

Success of co-operatives: A combination of firm and network level factors

Jon H. Hanf, Taras Gagalyuk and Erik Schweickert

Abstract

Problem setting

Research on the success of co-operatives has a long tradition. However, most works concentrate on success measurements that either try to estimate the success of the single members or the success of the co-op itself. These findings are similar to the ones we have found for success of networks. Here, the vast majority of studies dealt with the success on firm level i.e. how the single firms performed in a network neglecting the fact that networks consist by definition of firm, dyadic and network levels. The studies that address success on network level do not consider the success of the single firms instead try to measure solely the success of the outcome of the joint efforts. To our understanding this means that success is only partially captured. In the case that success is solely recognized on firm level actors will not recognize the achievements that are provided on network level e.g. in the public sector: strengthened community capacity to solve public problems; regional economic development; responsiveness to natural or made-made disasters (Provan and Kenis 2008). This is of importance since often such goals are of non-financial nature as the example shows. On the other hand if the success of collaboration is only measured on network-level the success of the single actors is not included - and since collaboration can only happen if single actors work together - hence the roots for cooperation are neglected.

Since co-operatives can also be understood as a particular form of networks, we recognize the problem that success of co-ops is often measured only partially as well. As a result members do not fully understand the success of the co-op and hence underestimate its performance e.g. results such as securing market access are not honoured. On the other side, often managers of co-ops are focused on the financial performance of the co-op itself neglecting the member-orientation. Hence, the co-operative dissociates itself more and more from its roots and therefore from its members. In the end members perceive the co-op as a “normal” investor owned firm.

Aim of the paper

The aim of our paper is twofold. First, we want to transfer our detailed model on network success on co-operatives. Second, we want to test the model empirically.

Method

To achieve our first goal we will conduct a literature review on “success of co-operatives” and afterwards combine the results with our existing model.

To achieve our second goal, we will conduct an empirical survey in the German wine sector. Managers and members of German wine co-operatives will be questioned regarding their perceptions of success.