

LEADERSHIP AND IMPORTANCE OF SOCIAL CAPITAL IN COOPERATIVES DURING TRANSITION: A CASE STUDY OF TWO COOPERATIVES

by

Csaba Forgács

CORVINUS University of Budapest, Hungary

Journal of Rural Cooperation, 36(1), 2008:57-72

Abstract

In Hungary an increasing number of agricultural cooperatives have gone bankrupt or have broken up due to a lack of competitiveness under market conditions, in the aftermath of radical reforms. Others, however, have been able to maintain or even improve on previous levels of success. Individual farmers have also established new cooperatives and are working toward deepening cooperation. The paper discusses the importance of leadership of cooperatives during transition, a topic which is not well addressed in the literature. Production cooperatives are not only economic units, but also social networks. Two successful cooperatives in the same town, one old and one new, have been compared with respect to their social capital, development and leadership. The findings show that, in the traditional agricultural cooperative, a more social oriented leadership has helped to overcome economic, social, and psychological barriers arising during transition, while, in the case of the new co-op, improving cooperation has depended mainly on the increased level of social capital after the radical reforms.

Key words: Hungarian Cooperatives, leadership, social networks