

INTEGRATION AND GROWTH MODELS IN AGRI-FOOD
COOPERATIVISM. INTERNATIONAL SUCCESSFUL CASES

Valencia September 16th 2016

Integration and growth strategies in Nordic countries

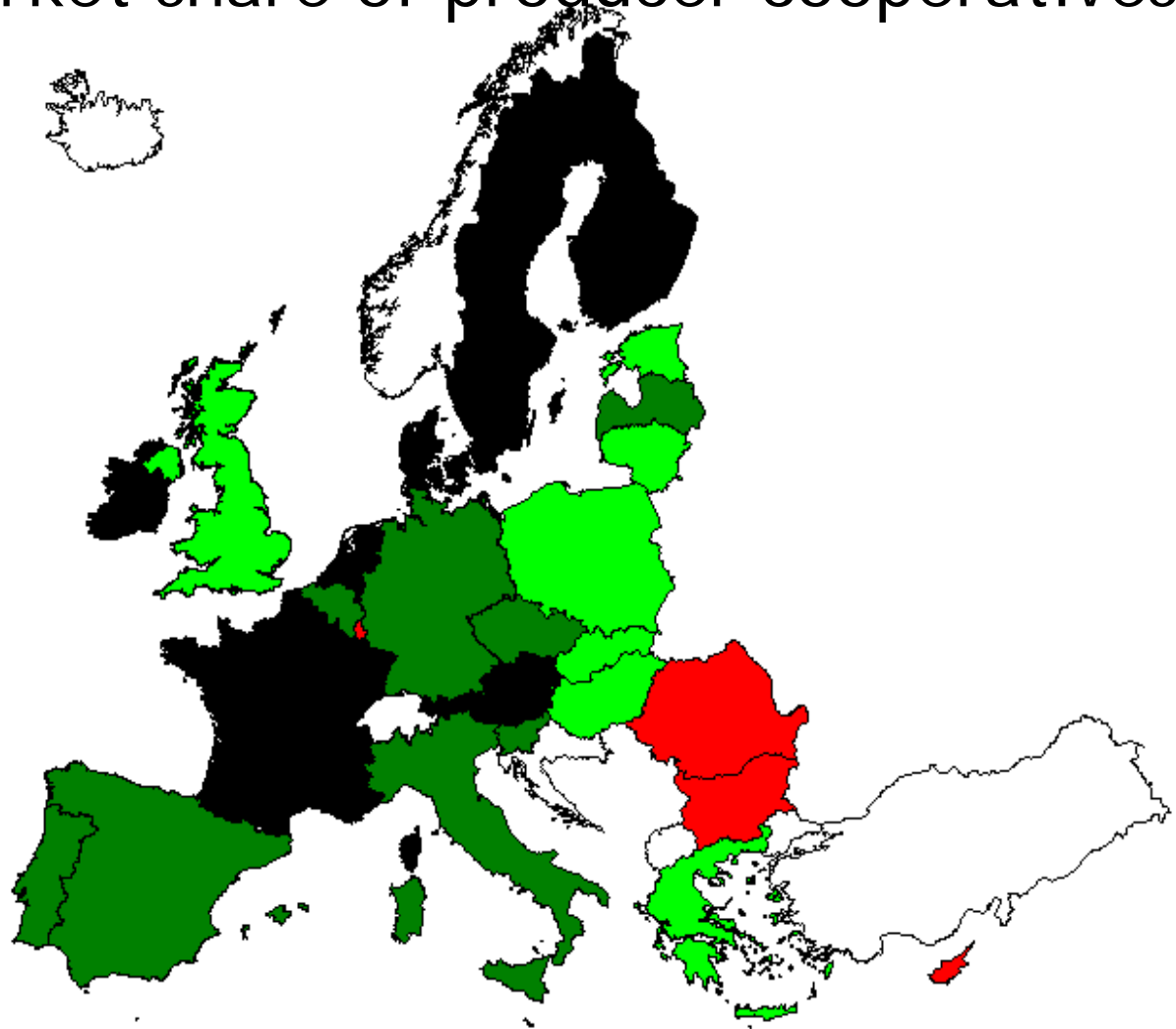
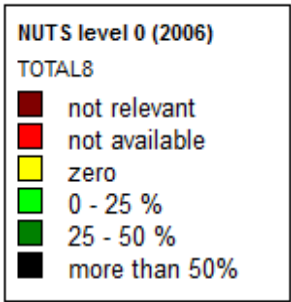
Petri Ollila
Professor
University of Helsinki, Finland



Outline of presentation

- ▶ Producer cooperatives in Nordic countries
- ▶ Cooperative growth
- ▶ Cooperative governance
- ▶ Internationalization
- ▶ Concluding remarks

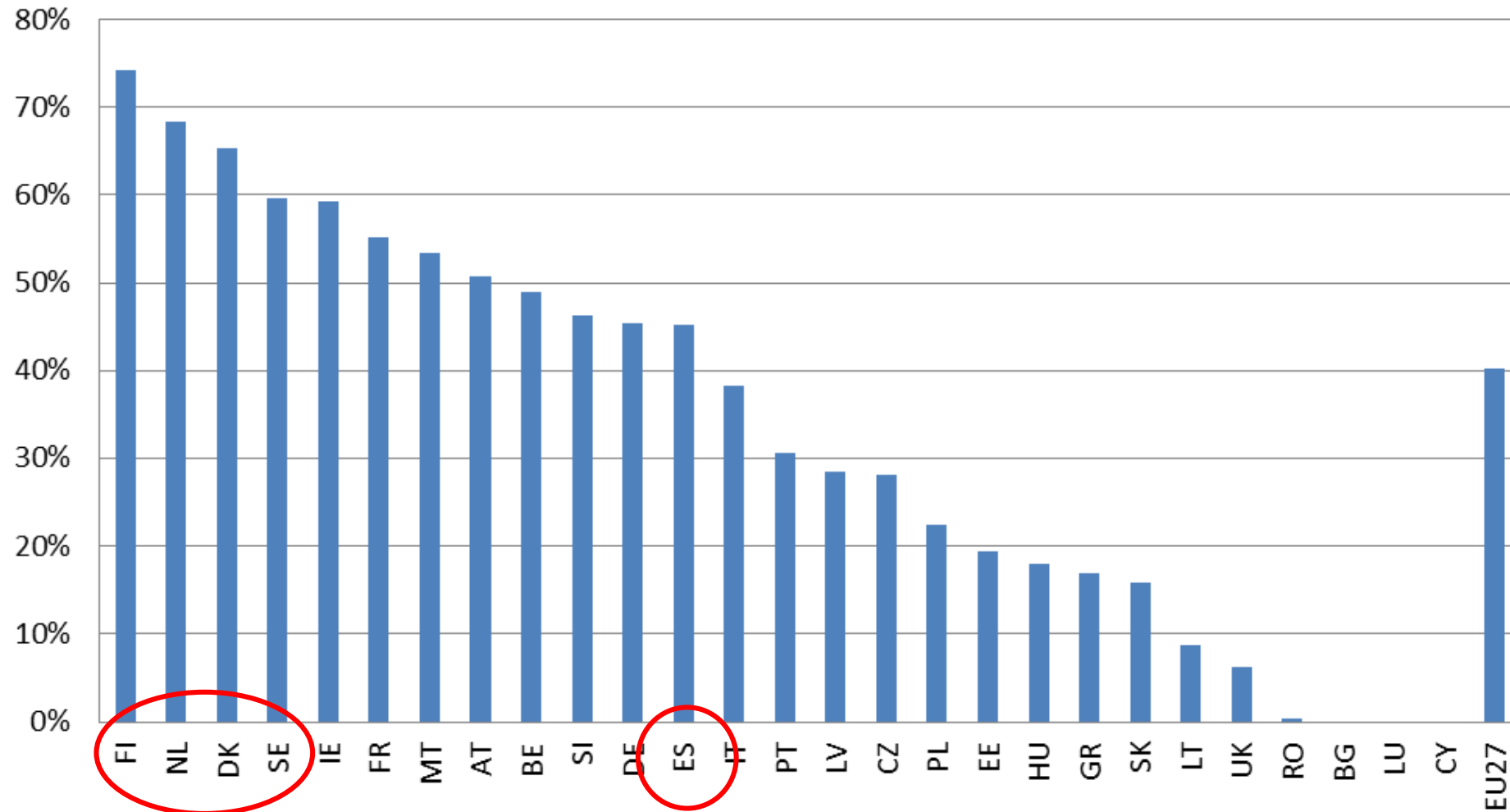
Market share of producer cooperatives



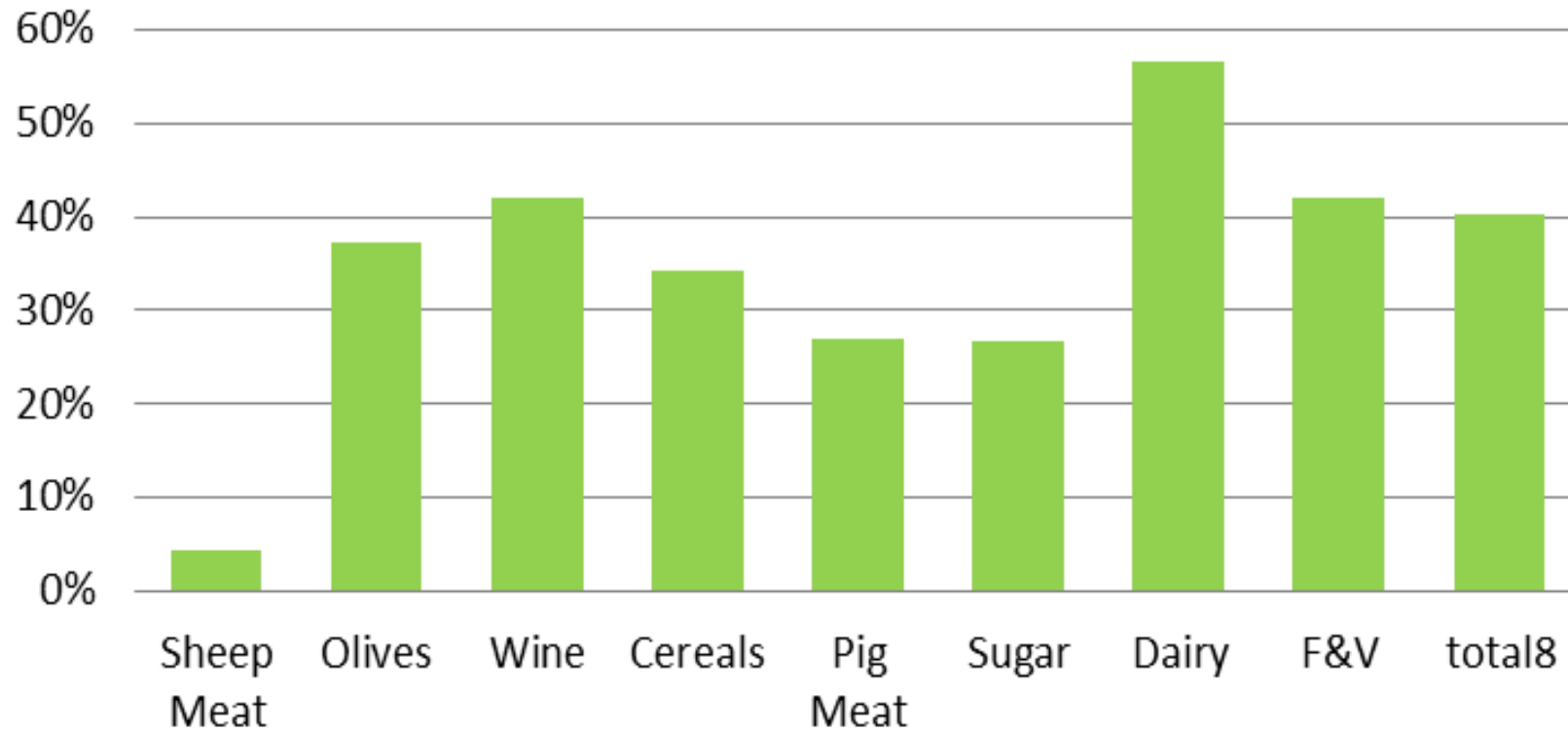
PTT



Market share of cooperatives, per country, 2010



Market share of cooperatives, total EU, per sector, 2012



Five largest cooperatives' turnover million euros

Finland	Sweden	Denmark	Spain
6400	4028	6183	966
2600	615	6034	554
2200	370	5279	467
1380	252	1789	340

Most important co-operative commodities

Finland	Sweden	Denmark	Spain
Forestry	Cereals	Cereals	Meat
Meat	Dairy	Meat	Fruits&Veget.
Dairy	Meat	Dairy	Cereals
Cereals	Fruits&Veget.	Fruits&Veget.	Dairy

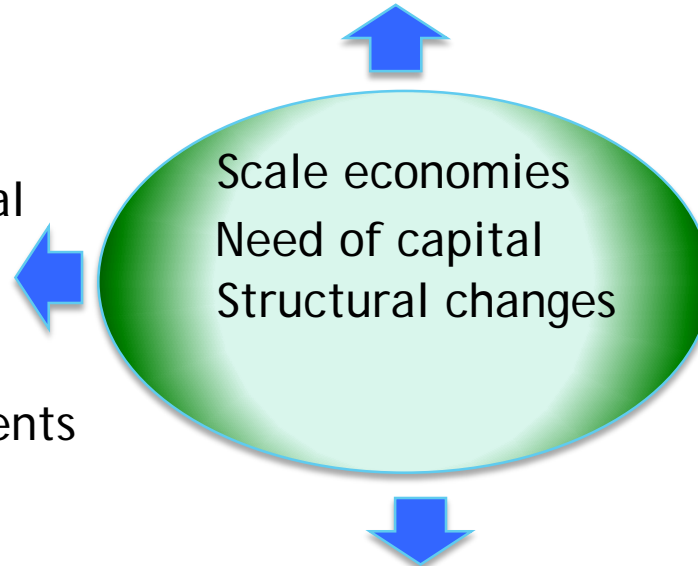


MARKETS

Competition
Negotiation power
Growth

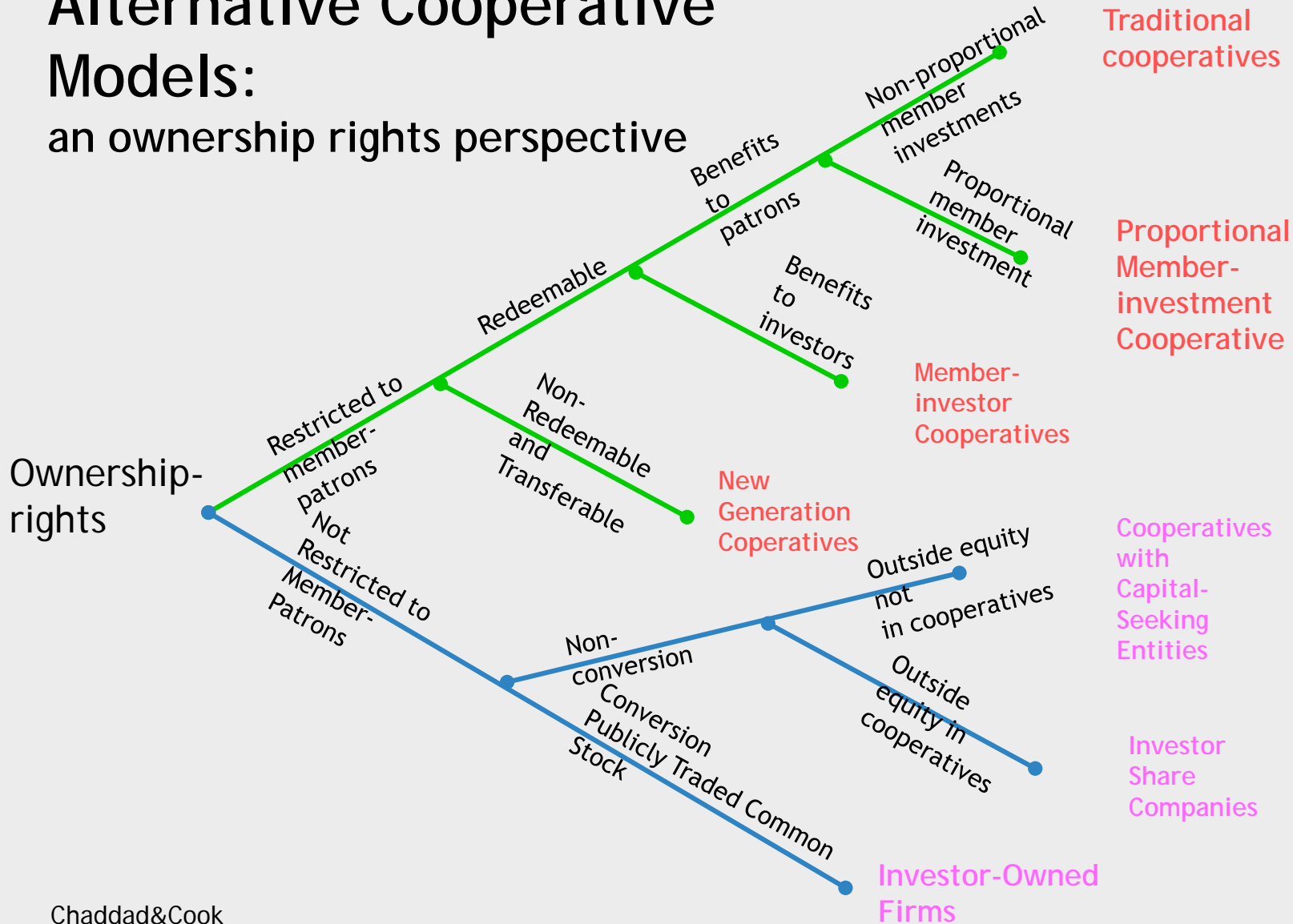
CAPITAL

Membership capital
Invested capital
External capital
Member investments



MEMBERS

Alternative Cooperative Models: an ownership rights perspective

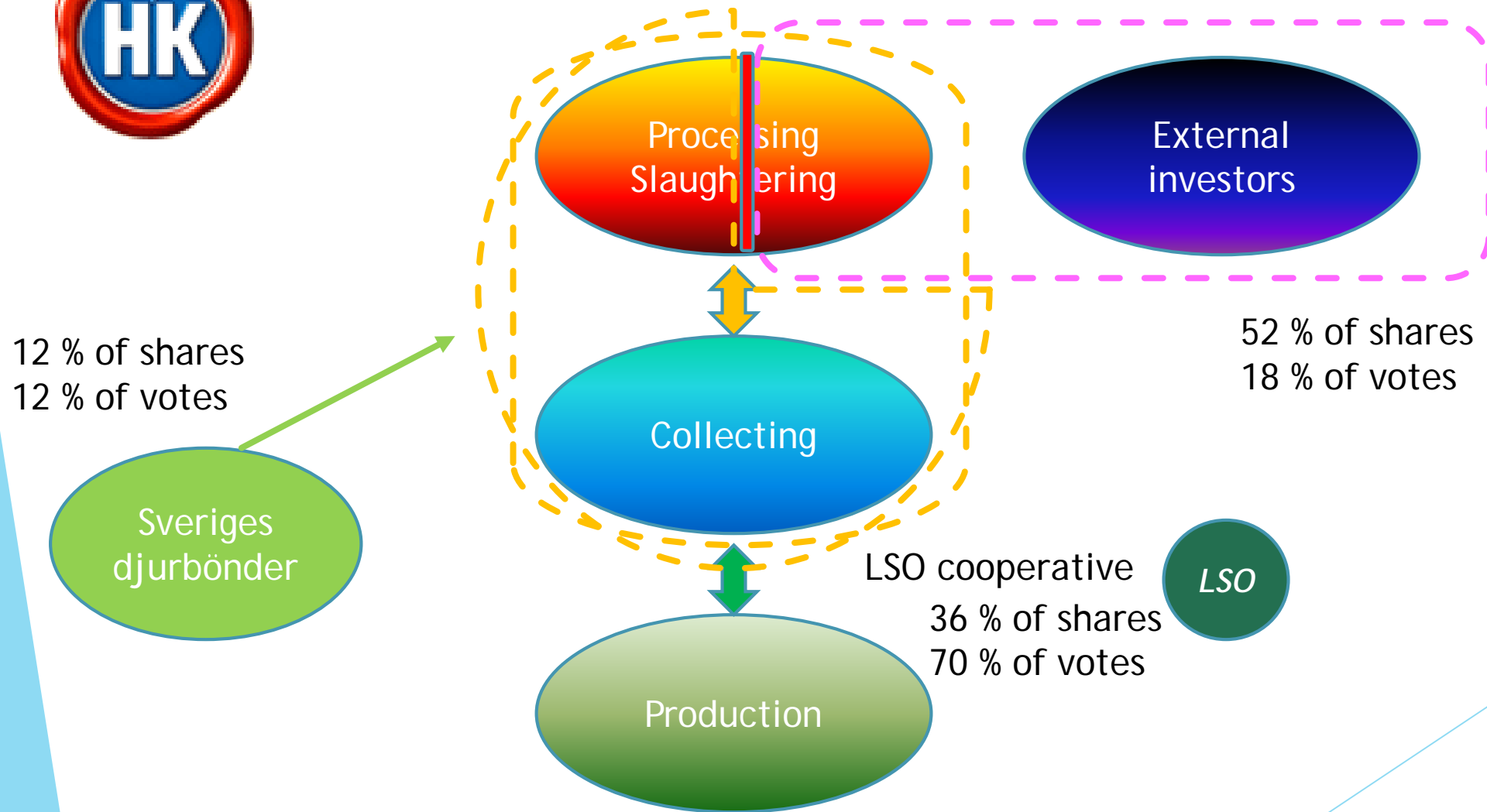


Governance of HK Ruokatalo



Two sets of shares:

	% of shares	No of votes
A	90	1
K	10	20



Valio's strategic alternatives in 1985:

1. Development of the present structure having 30-40 larger units
2. Development of a regional structure with only a few production units.
3. Only one national cooperative Valio as federated unit.



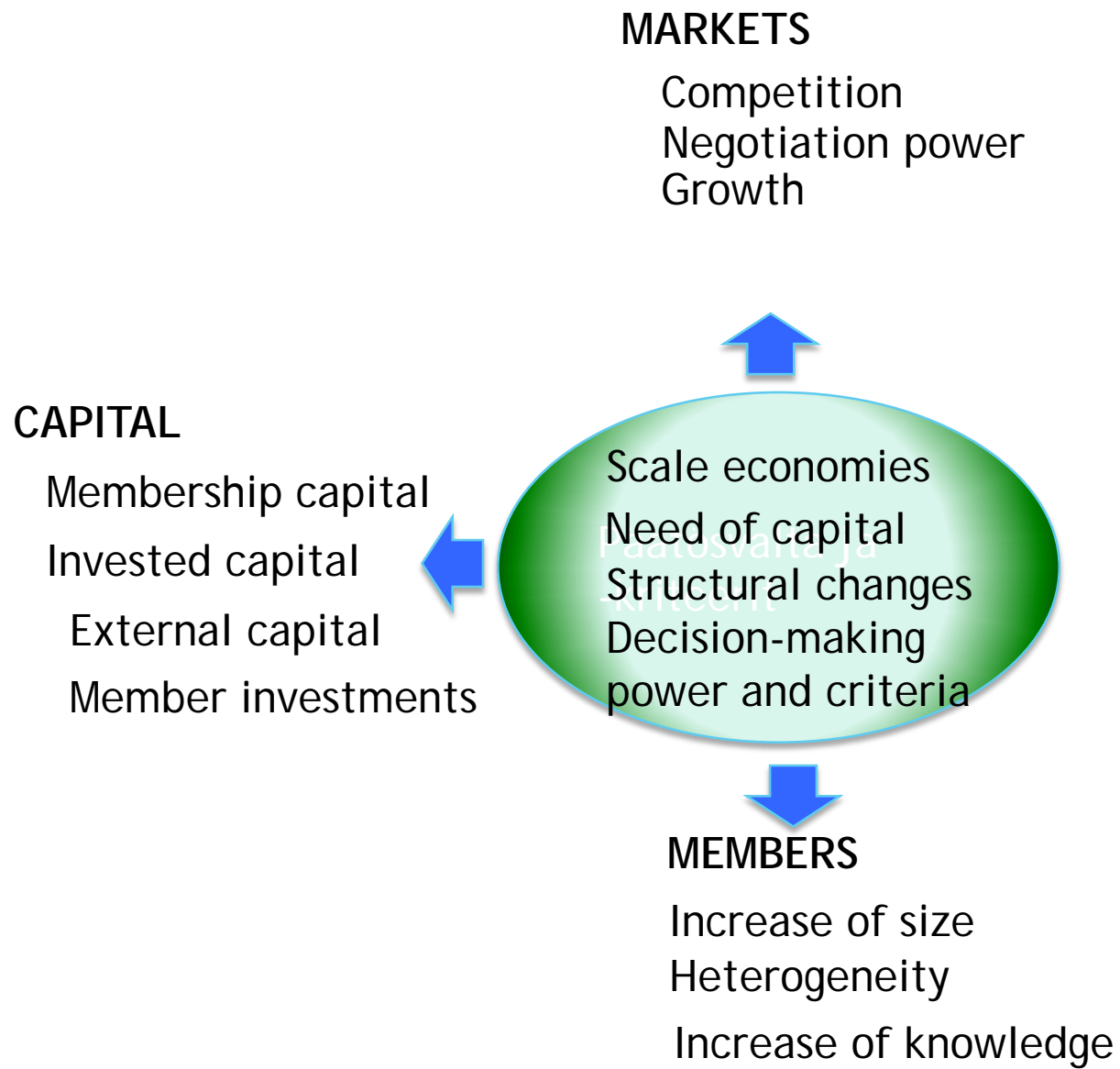


Valio at present

Valio Ltd. is owned by 17 dairy cooperatives

The Board of Trustees consists of 24 members.
All are dairy producers.

The Board of Directors consists of four dairy farmers



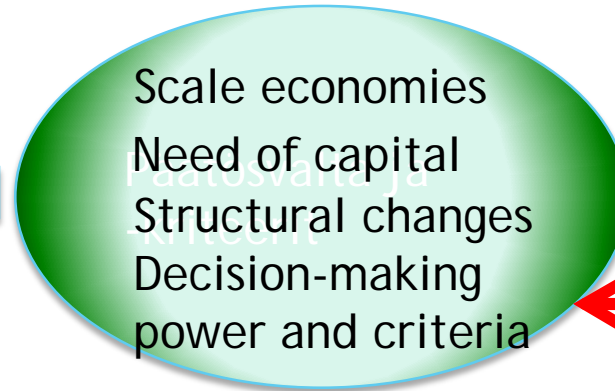


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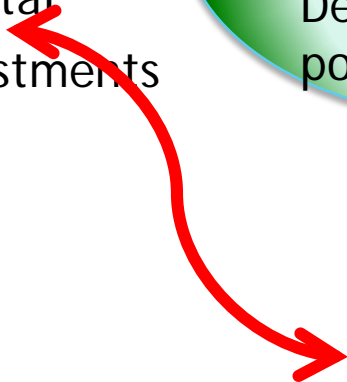
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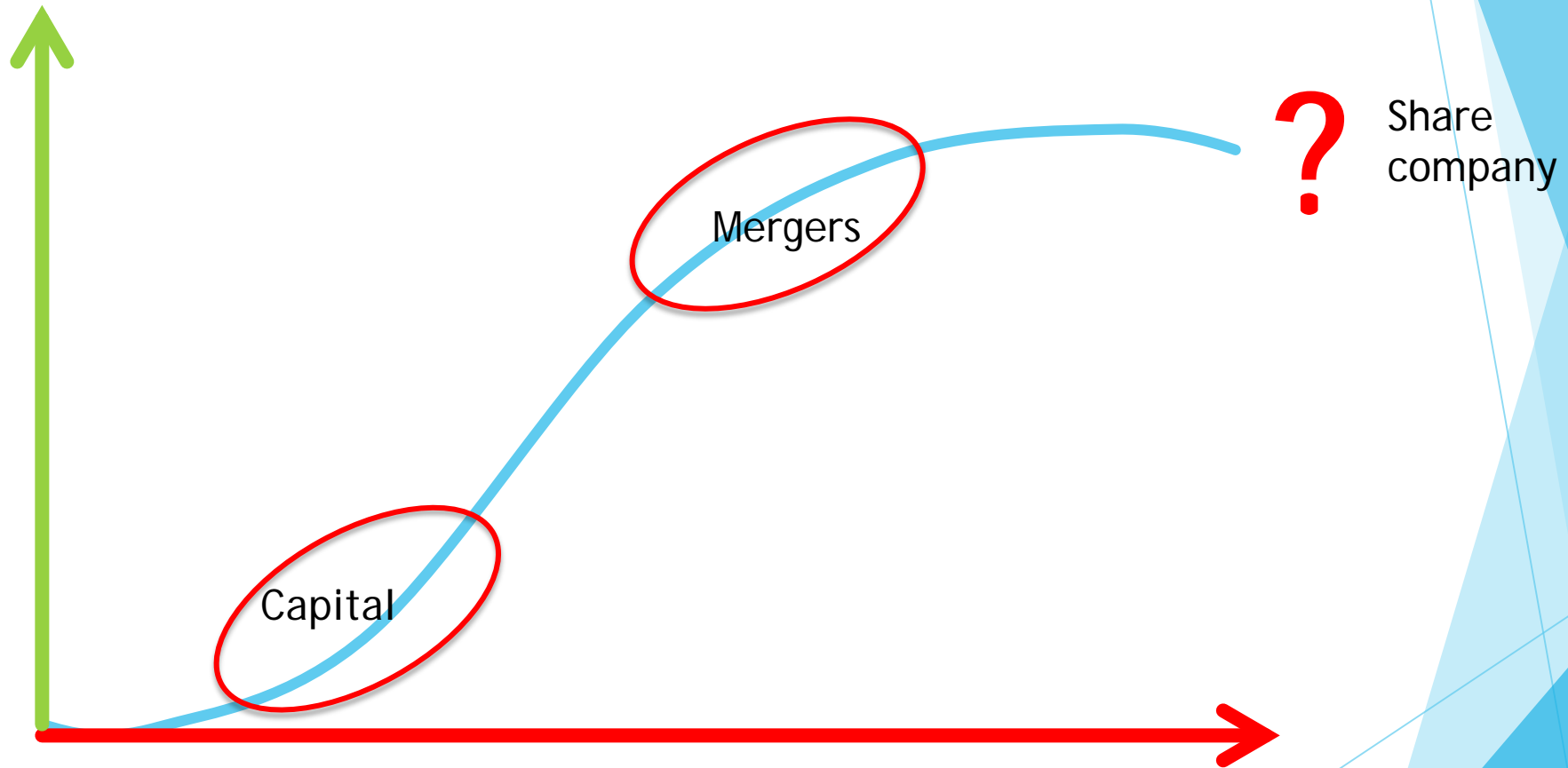
MEMBERSHIP RELATIONS

Member vs. producer
Patronage refund vs. interest for capital
Patronage vs. ownership
Life cycle, producer organizations



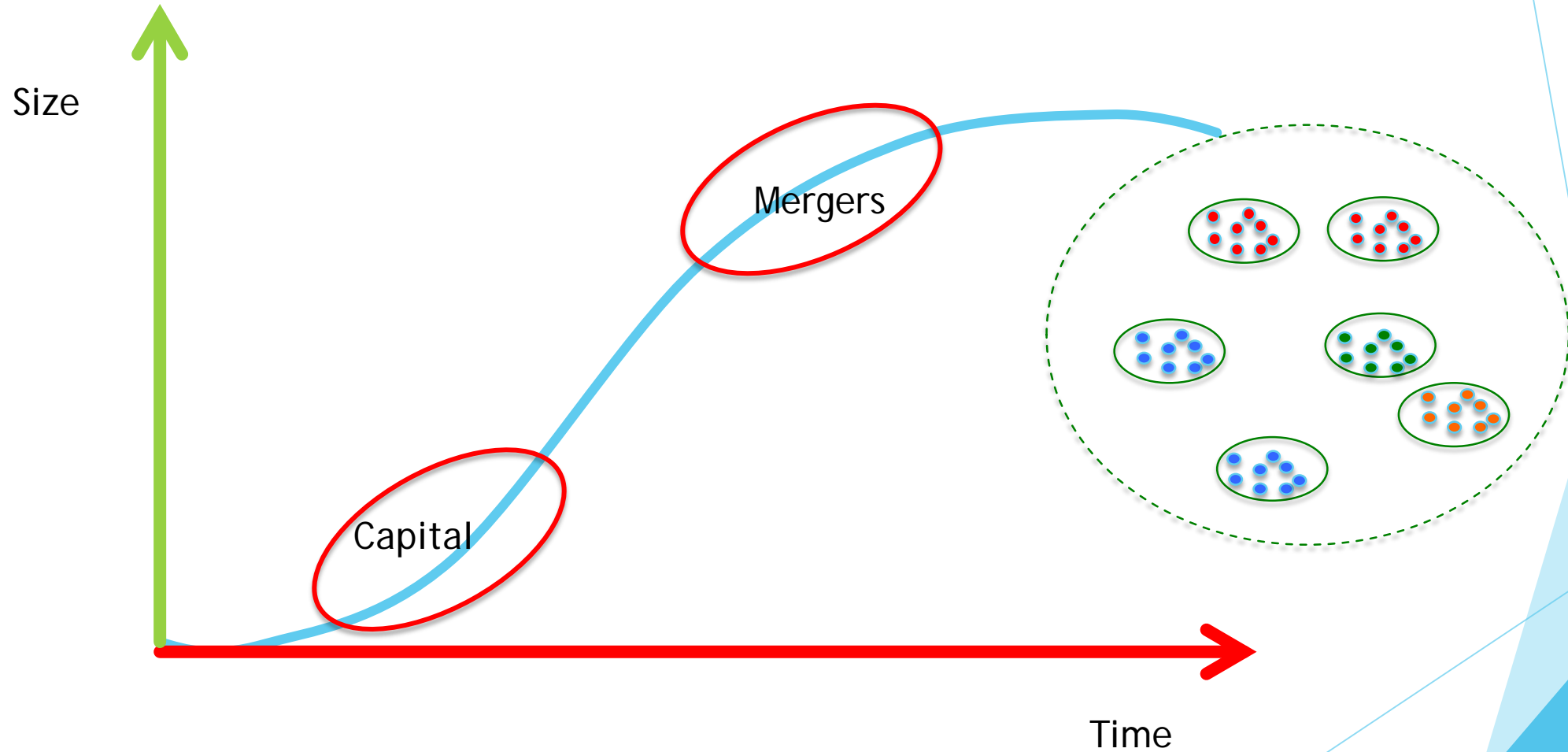


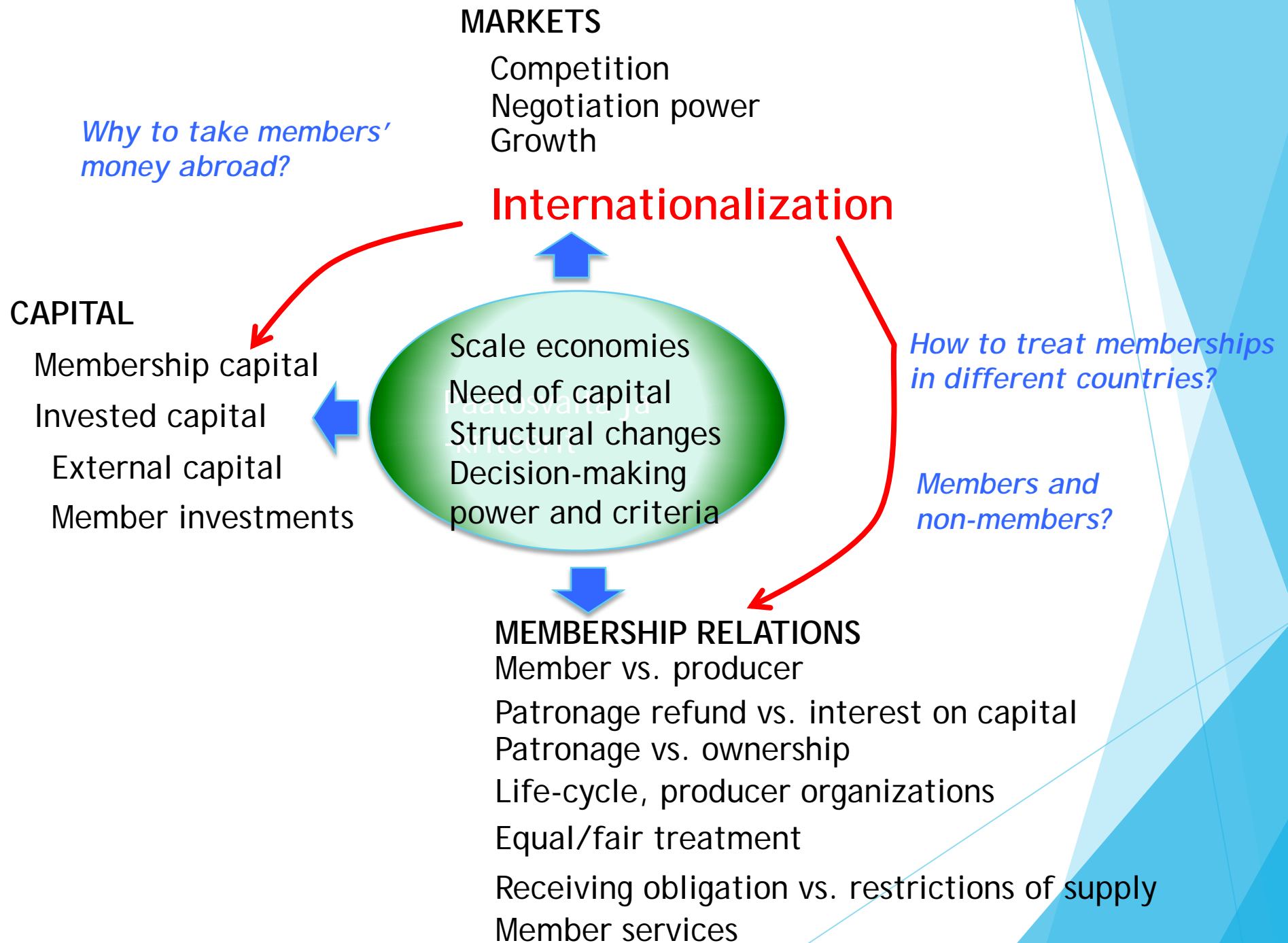
Co-operative life-cycle





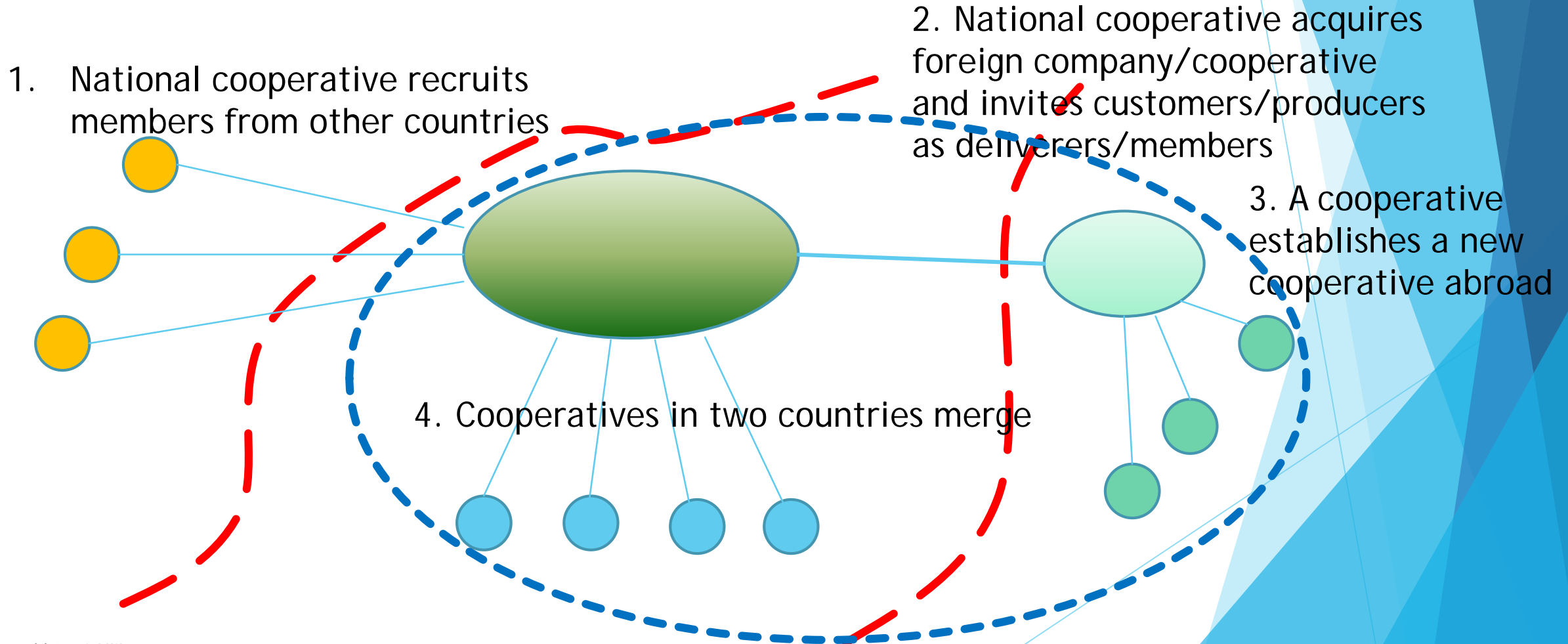
Co-operative life-cycle



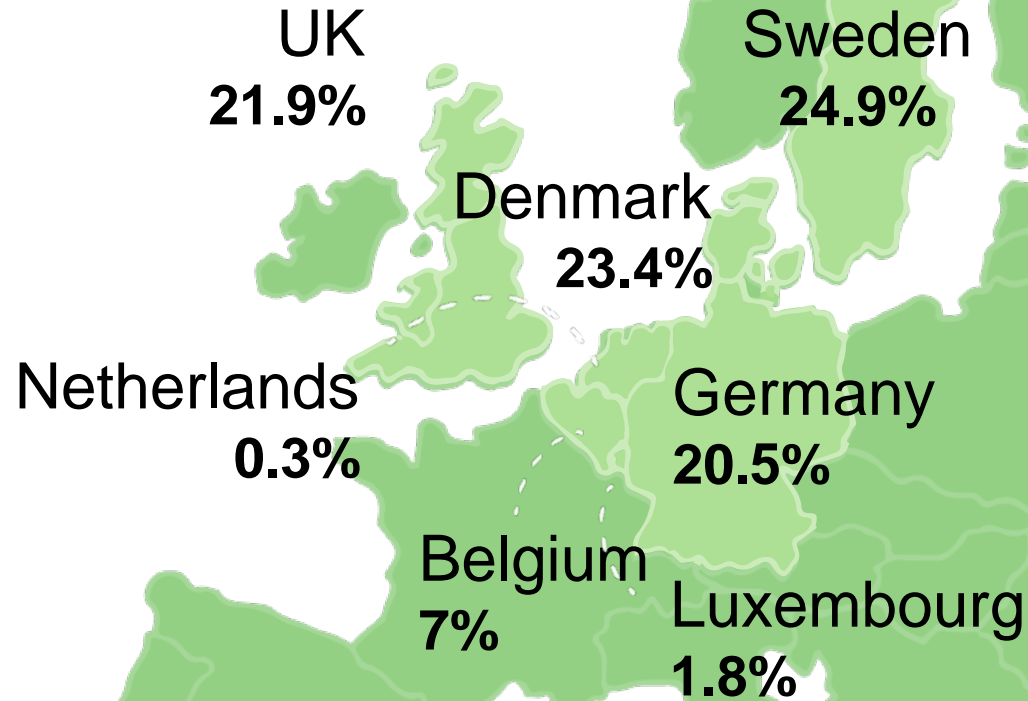


Four strategies to become international

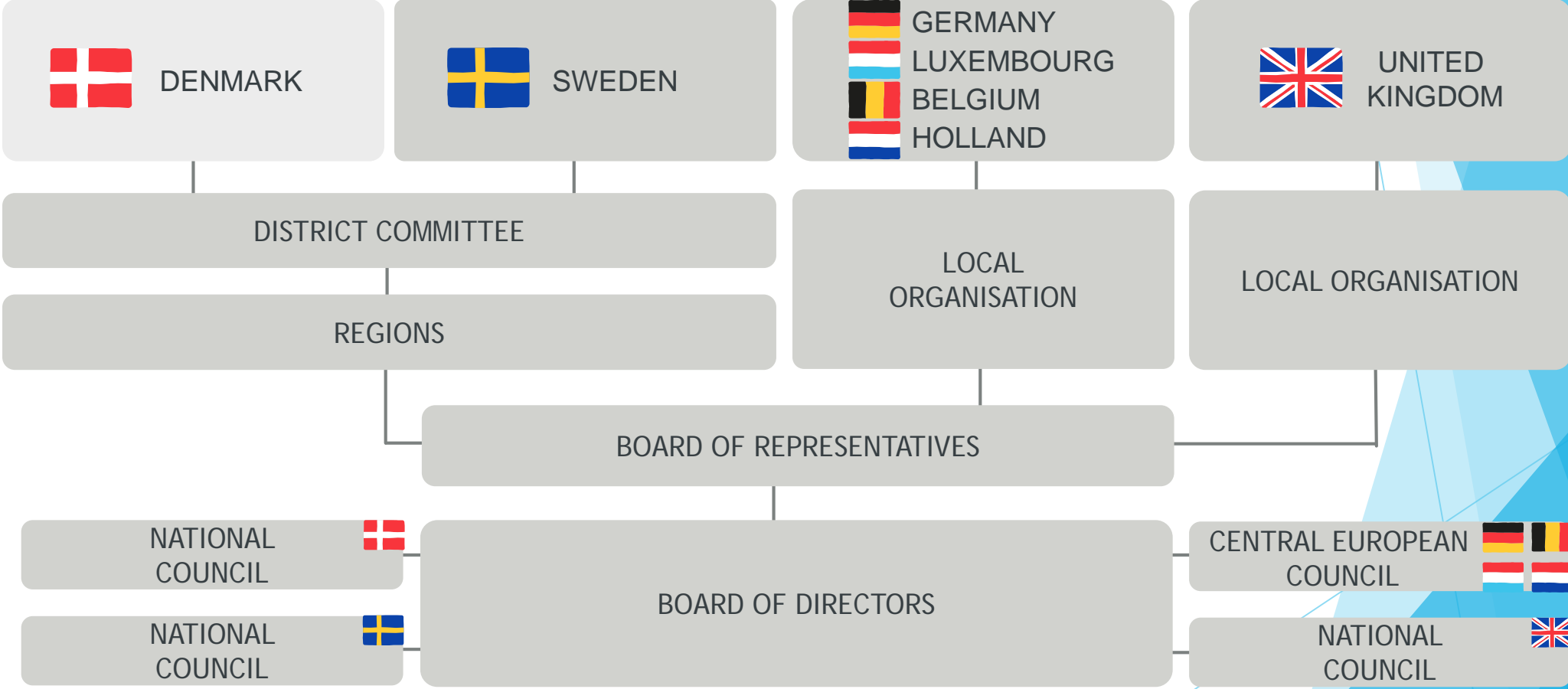
(Nilsson&Madsen 2007)



**Arla has 13,474
members in
seven
European
countries**



A democratic dairy cooperative



Concluding remarks

- ▶ Competitive situation has forced to gain economies of scale and market power
- ▶ Need of capital has initiated new organizational structures
- ▶ New structures challenge traditional cooperative institutional models
- ▶ Cooperatives become closer to Investor-Owned governance structures
- ▶ Internationalization of cooperatives created new governance challenges
- ▶ Despite of expectations, cooperatives have managed the situation quite well
- ▶ In this competitive situation, cooperatives are not able to maintain all the traditional cooperative principles
 - ▶ One member - one vote
 - ▶ Equal treatment
 - ▶ Patronage refund only to members
- ▶ **Cooperatives must consider, which are the most important cooperative characteristics to be maintained!**

Thank you for your attention!

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.