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The modalities of territorial embeddedness of French Cooperative Groups

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Abstract: The article aims to analyse the modalities followed by French cooperative groups seeking to implement a territorial embeddedness process. It will attempt to clarify issues relating to the significance of this territorial dimension along with cooperative groups' strategies and behaviour. The text starts with a brief literature review elucidating the notion of territorial embeddedness and distinguishing it from the territorial circumscription, while presenting the specificities of this concept for cooperatives. It then processes national statistics databases and comes up with a spatial topology of French cooperative groups. The second section offers a set of indicators that can be used to measure and test territorial embeddedness, validated by a survey of 15 of France's leading agricultural cooperative groups. We demonstrate that, along with geographic location and statutory perimeter of action, territorial embeddedness also reflects three other main criteria, to wit: where the agricultural cooperative runs its operations; where its members are located; and where they receive the outputs and services that they are offered. There is no doubt that cooperative groups construct territorial embeddedness on the basis of a joint activation of relationships with their members – but it is just as clear that this construction varies depending on the extent of a group's integration into particular branches and markets.

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Introduction

The financialisation of the economy and the volatility of agricultural and energy prices are all elements that have impacted the restructuring of French agribusiness companies - and the agribusiness branch as a whole – by pushing towards an ever greater globalisation of trade and strategies. Agricultural cooperatives, representing nearly 75% of all farmers, have become major actors in the development of rural spaces. Over the past 30 years, they have steadily modified their organisa-

tional structures in response to changes in the economic environment, namely by developing into corporate groups replete with subsidiaries (Nilsson 2001). Whereas most cooperative started out as simple collectors of agricultural raw materials, they (and notably their commercial subsidiaries) have moved progressively into the transformation business.

This structural change raises questions regarding cooperatives' actions in the territorial spaces where they have operations. French law requires that such entities act within the confines of a strictly defined territorial circumscription. This territoriality constraint is a typically French specificity (Chomel 2006) and a key influence on agricultural cooperatives' operations. Some are particularly attached to this *modus operandi*, especially in the wine sector (Guillaume 2004). Because of this constraint, groups' activities will vary depending on the situation in the geographic area to which they have been assigned. In other words, cooperatives must analyse their territory's present and future prospects before they can devise a suitable long-term strategy (Cariou et al. 2005). This connection to a specific space is what differentiates cooperatives in France from other kinds of companies (Filippi 2004; Cook and Chaddad 2004).

At the same time, a process of subsidiarisation (and trend towards the establishment of down-stream production subsidiaries) has impacted cooperatives' organisation, thus their relationship to a given territory. This process results from changes in the agricultural sector's economic context and from organisational transformations affecting subsidiaries' adaptation. Co-operative groups in France received a fillip from the enactment of two laws dated 3 January 1991 and 13 July 1992 that notably sought to reinforce their equity capital position (Filippi et al. 2006). Certain groups have revenues of several billion euros today and sometimes own more than 100 subsidiaries in France and abroad. This raises the issue of their territorial policies, notably the embeddedness factor. The question is whether agricultural cooperatives can still be considered 'close' to their territories once they develop organisational structures that are increasingly distended in spatial terms, and which have taken them further and further away from their members.

The purpose of this article is to analyse the modalities of territorial embeddedness followed by French cooperative groups, i.e. to identify the significance of the territorial dimension in agricultural groups' strategies and behaviour, in light of the rise of subsidiarisation strategies and growing integration of downstream branch activities. The research methodology is statistical in nature, offering a spatial topology for such groups. This is supplemented by an analysis of the 15 leaders, compiled using annual reports, press reviews and interviews with cooperative presidents. Analysis of cooperative groups' spatial positioning relies upon a territorial embeddedness indicator matrix produced using different parameters that reflect the varied nature of the different modalities by means of which the territorial connection is activated. Our results demonstrate that territorial embeddedness strategies mobilise economic, social and environmental dimensions in the way that they structure collective action at the local level through the involvement of different stakeholders.

The article begins with a brief review of literature to clarify the notion of territorial embeddedness and distinguish it from the territorial circumscription while presenting its specificities for the cooperative sector. It then goes on to offer a spatial topology of French cooperative groups, manipulating national statistical databases towards this end. The second section offers a set of territorial embeddedness measurement and testing indicators, validated by a survey of France's 15 largest agricultural cooperative groups. We demonstrate that cooperatives' operations involve a great deal more than geographic location or statutory perimeter alone. The foundations underlying their embeddedness strategies may be the same, to wit, relations with owner-members, but they clearly differ from one another in terms of how they activate this embeddedness, which will depend on the type of production in which each is involved and the positioning it has taken in the marketplace.

I. Territorial embeddedness, an ambiguous notion - especially for agricultural cooperatives

Corporate embeddedness issues materialise within a framework defined by the activation of localised resources and territorial construction processes. In the case of agricultural cooperatives, this is a particularly delicate process because of the effects of the territorial circumscription, which activates an institutional connection to a territory. Cooperative firms, owned by members and featuring a statutorily defined territorial circumscription, are subjected to a territoriality constraint that is one of the key elements in their identity, unlike commercial companies. Questions exist, however, about the facts of this embeddedness, particularly in the wake of subsidiarisation processes and the spatial extension of groups' zones of activity. This is because cooperatives are dependent on their initial location - the decision to exit a territory is not only harder for them than for a commercial company, but above all it is more complicated to implement. Exit costs are very difficult to evaluate for companies whose activity is connected, by definition, to a particular geographical space. Thus, the territorial circumscription has often been perceived as an obstacle to development, one that must be overcome through a process of subsidiarisation and the constitution of cooperative groups.

1.1. From localisation to territory

Doubts about the localisation of companies and their activities have been progressively re-placed by an emerging construct of the notion of territory. In his analyses of manufacturing districts and the external effects thereof, Marshall (1890) highlighted the role that territory plays in industrial organisation. In particular, he demonstrated that an industrial organisation characterised by the existence

of a network of small companies, often highly specialised ones connected to one another through commercial and/or non-commercial relationships, is capable of operating efficiently. The reasons explaining the success of these systems like, their “industrial atmosphere” or the “secrets of industry are in the air”, have long been considered more intuitive than anything else. The usefulness of Marshall’s industrial district concept is its analysis of a particular territory’s ability to endogenise development, based on cooperation and trust relationships rooted in the interactions between geographically proximate actors (Torre and Rallet 2005). Seen in this light, localisation in a given space should not be confused with the notion of embeddedness in a territory: being geographically proximate does not suffice to create a connection and/or construct a territory.

A proximity approach would suggest analysing territorial construction processes via two main components that have helped to define embeddedness:

Geographical proximity, which is more than mere physical distance insofar as it is also conditioned by commercial and non-commercial social interactions, and by the temporality of economic and social phenomena (Colletis et al. 1999). For Torre and Rallet (2005), geographical proximity is not an objective fact but the result of individuals’ opinion of the nature of the distance that separates them from one another. Thus it depends on transportation infrastructure but also on the price of transportation and the nature of the land and ground. For individuals, this means incorporating the different parameters affecting the notion of distance, with geo-graphical proximity possibly being viewed as a temporary phenomenon in a framework of brief encounters.

Organised proximity, which is based on inter-actor relationships. Torre and Rallet (2005) see this as an organisation’s ability to get its members to interact. The organisation facilitates interactions, including for external entities, by pursuing a belonging and similarity logic. Belonging occurs when two members from a given organisation are close to one another in the sense that they interact and because these interactions are facilitated by the rules or behavioural routines that they follow. Similarity implies that two individuals are close to one another because they share one and the same systems of representations or even identical objectives.

Thus, territory can be defined as something that covers both geographical (permanent) and organised proximities, as Torre (2008) has shown in the case of clusters. Other spaces not de-rived from this initial definition also exist, however. They include online communities of practices, which are characterised both by strong organised proximity and by the absence of any geographical proximity connections. As apprehended by the Proximity School, territory is more than a simple space or a receptacle for economic activity. Rather, it is a “dynamic construction resulting from interactions between different stakeholder actors” (Boschma 2005). What we are dealing with here is no longer an ideal-type or a model that can be imitated and sometimes reproduced, but instead a moving construction, one that is constantly being renewed under the influence of the interactions between local actors and external forces. In accordance with Zimmermann,

we will define territorial embeddedness as the process of construction of a system of interdependency in a given geographic area, with the embeddedness incorporating both the territory's geographical dimension and the system of local relationships established there. Because of globalisation, companies are subject to rising tensions between this embeddedness at the local level and the nomadism characterising many corporate activities (Zimmermann 2005). Thus, the role of institutional, economic and social structures has become very important in renewing their connection to a given territory.

1.2. Issues relating to the territorial embeddedness of French agricultural cooperatives

Analysing agricultural cooperatives' embeddedness is tantamount to studying the way in which they activate their statutory territorial embeddedness. This is because members hold the registered capital of these companies, which possess a statutorily defined territorial circumscription. Thus, unlike commercial companies, cooperatives are subjected to a strict territoriality constraint (Filippi et al. 2008). This refers to the perimeter within which they collect products or provide services, a scale forced upon them by member-contributors' localisation. At the same time, questions remain about the reality of this embeddedness, especially in light of cooperatives' ongoing process of subsidiarisation and the spatial extension of their competencies.

This territoriality constraint, which restricts cooperatives' field of action, is a key element in their legal framework. It is defined in article 2 of standard French statutes for agricultural co-operatives as a geographical area - called a 'territorial circumscription' - that is indivisible and continuous, and where the cooperative can undertake its corporate mission irrespective of the branches or sub-branches of activity involved. When viewed in this light, territorial circumscription defines a specific geographic area and crosses producers' authorisation to join a particular cooperative with their exercising a productive activity corresponding to said cooperative's economic activity (winegrowing, dairy, etc.). The area in question can be comprised of townships, counties or provinces. But in no way does it restrict the cooperatives' access to different markets. Depending on their mission, cooperatives are free to buy or sell goods in markets outside of their territorial circumscription.

We believe that a cooperative's process of territorial embeddedness should be separated from the territorial circumscription aspect per se, which ultimately constitutes just one factor in the localisation of the cooperative's constitutive elements. A cooperative is forced to work within a circumscription - which is therefore insufficient in and of itself to explain the cooperative's territorial embeddedness strategy. For embeddedness to occur, there needs to be, at the local level, relationships both between different members, whose farms cannot be delo-

calised (Nguyen et al. 2004), and also between employees associated with the parent-cooperative and its subsidiaries. This is because the territory of an agricultural cooperative is more than a geographic zone defined by territorial circumscription alone (a mere receptacle hosting economic activity) but should be considered instead as something constructed through actors' actions and which therefore results from the interactions between the cooperative and other stakeholders located in the territory, i.e. cooperative members, governments, retailers, other agribusiness interests, people inhabiting this territorial circumscription, cooperatives working in other sectors, private companies and regional authorities. Ultimately, the territory of a cooperative is comprised of the intertwining of several strata, with different actors intervening at different levels. The interactions between cooperatives and stakeholders can therefore be analysed in light of all the actions being implemented to encourage such interactions. Even if the predisposition to embeddedness is more pronounced for cooperatives than for commercial companies, to accurately describe agricultural cooperatives' territorial embeddedness strategies we need to look at the detail.

In addition, the development of agricultural cooperatives has tracked changes in the socio-economic environment, and notably the evolution of French agriculture, with all of its crises and adaptations (Conseil Supérieur de la Coopération 2001). It also translates the consolidation trends that have occurred in the mass retail and agribusiness sectors. Galliano (1995) has highlighted the growing importance of groups in the French agribusiness landscape and Deneux et al. (1999) have analysed their manifest concentration in the mass re-tail sector. Agricultural cooperatives have started to modify their organisational structure in response to changes in economic environment by building fully-fledged corporate groups. According to Koulytchizky and Mauget (2003), whereas development processes began in the 1960s, the cooperative groups themselves really took off in the wake of two laws dated 3 January 1991 and 13 July 1992, aimed notably at augmenting agricultural cooperatives' equity capital (Filippi et al, 2006).

Given these groups' often extra-territorial growth - particularly where this involves commercial companies freed from any territoriality constraint - the question is whether territorial embeddedness remains a relevant concept. The territorial embeddedness of cooperatives and co-operative groups might be a foregone conclusion insofar as their statutes impose territorial constraints upon them. Their commercial law subsidiaries, on the other hand, help them to throw off these statutory chains since they are free to establish operations wherever they want. In this case, a cooperative is no longer solely focused on its territorial circumscription, meaning that its original connections with its members and territory will start to weaken. Hence the need to analyse the modalities by means of which relationships are constructed between co-operatives and their territory at such times as they expand in the shape of corporate groups. If cooperative groups are effectively pursuing territorial embeddedness strategies, in what form might this be expressed?

1.3 A spatial typology of French cooperative groups

Understanding agricultural cooperatives' territorial embeddedness requires a clarification of subsidiarisation processes that might appear to contradict this territorial connection. To ascertain whether this subsidiarisation process is a way for cooperatives to overcome the territoriality constraint or, instead, if agricultural cooperatives preserve some kind of connection to their territory even as they develop in the shape of a corporate group, we have undertaken a spatial topology of cooperative groups, using different national databases covering companies and their groups (Filippi et al. 2007a).

The first criterion is the localisation of corporate headquarters, whose significance is measured by the number of employees. We have analysed cooperative groups' connections to a particular space by using databases derived from France's LIFI Liaisons Financières ('Financial Connections') survey and from its EAE Enquêtes Annuelles d'Entreprises ('Annual Corporate Surveys') of the following sectors: Agribusiness, Retail, Manufacturing and Services - all for the year 2003. The study covered cooperative groups employing at least 50 persons. The population was comprised of 204 cooperative groups with 111,945 salaried employees, one-third of whom worked in Group Head cooperatives, 8% in subsidiaries featuring cooperative statutes and 59% in commercial subsidiaries.

The results of this applied analysis have revealed the significant influence of the Group Head on the overall localisation of group activities, while distinguishing three categories of cooperative groups based on the spatial relationships for each.

- Group Head (GH) dominated, where more than two-thirds of the group's employees work in the GH and fewer than 20% are located outside of the county where the GH operates.
- Local groups, where more than two-thirds of all group employees are located in subsidiaries found in the GH County and more than 80% of group employees also work here.
- Multi-local groups, where at least 20% of group employees work outside of the GH County.

2003 Classes	Nbr. of groups	Avg. nbr. of firms con- trolled	Total nbr of employees	Avg. nbr. of employee per coop. group	Distribution of group employees (in %)					
					Group Head	Same county	Same region	Adjacent region	France	Abroad
Groups with dominant GH	84	3.8	16 959	201.9	85.9	11.7	1.8	0.6	0.0	0.0
Local groups	67	7.5	23 347	348.4	36.0	57.6	3.0	1.3	1.6	0.5
Multi-local groups	53	17.6	71 639	1 351.6	16.5	30.5	15.7	15.5	16.5	5.2
Total	204	8.6	111 945	548.7	31.1	33.3	10.9	10.3	10.9	3.4

Table 1: Typology of cooperative groups' spatial integration in 2003 (Filippi, Frey, Triboulet, 2007a)

Sources: INSEE; LIFI; EAE Manufacturing, Services, Agribusiness, Agricultural Cooperatives, Trade, 2003

It is noteworthy that nearly 74% of all cooperative groups have local roots (e.g. number of groups with dominant GH plus local groups), and that these cooperatives continue to dominate other companies in their group by piloting and orienting the overall group strategy. In most cooperative groups, either the GH cooperative is dominant or else group subsidiary headquarters are mainly located in the same county as the GH (57.6%). It can be easier to exercise control where a smaller number of subsidiaries is involved than is the case in a large group, with subsidiaries' geographical proximity to the GH clearly resulting from a general desire to reduce distances and cut operating costs. In this instance, economic, financial and productive functions are located within a limited perimeter, thereby facilitating logistics and reducing transportation costs. The groups where the vast majority of salaried employees work for the parent-cooperative are even more dominant since almost none of the employees are situated outside of the region where the group operates. This leads to the conclusion that co-operative groups have kept their activities highly embedded, whether this means concentrating work in the GH or pursuing subsidiarisation strategies in commercial companies located in geographical proximity to the dominant GH (Filippi, Frey and Triboulet, 2007b). The criterion of geographical proximity remains a crucial factor in their organisation. The trend to-wards extending a dominant GH perimeter of action, thus its territorial domination, involves either spillover or spatial contiguity effects.

In addition, although multi-local groups only account for ca. 25% of the total number of co-operative groups (e.g. 53 groups), they employ more than 60% of all employees (e.g. 71 639 employees). Given their importance in terms of employees and their multi-level spatial organisation, these groups would appear to raise questions about the original connection tying a cooperative to its territory. In general, they are big and control a greater number of companies on average than the two preceding categories (17.6 subsidiaries), while more than half (around 55%) of their employees work outside of the county where the cooperative operates. Given this category's importance in terms of employee and subsidiary numbers, it seems useful to analyse it in greater detail and consider any links to territorial considerations and potential strategies of territorial embeddedness (or the absence therefore). This is the goal of Section II below.

II. The territorial embeddedness of France's leading cooperative groups

Given the significance of multi-local groups and the key role they play in France's cooperative agriculture sector, it could be useful to analyse them in greater detail via case studies to determine whether their development policies (notably internationally) remain compatible with the need for a cooperative to incorporate the local environment and integrate its territory. In other words, it is important to question the possible relationships that these groups may maintain at a

local level, as well as their potential territorial embeddedness. Describing embeddedness on the basis of jobs being located in the headquarters of the Group Heads and/or their subsidiaries may provide information on positioning defined in a geographical space, but it says little about the underlying territorial construction processes. To elucidate cooperative groups' different modalities of embeddedness, we have decided upon a case study approach and devised a matrix that analyses territorial embeddedness on the basis of indicators that help to illustrate agricultural cooperatives' territorial strategies. This will show how these groups integrate territories and construct embeddedness.

II.1. The territorial embeddedness indicator matrix

The modalities for activating cooperative groups' embeddedness imply complex relational processes between actors (Filippi, Frey and Torre, 2008). The interactions between a cooperative and its various stakeholders (including members, government, local communities, rival companies or residents of the cooperative's territorial circumscription) are the elements that shape its territory. In other words, agricultural cooperatives construct their ties to a territory through a conjunction of three dimensions: productive activities; local environment; and territorial sustainability policies.

This being the case, we suggest an analysis of territorial embeddedness factors for cooperative groups rooted in an analytical matrix combining three main families of embeddedness indicators (see appendix).

1. Valuation of cooperative members' outputs, which can be assessed using local productive investment indicators along with product and service indicators.
 - Local productive investment indicators. Investments in local productive tools help to rein-force economic activity in the territory where the cooperative runs operations while also generating jobs there. Building or acquiring factories can be very expensive. This reflects various kinds of long-term strategic visions that will be beneficial for the territory in comparison with the sometimes overly short-term visions pursued by certain commercial companies that have no qualms about abandoning a territory if it is no longer sufficiently attractive.
 - Product and service indicators. Among the indicators most often used to illustrate an agri-business company's attachment to its territory, there are the French AOC or IGP certification systems that attest to the origin of a product and which, with their ability to bring actors together around a particular project, can also integrate a local dimension into companies' strategies. It should be noted, however, that these quality indicators are specifically associated with certain kinds of production.

2. The cooperative's integration into its local environment, which can be measured thanks to local partnership and tourist project indicators.

- Local partnership indicators. These relate specifically to dialogue and consultation with stakeholders in the territories where the cooperatives have established operations. This is an important part of an embeddedness strategy since better knowledge of stakeholders can lead to collaborative arrangements between actors operating within one and the same territory. This encounter between geographical and organised proximity can be expressed via joint ventures, research partnerships and joint memberships in competitiveness alliances.
- Tourist project indicators. This allows for investments in rural tourism, a growing business. The organisation of a tourist route focused on a product like wine or wheat requires collaboration between actors from different backgrounds, ranging from farmers to local communities. A project of this sort both reinforces economic activity within a zone and promotes dialogue between actors who might otherwise not meet one another. Cooperative members can also offer bed and breakfast facilities and the cooperative can help, for example by listing them on its website. The same applies to industrial tourism, involving factory or silo visits.

3. Group action on sustainability, assessed via environmental policy indicators.

Rising awareness of the environmental imperative and the effects of climate change mean that it could be useful to include certain environmental policy indicators likely to translate agricultural cooperatives' involvement in environmentally-oriented approaches. Although these indicators do not reflect territorial embeddedness per se, they illustrate cooperatives' awareness of the outlook for their territory - even when the cooperatives do not always mobilise around specific collective projects or actions. We have chosen to combine all environmentally-friendly actions: ones involving members and the cooperative (i.e. the implementation of more environmentally-friendly practices); and ones involving cooperatives and other stakeholders through various collective actions (i.e. creation of a biofuel factory).

We hypothesize that all cooperative groups have a territorial embeddedness strategy that is destined to evolve, and that to obtain a more accurate picture of the full range of problems and issues that each faces, a distinction must be made between the main sectors where each group intervenes (a group working in the dairy sector, for example, does not have to contend with the same problems as a grain specialist). To achieve greater simplicity and visibility, we chose the six sectors that are most representative of French agricultural cooperatives: grain, dairy, meat, sugar, wine, and fresh produce (fruit and vegetable). In addition to these six sectors, we added the distribution activities that a number of cooperative groups have been progressively developing in the form of farm supply stores (like Gamm Vert).

II.2. Drivers of territorial embeddedness among French cooperative groups

To elucidate agricultural cooperative groups' different modalities of embeddedness, we have produced case studies covering 15 such groups (see Appendix II for further detail). The choice of using this approach for leader companies belonging to the family of "multi-local groups" is justified by their presence on different territorial levels and by the complexity of their organisational form, which is likely to lead to their moving a certain distance away from their initial territory. Research and compilation efforts using annual reports and press reviews revealed a number of generic characteristics for these agricultural groups. This preparatory phase was followed by individual interviews with group presidents.

The embeddedness indicators, i.e. a typology supplemented by our indicators matrix, showed how the groups in question integrated their respective territories to construct embeddedness. The groups may all have been pre-disposed to implement territorial embeddedness strategies, but these would differ depending on the kind of production involved. What came out is that spatial integration is not only a legal constraint but also a source of economic advantage, one reflecting a number of strategic issues and political choices. The findings have therefore un-covered - given the varied nature of territorial embeddedness modalities - strategies differentiated based on the particular type of activity.

II.2.1. The link with members is the catalyst of each territorial embeddedness strategy

Initial findings revealed that the groups play a major role in rural territories. All relied on local foundations to construct their territorial embeddedness, for three main reasons:

- Most headquarters were located in rural areas, translating a desire both to be close to farmers and to maintain activities in these zones

Asides from big cooperative unions like InVivo, Sodiaal and Socopa - whose headquarters were established in Paris due to the need for a readily accessible decision-making centre to service the many cooperative-members (or shareholders) they represent - all of the groups surveyed had their headquarters in the French provinces. Furthermore, asides from Tereos (Lille) and Agrial (Caen), none were found in any of France's 25 largest metropolitan districts. In short, cooperative groups are undeniably associated with the countryside. For in-stance, Haut Mauco, a hamlet of slightly more than 700 inhabitants located in Southwest France's Landes County, hosts the headquarters for Maisadour, a cooperative producing more than €700 million in revenues. Similarly, Limagrain, a global leader in

seeds, is run out of Chappes, a township in Puy-de-Dôme County with only 1,200 inhabitants.

These cooperatives were created in response to farmers' desire to pool their resources and it is therefore unsurprising to discover that they have set up in rural areas – even though these spaces have long symbolised the “digital divide” that exists between the city and the country-side, typified by the slow arrival of new technologies and particularly the Internet. Despite these difficulties, the cooperative groups that we studied were able to create a lifestyle and find financial incentives allowed them to recruit highly qualified executives.

- Groups are often comprised of large numbers of farmer-members, helping to maintain agricultural activity in these zones while consolidating the groups' own integration into the local economic system

Regardless of their size and sales, these groups remain the property of their members. French legislation governing agricultural cooperatives requires that they be located in a precisely de-fined geographical area. As such, even for cooperative groups with an overseas presence, “shareholders” remain focused on the territory. Thus, the decisions taken by a structure representing more than 10,000 farmers located within a specific geographical area – and who act simultaneously as its customers, suppliers and owners - will necessarily be influenced by the local environment. Whereas the principle of “one man-one vote” is supposed to prevail at General Shareholders Meeting, in reality decisions are made by individuals who are very attached to their local region, if only because they run a farming business there. Moreover, if a group decides to build up its international profile by opening a subsidiary abroad or acquiring a foreign company, some of the profits generated by this activity will be recycled back into local channels in the form of discounts or dividends paid to members. Clearly, significant disparities remain in terms of membership size, notably between a group like Terrena, which has 25,000 members, and CV-C Nicolas Feuillatte or Cooperl, which have five to ten times fewer (unsurprisingly they also have a much smaller territorial circumscriptions as well as members specialising in a single productive activity).

Ownership of the cooperative's registered capital reflects geographic criteria, even in those instances where the group is controlled by more than one cooperative. Thus, at InVivo, a union of agricultural cooperatives, each member has one vote at the General Assembly. At Socopa, registered as a limited liability company, votes are weighted by the proportion of total equity capital owned by each of the shareholder-cooperatives. Over the past few years, an increasing number of commercial or cooperative structures have been controlled by several cooperatives at once. In addition, alliances between cooperatives are increasingly frequent, usually involving the creation of jointly controlled commercial companies (Filippi and Triboulet 2008). With these new structures, where no one owns the majority of voting rights, the different partners' territorial strategies have become interdependent. As Filippi and Triboulet (2008) have demonstrated, geo-

graphical proximity plays a major role in most inter-cooperative alliances, which are generally built along regional or inter-regional lines.

- The strong links that groups maintain with members cement their territorial embeddedness strategies

Members' triple status as cooperative's owners, customers and suppliers means they play a particularly important role. Maintaining this status quo is an overriding objective to ensure the long-term survival of a cooperative or cooperative group. For this reason, groups are usually driven first and foremost by a desire to serve members' interests and pursue specific actions aimed at consolidating this loyalty. Our case studies show that cooperatives and cooperative groups' connection with the membership cements their relationship to a territory. It is by permanently renewing this contact with members that groups can prioritise local concerns, even as they remain focused on any opportunities or changes affecting their situation.

A number of actions that are specifically geared towards members are part and parcel of co-operative groups' embeddedness processes. One is commercial in nature and occurs when a group monitors members' outputs and decides ex post to initiate a new activity that will offer members new outlets. Conversely, some groups try to influence members' production activities by convincing them to enter new businesses. One example was the investment that several grain cooperatives in Southwest France made to help members start up a duck *foie gras* business. In just a few years, these cooperatives became branch leaders, having persuaded producers to diversify activities with the argument that this would stabilise their agricultural income. Another example is risk insurance or technical consultancy, activities aimed at securing outlets for members while ensuring that there are always a sufficient number of agricultural raw material providers to optimise the cooperatives' own industrial tool. By implementing a plan to assist young farmers, groups ensure the renewal of their membership. One side-effect of this action is that it helps to maintain sufficient supply levels, due to the expansion of existing factories or the building of new industrial assets in the local region, a solution that has the added benefit of securing outlets for the cooperative's associates. Lastly, some of the groups studied implemented a communication campaign specifically dedicated to raising the profile of their products' cooperative origins.

II.2.2. Embeddedness is activated in different ways, and this diversity reflects the cooperatives' integration into their branches and markets

Cooperative groups are present in many markets and the diverse nature of their activities intimates a wide range of forms of territorial embeddedness. Their impact on and presence in a given territory will vary depending on the sector and type of production involved, meaning that each territorial embeddedness process is almost unique. Thus, although AOC or IGP certification processes may connect a particular type of meat or cheese to a given territory, the same approach will not

work with wheat or corn. In short, cooperative groups' embeddedness strategy will differ depending on whether they specialise in livestock production like meat or dairy or fresh produce, like grains, sugar, wine or seeds.

- Territorial constraints have different effects on livestock and fresh produce production

Unlike crop farmers, livestock growers must always care for their animals. In recent years, groups working with livestock have also had to deal with various beef and poultry-related health crises, with the recent economic crisis having harmed pork production, for instance. For livestock specialists, the sources of differentiation are vertical in nature, ranging from livestock births to product transformation to consumer brand management. The main constraints associated with these businesses stem from the need for large numbers of employees. Note that the locations of these employees (and of the different tools associated with the transformation process) translate the territorial embeddedness of the cooperatives in question. At the same time, these are strategies that necessarily revolve around a search for external growth, featuring concentrated structures (Socopa) and an international positioning. For consumers, this embeddedness is visible in the advent of the IGP territory-based quality certification process. In short, for groups with livestock activities, territorial embeddedness strategies mean two possible directions. On one hand, the strategy may focus on the territorial image that the product conveys, i.e. via its AOC or IGP label. Otherwise, the strategy may revolve around local partnerships with cooperatives or neighbouring companies. Such partnerships are generally decided along territorial lines and necessarily strengthen the territorial connection, insofar as they bring actors together while securing outlets for farmer-members.

By its very nature, fresh produce production is rarely tied to a specific territory, with the exception of wine and a few categories of fruit or vegetables. For example, no grain production benefits from a quality label like France's AOC or IGP systems. As a result, the territorial strategies of groups whose main activity is grains, sugar or seeds will not focus on product origin but instead on the permanent search for added value. Groups in this category will draw other groups and cooperatives out of their regions of origin by getting them involved in large-scale innovative projects like bio-fuel factories, research centres and holding companies - but also by taking part in different competitiveness alliances that may be present in their own regions. The only exceptions are winegrowers, for whom their production's geographical origin is a very important source of added value, and who therefore see territorial embeddedness as something that is highly natural. The end result, in this instance, is significant proximity to members.

- The example of polyvalent groups and farm supply stores

The rise of groups associated with different types of production has often been viewed as a response to members' polyvalence, thus as a service that the cooperative should provide. In corporate strategy terms, associating livestock and fresh

produce production can be seen as an attempt to rationalise costs. With the exception of territorial strategies that have been influenced by both types of production, groups in this category have often built up farm supply store networks, an activity allowing them to reduce risk since by alleviating weather-related uncertainties. These stores were originally meant for their farmer-members alone, but by opening them to the general public, cooperative groups have been able to benefit from the current boom in outdoor leisure pursuits.

By building such stores in rural areas, cooperative groups are helping to maintain economic activity in these spaces. Farm supply stores are also places where exchanges occur not only between farmers and cooperatives but also between farmers and other local residents. Thanks to increasingly widespread store networks that help to weave an economic fabric throughout a local region, cooperative groups are now in touch with more and more farmers and other country folk. It is by targeting the latter group at first, followed by people who live in the country but work in the city and lastly people who live on the outskirts of major metropolitan areas, that these farm stores have been able to expand their reach. The success of this model in France clearly derives from stores' historical and territorial roots as emanations of cooperatives or trading companies - both seen as trustworthy institutions in French society.

II.2.3. Territorial embeddedness and the other dimensions of cooperative groups' activity

We have just seen that cooperative groups' territorial embeddedness is largely embodied in their members and other territorial stakeholders. Agricultural cooperatives' embeddedness can also be combined with further activities undertaken by stakeholders, albeit ones that are conducted at an extra-territorial level or relate to sustainability issues.

- Nomadism and embeddedness are not mutually exclusive – interlinking the global and local levels

In the same way as the modalities of cooperatives' embeddedness will differ depending on the type of production in question, the connection that they establish between the local and global levels can assume various forms. This results in differentiated behaviour relating to their management of the fit between various territorial levels.

Cooperative groups' positioning in distant geographical zones, and even their development of activities complementing the ones undertaken by their base, is still viewed as a service that they are supposed to offer members. In other words, strategies for integrating other production zones, and even for operating abroad, are usually grounded in local determinants. Groups specialising in grain and sugar production, for example, have a definite tendency to link their overseas development to their local embeddedness. This strategy can be explained by the fact that

they are more comfortable financially than polyvalent groups or livestock specialists. However, it also reflects retailers' demands that a cooperative be able to supply products that are out of season in its original zone. An example is Agrial, asked to supply carrots and salads all year long. Some cooperatives operate in markets that are now globalised and must position themselves in other geographical spaces (like Téréos in Brazil or Champagne Céréales in Ukraine). Under these conditions, what we have witnessed is not a delocalisation of activities but a veritable international repositioning, one built upon local foundations and therefore involving a defence of members' production – always with a view towards defending their interests. The purpose of the strategies that these groups pursue through their international activity is always to bring any and all value added back home to members, hence to their territory of origin. It remains that the groups must still explain why they need to position themselves on different territorial levels. In short, territorial embeddedness is constructed through an inter-linkage of the local and global levels.

- Corrective actions in favour of the environment and sustainability

Our interviews demonstrate that there has been a considerable rise in the number of actions taken for environmental reasons. This is not a recent phenomenon, although it is worth noting that agricultural cooperatives have started to pay greater attention to their environmental foot-print, with many devising concrete plans in the wake of France's Grenelle Environmental Summit. By so doing, they are acting as innovation leaders in the battle to reduce greenhouse gases. Whether this means always focusing on the performance and productivity of the group's industrial tools and members' farms or investing in innovative new technologies like bio-gas and bio-fuels, when bringing large numbers of actors together around such green projects cooperative groups are simultaneously reinforcing their own territorial embeddedness.

In addition, more and more consumers pay attention nowadays to the conditions in which the food they eat is being produced. This focus can raise animal welfare or environmental protection issues. When agricultural cooperatives implement a range of environmentally-friendly actions, they are not only demonstrating their attachment to the local territory but also potentially creating a situation from which they might one day be able to derive new income, supplementing the sums that members already receive. Thus, in addition to the financial aspect, these are unifying actions that mobilise all at once the groups themselves, their members, local authorities and potential (financial or corporate) partners. Environmentalism is a new path for agricultural cooperatives to explore, one allowing them to bring a range of actors into various projects, but above all creating new sources of added value for members' benefit. Heavy investments can be required, but there are long-term returns to be had and agricultural cooperatives do have the advantage of working on a looser time scale than commercial companies. In short, these new activities are opportunities to expand agriculture's importance so that,

above and beyond its key sustenance role, it can also become a real driver of territorial structuring and conservation efforts.

Conclusions

The present article has analysed the modalities of territorial embeddedness followed by French cooperative groups. Implementing a spatial typology and a matrix of embeddedness indicators - and applying them to an analysis of French agricultural cooperatives - it shows that these cooperatives' territorial embeddedness cannot be understood solely in light of the statutory criterion of their perimeter of action but also depends on three main elements de-ri-ved from the indicators matrix:

- The geographical zone where the agricultural cooperative operates (perimeter of action, de-fined in the cooperative's statutes)
- Members' location (and their organisation - all elements derived from producers' voluntary membership in the cooperative)
- The location of different outputs and services provided to members (the cooperative's tools, relating to the activities undertaken by its members and itself).

It was also revealed that cooperative groups work along identical lines, focusing on the geo-graphical zones where they run operations - areas that are held together by the cooperative's membership. At the same time, their territorial embeddedness strategies will vary depending on how they integrate their branches of activity or the market positioning they assume.

On one hand, the connection that members maintain with the cooperative's tools (factories, silos, etc.) is key to the construction of territorial embeddedness. It is important for agricultural cooperatives and other producer groups to "use their members to control the upstream side of their value chain and foster group development". The idea here is to activate the connections between the cooperative structure and its membership, with a view towards developing a sustainable productive policy. What this requires, however, is both a mastery over relevant agricultural technical systems as well as members' trust in the way that the cooperatives exercises the power delegated to it when making strategic choices. This connection is what structures the different production branches and has become indispensable, for instance, to the implementation of traceability and certification procedures.

On the other hand, production activities vary from one group to another and explain the differentiation in territorial construction modalities. For instances, a cooperative that specialises in livestock production will feature more territory-related quality indicators as well as a greater number of employees working with geographically proximate production tools. Conversely, groups specialising in

grain and sugar production will develop local partnerships covering shared transformation tools and culminating in “territorial development projects” (i.e. bio-fuel factories). Whether they specialise in livestock or fresh produce, agricultural co-operatives will try to activate local potentialities via collective actions that may – or may not (projects, etc.) - involve explicit (AOC or IGP) references to a particular territory. “Keeping pace with members’ output” and “watching market competition” are two objectives that will help to conserve value added within the local territory. Additionally, sustainability actions and a greater environmental focus will affect members’ operations as well as the collective action framework that mobilises a territory’s other stakeholders.

Constructing territorial development implies associating with other territorial stakeholders like other companies or local communities. It is no longer possible to apprehend farms solely in light of the products they produce. Nowadays, consideration must also be given to their competencies regarding, for instance, the sustainable management of outputs (eco-products and new functionalities). A cooperative’s relationship with other local actors therefore constitutes a key aspect of how it integrates its branch from a territorial perspective. Rising environmentalism will bolster agricultural cooperatives’ actions within their branches and territories. This constitutes a new link between the local and global levels and will therefore renew localisation strategies, such as they can be found in other sectors of activity.

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Cooperative's valuation of members' output		Cooperative's integration into local environment		Cooperative's sustainability actions
Localised productive investment indicators	Product or service indicators	Local partnership indicators	Tourist project indicators	Environmental policy indicators
Construction/extension of factories in the region	Production under AOC/IGP certification system	Joint-venture located in a geographically proximate perimeter	Tourist route	Brought up to production tool standards
Takeover of factories or subsidiaries abandoned by private companies	Organic production	Minority stakes in regional companies	Bed and breakfast	Biomass investment
Renovation of local productive tools	Innovation Packaging	Relations with external suppliers/industrial customers from the same region	Visits to farms or group's productive tools	Investment in renewable energy (bio-mass, solar, co-generation plants)
Young farmer start-up grants	Specific production or local products	Participation in competitiveness/rural excellence alliances		Quality approach with an environmental vocation (Agriconfiance, ISO 14000)
		Joint projects with other regional actors (laboratories, universities)		

Appendix 1
Simplified table of embeddedness indicators

Appendix 2: List of cooperative groups surveyed

2007 Corporate name	Ranking among French ag- ricultural coops	Group sales (€mio)	Group sales (€mio)	HQ county	Number of members	Number of em- ployees	Main activities
INVIVO	1	3,636	2,800	75	283 coops.	1,794	Grains, Supplies
TERRENA	2	3,311	3,100	44	25,000	10,610	Polyvalent
TEREOS	3	2,378	2,277	59	12,000	16,006	Sugar
SODIAAL	4	2,200	1,955	75	9,727	3,637*	Dairy
SOCOPA SA	5	2,000	1,940	75	9 sharehold- er coops	7,100	Meat
AGRIAL	6	1,724	1,520	14	10,000	6,715	Polyvalent
COOPAGRI	7	1,567	1,453	29	16,000	4,300	Polyvalent
BRETAGNE	9	1,440	1,313	56	8,000	6,680	Polyvalent
CECAB	10	1,172	1,103	51	8,800	2,750	Grain, Supplies, Flour, Malt-House
CHAMPAGNE	12	1,137	1,093	63	600	5,976	Organic Health, Flour, Seeds
CEREALES	13	1,051	1,008	22	2,500	2,600	Meat (pork)
LIMAGRAIN	14	1,092	964	18	8,400	1,681	Cereals, Supplies, Flour, Malt-House
COOPERL	16	1,026	829	64	15,000	3,133	Polyvalent
HUNAUDAYE	17	709	617	40	8,000	2,650	Polyvalent
EPIS CENTRE	50	185	169	51	5,000	213	Wine
EURALIS							
UNION							
MAISADOUR							
CV-C NICOLAS							
FEUILLATTE							