



# Let's Talk Stigma Out: An Interaction-Based Process of Stigma Recognition and Removal within Organizational Fields

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## Abstract

Stigma is relational and intersubjective, as it depends on how stigmatizing audiences and stigmatized actors make sense of it. However, little research has investigated the nuances of the interaction process through which stigma comes to be recognized and eventually removed. We address this puzzle by studying stigma in the field of cooperatives in the Lazio region of Italy. Following the involvement of one cooperative in illegal activities, cooperatives in the region were stigmatized by its exchange partners: nonprofit organizations and local governments. Cooperatives' initial strategy to remove stigma led their exchange partners to change their perception of the root causes of the stigma affecting cooperatives. Cooperatives recognized this change through interaction with their exchange partners and therefore adapted their stigma-related strategy. This process successfully removed the stigma and transformed the way in which cooperatives engaged in exchanges with their partners. Building on this evidence, we develop an interaction-based process model of stigma recognition and removal that reconnects and extends the research streams on stigma and organizational fields.

**Keywords** Stigma recognition and removal · Organizational fields · Interactions

## Introduction

In 2014, police in Rome arrested 37 individuals, including the president of the “29 Giugno” cooperative (29G)—one of the largest and most well-known cooperatives in the Lazio region of Italy—for corruption, bribery, and bid-rigging. In

the aftermath, local governments and nonprofit organizations initially stigmatized 29G and then extended the stigma to other cooperatives in the region. During the following years, cooperatives engaged in a process of interaction with stigmatizing audiences that entailed both the recognition and removal of stigma. This process raises compelling issues for research on stigma (Aranda et al., 2023) and fields (Wooten & Hoffman, 2008).

Scholars have investigated stigma at different levels (Zhang et al., 2021), focusing on organizations (Werner et al., 2024), occupations (Phung et al., 2021), industries (Aranda et al., 2021), and categories (Lashley & Pollock, 2020). They have also discussed the positive (Helms & Patterson, 2014) and negative (Tracey & Phillips, 2016) effects of stigma and strategies to manage and remove it (Hampel & Tracey, 2017). Literature also distinguishes between core stigma, which concerns the discredit of actors' core attributes—that is, “who [an actor] is, what it does, and whom it serves” (Hudson, 2008: 253)—and event stigma, which is a discrediting mark conferred on an actor following its involvement in “anomalous negative events” (Hudson, 2008: 253).

Research has suggested that “stigmatization is an attribute of a category and recognized as such both from within and outside that category” (Vergne, 2012: 1030), and that

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stigmatized actors are “those who recognize that stigma is assigned to them” (Aranda et al., 2023: 1343; see also Goffman, 1963). We also know that stigma “is re-created and negotiated in relation to and with others: it is intersubjective in nature” (Thomson & Grandy, 2018: 234). Therefore, it is brought about by “the interaction between the target of stigmatization and the audience of perceivers that produce the stigmatization” (Paetzold et al., 2008: 186). Scholars have mainly conceived such interaction in a simplistic way, as unfolding through a process of “action-reaction” between stigmatizing audiences and target actors (Hampel & Tracey, 2017). That is, a stigmatizing audience, based on its perception, taints a specific actor with stigma, and this actor then reacts in view of its own understanding of the stigma conferred by the audience.

We know less about how the interaction between stigmatizing audiences and target actors may alter and influence the process of stigma recognition—that is, the process through which target actors come to identify and acknowledge the discrediting mark assigned to them and its causes. Shedding light on the process of stigma recognition is key to understanding how stigmatized actors react to stigma (Aranda et al., 2023) and to encompass its full complexity (Thomson & Grandy, 2018).

Studying stigma within a field might help shed light on its intersubjective and relational nature, and on how changes in the interactions between stigmatizing audiences and target actors may shape the process of stigma recognition and removal. Indeed, fields are relational spaces (Wooten & Hoffman, 2008) in which actors of the focal population and their exchange partners interact within a shared, albeit sometimes contested, meaning system (Amis et al., 2002; Kroezen & Heugens, 2019; Zietsma & Lawrence, 2010). Within a field, signals of stigma may be more recurrent and carry multifaceted meanings because of the close interactions among same-field members (Wooten & Hoffman, 2008). Therefore, we ask: *How do interactions shape the recognition and removal of stigma within a field?*

To address our research question, we analyzed 78 interviews and 368 items of archival data from members of the Lazio cooperative field, covering the period from late 2014, when 29G was investigated, to late 2019. Our analysis reveals that, initially, cooperatives’ exchange partners (nonprofit organizations and local governments) tainted cooperatives with event stigma in view of their similarity with 29G, a cooperative engaged in illegal felonies.

To defend themselves, cooperatives interacted with their exchange partners and “played the victim,” distancing from 29G and signaling that event stigma was preventing them from providing high-quality welfare and healthcare services to marginalized individuals and communities, which cooperatives emphasized as their priority. This defensive strategy exposed a contradiction between declared and enacted

priorities in cooperatives core activities: cooperatives’ stated focus on marginalized communities versus their substantive prioritization of cost cutting, revenue growth, and competitiveness. Exchange partners further recognized and communicated that they perceived this prioritization of cost cutting over the provision of quality services as unacceptable, and stigmatized cooperatives accordingly. Recognizing that they were now subject to core stigma, cooperatives engaged in a transformative interaction with their stigmatizing exchange partners. First, cooperatives engaged in dialogue with exchange partners to refocus their priority on addressing the needs of marginalized individuals. Then, the cooperatives operationalized this priority in the activities they carried out in collaboration with their exchange partners. This strategy eventually removed stigma. Based on these findings, we develop an interaction-based process model of stigma recognition and removal that contributes to research providing a business ethics perspective to the study of stigma (Aranda et al., 2023) and field dynamics (Cloutier & Couture, 2024).

## Theoretical Background

### Organizational Stigma

Stigma is a devaluing mark (Devers et al., 2009) reflecting a negative evaluation made by relevant audiences about actors that are perceived to possess negative and discrediting attributes (Pollock et al., 2019) and are vilified accordingly (Ashforth & Humphrey, 1995).

According to Goffman (1963; 1977), stigma may taint individuals because they possess physical deformities (“bodily stigma”), because of particular blemishes of their personality (“conduct stigma”), or “based on tribal elements, such as race, class, ethnicity, and religion” (“tribal stigma,” as in Phung et al., 2021: 1109). Organizations, like individuals, may also be stigmatized (Hudson, 2008; Sutton & Callahan, 1987; Werner et al., 2024). Organizational stigma arises because of a “collective perception of a generalized value incongruence” between the focal organization and external audiences (Devers et al., 2009: 165). The organization is perceived to incorporate a “fundamental, deep-seated flaw that deindividuates and discredits” it (Devers et al., 2009: 157), rendering it inferior (Pollock et al., 2019).

The mark of stigma emerges because audiences discredit target organizations’ engagement in inappropriate, but occasional, behaviors (event stigma) (Roulet, 2015) or disapprove of their core attributes (core stigma) (Hampel & Tracey, 2017; Hudson, 2008). Event stigma is “related to some anomalous or episodic negative events” (Hudson, 2008: 253), often associated with wrongdoing or scandals, or the “the disruptive publicity of transgressions” (Adut, 2005: 219) of social norms or legal rules. By contrast, *core*

*stigma* arises when audiences negatively evaluate the goal pursued by an actor (Hampel & Tracey, 2017), its products or services (Piazza & Perretti, 2015), or the beneficiaries it serves (Pedeliento et al., 2020), thus discrediting or devaluing its very core attributes—*who it is, what it does, and whom it serves* (Hudson, 2008: 253).

### The Intersubjective and Relational Nature of Stigma

Scholars have highlighted how stigma is intersubjective and relational in nature (Aranda et al., 2023), representing “a social construction that results from an interaction between the target of stigmatization and the audience of perceivers that produce the stigmatization” (Paetzold et al., 2008: 186). Literature has largely examined this interaction by focusing on how stigmatized organizations respond to sanctions (Lashley & Pollock, 2020) or criticism (Hsu & Grodal, 2021) from stigmatizing audiences, and on whether such responses enable them to manage or remove stigma successfully (Goodrick et al., 2022; Hampel & Tracey, 2017) or unsuccessfully (Aranda et al., 2021; Frandsen & Morsing, 2022).

The intersubjective and relational nature of stigma calls for an understanding of how interactions between the actors at play may change over time and influence the process of stigma recognition. The reasons are threefold. First, recent research has suggested that stigma may be directed toward some of an actor’s specific attributes but not others (Hudson et al., 2022). Indeed, organizations are complex, multifaceted entities (Ashforth, 2019) that incorporate different attributes, and whose nature often manifests through diverse goals, strategies, and practices (Ashforth et al., 2014). As such, while some attributes may be considered appropriate, others may be stigmatized by the very same audiences. For example, Helms and colleagues (2019), building on the work of Gutierrez and colleagues (2010), report the case of the Catholic Church in the aftermath of a pedophilia scandal, explaining how some audiences stigmatized some practices and governance choices perpetuated by the Church while simultaneously endorsing it as a place of faith and worship. Therefore, if audiences may stigmatize certain organizational core attributes and not others, it becomes crucial for stigmatized actors interacting with audiences to recognize which attributes are discredited and why, in order to manage stigma and eventually remove it.

Second, scholars have highlighted how stigma, in view of its socially constructed and relational nature, exists in a specific historical and social context (Garcia-Lorenzo et al., 2022). Hence, stigma emerges at a particular point in time and “is about particular audiences” (Ashforth, 2019: 25). That is, organizations may be stigmatized or not in view of specific historical contingencies (Devers et al., 2009) and may be tainted by some audiences even as others approve of

them (Campana et al., 2022; Helms et al., 2019). This view of stigma suggests that stigmatized organizations may need to interact with a specific stigmatizing audience to recognize the circumstances causing stigma and then define the strategy to remove it or manage it.

Finally, removing stigma goes beyond deploying strategies to limit its negative consequences (Helms & Patterson, 2014; Hudson & Okhuysen, 2009; Vergne, 2012); it also requires a more articulated effort from the stigmatized organization, which must work to change the perceptions of stigmatizing audiences. Such an effort, operationalized in what Hampel and Tracey call a “dialogical model of destigmatization” (Hampel & Tracey, 2017: 2181), requires the stigmatized actor to engage in interaction with stigmatizing audiences “with the intention to turn them from adversaries into supporters that bestow normative approval” (Hampel & Tracey, 2017: 2186). As such, the dialogical model of stigma removal advanced by Hampel and Tracey is more complex and dynamic than that portrayed by traditional scholarly work. However, their model still remains at the level of “action-reaction,” according to which (1) an audience stigmatizes an organization because it disapproves its core attributes and perceives them as “deeply flawed” (Devers et al., 2009: 155); (2) the organization, based on its perception of the criticism received, reacts to stigma and implements specific strategies to remove it; and (3) these strategies, again based on a specific perception, trigger a reaction in the stigmatizing audience. Thus, such a dialogical model does not actually account for how the interaction between stigmatizing audiences and target organizations may change as certain actions are implemented and certain reactions are triggered in turn.

### The Role of Interaction in Stigma and Fields

Stigma, being intersubjective and relational, inheres in the perception of specific audiences about specific organizations’ attributes (Ashforth, 2019; Hampel & Tracey, 2017). Therefore, it is essential for stigmatized organizations to interact with stigmatizing audiences in order to recognize and remove stigma. To pursue this line of inquiry and shed light on the interactive process leading to stigma recognition and removal, we study stigma within a field.

A field is a relational space (Cloutier & Couture, 2024) that constitutes a “recognized area of institutional life” (DiMaggio & Powell, 1983: 148) in which actors consider each other in their daily interactions on the basis of a meaning system (Wooten & Hoffman, 2008: 138) infused by shared, although sometimes contested, goals and values (Amis et al., 2002).

Fields comprise a focal population: an aggregate of organizations that are “alike in some respect” (Hannan & Freeman, 1977: 934) and share the same organizational form

(Zietsma et al., 2017). Within a focal population, some actors have a governing role (Zietsma et al., 2017) and hold the field together by means of configuring events and communication channels (Hardy & Maguire, 2010). Other actors act as custodians of the field, maintaining and enhancing values and practices (Dacin et al., 2022) that are sometimes forgotten (Kroezen & Heugens, 2019). Finally, a focal population depends on exchange partners for the tangible and intangible resources it needs (Zietsma et al., 2017). Although exchange partners usually have their own institutional milieu (Zietsma et al., 2017), they tend to adhere to the collective understanding that dominates the field when interacting with its focal population (Purdy & Gray, 2009).

In sum, a field is a “collection of diverse, interdependent organizations that participate in a common meaning system” (Scott, 2014: 106) constituted of actors who consider one another in their daily activities, are highly interconnected, and interact extensively with one another (Dacin et al., 2022). Therefore, we believe that studying stigma within a field will help shed light on the interactional dynamics that lead to stigma recognition and removal.

## Research Context

### Definition and Characteristics of Cooperatives, and Their Role in Italy and in The Lazio Region

Similar to private hospitals (Cappellaro et al., 2020), Islamic banks (Gumusay et al., 2020), and social enterprises (Pache & Santos, 2013), cooperatives are hybrid organizations that incorporate core elements that would not conventionally go together (Smith & Besharov, 2019). In the case of cooperatives, they compete in the market to generate revenues while operating to address the needs of marginalized individuals and communities (Mitzinneck & Besharov, 2019).

Cooperatives are “autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (International Cooperative Alliance). That is, cooperatives pursue a social mission: to improve the economic and social well-being of their members, usually marginalized individuals, and of the communities in which they operate (Puusa et al., 2013). Cooperatives pursue this social mission through market competition. Although in principle cooperatives can receive donations and grants, they gain financial viability mainly through market transactions (Ashforth & Reingen, 2014; Mitzinneck & Besharov, 2019), such as the sales of healthcare and welfare services to citizens, or of cleaning of offices to private business, or the maintenance of green areas to local governments. Therefore, cooperatives strive to

minimize costs, maximize revenues, enhance productivity, secure market share, and explore profitable markets. These activities are the means through which cooperatives achieve financial viability and sustain their mission (Mitzinneck & Besharov, 2019).

The Italian legislation acknowledges the social mission of cooperatives and the commercial means through which they achieve this mission by defining them as private organizations that compete in the market and sell products and services to pursue the “social purpose” (Italian Constitution, Article 4) of addressing needs of the community in which they work and of their own members, who are their main beneficiaries (Mori, 2014).

Cooperatives in Italy are organized into two national federations, which are further structured into local branches. These federations serve as governing bodies and represent the interests of cooperatives, foster collaborations among them, and provide them with training programs through a range of communication channels (websites, magazines, newsletters, and official communications) and regular meetings organized at national and local levels.

In 2015, there were around 8,500 cooperatives in the Lazio region, 60% of which were active in the metropolitan city of Rome, the capital of the region and of Italy. Representing 12% of the 100,000 cooperatives operating in Italy, Lazio cooperatives generated an aggregate turnover of €82 billion and an added value of €28.6 billion—equivalent to 4% of the total value added produced by private organizations (Istituto Nazionale di Statistica, 2019).

### The Role of Cooperatives in the Management of Welfare and Healthcare Services Outsourced by Local Governments in Italy

Since the early 1980s, cooperatives have increasingly collaborated with nonprofit organizations to manage healthcare and welfare services outsourced by local governments. These services include job integration for marginalized individuals such as former inmates, drug users, and migrants, as well as care and education for children, the elderly, and people with disabilities (Borzaga, 2018a).

Before the 1990s, local governments had access to abundant financial resources and exclusively outsourced the management of welfare and healthcare services to cooperatives through a procurement method known as “single-source procurement” (Trammel et al., 2020). This method, typical of the Italian context, involved directly awarding welfare service contracts to a selected organization based on the quality of welfare and healthcare services it could provide to marginalized individuals.

During the 1990s and the following decades, Italy suffered an increase in public debt. Moreover, European regulatory bodies pushed for the adoption of a “competitive tendering

process” (e.g., Boyne, 1998; Cox & Love, 1991; Kelly et al., 2021) to award public contracts to suppliers (Borzaga, 2018a). The competitive tendering process refers to a procedure through which public authorities award contracts for specified goods and services based on predetermined evaluation criteria—typically including price, quality, and technical capability—to ensure transparency, fairness, and value for money (Boyne, 1998; Cox & Love, 1991; Kelly et al., 2021). Multiple suppliers compete for the contract, and the winner is selected and awarded the contract according to those predefined criteria (Boyne, 1998; Cox & Love, 1991; Kelly et al., 2021).

Given the change in legislation and the reduction in financial resources, during the 1990s local governments in Italy began adopting competitive tendering processes to purchase welfare and healthcare services and established *price and efficiency*, rather than service quality, as the primary award criteria. Contracts were awarded to providers—either cooperatives or for-profit businesses—offering the most advantageous proposal in terms of price and efficiency. For example, when awarding contracts for elderly healthcare services, local governments evaluated providers mainly on their experience, service price, and ability to exploit economies of scope and scale rather than on the quality of care delivered (Borzaga, 2018a; Capo et al., 2025).

This shift from single-source procurement to a competitive tendering process exposed cooperatives to market competition with traditional businesses for the first time. Cooperatives had to manage their costs and pricing strategy more carefully than ever, partner with for-profit firms and other cooperatives to diversify services and leverage economies of scope and scale, and protect existing markets while exploring new ones.

### **The Involvement of Cooperative 29G in the Mafia Capitale Inquiry and its Effects on the Cooperatives of the Lazio Region**

In the context of the intensified market competition experienced by cooperatives working to deliver welfare and healthcare services, in 2014 one cooperative—29 Giugno (29G)—was investigated because of its engagement in illegal activities, “ranging from extortion, corruption, usury, and money-laundering to collusive tendering and fraudulent money transfers” (public transcript of the indictment issued before the trial, in 2017). Originally founded in Rome in 1984, 29G went on to play a pivotal role in the Lazio region in managing job training for marginalized individuals and counseling for migrants. In 2014, 29G reported revenues of more than €50 million and *was awarded contracts* with several municipalities, which it managed through partnerships with other cooperatives in the Lazio region.

The investigation involving 29G was covered in great depth by the Italian media, who named it “Mafia Capitale” since the investigation centered on Rome and had features resembling those of the mafia system. In particular, members of Mafia Capitale engaged in criminal activities that the media termed “mafia-like.” While these activities resembled those carried out by the mafia—the exertion of control over economic and political activities through corruption, intimidation, and illegal dealing (Article 41 bis of the Prison Administrative Act)—they lacked the dimension of territorial control and physical violence typical of the mafia.

At first, the media devalued 29G alone by emphasizing that “Mafia Capitale ... is mainly ... 29G, which is the most profitable business of this criminal system” (Newspaper, *Corriere Today*, 2014). Soon, however, other cooperatives’ broad similarity to 29G in terms of legal form was enough for the media to begin stigmatizing the vast majority of cooperatives. Figure 2 shows an example of how cooperatives began to be tainted with the “mafia” label by the media.

The media claimed that many cooperatives were “pretending to work for the reintegration of [marginalized individuals], but were actually running criminal activities” (Website, *Rai News*, 2016). Cooperatives were devalued because “the Mafia Capitale scandal has shown the dirty relationships between cooperatives and organized crime. Together they run a vast system of corruption that involves entrepreneurs and politicians in the Lazio Region” (Newspaper, *Liberio*, 2015). The scandal was so widespread that cooperatives of the Lazio region were also stigmatized by the main Italian public TV broadcaster—Rai—as follows:

Mafia Capitale... has shown that there are cooperatives that are able to corrupt politicians of any political party. These cooperatives engaged in bid-rigging and also corrupted, for 10,000 euros a month, a civil servant working for the integration of migrants in Rome. (*RAI News*, 2015)

Following the media coverage of Mafia Capitale, in early 2015, the Italian Minister of Justice also stigmatized cooperatives:

Mafia Capitale “is an ugly chapter in the history of cooperatives ... We must react ... to restore the legality of the cooperative sector.” (Interview with the Ministry of Justice, *RAI News*, 2015)

## **Methods**

### **Data Collection**

To address our research question and investigate how interaction shapes stigma recognition and removal within a field,

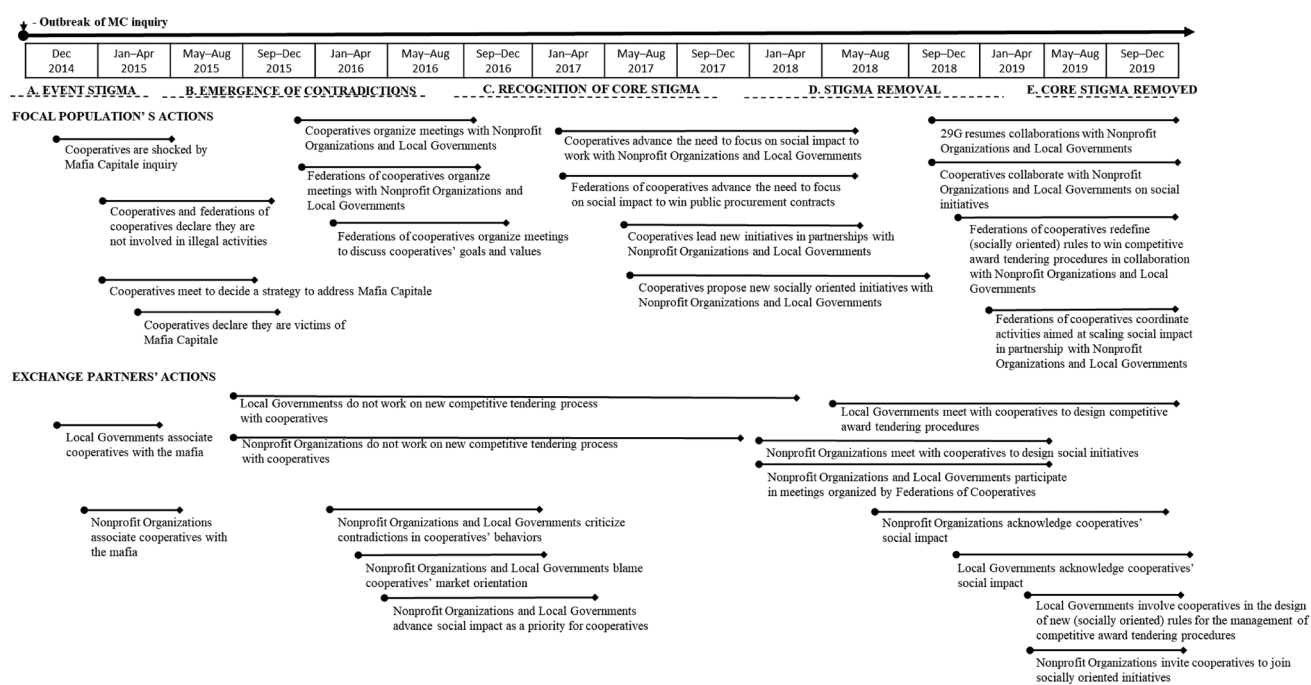


Fig. 1 Timeline

we used two types of data sources: (i) public and archival documents and (ii) interviews with field members and sector experts. One of the authors also benefited from a prolonged on-site engagement as a consultant for the two leading national federations of cooperatives, beginning in 2015 (Fig. 1).

## Public and Archival Data

We collected 153 articles and 215 items of archival data—reports of meetings, press releases, and official documents—produced between late 2014 and 2019 by cooperatives, the two national federations of cooperatives (National Federation of Cooperatives #1 and National Federation of Cooperatives #2) and their local branches in the Lazio region (Local Federation of Cooperatives #1 and Local Federation of Cooperatives #2). We used these sources to understand the causes, effects, and actors involved in the Mafia Capitale inquiry at the local and national level, to temporally situate events of interest (Langley, 1999), and to triangulate information collected through interviews (Patton, 2002).

## Interviews

Between mid-2018 and 2023, we conducted 78 interviews with multiple actors: cooperatives, national federations of cooperatives, local branches of federations of cooperatives, nonprofit organizations, local governments, and sector experts. We selected informants by combining purposive and snowball sampling techniques (Patton, 2002) to capture how

cooperatives of the Lazio region were affected by the Mafia Capitale inquiry and how they reacted.

Having initially approached the leaders of national federations of cooperatives and local branches of federations of cooperatives, we asked them to help us purposefully sample other informants (Patton, 2002). They directed us to some cooperatives that were delegated to coordinate the efforts to deal with the effects of Mafia Capitale. These leaders also directed us to cooperatives with a longstanding experience of managing welfare and healthcare services outsourced by local governments in the Lazio region. Finally, we asked two sector experts to put us in contact with nonprofit organizations, local governments, and with some cooperatives that were less engaged than others in the activities of the national federations of cooperatives and local branches of federations of cooperatives.

Interviews were based on a semi-structured protocol that covered the period from late 2014, when 29G was investigated, to late 2019, when our data showed that stigma had been removed. The interview protocol was constantly reviewed in view of the informants' characteristics and the constructs that emerged over time. Moreover, since we often asked interviewees to recall past events, we minimized their memory bias by referring to specific information and facts identified in archival sources. Table 1 summarizes the data we collected. All interviews and archival data were originally collected and analyzed in Italian. All quotes presented in the main text and in the Appendix have been translated by the

**Fig. 2** Example of the stigma tainting cooperatives, Translation of the text in the image: “Criminal cooperatives. Here we go again. The investigation into corruption in Rome unveils the illicit connections between cooperatives and illegality, causing embarrassment for their affiliated political party.” (Our translation)



authors and subsequently reviewed by a native English copy editor to ensure accuracy, clarity, and fidelity to the original meaning.

### Data Analysis

We analyzed the data to investigate how cooperatives in the Lazio region, nonprofit organizations, and local governments interacted after the investigation involving 29G. Adopting an iterative, inductive approach, we progressed from raw data to theoretical interpretation and moved back and forth between empirical evidence and theory (Gioia et al., 2013; Langley, 1999). Although this process was nonlinear, we have divided it into three phases for clarity.

### First Phase: Empirical Account

As a first step, we combined a visual mapping strategy (Langley, 1999) and a grounded theory technique (Gioia et al., 2013) to develop a timeline (see Fig. 1) of the key actors in the cooperative sector in the Lazio region and the key events following the inquiry into Mafia Capitale.

As we analyzed our timeline and compared our codes, several first-order empirical themes emerged. They suggested that throughout the period of analysis, cooperatives of the Lazio region organized formal and informal meetings with nonprofit organizations and local governments. These meetings enabled cooperatives to recognize that they were initially discredited because of their similarity with 29G, the cooperative that had been engaged in mafia-like activities. Cooperatives reacted by claiming that their critics were preventing

**Table 1** Data collected

Interviews	Archival data
Interviews: total 78 (total 76 h recorded)	Total 368 documents (total 3,560 pages)
National Federation of Cooperatives #1 – 12 interviews	Press coverage: total 153 articles (total 460 pages)
Local branch, Federation of Cooperatives #1 – 11 interviews	Newspaper printed articles: 121 articles
National Federation of Cooperatives #2 – 11 interviews	Newspaper online articles: 32 online articles
Local branch, Federation of Cooperatives #2 – 2 interviews	Public documentation: 215 documents (total of 3,100 pages)
Cooperative 29 Giugno (29G); 2 Presidents – 4 interviews	Official documents and conference reports of federations of cooperatives: 174 documents
Cooperatives active in the Lazio region (Cooperatives #1–10); 2 Presidents – 22 interviews	Press releases of cooperative 29 Giugno: 6 documents
Exchange partners: Nonprofit organizations (Alpha, Beta, Gamma, Delta) – 5 interviews	Shorthand of the Parliamentary Commission: 1 document
Experts in the cooperative field (6 Experts) – 11 interviews	Shorthand of the Antimafia Commission in the Lazio region: 3 documents
	Official documentation of the Lazio Regional Council: 3 documents
	Academic essays, papers, and articles about the Italian welfare state: 19 documents
	Academic essays and papers about the Italian cooperative field: 9 documents

them from serving marginalized individuals through strategies designed to provide them with high-quality welfare and healthcare services. However, nonprofit organizations and local governments perceived these claims as disingenuous. They viewed cooperatives as prioritizing cost cutting and revenue generation, at expenses of marginalized individual's well-being. Recognizing this shift in criticism, cooperatives interacted with nonprofit organizations and local governments through formal and informal meetings to understand how to refocus their efforts. Cooperatives readapted their strategies and exchanges based on the feedback of nonprofit organizations and local governments, which, in turn, resumed endorsing cooperatives by the end of 2019.

## Second Phase: Theorization

To make theoretical sense of the aforementioned first-order themes, we moved to a more abductive phase of analysis: we performed axial coding and compared the themes with research on stigma (Devers et al., 2009; Wang & Steele, 2024) and fields (Cloutier & Couture, 2024; Zietsma et al., 2017) to develop more conceptually sound categories.

Comparing our empirical analysis with research on fields, we conceptualized cooperatives, nonprofit organizations, and local governments of the Lazio region as constituting a field—that is, a relational space (Wooten & Hoffman, 2008) in which actors of the focal population and their exchange partners interact in view of a meaning system infused by shared values and goals (Zietsma & Lawrence, 2010). We conceptualized cooperatives as the focal population of the field and nonprofit organizations and local governments as the exchange partners

with which the focal population engaged in exchanges for the management of welfare and healthcare services.

We then compared our empirical account with research on stigma, thus coming to realize that the focal population of cooperatives initially recognized to be suffering from event stigma. We identified as stigma recognition the process through which stigmatized actors come to identify and acknowledge the discrediting mark assigned to them and its causes. Later on, we found that the population recognized that it was now suffering from core stigma. Finally, the population of cooperatives was endorsed once again by its exchange partners.

We also conceptualized the strategy performed by cooperatives to react to stigma as “playing the victim” in response to event stigma. Subsequently, the focal population changed strategy and engaged its exchange partners in a collective reflection on, and reconfiguration of, its core attributes—who the focal population was, what it did, and whom it served (Hudson, 2008). Cooperatives operationalized the reconfigured core attributes in exchanges and then communicated their achievements. In Appendix 1, we provide representative quotes from a range of sources to support the themes and categories that we identified.

## Third Phase: Process Model

Once we had developed a complete set of themes, we moved to deliberate theorizing intended to identify aggregate dimensions and reconnect them in a process model that could explain how stigma is recognized and removed through interaction within a field. The model is shown in Fig. 3 and described in the findings section.

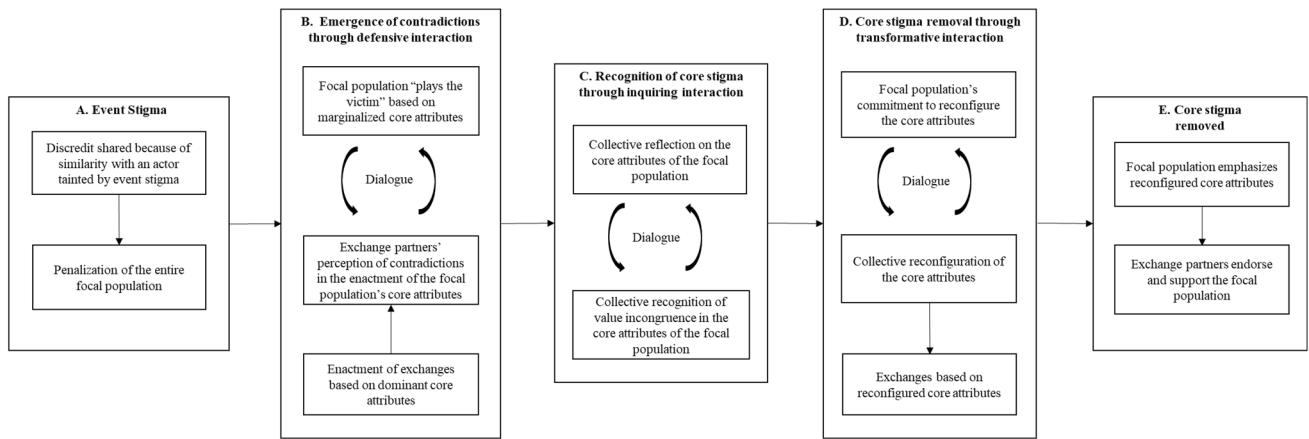


Fig. 3 Interaction-based process model of stigma recognition and removal within a field

To guarantee the trustworthiness of our analysis, we performed a “members check” (Nag et al., 2007) at multiple steps by consulting our informants about our findings—both informally, and formally during meetings with cooperatives organized by governing bodies.

## Findings

### Event Stigma

The engagement of 29G, one of the most visible cooperatives of the Lazio region, in mafia-like activities caused nonprofit organizations and local governments to stigmatize the cooperatives of the Lazio region. Below we describe the two conceptual categories that capture the mechanisms describing the event stigma suffered by cooperatives: (i) *discredit shared because of similarity with an actor tainted by event stigma* and (ii) *penalization of the entire focal population*.

### Discredit Shared because of Similarity with an Actor Tainted by Event Stigma

In 2015, local governments and nonprofit organizations of the Lazio Region shared the concern that cooperatives could be involved in mafia-like activities, just as 29G had been: “It was as if they [as cooperatives] were perceived as being engaged in illicit activities by default” (Expert #1). Local governments and nonprofit organizations discredited cooperatives due to their similarity to 29G and their extensive engagement in partnerships with it. As explained by the representative of one local government of the Lazio region in a press interview:

I discovered that two cooperatives partnered with 29G: they had won a public procurement contract for providing housing to homeless people. I decided to put the execution of the contracts on standby, just in case [they could be engaged in mafia-like activities]. (Newspaper, *Il Fatto Quotidiano*, 2014)

Nonprofit organizations, like local governments, also discredited cooperatives in the aftermath of Mafia Capitale:

A network of nonprofit organizations is denouncing the shadow of Mafia Capitale over the city [of Rome, the Capital of the Lazio Region]. After the storm that hit Rome ... there is a renewed call for clarity on some suspicious situations. (Newspaper, *Redattore Sociale*, 2015)

Cooperatives recognized that they had been stigmatized by nonprofit organizations and local governments. The managers of one cooperative used the term “leprosy” to express how harmful such sentiments of discredit were: “With the term ‘leprosy,’ I mean we were no longer recognized as reliable partners by local governments and nonprofit organizations” (President, cooperative #4). In 2015, the president of one national federation of cooperatives admitted that cooperatives were tainted by a mark of illegality given their perceived similarity with 29G:

I am neither shocked nor surprised by Alfa’s [an important national nonprofit organization] harsh criticisms. Mafia Capitale has left its mark on cooperatives. (Newspaper, *Avvenire*, President National Federation of Cooperatives #2, 2015)

### Penalization of the Entire Focal Population

Discredit brought penalties, and nonprofit organizations and local governments soon quit exchanges with cooperatives.

Also, nonprofit organizations halted their collaborations with cooperatives on existing welfare and healthcare projects:

It became almost impossible to work with the nonprofit organizations with whom cooperatives had relationships before; it was as if there was a fear that *everyone* could be involved in Mafia Capitale. (President #1, Local Federation of Cooperatives #2)

Furthermore, “in the space of a few days, local governments froze all the contracts with cooperatives. It was as if an atomic bomb had exploded and destroyed everything, particularly in the Lazio region” (President, cooperative #7). For instance, the Lazio region froze “€60 million in public procurement contracts ... because of the risks of ... mafia infiltration” (Press release, Lazio Region, 2014). As a result, “the Mafia Capitale inquiry caused many cooperatives to struggle to be awarded new public procurement contracts. This has threatened the very survival of many cooperatives” (Minutes, Plenary meeting Local Federation of Cooperatives #1, 2015).

### Emergence of Contradictions through Defensive Interaction

The focal population of cooperatives tried to defend itself from event stigma by interacting with its exchange partners: nonprofit organizations and local governments. Cooperatives communicated that they were not involved in the scandal originating the event stigma and were instead penalized by it, themselves. In doing so cooperatives emphasized their commitment to deliver high-quality services to marginalized individuals. Exchange partners perceived a contradiction given that cooperatives’ actual emphasis on reducing costs, and winning contracts. This contradiction emerged due to the interplay of three mechanisms of interaction, captured by the following conceptual categories: (i) *focal population “plays the victim” based on marginalized core attributes*; (ii) *enactment of exchanges based on dominant core attributes*; and (iii) *exchange partners’ perception of contradictions in the enactment of the focal population’s core attributes*. We describe these mechanisms below.

### Focal Population “Plays the Victim” Based on Marginalized Core Attributes

During 2015, the two national federations of cooperatives organized several formal events involving cooperatives as well as their exchange partners—nonprofit organizations and local governments—in an effort to defend the focal population of cooperatives from event stigma. For their part, cooperatives also tried to engage in informal meetings with nonprofit organizations and local governments to minimize the negative impact of the stigma tainting them.

Cooperatives tried to “talk to [nonprofit organizations and local governments] in the communities where [they] operated ... this is how cooperatives addressed the problem initially: trying to keep alive a dialogue” (President, cooperative #8).

During these formal and informal meetings, nonprofit organizations and local governments shared that they were concerned that cooperatives had feigned ignorance of 29G’s illegal practices to conceal their own involvement in the same felonies. The president of the local branch of one federation of cooperatives recalled:

Nonprofit organizations and local governments were asking questions such as, “What kind of relationship do you have with 29G?” ... “But didn’t you notice that?” Everyone—everyone!—was asking these questions. (President #1, Local Federation of Cooperatives #1)

Cooperatives defended themselves by isolating 29G. They stated publicly that they were not involved in any illegal activities and were instead significantly impacted by Mafia Capitale because it caused the loss of contracts with local governments and the disruption of partnerships with nonprofit organizations. The president of Local Federation of Cooperatives #2 explained this to the media:

We are not involved in any mafia-like activities, we have never stolen anything—we are the victims [of illegal activities] here, and yet we are the ones being blamed [by nonprofit organizations and local governments]. (Newspaper, *Redattore Sociale*, 2015)

Cooperatives also argued that the withdrawal of support endangered the enactment of activities that cooperatives declared to be at the core of their very nature—who cooperatives were, what they did, and whom they served. In particular, penalties caused by stigma were hindering the delivery of quality training and rehabilitation services (what cooperatives did) to marginalized individuals and communities (whom cooperatives served). As the president of a cooperative that offered job training to marginalized individuals lamented:

The public procurement contracts we had were put on hold after the Mafia Capitale inquiry, with the result that we could not offer training to beneficiaries ... We understand the need to investigate, but ... half of our [beneficiaries undergoing training] have physical disabilities. What are they supposed to do now? (Newspaper, *Romasette*, 2015)

The leaders of cooperatives’ federations reinforced the message and communicated that the stigma tainting cooperatives was threatening the core nature of cooperatives

as key actors in the provision of high-quality services to marginalized beneficiaries:

Without cooperatives, in Italy, it would be impossible to address the needs of children, the elderly, the disabled, and all disadvantaged people. Without the work of cooperatives, these groups would not receive proper service and would not be represented ... reducing cooperatives to Mafia Capitale means destroying the role of cooperatives. (Open letter to *Corriere della Sera*, President National Federation of Cooperatives #2, 2015)

To showcase cooperatives' distance from illegality and their role in welfare and health services, in 2015 the cooperatives federations organized several events showcasing recent projects with nonprofits and local government, the president of one federation of cooperatives recalled:

We organized more than 20 initiatives in a year to communicate our best practices and the strengths of cooperatives. The objective was to demonstrate our distinctive capacity to involve different actors [nonprofit organizations and local governments] to design projects that can have a positive impact [on communities]. (President #2, Local Federation of Cooperatives #2)

In sum, in the aftermath of Mafia Capitale, cooperatives interacted with nonprofit organizations and local governments to defend themselves from event stigma by "playing the victim." They argued that the stigma and associated penalties would prevent cooperatives from performing activities in line with their core priorities—providing high-quality welfare services to marginalized individuals.

### Enactment of Exchanges Based on Dominant Core Attributes

Cooperatives claimed that Mafia Capitale had hindered their core effort to foster beneficiaries' well-being. However, in early 2015, the reality was very different: cooperatives substantially managed exchanges with local governments and nonprofit organizations in view of core strategies and operations that substantially prioritized cutting costs, optimizing processes, and entering new markets, even at the expense of the quality of the services delivered to beneficiaries. This is shown by the quote below, taken from an archival source:

The socio-economic pressures of recent years have pushed cooperatives towards prioritizing business performance over social impact. (Book, *Cooperative da Riscoprire*, Borzaga, 2018b)

This emphasis on enhancing market performance is also well described by the president of one local cooperatives' federation. In an interview, they explained how cost cutting

was overwhelmingly the top priority for cooperatives, at the expense of quality rehabilitation:

Cooperatives were focused on becoming more efficient and cost-oriented ... which resulted in a reduction of the quality of services provided to marginalized individuals, and in particular to those beneficiaries who required extra services and care. (President #1, Local Federation of Cooperatives #2)

Also, the main role of local cooperatives' federation branches was to help cooperatives enhance their competitiveness, enter new markets, diversify their offerings, and gain market recognition, which were the key priorities at the core of cooperatives' strategy and exchanges. One manager explained:

Having originally been a defensive system [to protect marginalized groups], we have always helped each other—from a financial perspective too. But at a certain point, we began to emphasize this aspect [of financial support] mainly. (Manager #1, Local Federation of Cooperatives #1)

The majority of cooperatives isolated the few cooperatives that continued to substantially prioritize social impact and beneficiaries' well-being over enhancing competitiveness and market revenues. The president of one such isolated cooperative recalled:

We kept the focus on marginalized people, not on revenues... They [the other cooperatives and the local branches of the cooperatives' federation #2] isolated us. At some point, we were told to stop being critical of how the cooperative sector was managed. (President, cooperative #8)

### Exchange Partners' Perception of Contradictions in the Enactment of the Focal Population's Core Attributes

While nonprofit organizations and local governments acknowledged that cooperatives were not involved in illegal activities, they saw contradictions between what cooperatives claimed as their core strategies and priorities and what they actually emphasized in everyday exchanges. To nonprofit organizations and governments, cooperatives prioritized cutting costs, increasing revenues, and securing the most remunerative contracts, rather than the needs of marginalized individuals and communities, as cooperatives claimed when playing the victim of event stigma. The executive director of a nonprofit organization explained:

Mafia Capitale revealed the true nature of the social cooperatives that provide welfare services to migrants: they are "money-making machines," it's as simple as that.

(President of nonprofit organization Beta, Newspaper, *Redattore sociale*, 2015)

In this sense, 29G's illicit acts exposed a subtler flaw related to cooperatives' core attributes: their overemphasis on market performance, which clashed with what the cooperatives declared to be their main priority:

[During meetings] representatives of local governments started to say things like, "The distorted mechanisms you adopted to be awarded public procurement contracts are no longer acceptable. Despite what you claimed ... back then, you were only aiming to cut costs." (President, cooperative #3)

This contradiction led nonprofit organizations and local governments to resist engaging in exchanges with cooperatives. The president of one cooperative explained:

After Mafia Capitale ... cooperatives have faced hard times. The relationship among cooperatives, local governments, and nonprofit organizations has been characterized by distrust and skepticism that has penalized cooperatives. (Website, Local Federation of Cooperatives #1, 2016)

### Recognition of Core Stigma through Inquiring Interaction

The emergence of contradictions in the core attributes of cooperatives caused a shift in the focus of their interactions with their exchange partners. Rather than interacting to address event stigma, cooperatives interacted with nonprofit organizations and local governments to determine which core activities and strategies they should prioritize. This inquiry led all actors to recognize that cooperatives were now tainted with core stigma. Nonprofit organizations and local governments acknowledged that both addressing beneficiaries' needs and gaining financial viability through market competition and cost cutting were central to the very nature of cooperatives. However, they expected cooperatives to prioritize welfare provision over cost reduction and devalued them for doing the opposite—prioritizing cost cutting and revenue generation at the expense of the quality of welfare services. Below, we describe in detail how inquiring interaction led to the recognition of the emergence of core stigma through (i) *collective reflection on the core attributes of the focal population* and (ii) *collective recognition of value incongruence in the core attributes of the focal population*.

### Collective Reflection on the Core Attributes of the Focal Population

In 2017, cooperatives engaged in dialogue with nonprofit organizations and local governments to understand how

to resume exchanges with them. The manager of one local federation of cooperatives explained:

As a federation of cooperatives, we tried to bridge the gap [with nonprofit organizations and local governments]. We tried to organize meetings with them by declaring that we were willing to address the issues raised by Mafia Capitale ... but we needed to understand what to do. (Manager #1, Local Federation of Cooperatives #1)

Differently from the past, during these meetings, cooperatives did not try to defend themselves against stigma by playing the victim. Instead, they focused on understanding the expectations of nonprofit organizations and local governments regarding what cooperatives should do and whom they should primarily serve, because "we had to understand the deep roots of the problem [caused by Mafia Capitale]. The idea is that, once the problem is identified, the federation activates resources and efforts to address it" (Manager #2, National Federation of Cooperatives #1). Meetings were intended to discuss the core features of cooperatives and the role that they should play in the management of welfare and healthcare services. Below is an example of the focus of these meetings:

[The meeting aimed at] refocusing attention on the role and strengths of cooperatives. This means agreeing on how to manage the welfare and healthcare services outsourced by local governments. (Report, Annual Meeting, Local Federation of Cooperatives #1, 2016)

### Collective Recognition of Value Incongruence in the Core Attributes of the Focal Population

Through dialogue, nonprofit organizations and local governments recognized that they perceived the cooperatives' prioritization of competitiveness and revenue generation as incongruent with their moral expectations that cooperatives should prioritize the provision of high-quality welfare services to marginalized individuals and communities:

It is crucial to keep in mind how the market logic has influenced cooperatives' functioning. To avoid distortions of the cooperative model and the adoption of a model exclusively oriented towards market competition, cooperatives must be aware that they should represent the ethical, sustainable, and professional way to pursue the empowerment of communities. (Press release, President, national nonprofit organization Gamma, 2015)

This incongruence prompted nonprofit organizations and local governments to devalue cooperatives. Their prioritization of market performance over social impact

was not only inconsistent with nonprofit organizations and local governments' expectations and but also perceived to be morally unacceptable:

Mafia Capitale represents a turning point. In the past, the term "cooperatives" meant a commitment to driving positive social impact. Now, it no longer does .... When cooperatives engage in market competition without a clear orientation toward social impact and the needs of individuals, they are meaningless. (Archival data, Interview with the President of national nonprofit organization Delta, Ancoraonline, 2017)

Speaking on behalf of nonprofit organizations and local governments, the Minister of Welfare made the core stigma clear:

I am dismayed and saddened. I feel great anger and a sense of betrayal. Betrayed because I feel that the principles and values [of cooperatives' social impact] that I believe in, and to which I, along with many others, have dedicated my life, have been violated. (Interview, Minister of Welfare, *Asca News*, 2016)

Nonprofit organizations and local governments echoed the Minister of Welfare during several meetings with cooperatives. These actors explicitly communicated that cooperatives were now devalued for their prioritization of market performance over social impact. The president of one cooperative recalled:

It was during these meetings with nonprofit organizations as part of Social Pride [an event organized by nonprofit organizations] that the feeling of anger and grievance towards the economic model [adopted by cooperatives] became clear. (President, cooperative #7)

Nonprofit organizations also told cooperatives that, in their exchanges with them, they hoped to see social impact restored to center stage. The President of Beta told us:

I recall that during one of these meetings, one member of another nonprofit organization told a representative of cooperatives something like this: "We can also start working together again but on one condition: we don't just go back to talking about money ... we want to talk about how to help [marginalized people]." (President, nonprofit organization Beta)

Local governments also devalued cooperatives because of their core prioritization of competitiveness and revenue generation.

The emphasis on commercial performance [of cooperatives] was also criticized by local governments, for sure... they made the point that cooperatives should be financially sustainable, but not emphasize revenue

generation above all else ... If you overemphasize revenue generation, you lose track of other important dimensions. That was their [local governments'] point. (Manager, National Federation of Cooperatives #2)

Feedback along these lines led cooperatives to recognize that they were now suffering from core stigma and were devalued for their prioritization of market performance over social impact. The president of one local federation of cooperatives explained:

Criticisms stemmed from cooperatives' commercial orientation ... Nonprofit organizations blamed cooperatives because the model they had adopted disregarded social impact (President #1, Local Federation of Cooperatives #2)

### **Core Stigma Removal through Transformative Interaction**

The focal population of cooperatives addressed the recognized core stigma through interactions with nonprofit organizations and local governments. Cooperatives actively involved these partners in redesigning the nature of their exchanges and operationalizing them to ensure the provision of high-quality welfare and healthcare services to marginalized individuals. This interaction comprised (i) *focal population's commitment to reconfigure the core attributes*; the (ii) *collective reconfiguration of the core attributes*; and (iii) *exchanges based on reconfigured core attributes*. We describe each element of the stigma removal strategy through transformative interaction below.

### **Focal Population's Commitment to Reconfigure the Core Attributes**

Cooperatives reacted to the recognition that nonprofit organizations and local governments stigmatized the prioritization of market competitiveness by emphasizing their commitment to reconfigure their core attributes around the prioritization of social impact and the provision of high-quality welfare and healthcare services to marginalized individuals and communities. In the first stage of the strategy of playing the victim, cooperatives had tried to convey that social impact was core to their strategies and practices when in reality it was not. Instead, in this phase, cooperatives acknowledge that social impact had been marginalized and communicated their commitment to change. In late 2017, the President of the Local Federation of Cooperatives #1 invited representatives of the local governments and nonprofit organizations to attend the annual general assembly and stated:

This general assembly has a value that goes beyond the standard dialogue in a federation of cooperatives because it has been organized in the context of the well-known challenges caused to cooperatives operating in the Lazio region by Mafia Capitale ... It is paramount that we work on our distinctive attributes and build on them to plan our actions and define our vision: cooperatives must work to foster social inclusion, to fight against inequalities and drive societal change. (Report, General assembly, Local Federation of Cooperatives #1, 2017)

Similarly, Federation of Cooperatives #1 formalized cooperatives' commitment to refocus their core strategies and actions on social impact and marginalized individuals' well-being, in line with the expectations of nonprofit organizations and local governments. In mid-2017, the federation presented its revamped focus on social impact as a priority as follows:

- Innovate the services provided to local communities
- Improve the quality of the interaction with marginalized individuals to understand their needs
- Improve the quality of the dialogue with local governments to renegotiate the conditions of the contracts with them
- Improve communication of the value that cooperatives create for communities

(Report, strategic planning, National Federation of Cooperatives #1, 2017).

### **Collective Reconfiguration of the Core Attributes**

Following their commitment to prioritize social impact, cooperatives organized meetings with nonprofit organizations and local governments to find ways to reconfigure their core attributes and place the provision of high-quality services to beneficiaries at the very core of who they were, what they did, and whom they served:

In February 2018, [Local Federation of Cooperatives #1] organized a meeting ... mainly aimed at engaging actors of the Lazio ecosystem [cooperatives, local governments, nonprofit organizations] in planning initiatives aimed at having a positive impact on marginalized individuals. (Website, Local Federation of Cooperatives #1, 2018)

In this phase, cooperatives engaged local governments and nonprofit organizations in dialogue to gain their support in these reconfiguration efforts:

Cooperatives are exposed to market competition with for-profit businesses ... Competitiveness is vital, but only as a means to enable cooperatives to

provide quality welfare and healthcare services. If we acknowledge that welfare and healthcare services have a special role [in addressing societal needs], then we need to rethink how local governments, cooperatives, and nonprofit organizations work together. (Report, Local Federation of Cooperatives #1, 2018)

This dialogue led to general recognition that cooperatives should collaborate to improve the quality of services provided to marginalized individuals. The president of one cooperative recalled:

I share with national federations of cooperatives that they should coordinate the collaboration between cooperatives providing healthcare services and cooperatives specialized in providing job opportunities to marginalized individuals. (President, cooperative #7)

This dialogue also allowed local governments and nonprofit organizations to invite cooperatives to engage marginalized individuals to understand their needs and customize the services provided to them. The Mayor of Rome explained:

Cooperatives can react to Mafia Capitale—which has destroyed their reputation and image—but to do so ... first and foremost, cooperatives need to give priority to understanding the needs of beneficiaries, not to revenue generation. (Press release, interview with the Mayor of Rome, Local Federation of Cooperatives #2, 2018)

As a result of this dialogue, cooperatives realized that they should work with local governments and nonprofit organizations to redesign how they delivered welfare and healthcare services to marginalized individuals and communities, in view of their needs. The president of one cooperative explained:

Co-designing social projects creates virtuous chains and allows new forms of collaboration by building moments of aggregation to improve the competencies of individual cooperatives and offer better services. (President, cooperative #1)

### **Exchanges Based on Reconfigured Core Attributes**

As cooperatives reconfigured who they were, what they did, and whom they served around the creation of social impact, they also began managing exchanges with nonprofit organizations and local governments accordingly. For instance, cooperatives started collaborating with nonprofit organizations and local governments to plan training and rehabilitation activities tailored to the needs of beneficiaries. The representative of a nonprofit organization of the Lazio region recalled:

We changed the way we managed services outsourced by local governments: rather than delegating the planning of activities to a few [cooperatives] and then replicating the model, we started to organize events and meetings in which we asked everybody [nonprofit organizations, beneficiaries, local governments] to participate in co-designing the project. (Manager, nonprofit organization Beta)

A sector expert confirmed that in this phase, cooperatives put great effort into engaging in exchanges and collaborations with nonprofit organizations and local governments to provide high-quality services to beneficiaries:

Nowadays, cooperatives collaborate with nonprofit organizations and local governments to scale the impact of their services. They use design-thinking techniques to develop new services specifically tailored to beneficiaries' needs. This is possible nowadays because of the dialogue between cooperatives, local governments, and nonprofit organizations. (Interview, Cooperative expert #5)

The President of Local Federation of Cooperatives #1 explained in a similar way how cooperatives now engaged nonprofit organizations and local governments in exchanges that explicitly prioritized social impact over market performance:

We started to work more extensively on co-designing projects with local governments and local communities in order to emphasize the social impact of our services. We co-designed projects by following these steps: first, identifying a specific need in a local community together with beneficiaries and other actors, and second, proposing a service customized to addressing the specific need and designed to maximize social impact. (President #1, Local Federation of Cooperatives #1)

Cooperatives also changed how they collaborated among themselves and with the federations of cooperatives. While the federations' main role had traditionally been to lobby local governments to secure lucrative contracts for cooperatives, now "federations worked to favor partnerships among cooperatives, share best practices, and provide managerial instruments to help cooperatives scale their social impact" (President, cooperative #5).

### Core Stigma Removed

After reconfiguring its core attributes and operationalizing them in exchanges oriented toward addressing the needs of marginalized beneficiaries, the focal population removed core stigma by (i) *emphasizing reconfigured core attributes*. This communication was perceived as true by

nonprofit organizations and local governments, which therefore provided (ii) *endorsement and support to the focal population*. We describe these two conceptual categories capturing the mechanisms of stigma removal below.

### Focal Population Emphasizes Reconfigured Core Attributes

In 2019, cooperatives publicly emphasized that addressing the needs of marginalized individuals and communities was their first priority when engaging in exchanges with nonprofit organizations and local governments. The director of Local Federation of Cooperatives #1 declared to a local newspaper:

The services we deliver have an impact that goes beyond what is done by traditional for-profit enterprises. Our work is not only to address the needs of the communities we serve but to empower them. (Newspaper, Vita, 2019)

Similarly, representatives of Local Federation of Cooperatives #2 emphasized the positive impact of cooperatives on addressing welfare and healthcare needs, claiming that this was the core priority pursued by cooperatives. Below is an example of this communication:

The elderly, young people, and individuals with disabilities are among the most underserved groups, and their needs are often left unaddressed by the welfare system. Cooperatives work to meet the needs of these groups. Our commitment is to guarantee high-quality services to beneficiaries and to expand our impact to new categories of marginalized individual... Cooperatives have the know-how to address their welfare, job training, and healthcare needs. (Report, General assembly, Local Federation of Cooperatives #2, 2019)

### Exchange Partners Endorse and Support the Focal Population

In the aftermath of *Mafia Capitale*, nonprofit organizations and local governments initially perceived cooperatives' emphasis on social impact as their core priority to be insincere. The same emphasis was now perceived as genuine. Nonprofit organizations and local governments had extensively interacted with cooperatives to help them refocus on social impact and had the opportunity to scrutinize their behaviors closely. Through this close engagement and scrutiny, they could observe that cooperatives' prioritization of social impact and beneficiaries' needs was substantial. Therefore, by 2019, four years after the beginning of the *Mafia Capitale* inquiry, "Nonprofit organizations and local governments recognized and rewarded what cooperatives do

to address social welfare needs” (President, Nonprofit organization #2). Nonprofit organizations could see and endorse the substantial contribution made by cooperatives to address societal issues and provide welfare and educational services to marginalized individuals:

I want to highlight the effort made by the different actors—the volunteers, the associations, the renewed social cooperatives—to create opportunities for inclusion and integration [for marginalized individuals]. (Press release Local Federation of Cooperatives #2, interview with Nonprofit organization Alpha manager, 2018)

Similarly, local governments also evaluated cooperatives’ core focus on addressing the needs of communities positively:

The Lazio Region is pushing forward a plan to [financially] support cooperatives. We are pursuing this strategy because we are convinced that the cooperatives’ values are more relevant than ever. (Press release, Lazio Region Economic Development Council, 2019)

This positive acknowledgment resulted in both nonprofit organizations and local governments being more open to supporting cooperatives, and local governments increased their funding for initiatives launched by cooperatives:

The Lazio Region has allocated €1.8 million to sponsor the recovery, development, and internationalization of cooperatives. This is because of the key role of cooperatives [in improving the quality of the] welfare system in the [Lazio] region. (Newsletter, Local Federation of Cooperatives #2, 2018)

Local governments and nonprofit organizations also decided to involve cooperatives more extensively in planning and managing welfare and healthcare services in view of their recognized commitment to creating social impact. The president of one cooperative recalled:

We played an active role in our contribution concerning collaborations with local governments. For example, in the Lazio region, we played an active part in modifying the law on cooperatives [approved in spring 2019] that has introduced strict requirements for the entrustment of public procurement contracts. We are also members of a consultancy board, composed of representatives of local governments, cooperatives, and nonprofit organizations, that assesses the quality of the services provided to beneficiaries. (President, cooperative #3)

The recognition of the role played by cooperatives in addressing welfare and healthcare needs in the Lazio region resulted in the approval of a new regional law by the end of

2019 that formalized the role of cooperatives as key partners of local governments and nonprofit organizations to address the needs of marginalized individuals:

The newly established regional board of cooperatives has the objective of coordinating the activities of local governments and cooperatives in the delivery of healthcare, education, professional training, and work integration for disadvantaged people. The board is composed of [representatives of local governments] and representatives of cooperatives. (Legislative text, Law 8, 2019, Lazio Region)

## Discussion

Our findings build the foundation for an interaction-based process model of stigma recognition and removal within a field that extends business ethics research studying stigma (Zhang et al., 2021) and fields (Zietsma et al., 2017).

As depicted in Box A to the left of our model (Fig. 3), the event stigma affecting one actor of the focal population of a field can be shared by the other members of the population because of their similarity with the stigmatized actor. In our case, following the engagement of one cooperative (29G) in mafia-like activities and its stigmatization, nonprofit organizations and local governments—that is, cooperatives’ exchange partners—devalued the entire population of cooperatives. Exchange partners believed that, given cooperatives’ similarity with 29G, they could be involved, directly or indirectly, in the same mafia-like activities. Such devaluation triggered both economic sanctions and an unwillingness to partner in the development of initiatives aimed at addressing the needs of marginalized individuals and communities. In this sense, audiences not only hit stigmatized actors with sanctions, as suggested by previous literature (Sadri et al., 2023), but also triggered negative externalities toward marginalized individuals and communities.

Our model further suggests that the stigmatized focal population may react to event stigma through a “defensive interaction” with the stigmatizing partners. Through dialogue, the focal population plays the victim (top of Box B in our model) and portrays itself as unfairly stigmatized. A key component of this strategy of playing the victim (Ouriemmi, 2023) is the complaint that event stigma is preventing the stigmatized population from fully pursuing its core attributes—that is, “who it is, what it does, and whom it serves” (Hudson, 2008: 253). While playing the victim can address event stigma, it might also raise contradictions between the core attributes that a focal population declares to prioritize and those that it actually prioritizes (center of Box B in our model). This contradiction is likely to emerge

in particular if the stigmatized population engages in exchanges with its partners based on alternative, dominant core attributes (bottom of Box B in our model). For instance, cooperatives lamented that event stigma was hindering their ability to deliver a positive societal impact (who cooperatives are) on marginalized individuals and communities (whom they serve) through the provision of high-quality healthcare, welfare, and educational services (what they do). While the strategy of playing the victim highlighted core attributes that prioritized social impact, exchanges with nonprofit organizations and local governments were actually managed based on strategies and actions that reflected the prioritization of alternative core attributes. These prioritized attributes focused on generating revenues (who cooperatives were) by cutting costs, entering new markets, and enhancing efficiency (what they did) to be awarded public procurement contracts with local governments (whom they served). Hence, cooperatives' declared emphasis on social impact did not ring true to nonprofit organizations and local governments, because it was inconsistent with cooperatives' substantive prioritization of revenue generation, cost cutting, and market competitiveness.

A key point in our model is the idea that the core attributes of an organization can be multifaceted and in tension, so that some might be prioritized and others marginalized. In our setting cooperatives prioritized attributes associated with the means they used achieve financial viability—cost cutting and revenue generation—over those associated with their ethical mission—delivering quality services to marginalized individuals and community to have positive social impact. An attempt to defend against event stigma through the strategy of playing the victim might move stigmatizing partners to perceive a contradiction between the core attributes that a stigmatized population declares to prioritize and those that it actually and substantially emphasizes.

Once recognized, such an inconsistency between declared and substantially prioritized core attributes might be talked out through an “inquiring interaction” (box C in our model), which involves a dialogue to collectively reflect on the core attributes of the focal population (top of Box C). This reflection can prompt a collective recognition of incongruence between the core attributes prioritized by the focal population and the moral expectations of exchange partners. This leads to the recognition of the emergence of core stigma. In our case, following a perception of contradiction between its declared and substantially prioritized core attributes, the focal population of cooperatives engaged nonprofit organizations and local governments in a collective reflection on the attributes that cooperatives should emphasize in view of their complexity and multifaceted nature. This dialogue enabled to recognize that the attributes prioritized by the focal population—revenue generation and cutting costs—were incongruent with the moral expectations of nonprofit organizations and local

governments, which expected cooperatives to prioritize the provision of high-quality services to marginalized individuals and communities, instead. Therefore, the focal population was devalued by its exchange partners and experienced core stigma.

Following such recognition, our model suggests, the stigmatized population and the stigmatizing partners might engage in a “transformative interaction” to remove stigma (Box D). Our case suggests that the stigmatized focal population communicates its commitment to reconfigure its core attributes in line with the expectations of exchange partners (top of Box D), then engages them in dialogue to co-define how to translate this commitment into new strategies and activities (middle of Box D). Importantly, however, this reconfiguration cannot remain a claim but needs to be operationalized in actual exchanges (bottom of Box D). Specifically, the focal population of cooperatives first communicated its commitment to refocus its core attributes around the priority of serving marginalized beneficiaries by means of high-quality and customized welfare and healthcare services, in line with the mission of cooperatives. Then, the population engaged exchange partners in dialogue to understand how to redesign its core strategies and activities to serve marginalized beneficiaries as first priority. Finally, the population operationalized the newly defined strategy in actual exchanges.

Finally, our model shows that core stigma comes to be removed (Box E) as the originally stigmatized population (top of Box E) communicates its new priorities and stigmatizing exchange partners perceive both consistency between claims and actions and alignment with their own moral expectations, eventually endorsing the focal population (bottom of Box E). In our empirical setting, the focal population of cooperatives emphasized its prioritization of addressing the needs of marginalized individuals and communities through high-quality welfare and healthcare services over cost cutting and revenue generation. Exchange partners—nonprofit organizations and local governments—recognized the communication to be true and in line with their moral expectations. Accordingly, they endorsed cooperatives and supported them.

## Contributions

### A Conceptualization of Stigma and Stigma Removal as Co-constructed

Our study of stigma in a field adds to the conceptualization of stigma as relational (Thomson & Grandy, 2018; Aranda et al., 2023) by suggesting an idea of stigma that is co-constructed in its processes of recognition and removal. Scholars have outlined the relational nature of stigma (Zhang et al., 2021), discussing that “understanding the sources and impact of stigma needs to include not only the stigmatized targets

but also the audiences and historical contexts from which it arises and spreads” (Garcia-Lorenzo et al., 2022: 1631). We propose that stigma may be co-constructed by the various actors involved as they interact dynamically in a process of reciprocal influence that shapes how different actors both understand and manage stigma. In this sense, we build on Hampel and Tracey’s (2017) dialogical model of organizational destigmatization to suggest the idea that stigma recognition and removal is influenced by dialogue and interactions among stigmatized actors and stigmatizing audiences. Hampel and Tracey (2017) present their model as one that discusses “how audiences construct an organizational stigma and how such constructions shift over time” (2017: 2198). Differently, we posit that perceptions of both audiences and target actors shape the process of stigma recognition and removal.

Also, we suggest that these perceptions change over time as a result of the mutual interactions that audiences and target actors entertain according to three types (i.e., defensive, inquiring, transformative) and in two different ways (i.e., through both dialogue and exchanges). First comes a defensive interaction characterized by target actors’ dialogue with stigmatizing audiences in the attempt to defend themselves from perceived event stigma by playing the victim. While effective in removing event stigma, such a defensive strategy may give rise to inconsistency between declared and enacted core attributes. This is followed by an inquiring interaction whereby the novel perception of stigmatizing audiences is talked out with stigmatized actors, triggering a collective reflection on the latter’s core attributes and a mutual recognition of the emergence of core stigma. Third, a transformative interaction takes place whereby stigmatized actors first engage in dialogue with stigmatizing audiences to reconfigure their core attributes and then together substantially co-create new exchange interactions based on the reconfigured attributes.

We also argue that the two different ways through which actors interact may entail different functions. First, interaction in exchanges with stigmatized actors may enable stigmatizing audiences to understand whether a target actor’s claims are coherent with its actions. This also means that interaction in exchanges can lead stigmatizing audiences to recognize, and eventually devalue, the contradictions between a target actor’s claimed and enacted core attributes. Second, interaction in dialogue can help both stigmatizing and stigmatized actors to elaborate on and recognize the source of stigma. In this sense, interaction creates the conditions for both recognizing and making sense of stigma through a co-constructed process. Importantly, this interaction focuses on discussing the ethical core of cooperatives and its alignment audiences’ moral expectations.

### The Interplay between Event and Core Stigma

Scholars have posited that event and core stigma are somehow related (Clark & Li, 2023; Hsu & Grodal, 2021).

Actors’ involvement in an episodic negative event stigmatized by some audiences may invite closer scrutiny from other audiences, who might recognize a discrediting flaw in the actors’ core attributes, thus tainting them with core stigma (Hsu & Grodal, 2021). Our findings add to this research by suggesting another mechanism through which event stigma may trigger the emergence of core stigma. Specifically, we suggest that core stigma may emerge when stigmatized actors try to defend themselves from a perceived event stigma and in so doing, they showcase the contradictions between their enacted core attributes and the moral expectations of audiences, triggering the emergence of core stigma.

Extant research has shown that defensive efforts to address stigma may draw “more negative attention to the defensive organization” (Desai, 2011: 265). For instance, Wang and Steele (2024) suggest that, following destigmatization efforts, previously devalued entities can regain visibility and be further scrutinized by audiences, raising new calls for stigmatization and backlash. Similarly, we show that stigmatized actors’ attempts to remove the discrediting mark associated with a single negative event may backfire. Unlike Wang and Steele, however, we show that defensive efforts can not only highlight and revamp originally stigmatized elements but also draw stigmatizing audiences’ attention to other aspects of stigmatized actors, eventually revealing a more serious flaw. This may be particularly likely when such an attempt puts the spotlight on the core attributes of stigmatized actors and sheds light on a contradiction between the (acceptable, because ethically grounded) attributes declared by the actors and the (discredited, because inconsistent with audiences’ moral expectations) ones that they actually prioritize. Such a contradiction may be perceived by audiences as value-incongruent (Devers et al., 2009) and trigger the emergence of core stigma. In this way, our work contributes to create an explicit link between research on stigma and scholarly work on business ethics discussing the what objective function is ethically acceptable for different organizations to pursue (Ramus & Vaccaro, 2017).

### Organizations’ Multifaceted Nature and Core Stigma Removal

Our findings also contribute to research investigating how core stigma emerges, and how it might be managed (Goodrick et al., 2022; Zhang et al., 2021). Building on Hudson’ (2008) seminal work, research has theorized the source of core stigma as the devaluation of the very nature of an organization’s core attributes, that is, of who it is, what it does, and whom it serves. However, in their seminal work, Hudson did not elaborate on the complexity and multifaceted nature of this source of stigma because he did not explicitly discuss whether organizations possess

multiple core identities and end-goals (who they are), engage in disparate strategies and activities (what they do), and serve diverse stakeholders (who they serve). As a result, and with few exceptions (see Ashforth, 2019), research has mainly theorized the source of core stigma as it was homogeneous, with organizations either suffering from core stigma or not depending on whether all of their core attributes are devalued by audiences or not.

We problematize this homogeneous portrait of the source of stigma, and suggest, instead, that it can be more nuanced, in view of the complexity and multiplicity of organizational core attributes. Scholarly work on organizational complexity and hybridity (Battilana et al., 2022; Smith & Besharov, 2019) has acknowledged that organizations often pursue multiple, contradictory goals (Battilana et al., 2022), possess multifaceted identities (Ashforth & Reingen, 2014), and engage in diverse practices and strategies (Smith & Besharov, 2019) to serve disparate stakeholders (Ramus & Vaccaro, 2017). Building on this literature and linking it to research on organizational stigma (Hudson, 2008), we suggest that the conceptualization of core stigma itself may be unpacked by looking at its different dimensions: when some of the multiple organizational core attributes are devalued while others are endorsed, organizations might still experience core stigma, if the devalued attributes take central stage in organizational functioning and this prioritization is visible to audiences.

While organizational multifaceted and complex nature suggests a more nuanced understanding of core stigma and its sources, the same complexity also creates room for removing stigma while still preserving the organizational very nature. Previous research has discussed various alternatives to manage stigma, but without acknowledging that some core attributes could be stigmatized, some other endorsed instead. For instance, scholars have showcased that stigma can be managed using boundary-management strategies to shield the stigmatized organization and its stakeholders (Hudson & Okhuysen, 2009), and straddling diverse industry categories (Vergne, 2012), or engaging in dialectics with stigmatizing audiences to change their perceptions concerning stigmatized core attributes (Hampel & Tracey, 2017). These strategies enable organizations to manage stigma depending on how their core attributes are devalued and the level of hostility they face (Hudson & Okhuysen, 2009), either by detaching core attributes from audiences' attention, or modifying perception of the very nature of the stigmatized organization. We suggest, instead, that, given their multifaceted nature, organizations can remove stigma by enacting more thoroughly those core attributes that their audiences genuinely value, while marginalizing those that are instead devalued and blamed, something we called "reconfiguration of core attributes."

## Organizational Dualities, Fields, and Cooperatives

Finally, our work provides an additional contribution to recombining research on stigma (Hudson et al., 2022; Zhang et al., 2021) and field dynamics (Cloutier & Couture, 2024; Zietsma et al., 2017), particularly in relation to cooperatives (Ashforth & Reingen, 2014), and, more in general, organizations coping with dualities (Battilana et al., 2022).

Most of the research on organizational dualities has focused on the influence of field dynamics on these organizations, suggesting that differences in the salience and power of the pressures they are exposed to (Ashforth & Reingen, 2014) as well as changes at field level (Ramus et al., 2021) might lead these organizations into an unbalanced favoring of one of their core dimensions (Ramus & Vaccaro, 2017). While balance enables organizations to exploit some complexity (Ashforth et al., 2014) or reflexivity (Smith & Besharov, 2019) to address, at least partially, divergent pressures, imbalance is likely to cause dangerous outbreaks and ethical challenges due to the dissatisfaction of those partners whose moral expectations are neglected (Ashforth & Reingen, 2014). We concur with this research stream but broaden the focus to the field level by suggesting that widespread pressures can lead an entire population to over-prioritize part of its core attributes, potentially causing its stigmatization.

We also advance research on field dynamics (Zietsma & Lawrence, 2010) by showing that the core attributes of a focal population, and their effect on the population's exchanges with its partners, can be influenced by dynamics of stigma recognition and removal that involve different interactions between the focal population and its partners. In this way, we advance previous theorizations of fields as evolving either in view of the entrepreneurial work of purposeful actors (de la Cuesta et al., 2021) or following the mundane, everyday activities of field actors (Ansari & Phillips, 2011). Indeed, we showed that the focal population of cooperatives and their partners co-reconfigured the former's core attributes and then operationalized them in exchanges following a process that, we suggest, was initially merely defensive, aimed at safeguarding existing exchanges, but later became intentionally transformative, because the stigmatized focal population recognized that existing exchanges could only be safeguarded by reconfiguring its core attributes. This is important because had members of the focal population not unanimously recognized the need to collectively change to regain social approval, some would probably have resisted, jeopardizing the effort of the rest of the population to overcome stigma.

Our work also suggests that stigma removal within fields creates peculiar challenges for stigmatized organizations. Indeed, organizations populating a field engage in daily interaction and exchanges on the basis of a common meaning system (Wooten & Hoffman, 2008). Therefore, they are well positioned to be scrutinized by other actors in the field, who

may also verify the consistency between claimed and enacted behaviors. Our findings suggest that these conditions have important implications in terms of stigma removal strategies: while stigma removal is mainly explained by the value congruence shown by stigmatized actors through signals, in the context of a field, these signals must be coupled with actual behaviors to be perceived as true.

Finally, our work contributes to the growing research stream investigating the functioning of cooperatives (Ashforth & Reingen, 2014; Mitzinneck & Besharov, 2019). Recently, they have gained centrality in the debate about the role of alternative organizational forms to address societal challenges through market competition (Battilana et al., 2025). Scholars have suggested that the participative and democratic governance mechanisms typical of cooperatives (Capo et al., 2025; Mori, 2014) should work as guardrails to avoid the prioritization of market performance over their ethical mission and the generation of social impact (Battilana et al., 2025; Smith & Besharov, 2019). Our evidence suggests that cooperatives could still drift toward the prioritization of market performance at the expense of social impact, despite these guardrails (Ashforth & Reingen, 2017). When this drift affects an entire population counterbalancing it requires engagement in coordinated efforts among cooperatives and the partners with whom they collaborate to create social impact. This effort must be substantial because partners engage in daily interactions with cooperatives and can therefore observe and detect whether their social commitment is merely ceremonial.

## Boundary Conditions, Limitations, and Conclusions

Our work is tied to a series of boundary conditions and limitations. First, the complexity and dualities that cooperatives incorporate, similarly to other organizations such as social enterprises and private hospitals, are key to explaining why stigma initially emerged and was subsequently removed by our focal organization within a relatively short period. Specifically, the focal population could leverage the fact that, alongside its stigmatized activities, it was also pursuing a non-stigmatized social mission. This mission was already embedded in its core attributes and only needed to be given new prominence. Without such complexity and multidimensional nature, removing stigma would likely have been impossible without altering the core attributes themselves.

A second boundary condition relates to the stability of the field we examine (Zietsma et al., 2017). The stigmatized population unanimously recognized the need for change to remove stigma and quickly reached an agreement with its exchange partners on what it should prioritize with its practices and exchanges. Such conditions are more likely

to emerge in stable fields (Fligstein, 1997), where a shared meaning system provides coherence and the roles of actors remain relatively stable. In emerging fields, by contrast, this clarity is often lacking, leading to greater contestation and heterogeneity in expectations, which would likely influence processes of stigma recognition and removal.

Also, our work presents several limitations worth noting. First, while we acknowledge that the stigma tainting one organization may be shared, due to similarity, by other organizations, our aim to investigate how interaction shapes stigma recognition and removal prevented us from investigating the micro-mechanisms of this sharing of stigma and diffusion within a field. Future research might investigate this issue further.

Second, in our study we observed substantial changes in the core attributes prioritized by the stigmatized organizations, which shifted from a substantive emphasis on market performance to social impact. However, literature (Kvåle & Murdoch, 2022) has suggested that stigma management is often associated with a strategy aimed at portraying appropriateness rather than substantial changes. Future research could investigate how such a strategy would work when stigmatized actors and stigmatizing audiences frequently interact on the basis of ideological agreement regarding the core attributes that they should prioritize.

Third, we studied a case of core stigma emerging because audiences stigmatized cooperatives' prioritization of market performance over social impact. Market performance should be the means to support the cooperatives' stated mission. Cooperatives removed stigma by refocusing on their social mission. Future research could investigate how organizations can manage stigma whenever audiences stigmatize an organizational mission, rather than the means to achieve it.

Fourth, in our setting, audiences homogeneously stigmatized the focal population, hence we could not observe differences in both stigma emergence and its management due to different levels of hostility from audiences (Hudson & Okhuysen, 2009) or differences in their perceptions of the multifaceted nature of organizations.

Also, our study sheds light on a new, co-constructed dimension of stigma, arguing that its recognition and removal depend on the interaction between stigmatizing audiences and stigmatized actors. In this sense, we benefited from studying stigma within a field, because fields are arenas where actors constantly and purposefully engage with one another. We invite research to investigate how to build interactions with stigmatizing audiences when such interactions are not facilitated by the nature of the setting.

## Appendix

### A. Event Stigma

Conceptual categories	Empirical themes
Discredit Shared Because Of Similarity With An Actor Tainted By Event Stigma	<p><b>COOPERATIVES ARE ASSOCIATED WITH 29G BECAUSE OF A GENERAL SIMILARITY WITH THIS COOPERATIVE</b></p> <p>It was easy to associate all cooperatives with 29G. (Manager #1, National Federation of Cooperatives #1)</p> <p>Mafia Capitale caused a lot of damage to our cooperatives [...]. It is difficult to get the message across that 29G does not represent all the cooperatives. (President, cooperative #7)</p> <p><b>SUSPICION OF ENGAGEMENT IN MAFIA-LIKE ACTIVITIES EXTENDED TO ALL COOPERATIVES</b></p> <p>Local governments have raised serious doubts about all cooperatives by claiming that corruption was a common practice among all cooperatives. (Expert #3)</p> <p>Some cooperatives are involved in "Mafia Capitale," and public opinion now tends to view all cooperatives as the realm of malpractice and organized crime. (Nonprofit organization Delta, newsletter, 2015)</p>
Penalization of the entire focal population	<p><b>ALL COOPERATIVES ARE MARKED BY ILLEGAL ACTIVITIES</b></p> <p>Over 2,000 employees [and beneficiaries] of cooperatives are at risk [following Mafia Capitale]. The federations of cooperatives and their local branches will propose an urgent meeting with the Lazio region to guarantee employment. (Newspaper, <i>Corriere di Roma</i>, 2015)</p> <p>When the Mafia Capitale scandal emerged, we had all been hit as part of the same system and thus everyone, starting with local governments, was claiming that all cooperatives were involved [in illegal activities] as part of a broader system. (President #1, National Federation of Cooperatives #1)</p> <p><b>COOPERATIVES ARE PENALIZED FOR POTENTIAL ENGAGEMENT IN ILLEGAL ACTIVITIES</b></p> <p>The Regional Health Councilor in the Regional Council Assembly said that they have no intention of maintaining relationships with entities that do not respect the criteria of legality. (President, cooperative #3)</p> <p>The regional government cut ties with all cooperatives. The message was: "cooperative" equals "criminal organization." (President, Cooperative #4)</p>

## B. Emergence of contradictions through defensive interaction

Conceptual categories	Empirical themes
Focal population “plays the victim” based on marginalized core attributes	<p data-bbox="352 300 1458 348"><b>COOPERATIVES CLAIM THAT THEIR SOCIAL MISSIONS HAVE BEEN DAMAGED BY NONPROFIT ORGANIZATIONS’ AND LOCAL GOVERNMENTS’ REACTION TO MAFIA CAPITALE</b></p> <p data-bbox="352 352 1458 426">The cost of Mafia Capitale? For now, it’s being paid by the beneficiaries. The freezing of public procurement contracts, following the arrests, has left the reception centers, facilities for minors, those that welcome family units, and other services without funds. (Online newspaper, <i>Gli Stati Generali</i>, 2015)</p> <p data-bbox="352 430 1458 504">Over 2,000 workers of cooperatives are at risk. The National federations of cooperatives and local branches of federations of cooperatives will request an urgent meeting with the local governments to ensure ... current employment levels and the quality of services provided to [marginalized individuals]. (Newspaper, <i>Corriere di Roma</i>, 2015)</p> <p data-bbox="352 508 1458 556"><b>COOPERATIVES DECLARE THAT THEIR CORE PRIORITY IS THE WELL-BEING OF MARGINALIZED INDIVIDUALS</b></p> <p data-bbox="352 560 1458 688">Federation of Cooperatives #1 demands that cooperatives “quickly and thoroughly ascertain every responsibility.” Engagement in illegal activities is not compatible with the nature of social cooperatives, and it offends, first and foremost, the daily, hardworking, and honest reality of the social cooperatives that, in Rome as well as throughout the country, play a fundamental and extremely valuable role in providing welfare services. These cooperatives cannot have their reputation and honor betrayed. (Newspaper, <i>Redattore Sociale</i>, 2015)</p> <p data-bbox="352 693 1458 766">Delays in payments [from local governments] have consequences for the quality of services, states F., a worker [at a cooperative] ... exacerbated by the fact that LG has blocked funding to cooperatives after Mafia Capitale. (Newspaper, <i>Clap info</i>, 2015)</p> <p data-bbox="352 770 1458 819"><b>COOPERATIVES DECLARE THEIR CORE STRATEGIES ARE DESIGNED TO PROVIDE HIGH-QUALITY WELFARE AND HEALTHCARE SERVICES</b></p> <p data-bbox="352 823 1458 896">Cooperatives were born with the purpose of supporting and addressing the needs of the underprivileged and the marginalized ... cooperatives are still needed in view of the many challenges and inequalities of modern societies. (Strategic document, National Federation of Cooperatives #1, Cooperative Federations Alliance, 2016)</p> <p data-bbox="352 900 1458 1012">Cooperatives are active all around the country and have a central role in addressing the welfare needs of underprivileged people. Cooperatives are capable of delivering innovative healthcare and housing services... We [National Federation of Cooperatives #2] are available to play our role and make proposals to foster the welfare system of the citizens of Rome (Open Letter from President of National Federation of Cooperatives #2 to the Mayor of Rome, 2016)</p>

Conceptual categories	Empirical themes
Exchange partners' perception of contradictions in the enactment of the focal population's core attributes	<p><b>MISALIGNMENT BETWEEN COOPERATIVES' REPORTED GOALS AND STRATEGIES AND THEIR BEHAVIORS</b></p> <p>Here lies the moral issue: it is necessary that, in addition to cleaning up internally, the [Federation of Cooperatives] reflect on ... how to interpret the cooperative model. (Newspaper, <i>Avvenire</i>, 2016)</p> <p>Certainly, suppose you have developed a model based on the collaboration between cooperatives and nonprofit organizations. In that case, it is natural that if this link [with social impact] is broken, many nonprofit organizations will refuse to collaborate with cooperatives... Everything was primarily caused by a problem of corruption and malfeasance, but then it quickly turns into the [unacceptability] of the economic approach [of cooperatives]. (Expert #1)</p> <p><b>NONPROFIT ORGANIZATIONS AND LOCAL GOVERNMENTS IDENTIFY CONTRADICTIONS BETWEEN THEIR EXPECTATIONS AND COOPERATIVES' BEHAVIORS</b></p> <p>Many local governments have made us reflect on the fact that [continuing to behave as we did before] was no longer acceptable: it is necessary to avoid economic distortions, cost reduction, and lack of societal impact. (President, cooperative #3)</p> <p>It is cooperatives that have lost their [social] orientation. Driven by competition, cooperatives have lost their [social] function. (Minutes, General assembly Local Federation of Cooperatives #2, public intervention, President of the National Anti-Corruption Authority, 2016)</p>
Enactment of exchanges based on dominant core attributes	<p><b>COOPERATIVES' REVENUE GENERATION AS THE MAIN GOAL</b></p> <p>This pressure [to cut production costs] ... has led many cooperatives to progressively drift away from the social mission ... in favor of a model increasingly centered on [revenue generation]. (Newspaper, <i>Terzo Settore Reggiano</i>, 2012)</p> <p>[Over the last 20–30 years] cooperatives have developed in a context characterized by the financial crisis of the welfare sector ... this driver has overemphasized economic priorities. (Annual Report, <i>Cooperazione sociale sistema welfare pubblico</i>, 2017)</p> <p><b>COLLABORATIONS AMONG COOPERATIVES TO ENHANCE MARKET COMPETITIVENESS</b></p> <p>The main task of the federation of cooperatives is... to encourage collaborations between cooperatives ... to promote the creation of a common brand, support cooperatives' competitiveness, [and] ease market entrance and access to credit markets. (Press release, Local Federation of Cooperatives #1, 2012)</p> <p>Before [Mafia Capitale] some cooperatives knew exactly how to win public procurement contracts, and all the other cooperatives that wanted to participate had to follow their rules. (President #1, Local Federation of Cooperatives #1)</p> <p><b>LOBBYING TO WIN REMUNERATIVE PUBLIC PROCUREMENT CONTRACTS</b></p> <p>Local federation of cooperatives #1 was used to try to influence local governments to design public procurement contracts in such a way as to favor cooperatives. (President #2, Local Federation of Cooperatives #1)</p> <p>Federation of Cooperative #1 [before Mafia Capitale] had the role of coordinating the participation of cooperatives in the calls for public procurement contracts. (President, cooperative #1)</p>

### C. Recognition of core stigma through inquiring interaction

Conceptual categories	Empirical themes
Collective reflection on the core attributes of the focal population	<p><b>COOPERATIVES ORGANIZE INFORMAL MEETINGS TO DISCUSS HOW TO REALIGN THEIR PRACTICES AND STRATEGIES WITH THE EXPECTATIONS OF NONPROFIT ORGANIZATIONS AND LOCAL GOVERNMENTS</b></p> <p>We [cooperatives of the Lazio region] organized meetings with our partners in an effort to open a dialogue with nonprofit organizations and local governments we were engaged in exchanges (President, cooperative #9)</p> <p>We started to meet informally with other cooperatives, nonprofit organizations, and local governments in an effort to speed up the process of rebuilding relationships and collaborations. Our goal was to make it clear we wanted to remain consistent with our motivating values and principles. (President, cooperative #3)</p> <p><b>FEDERATIONS OF COOPERATIVES ORGANIZE FORMAL EVENTS TO DISCUSS HOW TO REALIGN THE STRATEGIES OF COOPERATIVES WITH THE EXPECTATIONS OF NONPROFIT ORGANIZATIONS AND LOCAL GOVERNMENTS</b></p> <p>We [National Federation of Cooperatives #1] organized many meetings, all of them attended by many cooperatives, local governments, and nonprofit organizations. We have worked together to understand each other and define the goals and objectives that we wanted to achieve. (Report, Local Federation of Cooperatives #1, 2016)</p> <p>We [National Federation of Cooperatives #2] organized public events and we invited representatives of local governments and nonprofit organizations to attend them. These events aimed at rebuilding a dialogue, and a sense of trust to start working on the good things that cooperatives can do. (Manager #1, Local Federation of Cooperatives #2)</p>
Collective recognition of value incongruence in the core attributes of the focal population	<p><b>NONPROFIT ORGANIZATIONS AND LOCAL GOVERNMENTS DISAPPROVAL OF COOPERATIVES' EMPHASIS ON REVENUE GENERATION AND COST-CUTTING</b></p> <p>Nonprofit organizations work in communities, and they have told us that our overemphasis on economic variables was reducing the quality of the service. And who pays? [The] beneficiaries [of the service], of course. (President, cooperative #7)</p> <p>The logic of cutting costs impacts the quality of the service, and then it's like a vicious circle: it happens that the same local governments [that force us to cut costs] round-up citizens' complaints and then blame cooperatives for providing low-quality services. (Manager #2, National Federation of Cooperatives #1)</p> <p><b>NONPROFIT ORGANIZATIONS AND LOCAL GOVERNMENTS TELL COOPERATIVES THAT THEY SHOULD AIM FOR SOCIAL IMPACT</b></p> <p>Initially, nonprofit organizations and local governments indicated their availability to be engaged in co-designing [social projects] to those [cooperatives] who could prove their ability to achieve social impact. (Manager #4, National Federation of Cooperatives #1)</p> <p>We must rebuild society based on different parameters. Reconstructing community cohesion for sustainable, fair development that is inclusive and does not repeat the mistakes of the past. (Newspaper, <i>Il Messaggero</i>, public speech by the Mayor of Rome, 2018)</p>

## D. Core stigma removal through transformative interaction

Conceptual categories	Empirical themes
Focal population's commitment to reconfigure the core attributes	<p><b>COOPERATIVES DECLARE THEY WANT TO FOCUS ON MARGINALIZED INDIVIDUALS' WELL-BEING</b></p> <p>For cooperatives, social impact means that [marginalized individuals], not local governments, are the “customers” [that is, the actors to serve primarily through the delivery of services]. (Proceedings, National Congress, National Federation of Cooperatives #1, 2018)</p> <p>The essence of cooperatives entails paradigms centered on a way of doing business that is not focused on market principles and profits: the ultimate goal of cooperatives is to ... create well-being for all the beneficiaries. (Proceedings, National Congress National Federation of Cooperatives #1, 2019)</p> <p><b>COOPERATIVES DECLARE THEY WANT TO COLLABORATE WITH NONPROFIT ORGANIZATIONS AND LOCAL GOVERNMENTS TO DELIVER HIGH-QUALITY WELFARE AND HEALTHCARE SERVICES</b></p> <p>The goal of collaboration between local governments and cooperatives is to understand local needs in order to grant programs capable of satisfying those needs. (Proceedings, convention National Federation of Cooperatives #1, speech President #2, 2018)</p> <p>During the various meetings, the need to show how we were different from the distorted model of 29G increasingly emerged ... Working on our model has been important to reinvigorate these core elements [social goals] of the cooperative model. (President #2, National Federation of Cooperatives #2)</p>
Collective reconfiguration of the core attributes	<p><b>COOPERATIVES DISCUSS WITH NONPROFIT ORGANIZATIONS AND LOCAL GOVERNMENTS HOW TO LAUNCH INITIATIVES TO DELIVER HIGH-QUALITY SERVICES TO MARGINALIZED INDIVIDUALS</b></p> <p>For instance, [we suggested] an issue that was important to us: creating networks to provide assistance to [marginalized individuals] (such as people with substance misuse problems) while helping them to find a job ... These two activities [providing assistance and job placement] can be achieved through collaborations among different cooperatives. (President, cooperative #10)</p> <p>During the meetings I coordinated, cooperatives gradually started to understand the importance of collaboration among cooperatives to co-design [welfare and healthcare] services. (Expert #6)</p> <p><b>FEDERATIONS OF COOPERATIVES PROPOSE MEETINGS TO FOSTER THE GENERATION OF IDEAS TO SCALE SOCIAL IMPACT</b></p> <p>Cooperatives aim at opening a dialogue with nonprofit organizations and local governments to agree on a way to manage public procurement contracts that guarantee transparency and social impact, in particular in the management of welfare services. (Programmatic Document, Local Federation of Cooperatives #2, 2018)</p> <p>[Local Federation of Cooperatives #1] organized many meetings to engage cooperatives [nonprofit organizations and local governments] to generate common knowledge and let members participate and conduct a dialogue. (Expert #4)</p>
Exchanges based on reconfigured core attributes	<p><b>COOPERATIVES COLLABORATE AMONG EACH OTHER AND WITH LOCAL GOVERNMENTS AND NONPROFIT ORGANIZATIONS TO DELIVER QUALITY SERVICES</b></p> <p>The last few years have been tough, but we are still here ... Now the challenge is to show that we [as cooperatives] can lead a model of local development that considers not only economic performance but also social impact ... The challenge now is to integrate our values into daily operations and business models. (Press Release, Local Federation of Cooperatives #1, 2018)</p> <p>[We want to] promote the participation of cooperatives ... to scale social impact. (Report, General Assembly, Local Federation of Cooperatives #1, 2018)</p> <p><b>FEDERATION OF COOPERATIVES COORDINATE SOCIAL INITIATIVES WITH LOCAL GOVERNMENTS AND NONPROFIT ORGANIZATIONS</b></p> <p>Co-planning [of welfare and healthcare services] means building a relationship of trust among different partners. Therefore, we can say that co-planning is the result of the participation, involvement, and commitment of different actors. (President #1, National Federation of Cooperatives #1)</p> <p>The next challenge for Federation of cooperatives #1, in the Lazio region, is the development of a structure that includes strong local roots in the communities. (Strategic document, National Federation of Cooperatives #1, 2018)</p> <p><b>COLLABORATION AMONG COOPERATIVES AND WITH LOCAL GOVERNMENTS AND NONPROFIT ORGANIZATIONS IN INITIATIVES TO DELIVER QUALITY SERVICES TO MARGINALIZED INDIVIDUALS AND COMMUNITIES</b></p> <p>The development of cooperatives today must be [oriented] towards the regeneration of local communities. (Strategic document National Federation of Cooperatives #1, 2018)</p> <p>[We need collaborations] in which cooperatives take on the needs of the communities they serve. (Strategic document, General Assembly Local Federation of Cooperatives #1, 2018)</p>

## E. Core stigma removed

Conceptual categories	Empirical themes
Focal population emphasizes reconfigured core attributes	<p><b>COOPERATIVES COMMUNICATE THEIR FOCUS ON ADDRESSING THE NEEDS OF MARGINALIZED INDIVIDUALS AND COMMUNITIES</b></p> <p>We have a set of core values that have not changed: our aim is not only to respond to the needs of the communities we serve, but to empower communities through innovative initiatives that anticipate their needs. (President National Federation of Cooperatives #1, interview, newspaper, <i>Vita</i>, 2019)</p> <p>We have started a process to refocus on the role of the Federation of Cooperatives as a facilitator of dialogue among cooperatives [to achieve social impact]. (President #2, National Federation of Cooperatives #1)</p> <p><b>COOPERATIVES COMMUNICATE THEIR ENGAGEMENT IN INITIATIVES AIMED AT HAVING A SOCIAL IMPACT</b></p> <p>We now collaborate with many nonprofit organizations. A good example is a project we have done with [an anti-mafia association]. After many troubles and misunderstandings, we can now work together again to advance some social issues. (President #1, Local Federation of Cooperatives #1)</p> <p>Achieving an impact is important, but not enough. We also need to communicate our impact effectively. Nowadays all our efforts are focused on driving a positive impact: this must be conveyed properly. (President cooperative #4)</p>
Exchange partners endorse and support the focal population	<p><b>LOCAL GOVERNMENTS AND NONPROFIT ORGANIZATIONS ENDORSE COOPERATIVES FOR THEIR SOCIAL IMPACT</b></p> <p>The Lazio region supports cooperatives ... because it recognizes their work in promoting social integration with a particular focus on vulnerable people. (Press release, Lazio region, 2020)</p> <p>[The opening of this new space for social services] is based on the big heart of volunteers and the skills provided by cooperatives ... to offer citizens a qualified socio-pedagogical service. (Press release, councilor of the municipality of Ostia, 2018)</p> <p><b>LOCAL GOVERNMENTS AND NONPROFIT ORGANIZATIONS COLLABORATE AGAIN WITH COOPERATIVES ON THE MANAGEMENT OF PUBLIC PROCUREMENT CONTRACTS</b></p> <p>The approval from nonprofit organizations is tangible in the collaborations we now have with them: we have co-designed several new welfare and healthcare services with them. (President, cooperative #7)</p> <p>Rome City Council has awarded a contract for the maintenance of public green spaces to a cooperative again for the first time since Mafia Capitale. (Newspaper, <i>Il Fatto Quotidiano</i>, 2018)</p>

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### Declarations

**Conflict of interest** The authors declare that they have no conflict of interests.

**Ethical Approval** All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee, as well as with the 1964 Declaration of Helsinki and its later amendments or comparable ethical standards.

**Research involving Human and Animal** This article does not contain any research on animals performed by any of the authors.

**Informed Consent** Informed consent was obtained from all individual participants included in the study. Additional informed consent was obtained from all individual participants whose identifying information is included in this article.

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