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

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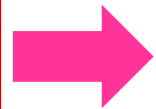
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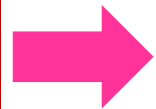
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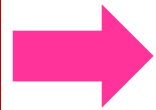
Introduction / Context



Cooperatives: owner-members enterprises coming from poverty, crisis and reaction against market disaster, especially in agricultural sector



French wine co-ops are major operators in the wine sector – LR ones are the most numerous, and also frequently the smallest ones



Ways of cooperative governance: in transition because of increasing collaborative and knowledge based-economy



We aim to analyse the determinants of their competitiveness. We also study to what extent intangible investments interact with co-op governance and performance

2

Theoretical framework





Governance dimensions



Cooperatives governance: different faces and multi-paradigmatic conceptual framework (Cornforth, 2004)

Three main levels: disciplinary, partnership and cognitive dimensions (Saïssset, 2016) –
But partnership and cognitive ones appear as the most influent on cooperative performance (Saïssset et al., 2016)

Partnership level Stakeholders Theory

Freeman (1984)
Desroche Quadrangle (1976)
Charreaux and Desbrières (1998)



Quality level of farmers' governance influences agricultural cooperatives performance (Filippi, 2013)

Cognitive level « Cognitive » Theory

Charreaux (2002)
Wirtz (2006, 2011)



Positive influence on agricultural cooperatives performance – Impact of processes (Huse et al., 2005)



Role of intangible



Demotes-Mainard (2003): intangible = « Invisible man » □ difficult to define
Investor vision = human capital, organisationnal capital, customers and network capital

Dynamics and cumulative effects of previous intangible investments
(*Arrighetti et al., 2014*) ⇒ path dependency consequences

Impact of intangible on corporate performance:

- Democratic wine co-ops lead to less innovation and cooperative performance because of cognitions problems (*Couret, 2006*)
- open governance in agrifood industry ⇒ innovation and financial performance increase (*Couderc and Stephany, 2006*)
- High level of intangible investments ⇒ average profit increase (complex effects on coops performance)



Performance measurement



Complexity of performance measurement in cooperative firms (*Soboh et al., 2009*)⇒great diversity of approaches and visions

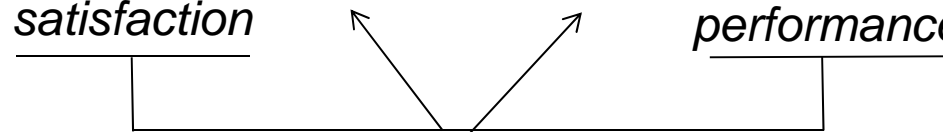
So multi-dimensional measurement is an evidence, including « patron service » (*Franken and Cook, 2015*)



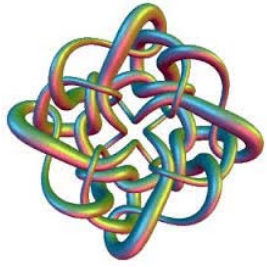
Agricultural cooperatives performance results from a fragile balance (*Staatz, 1989*)

Members' satisfaction

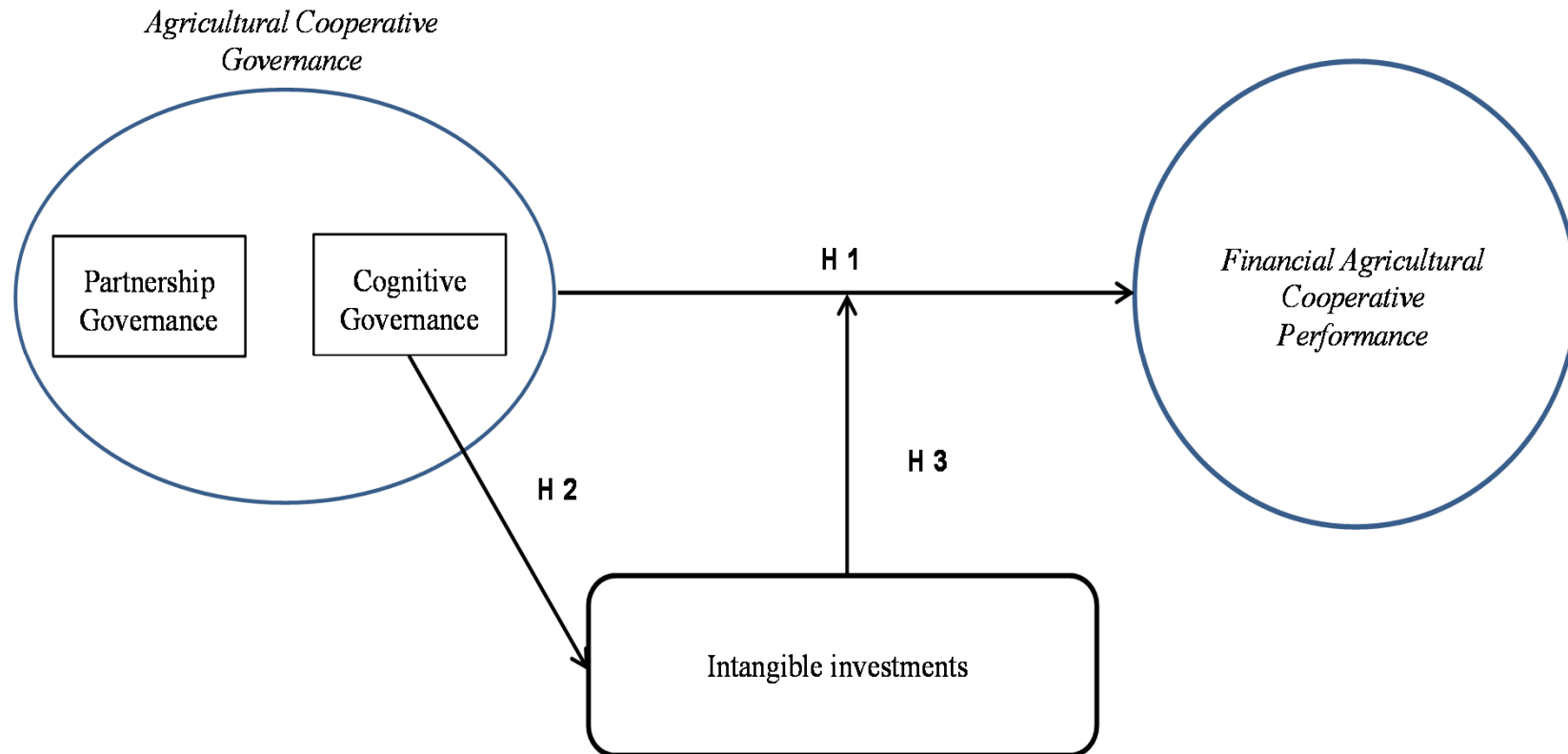
Firm's performance



Cooperative dilemma (*Saïssset and Rivière-Giodano, 2015*)



Theoretical model of agricultural cooperatives governance, intangible investments and performance



Methodology



Sample surveyed size related to whole population of wine co-ops in LR (2010)



Criteria	Sample surveyed	Whole population	%
Number of cooperatives	87	211	41.2%
Acreages (ha)	72,592	154,965	46.8%
Output (hl)	4,225,777	8,666,254	48.8%
Turnover (€)	411,261,666	900,000,000	45.7%

COOPERFIC® data base = collective intelligence decision aid tool

Choice of indicators and statistical analysis



□ Choice and building up of indicators

☞ *Governance*: two distinct governance dimensions made up of several variables (Saïssset, 2014) related to process

☞ *Intangible*: diversity and intensity of specific investments

☞ *Performance*

-selection of indicators based on the specific agricultural cooperatives' characteristics (Soboh et al., 2009; Saïssset and Rivière Giordano, 2015)

-mixed of short/long run financial indicators

□ Partial Least Square Structural Equation Modeling

☞ *Three main concepts made of reflective variables*

☞ *Exception for governance (reflective-formative model)*

☞ *Evaluation and signification of the model*

Results and discussion



Model global fitting

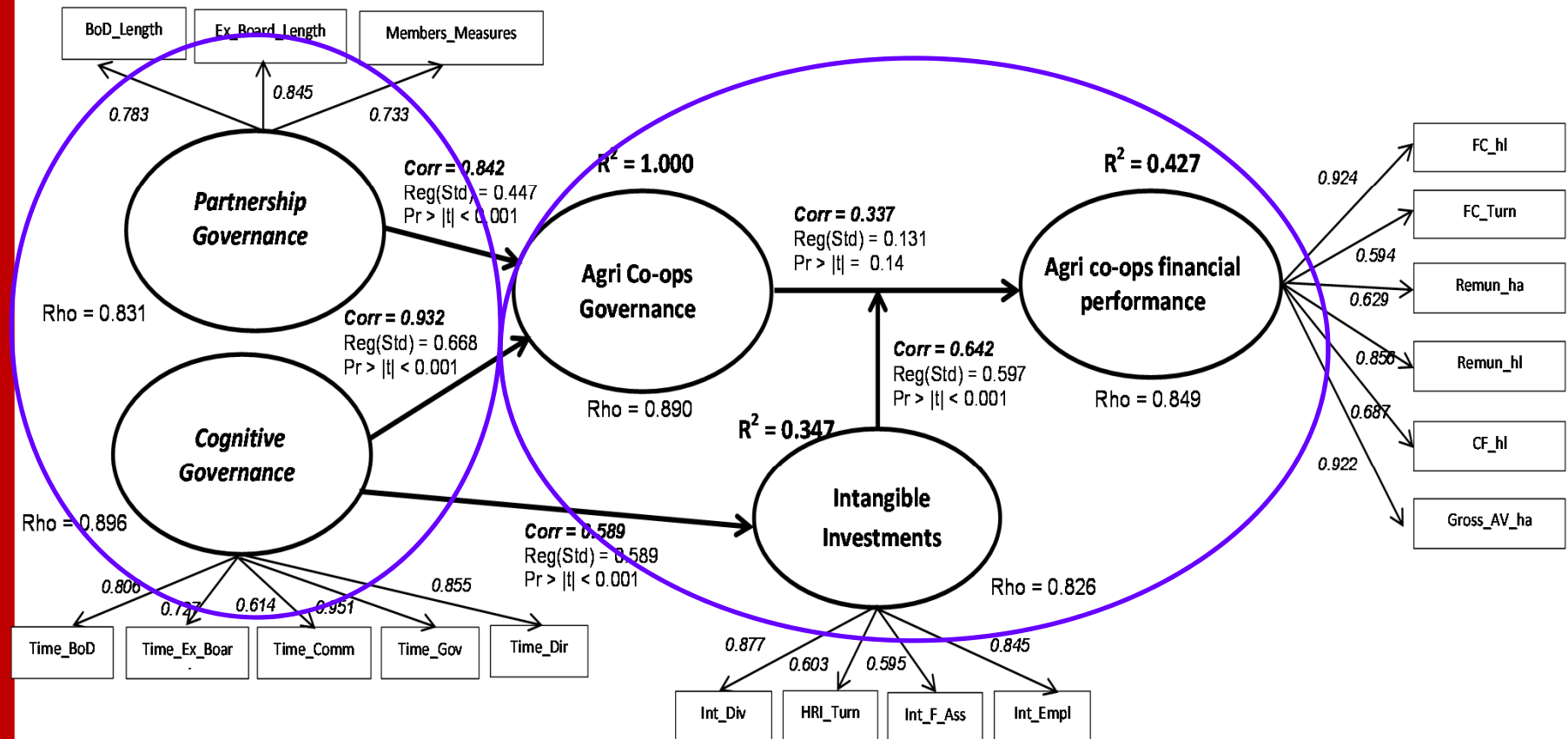


	GoF	} Good validity
Absolute	0.497	
Relative	0.841	
External Model	0.981	
Internal Model	0.857	

Good cross loadings \Rightarrow appropriate indicators for latent variables \Rightarrow **good discriminant validity**

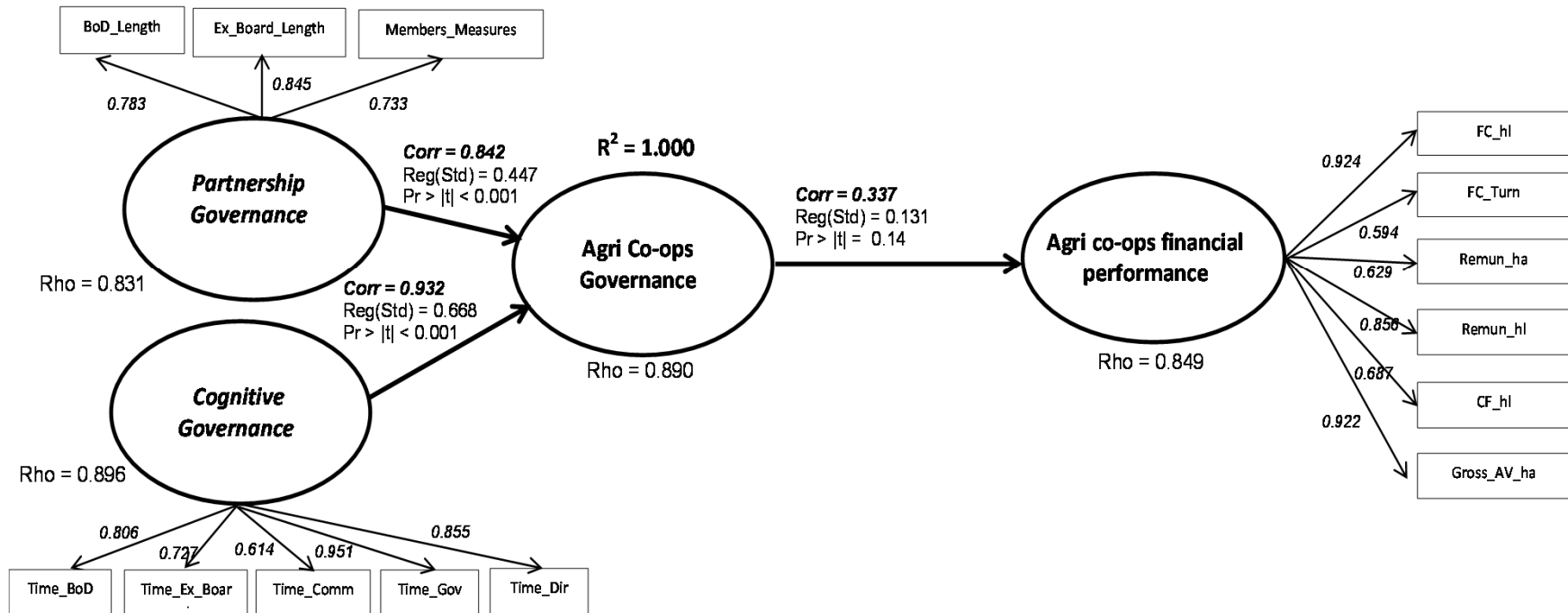
Latent Variable	Path Coeff	Stand Error	t	Pr > t	f ²
Governance	0.131	0,088	1.488	0,140	0.026
Governance*Intangible	0.597	0,088	6.786	0,000	0.548

PLS SEM results



Test of H1 :

Level of governance influences level of financial performance

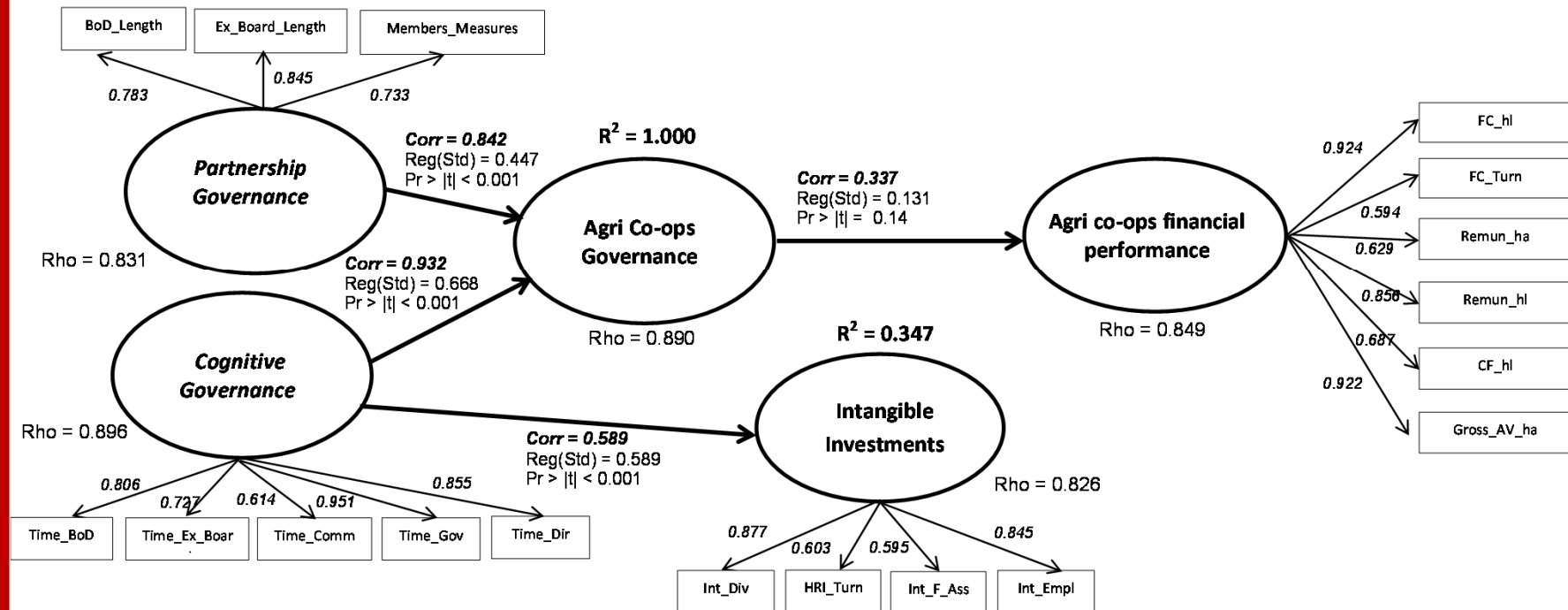


H1 is not validated,
but governance concept is coherent
Governance mechanisms only
do not explain wine co-ops performance

Test of H2 :



Level of cognitive governance influences level of intangible investments



H2 is validated

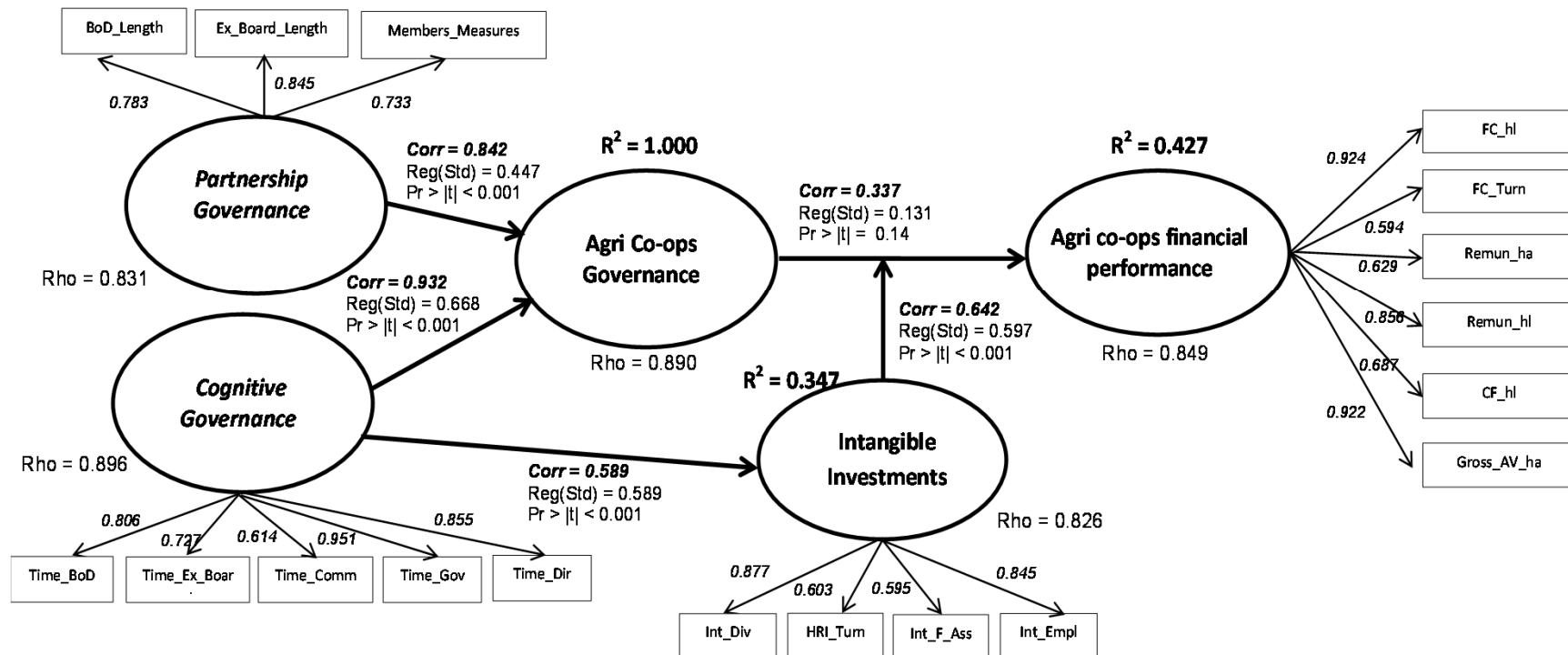


Cognitive governance has a significant influence on intangible investments ⇒ knowledge sharing is crucial for going ahead and invest in marketing



Test of H3 :

Intangible investments has a mediator effect on the link between governance and performance



H3 is validated – Moderator effect of II si real and important
Cognition is crucial, impulsing intangible and financial performance

Conclusion

- ➡ Results confirm the major part of our hypothesis
- ➡ Results underline the interest in combining the four main categories of intangible investments:
 - skills (education as well as human capital)
 - brands,
 - normalizations and certifications,
 - subsidiaries, including financial participations.
- ➡ Informal bodies, cognition and partnerships aspects allow dis-embeddeness.
- ➡ Intangible investments are powerful tools used in order to establish collective commitments. They enable to reduce asymmetric information, asymmetric knowledge, and to improve collective action.
- ➡ In fact, intangible investments act as a “catalyzer” for triggering governance effects on financial performance ⇒ it paves the way for future researches.

Thank you for your attention

Questions welcome !

