uribe, 2015, p 6). Organizations usually benefit from collaborating with other organizations and from involving external partners including suppliers, customers, and competitors. In their article Kylänen and Rusko (2011) studied coopetition. Coopetition is a term used when talking about simultaneous cooperation and competition. A good example in the tourism field would be ski resorts and businesses within who often cooperate for example, in marketing but at the same time are competing for customers. Coopetition can be intentional or unintentional and often intentional competition or competition-based coopetition changes to intentional cooperation or cooperation-based coopetition (Kylänen & Rusko, 2011).

Previous researchers have used different theories to analyse tourism cooperation. According to Czernek (2013) transaction cost theory (focuses on the costs organisations face as they undertake market transactions with other organisations), cluster theory, resource-based theory, resource dependency theory (seeks to explain why individuals and organisations rely upon one other), relational exchange theory (the more complex the problem domain, the more attractive collaboration will be to organisations operating within it), social network theory (examines the complexity of relationships between entities – such as individuals, groups and organisations – interacting in a social space) and business network concept are the most useful. Beritelli (2011) found six major theories/approaches that are most used in cooperation studies: game theory (a set of players carries out a set of moves and attains payoffs for each combination of moves (i.e. strategies)), rational choice theory (explains cooperative behaviour of interest groups, coalitions, and bureaucracy), institutional analysis (helps understand the structures and mechanisms of social order and cooperative behaviour), resource dependence theory (organizations have different resources which are a basis of power), transaction cost economics (individuals and organizations minimize all the costs incurred in economic exchanges), and social exchange theory (emphasizes social traits of cooperative games like anticipated reciprocity, expected gain in reputation and influence, altruism and perception of efficacy as well as direct reward). These according to him complement one another and help understand the complex phenomenon of cooperation.

2.2 Co-operative

2.2.1 What is a co-operative?

The main idea behind co-operatives is that people or businesses with similar needs join forces to gain better status in the markets. At the base of co-operative business there is a need which bigger or smaller group of people try to solve by joining forces. Time and commitment of the members are the founding assets of the company. The concepts like self-help, autonomy, democracy, and self-liability are tightly connected to co-operative business model. In economic perspective, co-operative makes sense financially only if the business they practice brings concrete benefits to its owners. Three main factors in co-operative business are that co-operative is financial activity, co-operative is for the joint needs of the people and that these people own and manage the company by themselves. The value of membership is based on the benefits member receives in relation to use of services. If the member resigns from the co-operative, he/she only receives back the original membership fee not any surpluses the co-operative might have at that moment (Troberg, 2014).

Co-operatives can be found in many economic fields, for example, retailing, agriculture, financial services, public utilities, housing, and the production of goods. Co-operatives are democratic firms with democratic voting and democratic control (members own the coops and are equally represented with one vote per member and members elect a board to oversee the co-operative). To become a member of a cooperative one pays a defined sum of money and with that obtains a voting right in the cooperative. In cooperatives, members have one vote per membership compared to, for example, limited company where bigger shareholders have more votes and power in decision making. Co-operatives differ from other business forms in many ways, but the central thing is the relationship of members as owners, controllers, and economic participants in the cooperative. Co-ops for example, return all its surplus money back to its members in the form of bonuses (or other benefits) in relation to services used by the member in the co-op. Generating surplus is not the main goal of a co-operative but surplus is needed in the development of the co-operative. Non-profit organizations do not have this kind of guideline or mandate (Schröter & Battilani, 2012, Hicks et al., 2007, pellervo.fi). Cooperatives are described to be more value-based and human than financial-based organizations. Cooperatives' operational principles and ownership structure are quite different from investor-owned companies (Puusa & Hokkila, 2019).

According to ICA, co-operative principles are “1) Voluntary and Open Membership 2) Democratic Member Control 3) Member Economic Participation 4) Autonomy and Independence 5) Education,

Training, and Information 6) Cooperation among Cooperatives 7) Concern for Community” (ica.coop). In economic literature one rarely finds mentions of cooperative firms’ dependency on cooperative principles, probably due to firms not being legally confined to apply them. However often, the application of the principles is the key to survival, competitiveness, and successes of co-operatives as a business form (Novkovic 2008).

Co-operatives are often considered to be a mixture of common ownership and individual ownership. To achieve both fairness and long-term sustainability in a co-operative, there needs to be a balance between the interests of each member and those of the whole co-operative (Somerville, 2007).

Mazzarol et al., (2011) describe co-operatives as having an economic mission with social impacts and social outcomes. As a social enterprise the co-op can create substantial social value while also creating economic value. In their study Jussila et al. (2007) found that in Finland co-operatives engage in non-business-related activities to support the surrounding community. Co-operatives support various community initiatives, such as youth activities, culture, and sports. Managers of co-operatives actively participate in various forums of regional development (e.g., the Chamber of commerce).

According to Skurnik (2002) there are big differences between countries in the structure of co-operative businesses, the regulation of co-operative societies and their actual operating principles. Even though all co-operatives share a common origin and history, co-operation remains unfamiliar to many. Skurnik (2002) continues that cooperation is strong in practice but weak in theory which is due to its long history including identity or image problems for example, prejudices and misunderstandings.

Co-operatives can face many problems with members not bearing the full cost of their actions, managers having different goals from the members, who control the co-operative, governance issues due to democratic nature of the co-operatives, Board members lack of expertise or stability and viability problems when co-ops hire non-members (Novkovic, 2008). The management of co-operatives should ensure that both organization members and the owners of the co-operative truly understand the core idea of co-operatives. Increasing knowledge about co-operatives can also influence attitudes (Puusa et al., 2013).

2.2.2 History

The idea of cooperatives is very old. In Europe it gained more foothold in the Middle Ages when the Hanseatic League was built on the idea of cooperation. Industrial capitalism ignited the spark for the

modern cooperatives and in the nineteenth and twentieth centuries cooperatives helped to improve the lives and living standards of the less fortunate through organized self-aid. One of the most important modern cooperatives was the Rochdale Society of Equitable Pioneers, founded in the UK in 1844. The Rochdale Society of Equitable Pioneers was founded by a group of Rochdale weavers who had the idea of setting up a shop where their families could buy good-quality, basic food at reasonable prices. Their written principles are behind the basic ideology of all today's cooperatives around the world (Schröter & Battilani, 2012).

The International Cooperative Alliance (ICA) was founded in the UK in 1895 during the 1st Cooperative Congress. In this congress the representatives from different countries established the ICA's aims to provide information, define, and defend the Cooperative Principles and develop international trade. Today ICA is one of the only international organisations to survive both World War I and World War II due to staying committed to peace, democracy, and by remaining politically neutral (Establishing the International Cooperative Alliance, 2020).

In Finland, the cooperation story starts in Helsinki in 1899 when the Pellervo Society was founded to develop rural cooperation in Finland. Hannes Gebhard and his wife Hedvig are considered as the founders of the cooperative movement. For Finns, working together for a common goal came naturally, and it was easy for organized cooperative ideas to take root in the society. Quite quickly cooperative movement started to get results. Cooperative banks (OKO in 1902), cooperative slaughterhouses (first one in 1909), dairy coops (Valio in 1905) and SOK (The Central Finnish Cooperative Society) in 1904 were established. During the decades, the cooperative movement have faced many changes and challenges, but one constant has been that the movement has always had an important role in helping Finns through difficult times (for example, co-operative banking during depression, building a modern food industry, developing the retail trade, securing food supplies during the war, and rebuilding the country afterwards (Kuisma et al., 1999, Skurnik, 2002).

The strongest areas of cooperation in Finland have been the food industry, banking, and insurance, the retail and agricultural supplies trades, and the forest industry (Skurnik, 2002). Today, there are over 4000 co-operatives in Finland and around 80 % of Finns are members of at least one co-operative (pellervo.fi)

2.2.3 Different types of co-operatives

Consumer co-operative (e.g., a retail co-operative) where a customer of the co-operative is also a member.

One successful business example in customer- owned coop is the Finnish S Group. Working in the area of retail trade the S Group has been very successful for years even though it is an area where internationally, cooperatives appear to experience most problems (Skurnik, 2002).

Service co-operative (e.g., a co-operative bank or a mutual insurance company), where those using the services of the co-operative are members.

The cooperative OP Financial Group is the largest retail banking company in Finland (pellervo.fi).

Producer co-operative (e.g., a dairy cooperative), where the producers of raw material are members.

In Finland, the agricultural cooperatives have a market share of 97 % in milk and 80 % in meat (pellervo.fi).

A good example of producer-owned cooperation is the forest-owners' cooperative Metsäliitto which is both a major corporation in its own league and the largest producer-owned cooperative in Europe. Metsäliitto has shown that the cooperative model can also function and serve its members in capital-intensive industry (Skurnik, 2002).

Worker co-operative (e.g., a cooperative of journalists), where the cooperative is the employer of the members.

Worker co-operatives have comparatively short presence in the Finnish economy and the practical and theoretical understanding of this type of co-operative is limited. Worker co-operatives have dual objectives as they emphasize both employment and income per worker. In worker co-operatives, the revenues are distributed in relation to work input (Puusa et al., 2016). According to Somerville (2007) a kibbutz is the best-known example of a common ownership worker co-operative.

Somerville (2007) writes how collective co-operatives are small in terms of membership and in principle all members participate in the decision-making processes. Internal democracy is considered to be very strong among collective co-operatives. However, the difficulty lies in growing beyond a certain size. When certain size is reached an element of representation is needed. Representative co-

operatives have a two-tier structure and internal democracy can be weak. Quite often the larger the business the smaller the investment made by its members leading to weaker democracy.

2.2.4 The dual role/nature of co-operatives

Dual nature is based on co-operative values and principles and creates the basis for the unique co-operative identity (Puusa et al., 2016). Co-operatives have been said to be people-centered and not capital-centered company form. Co-operatives do not aim for maximum profits. Their goal is to create and add value for their members, who can be at the same time both the owners and the customers of a co-operative. There is also a possibility for a tripartite role meaning the personnel of a co-operative can simultaneously be an owner, worker, and a customer of the co-op (Puusa et al., 2013).

Economic activities and democratic governance together form the core that makes a business a co-op. The financial contributions that members make, and the support or use of the respective business are as important as democratic voting and control of the firm. This is called the “dual nature” of co-ops (Schröter & Battilani, 2012).

In Neto et al. (2010) organizations with an economic objective, but without a profit objective are called not-for-profit organizations. These not-for-profits have both economic- and service-provision objectives and have demanding monitoring of both economic and service-provision results.

<u>Key Business Model Elements</u>	<u>Investor-Owned Firm</u>	<u>Co-operative</u>
Articulate the value proposition	Satisfy customer needs & maximise shareholder returns	Maximise member benefits
Identify the market segments	Target most lucrative opportunities	Target areas of greatest member need
Define the value chain configuration	Suppliers & customers are outsiders to the firm	Suppliers & customers are owner-members of the firm
Estimate cost & profit potential	Reduce supplier costs & premium price customers	Offer higher prices to suppliers & lower prices to customers
Define position within the value chain	Block substitution threats & form strategic partnerships with complementary actors	Block substitution threats & form strategic partnerships within the co-op membership
Formulate a competitive strategy	Exploit future opportunities with existing resources	Offer members best value

Table 1. The Business Models of the Co-operative and Investor-Owned Firm by Mazzarol et al. (2011, p. 9-10)

3. METHODOLOGY

3.1 Research approach

For this research qualitative approach was chosen because the aim was to increase the understanding of why Finnish tourism businesses choose to be a co-operative and how it has affected them. Qualitative research approaches are interested in interpretation and understanding rather than testing of hypothesis, and statistical analysis (Eriksson & Kovalainen, 2008). According to Eriksson & Kovalainen (2008), qualitative data is about the textual, verbal, audio material or visual material that allows for interpretations and descriptions and not about focusing on measurements.

This research is an intensive case study which aims to understand and explore the case from ‘the inside’ and develop an understanding from the point of view of the people involved in the case. Intensive case study focuses on the case itself and is not interested in testing the pre-given theoretical propositions. Empirical data from multiple sources both qualitative and quantitative can be used in case study research but in this research only qualitative data is used. In business research personal and in-depth interviews have usually been the primary data. (Eriksson & Kovalainen, 2008).

3.2 Data collection

The data for this research was collected by online interviews. Interviewees and their co-operatives were found online (Facebook and Google) by the researcher and contacted by email to agree suitable interview date and time. Interviews were done with Microsoft Teams or Google Meet and recorded with audio recorder. Interviews were later transcribed for the purpose of the analysis. All interviews were conducted in Finnish and then translated to English by the researcher. Five co-operatives were chosen by a purposive sampling, and the interviews were executed in March 2021. According to Lavrakas (2008) purposive sampling is most suitable for the selection of small samples that are from a limited geographic area or from a restricted population. Purposive sampling aims to produce a sample that can be assumed to represent the population. In this research all five interviewees were from different kind of co-operatives from different locations in Finland and as such are good representatives of tourism co-ops in Finland.

In business research common qualitative interview type is guided and semi-structured interviews. With these interviews one can study both ‘what’ and ‘how’ questions. In this research the objective

was to find what advantages and challenges co-operative form has brought to the businesses and why co-operative form was chosen. Interviews were the best option to find the answers to these questions.

The reason why interviews are commonly used in business research is that interviews are practical and efficient way of gathering information. In guided or semi-structured interview, the interviewer has preprepared outline of topics, issues, or themes but there is still the possibility to change the order of questions or wording if needed during each interview. Flexibility is the best advantage in interviews since the interviewer can repeat questions, correct misunderstandings, clarify the form and have a discussion with the interviewee. Other advantage is also that one can choose the person(s) with the best knowledge of the topic or phenomenon under research. Interview questions can be open or closed but open-ended questions usually produce more detailed responses. The most important thing in an interview is to gain as much knowledge as possible of the topic at hand. Simple interview questions usually give better answers than complex questions because complex questions might be difficult to answer. Doing an interview is costly and time-consuming form of data collection compared to for example questionnaire and that is considered to be its weakness (Eriksson & Kovalainen, 2008 & 2016, Tuomi & Sarajärvi, 2018).

In the beginning of each interview, the interviewees were informed on what the data would be used for and that the interview would be recorded for the purpose of later analysis. Information of the interviewees is presented in table 2. The letter "I" + number is used to identify different interviewees and their comments in the text.

	I1	I2	I3	I4	I5
What type of co-operative	Nature Co-operative; nature activities, guidance, and support for other businesses	Safaris (husky & reindeer) and other activities both summer and winter	Alliance of tourism operatives, tourism development projects and work toward common good	Summer café/pub, brewery, accommodation, and party hall rental	Rental island with activities and courses
Founding year	2015	1996	2014	2015	2019
How many members	7, from which the co-op employs 2,5	10 from which 3 are not employed by this co-op and 2 are retired	40 from which around 10 are more active	7 from which 4 are in the board and the rest are “silent” family members	4, two couples
Membership fee	was 125€ now 300€	was 250€ now 750€ joining fee 1000€	joining fee 50€ membership fee another 50€	50€	200€
Duration of the interview	37:58	20:47	1:08:19	18:57	16:50

Table 2. Summary of the interviews

3.3 Data analysis

This research does not attempt to confirm an existing theory or create a new one, so an abductive approach to the analysis was used. Qualitative content analysis was used to analyse the interview data. One purpose of qualitative content analysis is to produce a holistic and factual description, which provides the ‘big picture’ about the phenomenon under study. Qualitative data used for doing qualitative content analysis are either texts e.g., transcribed interviews or audio-visual data. In this research transcribed interviews were the used data.

4. RESULTS & FINDINGS

Five different co-operatives were interviewed for this research. A nature co-operative offering nature activities, guidance, and support for other businesses (I1), co-operative offering safaris (husky & reindeer) and other activities both summer and winter + restaurant services (I2), co-operative which is an alliance of tourism operatives that does tourism development projects and work toward common good (I3), a co-operative which has a summer café/pub, brewery, accommodation, and party hall rental (I4) and a co-operative which has a rental island that they rent out and were they offer activities and courses (I5).

First the representatives were asked to tell some background information about their co-operative. What they do, when was their co-operative founded and how many members they have, and how much is their membership fee. Summary of these answers can be found in table 2.

None of the five interviewed co-operatives are actively seeking new members. I1 requires that at least one of the members knows and recommends the possible new member, I2 requires members to be committed in co-operative thinking and being active in the co-operative, I3 is taking new members but not actively seeking them and in I4 all the members are family members, and no new members are taken, I5 consists of two couples and at the moment are not seeking more members.

Starting a business and thinking back

In July 2019, the law concerning the founding of limited company changed. Before one needed a starting equity of 2500€ but after the change there are no minimum requirements for initial capital (go.accountor.fi/yritysmuodon-valinta). Four of the interviewed co-operatives were founded before

the law changed. Based on the interviews this had an effect when choosing the business form and limited company form was discarded due to it being too expensive.

Limited financial resources when starting the business	I1,I2,I5
Possibility to apply and get unemployment money	I1,I2
Possibility to apply and get student benefits	I1,I4
Only choice due to the nature of the starting business	I3
Co-operative's image feels better and the idea that co-operative is easier to manage	I5

Table 3. Why did you choose to start a co-operative? Did you think about other forms of business e.g., limited company?

When asked why they chose to start a co-operative and did they think about other business forms than co-operative e.g., limited company, I2 answered that *“Not really, since no one had any money, it was not possible. From the start co-operative was the only choice and no other forms were on the table”* (I2). I2 started their co-operative because in their municipality there was a reindeer park that did not have an entrepreneur. A group of people thought that as a co-operative they could start a business and since there were no customers the co-operative form abled them to get unemployment money.

I1 started their co-operative when they were studying nature tourism. There were several students who had thought about starting some kind of business in the industry *“When we were starting our business, limited company form was quite expensive, and it was cheaper to start a co-operative”* (I1). I1 also mentioned that before starting a business they read co-operative regulations and consulted The Enterprise Agency and that strengthen the idea of choosing a co-operative since *“in a co-operative if we have enough members then no one is considered as entrepreneurs, we have a work contract with the co-operative and are eligible to apply for unemployment money if needed”* (I1). Support from the same minded colleagues also felt important to I1 and the idea of working together more. *“During the years members have changed when someone has left, and new members have joined but the main reasons for starting a co-operative were that it was cheaper and that we were not considered as entrepreneurs”* (I1).

Interviewee 3 explained that the reason they decided to start a co-operative was because of the work they do as being primary a non-profit, and co-operative has more legal rights to for example organize tourism services than associations do. *“In co-operative this type of man per vote principle and if it's defined in the rules that they are non-profits but are able to do business then that felt like a good combo and actually still feels like it”* (I3).

Co-operative form was also chosen because it allowed the members to get student benefits or unemployment money. *“From the start it was co-operative because there were over 7 members and then we could apply student benefits”* (I4). For I4 co-operative was the only choice since they started as a student co-operative and the last two years of their studies included working in the co-operative. After their studies they continued as a normal co-operative.

I5 had two reasons why they decided to start a co-operative. *“One reason was that one does not need that much starting capital and the second was that the image of co-operative seems to be more of this kind of warm and fuzzy feeling than limited company which sounds as it is”* (I5).

Was the right choice	I1, I2, I4, I5
Was the right choice but there have been disappointments and difficulties to get development funding	I3
At the beginning some problems in finding accounting firm or being recognized as an actual business	I1, I2, I4

Table 4. When you think back now, was co-operative the right choice for you?

The interviewees were also asked if co-operative was the right choice for them in hindsight. All the interviewees agreed that it has mostly been a good choice. *“Well, it was and it wasn’t, that it has its pros and cons. One that came as a surprise at the beginning was how difficult it was for us to find an accounting firm. They practically ran the other direction when they heard it was a co-operative because they thought it was this difficult thing. Later we managed to get things sorted and nowadays we have an excellent accounting firm dealing with our business but at the beginning it was this super difficult thing”* (I1).

“Yes, one can say that, of course the expectations, well there has been lots of disappointments in particular in tourism business side when the tourism from Russia to Finland proved to be more challenging due to global political factors and due to that the drop in monetary courses...and what also has become as a disappointment is that it’s been really hard to get this type of development funding for infrastructure” (I3). *“Well, I haven’t seen that is was a wrong choice. I haven’t thought that I could have started any other, well I searched them a bit but, in my opinion, this has been the right choice at least so far”* (I4). I5 said that so far it has been good, and they have not noticed any harm in it. Of course, their business is just in its starting face since they have been operating less than three years and when they start getting money in, they might need to check where they are at.

The advantages and challenges

After the base was established, the interview moved to finding out what kind of advantages being a co-op has brought to these co-operatives and what kind of problems or challenges have they faced.

Possibility to get student benefits	I1, I4
Possibility to get unemployment money	I1, I2
Ability to test ideas and to sell actual packages in real markets	I3
Collaboration with students and other partners	I3
Felt easier to control	I5

Table 5. What kind of advantages have you had as a co-op?

When asked about advantages I1 explained how nature tourism business is not that type of a business area where quick profits can be expected or that there would be much paid work in the beginning so being a co-operative made it possible for the members to apply and get different benefits like student benefits or unemployment money. I1 also explained how they have been determined to keep it so that their business is not parallelized with any so-called billing co-operative. *“We have tried to profile ourselves so that our business works like a regular business and that we sell our services as our company’s services not individual services because if we would be considered as merely billing co-operative then we could be interpreted as entrepreneurs and then we might have some taxational ramifications and this we have been trying to avoid at all costs”* (I1). *“For us, the greatest advantage is that members of the co-operative can in low season apply for the unemployment benefits and that has given us a leeway when things have not gone that well”* (I2).

“Well advantages have been that beside this type of common good development goals we have had the opportunity to also test our so-called travel package ideas in real markets meaning we have been able to sell them and make them into these packaged tours and make them happen within our resources. Then of course slowly because we are already an existing organization, we have managed to get collaborative partners like Lahti University of Applied Sciences and students have done internships in our co-operative and in our projects and we have had couple of development projects in collaboration. That I see the advantage of being this type of versatile business” (I3).

“Advantages have been those student benefits and such that one could apply those” (I4).

According to I5, people might think that co-operative is less formal and that there are not as much paperwork to be done in it. They felt that with familiar group co-operative is somewhat easier. *“But*

then again, we really didn't think this through that well. When those two (limited vs co-op) were the alternatives, we thought co-operative will be more easily controlled" (I5).

Some members are more active than others	I1
Not considered as a real business or taken seriously	I1,I2,I4
Reserved attitude towards co-operative form	I3
Good team spirit is needed to make things work	I2
If someone wants to leave they only get the membership fee back (even if the business is successful), no selling shares etc.	I2
Survival is not easy since not that much income and business is not profitable yet	I3
No problems yet	I5

Table 6. What kind of problems or challenges have you faced?

When talking about challenges I1 was saying how some members are more active than others and that have caused some challenges. *"Luckily, we are in that situation that the members who have chosen not to be active for one reason or the other are not getting involved in the business actions so those who are active in the co-operative and have done some work through the co-op, those have pretty independently decided what is done in the co-op and our board consist of active members"*. According to I1 there has also been the challenge that co-operatives are not seen as believable business as for example limited company but on one hand it might also be a competitive advantage when this type of sustainable principles are cherished and co-operative status and nature status are mentioned already in the company name. *"Our goal is to be more sort of in between a business and an association kind of business. Of course, our goal is to be able to employ ourselves and with that make reasonable profit, but we do not have any million-euro profit expectations" (I1).*

"One negative thing when we were starting out was that co-operative was not considered as a business. For investors and everyone it has been really challenging that we are an actual business but now we have been working for so long that we have gain conspicuousness" (I2). I2 also talked about how in tourism decisions need to be made fast and, in the beginning, it took a while to find that common way of working and find the team spirit. According to I2 team spirit is the key and people need to be able to trust each other and work together and they need to have a same vision of what they are doing. *"In a co-operative it takes a long time to find a way to work together but we all think positive about being a co-operative"*. As a negative side I2 mentioned that nowadays when they start to have assets and are thinking forward if somebody wants to leave, they are only left with the

membership fee but nothing else. If they would be a limited company, one could sell their shares when e.g., retiring but in a co-operative, you can't.

“Because there really aren't any capital investors besides maybe me that the problem of course is that we barely survive, and we have had such a little business income that it has not been profitable yet.” “Well of course this kind of reserved attitude towards co-operative form has been a challenge but not that type of a challenge that we should change our primary functions because of it” (I3). “At some point we will become this believable operator and will move forward but this means that our operation is mainly voluntary and is done with voluntary work just like these associations do” (I3).

“Well, problems are that people don't know much about co-operatives and people question them a lot. For example, we are our accounting firms only co-operative so in the beginning they had to find out everything and if we had any questions, they were looking for the answers too. Since people know so little about co-operatives, we get questioned a lot that why are you a co-operative and that's the reason we always like to answer questions about co-operatives if somebody asks because there should be more information available or it's available but people don't know it” (I4).

Since I5 is still quite new business, they have not had many challenges yet. They have not made any accountings outside the co-operative so have not faced problems regarding money. *“Well, sort of a problem is that we have not had time to stay on the island ourselves even though originally the plan was that it is a place for us to stay too but I guess we will have time to go there at some point” (I5).*

Successful collaboration?

Need to be careful who to take as a member, recommendation from one of the members required	I1
Core group has functioned well but of course some difficulties have occurred during the years	I2
Among the active group collaboration is good and creative	I3
Of course there's something small sometimes but in general it has been good	I4
Worked together super well	I5

Table 7. Have your collaboration being successful?

Interviewees were also asked if their collaboration has been successful. *“Yes, we have been very careful who to take into this co-operative when members have been changed couple of times. The criteria have been that at least one of us needs to know the person and kind of recommends him/her and that he/she is able and willing to collaborate because in co-operative there's the risk that if one*

person goes sideways then he/she can do lot of damage because of the democratic one man one vote principle” (I1).

According to I2 their collaboration has been good but if there have been some difficulties, they have dealt with that and their core group has always functioned well. Of course, it has not been always easy, and they have had people leaving at the beginning because the co-operative could not offer work. *“At the beginning people thought that it was automatic that the co-operative offers work for everyone and they don’t have to do anything about it but the case was that the worker co-operative made it possible to independently look for work. Quite soon people with same vision about things were left and committed members form the core group of our co-operative” (I2).*

“Well, one must say that most of our 40 members are quite passive. They had this kind of beginner’s enthusiasm and an idea that we can organize cheap travel packages for them and that’s why it is good to join our co-operative. I think most thought like that and they didn’t have any intention to be actively involved but there are about 10 of us who are active and innovative, creative and among that group collaboration is good” (I3).

I4 said that mostly their collaboration has been good, of course there has been some small things but since they are only four in the board making decisions and two are active that collaboration has been good. I5 also said that they have worked together super well.

Have been thinking of changing into limited company since the work they do now is totally different than originally planned	I1
Would choose co-op again especially with the current situation with Covid-19 it has been a blessing that the company is a co-op so employees can get benefits	I2
With the current concept it is the only reasonable solutions	I3
Would be a good idea to go through all the options one more time before deciding but would still choose co-op	I4
With current knowledge would choose co-operative again	I5

Table 8. If you were starting a new business now, would you choose co-op?

Interviewees were asked if they were starting a new business now would they choose co-op. *“It is a hard question because our situation has so profoundly changed of what this was originally supposed to be. If we were in the same situation now and know what we know now and the situation we are in, what we do, and our customers then probably limited company would be the choice” (I1).* From the five co-operatives I1 was the only one who had thought about changing into limited company form,

“Couple of times we have had plans to change into a limited company, but the latest plans were crashed by the Covid-19 pandemic because we were planning on buying one business, we have been working with but well it didn’t work out because of the situation now” (I1).

I2 was sure that especially the situation where we are now with Covid-19 it is a blessing that they are a co-operative, and their employees can apply for benefits since it is super slow with their business. If everyone would be an entrepreneur in a limited company, they would get nothing. This company does mostly international sales and about 90% of their turnover has gone due to the restrictions and people not travelling.

I3 said that with the concept they now have were associations and businesses join forces to offer common good and not aim for profit, co-operative is the only reasonable solution. I4 said that probably yes, they would choose co-op again but said that it would be a good idea to go through all the options one more time before deciding. They have had the experience that their business has not been considered as a real business and for example in some brochures have been put under associations even though they are not one. I5 has been functioning with low assets and power but with the knowledge they now have would choose co-operative again. They have not had problems with people not knowing about co-operatives etc.

Greetings to new business starters

No quick winnings, a lot of work and learning new things but when successful it can be very fruitful and interesting	I1
Start with a couple of good and simple ideas, know your target group	I1
Find people with the same mindset and goals	I2
For responsible and hardworking people, co-op is a good choice	I2
Co-operative is recommended for a little crazy and creative people	I3
It is a good idea to look for information as much as possible and be prepared that you will be questioned	I4
Go ahead, co-operative form works for both small and bigger businesses	I5

Table 9. What would you say to people who are thinking of starting their business and thinking about co-operative as their form of business?

The last question was about what advice the interviewees would have for people thinking of starting a new business and thinking of co-operative business form. According to I1 the main thing is to be

realistic that no quick winnings are coming that there are a lot of work and learning new things but of course if it takes flight then it can be very fruitful and interesting, even employing. *“People who are thinking of starting a co-op should think little narrow and focus on couple of good ideas not 49 different ones. We have learned the hard way that the simple things work the best and one needs to know their target group and what they want to buy”* (I1).

I2 recommends starting a co-operative but says that one must find people with the same mindset and goals. *“For responsible and hardworking people, I do recommend a co-operative”* (I2).

I3 thinks that societal situation in Finland at the moment is encouraging this type of “small is beautiful” mentality meaning if one wants to create new then co-operative base is good in that sense that if no big investors are expected but a small capital business then the flexibility and possibilities to create new are good in a co-operative. *“Now and in the future, I do recommend co-operative for this kind of gang of creative madness”* (I3).

“It is a good idea to look for information as much as possible and be prepared that you will be questioned and that people don’t really know much about co-operatives but I haven’t seen or felt anything why I would not start a co-operative again” (I4).

“Go ahead, and there are bigger co-operatives out there, but it works well with smaller group too, I guess, since we are just 4 and it works” (I5).

From the interview results one can see that the interviewees answers to the asked questions varied in some degree. Same kind of answers emerged especially when the interviewees were asked why they started a co-operative or was the co-operative the right choice for them. The advantages and challenges the interviewees have had were also partly similar but at the same time varied to some degree. When asked about successful collaboration or would they still start a co-operative if they were now starting a business the answers were different. Also, question about greetings to new business starters received different answers. To conclude, more interviews would have been needed to achieve data saturation.

5. DISCUSSION & CONCLUSIONS

5.1 Discussion of the findings

The purpose of this research was to increase knowledge on tourism collaboration and co-operatives in the tourism field. The research aimed to find answers to the following main questions:

- *Why tourism businesses choose co-operative as a form of collaboration? (instead of for example, Limited company)*
- *What are the advantages and challenges of being a co-op?*

This study was conducted by interviewing five representatives of tourism co-operatives. First the interviewees were asked questions to gather background information and then seven main questions to find out the answers to the research questions. The answers gained from these interviews show great similarities with the results from Puusa and Hokkila's research back in 2019. In their research they identified six motivational factors that describe a co-operative as a business form in the context of self-employment. These were personal autonomy features; empowerment, self-management, freedom, and communal features; safety, diversity, and communality. In their study most interviewees became co-operative members to employ themselves just like in this study where four out of five had the same idea. According to Puusa and Hokkila (2019) in co-operatives, self-sufficiency, personal initiative, and individual activeness is highlighted. People are responsible for seeking work, keeping the customers, and getting new orders. This was also mentioned in the interviews done for this study. The cooperative can be seen as a tool that organizes the services needed for the members to organize their work but does not organize work for the member. Co-operative seems to be a form of business that provides highly flexible opportunities and in Puusa and Hokkila's (2019) study "the members did not necessarily want regular full-time work as money was not their key motivation, and also because, in a Finnish worker cooperative setting, project and freelance work is possible due to the unemployment benefits when there is no full-time employment". In the interviews for this study different benefits like student support and unemployment money were mentioned in three interviews and four of the five interviewees talked about part-time work or doing project type of things beside their actual day time jobs. This also goes together with Ritchie and Crouch (2003) when they stated that economic motivations are not the main point for many SMEs.

Especially financial safety was mentioned in the interviews like in Puusa and Hokkila's (2019) study. A co-operative can be established without major initial capital or investments and that was named as

the main reason for starting a co-operative in the first place and not for example limited company. Other reason for starting a co-operative was the nature of the business. One of the interviewed started as a student co-operative and another is an alliance of tourism operatives so for example in their case co-operative was chosen for them or was the only choice.

Co-operative offers a low-risk possibility to sell one's personal competence, capabilities, and experience. Co-operative form also allows combining skills, knowledge, and experience. The interviews for this research also showed that in the co-operatives there are members with different kinds of backgrounds, career wise and in general and with different interests and expectations. There was also talk about diversity in the expectations regarding work. Some of the interviewees mentioned that at the beginning people had different ideas of how well the co-operative offers work or how much money can be expected. Some had big ideas about getting lots of money fast and that of course was not the case. As time went on these people were the ones who ended up leaving the co-operative. Since co-operatives are based on the principle of one vote per member, active participation in the decision making and administration is required. Luckily, the interviewed co-operatives had found their core group of active members and were able to work together well. Communality was mentioned especially in interview two when the interviewee told that during the years, they have worked together and grown together, they have become very close.

Main advantages mentioned by the interviewees included the possibility to apply for different benefits. The Finnish labour law and co-operative form allows the members to apply for benefits when there is no work available and that is one big factor why co-operatives will survive through this global crisis. Perkins and Khoo-Lattimore (2020) studied small tourism businesses and some of their findings are also true with the interviewed co-operatives. Challenges like limited cash flow and lack of capital, seasonality, and location and especially at the beginning not knowing the business environment well have affected the interviewed co-ops. In interview 3, limited cash flow and lack of capital came up more than once. Difficulties in getting funding and lack of investors was mentioned. Now with Covid-19, tourism field have changed completely, and businesses have been forced to adapt and come up with new ways of working. Cash flow has stopped almost completely for all the interviewed co-ops. In normal times, seasonality is a challenge for three of the five co-ops. Either winter season or summer season is the "main season", and other times are slower. Location also affects how well possible customers find the business. Three out of five interviewed co-ops are located in smaller municipalities which can create challenges in accessibility.

Puusa et al. (2016) wrote that in education co-operatives have been generally ignored resulting in low level of knowledge regarding cooperatives and the ideology behind them. And, that increasing

knowledge about co-operatives can also influence attitudes (Puusa et al., 2013). Skurnik (2002) confirmed too that even though all co-operatives share a common origin and history, co-operation remains unfamiliar to many. Limited knowledge about co-operatives can be confirmed by the answers received from these five interviews done for this research. The interviewees had faced challenges and suspicion for being a co-operative. Lack of knowledge has led to the interviewed co-operatives not taken seriously in the business markets and people not knowing that it is an actual business. Even though there have been some challenges all interviewed co-operatives were still happy with their choice and would recommend it to others if they are persistent and hardworking, and maybe little crazy too.

Based on the findings of this study, one can conclude that the motivations to choose a co-operative at present times is not the ideological basis of the co-operative movement, but the co-operatives feature of safety, diversity, communality, and freedom. Co-operatives offer safe and flexible way of employment (Puusa & Hokkila, 2019). Being able to get unemployment benefits adds the appeal of the co-operative form. Members of the co-operative even have the possibility to stop working if they want to concentrate on other things. The findings of this study go together with the previous research in collaboration in tourism and tourism SMEs. This research shows that there are challenges in being a tourism co-operative, but the challenges can make the co-operative stronger. It also shows that all business forms are not equal, and that limited company form is the dominant form of business.

5.2 Managerial implications

Based on this research co-operatives are not familiar to people and like in Puusa et al. (2016) have been ignored which had led to the low level of knowledge regarding co-operatives. Kalmi (2007) also found that the business textbooks neglect to cover co-operatives in business context. The most important thing would be to get co-operatives back to school meaning more teaching into the subject. Co-operatives should be taught the same way as limited companies and other business forms. Students should have all the knowledge available, and no business form should be ostracised. Information about co-operatives should also be printed into the textbooks again more properly. When people are starting a new business, they should be able to find information about the co-operative form, not just in a few sentences, but covered as widely as for example limited company form. In Finland everybody knows S-Group and OP, but many do not know them to be co-operatives (or knows but do not know what it means) or what is the ideology behind them. This is concerning since Finland is the most co-

operative country in the world and around 80% of Finns are members of at least one co-operative. There is definitely room for improvement.

5.3 Trustworthiness and validity

According to Eriksson and Kovalainen (2008) trustworthiness contains four aspects which are credibility, transferability, dependability, and confirmability. Credibility refers to the researcher being familiar with the topic and that the data collected is sufficient to back up the claims. Transferability refers to the researcher's ability to show the similarity between previous research and his/her work. Dependability refers to the researcher's responsibility to offer information to the reader that the research process has been logical, traceable, and documented. Confirmability refers to the researcher's ability to link findings and interpretations to the data in an understandable way. In this research the researcher tried to get as familiar with the topic as possible and get 6-8 interviewees but in the end only five interviews were done. The data should be sufficient with five interviews to back up the claims, but more would have been better. The research results show great similarities to previous studies so transferability is reached. All the interviews were recorded and transcribed and all the sources used in the text are mentioned in the reference list, so dependability is reached. The interview results are clearly written, and understandable and so confirmability is reached.

The interviews were done in March 2021 when Covid-19 had been affecting daily life in Finland for a year. Covid-19's effects on businesses has been tremendous with financial losses and great unemployment. This most definitely affected the interviewees answers especially since they are all in the tourism field which has been suffering for a long time now. In all five interviews the current situation was mentioned either in more detail or in passing and some of the answers reflected the current situation. The researcher feels that if these interviews were done before Covid-19 the answers would have been different in some of the questions and different things might have occurred more often. Highlighting unemployment benefits or talking about crashed plans when it comes to changing into limited company might have not been mentioned if the interviews were done over a year ago.

The interview questions were not sent beforehand to the interviewees, so the answers given were what the interviewees thought at the time of the interview. If the questions would have been sent beforehand would the answers have been different? Would the answers have been even more generic if the interviewees had time to prepare and think about the answers? Also, the interviews were done in Finnish and then translated into English by the researcher and even though the language should be

correct there are some sayings and answers that cannot be directly translated so the researcher needed to improvise.

If this research would be renewed, the answers would most likely be similar. Of course, if more than five interviews would be done then there might be some new aspects and different points of view that could appear. Also, the age of the business affects the answers since some have more experience than others. Business size (how many members) can affect the experiences and answers since smaller businesses are easier to control than bigger ones. When you are a small group of friends or 40 strangers then making decisions and sharing same vision might be totally different. If this research would be done much later with co-operatives that were founded after July 2019 (law concerning starting capital changed from 2500€ to 0€) the answers why they chose co-operative form could be different since money would not be the issue like it was with the interviewees for this study.

This research is valid since one can say that the findings are true and are backed by evidence in this case the interviews done. The results are written correctly and to the best of the researcher's knowledge (Eriksson & Kovalainen, 2008).

5.4 Suggestions for future research

Based on this research and the results, the researcher would suggest more extensive study into the co-operatives in the tourism field (in Finland and internationally). A study with more interviewees would also be recommended since more information could be collected and the result could give more insight into the subject. Also answering questions like what could be done to make co-operatives more known to people? and what would make co-operative more appealing choice for possible new business starters? would be good to know. Interesting results would probably emerge if this research would be done again in let say 10 years. By then the co-operatives that started after July 2019 would have more years under their belt and experience post Covid-19. Increasing knowledge about tourism co-operatives and co-operatives in general should be a common goal since research into this subject is scarce.

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APPENDIX: INTERVIEW QUESTIONS

What kind of co-operative do you have? What your co-operative does in practice and what is the purpose of operating? Millainen osuuskunta teillä on? Mikä on toiminnan tarkoitus ja mitä käytännössä osuuskunnassanne tehdään?

When was the co-operative founded? Milloin osuuskuntanne on perustettu?

How many members do you have? Kuinka monta jäsentä teillä on?

How much is your membership fee? Kuinka suuri jäsenmaksu/osuusmaksu teillä on?

Why did you choose to start a co-operative? Did you think about other forms of business e.g., limited company? Miksi päätitte perustaa osuuskunnan? Mietittekö muita yritysmuotoja esimerkiksi osakeyhtiöitä?

When you think back now, was co-operative the right choice for you? Oliko osuuskuntamuoto oikea ratkaisu teille näin jälkepäin mietittynä?

What kind of advantages have you had as a co-op? Millaisia hyötyjä/etuja osuuskuntamuoto on teille tuonut?

What kind of problems or challenges have you faced? Millaisia ongelmia tai haasteita teillä on ollut?

Have your collaboration being successful? Onko yhteistyönne ollut sujuvaa ja onnistunutta?

If you were starting a new business now, would you choose co-op? Jos olisitte nyt aloittamassa uutta yritystä niin valitsisitteko osuuskuntamuodon?

What would you say to people who are thinking of starting their business and thinking about co-operative as their form of business? Millaisia terveisiä teillä olisi uusille osuuskuntaa yritysmuotona miettiville aloitteleville yrittäjille?