

ARE COOPERATIVES HYBRID ORGANIZATIONS? AN ALTERNATIVE VIEWPOINT

by

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Abstract

This paper questions the designation of cooperatives as hybrids of market and hierarchy on the grounds that cooperatives possess more differences from these governance mechanisms than commonalities with them. It is argued that the definition of a governance mechanism's hybridity depends on the definition of the governance continuum, with the conventional market-hierarchy continuum failing to accommodate the specificity of the cooperative organization. Utilizing the logic of the property rights theory of the firm, the paper develops an alternative continuum for cooperative, hierarchical, and market organization. These governance mechanisms are shown to exhibit growing difference in the extensiveness of property rights assigned to the involved contractual parties. This continuum does not imply the hybridity of cooperatives; rather, it locates hierarchy between market and cooperative organization. The empirical validity of the new continuum is confirmed by the results of a survey of members of several Ukrainian rural cooperatives.