
Risks of organizational growth to the identity of cooperatives

Riesgo del crecimiento organizacional para la identidad cooperativa

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To cite this article: Vargas-Prieto, A. y Arrieta-Díaz, E. (2021). Risks of organizational growth to the identity of cooperatives. *Clío América*, 15(29), X-X. <http://dx.doi.org/10.21676/23897848.4278>

Recibido: 1 febrero de 2020

Aceptado: 10 de mayo de 2021

Publicado en línea: mayo 31 de 2021

ABSTRACT

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Keywords:

identity;
cooperatives
;
governance;
agriculture;
crisis.

JEL: O17;
P13; G34.

The evolution of the agricultural sector in France motivated agricultural cooperatives to boost the creation of groups of companies that combine the subsidiaries, which are responsible for adding value to production, and the traditional cooperatives, in charge of the production process. The new structure connects the equity governance and the associative governance modes in a hybrid model. The two modes exist within the core of the subsidiaries and the traditional structure, respectively. This article outlines the consequences of the hybrid model of governance on the identity of cooperatives through an analysis combining the case studies of five French cooperative groups. The analysis reveals an identity crisis within the cooperatives after the adoption of a hybrid model. This crisis is characterized by three negative effects on the relationship between the cooperative and its associates: complexity, distance, and confusion. The consequences of the hybrid model of governance in agricultural cooperatives are mainly in terms of control and incentive mechanisms and, in the weakening of cooperative values and principles.

RESUMEN

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Palabras clave:

identidad;
cooperativas;
gobernanza;
agricultura;
crisis.

La evolución del sector agrario en Francia motivó a las cooperativas agrarias a impulsar la creación de grupos de empresas que combinen 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 asociativo 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 been increasing rapidly. Cooperatives do not escape this trend. To ensure their survival and increase their efficiency, agrarian cooperatives have changed their organizational structure. After the signing of the Single European Act in 1986 and the General Agreement on Tariffs and Trade (GATT) and The World Commerce organization (WTO) agreements, cooperatives had to face 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). The positioning led to the creation of organizations to regroup the purchases of affiliated organizations to reduce costs: purchasing centers. The pressure created by the purchasing centers forced the cooperatives to increase their size to be on equal footing at the time of negotiations. Thus, less competitive companies have been disappearing while large groups of agri-food companies have developed in the French agricultural sector. Therefore, agricultural cooperatives, located throughout the territory, have chosen to unite, creating 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 a great effort of adaptation on the part of the agricultural cooperatives. The adaptation required significant financial resources for research and development, agricultural machinery, and advertising. The cooperatives had to choose between being producers of raw materials and marketing them to large private groups or creating development strategies by investing in processing subsidiaries within their structure. Besides, the reduction of protection measures in favor of farmers, the need to comply with new regulations, and the requirement to respect sustainable development, led to excessive investment by agricultural cooperatives. Their current objective is to produce more and better and to do so with fewer chemical inputs. Furthermore, farmers are increasingly demanding quality in the content and in the services provided by cooperatives, which is related to changes in the values and the principles of cooperative groups. Some farmers call for greater 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. Factors of important change, consequences, and challenges for agricultural cooperatives

Factors of change for agricultural cooperatives	Consequences	Challenges for the cooperative sector
Internationalization and globalization of markets and competitors	Change in strategy due to the need to reduce costs and/or differentiate products from the competition.	To adapt to the new context by finding the optimal size for the reduction of legal restrictions (exclusivity, territoriality, <i>a-capitalisme</i>), without losing the cooperative identity
Evolution of consumption in France	Adapt the product to consumer demand	To find financial resources to develop new technologies and innovative products.
Evolution of regulatory limitations	The decrease in protection against price falls and the application of aid per hectare and not per production. The requirement of 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 in a sustainable development logic.

<p>The evolution of farmers' behavior</p>	<p>Evolution of cooperative values (moving from equality to equity): loss of the cooperative - associate link. Increased demands on adherents.</p>	<p>To maintain relationships with adherents: creating a differentiated marketing strategy for engaged adherents. To develop skills that allow better accompaniment of farmers (change technical advice to comprehensive advice)</p>
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Source: own elaboration based on Vargas-Prieto (2013).

After the tightening over the competitive agricultural environment in Europe, linked to globalization, the laws of 1991 and 1992 were adopted to organize subsidiaries and to strengthen their funds of agricultural cooperatives, which accelerated the development of cooperative business groups in the decade of the nineties (Vargas-Prieto, 2013). The constitution of these groups occurred in three ways. The first, through mergers of marketing cooperatives. The second, from the creation of transformation and marketing groups with a dominant activity. The third is the creation of polyvalent groups, through centralized cooperatives or unions such as Unicopa (Koulytchizky & Mauget, 2002). Hence, such groups have positioned themselves in the European agri-food market thanks to the combination of traditional cooperatives with subsidiaries, which are private companies at the end of the production chain. By adopting strategies similar to those of their private-sector competitors, cooperatives in France developed to maintain its market share, the size is presented as a key success factor by several authors (Agricultural Co-operatives in UE - Cogeca, 2010; Rouault, 2010), thusly, diversifying their activities until the large cooperative groups were formed through financial holding companies (Forestier & Mauget, 2000). However, these cooperative groups present duality in governance modes (associative and shareholder), which can be manifested in a hybrid model (Vargas-Prieto, 2014; Dávila-Ladrón de Guevara et al., 2020). This article

analyzes what are the consequences of the hybrid model of governance for the identity of agricultural cooperatives.

METHODOLOGY

We chose the methodology: case study, as it is intended for the in-depth description and analysis of a small sample. Yin affirms that the behavior of a group and the organizational processes must be studied through the case study and defines a case study 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” (Yin, 2009, p. 17). According to Albarello (2011) and Vargas-Prieto & Yepes Lugo (2018), this type of study is particularly appropriate when it comes to analyzing activities, programs or groups, or when the studied phenomenon is linked to the context in which it appeared and developed. According to Creswell (2007) and Yin (2009), this type of research is very effective when it comes to testing hypotheses that involve understanding a global situation or to identify 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 that were chosen based on the following sample selection criteria (Table 2).

Table 2. Sample selection criteria

Criteria	Selection
<p>Theoretical representativeness</p>	<p>Proactive strategy: Cooperative groups resulting from a merger, alliance, or acquisition</p>
<p>Variety</p>	<p>National specialized groups, regional specialized groups, multi-functional regional groups, multipurpose departmental groups</p>
<p>Equilibrium</p>	<p>1 specialized national group 2 specialized regional groups 2 multipurpose regional groups 1 multipurpose departmental group</p>
<p>Discovery potential</p>	<p>Cooperative groups with availability to deliver the information</p>

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

Taking the criteria in Table 1 into account, the five selected groups were: Axéreal, Champagne-Céréales, Agrial,

Terrena and Emc2. The characteristics of these cooperative groups are presented in table 3.

Table 3. Sample layout

Group's name	Agrial	Axéreal	Champagne-Céréales	Emc2	Sodiaal	Terreana
Group's creation date	2000	2009	1991	1988	1990	2003
Headquarters Department	Calvados (14)	Loiret (45)	Marne (51)	Meuse (55)	Ile de France (75)	Loire Atlantique (44)
Legal Form	Agricultural cooperative society		Agricultural cooperative society	Agricultural cooperative society		Agricultural cooperative society
Organizational Type	Coop-Holding-Subsidiaries	Coop-Holding-Subsidiaries	Coop-Holding-Subsidiaries	Coop-Holding-Subsidiaries	Coop-Holding-Subsidiaries	Coop-Holding-Subsidiaries
Coverage in Departmental Presence	7	10	7	6	60	13
Territorial Coverage	Regional	Regional	Regional	Departmental	National	Regional
Activities	Polyvalent	Specialized (cereals)	Specialized (cereals)	Polyvalent	Specialized (milk)	Polyvalent
Availability and Access to Information	+++*	+++	+++	+++	+++	+++

*+++ Easy access and availability of data.

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

The research data come from three information gathering techniques: observation in contextual mode, interviews in

main mode, and collection of documents (Table 4).

Table 4. Collection of data

Cooperative	Resource person	Direct observation	Interviews	Documents
Terrena	Head of the agronomic department	Visit of the cooperative Discussion of the modalities of the case study and the interview schedule	Meetings and research progress Preliminary interview as part of the multi-site study (2 days) Telephone exchanges	Email exchanges and direct requests Sent by mail or during meetings at Coop de France Delivery of reports
Champagne-Céréales	Director of the agronomic service	Visit of the cooperative Discussion of the modalities of the case study and the interview schedule Consultation of internal documents on site Consultation of the intranet on site	In-depth interview (2h) Telephone exchanges	Email exchanges Submission of meeting reports and research progress

Agralys, Axéreal	In charge of animation and field monitoring	Visit of the cooperative Consultation of internal documents	In-depth interview (2h)	Submission of meeting reports and research progress
Agralys, Axéreal	Head of the agronomic department	Visit of the cooperative	In-depth interview (2h)	Documents retrieved during the visit and by emails
Epis-Centre, Axéreal	Coordinator of sustainable development actions and associated projects	Visit of the cooperative Discussion of the modalities of the case study and the interview schedule	In-depth interview (2h) Telephone exchanges	Email exchanges Submission of meeting reports and research progress
Epis-Centre, Axéreal	Head of the R & D agronomy department.	Visit to the cooperative Informal discussion	In-depth interview (2h)	Documents retrieved during the interview
Emc2	Director of the agronomic and development department	Visit of the cooperative Discussion of the modalities of the case study and the interview schedule	In-depth interview (4h) Telephone exchanges Consultation of internal documents	Email exchanges Submission of meeting reports and research progress
Emc2 - Alotis	Technical and Commercial Director Alotis	Visit of the cooperative	In-depth interview (2h)	Collection of documents during the visit
Agrial	Agro-supply Director	Visit of the cooperative	Telephone exchanges. Consultation of internal documents In-depth interview (4h)	Email exchanges Submission of meeting reports and research progress

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

The Hybrid Mode Of Governance Of Agricultural Cooperative Groups

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

The Two Great Visions 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 analyzes that seek to understand who controls the company and in what manner is that of Berle & Means (1932). The two authors are credited in the literature with the appearance of the concept of «corporate governance». The literature states that the 1929 crisis arose from the breakdown of the notion of property, «the supervisory role of the shareholders, which implies incentive and surveillance systems and a role in decision-making by the shareholders of managers» (Charreaux, 2000, p. 198). Berle and Means' objective was to show that the development of a joint-stock company generates the separation of ownership and control of the company. “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 the management of the leaders and establishes the rules that delimit the delegation of management and control of power in the company and the decision-making process” (Baron, 2003, p. 35).

Governance theory has two main views that offer different

explanations of the efficiency of organizations in terms of value creation and distribution (Charreaux & Desbrières, 1998): the contractual view of the company and the cognitive view. The first considers the company as a system of contractual relationships, this is defined as a "knot of contracts" between individuals. This vision is based on the economic theory assumptions of rational behavior and the search for the Pareto optimum 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 view, as the source of efficiency is generally disciplinary (Charreaux, 2002). The second view of governance is based on various cognitive theories of the business. These have been developed 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 competencies» (Coriat & Weinstein, 2010). According to these authors, both visions are intertwined and one of the main challenges of the theory of the firm is to determine how they are articulated. The study of corporate governance helps to understand the creation and distribution of value in the organization. Therefore, any organization is expected to produce, through cooperation, a surplus concerning the resources consumed and to distribute this surplus to maintain the sustainability of the organization (Charreaux, 2002).

In the case of agricultural cooperative groups, the evolution between the two modes of governance is demonstrated in the light of the company's contractual vision (associative model and shareholder mode). This allows for the understanding of the complexity of the interactions between both modes and highlights the rationality of the behavior that led to the creation of agricultural cooperatives. By presenting a hybrid mode of governance, it is understood that the creation of value in cooperative groups rests on the offered competencies and includes long-term cooperative relationships for certain employees or members. In this sense, the contractual view of value formation provides a limited process of value creation in cooperative groups. For this reason, the cognitive theories of the company lead to assign primary importance to the development of competencies and the capacities of companies to innovate. Therefore, the creation of value in cooperative groups will depend on the source of the organization's competencies, conceived as a coherent set (Teece et al., 1994), which derives its distinctive character from its capacity to create knowledge and which, as a consequence, is profitable in a sustainable way.

The first part of the analysis uses the concepts forged by the contractual vision of the company, the way to create value for the shareholders, and the associative way. Traditional cooperatives function under the associative governance mode according to the aforementioned cooperative principles (Gianfaldoni & Richez-Battesti, 2008; Novkovic, 2008). However, the emergence of cooperative groups is closer to a mode of shareholder governance. The next section demonstrates how the governance of cooperative groups falls between the associative and shareholder governance modes.

Cooperative Governance: From Associative Mode To Shareholder Mode

As a result of the structural changes produced in the agricultural cooperatives, it could be expected that these companies would go from an associative mode to a shareholder one, at the same time as from a traditional cooperative model to a cooperative group one. They now face both of these approaches to value creation. This involves two different ways of defining the company and its objectives. In the associative model, the companies aim, through the cooperation of all the actors, to produce a surplus of resources and distribute them to maintain the sustainability of the organization (Charreaux, 2003) (Charreaux & Desbrières, 1998). Therefore, the association mode does not focus only on the analysis of the relationship between the shareholders and the leaders, but also covers all the relationships of the company 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 mutual and cooperatives (Charreaux, 2000; Gianfaldoni & Richez-Battesti, 2008).

Agricultural cooperatives are companies whose corporate purpose is an extension of the activities of farmers, owners, and clients. 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 objective of the former is to serve its members through the distribution of benefits, as they are structured around values and principles of solidarity and democracy. Thus, the relationship of the cooperative with its members is based on the principles of solidarity rather than economic gain. Besides, the incentive mechanisms are established from participation in decision-making and recognition of loyalty (discounts or loyalty discounts) of the associates. Furthermore, the importance of the financing role of banks in cooperative groups is emphasized (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 interest groups that seek to maximize the value of the interested parties. Therefore, the most important aspect of value creation has to do with the reduction of agency costs related to conflicts of interest between the various actors of the company. Costs can appear due to the separation between ownership and control in large organizations, for example, that of decision-making when there are many interest groups in the company. According to Gianfaldoni & Richez-Battesti (2008), this mode of government is more complex as it includes all stakeholders. Also, in the literature, it corresponds to an internal control logic based on institutional structure such as the board of directors, the general assembly, committees, or commissions (Hyafil, 1997). In this mode of government, power and control are shared between partners: shareholders or partners, customers, employees, leaders, among others. Therefore, its effectiveness depends on the consensus between the different actors in the organization. The Organization for Economic Co-operation and Development - OECD 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 in corporate governance of the field of analysis, which is particularly suitable for the study of cooperatives, as it takes into account the different interest groups of the company. This definition was also used by l'Institut Français D'Administrateurs - IFA (2006) in its study on the governance of cooperative and mutual companies, considering that this type of company should not only maximize financial profitability but also mainly satisfy the needs of members/clients –dual quality principle–simultaneously participating in management and benefiting from services.

In the shareholder 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 & Hirigoyen, 2005). Financial incentives are rewards, bonuses and performance-indexed salaries, stock options, and performance-based firing decisions (Jensen & Murphy, 1990), intending to solve the problem related to manager

compensation. The control mechanisms are mainly external through the financial market (Moerland, 1995): the geography of capital, the board of directors, debt policy, financial markets, the labor market, and competition from other companies (Caby & Hirigoyen, 2005). Internal control is represented by the board of directors, but unlike the associative governance mode, its composition is correlated with participation. There is also the presence of independent directors (Tifafi & Dufour, 2006). The approach to creating value for shareholders supports the growth of investments (the objective of the leaders) and ensures financial viability (the objective of the shareholders). Among the characteristics that distinguish the mode of shareholder governance, the role of capital markets in financing is identified (Allen, 1993; Hyafil, 1997).

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

RESULTS

The Hybrid Governance Model

This section analyzes the consequences of the hybrid model of governance for agricultural cooperatives. According to the functioning of cooperative groups, traditional cooperatives are perfectly identified with an internal logic of an associative type of governance. This logic is represented by the president-CEO couple, the management team-board of directors, the training, the information, and the participation of the different stakeholders in the decision-making process (internal to the organization such as managers, partners, employees and external clients 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 model of governance (Forestier & Mauget, 2000; Côté, 2006; Richez-Battesti, 2006; Draperi, 2007; Gianfaldoni & Richez-Battesti, 2008).

This mode represents the convergence between the two modes of governance, the shareholder 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 is evidenced through the change in organizational form. The new owners are, firstly, the members of the traditional cooperative, as well as the shareholders-investors of the private sector subsidiaries. The value to be maximized is neither associative nor shareholder, 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 the organization and the stakeholders is co-constructed to maximize the value of the group and not only to have mercantile relationships. Hence, legal restrictions become more flexible. For example, in a cooperative group, exclusivity and free membership are not respected in private affiliates. Among the characteristics of the hybrid governance mode, the financing of cooperative groups is carried out by the capital market. The mechanisms of control and incitement change towards a mode of shareholder governance. In this, various places of control coexist at different levels, which can generate a disconnect between the private subsidiaries and those of the cooperative. Market discipline also participates through the evolution of share prices, strengthening the discipline of leaders for the product market, regulations, and

restructuring.

Finally, there is the establishment of compensation mechanisms that incentivize managers and employees (and include agricultural advisers). Regarding the weakening of cooperative values and principles, the development of agrarian cooperative groups harmed traditional cooperatives. Solidarity became selective, the principle of equality became capital by introducing a price for each service offered by the cooperative (Côté, 2001). If we refer to principles, *a-capitalisme* is eliminated in the hybrid model of governance. The payment method is the same as in the case where the farmer is a shareholder of a private company. Cooperative democracy remains valid only within the parent company, but the power of the subsidiaries depends on the proportion of capital they represent (Koulytchizky & Mauget, 2001). Furthermore, the principle of "free membership" can be modified, in cooperative groups, to the benefit of the interests of private affiliates. The consequences of the creation of cooperative groups are summarized in Table 5. 4 incorporates the changes experienced by French agricultural cooperatives in the organizational structure and cooperative identity (values and principles).

Table 5. Characteristics of the hybrid model of governance in agrarian cooperative groups

Government mode/specs	Hybrid Mode / Agricultural cooperative groups
Definition of the governance system and objective	It is the set of mechanisms to maintain the group Cooperative. Its objective is to maximize the value of the group.
Form of the company and shareholders	The coexistence of business forms: traditional cooperatives, financial holding companies, and marketing subsidiaries.
Power structure	The democratic principle "one vote equals one man" can be fulfilled in the parent company, but the power of subsidiaries is generally in proportion to the capital of each partner. The loss of the cooperative identity is equal to the change of values.
Financing sources	Fundraising is increased through the stock market.
The control mechanisms	Internal logic for cooperative societies (general assembly, boards of directors, advisory board, committees, commissions) and external logic for subsidiaries (board of directors that is composed of shareholders according to the ownership of capital and presence of external administrators).
The mechanisms of incitement	For traditional cooperatives, the incentives are collectively derived from participation in decision-making (discounts, promotions, exclusivity principle); for subsidiaries, the compensation mechanisms of the leaders are related to economic performance.

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

It is possible to deduce that the consequences of the existence of a hybrid model of governance in agricultural cooperatives are of two types: first, in terms of control and

incitement mechanisms and, second, in the weakening of values and cooperative principles.

DISCUSSION

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

The development of cooperative groups has led to an increase in the size of cooperatives through the creation of groups with thousands of members. 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 the associates and the shareholders of private companies. The associates thus experience a distancing effect from the cooperative's decision-making structures, corresponding to the anonymization of the 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 high volatility of the prices of raw materials (such as the cereal sector). The associates are no longer just members of a cooperative, as they become clients, and meeting their needs is not a final goal, it is rather a necessary step towards increasing shareholder value.

A second negative effect is complexity. Cooperative groups now have complex organization charts. They combine the organization charts of cooperatives with those of commercial companies, making the charts diffuse and difficult to understand for all members. Complexity reinforces the aforementioned remoteness effect. Furthermore, Thériault (1997) considers that the new cooperative model is a «fictitious» association of people, as the participant becomes a client (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 collective action of the cooperative lies. The increase in the number of associates facilitates clandestine passenger behavior, 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 negative effect of the emergence of cooperation

groups in the agricultural sector is confusion. Associates face two forms of income distribution: one related to production activity (associative form) and the other to capital ownership (capitalist form). This mixture of associative and capitalist forms is perceived by the associates as a transformation of their shares and their rights to use the cooperative into the capital of a public limited company. They are witnessing a questioning of the 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 have to 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. But this is not without consequences for the cooperative-associate relationship. The change in the composition 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 as one more pawn in an economic interplay whose rules are not accessible to them. Today, the cooperative is in a disperse model that integrates associative governance and shareholder modes, which is hard for members to comprehend, as they perceive decision-making centers far from them and do not identify themselves with these new structures. The consequences of the hybrid model of governance in agricultural cooperatives are mainly in terms of control and incentive mechanisms and, in the weakening of cooperative values and principles.

Declaration on conflict of interest

The authors of this document affirm that they are independent with respect to financial and support institutions. In addition, the authors affirm that during the conduct of the research or the writing of the manuscript, there have been no interests or values different from those usually followed by a scientific investigation.

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Post Print CLÍO AMÉRICA VOL. 15 No. 29 2021