**ABSTRACT**

The evolution of the agricultural sector in France motivated agricultural cooperatives to boost the creation of business groups that combine affiliates, which add value to production, and traditional cooperatives, in charge of the production process. The new structure merges shareholding governance and associative governance in a hybrid model. The two methods exist at the core of affiliates and the traditional structure, respectively. This article outlines the consequences of the hybrid governance model on cooperatives’ identity by analyzing the case studies of five French cooperative groups. The analysis reveals an identity crisis within the cooperatives after adopting a hybrid model. This crisis is characterized by three adverse effects on the relationship between the cooperative and its associates: complexity, distance, and confusion. The consequences of the hybrid governance model for agricultural cooperatives are mainly control and incentive mechanisms and weakened cooperative values and principles.

---

**Keywords:** identity; cooperatives; governance; agriculture; crisis.

**JEL:** 017; P13; G34.

---

**RESUMEN**

La evolución del sector agrario en Francia motivó a las cooperativas agrarias a impulsar la creación de grupos de empresas que combinan las filiales, encargadas de añadir valor a la producción, y las cooperativas tradicionales, encargadas del proceso productivo. La nueva estructura conecta el modo de gobernanza asociativa y el modo de gobernanza accionarial en un modelo híbrido. Este artículo describe las consecuencias del modelo híbrido de gobernanza sobre la identidad de las cooperativas a través de un análisis que combina los estudios de caso de cinco grupos cooperativos franceses. El análisis revela una crisis de identidad dentro de las cooperativas tras la adopción de un modelo híbrido. Esta crisis se caracteriza por tres efectos negativos en la relación entre la cooperativa y sus asociados: complejidad, distanciamiento y confusión. Las consecuencias de este modelo de gobernanza en las cooperativas se encuentran principalmente en términos de mecanismos de control e incentivos y, en el debilitamiento de los valores y principios cooperativos.
INTRODUCTION

All companies worldwide have undergone profound changes to maintain a place in the global economy where competition has increased rapidly. Cooperatives do not escape this trend. To ensure their survival and increase their efficiency, agricultural cooperatives have changed their organizational structure. After signing the Single European Act in 1986, the General Agreement on Tariffs and Trade (GATT), and the World Commerce Organization (WTO) agreements, cooperatives faced Europeanization and the globalization of markets and competition. Changing the size of the market was complex and required a significant number of financial means.

In France, since the 1960s, supermarkets have significantly positioned themselves in the agri-food industry (Deneux et al., 1999). This positioning resulted in the creation of organizations to regroup the purchases of affiliated organizations to reduce costs: purchasing centers. The pressure created by the purchasing centers forced cooperatives to increase their size to be on equal footing during negotiations. Thus, less competitive companies have been disappearing while large agri-food companies have grown in the French agricultural sector. Therefore, agricultural cooperatives throughout the territory have chosen to unite, giving rise to large cooperative groups aiming to make the traditional cooperative structure more flexible.

We identified four main factors for this change of structure: internationalization and globalization of markets and competitors, the evolution of consumption in France, the evolution of regulatory constraints, and the evolution of farmers’ behavior. The change in the eating habits of the French required enormous adaptation efforts on the part of agricultural cooperatives. The adaptation involved significant financial resources for research and development, agricultural machinery, and advertising. Cooperatives had to choose between producing raw materials and marketing them to large private groups or devising development strategies by investing in processing affiliates within their structure. Besides, the reduction of protection measures for farmers, the need to comply with new regulations, and the requirement to respect sustainable development entailed excessive investment by agricultural cooperatives. Their current objective is to produce more and better products with fewer chemical inputs.

Furthermore, farmers are increasingly demanding quality in the content and services provided by cooperatives, which is related to changes in cooperative groups’ values and principles. Some farmers call for better adaptation and diversification of agricultural assistance services offered by cooperatives. The change factors, their consequences, and challenges for agricultural cooperatives are summarized in Table 1.

Table 1. Significant change factors, consequences, and challenges for agricultural cooperatives.

<table>
<thead>
<tr>
<th>Change Factors for agricultural cooperatives</th>
<th>Consequences</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internationalization and globalization of markets and competitors</td>
<td>Change in strategy to reduce costs or differentiate products from the competition</td>
<td>To adapt to the new context by finding the optimal size to reduce legal restrictions (exclusivity, territoriality, a-capitalisme) without losing the cooperative identity</td>
</tr>
<tr>
<td>Evolution of consumption in France</td>
<td>Adapting the product to consumer demand</td>
<td>To find financial resources to develop new technologies and innovative products</td>
</tr>
</tbody>
</table>
Evolution of regulatory limitations
- Decreased protection against price falls and the application of aid per hectare and not per production
- Compliance with new standards
- Participation in sustainable development initiatives
- To maintain agricultural exports (comparative advantages)
- To find the necessary funds to comply with the regulations.
- To produce more and better products by the sustainable development logic

Evolution of farmers’ behavior
- Evolution of cooperative values (moving from equality to equity): no cooperative-associate relationship.
- Increased demands by members
- To maintain relationships with members: Create a differentiated marketing strategy for engaged members.
- To develop skills that allow better assistance to farmers (changing technical advice to comprehensive advice)

Source: own elaboration based on Vargas-Prieto (2013).

After tightening the competitive agricultural environment in Europe, linked to globalization, the 1991 and 1992 laws were adopted to organize affiliates and strengthen their funds for agricultural cooperatives, which accelerated the establishment of cooperative business groups in the 1990s (Vargas-Prieto, 2013). These groups incorporated in three ways: 1) merging marketing cooperatives; 2) starting processing and marketing groups with a dominant activity; and 3) forming polyvalent groups through centralized cooperatives or unions such as Unicopa (Koulytchizky & Mauget, 2003). Hence, such groups have positioned themselves in the European agri-food market thanks to the combination of traditional cooperatives with affiliates, which are private companies at the end of the production chain.

By adopting strategies like those of their private-sector competitors, cooperatives in France evolved to maintain their market share. Size is presented as a critical success factor by several authors (Agricultural Co-operatives in UE [Cogeca], 2010; Rouault, 2010); thus, cooperatives diversified their activities until large cooperative groups were formed through financial holding companies (Forestier & Mauget, 2000). However, these cooperative groups show duality in governance methods (associative and shareholding), manifested in a hybrid model (Dávila-Ladrón de Guevara et al., 2020; Vargas-Prieto, 2014). This article analyzes the consequences of the hybrid model of governance for the identity of agricultural cooperatives.

**METHODOLOGY**

We chose the case study method, intended for the in-depth description and analysis of a small sample. Yin (2009) affirms that the behavior of a group and organizational processes must be explored through a case study and defines it as “an empirical investigation that examines a contemporary phenomenon within its real-life context when the limits between the phenomenon and the context are not evident and in which multiple data sources are used” (p. 17). According to Albarello (2011) and Vargas-Prieto & Yepes Lugo (2018), this type of study is particularly appropriate for analyzing activities, programs, or groups, or when the studied phenomenon is linked to the context in which it emerged and developed. For Creswell (2007) and Yin (2009), a case study is very effective for testing hypotheses that involve understanding a global situation or identifying the specific characteristics of an event, activity, or program. We chose it as it allows the in-depth study of the five French cooperative groups selected based on the following inclusion criteria (Table 2).

Table 2. Sample selection criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
</table>

After tightening the competitive agricultural environment in Europe, linked to globalization, the 1991 and 1992 laws were adopted to organize affiliates and strengthen their funds for agricultural cooperatives, which accelerated the establishment of cooperative business groups in the 1990s (Vargas-Prieto, 2013). These groups incorporated in three ways: 1) merging marketing cooperatives; 2) starting processing and marketing groups with a dominant activity; and 3) forming polyvalent groups through centralized cooperatives or unions such as Unicopa (Koulytchizky & Mauget, 2003). Hence, such groups have positioned themselves in the European agri-food market thanks to the combination of traditional cooperatives with affiliates, which are private companies at the end of the production chain.

By adopting strategies like those of their private-sector competitors, cooperatives in France evolved to maintain their market share. Size is presented as a critical success factor by several authors (Agricultural Co-operatives in UE [Cogeca], 2010; Rouault, 2010); thus, cooperatives diversified their activities until large cooperative groups were formed through financial holding companies (Forestier & Mauget, 2000). However, these cooperative groups show duality in governance methods (associative and shareholding), manifested in a hybrid model (Dávila-Ladrón de Guevara et al., 2020; Vargas-Prieto, 2014). This article analyzes the consequences of the hybrid model of governance for the identity of agricultural cooperatives.

**METHODOLOGY**

We chose the case study method, intended for the in-depth description and analysis of a small sample. Yin (2009) affirms that the behavior of a group and organizational processes must be explored through a case study and defines it as “an empirical investigation that examines a contemporary phenomenon within its real-life context when the limits between the phenomenon and the context are not evident and in which multiple data sources are used” (p. 17). According to Albarello (2011) and Vargas-Prieto & Yepes Lugo (2018), this type of study is particularly appropriate for analyzing activities, programs, or groups, or when the studied phenomenon is linked to the context in which it emerged and developed. For Creswell (2007) and Yin (2009), a case study is very effective for testing hypotheses that involve understanding a global situation or identifying the specific characteristics of an event, activity, or program. We chose it as it allows the in-depth study of the five French cooperative groups selected based on the following inclusion criteria (Table 2).

Table 2. Sample selection criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
</table>

After tightening the competitive agricultural environment in Europe, linked to globalization, the 1991 and 1992 laws were adopted to organize affiliates and strengthen their funds for agricultural cooperatives, which accelerated the establishment of cooperative business groups in the 1990s (Vargas-Prieto, 2013). These groups incorporated in three ways: 1) merging marketing cooperatives; 2) starting processing and marketing groups with a dominant activity; and 3) forming polyvalent groups through centralized cooperatives or unions such as Unicopa (Koulytchizky & Mauget, 2003). Hence, such groups have positioned themselves in the European agri-food market thanks to the combination of traditional cooperatives with affiliates, which are private companies at the end of the production chain.

By adopting strategies like those of their private-sector competitors, cooperatives in France evolved to maintain their market share. Size is presented as a critical success factor by several authors (Agricultural Co-operatives in UE [Cogeca], 2010; Rouault, 2010); thus, cooperatives diversified their activities until large cooperative groups were formed through financial holding companies (Forestier & Mauget, 2000). However, these cooperative groups show duality in governance methods (associative and shareholding), manifested in a hybrid model (Dávila-Ladrón de Guevara et al., 2020; Vargas-Prieto, 2014). This article analyzes the consequences of the hybrid model of governance for the identity of agricultural cooperatives.

**METHODOLOGY**

We chose the case study method, intended for the in-depth description and analysis of a small sample. Yin (2009) affirms that the behavior of a group and organizational processes must be explored through a case study and defines it as “an empirical investigation that examines a contemporary phenomenon within its real-life context when the limits between the phenomenon and the context are not evident and in which multiple data sources are used” (p. 17). According to Albarello (2011) and Vargas-Prieto & Yepes Lugo (2018), this type of study is particularly appropriate for analyzing activities, programs, or groups, or when the studied phenomenon is linked to the context in which it emerged and developed. For Creswell (2007) and Yin (2009), a case study is very effective for testing hypotheses that involve understanding a global situation or identifying the specific characteristics of an event, activity, or program. We chose it as it allows the in-depth study of the five French cooperative groups selected based on the following inclusion criteria (Table 2).

Table 2. Sample selection criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
</table>
Taking Table 2 into account, the five selected groups were Axéréal, Champagne-Céréales, Agrial, Terrena, and Emc2. The characteristics of these cooperative groups are presented in Table 3.

Table 3. Sample characteristics

<table>
<thead>
<tr>
<th>Group’s name</th>
<th>Agrial</th>
<th>Axéréal</th>
<th>Champagne-Céréales</th>
<th>Emc2</th>
<th>Sodiaal</th>
<th>Terreana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters Department</td>
<td>Calvados (14)</td>
<td>Loiret (45)</td>
<td>Marne (51)</td>
<td>Meuse (55)</td>
<td>Ile de France (75)</td>
<td>Loire Atlantique (44)</td>
</tr>
<tr>
<td>Legal Form</td>
<td>Agricultural cooperative society</td>
<td>Agricultural cooperative society</td>
<td>Agricultural cooperative society</td>
<td>Agricultural cooperative society</td>
<td>Agricultural cooperative society</td>
<td></td>
</tr>
<tr>
<td>Organizational Type</td>
<td>Coop–Holding–Subsidiaries</td>
<td>Coop–Holding–Subsidiaries</td>
<td>Coop–Holding–Subsidiaries</td>
<td>Coop–Holding–Subsidiaries</td>
<td>Coop–Holding–Subsidiaries</td>
<td></td>
</tr>
<tr>
<td>Coverage in Departmental Presence</td>
<td>7</td>
<td>10</td>
<td>7</td>
<td>6</td>
<td>60</td>
<td>13</td>
</tr>
<tr>
<td>Territorial Coverage</td>
<td>Regional</td>
<td>Regional</td>
<td>Regional</td>
<td>Departmental</td>
<td>National</td>
<td>Regional</td>
</tr>
<tr>
<td>Activities</td>
<td>Polyvalent</td>
<td>Specialized (cereals)</td>
<td>Specialized (cereals)</td>
<td>Polyvalent</td>
<td>Specialized (milk)</td>
<td>Polyvalent</td>
</tr>
<tr>
<td>Availability and Access to Information</td>
<td>+++*</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
</tr>
</tbody>
</table>

Note: * +++ Easy access and availability of data.

Source: own elaboration based on Vargas-Prieto (2013).

The research data come from three information-gathering techniques: contextual observation, interviews, and document collection.

The Hybrid Governance Model of Agricultural Cooperative Groups

In the beginning, the governance of cooperatives was considered original because it was based on the principle of democracy (Novkovic & Miner, 2015). According to its principles, associates are involved in leader election, control, management, and strategy selection. This commitment is reflected in the “one man-one vote” principle, which according to the Cooperative Act, guarantees the balance of powers; therefore, each member has the right to vote, regardless of the size of their farm (International Co-operative Alliance (ICA), 1995, 2013, 2015). However, the evolution of cooperatives, marked by the appearance of groups, partly questions these operating principles.
principles. Through the concept of governance, this section analyzes the two opposing methods within cooperative groups.

**The Two Prevailing Views of Corporate Governance**

According to Charreaux (2017), governance refers to the mechanisms that effectively delimit the power of leaders and influence their decisions. One of the first analyses that seek to understand who controls a company and how is Berle & Means’ (1932). Berle and Means’ (1932) objective was to show that a joint-stock company causes the separation of ownership and control. “The decision-making power then transfers from the shareholders-owners to the directors overseeing management” (Plane, 2000, p. 17). “Governance arises from the need to monitor management and establishes the rules that delimit the delegation of management and control over the company and the decision-making process” (Baron, 2003, p. 35).

Governance theory has two widely held views that offer different explanations of organizations’ efficiency in value creation and distribution (Charreaux & Desbrières, 1998): the contractual view and the cognitive view. The first considers the company a system of contractual relationships, a “knot of contracts” between individuals. This perspective is based on the economic theory assumptions of rational behavior and the search for the Pareto optimality by the equilibrium method (in a situation of imperfect information) (Coriat & Weinstein, 2010). However, due to information asymmetries and conflicts of interest, value maximization can be difficult or impossible. Therefore, the contractual view is associated with a restrictive or negative outlook, as the source of efficiency is generally disciplinary (Charreaux, 2002).

The second view of governance is based on various cognitive theories of business. These have arisen from behavioral assumptions, linked to bounded rationality and the theory of knowledge and individual and collective learning, as opposed to the equilibrium method. The company is defined as a “knot of skills” (Coriat & Weinstein, 2010). According to these authors, both views are intertwined; one of the theory of the firm’s main challenges is determining how they come together. The study of corporate governance helps to understand the creation and distribution of value in an organization. Therefore, through cooperation, any organization is expected to produce a surplus to the resources consumed and distribute it to maintain the organization’s sustainability (Charreaux, 2002).

In agricultural cooperative groups, the evolution between the two governance methods (associative and shareholding) is demonstrated in light of the company’s contractual view, which allows understanding the complex interactions between both methods and highlights the rational behavior that trigger the creation of agricultural cooperatives. By presenting a hybrid governance model, value creation in cooperative groups rests on the offered skills and includes long-term cooperative relationships for specific employees or members. In this sense, the contractual view provides a limited value creation process in cooperative groups. Cognitive theories attach considerable importance to the development of companies’ skills and capacities to innovate. Therefore, value creation in cooperative groups will depend on the source of the organization’s coherent set of skills (Teece et al., 1994), whose distinctive character derives from its capacity to produce knowledge and be sustainably profitable.

The first part of the analysis uses the concepts forged by the contractual view of company, how to create value for shareholders, and the associative method. According to the cooperative principles above, traditional cooperatives operate under the associative governance method (Gianfaldoni & Richez-Battesti, 2008; Novkovic, 2008). However, the emergence of cooperative groups is closer to a shareholding governance method. The following section demonstrates how the governance of cooperative groups falls between the associative and shareholding governance methods.

Cooperative Governance: From Associative to Shareholding Methods

As a result of the structural changes in agricultural cooperatives, it could be expected that these companies would go from an associative to a shareholder method and from a traditional cooperative model to a cooperative group one. They now use both approaches to value creation, which involve two different ways of defining a company and its objectives. In the associative model, the companies aim to produce a surplus of resources and distribute them to maintain the organization’s sustainability through the cooperation of all actors (Charreaux, 2017; Charreaux & Desbrières, 1998). Therefore, this model does not focus only on analyzing the relationship between shareholders and leaders but also covers all the company’s relationships with its stakeholders: employees, customers, suppliers, creditors, governments, and their environment in general. The study of governance has made it possible to renew and broaden the analysis of the performance of companies within the social and solidarity economy such as mutuals and cooperatives (Charreaux, 2000; Gianfaldoni & Richez-Battesti, 2008).

Agricultural cooperatives are companies whose corporate
purpose is to extend the activities of farmers, owners, and customers. According to Article L521-1 of the Rural Code, their objective is to allow the common use of every channel to develop or facilitate economic enterprise and improve its results. The difference between cooperatives and private companies is that the former serve members through profit distribution, as they are structured around values and principles of solidarity and democracy. Thus, the cooperative’s relationship with its members is based on solidarity rather than economic gain. Besides, the incentive mechanisms are established from associates’ participation in decision-making and loyalty recognition (discounts or loyalty discounts). Furthermore, emphasis is placed on the financing role of banks in cooperative groups (Charreaux, 2000; Gianfaldoni & Richez-Battesti, 2008), as this relationship helps to reduce the asymmetry of information, in contrast to private companies.

In the associative model, the company is analyzed as a node of multiple contracts between the different stakeholders that seek to maximize their value. Therefore, the most critical aspect of value creation has to do with reducing agency costs related to conflicts of interest between the various actors of a company. Costs can be incurred due to the separation between ownership and control in large organizations, such as decision-making when there are many stakeholders in a company. According to Gianfaldoni & Richez-Battesti (2008), this government method is more complex, as it includes all stakeholders. Also, in the literature, it corresponds to an internal control logic based on the institutional structure such as the board of directors, the general meeting, committees, or commissions (Hyafil, 1997). Power and control are shared between actors: shareholders or partners, customers, employees, leaders, among others; therefore, its effectiveness depends on the consensus between these.

The Organization for Economic Co-operation and Development explains that: “governance refers to the relationship between the management of a company, its board, its shareholders and other stakeholders […] it also determines the structure by which the objectives of a company are defined, as well as the necessary means to achieve and ensure the results” (OECD, 2004, p. 64). Such definition was adopted due to the importance of corporate governance for the study of cooperatives, as it considers the company’s different stakeholders. L’Institut Français D’Administrateurs (IFA) (2006) also used this definition in its study on the governance of cooperatives and mutuals, considering that these types of companies should not only maximize financial profitability but also satisfy the needs of members/customers — dual quality principle — by participating in management and benefiting from services simultaneously.

In the shareholding model, the purpose of corporate management is to maximize shareholder wealth by aligning the behavior of managers with the objectives of shareholders through monetary incentives and internal and external control mechanisms (Caby & Hrigoyen, 2005). Monetary incentives are rewards, bonuses, performance-indexed salaries and stock options. In addition, performance-based firing decisions are an option to maintain productivity (Jensen & Murphy, 1990). All of the latter are intended to solve the problem of manager compensation. Control mechanisms are mainly external through the financial market (Moerland, 1995): the geographical location of invested capital, the board of directors, debt policy, financial markets, the labor market, and competition (Caby & Hrigoyen, 2005). The board of directors represents internal control, but its structure is correlated with participation, unlike the associative governance method; there are also independent directors (Tifafi & Dufour, 2006). The approach to creating value for shareholders supports the growth of investments (the objective of leaders) and ensures financial viability (the objective of shareholders). The characteristics that distinguish shareholding governance include the role of capital markets in financing (Allen, 1993; Hyafil, 1997).

As for agricultural cooperatives, their transformation into cooperative groups has caused them to seek, to some extent, shareholder value. The risk of this evolution is that the search for associative value gradually dispels the search for value for shareholders. This new governance model would no longer be at the service of the associate, not even the shareholder, but rather the company or leaders.

president-CEO couple, the management team-board of directors combination, training, information, and the participation of the different stakeholders in the decision-making process (internal to the organization such as managers, partners, employees, and external customers such as other cooperatives and public authorities). However, the development of cooperative groups is characterized in the literature by the transition from an associative model of governance to a hybrid one (Côté,

RESULTS

The Hybrid Governance Model

This section analyzes the consequences of the hybrid governance model for agricultural cooperatives. According to the functioning of cooperative groups, traditional cooperatives are identified with an internal logic of associative governance. This logic is represented by the
This model represents the convergence between the two governance methods: the shareholding type whose adoption is necessary due to the increasingly competitive context, and the associative one that traditionally characterizes this type of company (Koulytchizky & Mauget, 2003). In fact, in cooperative groups, a dissolution of the original cooperative principles due to an organizational change is noted. The new owners are, firstly, the members of traditional cooperatives and the shareholders-investors of private-sector affiliates. The value to be maximized is neither associative nor shareholding; it is the value of the group, and the objective is to maintain the new structure. Such an approach, proposed by Charreaux & Desbrières (1998), assumes that the relationship between an organization and stakeholders is co-constructed to maximize the value of the group and not only to maintain business relationships; hence, legal restrictions become more flexible. For example, exclusivity and free membership are not respected in private affiliates. Some characteristics of the hybrid governance model is that cooperative groups are financed by the capital market and control and incentive mechanisms change to shareholder governance. In this, various places in a company coexist at different levels, generating a disconnect between private affiliates and those of the cooperative. Market discipline also participates through the evolution of share prices, strengthening product market, regulations, and restructuring.

Finally, compensation mechanisms are established to incentivize managers and employees (including agricultural advisers). Regarding the weakening of cooperative values and principles, the development of agrarian cooperative groups harmed traditional cooperatives. Solidarity became selective and the principle of equality turned into capital by introducing a price for each service offered by the cooperative (Côté, 2001). If we refer to principles, a-capitalisme is eliminated from the hybrid governance model. The payment method is the same as when the farmer is a shareholder of a private company. Cooperative democracy remains valid only within the parent company, but the power of affiliates depends on the proportion of capital they represent (Koulytchizky & Mauget, 2001). Furthermore, the principle of “free membership” can be modified in cooperative groups to benefit the interests of private affiliates. The consequences of creating cooperative groups are summarized in Table 4. It incorporates the organizational structure and identity changes experienced by French agricultural cooperatives (values and principles).

Table 4. Characteristics of the hybrid governance model in agricultural cooperative groups

<table>
<thead>
<tr>
<th>Government method/specs</th>
<th>Hybrid model / Agricultural cooperative groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition of the governance system and objective</td>
<td>A set of mechanisms to maintain the cooperative group. Its objective is to maximize the group’s value.</td>
</tr>
<tr>
<td>Form of the company and shareholders</td>
<td>Coexistence of business forms: traditional cooperatives, financial holding companies, and marketing affiliates</td>
</tr>
<tr>
<td>Power structure</td>
<td>The democratic principle “one man, one vote” applies to the parent company, but the power of affiliates is generally proportional to each partner’s capital. The loss of the cooperative identity is equal to the change of values.</td>
</tr>
<tr>
<td>Financing sources</td>
<td>Funds are raised through the stock market.</td>
</tr>
<tr>
<td>Control mechanisms</td>
<td>Internal logic for cooperatives (general meeting, boards of directors, advisory board, committees, commissions) and external logic for affiliates (board of directors composed of shareholders according to the ownership of capital and presence of independent directors)</td>
</tr>
</tbody>
</table>
It can be deduced that the consequences of a hybrid governance model in agricultural cooperatives are of two types: control and incentive mechanisms and weakened values and cooperative principles.

**DISCUSSION**

The transition of cooperatives to a hybrid governance model has adversely affected the relationship between cooperatives and its members. The literature suggests several adverse effects related to the emergence of cooperative groups in different sectors of the economy. In particular, Forestier & Mauget (2001) describe distancing, complexity, and confusion in the agricultural sector.

The creation of cooperative groups with thousands of members has increased the size of cooperatives. According to Draperi (2007), some cooperatives have distanced themselves from their associates by setting up financial holding companies and combining solidarity economy structures with private companies, thereby dividing themselves between the interests of associates and the shareholders of private companies. The associates thus experience a remoteness effect from the cooperative’s decision-making structures, corresponding to the anonymization of members, as the leaders of the cooperative are no longer known. The members of a cooperative group face an unknown company (unknown history, strategy, and management) and do not hesitate to look for more advantageous offers, even outside of it, particularly in sectors characterized by the high volatility of raw material prices (such as the cereal sector). Associates are no longer cooperative members, but customers, and meeting their needs is not the ultimate goal. It is instead a necessary step towards increasing shareholder value.

A second adverse effect is complexity. Cooperative groups now have complex organization charts. They combine the organization charts of cooperatives with trading companies, making them diffuse and difficult to understand for all members. Complexity reinforces the remoteness effect above. Furthermore, Thériault (1997) considers that the new cooperative model is a «fictitious» association of people, as the participant becomes a customer (utilitarian rationality and consumer behavior) who is not able to assess the nature of the relationship with their cooperative (Côté, 2007). The question that arises is where the meaning of the cooperative’s collective action lies. The increased number of associates facilitates a free-rider problem, whereby an associate wants to take advantage of collective action without contributing anything (Olson, 1965). It is becoming increasingly difficult to differentiate a cooperative from its competitors in the private sector.

The third adverse effect of the emergence of cooperation groups in the agricultural sector is confusion. Associates cope with two forms of profit distribution: production activity (associative form) and capital ownership (capitalist form). Associates perceive this mixture of associative and capitalist forms as a transformation of their shares and rights to use the cooperative into the capital of a public limited company. They are witnessing the questioning of a cooperative model that can be recognized as a deterioration of the relationship between the cooperative and its associates. For this hybrid model to work, cooperatives must find a way to strengthen a relationship that ensures its sustainability.

**CONCLUSION**

It has been shown that the emergence of cooperation groups has allowed agricultural cooperatives to adjust to economic changes and thus ensure their progress. However, this is not without consequences for the cooperative-associate relationship. The change in the structure of agricultural cooperatives has confusion, complexity, and distancing effects for the associates. With the integration of the cooperative into a business group, the associate feels like another pawn in an economic interplay whose rules are not accessible to them. Today, the cooperative employs a dispersed model that integrates associative and shareholding governance methods, which is hard for members to comprehend, as they perceive decision-making far from them and do not identify themselves with these new structures. The consequences of the hybrid governance model for agricultural cooperatives are mainly related to control and incentive mechanisms and weakening cooperative values and principles.

**Declaration on conflict of interest**

The authors affirm that they are independent of any financial and support institutions. Besides, during the research or the writing of the manuscript, there have been
no interests or values different from those usually involved in scientific research.

**BIBLIOGRAPHIC REFERENCES**


RISKS OF ORGANIZATIONAL GROWTH TO COOPERATIVES’ IDENTITY


Amanda Vargas-Prieto & Enrique Arrieta-Díaz


ORGANIZATIONAL GROWTH TO COOPERATIVES’ IDENTITY

Organización para la Cooperación y el Desarrollo Económicos - OECD. (2004). Principes de gouvernement d’entreprise de l’OCDE.
http://www.oecd.org/fr/daf/ae/principesdegouvernementdentreprise/31652074.PDF


https://halshs.archives-ouvertes.fr/halshs-00437030

https://www.vie-publique.fr/rapport/31471-analyse-comparee-de-la-competitivite-des-industries-agroalimentaires-fra


https://halshs.archives-ouvertes.fr/halshs-00558255/

http://www.theses.fr/2013BOR40040

https://revistas.ucc.edu.co/index.php/co/article/view/1032
