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# Good governance in the entities of the social economy

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## ABSTRACT

*Entities of the Social Economy are ruled by practices of collective action and democratic participation within the framework of what is known as good governance. This is based on a set of values and principles belonging to the organisations. These practices reach beyond the frontiers of the entity and have an impact on society with the application of policies of local development, social and environmental responsibility, and cooperation. This article seeks to establish a relationship between said good governance practices and business results by means of a literature study, finally formulating a theoretical model of good governance in Social Economy, which will be contrasted empirically in subsequent studies.*

**KEY WORDS:** Social economy, good governance, democratic management, cooperation, results, social cohesion, organisational culture, efficient management.

**ECONLIT DESCRIPTORS:** M140, M100, P130, G300.

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## El buen gobierno de las entidades de la economía social

**RESUMEN:** Las entidades de la Economía Social se rigen por las prácticas de la acción colectiva y la participación democrática en el marco de lo que se conoce como el buen gobierno. Esto se basa en un conjunto de valores y principios que pertenecen a las organizaciones. Estas prácticas van más allá de las fronteras de la entidad y tienen un impacto en la sociedad con la aplicación de políticas de desarrollo local, responsabilidad social y ambiental, y la cooperación. Este artículo busca establecer una relación entre dichas prácticas de buen gobierno y los resultados empresariales a través de un estudio de la literatura. Por último, se formula un modelo teórico de la buena gobernanza en la economía social, que será contrastado empíricamente en estudios posteriores.

**PALABRAS CLAVE:** Economía social, buen gobierno, gestión democrática, cooperación, resultados, cohesión social, cultura organizacional, gestión eficiente.

## Bonne gouvernance dans les entités de l'économie sociale

**RESUME :** Les entités de l'économie sociale sont régies par des pratiques d'action collective et de participation démocratique dans le cadre de ce qui est connu sous le nom de bonne gouvernance. Elle est fondée sur un ensemble de valeurs et de principes appartenant aux organisations. Ces pratiques vont au-delà des limites de l'entité et ont un impact sur la société avec l'application de politiques de développement local, de responsabilité sociale et environnementale et de coopération. Cet article cherche à établir une relation entre lesdites pratiques de bonne gouvernance et les résultats commerciaux au moyen d'une étude bibliographique, en formulant enfin un modèle de bonne gouvernance dans l'économie sociale, qui sera contrasté de façon empirique dans des études ultérieures.

**MOTS CLÉ :** Économie sociale, bonne gouvernance, gestion démocratique, coopération, résultats, cohésion sociale, culture organisationnelle, gestion efficace.

## 1.- Introduction

Governance in the entities of the Social Economy (henceforth SE) is considered a form of efficient management in the use of the assets configured therein (Bueno, 2004). It is founded on principles of solidarity and practices of economic democracy (Juliá, 2004; Chaves, 2004); offers reliable information to the *stakeholders* (Seguí *et al.*, 2008); and in general, gives strength to the organisations which follow its premises (Saz and Carús, 2008).

In fact, the administration of Social Economy Entities (henceforth SEE) must combine policies of efficient management which are traditionally utilised in major corporations, with the principles of responsibility and transparency and presumably have an impact on the confidence deposited in the agents who intervene in their management.

Indeed, today measures of good governance in SEE are sought, with a political model of economic management being recently called. Such a model would take into account measures of economic and social management; members would participate actively (Chaves, 2004); it would have social and environmental implications (Puentes and Velasco, 2009); and also would consider the impact of their actions to satisfy the economic, social and cultural needs, not only of the members but also of the communities (Chaves and Monzón, 2006) and the mandatory interests of the *stakeholders* (Seguí *et al.*, 2008) through social responsibility.

The very identity of SEE with bases that shape values ??(mutual support, responsibility, democracy, equality, equity, solidarity, honesty, transparency, social responsibility and concern for others) and their principles - voluntary and open membership, democratic control, education, training and information, cooperation among cooperatives, and commitment to the community - fits perfectly into the model of governance demanded by society and is therefore why their study raises great interest.

For that reason, these policies of good governance in organisations that are part of the SE play an important role in the economy as a whole, since they help to correct market failures through new sources of employment with unmet needs (Puentes and Velasco, 2009) trying to achieve greater social cohesion and an equitable distribution of wealth, which in turn, provide economic growth (Briones, 2009).

With the SEE, society has increased its level of democratic culture, has boosted its level of social participation and has provided bargaining power for social groups excluded from the economic process (Pastor, 2011). Its democratic management is based on democratic principles and social responsibility (Arcas and Briones, 2009), which leads to carrying out its activities in a sustainable manner and with

a positive impact not only on the organisation but also on society, contributing to the creation of quality employment (Jordán, 2002, Bel *et al.*, 2005, Gómez *et al.*, 2010)

Due to the increasing social needs in recent years, the SE has been gaining increasing importance both nationally and internationally. Firstly, it has helped to integrate disadvantaged people and areas socially and/or into the workplace (Gallego, 2007; Mozas, 2006). Similarly, the growth in unemployment in Europe is another reason for the importance of the diversity of organisations within the tertiary sector and their contribution to job creation and productivity (Benardi, 2011), contributing to balancing the market and demonstrating their ability to increase the level of social cohesion (Bel and Ausin, 2007).

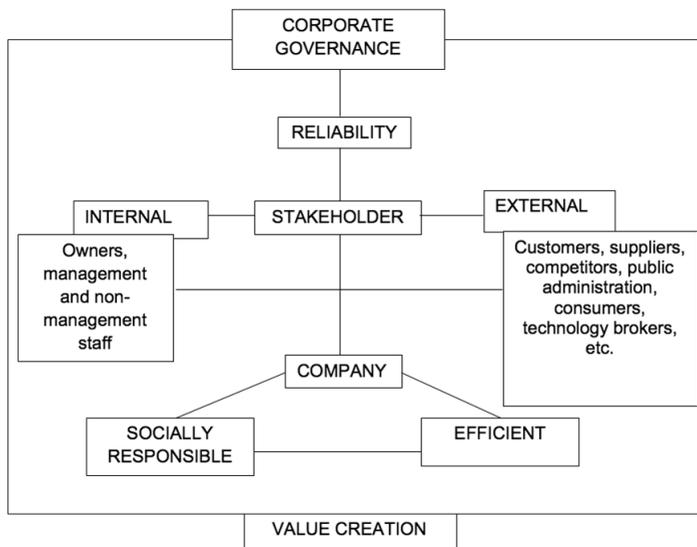
For these reasons, we undertake this work that first introduces some of the accepted principles in the economic and social literature, referring in general to good governance in SEE, both in their own internal management of organisations which are representative of the SE, and subsequently to the measures that reflect outwardly the practices of good governance in associative enterprises as a means of efficient management. Finally, we will discuss some contributions of the effective administration towards their involvement in the results and impact on society.

## 2.- Governance in Social Economy

Social Economy corporate governance emerges as a tool for the company to fulfil its social responsibility by providing more reliable information to all its stakeholders (Seguí *et al.*, 2008), in such a way that the company can be socially responsible and meet its targets efficiently and it is a key indicator of good management and social responsibility (Puentes *et al.*, 2009:120) ensuring the creation of value for the owners of financial resources.

Governance is characterised by the set of control systems and relations among the different actors within the company: directors, major shareholders, minority shareholders and employees, although it could include the other stakeholders, suppliers, customers and public administrations (see Figure 1)

**Figure 1. Corporate Governance in SE**



SOURCE: Authors.

The strategy of good corporate governance must be defined within the framework of these principles (Bueno, 2004):

- Principle of responsibility: the principle that enshrines or justifies the mission of the organisation, as set by the policy and within the legal or policy framework of the government body responsible for strategic direction.
- Principle of transparency: the principle which aims to ensure the exercise of governance to provide the market, and society (all social interest groups that compose it, or stakeholders), as well as the organisation's own members with accurate and truthful information, acting objectively and independently in the face of potential conflicts of interest that are generated within the heart of the power system.
- Principle of effectiveness: the principle of internal effectiveness should be the exponent of good compliance with the objectives or mission intended by the organisation or as an expression of how to ensure that the strategy, tactics and logistics are coordinated to achieve success in the policies established.
- Principle of efficiency: the principle which defines creating value in the organisation in an economic sense, or the balance between results and costs, through the processes and best practices to reach the organisation or system's desired levels of competence, productivity and profitability and in balance with those required by the various participants therein.

From the point of view of the practical implications of corporate governance, development, adoption and enforcement of codes of good governance is directly linked to government strategies adopted by the company and particularly the relationships that the director has inside and outside company with the various stakeholders (Aguilar and Cuervo-Cazurra, 2009)

Cooperative governance is intended to guide management by means of democratic mechanisms so that their administration benefits its members, and additionally, the communities in which they live (Hernández *et al.*, 2008:100) achieving the targets efficiently and contributing to innovation through the application of cooperative principles (Marcuello and Saz, 2008). If we understand the concept of governance as “a set of tools that allow the owners of a company to monitor compliance with its objectives” (Coque, 2005) and when compared with the governance in SE, understanding it as a way of guiding the cooperative enterprise towards achieving its targets (Hernández *et al.*, 2008) we can state that control is included in the scope of cooperative governance as a tool for achieving good governance.

The specific characteristics of entities that are part of the SE (Monzón, 2006) - private, formally organised, with decision-making autonomy, freedom of membership, the distribution of profits or surpluses is not proportional to capital, satisfy needs, democratically organised, mean that their management and governance arouses great interest among the research community (Ruiz *et al.*, 2006).

Hence, during the last decades numerous studies have been published addressing the issue of cooperative governance as the highest representative of the governance model of SEE because the cooperatives are a business reality of collective ownership and democratic management that seeks to promote solidarity, participation and responsibility (Marcuello and Saz, 2008, 61).

One such model is that proposed by Chaves (2004), in which two types of approach are differentiated: policy and management (see Figure 2). It is on the political front where the partners make the decisions which will later be put into practice by the management aspect. All this will be done by means of democratic participation (Coque, 2008).

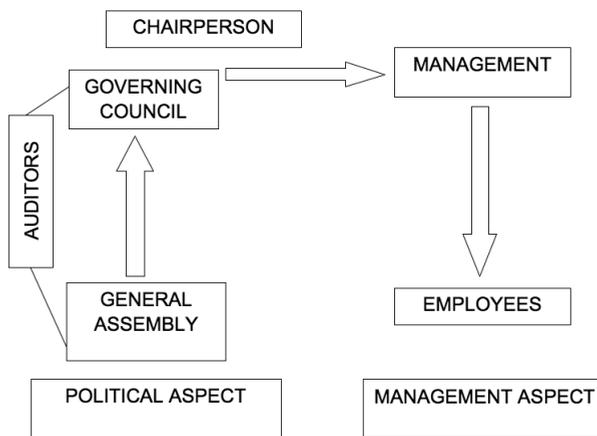
The political aspect will consist of the governing bodies of the cooperative (general assembly, the governing council and auditors), where company decisions are taken democratically and where the members are the main protagonists. On the other hand is the management side, in which the executives take part, and who are responsible for implementing the decisions taken by the political power of the cooperative.

This cooperative governance model is based on several premises that make up the political aspect of the cooperative (Chaves, 2004:1):

- 1) The members manage and decide democratically, in the General Assembly;
- 2) They participate actively in the General Assembly and in the election of representatives;
- 3) The representative posts integrated into the Governing Council represent and manage;

- 4) The representative positions are accountable to the membership;
- 5) Cooperatives, especially large ones, may provide themselves with managers-administrators and other paid staff, the so-called executive apparatus, in order to implement the decisions of the members and achieve good economic performance.

**Figure 2. Model of cooperative governance**



SOURCE: Adapted from Chaves 2004.

### **3.- Internal dimension of good governance in Social Economy**

From an internal point of view of good governance, SEE are constituted as an alternative business model to the capitalist model, where collective action (García *et al.*, 2009) and democratic participation become basic characteristics of its structure and operation (Hernández *et al.*, 2008).

The strategic logic of SEE is characterised not only by the economic management and formal contractual relationships but is also a community approach centred on values, trust and mutual aid (Michelsen, 1994, quoted in Coque, 2008:70-71)

The governance structure of SEE is formed by the different organs of power and control, and especially in cooperative societies, most clearly shows the particular characteristics of this organisational structure.

These bodies necessary for the administration and management of the cooperative enterprise are: the General Assembly, the Governing Council and the Auditors, with the members of the organisation being present in all of these bodies and they are involved in making decisions democratically.

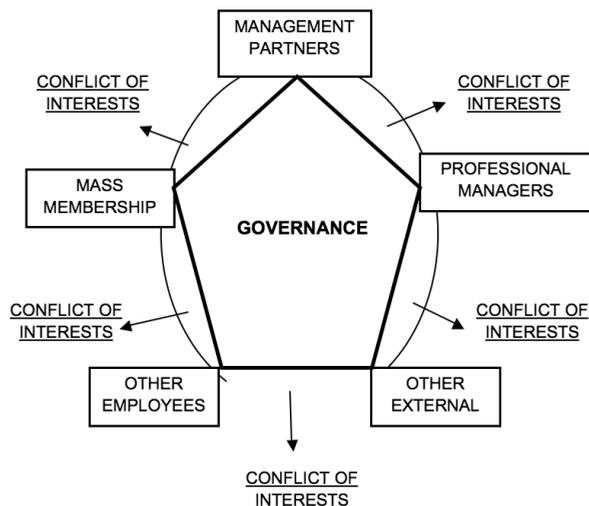
The members maintain a presence in the leadership, in the middle level, and at the base of the organisation. The members are part of the General Assembly which defines the targets of the organisation. The members will be part of the middle level when, as a member of the Governing Council, the General Assembly delegates the formal authority to direct and manage the company and will join the operations group in the event of being responsible for ensuring the production process (Hernández *et al.*, 2008:99).

Mutual support among members is one of the prerequisites for good governance and adherence to the cooperative project, in terms of equality in democratic management of the company, contributing to the financing of activities by providing capital and receiving compensation in proportion to the labour input (Pérez *et al.*, 2009).

In this sense, the incentives to participate in the management are subject to the principle of identity that demands *homogenisation of the capacities to meet the needs of the entity* (Coque, 2008:77). The dual role of the member (capitalist and user) will be a double incentive to govern the company to effectively meet needs and continue to do so in the face of possible deviations from good governance of the entity.

However, in a cooperative, the member is not the only actor who participates in the management (Coque, 2008:80). We can find up to five different types of players (mass membership, managing partners, professional managers, employees and other external players) who may be interested in governing or participating in the governance, a situation which can cause the appearance of conflicts of interest (see Figure 3).

**Figure 3. Players involved in the governance of SEE**



SOURCE: Authors.

The existence of these different players with different interests within the organisation complicates the decision-making process considerably, as each one seeks to defend their interests, and such interests will differ depending on the role of each within the cooperative.

The basis of good cooperative governance is precisely the democratic participation included in the second cooperative principle of the International Cooperative Alliance (henceforth ICA), which is the principle of “democratic management by the members” (ICA, 1995), where the general decision rule is known as one voice, one vote.

Democratic participation processes within the company and especially in the SEE, facilitate integration, avoid confrontations by minimising conflicts of interest and can be viewed as an instrument of good governance that makes it possible for interest groups (*stakeholders*) to accept changes in management systems, labour organisations and the probable restructuring of governing bodies.

This principle thus reflects one of the main characteristics of this type of enterprise, key to the analysis and study of good governance in these entities: establishing a democratic decision-making system.

This democratic decision-making process, although it seems simple, is not without problems (Chaves, 2004; Coque, 2008, Hernández *et al.*, 2008): heterogeneity of the members, low participation in the assembly and fragmentation due to the dispersion of votes are some of the problems facing cooperative governance. Therefore, we would like to think that the principle of mutual assistance among members can overcome possible differences.

Undoubtedly, another important mechanism for achieving the targets within the framework of good governance to be considered, in addition to the systems of democratic participation, is the culture of the organisation.

In SEE, that culture is closely linked to cooperative principles based on values of equality, democracy, solidarity, equity, solidarity, honesty, transparency, social responsibility and concern for others that will be adopted by these enterprises (Chaves et al. 2003), with these values being intangible and constituents of a definite competitive advantage (Marcuello and Saz, 2008).

Culture is one of the basic pieces of organisational behaviour of these organisations since it integrates the set of social norms, values, principles and behaviours common to the individuals who make up the organisation (Hernández *et al.*, 2008:94). It is this participatory idiosyncrasy (an entrepreneurial culture in today's terms) that has been created, consolidated and updated for over one and a half centuries through a global social movement formalised and coordinated by the ICA (Coque, 2008).

Those people who, based on this participatory culture, work in SEE, develop more collectivist values than other workers in capitalist enterprises, so that SEE have a role in shaping and training in the development of collectivist values to all their members, as compared to other types of enterprises (Díaz and Jáimez, 2009:44).

Like culture, social capital is another key element for the development of competitive advantages in influencing organizational knowledge transfer among members of the organization facilitating collective decision making (Nahapiet and Hoshal, 1998; Upadhyayula and Umar, 2004, Inkpen and Tsang, 2005), decision-making process is undoubtedly one of the keys to the government in es.

## **4.- The exterior reflection of the practices of good governance in social economy**

Good governance of SEE should be reflected not only from an internal point of view of the organisation but has to be reflected more and more externally because society increasingly demands social and environmental commitments from the companies beyond the strictly economic (De Nieves and Briones, 2010). So much so that a good model of governance does not only must ensure the economic, but social welfare Tembi and the balance between stakeholders and corporate governance that is embedded in a cultural and social economic context. (Johanson y Ostergren, 2010).

The entities that are part of the SE work towards sustainable development of their communities through policies approved in advance by their members, generating social, economic and environ-

mental capital (Gualati *et al.*, 2000, Bueno *et al.*, 2003, Briones, 2009), diverting some of their results to the community in which they are located, thus contributing, through the good governance practices carried out, to the development of the area where they are and to the welfare of the society.

Therefore, that further sustainable development, should provide innovative alternatives and new ways of thinking based on creativity, to ensure that breakthroughs contribute to economic development and social welfare, yet do not pose a threat to social and environmental relations (Arcas and Briones, 2009).

Saz and Carús (2008) assert that among the strengths of the organisations that make up the SE, following the Sustainability Report (2005) are: (1) the values ??are essential to establish links and create networks supported by the credibility of the organisation and by trust; (2) external communication and connection are a significant strength; and (3) the creation of networks and the establishment of intercommunication with all stakeholders (interest groups) is an asset in a globalised and interconnected society such as we have today.

This is leading companies to take on that type of responsibilities and to adopt Entrepreneurial Social Responsibility practices aimed at meeting the expectations and concerns of the different interest groups (Pérez *et al.*, 2009). This strategic-type approach should be part of the everyday management in decision-making in creating value for the company and contributing to creating long-lasting competitive advantages (Martínez *et al.*, 2011). They are a key factor for success, not just for business but for society in general through actions contributing to sustainable development.

The social nature of such entities (Vargas and Vaca, 2005; Puentes and Velasco, 2009; Server and Capó, 2009) is detailed in the definitions of authors such as Chaves and Monzón (2006), as being autonomous associations of people who have joined voluntarily, which aim to meet the economic, social and cultural needs, not just of their members but also of the community through the creation of a jointly owned and democratically managed company spontaneously assuming social responsibilities (Pérez and Gallardo, 2005).

It is therefore not surprising that authors such as Server and Capó (2009) compare the values ??of the SE with the principles proposed by the European Commission for the promotion of Corporate Social Responsibility (CSR) (Table 1). These principles can lead to the study of some of the external practices of good governance in SEE. These are:

- recognition of the voluntary nature of CSR;
- credible and transparent social responsibility practices;
- focus on activities where value is added;
- balanced and comprehensive approach to CSR, including economic, social and ecological aspects, as well as consumer interests;
- support for and compatibility with existing international agreements (core labour standards adopted by the ILO, the OECD Guidelines for Multinational Enterprises).

**Table 1. Comparison between co-operative principles (ICA) and the European Commission for the CSR**

COOPERATIVE PRINCIPLES	CSR (European Commission)
1. Voluntary and open membership	Voluntary nature of CSR
2. Democratic management by the members	Transparency and credibility of CSR activities
3. Democratic participation	
4. Autonomy and Independence	
5. Education, Training and Information	Transparency and credibility of CSR activities
6. Cooperation among cooperatives	Balanced approach to CSR in the economic, social and environmental aspects as well as the interests of consumers
7. Concern for the community	Location of community action in activities in which the Community's action brings real added value Balanced approach to CSR in the economic, social and environmental aspects as well as the interests of consumers Attention to the specific needs of SMEs. Respect for existing international agreements and instruments

SOURCE: Adapted from Server and Capó (2009)

For these authors, the very nature of the cooperatives, leads to socially responsible operation, as is apparent when analysing the cooperative principles and therefore the SE enterprises have an advantage when applying the axioms of CSR with respect to other companies (Server and Capó, 2009).

It is important to note the ease with which SEE and in particular cooperatives tend to naturally establish links with their surroundings, contributing to the economic, social and environmental development in a sustainable and responsible manner, to the extent that their activity is based on the use of endogenous resources from the area (Puentes and Velasco, 2009)

Cooperative principles are an example of the interest that SEE have for local and social development. Among the principles, education, training and information, the principle of cooperation and interest in the community are those which are closest to the concept of local development as understood by the Organisation for Economic Cooperation and Development (OECD) as a *“process by which a certain number of institutions and/or local people are mobilised in a given locality in order to build, strengthen and stabilise operations using the resources of the territory in the best possible manner.”*

Local development policy has to date been sustained on the following strategic axes (Tomás, 2008):

- 1) Promotion of investment, both internally and externally, and job creation.
- 2) Mobilisation of potential endogenous development, as a guarantee of autonomy and economic sustainability in the growth process.
- 3) Diffusion of innovation and knowledge of the production system, as a vehicle for competitiveness and adaptation to changes in the environment.
- 4) Training, retraining of human capital and employability, as a vehicle for economic adjustment and social stability.
- 5) More efficient articulation of the urban space and improvement in the attractiveness of cities to attract companies.
- 6) Establish development coalitions between public and private sectors and different interests in order to increase the effectiveness of policies and the governance of adaptation processes.
- 7) Promoting the internationalisation of business to boost the export base, entrepreneurial skills and the integration of the local economy into the global economy.
- 8) Development of information and communication technologies and their use by the business community and citizens.

The good governance practices of these entities are not only reflected in social and environmental responsibility coupled with local development. Authors such as Coque (Coque, 2008:72) state that cooperatives are the business model which most naturally integrates business networks, as the characteristics of the former fit inherently into the latter.

The generation of networks of cooperatives began considerably before the current explosion of strategic alliances between organisations, since cooperation among cooperatives is one of the cooperative principles that have their origin in the Rochdale Principles, established in England in 1844.

Among the main strategic reasons that lead organisations to take the decision to adopt cooperative agreements as a solution to their needs or expectations, are as follows (De Nieves et al., 2010:119):

- 1) Create and share trading networks by those companies which rather than being considered individually, are related from the perspective of the organisational system they comprise;
- 2) Overcome market barriers, and thus cooperation agreements are a means for companies to directly impact on competition;
- 3) Reduce risk and uncertainty and thus the inter-company relations facilitate their adaptation to the globalisation of markets and technology;
- 4) Improve efficiency in work systems that favour the development of autonomous or influential groups;
- 5) Access to new resources and capabilities in order to access specific goods not owned by the company but which complete its activity;
- 6) Research, development and innovation (R + D + I);

- 7) Obtain an appropriate size to be able to compete, since alliances allow to reach a critical mass in certain resources, while avoiding the duplication of activities and allowing the use of resources for other tasks; and,
- 8) Create and exploit the positive synergies, becoming economies of scope by the joint operation of a fixed asset or by taking advantage of the asymmetries and complementarities of resources, skills or experiences of the associated companies.

These cooperative practices are processes of good governance and knowledge transfer, allowing greater access to innovation processes and launching new products that better meet business expectations (Briones and Laborda, 2011), in this case considering SEE and especially cooperatives as a means of efficient organisation for the development of innovative processes (Faria *et al.*, 2010). On the other hand, increasing the size of the company is nowadays crucial to ensure its very survival. This leads companies to reach cooperation agreements and alliances, in order to increase profitability and value creation, pooling their resources and capabilities and/or completing them with knowledge from other companies (Martínez *et al.*, 2011).

## 5.- Results of the measures of good governance

The adoption of all the practices of good governance by SEE, which are in a certain manner so characteristic, based on social and collectivist values and principles, mean that their impact on business performance is noteworthy, because the application of these measures of good governance in SEE brings increased productivity and business results through innovation (Del Águila Obra and Padilla, 2010).

Growth strategies focused on cooperative activities are a principle among cooperatives, they are also considered a means to improve the competitiveness of companies in general, especially in SEE, triggering collaboration relationships in collective agents (Morandeira *et al.* 2010), referred to by Putnam (2001) as strong relationships; in this sense, effectiveness is sought in their coordination, as is mutual benefit for the parties involved (Martí and Lozares, 2008).

The inclusion of SR measures in the management as well as concern for environmental and sustainable development, are reflected in the results of the entity and in society at large, as these measures are seen as a long-term commitment by each company with its surroundings, improving the response strategies to the society, with the ultimate goal of returning a portion of their profits to the stakeholders (Martínez *et al.*, 2011), thus increasing the satisfaction of the different agents.

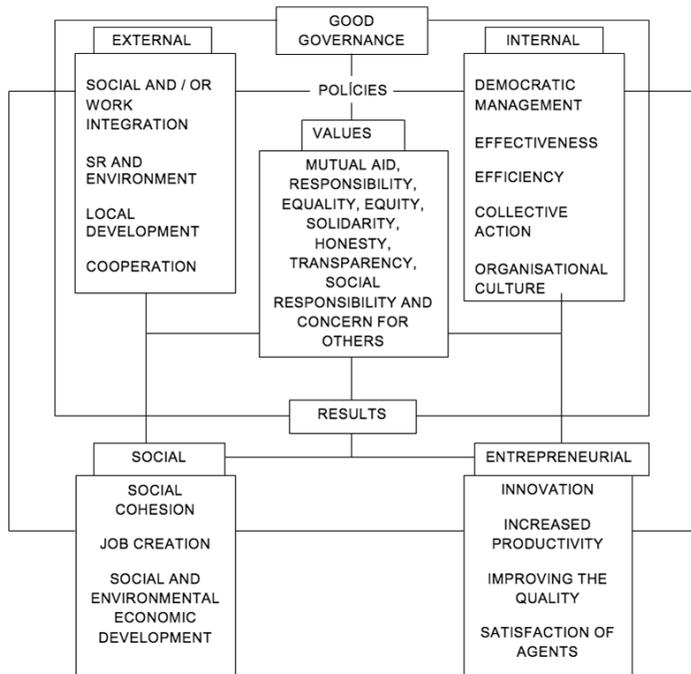
The policies of SR increases the reliability and value perceived by customers (Luo and Bhattachayra, 2006) which can lead to an increase in sales and thus an improvement in financial performance (Maignan, 2001). In addition, the policies of RS improving relations with stakeholders to increase motivation, satisfaction, loyalty and trust (Dentchev, 2004) and making long-lasting way.

Briones and Laborda (2011, 135) state that “among the many reasons that justify the study of entrepreneurial capacities provided through innovation, we find technological development to be important since it enables innovation to be a differentiating strategy.” In this sense, the SEE are by nature considered innovative and an important strategic focus for local development of the territories.

## **6.- Providing a model of good governance in the Social Economy**

After conducting a thorough review of the literature on good governance practices of SEE from both an internal and external perspective and its impact on business results, we have proposed a theoretical model of good governance in the SE which establishes a relationship between the practices of good governance and their implication in terms of both the business as well as social outcomes (see Figure 4).

This model seeks to justify the application of good governance practices in both the internal management of SEE (democratic management, effectiveness, efficiency and organisational culture) as well as in its external impact (social integration and employment, SR and the environment, cooperation, local development). This is done within the framework of the values inherent in the SE (mutual aid, responsibility, democracy, equality, equity, solidarity, honesty, transparency, social responsibility and concern for others) which can bring settlement and continuity to SEE; increases in both business and social results in the welfare of the society and affecting the people therein.

**Figure 4. Model of good governance in the SE**

SOURCE: Authors

## **7.- Conclusions**

In this article we have sought to carry out a theoretical study of good governance in SEE from an internal point of view (members, government agencies, democratic participation, organisational culture) and its external reflection in society (local development, social responsibility, cooperation, social cohesion and the environment) all from the broad concept of good governance and its reflection on company results.

Analysis of the literature has shown the SE to be an alternative to the capitalist model, based on values (mutual support, responsibility, democracy, equality, equity, solidarity, honesty, transparency, social responsibility and concern for others) which are increasingly demanded by society and which thus leads these companies to be well accepted by society.

We have seen that collective action and democratic participation are intrinsic factors in the governance of these entities. They are strategic keys in decision-making and are seen as good governance practices in the SE from the most internal facet of the organisation. The application of these practices lessens conflicts of interest between different stakeholders (mass membership, managing partners, professional managers, employees and other external actors), thus creating value for the company.

Another important mechanism for achieving the company's targets in the framework of good governance is the organisational culture of SEE. These enterprises have a specific organisational culture based largely on these cooperative principles and values.

In SE, as we have seen with the analysis of the literature, good governance practices transgress the boundary of the organisation and are reflected in and have an impact on society. The SE is concerned with sustainable local development of the areas where they settle, since they generate important social, economic and environmental capital, by SR and environmental policies, local and/or labour development and cooperation agreements. These good governance practices can become capacities that SEE develop, and thus obtaining with their development different levels of profitability than the capital firms.

This model is a first step that leads us to consider a number of lines of research which will focus first to demonstrate empirically the application of the model of good government to the EES and the basic sectors entas entities.

See where official industrial structures, whether or not they own the SE and whether or not to adapt other traditional capital companies and how this model affect the behavior of different people.

The study was addressed from the perspective that relates the proposed governance model with the nature of the entity of ES and the different approaches or theories that affect the organizational behavior of the agents involved in the governance and application of the rules of these theories about the internal and external groups, considering the purpose of finding moderating relations agency costs, property rights or other aspects both from the standpoint of institutional economics.

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