

*XII World Congress of Rural Sociology  
South Korea July 2008*

*Working Group 3: Alternative forms of agri-food system development in the context of food system industrialization*

---

## BETWEEN AGENCY AND STRUCTURE: AN ANALYSIS OF THREE FLEMISH COOPERATIVES

**Authors:** Joost Dessein<sup>1</sup> and Erik Mathijs<sup>2</sup>

<sup>1</sup> Institute for agricultural and Fisheries Research, Social Sciences Unit, Burg. Van Gansberghelaan 109/2, B-9820 Merelbeke, Belgium. Joost.Dessein@ilvo.vlaanderen.be

<sup>2</sup> Catholic University Leuven, Division of Agricultural and Food Economics, Willem de Croylaan 42, 3001 Leuven, Belgium, Erik.Mathijs@biw.kuleuven.be

### 1. Introduction

In this paper, alternative agri-food (AAF) networks are considered as collective farmers' marketing initiatives (COFAMI) or as local food systems (LFS). A COFAMI is conceived of as the formation and development of collective marketing initiatives, conducted by farmers. Jahn et al. (2007) developed a sixfold characterisation of the main forms of COFAMIs: the pooling of volume, the production of high quality food, the production of regional food, the regional marketing of food, the establishment of direct producer-consumer relations and the creation of non food markets, such as offering rural services or non-food products.

LFS are a specific combination of several characteristics of COFAMIs, such as the production of regional food, the establishment of direct producer-consumer relations and the regional marketing of food. LFS are systems in which consumers prefer to buy their food from local sources for both social and environmental reasons. Often, but not necessarily, such systems are based on direct contact between producers and consumers. Since the 1990s, there is increasing interest from consumers in local food systems. A host of marketing channels is used

for this: on-farm sales, farmers' markets, community-supported agriculture, farmer cooperatives, box schemes and various other ways. But also institutions such as food banks, school lunch programmes, local nutrition education and food policy councils can be part of local food systems. As the central theme of local food systems is that the distance from producer to consumer is as short as possible, they are often denoted as short supply chains.

Local food systems are also argued to be a key component to promote the sustainability of agriculture (Marsden et al., 2000; Renting et al., 2001). A particular concept describing LFS is the foodshed that consists of “self-reliant, locally or regionally based food systems comprised of diversified farms using sustainable practices to supply fresher, more nutritious foodstuffs to small-scale processors and consumers to whom producers are linked by the bonds of community as well as economy” (Kloppenburg et al., 1996). The term foodshed, borrowed from the concept of a watershed, was coined as early as 1929 to describe the flow of food from the area where it is grown into the place where it is consumed. Recently, the term has been revived as a way of looking at and thinking about local, sustainable food systems.

The establishment of local food systems is based on a combination of supply-driven, demand-driven and institutional factors. An important factor in the emergence of local food systems is the consumer. Research has confirmed the importance of consumer concern for food safety, animal welfare, environmental effects, regional development and the interest in better quality and fresher food (Nygard and Storstad, 1998; Hinrichs, 2000; Vannoppen et al., 2001; La Trobe, 2001; Weatherell et al., 2003; Ross, 2006). However, much less is known from the part of the supply side, as setting up an LFS involves costs, changing policies and new competences.

Previous research has primarily focused on the policy and market environment (e.g., Tregear et al., 1998), on the social aspects of local food systems (e.g., Hinrichs, 2000; Nordström

Kallström and Ljung, 2005) and on the switching costs for farmers (e.g., Verhaegen and Van Huylenbroeck, 2001). Research on the development of local food systems (LFS) with a network character and particularly on the tensions originating from the Giddensian duality of agency and structure is virtually absent.

This paper investigates how the agency of individual actors simultaneously contributes to and threatens the structural setting of the cooperatives they belong to and live from (Giddens, 1984; Sewell, 1992). For this, we apply a grounded theory approach to a multiple case study design. The remainder of the paper is organised as follows. Section 2 describes the methods we applied. The cases are described in section 3. Section 4 summarizes the results of our analysis, while section 5 concludes the paper.

## **2. Methods**

To answer the research question we choose for an inductive case study approach. Yin (2003) defines a case study as empirical research that investigates a contemporary phenomenon in a real context that is used primarily when the borders between the phenomenon and its context are not evident. Case studies are specifically suited to build theories in an inductive way (Eisenhardt, 1989), as an iterative process in which the researchers go back and forth between theory and data (Strauss, 1987; Eisenhardt, 1989; Miles and Huberman, 1994; Yin, 2003). We choose for a multiple, holistic case study design, with various data sources, methods and ways of triangulation (Eisenhardt, 1989; Yin, 2003). A diachronic perspective allows understanding the trajectories, orientations and origins of the selected cases. In addition, a triangulation or combination of research methods and data sources is necessary to support the validity and reliability of the research (Eisenhardt, 1989; Yin, 2003).

Case selection followed a replication logic, that is, a first pilot case has been selected purposively, while the next two cases were selected for literal replication (Yin, 2003). The use of data sources and methods differed between the pilot case on the one hand and the subsequent cases on the other.

For the pilot case (case A), the following sources have been used: (1) documents (e.g., meeting reports, website), (2) interviews, (3) observations of meetings and (4) interventions. Some of the case data are brought together and summarized through a methodology known in the literature as the learning history, a retrospective history of important events in the recent history of the case and of the ways members have learned and acted following these events (Roth and Kleiner, 1998). The researcher reports in the learning history how the actions of actors have led to certain results. The following steps have been taken:

- In a first step, researchers have observed meetings, conducted in-depth interviews with key informants and collected documents. Emphasis is put on events and actions that are important in the development of the local food system. The information is analyzed and written down in a case history. Critical points that form a pattern in the case are formulated in a number of dilemmas.
- In a second step, all the case members are confronted with the case history and analysis in a joint meeting. This validates the accuracy and validity of the data and gives the possibility to adapt the case history. Further, the researchers propose an intervention based on their analysis. The case members approve.
- In a third step, the intervention takes place in the form of a workshop led by the researchers and attended by all case members.

For the subsequent cases (case B and C), only two types of sources were used, i.e., documents (e.g., meeting reports, website) and in-depth interviews.

The construction of a theory is an iterative process, in which the researchers go back and forth between theory and data (Eisenhardt, 1989). Largely this process occurs in three phases. First, the constructs and relations are sharpened. The definition of the constructs is refined and evidence to support the constructs is supplied. Next, it is investigated whether the hypotheses or the relationships between constructs concur with the data in each of the cases. This process of verification is comparable to testing a hypothesis, but here the logic of replication is used. Finally, the concepts, theories and hypotheses thus constructed are confronted with existing literature.

### **3. Case study descriptions**

The creation of theory is nourished by three cases of farmers' cooperatives. Case A and B are successful undertakings, while the case C describes a failed initiative. Case A and B are local food systems, while Case C is a COFAMI, aiming at the pooling of volume.

#### *3.1. Case A: Livestock cooperative*

Case A is an intensive collaboration between five livestock farmers with the aim to sell high quality meat to the consumer. The cooperative they established is a service cooperative that provides services to its members, but also to non-members. It collects orders from consumers and then purchases animals from its members which it processes using own and hired labour. It then sells meat in a customized way directly to the final consumer. The amount of labour that each member contributes to the cooperative depends on the revenues of the previous year. Each

member carries out those activities he or she is best fit for. Concerning the rearing of the animals, each farmer operates independently with his/her own standards of quality and sustainability. What joins the farmers is that they want to sell quality meat directly to the consumer as an alternative to the anonymous market that underestimates the value of quality meat.

We have distinguished four phases in the development of the cooperative. A first phase (prelude) encompasses the origins, the second (establishment) the establishment of a informal collaboration, the third phase (going forward) the transformation of the informal structure into a formal cooperative and the fourth phase (growing up) the professionalisation of the cooperative.

#### Phase 1: Prelude

A local NGO had established food teams, i.e. groups of consumers purchasing food packages directly from a group of farmers on a weekly basis. In the eastern part of the province of Vlaams-Brabant food teams had been supplied with meat by a single farmer who kept cattle, sheep and pigs at the same farm. At the end of 2001 the livestock farmer stopped the delivery. The NGO searched for new suppliers who would be interested to join a collaboration. Six farmers and one butcher were originally convened, mainly by the previous farmer.

#### Phase 2: Establishment

From these seven actors eventually only the sheep farmer and the cattle farmer remained interested, but at first did not see how to structure the collaborative venture. Because a clientele was already in place, they did not need to bother about sales, only about production and

processing. However, at that time there was no model that could be followed, resulting in a dynamic search for an optimal solution. The farmers were guided not only by the NGO, but also by a consultant innovation agency of the Farmers Union. Since they were only two, they established an informal partnership, as for a cooperative at least three members are needed. In March 2002 they started supplying the food teams with their own beef and mutton, but the chicken meat and pork had to be purchased elsewhere.

### Phase 3: Going forward

While it was difficult to engage other farmers in the beginning, this became easier once the sales started. Two poultry farmers entered the collaborative venture, such that the informal partnership could be transformed into a formal cooperative with limited liability. A pig farmer then joined, while the sheep farmer left because he quit farming and was replaced by another sheep farmer. The cooperative ultimately has these five farmers as members. It should be noted that the employment situation is very different in the different farms. It ranges from full employment of both spouses to the part-time operation of a farm which is combined with a full-time job. Also the dependence on the cooperative varies for the various farms: the pig farmer sells only 10% of his output to the cooperative, while the sheep farmer sells all of his sheep through the cooperative.

### Phase 4: Growing up

When supplying consumers with meat, the members ran into other farmers delivering dairy, fruit and vegetables to the same food teams. It thus seemed quite logical, ecological and efficient to organize joint transportation. This was tackled in a government funded project with the support

of the NGO and the innovation agency. Together with other producers from the province of Limburg, the farmers met and visited a Dutch web shop initiative and a cooperative shop in Lille (F) in 2004. Inspired by these examples, the farmers set up a new venture in 2005 with a brand name and a web shop. The venture was, however, split into two chapters: the one in Vlaams-Brabant corresponding with the meat cooperative and the one in Limburg. An important difference between the two sets of farmers is that the farmers in Limburg are organic. Interestingly, the brand name is owned by the NGO.

### *3.2. Case B: Urban cooperative*

Case B is a cooperative of farmers of the Brussels' hinterland. The five founding members, together with a bunch of other local farmers, run a shop in the heart of Brussels. They sell their own organic vegetables, together with products from other local producers (such as bread or cheese) and from an Italian cooperative. The purpose of the cooperative is threefold: it wants (1) to create employment in the shop; (2) to support the farmers around Brussels; and (3) to create processes of gentrification and reinforcement of the social tissue in this hamlet of Brussels. We describe the evolution of the cooperative in two phases. Phase 1 (the beginning) entails the initial initiative of the city council and the start up of the cooperative. Phase 2 (the elaboration) deals with the actual working of the cooperative.

#### Phase 1: The beginning

The initiative for the cooperative shop was launched by the city council of Brussels. The council wanted to supply several hamlets with a weekly organic vegetable market. Confronted with difficulties in reaching this objective, the alternative of a organic shop emerged. As the council



was acquainted with a local farmer, due to former projects, it offered him the possibility to establish a shop. Based on a longstanding informal cooperation and friendship with four colleagues, he set up a cooperative structure. Although they increased the number of suppliers to more than a dozen, the initial five founders stated from the very beginning that they had to remain in charge in order to keep the cooperation efficient and workable. The subsidy by the city council acted as a catalyst and facilitated the start up of the cooperative. Still, the five founders consider their enthusiasm, commitment and belief in their cause as more crucial.

### Phase 2: The elaboration

At present, four people are employed in the shop. They were all long term unemployed, and got the opportunity to be trained as a shop keeper, within the context of a city-run labor integration project. Despite the blooming of the shop, the increase of the turnover, and the growing number of members, the five founders remain solely in charge. Trust is a crucial element of their functioning, and all issues are discussed and decided together amongst them. The board members believe in the strength of longstanding relations as a necessary glue to hold the board of the cooperative together. Their mutual openness and straightforward communication keeps them united and unanimous in their communication. On the other hand, the formalised structure of the cooperative clarifies the rules of the game for other farmers who work for the cooperative.

### *3.3. Case C: Organic marketing cooperative*

The cooperative case C is a collaboration of several organic vegetable growers. They want to avoid the dependency of the price setting at an auction, by combining their products into bigger lots. This gives them a better negotiation position when dealing with warehouses and retailers.

Three phases characterise the evolution of Case C. The first phase (the take-off) is marked by the initial enthusiasm of the four founders and the other starting members. The second phase (the growth) shows a tremendous growth of the cooperative during several years. The third phase (the downfall) encompasses the collapse of the cooperative.

#### Phase 1: The take -off

When in the nineties a leading auction in Flanders started up an auction for organic vegetables, a group of four growers decided to bypass the auction by setting up their own structure. In order to have a sufficient amount of products, they called for a few other farmers, and in 1997 seven growers start the cooperative. They all contributed 250 Euro, while the initiator added another 4000 Euro. An important decision, taken at the first meeting of the board, showed the strength of a cooperative: instead of distributing the shares (and hence the power) according to the capital initially invested in the cooperative, the shares are distributed according to the volume of trade, with a maximum of 10% of the shares of one person. With a duty to deliver to the cooperative of 100% and an obligatory 5% overhead for the cooperative, the cooperative demands a strong commitment of its members.

#### Phase 2: The Growth

From the beginning, the cooperative is very successful. It delivers its vegetables to a group of supermarkets and to a chain of reform shops. Soon it had its own food packaging system, and a market in the frozen vegetables industry. After a few years, five full time employees worked for

the cooperative; they had a turnover of almost three million Euro. The cooperative was considered as the price setter for the organic sector in Flanders. Being as democratic as possible was a creed in this period. New members still paid 250 Euro, transferred 5% of their turnover, and contributed an additional 1% during three years. Small producers and high risk producers also contribute with a slightly higher percentage of their turnover. After the launch of the European Common Market Organisation, the cooperative joins another cooperative to form a new organisation. The European money is proportionally distributed between the two partner organisations.

### Phase 3: The downfall

After five years of success, a client of the cooperative suggested to grow a new vegetable (pumpkin). Several members of the cooperative accepted the offer. After the delivery of the pumpkin, the client disappeared and the sum of 100,000 Euro was not paid. A special board meeting established a special financial construction, forcing all members to contribute to recover the investments. This led to two parties (the pumpkin growers and the non-pumpkin growers), and a fundamental crisis of trust. Extremely complex constructions to elect a new chairman and board members, together with financial mismanagement by the accountant, finally resulted in the termination of the cooperative.

## **4. Four dilemmas and the challenge of striking the golden mean**

Most organisations have to take decisions between alternatives. Decision-makers often consider these as dilemmas, as they feel they *have* to choose, which often leads to an inferior situation. Such dilemmas are ideal moments to identify critical points in the development of an

organization. Transcending a dilemma is often considered unrealistic, but leads to the superior solution. Analysis of case A yielded four such dilemmas which were subsequently checked for case B and C.

The first dilemma is the **tension between pioneers and followers**. In Case A it was clear that to capture scale economies the cooperative needs to grow and take further steps. Different risk profiles of the members lead to different opinions with respect to development of the cooperative. But, the fact that pioneers invest more resources (money and time) in the cooperative without necessarily reaping the benefits of those resources leads to tension. Case B and Case C illustrate two different approaches of this dilemma. The farmers of Case C want to be as democratic as possible, giving followers the same voice in decision taking as the pioneers. Reflecting upon the demise of their cooperative, the pioneers state that they wanted to be too democratic. “We were too good. Too democratic. We were not authoritarian enough and that caused the collapse”, says the initiator, when he describes the complex process of decision-making after the escape of the pumpkin trader. The Case B pioneers on the other hand chose to restrict the say of the newcomers. Only the five founders take decisions, the other members have to agree or to quit. They do not intend to allow new board members, unless they have proven several years their commitment, faithfulness and trust.

The second dilemma is the choice between **formal/strict rules versus informal/pragmatic ones**. Informal rules built in an environment of trust leads to more flexibility and thus potentially to more profit. However, the heterogeneity of the farms of case A in terms of production practices and the introduction of newcomers may lead to tension and, as a result, to the introduction of formal rules or the formalisation of existing rules. When joint decisions have to be taken, the individual (ideological) background often dominates the common

vision of the cooperative. Examples of this include rules for labour input, cost sharing and profit allocation. As case A, the approach of case B combines formal and informal rules. Based on longstanding relations, and leaning on the built-up trust and even friendship, the pioneers feel confident to run the cooperative “in the way we have been working together and supporting each other for many years”. But the involvement of a dozen other farmers and the Italian cooperative, as well as the formal contacts with the city council, urges them to built up a structure that allows communication and negotiations with these different bodies. Case C on the other hand gets lost in formalisation and regulations. The creation of a tremendous number of rules in order to have everything under control while remaining as democratic as possible, makes the cooperative too rigid to deal with an unforeseen situation like the pumpkin issue.

The third dilemma refers to the **individual-collective paradox**. In case A, the confrontation of the self-interest of the individual farmers with the interest of the cooperative is healthy in terms of continuously questioning the basis and rules for collaborating. In case A, how financial risk is shared is a particular source of tension. The pioneers of Case C were very conscious of this dilemma, as they decided on their first meeting to redivide shares and power according to turnover instead of financial capital. The spirit of the pioneers demands a high degree of collectivity. The existence of the cooperative is not merely a means to create profit. It is an ideological choice. The pumpkin affair reveals the different approach of the followers. Whilst the pioneers take the collective responsibility (and hence the collective payment of money) for granted, other farmers don't feel responsible for the initiative (growing pumpkin) of particular members of the cooperative. This paradox was not found in case B.

The fourth dilemma is whether **to outsource or do it yourself**. The members of case A hold the independence of the cooperative as very important. This was the very reason of its

establishment: marketing quality food independent of the mainstream retail system. As a result, the cooperative has a tendency to outsource as little as possible and to be involved in every step of the supply chain. However, this often conflicts with available time, such that, in practice, some work has to be outsourced. The same applies to Case C. Autonomy is often considered as a core value of the cooperative, and the key members of the cooperative are prepared to invest a tremendous amount of time and energy in order to keep this independence. Their reluctance to outsourcing eventually leads to mismanagement, as happened in Case C. Instead of outsourcing the accountancy to an external office, they decided to do this themselves. It resulted in a blurred bookkeeping and uncertainty about the financial condition of the cooperative in times of crisis. In the early phase, the members of the Case B cooperative were less reluctant to outsource some activities that lie beyond their competences. For instance the development of a house style and logo was outsourced to a designer, while the training for the employees was provided by an external agency. Nevertheless, after the initial phase, the five core members want to keep the cooperative small, such that they remain capable of running it by themselves, without the involvement of other parties.

## **5. Discussion and conclusions**

The objective of this paper was to explore the development of three cooperative farmers marketing initiatives and, more specifically, to investigate how the agency of individual actors simultaneously contributes to and threatens the structural setting of the cooperatives they belong to and live from. The analysis of three case studies have highlighted four dilemmas that recur over and influence their development: (1) pioneers versus followers, (2) formal versus informal rules, (3) individual versus collective interests and (4) do it yourself versus outsource.

Corresponding with Sewell (1992), we consider structures as schemas and resources that empower and constrain social action. More specifically in our cases, structures are the cooperatives, with their formal and informal rules, their internal and external relationships, and their different forms of social capital. The critical events in the development of our case studies are always characterized by an interaction between agency and structure (Van der Ploeg, 2006), which correlates with the duality of structure as proposed by Giddens. He states that ‘according to the notion of the duality of structure, the structural properties of social systems are both medium and outcome of the practices they recursively organize’ (Giddens 1984: 25).

The four dilemmas are all enactments of agency in the context of the structures in which they take place. Structures have initially been set up to accommodate the agency of the pioneers and to reconcile individual with collective interests. They are translated into formal elements (the establishment of a cooperative with formal rules) and informal elements (informal ways of interaction). The development and growth of the cooperative implies both new membership and the pressure to outsource some activities due to scale economies. Agency changes and the structures set up by the pioneering members are transformed, which eventually leads to new forms of agency. In our cases, the formal structures become less robust and may even collapse following an unexpected event (such as in case C).

The case studies show how for each of the described dilemmas, flexibility of the actors concerning their own initial ideas and ideals, is key to the bloom and survival of the cooperative. At the same time, the flexibility of the cooperative structure serves to stimulate and enliven the agency of the individual actors. It is this labile equilibrium of the agency of the individuals within the structural context of the cooperative that gives the cooperative and its member the chances to be successful.

## References

- Eisenhardt, K.M., 1989. Building theories from case study research. *Academy of Management Review* 14(4): 532-550.
- Giddens, A., 1984. *The Constitution of Society. Outline of the Theory of Structuration.* Cambridge : Polity Press.
- Hinrichs, C.C., 2000. Embeddedness and local food systems: notes on two types of direct agricultural market. *Journal of Rural Studies* 16: 295-303.
- Jahn, G., Zerger, C., Peter, S., Knickel, K., 2007. Status Quo Analysis - European Comparative Report, COFAMI Project, Sixth Framework Programme.
- Kloppenburg, J., Hendrickson, J., Stevenson, G.W., 1996. Coming into the foodshed. *Agriculture and Human Values* 13(3): 33-42.
- La Trobe, H., 2001. Farmers' Markets: consuming local rural produce. *International Journal of Consumer Studies* 25: 181-192.
- Marsden, T., Banks, J., Bristow, G., 2000. Food supply chain approaches: exploring their role in rural development. *Sociologia Ruralis* 40(4): 424-439.
- Miles, M., Huberman, A.M., 1994. *Qualitative Data Analysis: An Expanded Sourcebook.* Second Edition. Beverly Hills CA: Sage Publications,.
- Nordström Källström, H., Ljung, M., 2005. Social sustainability and collaborative learning, *AMBIO* 34(4): 376-382.
- Nygaard, B., Storstad, O., 1998. De-globalisation of food markets? Consumer perceptions of safe food: the case of Norway. *Sociologia Ruralis* 38: 36-53.



- Renting, H., Marsden, T.K., Banks, J., 2003. Understanding alternative food networks: exploring the role of short food supply chains in rural development. *Environment and Planning A* 35: 393-411.
- Ross, N.J., 2006. How civic is it? Success stories in locally focused agriculture in Maine. *Renewable Agricultural and Food Systems* 21(2): 114-123.
- Roth, G., Kleiner, A., 1998. Developing organizational memory through learning histories. *Organizational Dynamics* 27(2): 43-60.
- Sewell, W.H., 1992. A theory of structure: duality, agency and transformation. *The American Journal of Sociology* 98(1): 1-29.
- Strauss, A., 1987. *Qualitative Analysis for Social Scientists*. Cambridge: Cambridge University Press.
- Tregear, A., Kuznesof, S., Moxey, A., 1998. Policy initiatives for regional foods: some insights from consumer research. *Food Policy* 23: 383-394.
- Vannoppen, J., Verbeke, W., Van Huylenbroeck, G., Viaene, J., 2001. Consumer valuation of short market channels for fresh food through laddering. *Journal of International Food and Agribusiness Marketing* 12(1): 41-69.
- Van der Ploeg, J.D. 2006. Structure and agency. In D. A. Clark (Ed.), *The Elgar Companion to Development Studies*. Cheltenham, UK: Edward Elgar, pp. 607-612.
- Verhaegen, I., Van Huylenbroeck, G., 2001. Costs and benefits for farmers participating in innovative marketing channels for quality food products. *Journal of Rural Studies* 17: 443-456.
- Weatherell, C., Tregear, A., Allinson, J., 2003. In search of the concerned consumer: UK public perceptions of food, farming and buying local. *Journal of Rural Studies* 19(2): 233-244.

Yin, R.K., 2003. Case Study Research: Design and Methods. Third Edition. London: Sage.