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## **Collaboration in a cooperative context**

- A case study of producer organizations and local associations

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**Title:** Collaboration in a cooperative context  
- A case study of producer organizations and local associations

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# Abstract

Collaboration in different forms has been a commonly used activity by farmers for a long time. These collaborations can take many different shapes and forms, from being simpler farmer clubs to multi-national cooperatives. However, most of them fill the function of being an intermediary between producer and market. In Sweden, Lantmännen is the largest agricultural cooperative with business both in Sweden and around the Baltic region. The association has up to 25 000 independent members. However, studies have shown that the growth of cooperatives may affect the trust and commitment of fellow members, as they feel further separated from the core decisions. In the latest years characterized by low profitability for agricultural firms, another form of collaboration has arisen. Producer organizations have been forming around Sweden, which often include a number of farmers in a local region who through collective negotiations try to lower prices on production factors and raise prices when selling grain. This type of collaboration between farmers that are members in Lantmännen could have a future impact on the Swedish grain market. This study aims to investigate and expand the understanding surrounding farmer's collaboration through producer organizations and local associations. This is analyzed through a framework of drivers and trust within a collaboration as well as trust and loyalty towards the cooperative the farmers are a part of. The conclusion of this study shows that these collaborations have a financial and social effect on the respondents' farms, that trust is high and that the trust towards the cooperative is varied however, the loyalty and frequency of trade still is high.

# Sammanfattning

Samarbete i olika former har länge varit ett vanligt verktyg lantbrukare använder sig av för att skapa fördelar. Samarbeten kan ta många olika former och ske i många olika utföranden, från enklare sammanslutningar till multinationella kooperativ. De flesta fyller emellertid funktionen att vara mellanhand mellan producent och marknad. I Sverige är Lantmännen det största jordbrukssamarbetet med företag som täcker in hela den svenska marknaden men även stora områden kring Östersjön. Föreningen har runt 25 000 oberoende medlemmar. Studier har dock visat att kooperativens tillväxt kan påverka medlemmarnas förtroende och engagemang, eftersom de känner sig längre bort från kärnbesluten. Under de senaste åren präglade av låg lönsamhet för jordbruksföretag i Sverige, har en annan form av samarbete uppstått. Producentorganisationer har bildats runt om i Sverige, vilket ofta inkluderar ett antal lantbrukare i en lokal region som genom kollektiva förhandlingar försöker sänka priserna på produktionsfaktorer och höja priserna vid försäljning av spannmål.

Denna typ av samarbete mellan jordbrukare som är medlemmar i Lantmännen kan få en framtida inverkan på den svenska spannmålsmarknaden. Denna studie syftar till att undersöka och utvidga förståelsen kring lantbrukarnas samarbete genom producentorganisationer. Vidare strävar uppsatsen till att förstå och identifiera vilka drivkrafter som ligger till grund för lantbrukare kopplade till Lantmännen, att starta dessa typer av producentorganisationer med andra jordbrukare i liknande positioner. Vi studerar dessutom skillnaderna i förtroende jämfört mot det gemensamma kooperativet genom att analysera och jämföra producentorganisation med lokal förening kopplad till Lantmännen. Slutsatsen visar att dessa samarbeten har en finansiell effekt hos lantbrukarna, även sociala aspekter är viktiga när dessa aktörer bestämmer sig för att samarbeta ihop. Tilliten mellan parter i de utvalda samarbetena är höga, dock är tilliten till Lantmännen varierad men handelsfrekvensen fortfarande hög.

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# 1 Introduction

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*This chapter aims to explain the current situation for farmers and cooperatives in Sweden and how collaborating in form of producer organizations has increased. The chapter is concluded with the study's aim and delimitations.*

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Farmers have always tried to organize and collaborate in many different forms with the goal to increase profitability (Andersson, 2004). Collaboration is a way for farmers in the food supply chain to obtain benefits regarding economies of scale (Krejci & Beamon, 2015) or unlock exploitation of market opportunities (Simatupang *et al.*, 2002). These collaborative activities may differ regarding resource allocation, intensity, and dependability between parts (Xu & Beamon, 2006).

According to Stockbridge *et al.* (2003), farmer organizations operate on many different levels. Organizations such as smaller farmer clubs, groups with a small number of individual producers living near to each other. There are also larger organizations that are characterized by having a more substantial number of members and operate on a regional or national basis. Organizations like local associations, federations, unions and agricultural cooperatives. Many of these agricultural organizations act as intermediaries between producers and the market.

A cooperative is a corporate structure, which aims to provide benefits and advantages to its members. The member trades with the cooperative but also owns and controls it. The ownership comprises mainly of members having shares, but they can also invest and trade with optional shares (Larsson & Lidebjer, 2015). In Sweden, Lantmännen economic association is the single largest agricultural cooperative and is owned by 25,000 Swedish farmers. Lantmännen economic association (Lantmännen) is today one-of-the largest groups within the areas of food, energy, and agriculture in northern Europe. (www, Lantmannen 1, 2017) In Sweden, Lantmännen is the single largest agricultural company with more than 50% of the market shares when it comes to having equipment and machinery (www, Lantmannen 2, 2017).

During recent years, there have been numerous studies where data indicates that the members of Lantmännen have lower trust to their board of directors and the members are not satisfied with the cooperative's business (Friis, 2011; Kihlén, 2007). Asymmetric information between Lantmännen and its members have increased and led to uncertainty and mistrust in the shared cooperative for minor farmers (Friis, 2011; Kihlén, 2007; Lindkvist & Stråkander, 2016). Trust between the members and the management, as well as among the members in agricultural cooperatives usually considered as one of the main advantages. Trust can help cooperative members to realize their economic and non-economic aims and is one of the sources of increasing the competitiveness of cooperatives, i.e., decreasing transaction costs (Szabó, G. G. 2009). James & Sykuta (2006) demonstrate that farmers trust in their cooperative is positively correlated to the inclination to trade with the cooperative and be a member of it.

Swedish farmers are facing strained profitability due to several challenges during recent years. Farmers are increasingly exposed to markets with higher competition, resulting in lower product prices (Lantbrukets lönsamhet, 2015; Ekman & Gullstrand, 2006). Prices for production factors through intermediaries like Lantmännen have become more volatile, which has accelerated the need for farmers to adopt new market strategies in order to obtain sustainable margins. One strategy seen more frequently among Swedish grain farmers who

are members in Lantmännen is the formation of local producer organizations (www, ATL 1, 2011; www, Ja 2, 2017; www, Ja 3, 2005). This form of collaboration between farmers aims to reduce prices on production factors and increase sales prices on products through negotiation with more capital and more significant volume. Another organizational formation between farmers may be found in the 22 local associations which are independent legal entities but connected to Lantmännen through the local association's membership. These associations are found in the southern parts of Sweden, in Halland, Scania and Småland (www, Lantmännen, 2018). The local associations were formed as early as 1897 and have a spoken goal of increasing the profit of their own members in the region they operate through greater market power through combining quantities. (www, Alvseredslantman, 2018; www, Harplingelantman, 2018; www, Koingelantman, 2018)

## 1.1 Problem background

As both Swedish and foreign operations are exposed to severe competition, high efficiency is demanded. Today's market conditions imply both threats and opportunities for Lantmännen, and they require constant adjustment. As cooperative associations grow, the risk of members becoming less committed arises and their loyalty towards the association drops. Members consider themselves unable to control the association and do not therefore always act in its best interests (Kihlén, 2007).

The objectives of the early economic association were to improve quality control, reduce purchase prices and transaction costs, and create better opportunities for experience sharing among farmers. Despite that, Swedish grain producers today are much larger than they were 100 years ago and had more bargaining power towards the market, they are in a similar position, where they, in general, need to think about cost minimization rather than maximize the revenue (Carlsson *et al.*, 2006). One of the differences on the Swedish grain market today is that farmers are collaborating through local producer organizations to an increasing extent. The European Commission defines producer organization as an informal association formed by individual farmers to enable them to organize and get together when it comes to negotiation situations and through that obtain a better bargaining position. Hence, more significant volumes and more capital is associated with these attempts (www. Ec.europa. 2017). The same goes for the Swedish producer organizations, that act through an intermediary function that attempts to reduce purchase prices on input products and sell the members products to a higher price towards Lantmännen and other organizations. This type of new pre-cooperatives drives down their prices towards Lantmännen by negotiating with multiple organizations simultaneously (Johansson & Persson, 2013). The farmers that are collaborating through this kind of intermediary are of many cases, members in Lantmännen on an individual level but chooses to trade with the organization that produces the best prices, although they still obtain dividends from the memberships. In addition, this business model is becoming more and more common (www, ATL 1, 2011; www, Ja 2, 2017; www, ja 3, 2005).

## 1.2 Problem statement

According to previous studies, collaborations are conducted because benefits regarding the exploitation of market opportunities can be achieved (Simatupang *et al.*, 2002; Xu & Beamon, 2006). The spectrum of different arrangements for and against a cooperative as a form of collaboration is wide, but it seems that most of them are based on trust issues. As already, stated farmer members are characterized by a decreasing trust in Lantmännen (Friis, 2011;

Kihlén, 2007). The shrinking member control and decreasing trust in large cooperatives, as Lantmännen is, according to Harte (1997), a natural effect of better-functioning markets. As the cooperatives can no longer contribute to reducing the farmers' transaction costs, the farmers will have less interest in the cooperatives. As the cooperatives try to adapt to the new market conditions, the farmers are affected (Fulton, 1995).

Producer organizations is a phenomenon that could have a future impact on the Swedish grain market. As this type of informal producer organizations drives down their prices towards the cooperative, Lantmännen, by negotiating with multiple organizations simultaneously (Fearne, A. 1998). Agricultural cooperatives like Lantmännen have historically, and currently, served a useful purpose by providing farmers with bargaining power. However, with the five problems inherent in a traditional cooperative, Free-rider problem, Horizon problem, Portfolio problem, Control problem and Influence cost problem, the question could be raised whether cooperatives can survive in, or adapt to, a rapidly changing economic and political environment (Royer. 1999; Cook. 1995). Producer organizations are a type of free-rider problem and could become a future problem for Lantmännen and jeopardize the economic sustainability if members lose incentives to trade with Lantmännen due to side selling through these producer organizations (Bhuyan, 2007). In turn, this increases further mistrust, among the farmer that do trade with Lantmännen based on price differences and price discrimination, arises.

Evaluations of the economic consequences of collaborative arrangements in agricultural firms have shown considerable economic gains (Larsén, 2008). However, a project at SLU (Diarienummer 0134001) where Larsén's (2008) thesis is included, stresses the need for more research on the subject. At the same time, the phenomenon of local associations has been existing for centuries and resemble these newly formed organizations in the way they collaborate. An interesting question is what benefits could be achieved through joint procurement of production factors and marketing of products and how the trust and relation to the cooperative differs between these collaborative forms. Empirical studies of this problem are relatively scarce in both a national and an international perspective. Thus, this study can be described as a form of gap spotting (Sandberg & Alvesson, 2011).

From a theoretical point of view, it is not possible to determine how Swedish grain farmers' perception of how to trade with cooperatives have changed in recent times and how they chose to collaborate today. Hence, it is of interest to examine how farmers connected to Lantmännen choose to collaborate in negotiations and trade through producer organizations. By also adding the local associations into this study the authors are able to compare a newly formed collaborative form to an older, more stable form and draw conclusions about similarities and differences in collaborative elements and trust towards a cooperative.

## 1.3 Aim and research questions

The study aims to increase the understanding of what drive farmers to collaborate through producer organizations, despite that they already are members of Lantmännen economic association. Moreover, what distinguishes producer organizations from local associations connected to Lantmännen?

In order to achieve the aim, the following research question will be answered:

- What are the drivers and continuity factors for farmers collaborating through producer organization in negotiations?
- How do new more local collaborations affect relationships with a larger established cooperative in comparison to a local association?
- What distinguishes producer organizations from local associations connected to Lantmännen and are there any differences regarding trust towards Lantmännen?

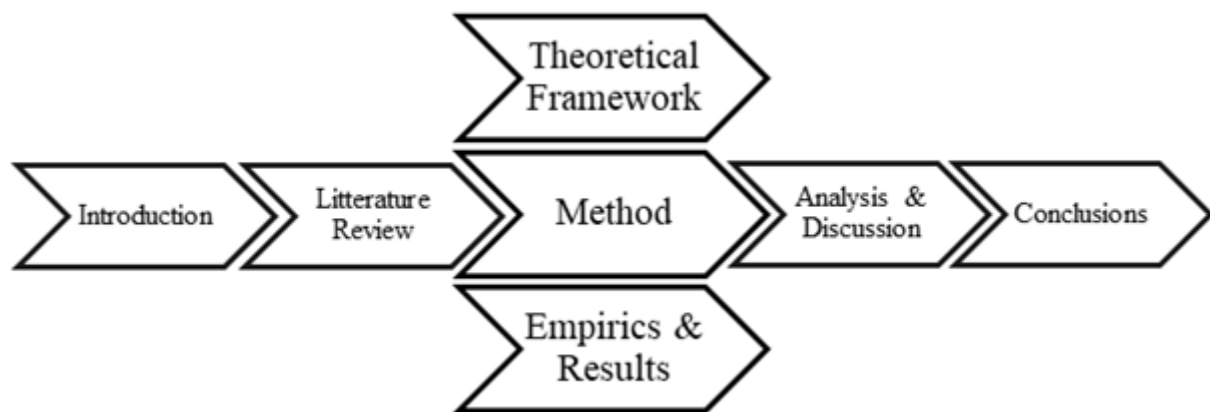
## 1.4 Delimitations

This thesis focuses on collaboration between farmers through producer organizations where the farmers are members in the cooperative Lantmännen and local associations connected to Lantmännen. The chosen respondents for the study are members in organizations, which aim to negotiate input and sales prices for the affiliated farmers. The study aims to mainly focusing on farmers with a primary production concentrating on grain. In order to answer the research question and achieve the aim, the geographical location of the studied organizations is of less interest. However, this study has chosen to search for respondents on the Swedish grain plains. Hence, the empirical background for the study show that these constellations are more common in those areas. Due to the approach and method of this study, the results cannot be generalized to all Swedish producer organizations or local associations within the agricultural sector.

The definition of producer organizations is essential to narrow down and select case organizations. In this thesis, the definition of producer organizations is based on some joint procurement. It is further defined as an active and stated recurrent collaboration, e.g., buying fertilizers, herbicides, and pesticides or selling grain together and have an exchange of information.

## 1.5 Outline

The following illustration in figure 1 describes the outline of this thesis. An introduction to the problem background and problem is given in chapter one (1). The chapter also contains the aim of the thesis, research question, and delimitations. Chapter two (3) presents the literature review with previous research regarding cooperatives, trust, and collaboration and also the theoretical framework. In chapter four (4) the approach and design of the thesis are presented. Furthermore, the procedure regarding data collection, presentation, analysis and ethical considerations are given in the chapter. A presentation of the producer organizations, local associations, the interviewed representatives and the results of the thesis is given in chapter six (6). Further, the analysis and discussion are presented in chapter seven (7), and the conclusions are presented in chapter eight (8).



*Figure 1. The outline of this thesis (own illustration).*

## 2 Literature review & Theoretical framework

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*Chapter three describes previous research conducted on the theme and field of the study. First, the literature review presents research the subject of collaboration and trust and ends with a summary. The second part of the chapter describes the design of the theoretical framework used in this study.*

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### 2.1 Literature review

When conducting the literature review the main base of literature was based around horizontal supply chain collaboration and the subject of social capital and its indicators. These concepts are discussed and presented in a broader perspective and is to be narrowed down and more specific in the theoretical framework.

#### 2.1.1 Supply Chain Collaboration

Collaboration within a supply chain has been defined as a business strategy with the intention of creating mutual benefits between one or more parties (Simatupang & Sridharan, 2008). According to Naesens *et al.* (2007), there are mainly three types of collaborations: vertical, lateral and horizontal, within the supply chain. Vertical collaboration is defined as "*a collaboration between parties sharing their responsibilities and resources to serve similar end customers such as manufacturers, distributors, carriers, and retailers.*" (Naesens *et al.*, 2007, p.32). Simatupang and Sridharan (2002) as well as Naesens *et al.* (2007) describes lateral collaboration as a combination of vertical and horizontal collaboration where the horizontal is described as a "collaboration between parties performing the same type of activities." (Naesens *et al.*, 2007, p. 32). Further definition of the horizontal collaboration is "a business agreement between two or more companies at the same level in the supply chain or network in order to allow greater ease of work and cooperation to achieve a common objective." (Bahinipati *et al.*, 2009, p. 880). One characteristic, which distinguishes horizontal from vertical collaborations, is the high degree of private information sharing (Simatupang & Sridharan, 2002). Another thing is good social relation (Larsén. 2008). One issue raised by Barratt (2004) in vertical supply chain is collaborative difficulties could become a problem when a large number of actors are included. Another dilemma is how define the goals within the own business but also within the business of the collaborative partner (Simatupang & Sridharan, 2004). Supply chain collaboration has been explained through numerous models, Barratt (2004) writes about key factors in his study regarding the basic foundations of supply chain collaboration and Simatupang and Sridharan (2008) propose a five-element design for further understanding. The designs are reminiscent of each other. The five-element design by Simatupang and Sridharan (2008) is built on five concepts: collaborative performance system, information sharing, decision synchronization, incentive alignment and innovative supply chain processes. The authors claim that these concepts need to be in balance in order to maintain a sustainable and long-term collaboration. Simatupang and Sridharan (2002) argue that opportunistic behavior among collaborative members may occur and lead to a greater risk of conflicts within the supply chain if these elements are not well maintained. However, according to Lambert *et al.*, (1996) there exist certain facilitators influencing a partnership. These facilitators are elements that allow collaboration to grow and strengthen, such as corporate compatibility, similar managerial philosophy and techniques, mutuality, and symmetry (*ibid.*). These factors could lower the risks Simatupang and Sridharan (2002) highlight.

### 2.1.2 Analyzing collaboration in a supply chain

The literature on supply chain analysis argues that vertical interdependencies for firms engaged in sequential stages of production require a systemic understanding of resource allocation and information flow between the firms (Christopher, 1998; Simchi-Levi *et al.*, 2000). Three core sources of value in the supply chain analysis are identified as “*optimization of production and operations, reduction of transaction costs, and appropriation of property rights*” (Lazzarini *et al.*, 2001). Lazzarini *et al.* (2001, p.7) argues “*Supply chain analysis is not well equipped to discuss relations among suppliers because it focuses on elements related to vertical transactions, such as logistics management or the design of contractual arrangements between buyers and suppliers.*” Aitken (1998) supports the argument and Stuart *et al.*, (1998) who implies that supply chain analysis could benefit from a network-based perspective of inter-firm relations.

Network analysis provides a different perspective on collaboration within a supply chain. Network analysis is used to map the structure of inter-organizational relationships (Lazzarini *et al.*, 2001). This way of analyzing is based on the recognition, that network structure has constraints and at the same time is shaped by the engaging firms’ actions (Granovetter, 1973; Burt, 1992; Nohria, 1992; Wasserman and Faust, 1994). Network analysis could help chart and evaluate social attachments and knowledge transfer between firms. The three core sources of value in network analysis are social structure, learning, and network externalities. In contrast to Supply chain analysis, Network analysis is not particularly concerned with vertically organized ties, but rather with horizontal relationships between firms belonging to a particular industry or group (Powell, 1990).

### 2.1.3 Adopting Supply Chain Collaboration in Cooperatives

Although both supply chain analysis and network analysis stress the importance of interdependencies between multiple firms and how inter-organizational relationships can be a source of competitive advantage (Dyer and Singh, 1998). The network analysis provides elements to evaluate social attachments and knowledge transfer between firms (Lazzarini *et al.*, 2001). According to Lazzarini *et al.*, (2001) the netchain approach is intending to integrate supply chain analysis and network analysis by recognizing that complex inter-organizational settings embody several types of interdependencies, which are associated with distinct sources of value. A netchain is defined as a set of networks consisting of horizontal relations between firms within a particular industry or group. These networks are sequentially arranged based on the linkage between firms in different levels of the vertical chain. The perks with a netchain analysis is that it explicitly differentiates between horizontal and vertical relations, evaluating how agents in each layer are related to each other and agents in other layers (Lazzarini *et al.*, 2001). This model could be a useful tool to evaluate not only how suppliers transact with a given buyer, but also how they interact between themselves to promote knowledge exchange, which has become very relevant according to Stuart *et al.*, (1998) and the article written by Dyer and Nobeoka (2000).

### 2.1.4 Agricultural Firm Collaboration

According to Bonus (1986) cooperatives can serve as a social group on local levels. The formation of these reciprocal interdependencies between farmers is a result of intimate personal knowledge and strong social relations. Something that is characteristic of

communities in rural areas. In these contexts, farmers are likely to conduct joint decision-making and problem solving to find ways to coordinate activities. This implies that interdependencies may positively affect vertical transactions between layers. In some agricultural cooperatives, there are members who are more prone to exchange information with the cooperative and reveal their strategies (Staatz, 1987). However, there are farmers that not only are members of the regional cooperative but also have interests in local farmer groups (Lazzarini *et al.*, 2001). These farmers tend to share less strategic information vertical in the supply chain and instead try to promote information sharing to favor the collaboration within the same layer. According to Lazzarini, *et al.*, (2001) it is increasingly important to analyze, not only the vertical patterns of ownership between organizations but also consider the nature of the interdependencies involving firms within the same layer. Farmers are producers of inputs to a vertical supply chain, and according to Lazzarini, *et al.* (2001, p.19) *“layers that are more in the base of the hierarchical structure are more likely to present a higher proportion of reciprocal interdependencies due to social interactions among individual members.”* Nevertheless, the author claims that *“the Netchain framework helps to accomplish the simultaneous assessment of these interdependencies, and how they influence the nature of ownership ties.”* The author also uses the net chain framework to point out perceived values in a horizontal chain, which could be used to determine drivers for collaboration (*ibid.*).

### 2.1.5 Social capital

During the 1980's an idea was formed on the area of economics which argued that the ever-growing focus on behaviorally sterile firms moved the field away from the marketers and their transactions on a market. During the 1990's researchers began to argue that mutual interest and reciprocity had to be implemented into economic models. To capture these values the concept of social value was created. (Wilson, 2000) According to Putnam (2000, p. 19) social capital can be defined as “social networks and the norms of reciprocity and trustworthiness that arise from them”.

Trust is viewed as the most vital indicator of an organization's social capital (Woolcock, 1998). Close synonyms to the term of trust are also mutuality, empathy, respect & solidarity. (Newton, 2001) There are multiple definitions of trust, however one commonly used definition deems trust as the degree of which one actor believes that another actor won't exploit their vulnerability. (Morrow *et al.*, 2004) It is further described by Nilsson *et al.* (2012) that if actors trust each other they will have an easier time to engage in productive collaborations and to “forgive” each other at potential mishaps. High trust may therefore lower the transaction costs for agents on a market (Hansmann, 1996) This, in turn, lowers actors' costs of defending themselves from fraudulent behavior. (Stickel *et al.* 2009) Social capital and trust can aid in the understanding of why individuals act in a social context, for example in how they act towards a cooperative. (Larsson & Lidebjer, 2015)

Loyalty is another term which is closely tied to social capital and trust. Loyal members are more prone to frequently trade with the association. (Morfi *et al.*, 2015) Loyalty is closely tied to trust and the performance of the cooperative. (Morfi *et al.*, 2015; Giannakas, 2001) Frequency can be defined as the frequency of trade between two parts (Feng *et al.*, 2011).



## *Trust in a cooperative context*

A cooperative is an association which is owned and controlled by its members. Members buy from and sell to the cooperative (Larsson & Lidebjer, 2015). Members thus have three roles in the cooperative, namely to own the company, to control it and to develop profitable trade with it (Nilsson, 2011). The traditional role of a cooperative has been to improve farmer profitability by lowering production and transaction costs in the market channel, counterbalancing the negative economic impacts of market power, and reducing producer income risks (Sexton & Iskow, 1993). In the context of agricultural cooperatives there is a need for social capital together with the financial capital. This is because farmers would not be a part of a cooperative if they can't trust the business operations or the board. (Ollila *et al.*, 2014) When associations and cooperatives grow into complex structures the risk of losing the social capital, and, in turn, the trust in the board starts to decrease. When members start to feel unsatisfied in this way, the risk of members not trading or investing in the cooperative arises. (Nilsson *et al.* 2009) If trust is achieved between members and the cooperative the effect would be lowered transaction costs for both parties. Because costs for protecting oneself from fraudulent behavior and frequent trade is ensued. (Nilsson *et al.* 2012) Another important factor that has to do with members' satisfaction is members' loyalty to their agricultural cooperative (Morfi *et al.* 2015). To have loyal members regard the activity of buying or selling in a cooperative and therefore a vital financial aspect for a cooperative to respect (Feng *et al.*, 2011).

### 2.1.6 A critical perspective of a traditional cooperative

There is a lot of research regarding the problems inherent in the traditional cooperative organizational form that create disadvantages for cooperative members (Vitaliano, 1983; Porter & Scully, 1987; Cook, 1995; Royer, 1999). Cook (1995) presents five core problems, also discussed by Royer (1999), namely the free rider, horizon, portfolio, control, and influence cost problems. In this paper, three of these five problems are relevant to highlight due to the nature of the study, namely free rider, horizon and control problem. Feng *et al.* (2016) further claim that social capital is negatively associated with cooperative size.

The free-rider problem emerges when property rights are untradeable, insecure, or are not sufficiently well defined and enforced to ensure that individuals bear the full cost of their actions or receive the full benefits they are entitled to (Cook, 1995; Royer, 1999). There are internal and external free-rider problems in cooperatives. The internal free-rider problem is a common property problem since the rights to residual claims in a traditional cooperative are linked to patronage instead of investment. New members receive the same patronage and residual rights as existing members although the new members are not required to make upfront investments proportionate to their use. An external free-rider problem is created whenever a cooperative provides its members with collective goods and services characterized by that other cannot be excluded. Consequently, non-member producers could receive benefits of the cooperative, such as favorable prices negotiated by a cooperative or where the value of a cooperative processing facility is capitalized into the value of a nearby non-member's farm, this without contributing equity (Iliopoulos and Cook, 1999; Cook, 1995; Royer, 1999). According to Feng *et al.* (2016), it is rational for a member to be a free rider in relation to other members.

The horizon problem arises "when a member's residual claim on the net income generated by an asset is shorter than the productive life of that asset" (Cook, 1995: 1156). Royer (1999)

develops the problematization further by pointing out that benefits received, as a result of an investment, in the cooperative are limited to the period (horizon) over which the member expects to patronize the cooperative. This may lead to members underinvesting in assets since the return they receive is less than the return generated by the assets. This problem is derived from the structure of the rights to residual claims, which are distributed to members as current payments. Another consequence this problem may have for a cooperative is the tendency for the cooperative to underinvest in assets with long term payoffs, i.e., research and development due to decision-making based on members' perceived horizon (Cook, 1995; Royer, 1999).

The portfolio problem occurs because members choose to invest in the cooperative in proportion to their use and because equity shares in the cooperative generally cannot be freely purchased or sold (Cook, 1995: 1157). This is a problem because, "members are unable to diversify their investment portfolios according to their wealth and preferences for risk-taking" (Royer, 1999: 55). This problem can result in numerous consequences according to Cook, 1995 and Royer 1999. Suboptimal investment portfolios, where the member has to accept more risk than they prefer, is one of them. This could set pressure on the cooperative to try to reduce risk, even if this means lower expected returns by reorganizing investment portfolios. In conventional cooperatives, potential outside investors, who could diversify the risks, are generally excluded from investing in a cooperative. Therefore, members have to carry these risks alone (*ibid.*).

The control problem refers to the agency costs associated with trying to prevent a conflict of interest between owners and management. This is based on a principal-agent problem due to the divergence of interests between the principal, e.g., cooperative members, and the agent, e.g., management (Cook, 1995). This problem is difficult to get rid of in a cooperative due to the absence of an equity market for cooperative shares. Because this is not in place, it means that members are not able to monitor their cooperative's value or evaluate managers' performance (Royer, 1999).

Influence costs problem is regarding "costs associated with activities in which members or groups within cooperation engage in an attempt to influence the decisions that affect the distribution of wealth or other benefits within an organization" (Royer, 1999: 56).

### *Five-stage cooperative life cycle*

Cook (1995) proposed a five-stage cooperative life cycle that seeks to explain the formation, growth and eventual decline of a cooperative. In the first stage, members who share the same clear economic objectives (Neto & Bachmann, 2016) categorize the organization process of the cooperative life cycle. Initially, there is calculus-based trust with the appearance of leadership within the organization, formed on the bases of members' perception. In the second stage of the life cycle, the decision-making is transferred from the whole membership to the board of managers. Calculus-based trust is still present but transforms into knowledge-based trust for a part of the members. This transformation of trust continues until all the trust can be characterized as knowledge-based. Evidently, trust between the members and the board is becoming a factor. Only this can create goodwill trust within the organization. In this phase, knowledge-based trust remains characteristic, and integrity-based trust coexists with a medium level of competence trust, with benevolence trust towards the board also becoming an important characteristic of the organization. In the third stage of the life cycle, cooperative growth process begins. The organization increases its efficiency, expands its economic services, and tries to achieve social efficiencies through superior economic results. To maintain social and economic cohesion, managers have to provide new services and social

assurance to members. Knowledge-based trust turns in to identity-based trust. The members experience a deep sense of belonging to the cooperative. The economic process in this stage requires the cooperative to look for more members of different type, to allow for diversification of agricultural processes and continuity in its economic growth. The new members may bring opportunistic behavior into the organization. In Stage 4, new members become the majority part of the organization. The economic functionality within the cooperation is not primarily built on commitment or trust but price mechanisms and expected profits from the organization. The cooperative has become a profit-driven organization. Cooperatives consider the addition of non-agricultural portfolios and the membership increase in number and heterogeneity. The membership significantly changes its characteristics; it is now heterogeneous, with rising free rider, horizon, and portfolio problems. The cooperative, at this stage, is usually a large organization, and its management is complex. The monitoring of economic activities by the members is difficult and opportunities to influence on decision-making processes decrease.

Price mechanisms and market orientation play a much bigger role than, i.e., benevolence, members trust or goodwill and the decisions are driven by market logics rather than membership logics. In Stage 5, cooperatives are completely profit-driven, trust declines and is likely to be destroyed by the same speed as the membership heterogeneity and economic performance increase. When the level of trust is at the bottom, the cooperative might choose another organizational form. In this Stage, alternatives are available, such as exit, i.e., dissolve the cooperatives initial characteristics and becoming an IOF. However, most cooperatives try to rebuild organizational trust to recreate social linkages while not changing the property rights arrangements and maintains the cooperative characteristics and advantages (*ibid.*).

### *Structure of modern cooperatives*

In conclusion, when a cooperative matures, the members become increasingly aware of the five inherent problems, as well as the cooperating benefits that may have been lost in the matures process. These processes may consist of reduced transaction costs, trust, and commitment. Members and their leadership will have to consider their long-term strategic options and decide whether to exit, continue, or convert into another organization type. (Cook, 1995) Royer (1999) argues that if members want to adapt to or survive an evolving market, they have to exit or reorganize the organization. Thus, the cooperatives are entering the fifth stage in Cook's (1995) life cycle. Further, the assumption can be made that trust, social capital and commitment are diminished towards the end of the cooperatives life cycle. This in accordance with Fulton (1999) who studied situations where cooperatives put their focus on the final consumers and retailers with the consequence that the member commitment, social capital, and trust was considerably reduced. Svendsen and Svendsen (2000), who showed that the trust was reduced in Danish cooperatives when growth occurred, and the dairy production was centralized, also demonstrate this. Fulton (1995) further explains that changes in the structure of agriculture have decreased the power of the cooperatives. As the cooperatives try to adapt to the new market conditions, the farmers are affected. Thus, the cooperatives are entering the fifth stage in Cook's (1995) life cycle.

### 2.1.7 Conclusion of literature review

The literature review conducted by the authors is the basis for design of the theoretical framework used to analyze the data in this thesis. A review of existing literature has provided support for defining drivers for horizontal collaboration in a supply chain, these drivers are mainly financial and social in nature. Moreover, relevant facilitators and drivers for

collaboration between actors in an agricultural context were also found. However, studies also show that for a collaboration to be maintained a great deal of trust is needed between actors. To transfer this part of the review to the theoretical framework the terms of financial and social drivers are constructed together with the important factor of trust.

The area of social capital was also explored by the authors. Studies have shown that the most important indicator of social capital is trust. The phenomena regarding member loyalty towards a cooperative was also found to be affected by trust. The cooperative problems and five stage models also credit a lot of the troubles of a cooperative to lack of trust when complexity arises. To answer the research questions of this study, the authors have chosen to further develop trust in the theoretical framework to be able to more easily put each respondent in their unique context of trust towards the cooperative. As the concept of social capital and trust is large and contains a lot of different theories and perspective, such as transaction costs and lowered control costs this framework focuses on the perceived trust of the cooperative from the respondents and how or if this affects the business relation and loyalty between the actors. Trust is also presented in two different ways in the framework, both in the way of trust between collaborators (internal) and trust towards a larger cooperative (external).

## 2.2 Design of theoretical framework

The design of the theoretical framework is based on the literature review and its concluding remarks. To answer the research questions of the study, which are about both drivers for collaboration and the collaborations relation to a larger cooperative, the theoretical framework contains two theoretical perspectives. These are factors regarding horizontal collaboration and indicators of social capital, namely trust and loyalty.

### 2.2.1 Factors and elements regarding horizontal collaboration

According to Simatupang *et al.* (2002), a collaboration is initialized by identifying drivers for collaborative benefits. As collaborations are based on individual benefits for each firm, there have to be incentives that the collaborators can gain which would not have been possible if the firms acted alone. These activities can vary between increasing the profits for each firm and to enhance market power. Collaboration may also lower costs for logistics by coordinating the firms' sales and delivery. This may also help manage a firm's storage operating costs (Addison *et al.*, 2017). The literature surrounding alliance information is basically pointing out the same things. There has been an increasing frequency of alliance formation in recent years, which can be attributed to rapid changes in competitive environments. Thereby, the interest for the phenomenon of inter-firm alliances has increased, (Harrigan, 1986). There are a number of different reasons for a firm to enter an alliance or collaboration. This may include solving a market failure problem caused by transaction costs regarding asset specificity (Williamson, 1985), to strengthen positions and gain new economic possibilities (Porter and Fuller, 1986), and to achieve knowledge (Hamel, Doz, and Prahalad, 1989; Kogut, 1988).

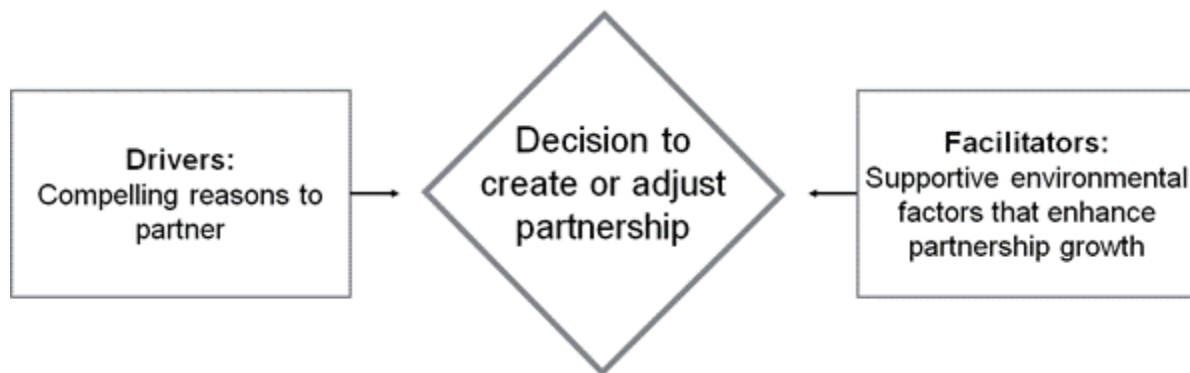


Figure 2. A description of the decision to collaborate (Lambert *et al.*, 1996; own modification).

In the literature on horizontal collaboration as well as in the literature on alliance formation there are possible drivers that can explain why firms start collaborating or ally with each other (Chung *et al.*, 2000). However, the literature also points out facilitators as a factor that could influence the decision to create a partnership (Lambert *et al.*, 1996). Facilitators cannot be developed in the short run, they either, exist, or they do not. Thus, facilitators are elements that allow collaboration to grow and strengthen, such as corporate compatibility, similar managerial philosophy and techniques, mutuality, and symmetry (*ibid.*).

### *Financial aspects*

One of the main drivers for starting collaboration is economies of scale. (Ortmann & King, 2007) Through collaboration and pooling of resources, farmers can improve their position in this regard. A form of collaborative work between farmers may include a joint purchase of farm inputs like seed, farm machinery, aiding members morally and financially during cultivation and seeking marketing channels for farm products to ensure better prices (Michelv & Vilalta-Perdomo, 2016). Another reason to start collaborating with other firms is to gain a market advantage (Lambert *et al.*, 1996). Multiple parties that collaborate and have a strong integration between each other could supply a better and mixed portfolio, be given easy entries to new markets and provide better access to new technology and innovation (Lambert *et al.*, 1996). To improve profitability is what most firms strive for in today's market. One way to do that could be to create a partnership with other firms (Lambert *et al.*, 1996). By collaborating, firms may increase volume commitments, reduce variability in sales, gain access to joint use of assets and other improvements (Fearne, A. 1998). Fearne, A. (1998) further argues that costs sharing associated with developing new products and adopting new technology today are a great driver for collaboration in producer organizations. First, by pooling their resources and capabilities with those of other companies, firms can initiate projects that they could not have successfully done alone (Chung *et al.*, 2000). This resource complementarity between firms derives from scholars in economics and business strategy (Richardson, 1972; Nohria and Garcia-Pont, 1991).

### *Social aspects*

Social aspects are really about social capital when assessing drivers for alliance formation. Very similar to resource complementarity, social capital in a firm is defined as its potentially beneficial relationships with external parties. (Burt, 1992; Coleman, 1990; Pennings, Lee, and Witteloostuijn, 1998). Social capital involves structures, such as interpersonal relationships and individual positions occupied by agents in a network. These structures are influencing

individual or collective behavior and performance (Lazzarini *et al.*, 2001) and as pointed out by Granovetter (1985), the infrastructure, a collaboration between firms provide, could be beneficial. Social capital is concerning “resources accruing to an individual or group by their location in the network of their more or less durable social relations” (Adler and Kwon, 1999, p. 4). Chung *et al.*, (2000), supported by Bourdieu and Wacquant, (1992), Coleman, (1990) and Gulati, (1995a) emphasize that social capital can function as a driver of alliance formation, thus it could decrease the cost of searching for new collaboration partners and create new economic opportunities. Chung *et al.*, (2000) further expand on this by presenting three categories of social capital.

Direct prior alliance experience is when a firm is in search of a collaborating partner to form a strategic alliance with the firm will tend first to consider previous partners or firms they have interacted with in the past. This is due to limited resources, uncertainty regarding how the alliance formation will perform in terms of costs and benefits and possibly increased risk. Another argument for this tendency is that searching for strangers when forming strategic alliances is hard to rationalize when trustworthy partners are already available. However, Chung *et al.*, (2000) show that the optimal strategy for firms when developing relationships is to have a mix of partners, consisting of both those with strong ties to the firm and others that are foreign. This is because partners that the firm has had prior interaction with only provides marginal information value. Reciprocity in opportunity exchange is representing the trust-based relationships, which is suggested to be beneficial for long-term partners because of a repetitive exchange of valuable information and opportunities. A key in this is to make it attractive to exchange cooperative opportunities with only a few selective long-term partners, given that each partner has the chance to give and take a certain amount of cooperative opportunities. Indirect prior alliance experience address does cases where two firms have an indirect connection through a third-party. This enhances the chances for the two firms to shape a strategic alliance because the indirect ties could become a channel for information and the third party has the ability to act as a reference and prevent opportunistic behavior between the parties. It will also allow the two firms to better understand, evaluate and trust each other through information provided by the third-party. Network analysis has, however, a different perspective concerning the type of social relationship and social structure that is more conducive to cooperative behavior (Lazzarini *et al.*, 2001). Networks with agents strongly connected with each other are defined as repeated, affective, relational exchanges (Nelson, 1989; Krackhardt, 1992).

Farmers are not only supporting each other financially but morally as well (Michelv & Vilalta-Perdomo, 2016) Examples of said aspects considers the feeling of safety by having fellow partners close to the farm for support as a driver for collaboration. Social comfort by having friends and social bonds are also seen as positive aspects when collaborators join together in activities. (De Toro & Rosenqvist, 2005) Firms develop social capital through their participation in collaborations thus economic action is not independent of the social relationships surrounding an economic actor. To the contrary, Granovetter (1985) suggest that a rational decision-maker may find that it is advantageous to be sensitive and responsive to social relations. When engaging in social activities and growing social relations firms may reduce transaction costs when searching for important information and provide new economic opportunities (Baker, 1994; Uzzi, 1996; Uzzi, 1997).

Fundamentals for collaboration

According to Barrat (2004), a collaborative culture needs to be adopted by firms to create a collaboration successfully. Hence, firms are not usually able to support these kinds of

operations. There are several factors, which are affecting the collaborative culture (Barrat & Green, 2001), e.g., one of them is trust (Barrat, 2004; Sahay, 2003).

### *Trust between actors in a collaboration*

Inter-organizational collaborations are complex processes and may, therefore, be difficult to implement for a lot of firms. (Barrat, 2004). The most crucial factors that shape the underlying culture of a collaboration is trust (Naesens *et al.*, 2007). One of the main reasons way collaborations fail in practice is because of the lack of trust between actors. (Barrat, 2004; Sahay, 2003) Collaborating parties must, therefore, make efforts to develop trust between each other. This is done by sharing information and resources, developing mutuality, keeping promises and acting openly and honestly. (Fawcett, 2012) Information exchange is important for operational performance and the maintained trust in the collaboration (Wiengarten *et al.*, 2010). For collaboration to be successful, relevant information must flow between actors. When the information exchange between collaborative actor is of excellent quality, it reduces the information asymmetry. (Barrat, 2004) To achieve this state of information quality factors like accuracy, timeliness, relevance and the added value of said information is needed (Wiengarten *et al.*, 2010).

For collaborative activities to work all the parts connected must gain mutual benefits. In cases where only one part gains the benefits, the collaboration will end as the incentives are reduced for other actors. According to Lambert *et al.* (1996), the same goes for all kinds of partnership. Barret (2004) also states that if mutuality is not achieved one or more collaborators will start to feel too risk exposed comparing with fellow partners which severely reduces the collaborations functionality. Lambert *et al.* (1996) also state that both parties in a partnership must believe that they will receive significant in one or more areas and that these benefits would not be possible without the partnership. Such as benefits of asset/cost efficiency, marketing advantage, and profit stability/growth.

To act honestly and open is essential in both an external and internal view of a firm's culture. (Hogarth-Scott, 1999). When dialogues between partners can be imbued with these two terms, it can often result in better certainty, reliability and information exchange. (Whipple & Frankel, 2000) Barrat (2004) mentions that shortcomings, like delays or other issues, must be communicated between partners for an honest environment to be developed.

## **2.2.2 External trust**

Several studies have analyzed supplier-buyer relationships and arrived at the conclusion that trust is a critical variable in the development and maintenance of the relationships (Ellram, 1995; Smeltzer, 1997). Lee and Billington (1992) expand on this view by suggesting that effective coordination of the supply chain is built on a foundation of trust. Smeltzer (1997) further argues that a holistic implementation of the supply chain needs a level of trust between all actors, the authors implies that this is external trust.

### *Trust towards an agricultural cooperative*

Trust is considered one of the most important factors in the context of cooperatives (Szabó, 2009). Trust is the extent to which one believes that others will not act to exploit one's vulnerabilities (Barney & Hansen, 1994; McAllister, 1995; Sabel, 1993). Therefore, trust has been labeled as the main advantage, which can help cooperative members to realize their

economic and non-economic goals of the cooperative. Farmers connected to agricultural cooperatives will in general, seek to satisfy their social goals with the membership, through interactions with other members and thus an affective based trust develops between members. Simultaneously, farmers will in general, satisfy their economic goals through interactions with the management and the trust that develops between the parties will be more cognitive. (Hansen, *et al.*, 2002). However, Hansen *et al.* (2002) recognize that trust among members and the trust between members and management could both consist of cognitive and affective elements, respectively. Differences in these two typologies of trust result in differences in outcome from the farmers' cooperative membership in terms of performance and satisfaction (Barney & Hansen, 1994; Dyer, 1997; Gulati, 1995; Sako, 1992). Members of farmer-owned cooperatives will make qualitative assessments concerning the performance of their membership, involving financial indicators such as, whether their membership results in increased revenue and profits, but also non-financial indicators regarding their level of satisfaction with the cooperative in general (Hansen *et al.*, 2002). However, Fulton & Giannakas (2001) argue that satisfaction with the cooperative is mainly related to the profitability that the members experience at their farm enterprises.

According to Szabó (2009) the trust, which exists between the members and the management of a cooperative, is one of the sources of increased competitiveness, i.e., decreasing transaction costs. However, Feng *et al.* (2016) stress that cooperatives' development towards large size might have led to less member involvement, less trust within the membership, less satisfaction, and less member loyalty. Dyer *et al.* (2003) explain further the existence of an inverse relationship between trust and transaction costs in a supplier-buyer relation. Dyer *et al.* (2003) identify that trust may reduce transaction costs in a number of ways. First, actors will spend less time on ex-ante contracting because they are confident that payoffs will be fairly divided. The transactor will spend less time on negotiation for the same reason, and there will be less need for monitoring and enforcement of the transaction. This also implies that low trust could increase transaction cost (Zaheer *et al.*, 1998).

According to Lambert & Knemeyer (2004) facilitators are, together with drivers, creating incentives for collaboration. Facilitators can be described as supportive factors in the business environment that allow the enhancement of partnerships. As trust towards the cooperative is important in the context of a farmer. It is seen as a facilitator to form the kinds of producer organizations examine in this study.

### *Loyalty*

Loyalty is based on the behavior and attitudes of an individual. Loyalty may often regard the activity of buying or selling in a cooperative but may also include other roles, such as a member's activities surrounding monitoring and investing. (Feng *et al.*, 2011) Loyalty is also seen as an expression of individuals repeated behavior (Morfi *et al.*, 2015). When handling increasing competition cooperatives often act by adapting strategies of integration in either vertical or horizontal levels (Van der Krogh *et al.*, 2009). These kinds of restructuring can contribute to larger operations that are more complex and need to be handled by the cooperative and its members. These strategies and operations also tend to create a vision of the cooperative of being more similar to an investor-owned firm. A result of this may be that the loyalty of said members diminish because they tend to become alienated within the membership (Nilsson *et al.*, 2007).

According to Morfi *et al.* (2015), there are several important factors regarding farmers'



loyalty and frequency when trading with the cooperative. The cooperative has to be viewed as an assured market channel by the members in the cooperative, which means that the cooperative has to offer a reliable channel for the members produced commodities to reduce costs of transactions. The perception of the cooperative as an assured market for individual farmers is one of the most vital aspects of a higher loyalty towards the cooperative (Bravo-Ureta & Lee, 1988; Jensen, 1990). Another factor is the business orientation. Farmers, like other businesses, tend to shift partners if they find better conditions (Karantininis & Zago, 2001). However, some farmers may choose to find and act on the best deals for the moment while others prefer the cooperative choice even if an investor-owned firm has a better pricing condition, because of the thought that the cooperative can offer something more valuable on a longer term (Fulton, 1998). This may be the case because of the high investment specific costs a farm has created a need for a longer planning horizon and a way to safeguard oneself from fraudulent partners (Morfi *et al.*, 2015).

### 2.2.3 Description of the Theoretical Framework

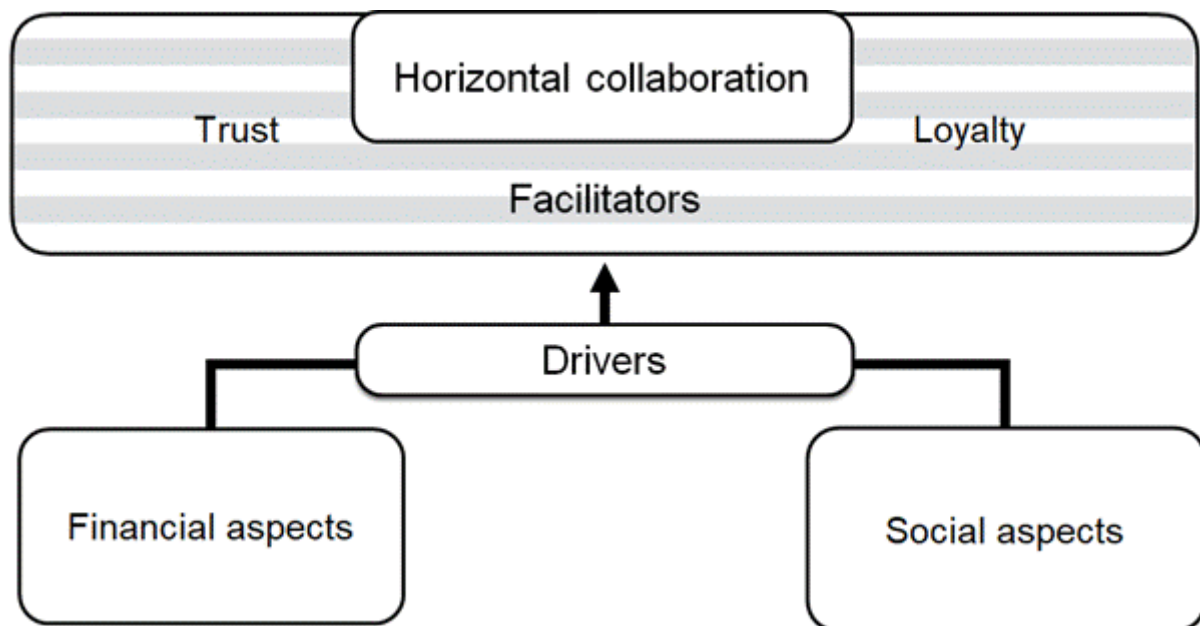


Figure 3. A description of the theoretical framework for the thesis (Lambert *et al.*, 1996; Fawcett *et al.*, 2012; own modification)

The theoretical framework in this thesis consists of partnership theory based on Lambert *et al.*, (1996) and the experience of alliance formation from the U.S. investment banking industry, as well as supply chain collaboration theory. The partnership theory basis is the understanding of drivers and facilitators as factors influencing the decision to create a partnership. The drivers identified by a literature review has been tied to financial aspects, such as economies of scale and cost reduction, to social aspects, regarding senses of security and social bonds. However, drivers are not enough for a collaboration to be maintained as trust is a vital factor for continuous participation (Barrat, 2004; Naesens *et al.*, 2007). According to Fawcett *et al.* (2012) a high level of trust can be achieved by sharing information and resources, participants feeling mutuality and an atmosphere of honesty and openness. In the last part of the framework trust and loyalty towards the cooperative is examined as to determine the attitudes and business orientation of participants in the producer organizations and local associations.

## 3 Method

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*In this chapter, the chosen research methodology is presented and motivated. The chapter explores the chosen design, unit of analysis and the handling of data during the process.*

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### 3.1 Research design

The aim of this study is to increase the understanding of what drive farmers to collaborate through producer organizations and how their trust is compared to members of local associations. This is done by obtaining the perspectives of both individual members of both producer organizations, and local associations must be studied. A qualitative approach has a focus on understanding phenomena in its specific setting with non-numerical data. This enables ways to get a deeper understanding of an individual's perspective. (Robson, 2011) While quantitative research designs acknowledge a measurable and objective reality the qualitative design instead argues that there are many different realities, which arise and change due to the social interactions between individuals. When social interactions such as conversations and actions are interpreted, these realities are created (Merriam, 1994). This gives the qualitative approach the ability to emphasize and interpret the complexity of the studied case. This thesis intends to increase knowledge about members in producer organizations and local associations in terms of their perception of drivers and trust. Therefore, the qualitative research design is deemed as suitable.

This study's ontological standpoint is of the social constructionistic view which assumes that a social phenomenon is constructed by interactions between social actors within a set social context. This implies that a social reality is constantly changing and not final (Bryman & Bell, 2015). The authors of this study also employ the epistemological perspective of interpretivism. This standpoint focuses on the human action and how to understand it, the interpretive view indicate that the activity of social actors creates society and culture which makes scientists strive to examine the specific social context. (*ibid.*)

This paper is mainly based on an inductive approach, which bases itself on the idea that theory is the result of the study and not the foundation of it. (Bryman & Bell, 2015) It is therefore present during the process of data collection where data is categorized into themes and thereafter theories are found to analyze that data (*ibid.*). The authors have been doing literature searches before and after the data collection process to be able to identify important factors that might otherwise have gone missing. Changes were made in social drivers, external trust and loyalty as the time of the study progressed to allow for a wider perspective. However, some of these themes of theory were considered before the data collection and were the main themes in which formed the interview guide. Which makes the study approach somewhat deductive as well (Bryman & Bell, 2015) However, the literature used is applied in a new field and context, which Bryman & Bell (2015) argues may be an inductive approach too.

### 3.2 Literature review

To gain confidence in the studies issues, it is important to be familiar with the literature in the field of the subject. (Yin, 2013) A literature review is conducted to identify knowledge gap and areas of interest. This, in turn, guides the research into more a relevant analysis and contribution to said subject (Robson, 2011).

To be able to construct the theoretical framework for this study a cluster of literature covering collaboration and cooperative theory was collected and reviewed. The literature review is conducted using scientific papers found in databases such as Google Scholar, Web of Science and Primo. As the literature review provides the vital foundation to the framework, the analysis and, in extent, the conclusions of this study the quality of it has to be ensured. This is done by collecting data from a wide array of journals and articles and by making sure said articles are well-cited, discussed and to verify that all the material and data used is peer-reviewed to increase the study's trustworthiness further.

Table 1. Search words in order to conduct a literature review

Search words			
Agriculture +	Cooperative +	Collaboration +	Alliance formation +
Pre-cooperative	Trust	Drivers	Drivers
Collaboration	Side-selling	Facilitators	Facilitators
Producer organizations	Loyalty	Supply chain	Agricultural firms
Organizations		Horizontal	

### 3.3 Multiple case study

As the research in the field of collaboration in purchase and sales activities in Swedish agriculture is a relatively unexplored problem, a case study is a suitable tool to use (Yin, 2013). It is also suitable to use a case study when creating an understanding regarding a case in its unique context (Bryman & Bell, 2015). A case can be an individual, but also a group or a situation and aims to increase the understanding of a specific phenomenon (Robson, 2011).

Case studies are not necessarily restricted to only one studied case; a multiple case study can be used as well (Bryman & Bell, 2015). When using multiple cases, the results can be seen as more rigorous. When comparing two different cases, a better foundation may also be given to observe under what circumstances a theory is connected to the data. (*ibid.*) However, the data might not be as detailed as the results from a single case study could be (Yin, 2006).

Both of the case groups in this thesis are identified as collaborative structures in a cooperative context. However, as there are variations in structure and age between the case groups, and that the previous studies are scarce on both types of collaborations, the authors saw an interesting opportunity to examine how drivers and trust towards the cooperative are perceived in their specific environment. A comparative case study is distinguished by its focus to examine two or more contrasting cases and draw conclusions from the similarities and differences between those cases (Bryman & Bell, 2015). The cases are individual farmers who stem from one of two different ways of horizontal collaborations, mainly through a producer organization or a local association.

## 3.4 Empirical Data

### 3.4.1 Choice of cases

A lot can be said and discussed about the quantity of respondents in a case study. However, Eisenhardt (1989, p. 545) argues that a range between four and ten respondents usually succeeds in getting a rich amount of data, if the number of the respondent is too great there is a risk of the data being too complex and, in some cases, redundant (*ibid.*). This study, therefore, chooses to use eight respondents from each case to get rich and deep data from the different contexts. For this multiple case study, eight pairs of respondents from collaborating structures were interviewed. Four pairs were farmers from the same producer organizations, and four pairs were CEO and a farmer who as well was a board member from a local association.

To answer the research questions, the authors have chosen to examine producer organizations and local associations. The respondents consist of two representatives from four different producer organizations and two representatives from four local associations around Sweden that all have the goal to decrease input prices and increase sales profit. The representatives from the producer organizations consist of members in the informal formation while the representatives from the local associations consist of one board member and the CEO of each association. This was done to get a perspective from a representative of the members as well as the representatives of the associations business model and trade. Moreover, the respondents are connected to Lantmännen either direct as a member or indirect as a member of a local association. Yin (2009) suggests that a number of two or three case studies is appropriate to be able to examine and analyze a phenomenon properly. The reason why this study has chosen to select four cases with a minimum of two respondents of each characteristic is due to the fact that there are not any earlier studies carried out on this specific phenomenon and therefore there is very few if any empirical observations to compare the results with.

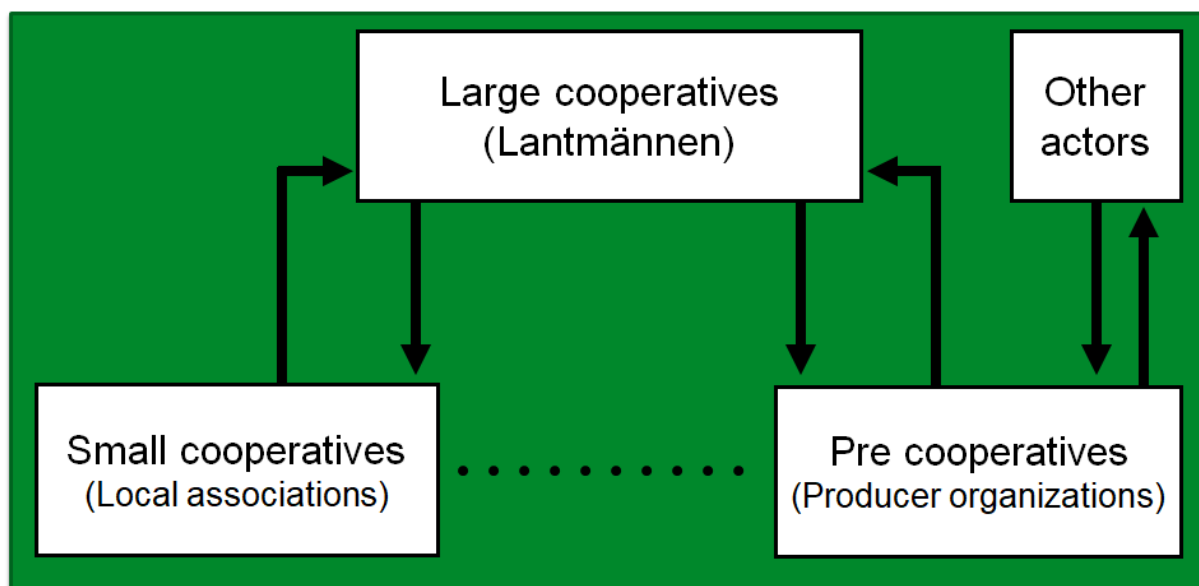


Figure 4. Composition of the two respondent groups of collaborating organizations (own illustration).

This thesis applies a comparative case study which examines the drivers and facilitators between farmers included in a producer organization and farmers in a local association. A

motive to a comparative design is to create a greater understanding of the phenomena and to generate a clearer logic to the studied context. (Bryman & Bell, 2015). Lijphart (1971) describe some crucial factors that need to be present for a successful comparative study. One critical criterion is to focus on the comparability between the objects. This implies that the objects studied need to have certain similar variables which can be viewed as constant while also having some discrepancies.

When selecting cases for a study two types of sampling is used, either on non-probability samples or probability samples (Robson, 2011) However, as qualitative studies usually do not aim to generalize the results, they are often based on non-probability sampling. (Merriam, 1994) Hence, purposive sampling is recurring in qualitative research, meaning that the researcher chooses the sample from the amount of knowledge that could be gained. In studies, this statement translates to choosing cases that answer the research questions in a satisfactory way. (Bryman & Bell, 2015) In this study, the respondents were chosen to represent both parts of the collaborating structures studied. In terms of the producer organizations, the structures asked had at least four members with a minimum of a few hundred hectares which were mainly trading in production factors and grain. The local associations were chosen to represent the varying sizes of existing associations to get varied data and perspectives. To reach out to the local associations, the authors had a dialogue with Lantmännen who reached out to them and were the first contact for this study.

### 3.4.2 Data collection

The study applies the semi-structured, face-to-face interviews in which an interview guide with predetermined questions on specific themes (Bryman & Bell, 2015). This interview methodology is flexible, allows for respondents' personal approaches and allows additional questions beyond those defined in the interview guide (Robson, 2011). This also enables the researchers to adapt the data collection to unique and interesting points, and themes brought up by different respondents (Bryman & Bell, 2015; Robson, 2011) The interview form also increases the chances of connections between the theoretical concepts and the empirical data (Bryman & Bell, 2015) However, this type of flexible data collection requires researchers who understand that they now are a more vital part of the interviewing process (Robson, 2011). The authors have had this in mind during the interview process and have been active and asking follow-up questions on parts in the questionnaire where it was deemed necessary.

Before the interviews were conducted, a pilot interview was done with a farmer who also is a part of a producer organization. This was done to see if the interview guide was suitable for the study. It is important to see if the questions collect relevant data and that they are formulated in a way that makes them easy to understand (Robson, 2011). Some adjustments were made after the pilot interview to further align with these two aspects. Interviews were carried out between March 27 to April 18. Before each interview, the respondents were contacted and given a brief description of the study and the questions to come. After the contact the questions were also sent to the respondent beforehand, these are presented in Appendix 2. The interviews took between 60 to 90 minutes to complete and were conducted with farmers who were a part of a producer organizations and CEO and board member of local associations. The respondents were interviewed separately to assure that the data collected was purely their own perspective.

### 3.4.3 Data analysis

The result of the analysis is to link the empirical findings made with the constructed theoretical framework conducted. Data analysis is done differently in quantitative and qualitative research where the former handles numbers and the latter handles text. (Miles *et al.*, 2013) The analytical process in a qualitative research design consists of three steps; description, systematization and categorization and lastly, combination (Jacobsen, 2002). If an interview guide has been constructed for the study, the themes handled in it can act as a base for the categorization in the study. However, categories can also emerge from trends and similarities of the empirical data. (*ibid.*) Furthermore, Yin (2003) explains that to easily keep the case study evidence structured and in order temporal schemes or matrices should be used. Similarities and differences between units should also be presented and illustrated. (Jacobsen, 2002) To be able to present similarities and differences between producer organizations and local associations the techniques brought up earlier in the paragraph will be used. The aim of the analysis is to link empirical findings with the theoretical framework, therefore, throughout this process, data is categorized with themes founded on the interview guide and presented in tables/matrices with respect to the four areas in the theoretical framework. In order to create an analysis understandable for the reader, the analysis is structured in the same way.

## 3.5 Quality assurance

The case study approach has been questioned because of doubt about the scientific value (Flyvberg, 2006). This makes it especially crucial for a researcher to ensure quality to meet the criticism the method entails (Yin, 2013). To be able to ensure the quality of a qualitative case study, it is important to have internal and external validity. Internal validity is the extent to which a contributing conclusion based on a study is defensible, which is determined by the degree to which a study minimizes systematic error or bias (Lewis-Beck, M. S., *et al.* 2004). It contrasts with external validity, often more measured in quantitative research, the degree to which it is defensible to generalize results to a population or other contexts (*ibid.*). To achieve internal validity in qualitative research, the key is to ensure that the study measures or tests what is actually intended. To be able to do that, it is important to achieve a high level of validity and reliability in the research (Robson, 2011). Riege (2003) has developed a set of techniques for establishing validity and reliability in case studies by combine extensive literature on the subject (table 2).

In order to ensure validity, this thesis uses multiple sources to gather evidence, such as personal information via telephone and personal interviews, to get perspectives of different actors. All interviews are transcribed, and the transcripts are sent together with follow-up emails to the respondent. To ensure internal validity, all interviews are conducted with the same interview guide (see appendix 1). Tables and charts are used in the analysis to assist the understanding and explanation of the phenomenon. Delimitations of the study are defined in the introduction to make room for analytical generalizations. In addition, the empirical data gathered is constantly matched with the literature framework. These measures allow for a higher level of external validity.

Furthermore, to ensure reliability, a number of techniques are used, e.g., assuring similarity between the study's problem and the study design; rigorously recording all empirical data and traces; establishing a case study database as well as a protocol; using the same theoretical lens across all sources of data, and by using methods of peer review during the study's process. According to Riege (2003), by taking these quality measurements into account, it can provide

a case study with good scientific quality. In addition to this, by letting the respondents choose if they want to participate, ensure them that there are no right or wrong answers to the interview questions and offer them complete anonymity is a good way to ensure that the empirical observations are credible (Shenton. 2004). According to Shenton (2004), the qualitative investigator's equivalent concept, i.e., credibility, deals with the question, "*How congruent are the findings with reality?*" Although there are ways to find out how much trustworthiness the research has. Trustworthiness is a term used within interpretive and constructivist paradigms that is the approximate equivalent of validity. The trustworthiness of evaluation resides primarily within the data and is addressed by questions such as, "*Are data able to be traced back to a primary source?*" "*Are they verifiable?*" "*Are the conclusions reached logical, sensible, and plausible?*"

Table 2. Methods and activities for establishing reliability and validity in case studies (based on Riege, 2003:78-79; own modification).

Case study design	Examples of relevant activities	Applied in this project
<b>Construct validity</b>	Use several sources during data collection	Different respondents have been interviewed to get broader perspectives
	Establish course of action in data collection process	Secondary data is reported and documented and interviews with respondents are transcribed
	Third-party review of evidence	Interviews are transcribed and sent to respondent for validation.
<b>Internal validity</b>	Use diagrams and illustrations in data analysis to assist explanation	Models from literature review and theoretical framework is used for analysis
	Ensure that theoretical perspectives and findings are systematically related	Same frameworks are used consistently throughout analysis of data
<b>External validity</b>	Define scope and boundaries in research design	The delimitations of the study is defined in a part of the introduction
	Compare evidence with existing literature in data analysis	Inductive research approach is used and analysis build on theoretical framework, a broader comparison is done in 7.4
<b>Reliability</b>	Give full account of used theories	Accomplished
	Assure congruence between the research issues and features of the study design	Done in Chapter 5
	Record observations and actions as concrete as possible	Interviews are recorded and observations were written down during each interview
	Use case study protocol	See appendix 1
	Record data mechanically	Interviews with respondents are recorded
	Develop case study database	Structured collected data from respondents
	Assure meaningful parallelism of findings across multiple data sources	Same framework/logic used in all interviews and documents
	Use peer review/examination	Seminars with supervisor and opponents, opposition during presentation.

### 3.6 Ethical considerations

When conducting studies, a number of ethical considerations need to be addressed. One way to regard these aspects is to reflect upon four key areas; informed consent for respondents, confidentiality, assessing consequences and the role of the researcher (Kvale & Brinkmann, 2009). In this study, the respondents were informed about the study and its aim before given an invitation for participation in the form of an introduction letter and a summarized interview guide. The respondents were also informed that they are allowed to discontinue the interview at any time and that there would be a chance to validate the transcribed interview a time after it was done. In the study, the respondents from the producer organization and local associations have been identified with a random numeric number for the reason of confidentiality. The authors have considered the tradeoff for using anonymity as it might reduce the context, which is important in qualitative research and its generated findings (Robson, 2011).



## 4 Empirical data

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*This chapter structures the empirics of the study. To give the readers a better understanding of the empirical data a short description of the collaborating structures and participants are presented. After that the empirical data generated from the interviews are presented and structured according to the theoretical framework.*

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### 4.1 Description of collaborating structures

This study uses empirical data from two different cases of collaboration, namely producer organizations and local associations. From each producer organization, two collaborating partners have been interviewed separately to give a deeper and wider understanding of the organization. The local associations have their boards, so to get the different perspectives fully explored by an individual who is a board member and a farmer have been interviewed. To extend the understanding of the association, the CEO was interviewed as well. The respondents are anonymous in the study and will be referred to, using individual abbreviations found in the two first tables below.

*Table 3. Presentation of respondents from producer organizations (own rendering).*

Respondent	Production	Structure
P1a	Grain	Trading company
P1b	Grain	Trading company
P2a	Pigs, grain	Informal organization
P2b	Grain	Informal organization
P3a	Grain	Informal organization
P3b	Grain, cattle	Informal organization
P4a	Grain	Limited company
P4b	Grain	Limited company

#### *Producer organization 1 (P1)*

Producer organization 1 is a trading company with seven owners. The organization is not a member in Lantmännen, but all of the farmers that own it are directly connected members in Lantmännen EK at an individual level. Within the organization, the members collaborate with staff, machinery, and trade. Currently, the organization does not enter new members. The organization is based in Närke.

#### *Producer organization 2 (P2)*

Producer organization 2 is an informal producer organization with three members. All the members of the organization are directly connected to Lantmännen EK on an individual level. The collaboration primarily acts through joint purchases of production factors and grain sales but also shares some fertilizer and feed between them. The organization is located in Uppland.

#### *Producer organization 3 (P3)*

Producer organization 3 is an informal producer organization with 12 members. The organization is relatively young and are today mainly focusing on trading with production factors but aims to collaborate in grain trade in the future. The organization is based in Västmanland.

#### *Producer organization 4 (P4)*

Producer organization 4 is today a limited company with four owners but started out as an informal producer organization with 14 members. The company is a member and whole customer at Lantmännen. Within the company, owners collaborate with staff, machinery, grain storage (4000 tons) and trade. The company also support other neighboring farmers with storage and trade. The company is located in Östergötland.

*Table 4. Presentation of respondents from local associations (own rendering).*

Respondent	Position	Business areas
L1a	Board member/farmer	Grain, Potato
L1b	CEO	Trade, Grain storage, Store
L1a	Board member/farmer	Grain
L1b	CEO	Trade, Grain storage, Store
L1a	Board member/farmer	Grain
L1b	CEO	Trade, Grain storage, Store
L1a	Board member/farmer	Grain
L1b	CEO	Trade, Grain storage, Store

#### *Local association 1 (L1)*

Local association 1 is an economic association with >200 members where 2/3 operate active agricultural businesses. The association is a member and whole customer at Lantmännen. The association also has a store with a connected warehouse and employ >10 store employees and two sales representatives. It also owns a grain storage facility and handles around 50 000 ton grain yearly. To be a part of the association, a member has to be an active farmer and provide a capital investment of minimum 5000 SEK. The association is based in Skåne.

#### *Local association 2 (L2)*

Local association 2 is an economic association with 100 to 200 members where 1/10 is full-time farmers. They are also whole customers at Lantmännen. The association also owns a store connected to a warehouse, but no grain storage facility. The association is based in Halland.

#### *Local association 3 (L3)*

Local association 3 is an economic association with 100 to 200 members where half of them operate active agricultural businesses. The association is a member at Lantmännen but is not a whole customer and does therefore not use the Lantmännen logo. They have a small store with seven employees and owns a grain storage facility. The association is based in Skåne.

#### *Local association 4 (L4)*

Local association 4 is an economic association with 100 to 200 where 1/3 have active agricultural businesses. The association is a member and whole customer at Lantmännen. The association is largely depending on their store operation. The association is based in Halland.

## 4.2 Results

### 4.2.1 Financial drivers

In the following Tables 5 and 6, the respondents' discussed financial drivers are summarized.

*Table 5. Presentation of financial drivers recognized by producer organizations (own rendering).*

Collaboration	Economy of scale	Financial aspects	Synergy effects
P1	Additional profit, A greater bargaining power is perceived	Incentives for investments, quality and timing	Collaboration through machines, staff and internal trade
P2	Lowering costs, A greater bargaining power is perceived	Longer deadlines for credits	Collaboration through internal trade
P3	Lowering costs, A greater bargaining power is perceived	Longer deadlines for credits, able to receive more offers	Collaboration through internal trade
P4	Additional profit, A greater bargaining power is perceived	Farm and sell together, Whole customers in Lantmännen	Own machinery and storage jointly, working for the company

Every producer organization expresses that the drive to join together and collaborate was to get a better price position on input and grain. This is done by both buying and selling as a unified actor and in that way achieve greater batches. All of the four organizations experience that the collaborations have lead to, more or less, better prices. The willingness to tell how significant the price differences is, oppose to trade on your own, varies between respondents, but P3a and P3b mention a 15% price decrease on production factors. P2a have noticed a greater marketing power through a greater number of offers. Meanwhile, there is a firm belief that there is more money to earn by selling grain together compared to buying production factors. One of the reasons behind this, according to P4a, is that bigger batches of grain provide an opportunity for the producers to sell without paying for transportation, which in turn allows for larger margins on grain sold. P4a and P4b explain that they also are whole customers in Lantmännen, which means that they receive a financial kickback on grain sold to Lantmännen EA. However, P1a and P1b express that there is a limit to what you can achieve with greater volume when it comes to margins on trade. Therefore, in their case, they are not aiming to grow as an organization but instead improve product and business quality. P1a say that to be an interesting player on the Swedish grain market; you need to reach volumes of 10,000 tonnes yearly. None of neither P4a nor P4b recognize any limit that P1a and P1b are talking about, on the contrary. P4b want to get more farmers to join the collaboration. In order to make it easy for farmers to buy in and join the P4s collaboration, P4a and P4b mention that they decided early on to lend money to machinery and facilities in order not to build up a huge amount of capital.

All of the respondents, P2a, P2b, P3a and P3b, bring up credit periods as another beneficial aspect of the collaboration. They were able to negotiate better credit terms due to major deals. Meanwhile, P4a and P4b talk about the rational operation generated through the collaboration as the main driving force. P1b further states the importance of being able to store the grain and sell at the right time to be able to achieve a better price on grain. P1b is experiencing that the collaboration has led to expanding investments in the individual agricultural operation.

P4a also touches on the subject and believes that the collaboration has made them able to be an early adopter of new technology and machinery. P1b mentions further that the collaboration has led to the individual farms becoming more homogeneous, similar in size and approaches. P3a and P3b mention that they strive for the kind of development P1b is talking about, to be able to achieve their goals with common grain trade in the future. All of the respondents, P1a, P1b, P2a, P2b, P3a, and P3b, state that they have, as a starting point that they will choose to trade with the best performing actor in terms of price. P4 is, as stated earlier, whole costumer in Lantmännen EA and P4a and P4b explains that they are located near Lantmännen ethanol factory, which means they trade mainly with Lantmännen EA. In all four cases, there is internal trade when needed.

The formation has also given life to other forms of collaboration between collaborators. P1a and P1b mention that they have a machinery collaboration with each other. They also use the organization as a platform to trade with other collaborators. This is mainly in the form of fertilizer, feed, and seed. P2 does not have internal trade to the same extent based on what they tell about their business. However, both P2a and P2b mention trade in the form of manure, straw, and feed. P3a and P3b state that they use internal trade to balance the storages of input between collaborators. P4a and P4b state that they have a close collaboration on several areas, including trade. They run their operation as one unit, they farm, and own machinery together.

*Table 6. Presentation of financial drivers recognized by local associations (own rendering).*

Association	Economy of scale	Financial aspects	Synergy effects
L1	Additional revenue	Intermediary, kick back, credits	Closeness, service and flexibility
L2	Additional revenue, bargaining power	Intermediary, kick back, market influencer credits	Closeness, service and flexibility
L3	Additional revenue, bargaining power	Intermediary, credits	Closeness, service and flexibility
L4	Additional revenue, bargaining power	Collective contract, Kick back, credits	Closeness, service and flexibility

Every local association mentions that the greatest economic driver comes from collectively making purchases and selling grain to gain both bargaining and market power. By buying input in larger batches prices can be reduced, and by handling a greater quantity of grain the prices can be somewhat raised. Handling and logistic costs can be lowered. L4b explains that they sign a pool price contract with Lantmännen EA early on every year. The pool price means that the price for grain delivered to Lantmännen EA from the local association is based on the average grain price over a certain period. In this way, the association takes the risk while members can deliver to the local association to the pooled price without having to tie up time for negotiation themselves. By signing this type of contract early on with Lantmännen EA, they get a price premium of 30 SEK per tonne delivered. 20 of 30 SEK is directly added to the grain price they pay their members, and 10 SEK is kept within the association. L2a and L2b mention that when the member signs a forward contract with the association they, in turn, sign an equivalent contract with Lantmännen EA not to risk more than the individual members do. Hence, the volatility of the grain market and gambling with risk could potentially ruin the associations' finances. L2a and L2b together with L1a, L1b, L4a, and L4b explain the advantages of collective trade through the association when they are whole customers in Lantmännen EA. Hence, they obtain a significant kick back, from gain sales to Lantmännen EA based on the volume of the batches. They believe that this provides an additional incentive to trade with Lantmännen EA

L3b mentions that they are located in a region with a lot of competition. Hence, the association has attempted to diversify itself through biogas and rapeseed methyl ester, to be able to provide better profitability. However, the efforts have not been successful. Nevertheless, L3b sees strength in being just an intermediary because that allows them to sell to whomever they want and because they are not a whole customer in the Lantmännen EA, they can buy from whomever they want. There is also a feeling of service and closeness connected to the associations by its members, as stated by L1a, L1b, L4a, and L4b. Because of the fact that the associations are smaller than Lantmännen EA, L1b, and L4b perceive that they know the needs of their customers and may be more flexible and available. L2a, L2b, L3a, and L3b joins in on these appreciated values regarding flexibility and quick decisions.

All of the respondents, L1a, L1b, L2a, L2b, L4a and L4b, stress the importance of members promoting the associations' own store. L1a sees the cost of an intermediary actor in the trade relationship as an essential aspect and states that the increased margins are important for these costs not contributing to a net loss for the members. L2a and L2b also touch on the subject by mentioning that the revenue from the store covers the costs of their business organization and employees. It is vital for the incentives that the association does not let the members cover the administrative costs. L4b explains that they aim to be the number one store in the region regarding materials and supplies for gardening and household.

The local associations are economic associations and therefore, in many cases, strive to have a similar structure as Lantmännen EA. This is often evident through the bylaws, and the way dividends are distributed between members. To motivate members to trade through the local associations, the boards often have a higher refund and supplementary payments than Lantmännen EA. L1b states that they always aim to have half of a percent higher than Lantmännen EA. L2 have around one percent higher, L3 have the same as Lantmännen EA. L4b states that they have a refund that exceeds Lantmännen EA by around six percentage. All of the local associations perceive this as one of the greatest drivers for members. Most of the associations handle refunds and supplementary payments the way Lantmännen EA does, by paying the members after basing it on the annual report. However, none of the local associations uses contribution issue the way that Lantmännen EK does.

L2b mentions the ability to be able to drive up the prices for other competitors when the competitors can offer prices that cannot be matched in the market. Local mills have shorter transport distances and can, therefore, offer a higher price on grain. However, if the association did not set their prices for the grain, the mills could go even lower. This translates into a member benefit and a financial driver.

The associations also see the way they handle credits as a driver for members to be a part and trade through the association. As the local associations are more flexible with credits due to good relations with its members, they are able to adapt to situations if a client has a hard time making a payment one month. L2b states that the association can be seen as an "*economic rubber band*." L1a and L1b further argue the advantages of the membership because the association has credits with low-interest rates, which gives the farmers even more incentives. L3b believes that, as a local association, they can offer longer credit times than other actors in their area.

Synergy effects have also been noted, where members from the same local association may start other types of collaborations on farm level. L2a and L2b mention that trade with

production factors between members exist, with the association as an intermediary. This is a tool that helps manage and balance the storages between farms where someone might have bought too much and someone too little. L1a expressed that different farm-to-farm collaborations have been formed by members in the local association in the areas of machine-sharing and feed trading. Some of the respondents' mention that sub-groups have formed among the members of the associations to, in their turn, achieve higher quantities and try to get better prices. The managers of said local association often oppose this behavior, arguing that it does not belong in an economic association. L1b, L2a, L2b and L4b all mention, some in connection to this, that the cooperative feeling among members often overshadows the financial aspects and lead to, members choosing to trade through the association either way.

## 4.2.2 Social drivers

In the following Tables 7 and 8, the respondents' discussed social drivers are summarized.

*Table 7. Presentation of social drivers recognized by producer organizations (own rendering).*

Collaboration	Prior social capital	Beneficial relationships	Exchange of expertise and knowledge	Decision process	Social structure
P1	Small groups with strong ties joined together to one organisation	Different competencies and areas of responsibility	Internal transparency, exchange of experiences and competence	Two-person decisions, unbound participation, transparency	Strong social bonds, safety
P2	Neighbours and friends, strong ties.	Set areas of responsibility can gives a greater focus	Exchange of business information and market opportunities	Two-person decisions, unbound participation, transparency	Business, strong social bonds
P3	Direct ties, indirect ties	Different competencies	Exchange of business information and market opportunities	Joint decision	Business, wider and closer network
P4	Friend from school, strong ties. Indirect ties.	Joint operation	Internal transparency, exchange of experiences and competence	Joint decision	Function as a unit

All respondents representing the producer organizations perceive that the collaboration has led to stronger social ties with the involved farmers. It varies slightly how well the farmers knew each other before the collaboration began, some went to school together, others were friends since before. Some are related to each other, and in some cases, farmers did not fully know all who would become a part of the collaboration. However, in most cases, partners know everyone through someone else, i.e., through a third person. In P3, not everyone knew each other before the collaboration started. However, farmer P3a highlights that, although the members still are getting to know each other, the organization has contributed to a wider and closer network. This indicates that with the collaboration structure in place people are starting to get to know each other.

Common field walks and production related activities are something all producer organizations arrange regularly. Farmer P1a mentions that within their group they do many

activities together. One example that he highlights is traveling, which is financed by depositing 1 percent of all earnings from trade through the producer organization.

Most of the producer organizations have no written contract or bylaws governing the collaboration. Farmer P1a and P1b accentuate that if a contract between the collaborating farmers were needed the collaboration would never work out. The exception from this is P4, where farmer P4a and P4b explains that since the organization is a limited company, it requires a shareholder's agreement and statutes, which regulates entry and exit as well as what information may be said outward.

The fact that collaboration, through respectively producer organization, contributes to an increase in exchange of information is something that all respondents agree on. P4a emphasize how the climate regarding information exchange has changed by being a part of the organization. Before the collaboration, farmer P4a perceived that there was a reason to keep a lot of information secret to other farmers, but today there is full transparency between the farmers he is collaborating with. Full transparency is something the farmers P1a and P1b also acknowledge in their producer organization. One of the respondents from P1, farmer P1b, felt the most valuable information exchange to be about business information and business opportunities, e.g., information regarding buying new machinery and business loans. Moreover, farmer P2a, P2b, P3a, and P3b agrees with this but consider information regarding the status of each member's production and production advice to be a helpful and important part of the exchange within the collaboration as well.

Farmer P1a and P1b state that one of the driving powers of the collaboration is the increased exchange of experiences and competence within the group. In their collaboration, the members represent quite varying experiences outside the agricultural sector, which can enhance learning. The farmers representing P1 also mention, in connection to this, that each member has individual responsibility areas within the organization. Farmer A representing P3 mentions that they have a similar layout but points out that this structure implies that some members do more than others. P1a and P1b are talking about similar issues that have been solved by giving those who work more with the organization than others do, the ability to bill the organization.

Both respondents in P1 and P4 emphasize on the feeling of security and community as one of the major driving factors behind continued collaboration. Farmer P1a states that if he would be injured in any way or ill, he trusts that a fellow collaborator would step in and help. Farmer P4a brings up their concept of weekly breakfast meetings where all collaborators assemble and decide what work the following week will consist of and how they could assist each other.

Farmer P4b recognizes that there exist some difficulties in running a producer organization. The respondent further explains that everybody does not always think alike and agree with each other. This is to some extent depending on what experience and knowledge each one possesses. Farmer P3a agrees with this and points out that sometimes it can be difficult to reach other members with own thoughts and ideas due to diversity.

When it comes to prior social capital among members of local associations, all of the respondents describe the long history of each association. L3b mentions that many of their members have been involved over generations, and this is the case when talking to L1, L2, and L4 as well. However, L4b mentioned during the interview, that the association just

received a new member that never been a member of the association before, but he knows farmers that were and had been.

Table 8. Presentation of social drivers recognized by local associations (own rendering).

Association	Prior social capital	Beneficial relationships	Exchange of expertise and knowledge	Decisions process, influence	Social structure
L1	Long history	Service, Flexibility	Yes	Board of directors and annual meeting	Network, Social bonds, Cooperative feeling
L2	Long history	Service, Flexibility	Yes	Board of directors and annual meeting	Network, Social bonds, Cooperative feeling
L3	Long history	Service, Flexibility	Yes	Board of directors and annual meeting	Social bonds, Safety, Community
L4	Long history	Service, Flexibility	Yes	Board of directors and annual meeting	Safety, Social bonds, Cooperative feeling

All of the associations state that the social aspect of the collaboration for the continued support and involvement of the members is important. Some local associations mention that the membership adds to a feeling of being part of a group or a strong feeling of ownership, which may add to the sense of security and social interaction. L1b brings up the perceived security when trading and handling problems through a local association as a driver for further membership.

The associations and its premises may act as an active social forum for the members to meet each other during the year. L1a mentions that the association has a store where members go shopping products for their business operation. The store also acts as a meeting point for members during the year they also serve breakfast every morning for active members.

L2b emphasizes the value of well-functioning network between the members and their role as a knowledge provider. L2a mentions that the strong network between the association and members is used to spread knowledge about technology and input. L3a talks about that they have an activity called “*experience groups*” where younger farmers are able to share competence and experience among themselves as well as get expertise from external advisors. This contributes with support and safety for relatively new farmers and members.

All of the associations also host different events, which mostly focus on expanding knowledge in a certain field or is just pure entertainment for members. L1a describes that they have a wide variety of events. One of them is a summer party where the members have shown increasing interest during the last ten years. L1a views the attendance of the summer party as an important key measurement of the degree of member satisfaction; customer satisfaction is also measured in the store. They also host a Christmas evening, field walks, member meetings and study trips around Europe. L2a and L2b mention that their measure of member satisfaction is to view the total attendance at the annual meeting. L3a and L3b see their events as a clear member benefit and do many different activities. Every year they arrange a dance in connection with the annual meeting, they also host morning meetings, a yearly kick-off, and several field walks. L4a and L4b describe a similar social structure with meetings, joint activities and study trips along with L2.



None of the associations have written social goals stated, but they all mention the importance of social interaction. L1b states that the social aspect is critical, but the main focus has to be around production and profitability to be able to sustain it. Most of the associations' mentions that the members have the chance to influence on large subjects at the annual meeting. Nevertheless, they also emphasize that the management always is open for suggestions and concerns of the members.

### 4.2.3 Trust

In the following Tables 9 and 10, the respondents' discussed trust between collaborators are summarized.

*Table 9. Presentation of trust between collaborators in producer organizations (own rendering).*

Collaboration	Information sharing	Mutuality	Openness	Membership requirements
P1	Shared frequently, distributed to everyone in the collaboration	Even	Honest and contemporary information encouraged to admit flaws	No contracts
P2	All business information regarding collaboration is quickly distributed	Even	Honest and contemporary information, details about the production	No contracts
P3	All business information regarding collaboration is quickly distributed	Even	Honest and contemporary information, details about the production	No contracts
P4	Shared frequently, distributed to all collaborators	Even	Honest and contemporary information	Contracts

Different kind of techniques for information sharing have been identified among the group of producer organizations. P1a mentions that text messages and email are key information channels. The communication with these tools is also frequently updating all the collaborators on different matters, such as prices on sales and purchases. P2a states that the information exchange usually through the mobile phone. The collaborators are also neighbours, which give them the possibility to meet face-to-face in many situations. P3a also uses email and regular meetings to make decisions. P4a mentions that the information sharing has improved significantly in his mind since the formation of the collaboration. Everything is open and transparent in terms of information between the farmers, something that was not obvious when they were operating on their own.

The mutuality between collaborators is often perceived as relatively even among partners in the producer organizations. P1a and P1b argue that the collaborators benefit from their structure both financially and socially and views it as vital for the continual collaboration existence. P2a mentions that although different actors may benefit differently on the collaboration, it still results in a net gain for everyone. Furthermore, P2b 1a mentioned the importance of not feeling jealousy towards the other actors if the benefits aren't precisely

distributed equally. If that is the case, then the collaboration is more difficult to sustain. P3a expresses that all of the collaborators benefit from the organization but that a few individuals are not at a satisfying level of participation. P4a states that everyone is benefiting from the organization and the increase in market power.

Openness is an important factor to the producer organizations. P1a reveals that their structure allows for open communications, both in terms of goals and ambitions of individual actors but also in shortcomings during the years. P1b expresses as critical for the stability and maintenance of the collaboration. Furthermore, P1a also states that it is a great way to connect and increase trust and mutuality in the collaboration. P1b also points out that openness and transparency are important in the business relation and trade towards other actors as well for trust to increase. P1a also mentions that openness is perceived as important and that the collaborators have known each other for a long time and therefore find it easy to communicate satisfyingly with each other. P3b mentions that they are wholly transparent with the pricing of the individual farmers. It is of course important that every collaborator in the same organization has information about the business. The need for openness is something that P4a further emphasizes with his response.

None of the collaborations except P4 have contracts for their collaborative structures and solely depends of social bonds and trust. However, P4 uses contracts as their structure is a limited company with shares, according to P4a this makes the relationship more prone to need a contractual obligation.

*Table 10. Presentation of trust between members by local association (own rendering).*

Association	Information sharing	Mutuality	Openness	Membership requirements
L1	Financial situation, opportunities	Even	Close to decisions	Active agricultural business, minimum contribution capital of 5000 SEK
L2	Financial situation, opportunities	Even	Close to decisions, transparent pricing	Active agricultural business, minimum contribution capital of 10000 SEK
L3	Financial situation, opportunities	Even	Close to decisions	Active agricultural business, minimum contribution capital of 10000 SEK
L4	Financial situation, opportunities	Even	Transparent pricing	Active agricultural business, no contribution capital

The information sharing is often done through email and text messages from the local association. All of the respondents mention that the information shared often is about price campaigns and other types of financial deals that the members can take part in.

All of the local associations believe that their members obtain benefits by being members of the association. However, L1a, L1b, L2a and L2b mention that a few large members might get better deals by being on their own. Although it is highlighted that those deals might not yield a significant financial gain and that those members still have a social aspect to gain from being a member. Another point mentioned by the associations is the closeness and services available, making the business relationship more flexible. L3a provides an example where

they were able to offer a good deal on malting barley to its members. These contracts were mainly given to the members who had bought malting barley seed from the association and therefore award them for the loyalty in the business relationship with the association. L3a also views the continued existence of the local association as a result of mutual benefits. If members or management didn't perceive the benefits of the association's future existence, then it would quickly fall out of favor. L4a expresses that their members are loyal to the association. It is perceived that the average member doesn't haggle and searches for better prices but instead expects a good refund supplementary payment and knows that it will be one of the more attractive alternatives in the market. However, the management expresses a risk with its members expecting high returns as they may be lower some years into the future.

L1a is doing a lot to be as transparent as possible and therefore increases the openness. The association uses different discount levels depending on how effectively members are able to fill transports but other than that there is no difference regarding the business relationship. Most of the local associations express a risk of being too transparent though, since prices may easily be matched by competing IOFs. One of them being L2a who tries to keep the pricing model to each and every member and not share the information to the same extent. However, L2b also states that if the prices become too "*discriminatory*" against small members, it will be a threat to the legitimacy of the economic association. L3a states that there are different segments of their member base with different attitudes concerning information sharing and pricing. Which, concerning trust, makes it vital to motivate the business relation and price to each member. L3b mentions that the greatest value is how well members can embrace the financial aspects and development of the association and their ability to participate and influence on this basis. L4a is also keen on motivating the business deal and are transparent when members ask about prices. However, they express a perceived risk to offer public price information as other actors with the information may try to take advantage of this information. L4a also mention that they do not offer any price differences between members.

The requirements of the membership vary between the association. Most of them require that the member must operate a business connected to the agricultural sector but does not necessarily need to be a farm, although the majority are. L1 and L2 also have a minimum investment of capital of 5000 SEK respectively 10000 SEK that has to be paid within 5 years. L1b mentions that they do not want too big members as it might risk the entire association's financial stability and they might demand special treatment. L3 and L4 do not require a minimum investment attached to the membership.

#### 4.2.4 Trust towards cooperative

In the following Tables 11 and 12, the respondents' discussed trust towards cooperative are summarized.

The general perception varies between the different producer organizations when it comes to Lantmännen EK. P1a views Lantmännen as a very well operated business but say that they don't contribute to sufficient member benefit in terms of member prices P1b shares the thought of Lantmännen being a well-run operation, but that also creates internal costs given its growth. P2a has a positive view of Lantmännen but also expresses that they are so big that it is very difficult to make your voice heard in an organization of this size and complexity. P2a argues that the organization faces difficulties pleasing all its member's interests and ambitions. P3a thinks that Lantmännen can be regarded as too big and expensive and be too far away from the owners. P4a expresses a favourable opinion of Lantmännen. However, they also mention the anomaly of operating a smaller cooperative within Lantmännen EK.

Table 11. Presentation of trust by producer organizations (own rendering).

Collaboration	General perception	Perception of business activities	Board of directors and regional representatives
P1	Well run business, fail to recognize the member benefit	Need to focus more on primary production	Low trust
P2	Positive perception, hard for individuals to make change	Positive perception	High trust
P3	Far away from its owners, costly	Positive perception	Low trust
P4	Good perception, questions the need of PO	Positive perception	High trust

The perception of Lantmännens various business activities also varies among the producer organizations. P1b questions that Lantmännens international commitments and wonders if the activities shouldn't all be tied to Sweden. P1a perceives them as a benefice from a business perspective but that they don't provide enough benefits to the members. P2a expresses a positive view of the business activities and the revenue they create to Lantmännen EK. Regarding business activities, P3a expresses that the activities are positive and endorses their initiatives in the market. P4a thinks that the business activities have just grown to be better and better during the years.

P2a has a positive attitude towards the regional representatives and board based on own experiences. P3a do not perceive that Lantmännen does its utmost to benefit the members, P3a argues that the profit development should have been higher over the years. P3b also state states that the trust towards elected representatives and the board is overall low. P4a, on the contrary, states that the trust towards elected representatives and the board is high.

Table 12. Presentation of members by local associations (own rendering).

Association	General perception	Perception of business activities	Board of directors and regional representatives
L1	Positive attitude towards LM during recent years	Positive, perceives coop as market leading and provides high dividends	Members' best interest, lack of interest of local associations
L2	Positive attitude towards LM during recent years	Positive, more resilient	Lack of understanding, individual agendas
L3	Positive attitude towards LM during recent years	Positive, market leading	High trust
L4	Positive attitude towards LM during recent years	Positive	High trust

The general perception of Lantmännen EK is favorable as of today. Many of the associations feel great respect for them and for being a part of them. It is also viewed as a very well run business that is easy to trade with. However, this has not always been the case since when the fusion of Lantmännen occurred the general opinion was that the local associations should join into Lantmännen EK too. This created some conflicts between the two parts. L3a and L3b mention that they have a positive view of the management today but that most of the previous board also is changed. L1a expresses a good opinion about Lantmännen today, but they also bring up a more troubled time directly after the business fusion in 2000 as an all-time low.

L4a enhances the idea of good relationship with Lantmännen and highlights the good returns on trade.

The perception of the business activities that Lantmännen operates is generally positive. Every local association feels that the extended business activities add value to the cooperative and, by extension, its members. L1a views them as a great way to achieve higher results in the organization and a way to become more stable and resilient to the global market. L2b sees the resulting dividends as a good measure of the economic activities all members benefit from. L2a also believe that the efforts put in said activities help Lantmännen EK to become an influencer on the market in terms of innovation and ways of trade. L4a expresses that they are positive toward the current activities that Lantmännen EK pursues, stating that if Lantmännen would not do it no one else would. They also feel that Lantmännen is leading the grain and food market today. L4a also expresses a positive attitude towards Lantmännens business activity.

In general, the associations have a good opinion and trusts that the board of representatives and regional representatives are handling the members' interests. L2a did not have an opinion of the board of directors and regional representatives. L2b thinks that the board of directors has the members' best interest in mind but that they might not care about the local associations. L1a perceives that regional representatives may not always look to the cooperative as a whole but might instead have individual agendas. L1a also expresses that the board of directors lack interest in local associations. L4a and L3a trusts both regional representatives and the board of directors to guard the interests.

#### 4.2.5 Loyalty

In Tables 13 and 14, below, the respondents' discussed loyalty is summarized.

The perception of Lantmännen as a reliable and secure market partner and an assured market channel is shared among the producer organizations. The business orientation differs between the producer organizations and the collaborators active in them. P1a tells us that they always check offers from various actors before buying and selling products. P1b also mentions the willingness to prefer IOFs in front of Lantmännen EK because of market reasons. P2a trade through Lantmännen in most cases today, because of the good prices. P3a also asks for offers from various actors but does in most cases trade with Lantmännen and expresses a willingness to do so because of being members of the association. P4a states that their collaboration is a whole customer at Lantmännen and therefore does more than 80% of their input purchases at the cooperative. The respondent also expresses the willingness to support his "*cooperative heart*". However, they do ask for offers from other actors to keep business relations going and in some cases they also choose to trade with IOFs if the price is more beneficial.

Regarding cooperative ideology both the respondents of P1 have been actively trading with other actors to encourage competition of the grain market. Both also think of Lantmännen as a cooperative without the core member benefits for a framer. P2a doesn't express any special feelings for the cooperative either and is more focused on good prices. However, both P3 and P4 express that they have a very strong cooperative ideology and want to trade with the organization they are a part of. P3a also perceives that the member benefit is fading.

Table 13. Presentation of loyalty by producer organizations (own rendering).

Collaboration	Assured market	Business orientation	Cooperative ideology	Frequency of trade
P1	Yes	Unsatisfied with structure, would like an allocation to higher grain prices	No	Low
P2	Yes	Is satisfied with pricing today, perceives that LM was slow to adapt to competition earlier	No	High
P3	Yes	Unsatisfied with structure, would like an allocation to higher grain prices	Yes	High
P4	Yes	Is whole customer in LM and trades at least 80% of input with LM	Yes	High

The frequency of trade is also different between collaborations and from the empirical data; they seem to be connected to the previous answers from the respondents regarding business orientation. P1a mentions that they seek out other actors to ask for offers. P1a also mentions the lock-in on the market meaning that it is difficult to sell grain to independent customers and IOFs. The organization has not traded a lot with Lantmännen EK the latest years. However, the frequency has increased in the latest period because of the pricing situation. P2b states that they only trade with Lantmännen for the time being, something that has not always been the case. P3a states that they have a high frequency of trade with Lantmännen, both due of prices compared to other actors but also because of the feeling of ownership towards the cooperative. P4a also mentions that they have a high frequency of trade, which partly stems from being whole customer and the cooperative ideology of the respondent.

Table 14. Presentation of loyalty by local associations (own rendering).

Association	Assured market	Business orientation	Cooperative ideology	Frequency of trade
L1	Yes	Handles offers from multiple actors, contracts with LM regarding 80% input	Yes	High
L2	Yes	Handles offers from multiple actors, contracts with LM regarding 80% input	Yes	High
L3	Yes	Handles offers from multiple actors	Yes/no	High
L4	Yes	Only with LM, contracts with LM regarding 80% input	Yes	High

Lantmännen being a reliable and assuring trading partner is something that all of the associations stated in the interviews. The relation with the cooperative is perceived as very

well handled, especially compared to the status of the relations at the beginning of the 2000's. L1, L3 and L4 agree with these statements. L2a brought up Lantmännens willingness to always accept grain, even in the most intense periods. Meanwhile, smaller actors risk reaching their capacities. This might result in them not being able to handle additional grain. L2b shared that idea. However, a problem could arise where Lantmännens own sales representatives compete with the association's sales representatives on the local market.

All of the local associations state that they mainly trade with the cooperative. Most of the associations have made a contract with Lantmännen and their trading relationship. The contract states that 80% of the agricultural wares must be Lantmännen-associated products. However, all of the local associations are trading intensely with Lantmännen because of the price and the high dividends compared to the rest of the market. L3a expresses that the rates of refunds and supplementary payments have been a great incentive for the association to mostly trade grain and input with Lantmännen EK. When it comes to the invested capital in Lantmännen L3b mentions that they have built up a substantial capital and that they cannot see where they could get a better dividend on its capital.

The cooperative ideology is a central concept to the members, employees, and board of the local associations. L1 as well as L2 found the cooperative idea very compelling and as a viable business idea. L2a thought of it as a way for smaller actors to compete and get fair prices on markets and that the idea of cooperative structures benefits each actor. Examples of ICA were given where the ICA store owners buy most of the products from the ICA central storage, this gives ICA a greater bargaining power and proves that the cooperative idea works just as well outside the agriculture sector.

Most of the local associations have a contract with Lantmännen today, to be able to have the word "*Lantmän*" in the association's name and to use their symbol 80% of the input must be bought from Lantmännen EK. L1a, L2a, and L4a provide information about quota contracts, L3a argues that they felt more flexible in their business relations but that almost all of their trade goes through Lantmännen today because it just makes more sense to amass the whole trade relation. All of the associations did trade most of their input and grain with Lantmännen Ek today though, as prices, dividends, and relations have been very good over the latest years. L2a mention that they sometimes trade with IOFs when price campaigns are issued or to keep business relations afloat. They ask for offers from most actors on the market to assure themselves that they receive a fair market price for their products. L4a, on the other hand, never deals with any other actor and instead focus all their effort to Lantmännen and brings up the advantages with economic returns.

Two of the local associations, L2 and L4, regardless of being whole customers in Lantmännen EK or not, say that they feel less bound to Lantmännen on the input side of the business relation. None of the associations has any sales quotas connected to Lantmännen EK regardless of being a full customer or not. L2a, L2b, and L3b mention the difficulty of selling directly to mills, feed factories and other processing plants as these actors often have contracts with larger grain actors. L3a, therefore, argues for the importance of having a good relationship with the major players Lantmännen and Svenska Foder.

## 5 Analysis and discussion

*The chapter connects the presented theoretical framework with the empirics gathered for the study. The analysis is sorted between collaboration and cooperative theory and will conclude with a discussion, which will compare the analysis with studies in the presented literature review.*

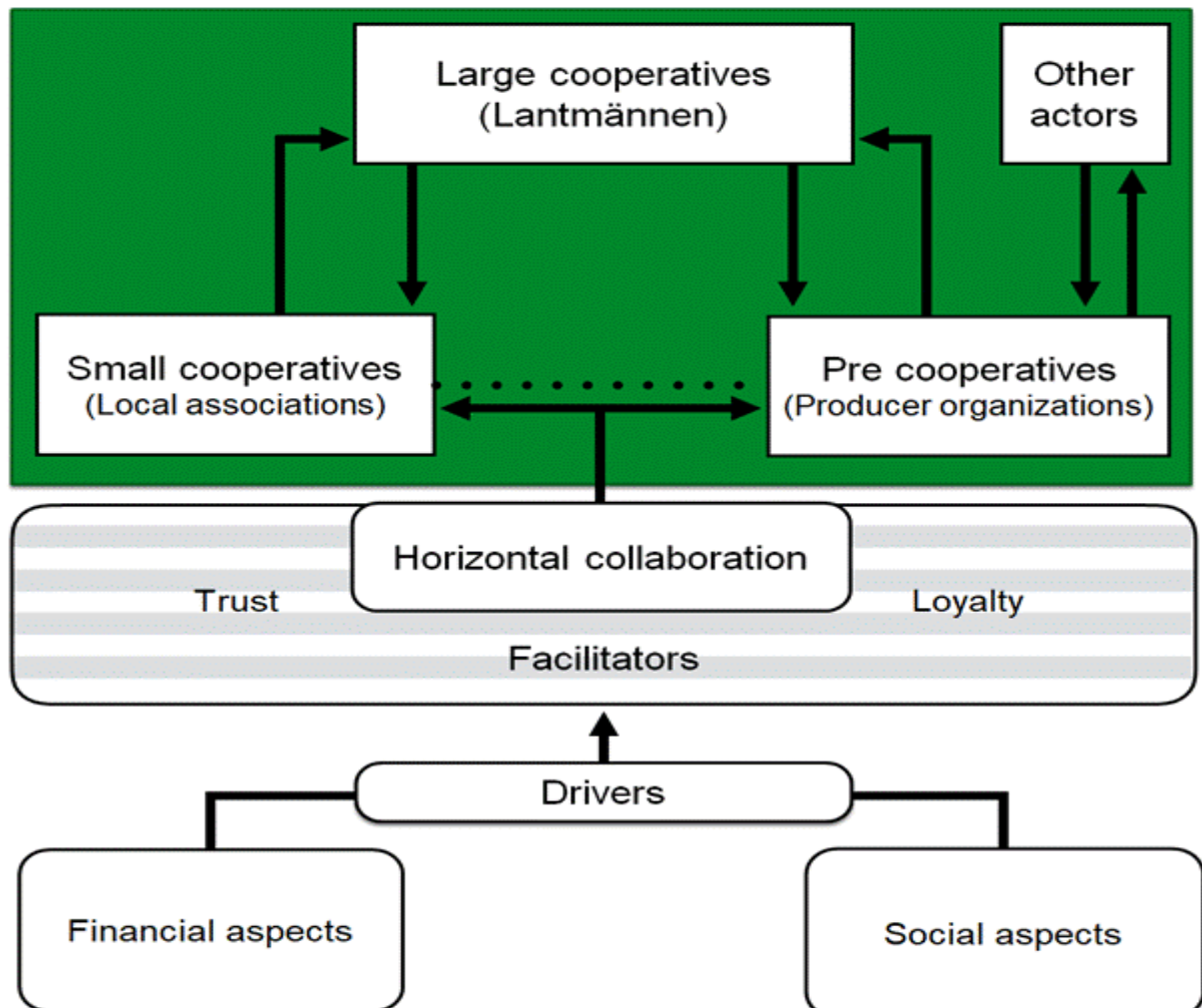


Figure 5. A combination of the empirical data and the theoretical framework for the thesis (Lambert et al., 1996; Fawcett et al., 2012; own modification)

### 5.1 Collaboration

#### 5.1.1 Drivers for collaboration

One important financial driver for actors to join into an agricultural collaboration is the aspect of better pricing and stronger positions to negotiate (Michelv and Vilalta-Perdomo, 2016; Fearne, A. 1998). All the respondents answer that the financial aspect is the primary driver for these collaborations to exist, both in the context of producer organizations and local associations. Some go as far as to say that the associations and organizations would be regarded as meaningless if better pricing was not able to be pursued.

The respondent's experiences that collaboration through producer organizations allows for reduced operation costs in the form of lower prices on production means and rational



operation. It also provides greater margins on produced grain for collaborating farmer. Greater marketing power is perceived by the respondents through, more interested buyers and sellers due to larger volumes, this leads to better business conditions. A part of the respondents collaborate with machinery and grain storage and find it easier to invest in new technology due to greater use and, in some cases, joint financing. This is all well in line with Lambert *et al.* (1996) and Fearne, A. (1998) thoughts about financial drivers for collaborating.

In the cases of the local associations, the respondents talk about similar financial drivers. However, the view of financial drivers is less business oriented and more based on creating membership benefits, e.g., L1 service and flexibility, L2 market influence, credits and flexibility and L4 collective contracts. Nevertheless, this view of the financial driver also matches well with Lambert *et al.*, (1996) theories of asset efficiency, cost efficiency and market advantages. Although, Michelv and Vilalta-Perdomo (2016) states in a study that farmer's interest in participating in a collaboration, mainly depends on the advantages in terms of better prices and stronger positions to negotiate, this is not entirely true when it comes to local associations. Respondents from almost all of the associations interviewed in this study mention that the cooperative feeling among members is often stronger than the financial incentives. Here there is a difference compared to members in producer organizations, due to the fact that, despite an appreciation for the cooperative model they prefer financial incentives. However, Fearne, A. (1998) thoughts on cost sharing associated with the development of the business and new technology is well in line with the experience of both producer organizations and local associations. When it comes to local associations, additional financial drivers are highlighted through higher dividends than Lantmännen EA, higher grain prices due to kickback on sold grain and more flexible contracts. These additional drivers are based on large business volumes and economies of scale that exist due resource complementarity between firms that are members of the association. Hence, it fits well with theories by Richardson, (1972), Nohria and Garcia-Pont, (1991) on the subject.

Social drivers are also an important aspect regarding collaborative formations between actors (Bourdieu and Wacquant, 1992; Coleman, 1990; Gulati, 1995a). There is a variation between the producer organizations when it comes to the social capital before the formation of the respective organization. Today all the producer organizations exist of both partners with strong ties to each other and partners that once were more or less, strangers to each other. This is something that Chung *et al.*, (2000) explains is the optimal strategy for alliance formation in the first of three categories regarding social capital as a driver, direct prior alliance experience. But what can be noted is that most of them are founded by members with strong ties to each other which is well in line with Chung *et al.*, (2000) second category, reciprocity in opportunity exchange. With time the producer organizations have added additional collaborators that may have been a stranger to some of the founders at first but been known indirectly through a third-party, someone inside or outside the organization. This is consistent with Chung *et al.*, (2000) third category, indirect prior alliance experience. The exception to this trend is P3, which has developed a relatively new organization where there is a mix of agents from the beginning. A differently sized proportion of social capital is identified among this category.

In local associations, prior social capital is less of a driver for being a part of the associations because members have been involved for generations. Nevertheless, new recruitment of members occurs and then it is almost exclusively a farmer that knows a fellow farmer that is a member of the association. This can be compared with all three categories presented by Chung *et al.*, (2000) depending on who it concerns.

Social aspects that function as facilitators for the collaborations may be harder to quantify, but they regard feelings of security, social bonding, and trust. Many of the producer organizations states that the main driver for starting the collaborations circled around financial goals. However, the social aspects have grown stronger during the collaboration and is one of the main reasons for staying. Farmers in P2 and P3 talk about moral support from each other in the primary production and farmers from P1 and P4 emphasizes that the organization creates security and a closer community. The local associations interviewed in this study talk about the same things but mention further the collective feeling in a cooperative as a social aspect. All goes well with Michelv & Vilalta-Perdomo, (2016) theories surrounding collaboration. Beyond this, the respondents from P1 and L2 mention that the social relationships within the collaborations advocates technological development because they support and trigger each other. Many other aspects that are highlighted as social drivers when evaluating producer organizations. Primarily the collaboration generates a wider and closer network, as emphasized by P3A, which matches well with theories on network analysis (Nelson, 1989; Krackhardt, 1992). Social activities have been mentioned throughout as an important part of the social interaction and to varying degrees depending on how well the members know each other and how long the collaboration has been going on. Growing social relations in this way is a facilitator that drive the farmers to maintain the collaboration (De Toro & Rosenqvist, 2005). It may also reduce transaction costs when searching for important information and provide new economic opportunities for the collaborators (Baker, 1994; Uzzi, 1996; Uzzi, 1997). The infrastructure within the four producer organizations is influencing the dynamic between members in some cases to a certain extent. The organizations where members have solid areas of responsibility and joint ownership see this as an advantage as pointed out by Granovetter (1985). However, the infrastructure could be a factor that is perceived negatively by the members who are more dedicated to the organization. In the local associations, the social infrastructure is not discussed extensively.

Another aspect, which affects the social context, is information exchange between participating parties within an organization or association (Simatupang & Sridharan, 2008). All respondents, representing producer organizations, consider it to be full transparency regarding information concerning the activities of the organization. This allows for decision synchronization which could lower costs and grant higher profitability for the participating members (Simatupang *et al.*, 2002; Simatupang & Sridharan, 2008). In the local association, the degree of transparency varies according to the respondents. What varies most is how transparent the association is with different scales and prices towards its members. However, in addition to information about the business, the perception of what kind of information that enhances collaboration is varied. In the cases where the producer organization is more like a joint venture, there is a higher degree of transparency, which largely includes the entire individual operation. The same goes for the smaller associations. The bigger associations are less transparent because of more members. There are cases where the producer organization mainly function as a trading tool. In these cases, information distributed about the individual operation and production is more appreciated and may serve as an advisory consultant within the organization.

### 5.1.2 Trust

Trust is one of the most important aspects for maintaining collaboration and is the main reason to why collaborations fail (Barrat, 2004; Sahay, 2003) Fawcett (2012) has identified four key concepts for increasing trust in a collaboration. Namely by sharing information and resources, developing mutuality, keeping promises and acting honestly.

The state of the information flow between actors in a collaboration is essential for the state of the collaboration (Barrat, 2004). Nearly all the producer organizations distribute and share information regarding business and collaboration frequently, mostly via e-mail or phone. All the producer organization respondents speak of being completely trusting towards the information they receive from fellow collaborators and that the information is accurate. These responses are in line with Wiengarten *et al.* (2010) which emphasize factors as accuracy, timeliness, and relevance as important factors for the quality of the information flow. To achieve a good information quality, factors such as accuracy, timeliness, relevance and the added value of said information is needed (Wiengarten *et al.*, 2010)

Developing mutuality often revolves around tight connections and the feeling that every individual in a collaboration is gaining something from the joint efforts (Lambert *et al.*, 1996). In line with provided theory, the respondents argue that mutuality, in the form of perceiving that both parties gain from the collaboration, as well as the joint activities' value where every individual contribution is vital for a collaboration to function. P1a and P3a mention that the collaboration would be impossible to maintain if not all the parties feel satisfied with what they got out of it. P2a also states that the importance that everyone is gaining something but the fact that some partners might gain more must be overlooked for the collaboration to be maintained. All the respondents perceive that the absolute majority of their organizations and associations receive benefits from their collaborative activities and believe that all collaborating partners do. This is in line with the theory stating that mutuality is one the vital cornerstones of collaboration as well as contributing to increased trust (Fawcett *et al.*, 2012). However, P3b states that more commitment is shown by a few of the members. The mutuality aspect is found in both economic and social drivers. The mutuality built between collaborators is a critical point of increasing trust in the formation (Fawcett *et al.*, 2012). Lambert *et al.* (1996) further state that all the partners in a collaboration must perceive that they gain benefits and that they would not be able to achieve those benefits alone. These theoretical claims have been identified when interviewing the respondents.

When regarding members in local associations, the perceived mutuality is also high. L3a and L4a stress the economic benefit of being a member of the association. While L1b and L2a mention that there might be members that would benefit from acting on their own but because of the social aspects, flexibility, and service they still use the association as their main trading channel.

An atmosphere of openness and honesty is important for increased trust among collaborating partners along with the maintenance of said activity. (Fawcett *et al.*, 2012) All of the producer organizations mention that all or most of the collaborators socialize and spend time with each other outside of work. Openness is perceived as a vital aspect to keep a high level of trust in the collaboration. P1a also mentions that transparency is the key to maintain a sustainable collaboration. Collaboration P1 emphasizes the strength of being able to admit to shortcomings, which they believe have made their collaboration stronger. P3b states that they share information about prices and similar business data since this is what the collaboration is focused on. All the respondents also trust their collaborating partners not to use the information shared between them in opportunistic ways. This is well connected to Fawcett *et al.* (2012) idea that all collaborating partners need to develop a trusting atmosphere, which reduces the risk of opportunistic behavior.

Openness in terms of local associations is different because of the structure in the organization. As the associations themselves sell production factors and buy grain, they are competing with other IOFS for their members as customers. However, most of the respondents point out that transparency in the pricing model is vital to earn the trust of the members. L1a and L4b also state that they make no difference at all between different members while L2a and L3a use discounts on transport regarding the capacity to fill an entire truck. However, the latter also express that if prices were to differ too many members would start to distrust the association. These activities also go well with Fawcett *et al.* (2012) theory regarding collaborative partners having to make an effort to develop a trusting atmosphere. However, there is still a level of secrecy towards members in order not to share prices with competitive firms.

## 5.2 Cooperative relations

### 5.2.1 Trust and loyalty

Producer organizations have a varied opinion about the Lantmännen. Today, both P1a and P3a perceive Lantmännen as too large and that the member benefit for the individual farmer of the cooperative is fading. Meanwhile, P1b questions the situation of a producer organization being needed in the cooperative. The members' perception is consistent with Feng *et al.* (2016) study, which concludes that the consequence of the inevitable growing phase of a cooperative is lower trust and commitment. The notion of Lantmännen being a secure market channel is agreed upon by all the of the producer organizations. This is one of the most vital aspects when regarding loyalty according to Morfi *et al.* (2015). The business orientation differs between organizations where P1 searches for offers from many actors on both production factors and grain. Respondents from P2 focus on good prices regarding production factors to their farms. P3 also accepts offers from various IOFS and Lantmännen but also keeps the cooperative ideology and their membership in mind when trading. P4 is a whole customer at Lantmännen and therefore does, at least, 80% of the business at Lantmännen. The rest, however, might be traded elsewhere. Even though they would like to benefit the cooperative through trade with IOFs may offer better prices and therefore is chosen.

The respondents of the local associations all have good perception and a high level of trust towards Lantmännen as of today. All of them also view the cooperatives business activities as positive for the cooperative as a whole, where L1a and L3b express a sense of pride for being part of a leader in the market. The perception of the board is positive, especially compared to the climate of low trust from the beginning of the century when the fusion of the associations was debated. However, L1 and L2 both agree that Lantmännen might overlook the local associations in some aspects. In terms of loyalty, three of the four associations (L1, L2 and L4) have special contracts with Lantmännen specifying them to buy 80% of their production factors from the cooperative. Association L4, who does not have a contract, but still commits most trade to Lantmännen because of high rates of refunds and supplementary payments.

## 5.3 Concluding remarks

In order to provide an overview of the analysis, a table consisting of the revealed characteristics of the analyzed collaborations is presented in table 15. The characteristics are divided into drivers and facilitators and further separated under each theory. First, the drivers for a collaboration is presented under financial aspects and social aspects, followed by facilitators, presented under internal trust, external trust and loyalty. The highlighted characteristics emphasize drivers and facilitators for producer organizations and local associations and reveal the differences between collaboration types.

*Table 15. Concluding remarks of analyzed results and characteristics of producer organizations and local associations.*

<i>Drivers</i>		Producer organizations	Local associations
Financial aspects	Higher revenue	High	Less high
	Bargaining power	High	High
	Synergy effects	High	Low
	Financial aspects	Longer credits	Dividends, conditions
Social aspects	Prior social capital	High	High
	Social structure	Strong ties, comfort, safety	Network, co-op feeling
	Beneficial relationships	Different competencies	Service, flexibility
	Exchange of expertise and knowledge	High	High
<i>Facilitators</i>			
Internal trust	Information sharing	High	Low
	Mutuality	High	High
	Openness	High	Medium
External trust	Perception of co-op	Medium	High
	Perception of business activities	Medium low	High
	Trust in representatives	Medium low	High
Loyalty	Assured markets	High	High
	Business orientation	Financial focus	Whole customer
	Co-op ideology	Low	High
	Frequency of trade	High	High

## 5.4 Discussion

The results of this study suggest that the financial aspects of being a part of a producer organization and to some extent a local association is one of the main drivers. Thus it is possible to get somewhat better prices and conditions from Lantmännen through these kinds of constellations. Although this is completely in accordance with theories presented relating to financial aspects, the implications for the cooperative could be further discussed through the problems inherent in the traditional cooperative. Hence, this could be viewed as a kind of free-rider behaviour locking at the producer organizations because the members connected to these behave opportunistically towards the own cooperative by trying not to bear the full cost of their actions and still receive the full benefits they are entitled to (Cook, 1995; Royer, 1999). This could be viewed as a short-term perspective on the cooperative model and therefore lead to a horizon problem (Cook, 1995; Royer, 1999). This reasoning is partly

supported by members mentioning that the producer organization is formed due to a perception of an underperforming cooperative where the return they receive from investments is less than the return generated by the assets, short-term (Cook, 1995; Royer, 1999). However, based on the empirical result gathered in this study it cannot be established that these problems exist in Lantmännen.

During the interviews several of the respondents mention that they don't have the same trust for Lantmännen as they had previously. Many of them also state that it stems from the organization being too big and complex today and that they feel that the social values are getting undermined. This goes in line with Nilsson *et al.* (2009) which brings up the problem with reduced trust in growing cooperatives. We can also see that the willingness to trade seem to decrease with the reduced trust and social capital, which is in line with Morfi *et al.* (2016). The fading social capital may also be a reason to the cooperative problems being more prominent in the modern cooperative.

One of the cooperative problems, the control problem, based on the agent theory is something the authors brought up in the literature review. Agent theory is defined as the relationship between the principal and the agent, where agent on behalf of the principal manages the latter's interests (Cook, 1995). Larger cooperatives such as Lantmännen needs to employ management, which means that ownership and management are separated (Nilsson & Bjorklund, 2003). Assuming asymmetric information occurs, the agent has a knowledge advantage over the principal, which means that the agent can act opportunistically to gain wealth and influence. In a study of Lantmännen, Nilsson *et al.* (2009) presents theoretical arguments for Lantmännen's problems are related to its size and complexity of its activities, which may lead to a loss of confidence in the leadership of the cooperative. This problem can also be found in Kihlén's study (2007) where the author finds that a rapidly growing cooperative, accompanied by a reduced sense of ownership held by members, creates disloyalty. However, some of the respondents in this study experience that this development has fluctuated in recent years and that they today have greater confidence in how Lantmännen EA is managed. A perception by the authors is that the level of trust towards Lantmännen varies in the producer organizations but is generally high in the local associations. However, most of the respondents emphasize that the trust in Lantmännen was far lower a couple of years ago which is in line with previous studies on members in Lantmännen (Friis, 2011; Kihlén, 2007). According to Cook (1995) five-stage cooperative life cycle low trust indicates that the cooperative is in the last stage of the life cycle and have to either dissolve the cooperatives initial characteristics and becoming an IOF or try to rebuild organizational trust to recreate social linkages. The empirical results indicate that Lantmännen has succeeded in the latter, with the local associations but still have to work on restoring trust among directly connected members.

The empirics and result of this thesis show that loyalty towards Lantmännen is high in all of the collaborations due to a high frequency of trade. However, the authors perceive a difference between local associations and producer organizations where loyalty is depends on commitment in the case of local associations. Commitment has been defined by Fulton (1999, p. 423) as "*the preference of cooperative members to patronize a cooperative even when the cooperative's price or service is not as good as that provided by an IOF.*" This definition is well in line with how many of respondents from local associations perceive that the majority of their members act, even though it is not always beneficial to trade through the association. Both L1b and L2b states that sometimes it could be more beneficial to act as an independent producer. You could, therefore, argue that these members indirectly have a high commitment

towards Lantmännen due to the association's level of commitment towards Lantmännen. Unlike most members of producer organizations, who would not buy from Lantmännen to patronize the cooperative, if an IOF would offer better conditions. Furthermore, there is more evidence pointing at a high level of commitment among members in local associations. Commitment incorporates a willingness to make a sacrifice to contribute to the organization's success (Solinger, van Olffen, & Roe, 2008). Therefore, committed members are more likely to make an effort towards a customer-oriented strategy, such as investing in quality improvement at the farm level. Which can be seen in, for example, L2 case, where they mention their well-developed work with N-sensor. However, this kind activity is solely an index on commitment directed towards other members in the associations and are in fact found to a larger extent in the producer organizations.

To increase commitment from members towards Lantmännen the respondents that collaborate through producer organizations, in general, called for more member benefits and closer bonds to members on the regional level. According to Feng *et al.* (2016) social capital is negatively associated with cooperative size, which is somewhat consistent with what the respondents call for. As the empirics and results of this study also show, the local associations, that function as small cooperative, do not have these problems. Social capital is high in all the constellations participating in this study. These results of the thesis are in line with Feng *et al.* (2016) with regard to producer organizations. Chung *et al.*, (2000) claims that prior social capital and strong ties between partners in a collaboration could be a beneficial way to initiate the partnership and this is more or less the case in all the collaborations in this thesis. Larsén, K. (2008) states in her study on 1000 Swedish farmers that good social relations categorize the collaboration partnerships they have. However, some of the producer organizations testify that they do not necessarily have to have good social relations to all members of the organization. Which is more in line with Chung *et al.*, (2000) optimal strategy when developing partnership, where he suggests a mix of partners, consisting of both strong ties to the firm and others that are more distant.

One thing that distinguishes producer organizations from local associations is that they are designed as a horizontal collaboration. Meanwhile the local associations work both horizontal and vertical in the supply chain. The empirical results in this thesis support the five concepts presented by Simatupang and Sridharan, (2008) when assessing local associations. Although the results also support Lazzarini *et al.*, (2001) theory on netchain analysis. Thus the social structure in the producer organizations is more complex and is hard to compare with the larger local associations directly. The empirical results, however, point to that both constellation types justify their existence since Lantmännen's vertical supply chain with a large number of actors included creates collaborative difficulties (Barratt. 2004). However, another dilemma, highlighted by Simatupang and Sridharan, (2004) is how to go about meeting the goals of the own business but also within the business of the collaborative partner. In the cases examined in this thesis, this dilemma is even more complex. Farmers do not only have to balance the interests of the own firm against the collaboration but also against the cooperation which they are members of.

According to Lazzarini, *et al.*, (2001) farmers tend to share less strategic information vertical in the supply chain and instead try to promote information sharing to favor the collaboration within the same layer. This is somewhat consistent with the empirical results of this thesis showing that local associations are slightly less keen on exchanging information with each other and with the management of the association compared to producer organizations. This is due to a higher degree of social interactions among individual members.

## 6 Conclusions

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*The study aims to increase the understanding of what factors drive farmers to collaborate through producer organizations, despite that they already are members of Lantmännen economic association. Moreover, to analyze what distinguishes producer organizations from local associations connected to Lantmännen. To answer the questions the following research questions were asked; (1) What are the drivers and maintaining factors for farmers collaborating through producer organization in negotiations? (2) How do new more local collaborations affect relationships with a larger established cooperative? (3) What distinguishes producer organizations from local associations connected to Lantmännen and are there any differences regarding trust towards Lantmännen?*

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The drivers for creating and maintaining these collaborations are both financial and social. The financial driver and effects are mainly connected to higher revenue, received through joint negotiations which gives greater marketing power and better prices. The social aspects influencing the creation of these kinds of collaborations is categorized by prior strong social ties among partners. Although the results also show that social capital, regarding comfort and safety, is an important driver. Both producer organizations and local associations acknowledge this. Collaboration brings farmers together and invariably involve a greater degree of sharing between the collaborators. Sharing experience, market information, and knowledge is something that is found in all constellations participating in this study, which is well in line with theory.

Trust is high in these kinds of constellations. Vulnerability and risks connected with the collaborative efforts are deemed as low. In line with Fawcett *et al.* (2012) theory about trust being enhanced by acts of information sharing, mutuality, and openness both kinds of organizations deem trust to be high in their respective structure. However, local associations face these problems, since the structure is not completely horizontal and more similar to a small cooperative.

Concluding remarks of the relationship to the cooperative in terms of trust and loyalty are that the trust varies in the producer organizations but is generally high in the local associations. Even though the trust and cooperative ideology might be reduced in some collaborations, the frequency of trade to Lantmännen is in most cases high. Hence, Lantmännen has been able to provide reasonable prices and dividends during the last couple of years. However, the study shows that the frequency of trade mainly depends on financial aspects rather than a commitment to the cooperative. The financial aspects are of more importance to producer organizations than local associations.

Some distinguishing differences have been identified between the local associations and producer organizations in terms of social structure, cooperative ideology and financial incentives to trade with Lantmännen. However, this thesis reveals the importance of both kinds of collaborations for the participating farmers. Therefore, the thesis highlights the importance of having a cooperative strategy for handling these kinds of constellations in the future.



## 7 Future research

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*In the final chapter a few suggestions for future research developed from the results of this study is presented.*

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Financial and social drivers have been identified as necessary for collaboration in this study. However, more in-depth studies could be made on both aspects. A quantitative study of the effects of joint negotiation contra being a single farmer might be an interesting topic to develop the field further. To further examine the decision synchronization and joint activities for producer organizations is also a suggested topic for further studies from the authors.

Another interesting aspect is a more focused perspective of the common cooperative problems concerning these kinds of activities. The discussion of this study brings up some points about these perspectives but it could be a whole thesis in itself.

Other suggestions for further research is to look at local associations with a cooperative lens and compare them to the national cooperative. In this study it is concluded that the smaller local associations offer a more dominant social sole and flexibility. However, this is not the focus of this study and therefore more interesting findings could be made with the right scope and cases.

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[2017-12-06]

2. Framtidens bönder jobbar ihop, 2000-11-14

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## Personal message

Personal message: On how local associations works towards and trades with Lantmännen.  
Also in comparison with other members in Lantmännen.  
Name: Sven Hellberg

Position: Mail  
Date: 2018-02-04

# Appendix 1. Case study protocol

## **Cases**

Producer organizations and local associations.

## **Case study background**

Presented in the beginning of chapter 5.

## **Data collection method**

Semi-structured, face-to-face interviews

## **Data collection procedure**

-March 27, 2018 – interview with both respondents of producer organization P2 at the respondents' farms.

-March 28, 2018 – interview with both respondents of producer organization P1 at the respondents' farms.

-April 11, 2018 – traveled to Scania to prepare for interviews with our second case group, the local associations.

-April 11, 2018 – interview with both respondents from local association L1 at the site of the association.

-April 12, 2018 – interview with both respondents from local association L2 at the site of the association.

-April 12, 2018 – interview with both respondents from local association L3 at the site of the association.

-April 13, 2018 – interview with both respondents from local association L4 at the site of the association.

-April 16, 2018 – interview with both respondents from producer organization P3 at the respondents' farms.

-April 18, 2018 – interview with both respondents from producer organization P4 at the respondents' farms.

-May 5 – transcripts sent to respondents

## **Ethical considerations**

-Interviews with farmers are anonymous.

-Respondents were told that they could stop the interview or skip questions.

-Respondents has to know that they are being recorded.

-Respondents has to be aware of the purpose of the study and how their responses will be used.

## **Interview guide**

Appendix 2

# Appendix 2. Interview guide

## **1. Background**

- 1.1 Name and age?
- 1.2 Name of the organization you represent?
- 1.2 For how long have you been a part of the organization/association?
- 1.3 What type of corporate structure is the organization/association?
- 1.4 Are you a member of Lantmännen?
- 1.5 Are you a part of/own an agriculture firm?
- 1.6 Have you had other assignments/employments outside of the organization?
- 1.7 What educational background do you have?

## **1.A Producer Organizations**

- 1.a.a Why and how was the organization formed?
- 1.a.b What are the organization's business concept and goals (economic, productive, social)?
- 1.a.c When was the producer organization started?
- 1.a.d To what extent do you/your business collaborate with the partners today?
- 1.a.e How many collaborators does the organization have?
- 1.a.f Have the organization any requirements on farmer who want to collaborate?
- 1.a.g How much time and commitment is needed by the collaborators to manage the organization?
- 1.a.h Where does the organization operate?

## **1.B Local Associations**

- 1.b.a Why was the association formed?
- 1.b.b What are the association's business concept and goals (economic, productive, social)?
- 1.b.c In what way do members in the association collaborate?
- 1.b.d How many members do the association have?
- 1.b.e What are the requirement to be a member in the association?
- 1.b.f How much time and commitment is needed by the members/board to manage the association?
- 1.b.g Where do the association operate?

## **2. A. Drivers for Producer Organizations**

- 2.a.a What drives the collaborators to operate as an organization?
- 2.a.b Has the organization affected your business?
- 2.a.c What do you think has been most positively and negatively with the organizations?
- 2.a.d What do you recognize as the greatest value of the collaboration?

## ***Financial aspects***

- 2.a.e How has trading through the organization affected your way of trading produced products and production means with Lantmännen and other actors?
- 2.a.f Are there any differences between trading produced products and production means?
- 2.a.g How would you say that your prices have changed by collaborate through the organization? If yes; in what way and how much?
- 2.a.h Is there any other economic gains in your firm due to collaboration through the organization?
- 2.a.i Is there any trades within the organization? If yes; of what kind and how is it set up?

## ***Social aspects***

- 2.a.j Did you know each other before the collaboration?
- 2.a.k Do you experience a greater social bound with the collaborators through interaction in the organization?
- 2.a.l Do your own business collaborate with farmers in several other forms?
- 2.b.m Has the collaboration allowed for an increased information exchange? If yes; What kind of information?
- 2.a.n How is information distributed, accessed and used?
- 2.a.o Do you experience that you are learning, receive knowledge from other members in the organization? If yes; What are you learning?
- 2.a.p Are the communication and decision process factors that have affected the choice to collaborate? If yes: How and why?

## **2.B. Drivers for Local Associations**

- 2.b.a What are the drivers for operating as a local association?
- 2.b.b What are the benefits for members in your association compared to members directly connected to Lantmännen?
- 2.b.c What do you define as the advantages and disadvantages with the association?
- 2.b.d What do you recognize as the greatest value as member of the association?

### ***Financial aspects***

- 2.b.e How is the financial allocation structured and distributed to members?
- 2.b.f Does the financial allocation differentiates itself from Lantmännen? If yes; How?
- 2.b.g How is the organization trading produced products and production means with Lantmännen/other actors?
- 2.b.h Are there any differences between trading produced products and production means?
- 2.b.i Are there any trades within the association? If yes; Of what kind and how is it set up?
- 2.b.j What financial advantages are created for the members in the association compared to trading as a individual agriculture firm?

### ***Social aspects***

- 2.b.k Do you recognize any social values of being a member in the association? If yes; What kind of values and how are they created?
- 2.b.l How is information distributed, accessed and used?
- 2.b.m Would you say that being a part of the association gives, increased information and knowledge exchange for members? If yes; What kind of information and knowledge?
- 2.b.n Do you have regular member meetings? If yes; how often does these meeting occur and what type of questions are raised?
- 2.b.o How much and what kind of influence do the members have over the association?
- 2.b.p How are improvement suggestions by members handled by the association?
- 2.b.q Do you have frequent follow-ups on how the members feel about the association? If yes; How is it measured?

## **3. Trust between collaborators (*Internal trust*)**

- 4.1 Are the collaborating parties joined by a contract?
- 4.2 Are there any bylaws stipulated in the organization? If yes; what areas do they concern?
- 4.3 Are conversations with a collaborative partner only regarding work or also revolving personal reasons?
- 4.4 Do you share business information about quantity, prices and quality between collaborators regularly?

- 4.5 Do you trust that members in your organization/association share information in a satisfying way?
- 4.6 Do you trust that the information shared is honest and correct?
- 4.7 Do you trust that information you get from other members in the organizations is time relevant?
- 4.8 Do you trust that information you provide to the organization is not used in an unsatisfying way?
- 4.9 Do you trust that your collaboration/membership and information sharing is not a risk to your own business?
- 4.10 Do you trust that members contributes to the organization/association in a satisfying way?
- 4.11 Do you experience that you contribute to the organization/association in a satisfying way?
- 4.12 Do you experience that all the collaborators are benefiting from the collaboration?
- 4.13 How are variations in quantity and quality handled in the collaboration?

## **5 Trust towards cooperatives & loyalty (*External trust*)**

- 5.1 For how long have you been a member of Lantmännen?
- 5.2 What is your general opinion regarding Lantmännen economic organization?
- 5.3 What do you think about the different activities Lantmännen have in their portfolio?
- 5.4 Are you satisfied with the profitability that your agriculture firm/local association gains solely, from being a member in Lantmännen? In what way?
- 5.5 As a member in Lantmännen do you trust that the board works in the best interests of the members?
- 5.6 Do you trust that the elected representatives in Lantmännen works in the best interests of the members?
- 5.7 Do you trust that information shared with Lantmännen will not be used in an unsatisfying way?
- 5.8 Do you trust that information regarding your membership concerning e.g. decision power, dividends, opportunities, are shared with you in a satisfying way?
- 5.9 Do you trust that you will get the best possible price trading with Lantmännen, by being a member? If not: Do you think you will gain a better result by negotiating through a collaboration?
- 5.10 How satisfied are you with Lantmännen as a trading partner (prices, accessibility & reception)?

## ***Loyalty***

- 5.11 Do you prefer to trade with Lantmännen before other actors?
- 5.12 How often do your collaboration take in offers from other actors?
- 5.13 How often do your collaboration trade with other actors?
- 5.14 Do you view Lantmännen as an assured channel for your products?
- 5.15 Do you have invested capital in Lantmännen? If yes; Are you satisfied with what the investment generates?
- 5.16 Are you satisfied with the dividend you get as a member from trading with Lantmännen?
- 5.17 How do you see your organization/association develop in the future (5-10 years)?
- 5.18 How do you see Lantmännen develop in the future (5-10 years)?