

# COOPERATION CHALLENGES IN AGRICULTURAL COOPERATIVES

## *DESAFIOS DA COOPERAÇÃO COOPERATIVAS AGRÍCOLAS*

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### ABSTRACT

**Objective** – This paper aimed to understand the elements in cooperative arrangements of agribusiness that facilitate and hinder cooperation.

**Design/methodology/approach** - A descriptive research was carried out based on the 50 questionnaires applied to farmers' members of cooperatives in Rio Grande do Sul, Brazil.

**Results** - Results indicated that farmers are increasingly expanding their role in making productive activities possible through cooperation promoted by cooperatives. Better access to information, sales opportunities, technical assistance, and, mostly, a favorable environment for the exchange of knowledge are the main responsible facts. As for cooperation, the relationship of trust established between cooperative members and cooperatives stands out, as well as the fidelity of membership that sustains the system, which can be weakened by opportunistic actions that may affect the continuity and fulfillment of the cooperatives' objectives over time. Cooperative relationship face to competition is a good alternative for promoting the achievement of objectives by farmers that would be challenging or impossible in isolation.

**Originality** - The cooperation promoted by cooperative organizations, broadens the understanding that by joining forces they can enter restricted markets. This occurs especially when it comes to the studied farmers – different sizes and patterns of production and activities that are constantly under economic and financial pressure.

**Keywords:** cooperative arrangements; cooperatives; trust; fidelity.

## RESUMO

**Objetivo** – O objetivo foi compreender os elementos presentes nos arranjos do cooperativos do agronegócio que facilitam e dificultam a cooperação dos sócios.

**Design/metodologia/abordagem** - Foi realizada uma pesquisa descritiva com 50 questionários aplicados aos produtores rurais associados às cooperativas do Estado do Rio Grande do Sul, Brasil.

**Resultados** – Produtores ampliam cada vez mais seu papel na viabilização das atividades produtivas por meio da cooperação promovida pelas organizações cooperativas. Destaca-se o acesso à informação qualificada, aos canais de comercialização da produção, à assistência técnica e, especialmente, a criação de um ambiente propício para a troca de conhecimento entre os sócios. No que se refere à cooperação, ficou evidenciada a confiança nas relações entre os cooperados e a organização cooperativa, bem como a fidelidade do quadro social que sustenta o sistema que pode ser fragilizado pelas ações oportunistas e afetar a perenidade e o cumprimento dos objetivos das cooperativas no longo do tempo. O relacionamento cooperativo face à competição é uma boa alternativa para promover o alcance de objetivos dos produtores que seriam desafiadores ou impossíveis isoladamente.

**Originalidade** - A cooperação, promovida pelas organizações cooperativas amplia o entendimento de que cooperação com ênfase na união ou complementação de recursos e capacidades, ocupa papel central na competitividade e inserção em mercados restritos. Isso ocorre especialmente quando investigados produtores do agronegócio de diferentes portes e padrões de continuidade em atividades cada vez mais pressionadas por performance econômico-financeira.

**Palavras chave:** arranjos cooperativos; cooperativas; confiança; fidelidade.

## 1 INTRODUCTION

In Brazil, there are more than 6.8 thousand cooperatives in seven different areas of economic branches (agricultural, infrastructure, consumer, production of goods and services, transport, credit, and health). There are 1,223 agricultural cooperatives throughout Brazil; 992.1 thousand members and 207.2 thousand employees (Organização das Cooperativas Brasileiras, 2021).

Intense market competition has led several Brazilian economic sectors' managers to revisit, analyze and plan their business strategies better. As new businesses arise and succeed, others may lose their competitiveness and even be swallowed up and become obsolete. This increasingly dynamic and competitive environment has obliged companies to abandon the traditional view of competition and seek cooperation opportunities, focusing on possible benefits (Sanchez & Zilber, 2019).

Competitiveness in Brazilian agribusiness has forced small farmers to compete equally against large farmers. This occurs because farmers with higher production potential – especially the ones who have integrated the production of commodities – have greater bargaining power compared with those with low production potential, productivity, low level of technology use and knowledge.

As a response to the competition, small farmers have created an alternative way in cooperative arrangements to improve competitive advantages. According to Ministério da Agricultura Pesca e Abastecimento (Ministry of Agriculture, Livestock and Food Supply) (Ministério da Agricultura, Pecuária e Abastecimento, 2021), among all areas of Brazilian cooperativism, the agricultural has a noticeable role in the Brazilian economy; it represents nearly 50% of agricultural GDP and employ more than one million people.

Cooperative arrangements are interorganizational alliances between partners who want to carry out a mutual project in a certain degree of interdependence, which allows both parts to benefit from the project (Mintzberg, Ahlstrand, & Lampel, 2000). These cooperative arrangements promote the exchange of information and knowledge among farmers of different sizes and agricultural activities. They together can join forces to achieve common goals. For Campos et al. (2003),

the organization of individuals in a coordinated way in work or social relations to achieve common goals is usually advantageous because individuals, indeed, benefit from the sharing of activities and the achievement of mutual goals. Vilpoux (2014) observed the lack of cooperation and organization among farmers who were not involved in collective actions. The author pointed out the low involvement of members, few benefits concerning economic gains, and when organized in cooperatives, members' participation in meetings is little.

In the context of agribusiness, cooperative organizations from different activities or branches are an alternative response to complex market issues – especially because they have two faces, one social and the other economic (Austin, 2001; Maeda & Saes, 2009). On the economic face, the cooperative is guided by the regulation defining that the financial profits should be return to each member, depending on their participation. On the social face, the idea is expressed by “to each one, depending on their needs of social assistance” (Irion, 1997). It can be noted that cooperatives, because they are present in a competitive and globalized scenario, have been struggling to adapt and be ahead of market trends, while fully respecting the principles that constitute them (Hoff, Binotto, & Padilha, 2009).

Collaboration is at the centerpiece of cooperatives; it constitutes a strategic alternative that assists members in the challenges of the market (Child, Faulkner, & Tallman, 2005). The definition of performance of the cooperatives is based on fundamental elements that are supported by confidence, reputation and reciprocity among those involved (Axelrod & Hamilton, 1981).

To understand the possible reasons that influence an individual to cooperate, Ostrom (2007) describes factors such as number of participants, benefit sharing, heterogeneity of participants, face-to-face communication, production function, participation of past actions, the social connection of individuals, and the possibility of entering and leaving voluntarily. Regarding the size of the group, it is important to emphasize that this characteristic may interfere with the effectiveness of the collective, regardless of its composition (Olson & Fernandez, 1999).

Having exposed these considerations, the study aimed to understand the elements in cooperative arrangements of agribusiness that facilitate and hinder the cooperation of their members.

In Brazil, cooperatives play a fundamental role in the structuring of the agricultural sector, especially because of their economic and social importance. They increase the understanding about the evolution of relationships because cooperation reduces risks, uncertainties, and possible losses. They share knowledge and gains, explore complementary competences, and, above all, promote trustworthy relationships and opportunities for their members to grow (Estivaleta, 2007).

## 2 CONCEPTUAL FRAMEWORK

In the global economic environment, the search for competitiveness by organizations is strengthened when the importance of organizational challenges in the context of the internal and external environment is taken into consideration (Machado-Da-Silva & Barbosa, 2002). The concept of competitiveness, which is broadly studied in the literature, is complex and difficult to be operationalized because it is strongly linked to the specific strategy adopted. Overall, it is a means to achieve a competitive position in any given sector.

Competition optimizes the time because it emphasizes which changes are necessary to a specific market to evolve, and, due to competition, it occurs in a short period (Henderson, 1989). Considering that, strategies play a crucial role in the process, as well as commitment and dedication from the entire organization. The inability of a competitor to react, reorganize and allocate their own resources as a strategic movement may change the whole competitive relationship.

The competitive scenario demands high levels of quality, low costs, innovation, adaptabil-

ity and a rapid response, which companies organized in a traditional way acting individually cannot follow (Jarillo, 1993, Balestrin, & Verschoore, 2008). Accordingly, a company becomes more competitive when it successfully designs and implements strategies that entail generating added value (Hitt, Ireland, & Hoskisson, 2008).

Not only competition but also cooperation has been proven crucial in dynamic markets; individuals or organizations establish a goal and work toward its achievement in an efficient way (Dal-Soto & Monticelli, 2017). It is important to point that the motivation that leads to the practice of cooperative strategies, as previously mentioned, is considered essential in the majority of theoretical background on economics and business (Sanches & Zilber, 2019).

Cooperation described as a relationship in which individuals, groups and organizations, interact through the division of profit and resources for mutual benefit (Osarenkhoe, 2010). G3mez & Murgu3a (2010) investigated the sector of environmental companies in Mexico and found out that cooperation and social interaction reduce competition among entrepreneurs from the same sector. They increase their knowledge and creativity. From the perspective of strategic management theory, the focus is on partnership. Cooperatives and their members are responsible for the adjustment of strategies; therefore, cooperation contributes positively to both (Sanches & Zilber, 2019).

Cooperation refers to motivation from organizations and groups (Oliver, 1990) that act voluntarily toward common interests. In cooperative relationships, all parts can benefit, while in competitive relations, objectives are not met simultaneously (Williams, 2005). A good internal connection between parts can improve the sharing of information and facilitate understanding between the partners – forming the cooperation (Jesus & Franco, 2016).

Cooperation becomes a social instrument in the improvement of living conditions (Castro & Silva, 2011). Therefore, cooperative relationships require the involvement of people to promote trust and interdependence (Aun, Carvalho, & Kroeff, 2005). The successful outcome of cooperatives depends on the degree of commitment and involvement of their members (C3mara, Ortiz, S3nchez, & Fuentes, 2002; 3sterberg & Nilsson, 2009), and the participation of members in meetings and decision-making process is related to satisfaction and commitment to the organization (Fuentes, Blanco, & C3mara, 2008). Cooperation becomes easier when partners' organizational structure, mission, and objectives are similar; but the success of inter-organizational cooperation depends on two factors, the relationship between partners and the performance of the cooperation (Raab & Kenis, 2009).

The achievement of individual or common goals, task distribution, avoidance of conflicts, financial reward based on income, system integration, access to qualified knowledge and information, collective decision-making opportunities are all examples of cooperative goals (Khamis, Kamel, & Salichs, 2006).

Organizations adopt cooperative strategies for many reasons, depending on market conditions and the likelihood of long-term competitive advantages (Hitt, Ireland, & Hoskisson, 2008). The sharing of costs and knowledge (Sakakibara, 1997), the exchange of resources (Tsai, 2000), the complementarity of resources, the similarity of the status of the organizations involved and of social capital (Ahuja, 2000), and the resourcefulness of partners are all present in partnerships (Kale, Singh, & Perlmutter, 2000).

Thus, organizational cooperation defined as a method of developing activities based on the coordination of efforts toward a common goal. It's worth noting that there are other types of cooperation in organizational arrangements, such as networks, joint ventures, and strategic alliances, which are distinguished according to the degree of interdependence between partners (Lorange & Roos, 1996).

The decision to form a strategic alliance can be influenced not only by what is immediately



relevant, but also by the need to establish respectful and trustworthy relationships. The strategic fit between the partners' products, markets, and goals determines the success of strategic alliances (Kumar & Van Dissel, 1996)

Few studies addressed to that issue have been found in a systematic review, which indicated that additional qualitative methods were necessary (Franco, Mainardes, & Martins, 2011).

Many challenges that organizations experience acting independently can be solved through strategic alliances (Amato Neto, 2000). Trust and reliability are also additional factors that pervade collaboration in cooperative arrangements. Trust defined as one party's belief that the other will not leverage its weaknesses in terms of negotiation (Barney & Hansen, 1994). By trust in cooperative partnerships (Das & Teng, 1998, p. 491), refers to it as "perceived level of security of a company that its partner company will seek mutually compatible interests in the alliance rather than acting opportunistically". Trust is the most important connection in cooperatives, especially because of the principles, attitudes of self-help, collaboration, and solidarity that are considered crucial in cooperativism (Ferreira, 2014). Internal connections can facilitate the flow of information and develop a better understanding between parties, lowering transaction risks by increasing trust and encouraging collaboration (Gulati & Gargiulo, 1999).

When it comes to fidelity of the cooperative members, it is understood as a behavior based on engagement, duties and tasks, an essential element for a cooperative to develop and succeed (Móglia et al., 2004), being necessary the pre-existing trust between the parts that will constitute a cooperation (Gulati, 1995). There are particular fidelity provisions in the regulations for cooperative groups, but they are not specified as effective or adequate to produce changes in cooperative members' conduct (Serigati, Azevedo, & Orellano, 2009).

Infidelity is also a characteristic that may be present in cooperative relationships. This act is characterized by a rupture of balance, since one of the economic agents breaks the coalition and transacts its products in the form of purchase or sale with other companies, harming its own cooperative (Bialoskorski Neto, 2000). This type of opportunistic behavior is evidenced when the cooperative members take advantage of the benefits generated by the organization, but do not assume their costs. It means that they participate in the cooperative only when it offers better business than the market (Chaddad, 2002).

In the case of the parties' opportunism, this is defined as a cunning conduct (Williamson, 1985), which involves nuanced kinds of decoy. They may be active or passive, as well as ex ante and ex post forms (Begniss, Estivaleta, & Pedrozo, 2007). They can arise due to divergent opinions and cultural differences (Doz, 1996).

Whipple and Frankel (2000) emphasize the importance of knowing the partner, evaluation of the work philosophy and style, receptivity and cooperation for joint problem solving. Opportunism weakens trust, which is one of the bases that supports the foundation of interactions between individuals and organizations (Begniss, Estivaleta, & Pedrozo, 2007).

The ability to evaluate a potential partner for a cooperative relationship must go beyond strategic compatibility (Ertel, Weiss, & Visoni, 2001). However, opportunistic behavior is complex and the individuals do not always act opportunistically in similar situations (John, 1984). In the inter-organizational cooperative arrangements, trust and opportunism are not opposing but coexisting in dynamic ways, since the existence of the former does not eliminate the latter.

Cooperation demonstrates its importance because of specific strategies that, if adopted, may provide better results (Seitz, 2012). In addition to the beneficial economic results, farmers have access to courses, qualification, and, most importantly, chances to exchange information throughout the collaboration process.

Several elements affect information sharing, including the kind of knowledge, motivation and opportunity to share, whether formal or informal, and a sense of belonging to a group (Silva, Binotto, & Vilpoux, 2016).

Despite having access to knowledge, members of a cooperative depend on the access to other resources such as capital, land, and credit. However, when financial resources are available, other economic limitations can hinder the adoption of technology, even when favorable outcomes are expected (Souza Filho et al., 2017).

The literature demonstrated that successful alliances depend on parties' ability to trust, communicate, and coordinate (Kumar & Van Dissel, 1996), since their success depends on the strategic fit between partners' products, markets, and goals. The main purpose of an alliance should not be performance; members of organizations have diverse interests and views of outcomes, which can be positive or negative (Rond, & Bouchikhi, 2004).

### 3 METHOD

Os 146 artigos foram publicados em 49 periódicos. Neles, foram identificados 06 vieses de pesquisa. O gráfico II expressa os vieses nos respectivos anos de publicação.

Os trabalhos encontrados começam a ser publicados no ano de 2013, e seu número tem aumentado até 2019. A respeito dos vieses de pesquisa, destaca-se, na presente base um trabalho publicado em 2013, o de Molz (2013) que aborda a temática da EC enquanto um novo estilo de vida em curso. No ano seguinte, são publicados mais 02 trabalhos, o de Belk (2014) e Weber (2014). O primeiro trata da discussão conceitual a respeito do compartilhamento, no sentido de entender os conceitos relacionados ao ato de distribuir e receber o que é pessoal, gerando benefícios próprios e coletivos (BELK, 2014). O segundo artigo, por sua vez, discute a EC enquanto um novo modelo de negócios, e as vantagens e desvantagens de se eliminar um intermediário nos negócios (WEBER, 2014). A partir de 2016 o número de trabalhos aumenta em quantidade, sendo quinze nesse ano e ampliando-se nos anos seguintes. It is a questionnaire-based exploratory research with farmers from cooperatives in the northeast of Rio Grande do Sul, Brazil. The sample was based on the following criteria: a) farmers; b) cooperative members; c) active members, buyers or sellers; d) participating in agricultural (milk, wheat, corn, soybean, and others) or/and in credit cooperatives (Table 1).



Tabel 1- Research Participants

Cooperative/place	Nº of participants
Cotriel (Espumoso)	20
Sicredi (Passo Fundo)	5
Cresol (Passo Fundo)	4
Cotrisal (Sarandi)	4
Cotrisoja (Tapejara)	4
Coagrisol (Soledade)	4
Coonalter (Passo Fundo)	3
Coasa (Água Santa)	1
Copercampos (Lagoa Vermelha)	1
Santa Clara (Tapejara)	1
Coopac (Constantina)	1
Piá (Marau)	1
Agro Pastoril (Cruz Alta)	1
<b>TOTAL</b>	<b>50</b>

Source: Research Data (2017).

Data was collected in universities, cooperatives, farms, and agricultural fairs. All participants had access to the free and informed consent form. There were 40 open-ended and closed-ended questions (see chart 1 below). The closed-ended questions aimed to identify degrees of cooperation. The definitions very high, high, regular, low, very low, and do not trust were used. For trust perception, fidelity, profits and lack of cooperation, the levels: highly important (1), very important (2), more or less important (3), not very important (4) or not important (5).

Chart 1- Analysis category

Categories	Number of question
<b>Profile</b>	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
<b>Cooperation</b> Castells, 1999; Henderson, 1989; Polenske, 2004; Campos et al., 2003; Dagnino & Padula, 2007; Khamis, Kamel, & Slichs, 2007)	12, 13, 14, 15, 16, 17, 18, 21, 22
<b>Gains from the cooperation process</b> (Amato Neto, 2000; Estivaleta, 2007; Khamiss, Kamel, & Slichs, 2007)	30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40
<b>Perception about trust and fidelity</b> (Ferreira, 2014; Mógliã, 2004; Chaddad, 2002; Giarola et al., 2012)	19, 20, 23, 24, 25, 26, 27, 28, 29

Source: Elaborated by the authors, 2017.

The total number of participants was 50 from August 2016 to May 2017. Data collection was carried out as aforementioned. We also considered participants' accessibility and availability to

participate. Data analysis of closed-ended questions is descriptive analysis, whereas data analysis of open-ended questions is interpretative.

## 4 RESULTS

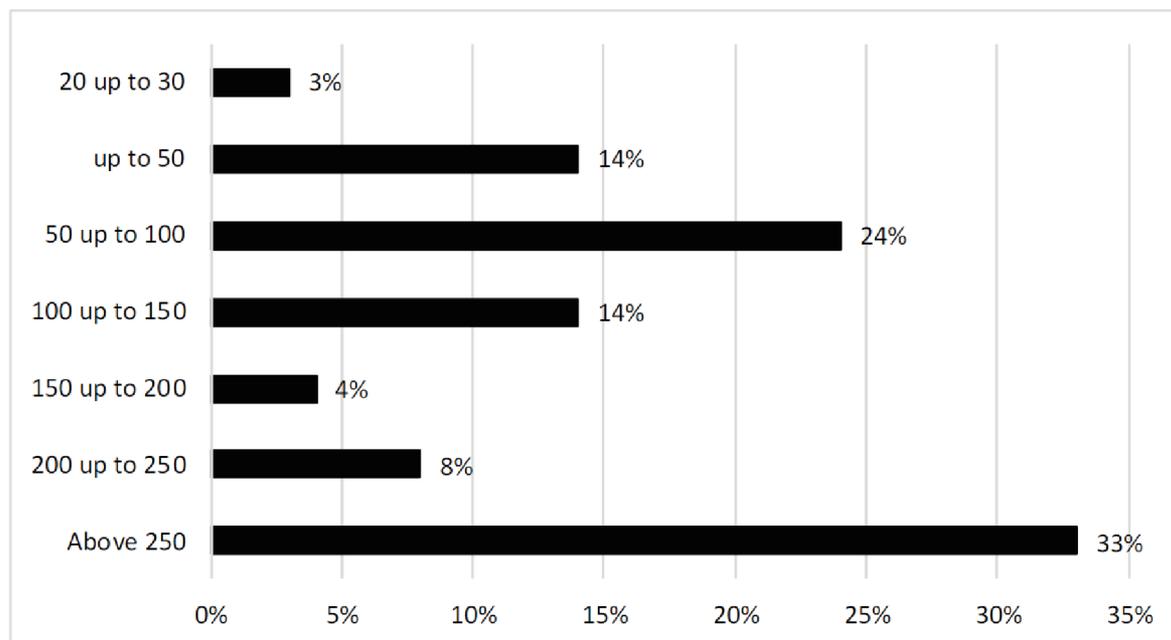
### 4.1 Profile of the participants

Cooperatives are a strategic alternative when it comes to small farmers' necessities – economic needs that are related to agricultural production, commercialization of products, service provision, commodity prices, access to loans and financial credit, and others. Therefore, small farmers who work independently do not have as many benefits as members because they do not have access to assistance provided by cooperatives.

The participants' group, 20% were women and 80% men. The average that they were working in agriculture was 23 years; the minimum time were 3, and the maximum 62 years. The time of they were member of the cooperative: 51% answered that they had been members from 16 to 20 years; 20% from 11 to 15 years; 18% from 6 to 10 years; and 10% from 1 to 5 years.

We found out that become member of cooperatives is often passed down from generation to generation, which may indicate that members understand cooperation as convenient in many senses. The annual gross income ranged between R\$ 150 thousand (55%) and R\$ 250 thousand (33%) (Figure 1).

Figure 1 – Annual Gross Income of farmers (in thousand R\$)



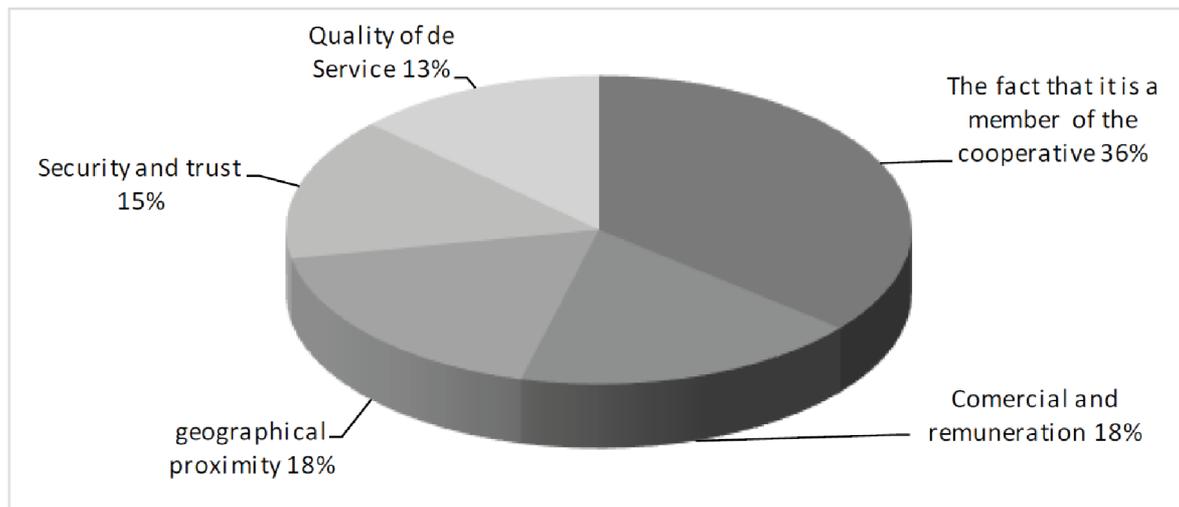
Source: Research data (2017).

The northeast region of the state has grain farming (soybean and corn) as the main agricultural activity. According to the data, 45% of participants had soybeans production, 16% dairy, 11% wheat, 11% corn, 10% in poultry, cattle and agriculture, and the remaining 7% had the horticulture as the main production.

### 4.3 Cooperation in organizational cooperative arrangements

As regards cooperation, some crucial factors that determine the delivery or deposit of the production in the cooperative (Figure 2) were based on: the fact that the farmer is already a member of the cooperative (36%); commercial issues and higher price for their production (18%); security and trust (15%), and quality of the service provided by the cooperative (13%).

Figure 2 – Factors determine the delivery or deposit of the production in the cooperative



Source: Research data (2017).

Another important point that corroborated in Figure 2 was concerned the reasons why farmers joined in the cooperatives. We found that 36% of participants believed that joining in a cooperative had benefits related to their production as commercialization, access to credit and financial negotiation in banks, and technical assistance and production storage. The important fact was that 22% were member by tradition, it means, the associativism was passed down; it plays a relevant role in the promotion and continuity of the cooperation process. Followed by: 19% of the participants who answered that to become member in the cooperative was voluntary or to indication; 10% were invited to the cooperative; 10% pointed out confidence, quality, return of financial profit and friendship; 4% geographical proximity; the others (10%) did not answered.

We stressed out that technical assistance is one of the main benefits offered by the cooperatives – 78% reported that they had access; however, 28% reported without access, 2% did not answer. In some regions, cooperatives play an important role in the growth of the whole community. Cooperatives provide better price rates, sales opportunities, service provision, and, most importantly, technical assistance - a common strategy in Brazil that results in favorable outcomes (Bialoskorski Neto, 2007).

According to the data, for cooperation to be a reality, individuals cooperate to obtain and share benefits from their production, which maximizes not only individual results but also the cooperative's performance (Ostrom, 2007; Khamis, Kamel, & Salichs, 2006).

### 4.3 Perception of trust and loyalty of cooperative members about cooperatives

Trust, between two or more individuals, has become one of the bases that offer sustainability in commercial relations in the contemporary scenario in cooperatives. Trust is the result of the values, self-help, cooperation and solidarity that is part of its essence (Ferreira, 2014), which create a sense of belonging and encourage involvement (Kliksberg, 2000).

The participants considered important the level of trust they have in managers, in other members, and in the cooperative organization as a whole. We found that 42% reported a regular level of confidence in management, 38% as high, 16% as very high, 2% as low, and other 2% reported that they did not trust. Data indicated that social engagement is the important component in the development of trust in any collaborative activity (Dubov, 2014). The participation of members in everyday operations fosters and strengthens trust, which is not just dependent on the organization but is also a result of each cooperative member's motivation (Jansen, Maehler, & Wegner, 2018).

In addition, cooperative arrangements were evaluated concerning member loyalty (table 2), defined as a behavior based on involvement, duties, and tasks, which are essential aspects for a cooperative to grow and succeed (Mógliã et al., 2004).

Table 2 - Aspects that influence the loyalty of the members

Variable	Highly important	Very important	More or less important	Not very important	No importance	No answer
Price	33	9	4	-	2	2
Customer Service	27	18	3	2	-	-
Terms of Payment	21	20	5	3	1	-
Capital Quota	9	16	17	2	6	-
Trust	19	25	5	-	1	-
Products and Services	16	25	6	1	2	-
Quality	30	13	3	1	2	1
Time	23	21	5	-	1	-
Utility/Satisfaction	13	24	11	1	1	-
Technical Assistance	22	19	6	2	1	-
Culture	8	18	15	4	4	1
Institutional Image	16	20	7	4	3	-

Source: Research data (2017).

Regarding the aspects that influence the loyalty of the members, price and quality received most of the indications as highly important. Variables such as customer service, technical assistance and payment terms were concentrated in the highly important or very important grades, followed by the variables trust, products and services, and institutional image.

Less frequent but still relevant, we found that culture, capital quota, and utility/satisfaction as influencing factors of loyalty. Research findings indicated the willingness of the members to cooperate in favor of common interests; nevertheless, some elements in commercial relationships were prioritized above social ones. In order to promote fidelity among cooperative members, it is

important to adopt a greater control over opportunistic practices (Chaddad, 2002).

#### 4.4. Benefits deriving from the cooperation process

Given that cooperatives are organizations that promote activities, provide technical support and qualification to their members, facilitating access to information and knowledge, which is an important variable for members' business performance, was also taken into account in this study. In this context, 62% of the farmers participated in activities organized by the cooperative such as courses, meetings, lectures, demonstration field, and tasting of products – moments for knowledge exchange and socialization. However, 38% stated that they did not engage in this type of activity.

It was also possible to verify that, as a result of collaboration, farmers had access to knowledge and activities developed by the cooperative, which allowed them to share production and management methods. Information sharing is influenced by the nature of knowledge, by the motivation and opportunity to share (formal or informal), and, especially, by the feeling of belonging to a group (Silva, Binotto, & Vilpoux, 2016).

Other aspects connected to the benefits of the cooperation process included improved management, innovation, and the adoption of new technology. In terms of farm management and organization, 56% of the participants had control records such as manuals, passbooks, or spreadsheets, 42% did not have any method of physical or manual control, and 2% did not answer. As for innovation, 58% had computers, 39% did not have computers and 4% did not answer. Surprisingly, the majority of 90% had access to the internet connection, while 5% did not. As for new technologies, 74% reported that they had adopted some recent technology, on machines, internet, management, new production techniques. Innovation was strongly influenced by uncertainties of its adoption. Therefore, it demands caution to avoid unsatisfactory or negative results (Souza Filho et al., 2017).

## 5 FINAL REMARKS

The objective of this study was to understand the elements in the cooperative arrangements of agribusiness that facilitate and hinder cooperation. The data collected based on cooperative members' of cooperatives, indicated that elements may influence members' choice to act collectively, the ability to work together toward common goals. In this research, it was clear that many farmers become members of cooperatives motivated by possible benefits: the possibility of expanding marketing; access to financial institutions that offer credit for production; facility of negotiation; assistance; and infrastructure for storage the production.

In addition, there was a similarity when we considered the benefits of cooperating with those who contributed to cooperation. Participants stated that elements that contribute to the cooperation are related to sales of production, improved management, input purchasing, technical assistance, and better price ranges. Besides all, we added intangible issues that are showed in social relations.

It was also possible to identify in the members' perception, growth potential, and evolution of the cooperative system, especially when we considered the benefits the system offers to the members (better price for inputs). Other aspect was the organization's lack of competitiveness in the market when compared to private companies in the market. That may be a constraint in terms of developing and sustaining competitive advantages by this type of organization. Thus, management and market strategies shall be thoroughly evaluated.



However, in some regions of Brazil and Rio Grande do Sul specifically, cooperatives play a social role. According to Gianezini et al. (2009), these organizations, at certain times, might not have an institutional apparatus, or even an effective involvement of their members. Thus, they might not contribute largely to their members' growth, but, without these cooperatives, farmers were unassisted and the development of these areas became even more difficult.

An important aspect that integrates cooperation is based on the principles of trust in relationships. The empirical results evidenced the necessity of improvement in that area, as the success or failure of collaboration is strongly related to the level of trust established. We highlight that the distortion of the cooperative system caused by the opportunism of members and the collective action is still a dilemma. There is still a long way to be covered in the Brazilian agricultural cooperatives context.

Concerning the loyalty of members, the research evidenced that it is an opportunity to expand and strengthen relationships. According to Padilha & Silva (2010), cooperative management strategies that focus on the establishment of programs or initiatives that reinforce and promote cooperation among members may be a motivator for solidarity and, as a consequence, the organization's development.

Notably, cooperatives are still an interesting alternative for the development of national agribusiness, especially for small farmers of family agriculture – characterized by the low production scale, lack of technological innovations, susceptibility to market oscillations, among many other pressures. Cooperatives help the permanence of these families in the rural environment by contributing and supporting the production activities of their members.

Regarding the limitations of the study, we understand that our limitation was in the scope because we did not interview managers or other people involved in strategic, tactical, and operational sectors of the cooperatives and the data analysis were limited to the perception of the members. For future studies is the suggestion, as well as comparative studies with other regions of Brazil and other fields. Given the stated above, it should be pointed out that, as it is an exploratory research, we do not want to provide a generalization for the results; it must be taken into account the limitations of the sample.

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3. Development of theoretical propositions (theoretical work)	√	√	√
4. Theoretical foundation / Literature review	√	√	√
5. Definition of methodological procedures	√	√	√
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