



# Factors influencing cooperator satisfaction: A study applied to wine cooperatives in Portugal

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## ABSTRACT

Based on a set of universally accepted cooperative principles, cooperatives stand out as promoting equality, community development and their members' well-being. Therefore, this study aims to understand which factors influence cooperators' satisfaction. The research adopted a quantitative methodology with the data-collecting instrument being based on a questionnaire applied to 194 cooperators belonging to wine cooperatives in the Dão region of Portugal. The results indicate that the economic factors used to measure members' satisfaction do not predict this. Rather, the factors most related to cooperative members' satisfaction concern compatibility among members, partner selection, human resources, power and control, as well as the development of the organisations, communities and their members. Cooperative development is influenced by factors of a social and human order and the implementation of policies that may be directed towards a more economic and business-like aspect may itself affect satisfaction within these organisations. Implications for theory and practice are also suggested.

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## 1. Introduction

In many European countries and elsewhere in the world there is major renewed interest in cooperatives, as this type of business organisation seems to more resilient (Birchall and Ketilson, 2009) and can achieve better performance than capitalist firms, principally at times of prolonged economic crisis (Delbono and Reggiani, 2013), such as the one experienced recently. This growing interest justifies studying this type of organisation, particularly to understand the relationships that are formed between cooperators and cooperatives, which factors influence creation and cooperative processes, similarly to what has already been done for cooperation between firms (Lui and Ngo, 2005; Franco, 2011).

Some authors (e.g., Chaddad and Cook, 2004; Oczkowski et al., 2013; Bijman and Iliopoulos, 2014), have understand the functioning and organisation of cooperatives in the economic and social domain can help the emergence and strengthening of economic models which, although are not subject to the capitalist market

tacking account that operate in the market laws, using them only as a way to fulfil their social and economic mission to create well-being for their members and the communities.

The subject of the organisation, management and performance of cooperatives has been dealt with by a great number of researchers, analysing the cooperative as a business alternative for development (Ribeiro and Alves, 2010; Mojo et al., 2017), strategic alliances in the cooperative sector and forms of control (Filippi and Triboulet, 2011); economic and social sustainability of cooperatives; internationalization (Ritossa et al., 2009; Mariani et al., 2012); management and commercial strategies (Couderc and Marchini, 2011), performance (Chiffolleau et al., 2007), governance and organisation (Bijman and Iliopoulos, 2014), networks and innovation (Chiffolleau et al., 2007) and cooperators' satisfaction (Hernández-Espallardo et al., 2013). Nevertheless, this study will consider only research related to the basis of cooperative sustainability, which may depend on their members' satisfaction (Hernández-Espallardo et al., 2013). The aim is also to understand and explain whether structural and process factors can influence members' satisfaction with the cooperatives they belong to, even when there are better offers in the market for commercialization of their products (Hernández-Espallardo et al., 2013).

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The study carried out by [Hernández-Espallardo et al. \(2013\)](#) should be highlighted, suggesting that cooperatives are only successful and last over time as long as they serve members' interests better than other forms of organisation or market entry. The cooperative formula depends therefore on its ability to compete in satisfying its members' needs. This raises questions about the cooperative model itself and the principles sustaining it, leading authors such as [Oczkowski et al. \(2013\)](#) to draw attention to the fact of internal and external pressure being able to lead to «degeneration» and a loss of cooperative identity, and also highlight the shortage of empirical studies about the relevance of cooperative principles in current contexts.

In Portugal, studies demonstrate the importance of cooperatives ([CASES, 2012](#)), but research carried out indicates that most of these studies are focused on juridical aspects ([Meira and Ramos, 2014](#)), statutory responsibility or on analysing their economic importance for some sectors of activity ([Lopes, 2010](#)). This means there are few studies related to the influence of factors of structure, processes and results on members' satisfaction. Therefore, this study sets out from two general questions: *Q1: How is cooperators' satisfaction affected by structural and process factors in the cooperative?* and *Q2: Are there other factors, namely linked to results, that influence members' satisfaction?*

This study aims to determine which process, structural and results-related factors influence cooperators' satisfaction in the wine-producing sector in Portugal. *Structure* is understood here as everything at the origin and formation of a cooperative; *processes* cover everything that happens during the cooperation process between the various stakeholders; and *results* are what promotes organisations' development in the short, medium and long term.

The research is therefore of fundamental importance for advancing knowledge about cooperatives, their administration and management, since it gives an understanding of how cooperators feel and what they think about the cooperatives they currently belong to, and in this way it is possible to define strategies for development of the cooperative sector and sustainability of these organisational forms. In addition, this study is highly relevant for those interested in the management and governance of cooperatives and the maintenance of the cooperative ethos/integrity within these types of organisations.

The subsequent sections of the paper are structured as follows. First we provide a literature review about cooperatives and cooperators' satisfaction, which is followed by the development of our hypotheses. Second, we describe the methodology of the study. Third, we present and discuss the results of our analysis. Fourth, our paper ends with the implications, limitations and suggestions for further research drawn from our study.

## 2. Literature review and hypotheses development

### 2.1. Wine-producing cooperatives and the study context

Cooperatives are presented as a business model of the commercial sub-sector of Social Economy, which by placing people at the centre of decision-making contributes to a new approach in today's economic world. Cooperatives are structured through a form of democratic and collective governance ([Filippi and Triboulet, 2011](#)), which gives rise to better, more intelligent and responsible forms of production ([Mills and Davies, 2013](#)), through common efforts that «will contribute to cooperative members' well-being, from both the social and economic point of view» ([Ribeiro and Alves, 2010](#)).

Cooperativism is based on human values, standing out as a humanitarian movement whose origin and purpose lies in Man

([Couvaneiro, 2004](#)). Since its origins, the cooperative movement and cooperative creation are seen to be strengthened at times of crisis, as a way to combat exclusion and poverty among disadvantaged classes, such as manual workers ([Couvaneiro, 2004](#)). Today as before, cooperativism and cooperatives, in the current crisis, find a new breathing space and are a viable alternative to the traditional capitalist business model, becoming important drivers of innovation and development.

The [European Commission \(2013\)](#) considers that through social innovation it is possible to find ways, when working together, to reach solutions to economic and social problems, and this should serve as a guideline for public administration in implementing actions through collaborative work, experimentation and prototyping, including the local population in that process. Similarly, in a period marked by a shortage of financial resources ([Amador, 2013](#)), Social Economy organisations, among them cooperatives, are forced to seek business efficiency, only achieved with the collaborative participation of various groups with whom they form relationships, such as local authorities, specialists, residents (e.g., [Chiffolleau et al., 2007a, b](#); [Mills and Davies, 2013](#)), creating a platform to exploit more flexible and effective forms of business.

In Portugal, the importance of cooperatives for Social Economy is considerable. Confirming this is the data presented by the António Sérgio Cooperative for Social Economy ([CASES, 2013](#)), showing the strength of the cooperative sector. In 2010 there were 2260 cooperatives, distributed throughout the whole country, accounting for 31,783 direct jobs. In 2009, cooperatives involved a total of 1,353,107 cooperators, corresponding in economic terms to 4.8% of GDP, 1.3% of employment in Portugal and involving 12.7% of the total population. Also according to [CASES \(2013\)](#), regarding figures for 2009, the cooperative sector accounted for 5.47% of the total number of entities operating in the social economy.

Further agreement with the idea that cooperatives can be solutions for local development, cooperation instruments [operating as networks] between citizens, organisations and local, regional, national and European representatives, through business organisations and practices ([Matei and Matei, 2012](#); [Steinerowski, 2012](#)), is shown in the statistical data presented by [CASES \(2013\)](#) showing that in Portugal, 36% of olive oil, 41% of wine and 62% of milk was produced by cooperatives, which demonstrates their strategic importance for the primary sector and the rural world.

Given this evidence, agricultural cooperatives show considerable importance. In truth, in most cases cooperatives are created by small farmers who need better market position and to negotiate better prices, particularly in sectors where both upstream and downstream certain actors predominate ([Couderc and Marchini, 2011](#)).

Furthermore, agricultural cooperatives are a fundamental factor in the global food and agricultural industry. They play an important role in the efficiency of collective entrepreneurial actions carried out by organisations operating in supply chains, and contribute to food safety and quality ([Iliopoulos, 2015](#)). These types of cooperatives are also a sign of an advanced food-producing and agricultural system, in which cooperatives have an important role (quoted by [Iliopoulos, 2015](#)) in stimulating rural and disadvantaged regions, given their contribution to job creation, stabilizing population, increasing social well-being and also conservation of the countryside and natural resources ([Couderc and Marchini, 2011](#)).

In these circumstances, it is appropriate to mention, for example, that wine cooperatives function as a way for small farmers to gain scale, access to resources and capacities, achieve a better market position to sell their grapes and to some extent cope with market turbulence, managing to avoid the closure of their operations or the need to negotiate with large economic groups on

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