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What Drives Marketing Cooperative's & Member-owned Firms' Performance? An Empirical Study

Nikos Kalogeras, Sustainable International Business (SIB) Research Centre, Zuyd University of Applied Sciences, The Netherlands; Commodity Risk Management Expertise Centre (CORMEC), Wageningen University & Research, The Netherlands; nikos.kalogeras@zuyd.nl

Joost M.E. Pennings, CORMEC, Marketing & Consumer Behaviour Group, Business Science Section – Dept. of Social Sciences, Wageningen University & Research; Dept. of Marketing & SCM and Dept. of Finance, School of Business & Economics, Maastricht University, the Netherlands; joost.pennings@wur.nl

Theo Benos, Sustainable International Business (SIB) Research Centre, Zuyd University of Applied Sciences, The Netherlands; Commodity Risk Management Expertise Centre (CORMEC), Wageningen University & Research, The Netherlands; theo.benos@hotmail.com

Konstantinos Rigopoulos, Department of Economics, Democritus University of Thrace, Greece; krigopou@econ.duth.gr

Abstract:

Cooperative members typically maintain the entrepreneurial lead for themselves (i.e., their own business – the first layer of entrepreneurship) and view the cooperative firm as a task organization in a common front-office (i.e., marketing cooperative firm – the second layer of entrepreneurship) that achieves differentiation in response to rapid market challenges. In this paper, we study the impact of a) member-owned business characteristics (size; debt/equity ratio), and member attitudes (market-orientation, entrepreneurial-orientation, risk-taking) on the performance of member firm (at farm level, the first layer); and b) members' choices about intra-organizational (ownership, control, and benefit allocation) and attitudes for strategic attributes (market-orientation, entrepreneurial-orientation, risk-taking) on cooperative's organizational performance (at the cooperative level, the second layer). To the best of our knowledge, this is the first study that examines empirically the impact of organizational and strategic attributes at the two levels (i.e., layers) of cooperative entrepreneurship using cooperative members as key informants. Using data from 158 agribusiness cooperative members in the Netherlands, we demonstrate that strategic attributes have a greater influence on both, member-owned firms' and cooperative's organizational performance

than intra-organizational attributes. Moreover, the results indicate that members' attitudes for risk-taking and market-oriented behavior have a greater impact on cooperative's performance rather than their own firm's performance. In contrast, members' attitudes for entrepreneurial orientation have a greater impact on their own firm's performance rather than cooperative's performance. Cooperative members seem to take a full entrepreneurial lead at their own business (the first layer), while they seem to assign the task for more market-oriented strategies and risk-taking behavior to the cooperative level (the second layer). This suggests that member-producers generally prefer to participate in a task organization entailing a common front-office with a strong entrepreneurial lead.

Keywords: member-owned firm; marketing cooperative; attributes; risk-taking behavior; performance