

## Organizational learning as a driver of a social business model: a case study

Michelle Dauer 1, Michele de Souza 2, Luiz Reni Trento 3

1. Aluna de Mestrado no Programa de Pós-Graduação de Engenharia de Produção de Sistemas na Universidade do Vale do Rio dos Sinos - UNISINOS, e-mail: [midauer@gmail.com](mailto:midauer@gmail.com)
2. Aluna de Mestrado no Programa de Pós-Graduação de Engenharia de Produção de Sistemas na Universidade do Vale do Rio dos Sinos - UNISINOS, e-mail: [misouz@gmail.com](mailto:misouz@gmail.com)
3. Aluno de Doutorado no Programa de Pós-Graduação de Engenharia de Produção de Sistemas na Universidade do Vale do Rio dos Sinos - UNISINOS, e-mail: [luiz.trento1963@gmail.com](mailto:luiz.trento1963@gmail.com)

### ABSTRACT

The case study presented investigates how organic farmers in southern Brazil are making their social business operationally sustainable by creating a learning environment. Social businesses are created to improve the livelihood of the poor. Bearing in mind that 1 in 10 people in the world lives under \$1.90 a day, the new research on how social business can improve the lives of the poor is essential to drive an action to reduce this numbers. Understand how this kind of business works; the best practices and learning culture is critical to recognize how emerging markets can develop through this type of entrepreneurship. For the developed countries, is this kind of research is vital to understand how they can innovate. To address this research, the authors adopted a qualitative exploratory methodology with a unique, in-depth, case study. The study focuses on a cooperative of settled workers that cultivate and sale agroecological products. Findings suggest that co-ops must engage members to share their knowledge through a set of practices that creates a routine for the farmers to collaborate. It can develop a culture of collaboration. Co-ops have an essential role in this knowledge diffusion where farmers embed their knowledge with the experience of others and technicians. From the research point of view, this research has some limitations. First, a single case can limit the generalization of results. Further studies can address the same research question with multiple cases. Studies could also measure how the Organizational Learning impacts the financial performance on co-ops. The research provides information on the knowledge management practices that seems to be one of the keys for the cooperation success. It can inspire future social entrepreneurship in this field. Eco-entrepreneurs offer several benefits as social (property, infrastructure, education), environmental (banishment of agrochemicals and knowledge on agroecology), and economic (income, subsidies, and investments) ones. The article presents new findings on the management and development of a learning culture in social business.

**Keywords:** Organizational learning; Social business; Organic food; Co-op; Case study.

## 1 Introduction

A social business is designed and operated exactly like a typical business venture, with products, services, markets, expenses, and revenues. It promotes the sale of products or services and pays dividends to its owners, but its primary objective is to serve society and improve the lives of people in need (YUNUS; MOINGEON; LEHMANN-ORTEGA, 2010). Bearing in mind that 1 in 10 people in the world lives under \$1.90 a day (World Bank, 2018), new researches on how social business can improve the lives of the poor is vital to drive an action to reduce this numbers. The best way for companies to collaborate in poverty eradication is to invest in improving the skills and productivity of the poor and create job opportunities for them. It is a win-win solution and a real fortune for bottom-up of the pyramid (BoP) (NIDUMOLU; PRAHALAD; RANGASWAMI, 2009). An essential requirement for the success of the social business is has a prior affiliation with a cause, so the actors will be passionate and support the social cause (ROY; KARNA, 2015). In this scenario, small farmers organize themselves through cooperatives. These farmers have attracted the attention of policymakers, interested in social development and undoubtedly many researchers (SODHI; TANG, 2016). In cooperatives, organizational learning is closely related to productivity (AL IDRUS; AHMAR; ABDUSSAKIR, 2018; AMBULA; AWINO; K'OBONYO, 2013). However, empirical evidence on the impact of organizational learning on organic farmer cooperatives is limited. Understanding how a social and sustainable business model is developing can be a success factor for other businesses (BOCKEN; FIL; PRABHU, 2016). The organizational learning theory can support this type of empirical research (ARGOTE; GREVE, 2007). The present case study investigates how organic farmers in southern Brazil are making their social business operationally sustainable by creating a learning environment.

The social business is a cooperative of settled workers of the region of Porto Alegre - COOTAP. The headquarters of COOTAP is in the municipality of Eldorado do Sul, in the state of Rio Grande do Sul (RS), Brazil. This study presents a case of the land struggle and the poverty reduction of peasants in southern Brazil. This organized fight has more than 70 years of history. It began with the formation of the Peasant League around 1945 (FERNANDES, 1999). They came together and created a cooperative to organize production and reach the most significant market. Its social cause is the use of land for development and subsistence of impoverished people. During the history of the cooperative, it was decided to produce only organic products to differentiate their products in the local market. This shared decision transformed impoverished peasants from the RS into successful rice exporters to Europe and North America. Although there is no definition of organic agriculture, there is a consensus that this represents an agricultural management system based on natural methods of improving soil fertility and resisting disease, rejection of synthetic fertilizers and pesticides, and minimization of environmental damage and wildlife (RAUNOLDS, 2000). In any case, according to Brazilian legislation through the Ministry of Agriculture, "the organic product, whether fresh or processed, is obtained in an organic system of agricultural production or derived from a sustainable extractive process and not harmful to the local ecosystem. To be traded organic products must be certified by accredited bodies in the Ministry of Agriculture, being exempted from certification only those produced by family farmers who are part of family organizations that are part of registered social control organizations in which marketing exclusively in direct sales to consumers". The purpose of this study is to understand the history of this case

and to identify the situations, practices, and actors that build the culture of organizational learning.

The article evolves as follows. The first section presents the theoretical basis of the study for the following fundamental concepts: social business model and organizational learning. Following that, we present the methodology of the single case study, giving particular attention to the framing and explanation of data analysis. We, therefore, present the findings of the co-ops historical of the fight for land and co-ops operational practices and learning the culture. Finally, we present the discussion and conclusion articulating about the case and findings from the literature and then, we discuss implications for future research and practical implications.

## **2 Theoretical background**

Because literature is scarce in social business and organizational learning, we review the literature in these two main constructs. Social business model and organizational learning in cooperatives underpin this research.

### **2.1 Social Business Model**

The non-profit organization provides market knowledge, local needs, network with other institutions, actors in the territory, and distribution channels (MICHELINI; FIORENTINO, 2012). The enterprises that operate in the social business model have products, services, customers, markets, expenses, and revenues (YUNUS; MOINGEON; LEHMANN-ORTEGA, 2010). These businesses can expand by increasing the number of customers, members and expanding offers and revenues to reach millions of people (BOCKEN; FIL; PRABHU, 2016). Although social business focuses on social objectives, they need to put attention to cover the costs involved in the operation. Moreover, the social business needs to guarantee to the associates recover the investments. These enterprises are focused on transferring the generation of traditional financial profit to the social profit to all interested parties (YUNUS; MOINGEON; LEHMANN-ORTEGA, 2010). This focus allows social entrepreneurs to create value and maximize social profit (BOONS; LÜDEKE-FREUND, 2013; DACIN; DACIN; TRACEY, 2011). Another objective is to reinvest the profits obtained in the social business to meet the needs of stakeholders (YUNUS; MOINGEON; LEHMANN-ORTEGA, 2010). The literature highlights that these companies place the focus on the creation of social value. However, the economic scope for self-sustainability is equally essential (ROY; KARNA, 2015). Social entrepreneurs tend to pay close attention to building and sustaining the social value of the triple bottom line (TBL) (SULLIVAN MORT; WEERAWARDENA; CARNEGIE, 2003) moreover, focus on stakeholder involvement in the ongoing process of innovation, adaptation, and learning (DEES; ANDERSON, 2003). As discussed in the literature, continuous improvement in business models involves the relationship and adaptation of members. The intensification of relationships helps to mature social models (DEES; ANDERSON, 2003). In social enterprises, social mission is as essential as financial viability (ALTER, 2007; ROY; KARNA, 2015). The literature draws our attention that there are difficulties in measuring social profit through standard profitability indicators. These difficulties can inhibit the initiative of these businesses (YUNUS; MOINGEON; LEHMANN-ORTEGA, 2010). Another aspect that can also prevent initiative is the cost of minimizing environmental impacts.

Proactive and committed management orientation can only be useful if the business model and the environmental and social elements of sustainability are aligned (BOONS; LÜDEKE-FREUND, 2013)

Sustainable business models can create value by balancing economical, ecological and social elements. Also, they seek to promote balanced relationships and fair share sharing among members (BOONS; LÜDEKE-FREUND, 2013). Social business is considered a business that serves the most impoverished working at the base of the economic pyramid or aspiring class whose social or environmental objectives are intrinsic, and there is no conflict between social and financial returns (World Economic Forum, 2013). In the context of the most impoverished, the literature reveals that their transformation into producers may be an alternative to reduce poverty (KARNANI, 2005). However, the TBL business model must meet the three pillars of sustainability (economic, social, and environmental) in a balanced manner (ELKINGTON, 1997). The most significant barrier in business models is to prioritize the economic aspect, with the central premise of the business being profit generator (PAGELL; SHEVCHENKO, 2014). Business models that create social values are those that adopt strategies to serve the less favored, that is, the base of the pyramid.

## 2.2. Organizational learning

The work of Cyert and March (1963) with their book *A Behavioral Theory of the Firm* introduced the organizational learning theory (ARGOTE; GREVE, 2007). Organizational learning focuses on experience. Also, such an experience impacts organizational knowledge (ARGOTE; MIRON-SPEKTOR, 2011; FIOL; LYLES, 1985). Knowledge is closest to action and experience promotes the ability to deal with complexity (DAVENPORT; PRUSAK, 1998). Similar research indicates that the sources of learning for organizations and individuals go through the experience and rational calculation of the consequences of choices (MARCH; OLSEN, 1976). From the individual perspective, learning is embedded in the minds of other individuals and epistemological artifacts (maps, memories, programs) (ARGYRIS; SCHÖN, 1978). Learning promotes feedback between learner and environment, reflecting on the learner itself (BERKES, 2009). The socialization process between individuals who participate in standard practices and discourses end up reproducing and expanding organizational knowledge (POPOVA-NOWAK; CSEH, 2015). Prior studies indicated that learning occurs from individuals, groups, and organization as a whole (CASTANEDA; RIOS, 2007).

Learning opportunities encompass actions of doing, using and interacting. These actions can contribute to the improvement of social integration (PETERS; PRESSEY; JOHNSTON, 2017). The lack of this kind of interaction can hinder the expansion of knowledge at all organizational levels (HILLEBRAND; BIEMANS, 2004). When ties of relationships between farmers, employees, and partners are close, they build essential mechanisms for transferring specialized knowledge. Besides, it can contribute to the promotion of new learning and new knowledge (INEMEK; MATTHYSSENS, 2013). The success of organizations is linked to the capacity to learn and cultivate this capacity and commitment at all levels of the organization (SENGE, 1990). The adoption of learning practices can enable individual, team and

organizational learning, which, in turn, contributes to improving the performance of the company (AMBULA; AWINO; K'OBONYO, 2013).

Besides to learning, the ability to adapt can guarantee performance and longevity of organizations (ARGOTE; MIRON-SPEKTOR, 2011; MARCH; OLSEN, 1976; AMBULA; AWINO; K'OBONYO, 2013). Organizational learning is closely related to cooperative productivity (AL IDRUS; AHMAR; ABDUSSAKIR, 2018; AMBULA; AWINO; K'OBONYO, 2013). The capacity to learn is hugely relevant to survival in competitive markets (KALMUK; ACAR, 2015). The knowledge sharing through a co-op relationship can sustain competitiveness in the market and can also enable the improvement of product quality (TAPLIN, 2010). Also, this knowledge sharing impacts positively the production in co-ops (AMBULA; AWINO; K'OBONYO, 2013). Besides, in cooperative environments where there are different resource bases, knowledge sharing, and resource sharing can be considered as enablers (TAPLIN, 2010). The literature presents studies that highlight the application of these aspects in organic food co-ops. The primary objectives are to share knowledge and provide interactive learning. These objectives seek to develop the skills of producers, provide innovative thinking and expand the ability to design solutions to their difficulties (AYUYA et al., 2015; DONOVAN; POOLE, 2014). A study that reviews learning in the co-ops agricultural field indicates that these organizations require the capacity for responsive and anticipatory adaptation. As an aim to be successful, the co-ops must embrace error; include people in planning and link knowledge to action (KORTEN, 1980).

### **3. Methodology**

Empirical research on sustainable eco-business and learning is incipient. This study conducted an exploratory single-case approach. The study of a single case can be a powerful example to show the way they work (SIGGELKOW, 2007). The case study is a research strategy focused on the understanding of the dynamics present in a single scenario (EISENHARDT, 1989). This method can enhance the existing theory (DUBOIS; GADDE, 2002; SIGGELKOW, 2007). The case study in question required the deep involvement of the researchers because of its complexity. Key respondents were interviewed several times in an interactive process.

#### **3.1. Case selection and context**

Eco-business of landless farmers are different practices, so the number of potential cases is limited. Other social businesses that currently have similar but smaller scale characteristics. The cooperative of settled workers in the region of Porto Alegre (COOTAP) was the pioneer in the present concept in Brazil. Thus, our research focus on a single agricultural cooperative of organic products (COOTAP), based in the state of Rio Grande do Sul (RS), south of Brazil. The cooperative has 1.462 families associated that lives in 21 settlements spread across 16 cities in the state of RS. The families produce a range of organic products: rice, milk, mixed vegetables, and fruits. In the case study, the research put attention to the analysis of the case and identification of the innovation factors that led impoverished farmers to become eco-entrepreneurs. The process of building eco-business is continuous, and it started more than 20 years ago.



### 3.2. Data collection and analysis

The cooperative is open to academic research. The researchers had accessed the field observations, documents, secondary data, and interviews with director of operations, managers, and farmers. Nevertheless, the researchers also relied on interviews from local news, government information websites and other internet and websites sources. This combination enabled the triangulation of the data gathered from the interviews, secondary data, and observation (GIBBERT; RUIGROK, 2010; MARTIN et al., 2013). The interviews were conducted following a protocol developed to support data collection and ensure consistent interview procedures. The first part focused on the analysis of the business model and history of the farmers building the cooperative. Then the researches inquiry about production, business plan, knowledge sharing, technical support to farmers, certification and sustainability. The interviews lasted from 120 to 270 minutes and recorded and transcribed. The interviewee's Director of operations; Quality Coordinator; Technical Coordinator; Sales Coordinator were selected because of their importance to the management of the business and processes. The farmers interviewed were selected by their availability. The interviewees and are listed as follows (table 1):

Table 1: Characterization of the interviewees

<b>Role of interviewees</b>	<b>Characteristics of role</b>	<b>Years at the cooperative</b>
<b>Director of operations</b>	He directs the management team for the cooperated.	10
<b>Quality Coordinator</b>	Assist with the certification and technical knowledge transfer to producers	6
<b>Technical Coordinator</b>	Manages the technological development team and coordinates the technical services cooperative (COOPTEC)	10
<b>Sales Coordinator</b>	Coordinates COOTAP sales	10
<b>Farmer 1</b>	Rice and vegetables cooperated	20
<b>Farmer 2</b>	Rice and vegetables cooperated	20
<b>Farmer 3</b>	Vegetable cooperated	5
<b>Farmer 4</b>	Vegetable cooperated	9

Source: Developed by the authors (2018)

The researchers visited the headquarters of the cooperative, its settlements, plantations, free markets, hypermarkets, large retail. Through field observation, researchers check the context of farmers, their history of the struggle for land, culture, pride in building a sustainable eco-business and learning practices. Besides, the researchers complemented the collection of data with secondary fonts, such as minutes of meetings and public documents (doctoral thesis, dissertation, press releases, websites and social media). The data were transcribed and encoded using the AtlasTI v8 software, following the coding procedure described in the literature (JULIET CORBIN; ANSELM STRAUSS, 2016). The researchers had discussed and reorganized different codes and interpretations until an agreement was reached. Then,

the researchers transferred the results of the analysis within the case to a tabular format in spreadsheets. Subsequent cross-analysis identified characteristics and differences between the units of analysis based on empirical data and the literature on a social business model, TBL, organizational learning and organizational learning in cooperatives.

## 4. Findings

### 4.1 Historical context

The struggle for land in the state of RS has its roots in 1945. In 1978, the peasants suffered a severe setback (FERNANDES, 1999). At that time the Kaingang indigenous people expelled 1800 families of settlers who had invaded their lands. The settlers had three alternatives: to migrate to projects of colonization in the Amazon forest, to become wage earners in companies in the cities or to fight for land. Families dispelled and began to wander through the municipalities of the Northwest of the state of RS. Many lived along the roadsides with no structure and under the poverty line. They sought an alternative of refuge in the houses of relatives or acquaintances, or even moved to live with the animals in the stables or barns (FERNANDES, 1999). In 1981 the movements towards the fight for land in RS got bigger. In 1984 settled farmers that fought for land had a meeting in the state of Paraná and decided to fund a movement to fight for land, land reform and social changes in the country. This meeting sets the beginning and foundation of MST (Landless Workers' Movement), where the farmers organized themselves to fight for land tenure. Once they managed to settle on some land by invasions of private properties with no use, they started to produce. The activity of rice production began in the settlements of the region surrounding the capital of RS, Porto Alegre. Farmers organized the land in areas from 10 to 20 hectares (ha). At that time, MST organized the farmers and adopted the agro-chemical technical standard that was predominating in agribusiness. According to the director of operations, the government granted credit during the period between 1996 to 2000 for conventional production, which encouraged the use of agrochemicals. The conventional production model was costly due to the technology involved that demanded high energy consumption, the dependency of the government credit, production and, commercialization (CADORE, 2015). The mentioned barriers triggered a financial crisis in the settlement. In 1999, the Southern Common Market – Mercosur countries (Brazil, Argentina, Chile, Paraguay, and Uruguay) reduced rates for some products, including rice (CADORE, 2015). The 1999' crisis indebted the settlers to the point of making unfeasible the survival of the settlements.

From this critical situation, the changes in the production process have begun. The settlers decided to form the cooperative union. The founding of COOTAP in 1995 strengthened the process of the union of farmers. COOTAP consists of a socio-economic organization for the production, industrialization, and commercialization of organic foods, supporting the farmers. The director of operations exemplifies: "First, we worked to put farmers together and stop planting and selling by themselves, and from then on we began to discuss with all settle the problem in the search for solutions." With this decision, they have also transformed the productive matrix from conventional production to the organic model. These discussions lead to the conclusion that controlling the supply chain would be essential to increase the market competitiveness. The first organic crops were related to mixed vegetables that were

sold directly to customers. The beginning of rice production started in 2000 at Lagoa do Junco settlement spreading to other settlements after 2002, when farmers visited the settlement to exchange experience and study about this new type of production.

The cooperative seeks to economically and socially develop itself, as well as to keep the focus on the conservation of the natural resources. Other findings reveal that the option for organic production also arose because of the zero impact on producers' health. The landless or newly settled families are at the lowest range of the economic and social pyramid. The director of operations said: "At the beginning, the income of the settlers was negative, they had debts and could not produce or sell the products individually." The crisis has encouraged the development of new ideas, according to the director of operations: "The challenge was to convince the families to get together and find solutions to the difficulties. Today, the families work together and have better living conditions."

The business model does not only develop the producers. The community in which it is inserted also benefits from the involvement of schools, universities, and consumers, and shows that there is a permanent social and economic development. The director of operations, Quality Coordinator, and Technical Coordinator states: "The settlements have schools, health centers, a sports gym, sports competitions, and structures that are sometimes better than those in the municipality where they live." According to the interviewees, there is interest in maintaining the business model of the cooperative. It is due to the great interest of the young producers in following the family business. The director of operations indicated that 90% of the cooperative's employees are young people who have or are at university. The farmer (4) indicated that the students have a shuttle from the farms to university and schools and since they know that this is a profitable and sustainable business, they want to learn and apply their knowledge into the family business. Respondents say the open relationship between associates and government improves community development. During the interview, the Quality Coordinator quoted that in nearby communities they can perceive the rural exodus of young people. "In our settlements, the population is younger and that most of them go out to study and at some point, I can say: all of them return to their origins." On the other hand, respondents complain about the lack of support from governments.

It was necessary to reduce costs to increase the competitiveness to access the consumer market. According to the director of operations: "We have to master the logistics processes to be self-sufficient and do not depend on distributors. Thus, we can maintain the costs lower." The conventional method of cultivation, technologies of precision agriculture and intensive use of agrochemicals (5.2 liters per inhabitant in Brazil) reduce the productive capacity of the soils. As per documentation shared by COOTAP, agroecological management considers soil as a living and complex organism with natural fertility, structured system, chemical fertility, nutrients in quantity, and equilibrium. The organic material of plants and animals is the main food of the soil. From the management of this organic material, the soil must be well fertilized, and this requires an ability, contributing to the liveliness and regulation of the soil's immune system. The time between the harvest and the planting of the new crop is the space for the management of fertility (CADORE, 2015). This strategy contributed to the construction of an innovative eco-business. The director of operations sustained with the following affirmation: "Differentiating the product was the formula to develop a market niche different from the conventional production. Moreover, direct distribution contributed to the achievement of a better profit margin".



Meanwhile, the cooperative was being noticed by other families of farmers interested in the practical experiences developed.

## 4.2 The cooperative operational practices and learning culture

The successful business model of the cooperative started to get attention from farmers due to their organic model and technical support. Still today the cooperative call attention of families that wants to start farming. One of the interviewed (Farmer 4) indicated that the cooperative gave her all subsidies, knowledge, and structure to start her business and have the means to sustain her family. In her words: “I attended a full-day course with technicians to learn how to grow vegetables and fruits. It was the trigger to start the business”. The director of operations also raised that new farmers receive intense attention: “We take care of new farmers, so they do not suffer along the way, we work more closely to them!”. The director also mentioned that the cooperative assist farmers in financial aspects and alternatives for the full use of land. Moreover, the organic certifications are too costly for a single farmer to achieve it. Participating in the cooperative became a solution to knock down this barrier and have a certified product in the market. The knowledge sharing of agroecological production opened the door for the development of families. The interviewees cited essential characteristics to support the business model: cooperativism, empowerment, equal treatment. The interviewees also mentioned other aspects regarding modern concepts of supply chain management, such as negotiation of shared purchases, mastery of distribution resources to reduce costs, and negotiation of sales of consolidated volumes. The interviewees revealed that a critical aspect of the cooperative is the openness to foster ideas to reinvest the profits to increase working capital. Another point to highlight is the cost of organic production, which is 50% lower than the conventional one.

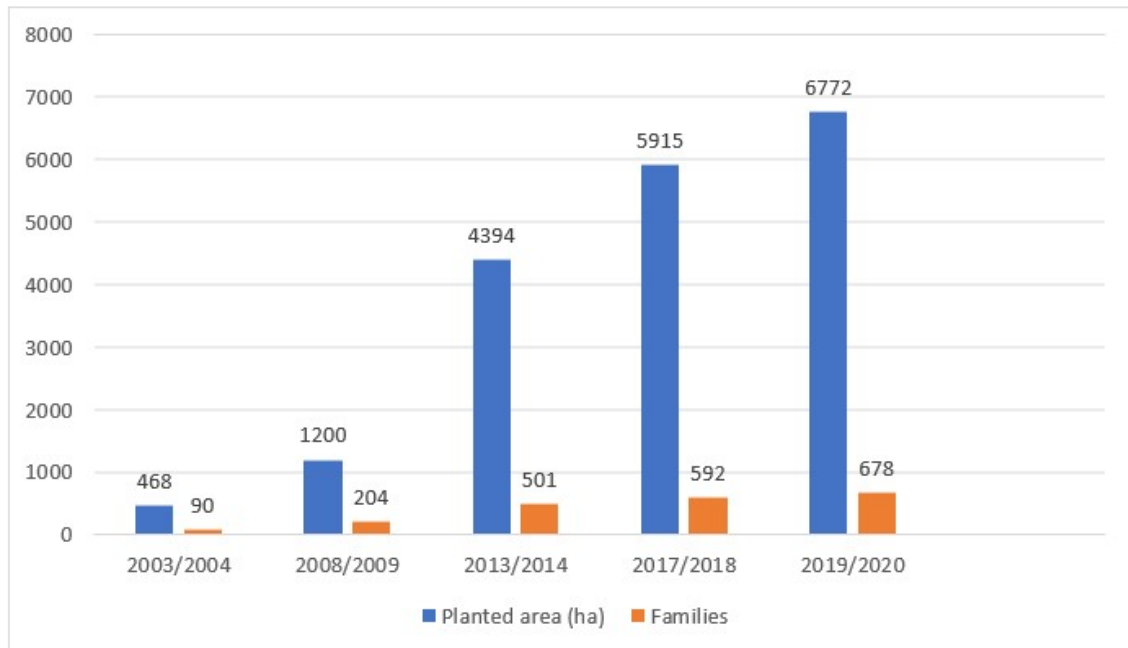
According to the Technical Coordinator: “Two institutions have fostered this experience and knowledge sharing: Central Co-ops of the settlers of Rio Grande do Sul (RS) (Cooperativa Central dos Assentamentos do RS - COCEARGS) and technical services to Co-ops (Cooperativa de Prestação de Serviços Técnicos Ltda - COPTec). However, COOTAP expected more support from other government agencies related to research, knowledge and agriculture expansion, as mentioned by the director of operations and quality coordinator: Rio Grande Rice Institute (IRGA) - which has an agreement with a German agrochemical company; Technical assistance and rural extension company (EMATER); and Brazilian agricultural research corporation (EMBRAPA). The Technical Coordinator also indicated that even with the heavy investment in technical assistance to farmers, the cooperative also listens to farmers experience regarding the use of soil and maintenance of crops. The technical workers also collect information regarding the region, climate and different situations the farmers face. Their experience is valuable to the construction of cooperative knowledge. The quality manager also mentioned that the knowledge and experience that the farmers that grow vegetables and fruits are extensive, so they need less technical resources. On the other hand, one of the farmer (2) interviewees mentioned that without the support from COOTAP it would be impossible to produce: “whenever I need a technical visit they send one. It is imperative to have them to rely on”.

The quality process in the cooperative includes audits and certifications to qualify the organic product according to the consumer markets and standards. The cost to certify the organic product is a barrier for small farmers, so the cooperative made these certifications feasible and expanded the product access to other markets. The

cooperative quality coordinator describes the process for the rice certification: " The environmental organic market institute (IMO Control) located in São Paulo state hires another company from Germany to manage the export certifications. Today there are three types of certifications. Their scopes follow each market: Brazilian (BR), European Community (CE), and the National Organic Program (NOP) for North America. The data collected show that the annual fixed cost for the 500 producers is around \$18,000 per year, without considering the documentation costs related to commercial transactions that are required by the customers. There are also participatory certifications (OCS - Social Certification Organization), which are carried out mainly by the producers of vegetables and fruits. This certification is a process carried out by the producers themselves. As per farmer (3) interviewed: "we visit each other and confirm that our neighbor is indeed planning organic products." The technicians supervise these visits. The producers visit and attest that the cultivation of the neighbors is organic or not. Producers call this pair up certification process.

The cooperative and producers organize the production planning and production process. It includes planning the quantities of agricultural inputs required for production. Even the election of new suppliers is a joined force with technicians and farmers. They seek for suppliers that appropriate legislation, works council matters and environmental standards. The cooperative also has a management group that is formed by the leaders of the farmers. The Quality Coordinator validates: "The demands of inputs (seeds, limestone, fuel) are informed to the cooperative by this groups before the beginning of the cultivation, according to the farmers' production forecast. The co-op distributes the agricultural inputs according to the prior planning." After the harvest, the farmers send all the production to the cooperative. To encourage organic production, the cooperative pays organic rice producers 15-20% more than the market price of conventional rice. According to the director of operations: "The cooperative pays 50% on delivery, and the other party after the sale of the products. Members have a share in profits." Respondents believe that differential pricing encourages the production of organic products. The interviewed farmers mentioned one of the Cootap strengths is the participation in the decision-making process, like regarding profits. According to the farmer (2), "we decided in the planning meetings where the profit of the commercialization of the products goes." The director of operations points out that at the last meeting the members decided to invest the profit in the cooperative's working capital. According to the archive data presented in Figure 1, it is planned to reach the target of 678 families and 6772 hectares (ha) of cultivated land by 2020, meaning that the eco-business intends to grow 14.5 times in 16 years.

Figure 1 - COOTAP expansion plan



Source: COOTAP archive data (2017)

The certifying institution of organic production referral the cooperative to participate in international trade fairs such as Biofach (Germany) (AGROLINK). Thus, COOTAP acquired knowledge regarding the business, cultivation, and techniques abroad and increased the number of customers and started to export rice to Europe and North America. The social movements linked to the cause of the MST help open channels with countries aligned with the social issues of the movement. The cooperative exports organic rice to several countries, including the United States of America, Italy, Germany, and Venezuela. Exportation is the alternative to zeroing inventories. The director of operations complaints: "We believe that the best thing for economic, social, and environmental sustainability would be to sell all products in the domestic market. We participated in several groups where we agreed that the product would not have to travel so much, products would have to stay in Brazil to mitigate the costs involved in the transactions. However, production is not absorbed in the domestic market because of trade restrictions. The option for the cooperative was to access overseas markets, even with higher operational cost and environmental impact, e.g., certifications, audits, logistical costs ". The evolution and mastery of the production chain led to innovation in the field of marketing through the creation of a self-brand and label. The Technical Coordinator believes that the differentiated quality of the final product benefited and packaged, reaches the final consumer. One package of rice sold through the brand *Terra Livre (Free Land)*, carries many values and many fights that guarantee a healthy food and a concern with the environmental conservation and social justice in the rice market. This system becomes feasible if the final product that reaches the market differentiated and protected, based on clear and recognized criteria. The farmer (3) mentioned that the farmers are also requested to market the brand of *Terra Livre*: "We are encouraged to participate in brand marketing. Besides, we are trained to conduct marketing. They also often ask us what we are doing in this regard, and we receive feedback on how to improve it."

The cooperative is concerned with learning and improving the production process. The managers of the cooperative maintain constant attention to the processes of production and continuous improvement. Farmers dominate the knowledge of

productive processes and are involved in the process of constant learning. The Quality Coordinator ratifies this question as follows: "After the harvest, the cooperative promotes technical visits to the microregions and discuss with farmers means to improve the cultivation and collects from them what the greatest difficulties and flaws in the process were. The performance in the harvest does not depend only on the producer. If the cooperative delays the delivery of inputs, the rest of the process is hampered. " With this information in hands, the technicians come together and discuss what they heard and solutions that may fit all the farmers.

Once a month the cooperative invites the farmers to meet at the cooperative in the microregions to discuss inputs, exchange ideas regarding production and current plantation scenarios, like floods and weather. The farmer interviewed (1, 2, 3) calls these activities like the social part of the cooperative. One farmer (3) interviewed indicated "The meetings are very productive. They are not mandatory, and no one misses it. Is rare when someone misses, because everyone knows how important these meetings are, one month means a lot in farming". The sales coordinator mentioned another essential participation in the meetings promoted by Cootap: the local organizations for environmental inspection. As per interviewee observation, their participation is critical to creating awareness regarding the law, reuse of water and local requirements to avoid pollution. To achieve the goals the cooperative has, they also promote a year and mid-year review for business planning. As peer farmer (1), the farmers, managers, and directors discuss inputs, seeds, machinery, technology, what went well or wrong, and then discuss the plan for the next year or rest of current year.

## **5. Discussion and conclusion**

The present study presented contributions to improve understanding, practices, and actors that are promoting organizational learning in a co-op of the organic farmer. First, the findings shed light on how impoverished farmers managed to overcome poverty. They applied the concepts of organizational learning to create a social business. Those concepts were applied naturally, not knowing the concepts behind the organizational learning. This social business allowed the increase in the production of organic food to overcome the poverty. As described by Karnani (2005), "The only way to help the poor and alleviate poverty is to raise the real income of the poor." The struggle for land motivated for the peasants to develop an active social business. This social business focuses on organizational learning to increase production and generate wealth to meet the demands of members. This focus on the search for knowledge to increase production benefits the maintenance of youth in agribusiness. We add to emerging literature (ROY; KARNA, 2015) by presenting other benefits of having a social cause as a root for the social business. This roots not only represent a requisite for social business prosperity but also helps with the sustainability of the business through the maintenance of next generations in the farming business. The co-ops deal with the constant challenge of use of soil, water, and seeds. The development of the capacity to work collaboratively contributes to producing according to the environmental regulation to produce more sustainably. Co-op and farmers seek best practices for organic production. Besides all the effort the co-op has, they mention that having support from the government would benefit the business. The co-ops are aware that if they could have the knowledge and resources facilitated through government partnership could improve their business (BERKES, 2009).

Members of poor communities rarely have a word in decisions and often find it difficult to obtain loans (KORTEN, 1980). This case brings a fresh and different

view from the ones quoted by Korten. The cooperative listen to all members of the cooperative regardless of the size of the plantation and the impact on profitability. From the outset, the peasant union has contributed to joint decision-making, including the decision to produce organic vegetables and organic rice. Another study with an organic co-op in Mexico had this decision made by one person (MORALES GALINDO, 2007). The findings show that the profit decision is collaborative among members. Also, the reinvestment of profits in the social business promotes business growth (YUNUS; MOINGEON; LEHMANN-ORTEGA, 2010). Building on the findings of this study we describe the experience of peasants and history of the fight for land as roots for this social business case. Co-op managers know that farmers have extensive knowledge about planting and land use. They seek to engage peasants in sharing this knowledge. This organizational learning contributes to spreading the knowledge to increase the production of organic products. The group of farmers that exchange knowledge promotes evidence to previous studies on conversations and social modeling on OL studies (CASTANEDA; RIOS, 2007).

According to the results of this study, we describe the experience of peasants and the history of the struggle for land as roots in this case of social affairs. The literature reveals that closer links between farmers, employees and other stakeholders are essential tools for the transfer of specialized knowledge. Additionally, close relationships are fundamental to the promotion of new learning and new knowledge (INEMEK; MATTHYSSENS, 2013). Farmers have extensive knowledge about planting and land use. When the cooperative promotes the engagement of peasants to share these experiences the knowledge spreads among members and promote new knowledge that helps with the sustainability of the knowledge of co-op. With this, other farmers become able to implement the learning and reuse that learning to develop their business. These actions also enable increased skills of producers, provide innovative thinking and expand the ability to design agricultural solutions to their difficulties while cultivating (AYUYA et al., 2015; DONOVAN; POOLE, 2014). The cooperative validates the knowledge and institutes technical knowledge to ensure that production is successful. The technicians are fundamental to promote the knowledge among the cooperative. The technicians blend the scientific knowledge they possess with the farmers' experience to understand the peculiarities of each region and thus react to different situations. Promoting regular meetings, involving all the farmers in the decision-making process and fostering the youth into the business are crucial for the learning culture in this co-op. These findings corroborate with literature that reveals the process of socialization between the use of standard practices and discourses in the expansion of work (POPOVA-NOWAK; CSEH, 2015).

The resources that drive social business to success are related to reputation, network and other managerial and corporate resources (ROY; KARNA, 2015). This study contributes to the literature by presenting learning practices as another requisite that can improve the social business and contribute to the success of this kind of entrepreneurship. Recent research indicates that: "social business can scale up through increasing the numbers of customers, members of the business and expands offers and revenues to reach millions of people" (BOCKEN; FIL; PRABHU, 2016). We believe that to scale up is necessary that the social business has a strong learning culture that promotes a routine of collaboration among farmers, as the case study presented.

The research provides insights for social entrepreneurs on the learning practices that seems to be one of the keys for the cooperation success. A social business of organic farmers offers several benefits as social (property, infrastructure, education), environmental (banishment of agrochemicals and knowledge on agroecology), and



economic (income, subsidies, and investments) ones. This business model can serve as a paradigm for other communities in emerging markets.

From the research point of view, this study presents some limitations. First, a single case may limit the generalization of results. Other studies may address the same research question with several cases. Also, new research could also measure how Organizational Learning affects the financial performance of cooperatives. A better understanding is also needed in this regard.

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