**Bordeaux 2016 Abstract Submission**

**Title**
Intangible Investments in wine co-ops: catalyzers between governance and financial performance.

**I want to submit an abstract for:**
Conference Presentation

**Corresponding Author**
Louis-Antoine SAISSET

**E-Mail**
louis-antoine.saisset@supagro.fr

**Affiliation**
Montpellier SupAgro, UMR 1110 MOISA, F-34000 Montpellier, France

**Co-Author/s**

<table>
<thead>
<tr>
<th>Name</th>
<th>E-Mail</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryline FILIPPI</td>
<td><a href="mailto:maryline.filippi@agro-bordeaux.fr">maryline.filippi@agro-bordeaux.fr</a></td>
<td>University of Bordeaux, BSA, UMR SAD-APT, INRA AgroParisTech, Paris, France</td>
</tr>
</tbody>
</table>

**Keywords**
wine co-ops, intangible, governance, performance

**Research Question**
This proposal analyses how intangible investments can be associated to co-operative governance in order to contribute to obtain a better match between governance and financial performance.

**Methods**
Thanks to an original and unique database, we test a specific economic three-component model dealing with governance, intangible investments and performance. We use the Partial Least Square Structural Equation Modeling.

**Results**
Informal bodies allow dis-embeddeness in order to authorize the implication of stakeholders. Intangible investments are powerful tools: they act as a “catalyzer” for triggering co-operative governance effects on financial performance.

**Abstract**
Intangible Investments in wine co-ops: catalyzers between governance and financial performance

Louis-Antoine SÄISSET
Maryline FILIPPI

French wine co-ops are major operators in the wine sector, and represent more than 50% of the average national
output (20 to 25 millions hl). In this survey, we study those of Languedoc-Roussillon, which are the most numerous (210 out of 612 in 2010), and also frequently the smallest ones concerning their average size (turnover). These co-operatives are therefore in “pole position”, but have to face recurrent competitive gaps with other operators, which make them vulnerable, leading to mergers and vineyard uprooting. Taking into account our specific objectives, the way of governance and financial performance measurements of these organizations, we analyse the determinants of their competitiveness. We also study to what extent intangible investments interact with co-operative governance and performance, bearing in mind the need for these investments is, most of the time, underestimated by co-operative directors.

Economic literature emphasizes the importance of good governance on competitiveness. Co-operatives have traditionally been institutionalized as solidarity-focused, community-oriented, and member-based organizations (Hansmann, 1996; Bijman et al., 2012). Many scholars (Bond, 2009; Cook and Burress, 2013; Fulton et al., 2015) have investigated the role of co-operative governance and examined the link between governance features on co-operative performances. Even if the theory of property rights has led to a better understanding of this question for businesses as well as cooperatives (Cook and Iliopoulos, 2000; Chaddad and Cook, 2004), other approaches have underlined the role played by partnership governance (Saisset, 2014). Many scholars have established a causality between governance and competitive factors, dealing with the determinism of good governance on the performance of wine co-ops (Filippi, 2012; Iliopoulos and Theodorakopoulou, 2014), while other scholars have analyzed the influence of financial and economic performances on the management of wine co-ops (Crédit Agricole, 2012). As far as intangible is concerned, a growing number of papers have focused upon their effect on agrifood wine firms performance and shown the complexity of their influence on co-ops (Amadieu and Viviani, 2011).

This proposal analyses how intangible investments can be associated in order to contribute to obtain a better match between governance and competitiveness. We define co-operative governance as a combination of regulatory bodies (like General Assembly, Board, Office) and informal bodies (like commissions, pilot committees, etc…). As the literature suggests, our first hypothesis is that both regulatory and informal bodies allow a better implication and cognition for internal stakeholders, owner-members and employees, but also for external ones, like industrial and commercial partners and local authorities. Our second hypothesis discusses time investment by stakeholders and organizational design which are the two main criteria to analyze the influence of governance on economic and financial performances. Furthermore, our last hypothesis considers the direct or indirect effect of intangible investments on improving co-operative performance.

In order to test these assumptions and to develop strategic monitoring, the construction of an adapted data base, called COOPERFIC®, designed and managed by Coop de France Languedoc-Roussillon (Regional Agricultural Cooperatives Union), appears to be essential. The methodology, which is original, uses data from Languedoc-Roussillon wine co-ops. This French region is interesting because, even if it is the Number one French region both in terms of wine production and co-op numbers, Languedoc-Roussillon is not considered as a major wine competitive region. This online decision-aid tool for agricultural co-op directors and managers takes into account the apparent antinomy of the co-ops’ short-term and long-term objectives, especially as far as financial performance is concerned. Among the complete population of the 210 wine co-ops of Languedoc-Roussillon, which produce 70% of the LR wines, 87 co-ops have been fully registered in the data base over six years, and they account for 50% of the wine co-op output of this great vineyard. The survey, carried out in 2012-2013, enabled us to gather considerable data from each wine co-op and to develop several tens of specific and/or original indicators.

Thanks to this unique set of indicators, we test a specific economic three-component model dealing with governance, intangible investments and performance. We use the Partial Least Square Structural Equation Modeling (PLS-SEM) to design reflective latent variables and their links. This approach, which provides strong scientific results regarding the causes-effects relationships of multidimensional constructs, is perfectly suited to medium sized samples.
The results underline the interest in combining the four main categories of intangible investments: skills (education as well as human capital), brands, normalizations and certifications, and subsidiaries, including financial participations. The results confirm our hypothesis. Informal bodies allow dis-embeddeness in order to authorize the implication of external and internal stakeholders. Intangible investments are powerful tools used in order to establish collective commitments, and to reduce not only free-rider behavior, but also asymmetric information, asymmetric knowledge, and to improve collective action. We can consider that intangible investments act as a “catalyzer” for triggering governance effects on financial performance.

Key words: wine co-ops, intangible, governance, performance.

References


Bijman, J. and Hanisch, M., 2012. Support for Farmers’ Co-operatives; Developing a typology of co-operatives and producer organisations in the EU. Wageningen: Wageningen UR.


