

# ENTERPRISE COOPERATIVES: GROWTH OR FRAGMENTATION?\*

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*Enterprise cooperatives have grown significantly not just in agriculture but also in the areas of retailing, fisheries and, to a lesser extent, small family businesses and haulage. The history of this development is examined by the author by sector. Based on a matrix of communities of local businesses, cooperatives first appeared as a means of defense against economic changes. A part of the movement then built powerful national—and with more difficulty—international groups. The opening up to outside investment, the reluctance of certain circles to embrace the cooperative image, and the inappropriateness of the cooperative statute to certain kinds of group formations have encouraged adopting diversified legal forms. However, recent developments also reflect the concern for maintaining the objective of defending independent firms that have strong local links.*

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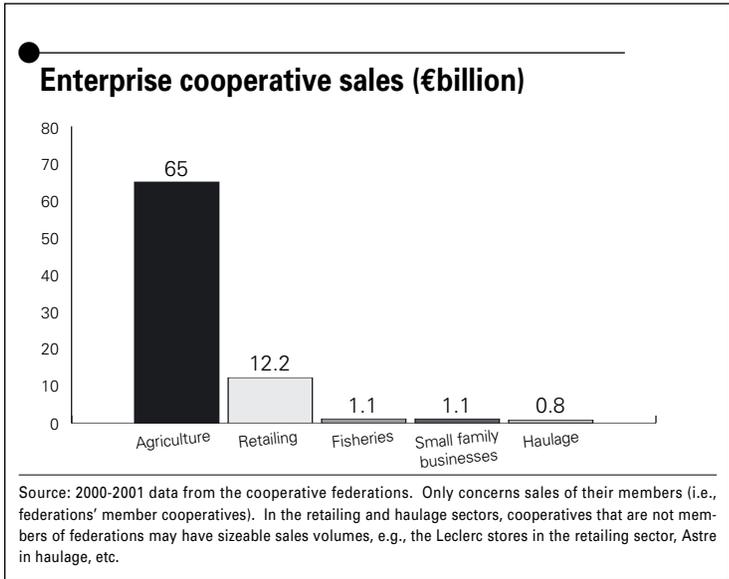
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Collective action by enterprises can take various forms ranging from the development of informal cooperative networks to trade associations. The distinction between different organizational set-ups for collective action is subtle and is often based on a matrix of associations that defend business interests and provide services. Cooperatives that pool together purely economic functions have been created with features that are specific to the economic history of each sector. This development has been followed by the formulation of specific constitutions that take into account the particular characteristics of these sectors. Up until now, there has been little interest in understanding enterprise cooperatives globally. One of the reasons for this has been precisely that these specific statutes have tended to box thinking into particular areas. However, there is probably something to be learned from a global approach that looks at the historical factors common to all sectors. On the other hand, enterprise cooperatives have also been developed outside existing groups. It would be useful to understand how this happens and to see if this means growth or fragmentation.

By far, the greatest growth of cooperatives has occurred in the agricultural sector. Smaller but still significant growth has occurred in retailing, small family businesses, fisheries and haulage, in contrast with the professional services sector and industry. In total, an estimated 700,000 entrepreneurs, 600,000 of whom are farmers, are members of cooperatives with overall sales of more than €80 billion.



### Number of cooperative organizations and number of members in 2000-2001

	Agriculture	Retailing <sup>(3)</sup>	Fisheries	Small family businesses	Haulage <sup>(3)</sup>
Number of organizations <sup>(1)</sup>	3 500 <sup>(2)</sup>	36	165	800	50
Number of members	600,000	16,000	12,000	80,000	3 000
Total number of enterprises in sector	670,000	350,000	17,000	800,000	42,000

(1) The term "organization" covers the varying legal realities according to sector. It can refer to a cooperative firm, a SICA in agriculture, sometimes a GIE, or a group of cooperatives, which can include subsidiaries that are conventional firms.  
 (2) Plus 13,000 CUMAs.  
 (3) As in the previous table, these figures only refer to members of these federations and thus under-estimate the scale of the cooperative phenomenon in these sectors.

## Overview of enterprise cooperatives in France

Starting in the late nineteenth century, enterprises formed groups with an economic activity as a result of changes in the economy and legislation. On the economic level, changes in production and distribution processes and the attendant economic pressures led independent enterprises to form groups. On the legislative level, the end of radical liberalism established

by the French Revolution enabled, starting with the 1884 law legalizing unions, developing these forms of collective action.

The cooperatives that were created during this process took specific forms depending on the sector and were soon followed by legislation giving the societies specific legal forms. It is possible to trace the main stages for agriculture, retailing, small family businesses, fisheries and haulage.

### **Agriculture**

Cooperative societies with an economic objective, as well as mutual insurance societies, developed in tandem with the farmers' unions. Prior to World War II, the two were rarely separate entities. Set up locally at the municipal level, agricultural cooperatives pooled together supplies and services in mixed-farming regions. In the monoculture regions, agricultural cooperatives were responsible for the collection, processing and distribution of products. The first dairy cooperative was set up in 1888, and the first winemaking cooperative in 1891.

The government soon called on cooperatives to help deal with agricultural crises. In 1908, the winemaking cooperatives were stimulated by government funding to *Crédit agricole* to help control over-production. Similarly, a grain glut in 1935 led to the development of grain cooperatives to help stabilize the market. Until the end of the war, cooperatives were created in the areas of supplies, dairy products and food crops. In a conception that favored the small family farm, cooperatives were the best means for defending the interests of small-scale farming on the village level and reflected the political and religious conflicts of the "village republic." By reinforcing local corporatist reactions, cooperatives played a role in maintaining production structures while accompanying a gradual process of modernization.

In the 1960s, the modernization of retailing and the expansion of the agricultural and food-processing industry sparked a new wave of cooperative creations. With the development of supermarkets, which were making inroads in the previously poorly organized markets for meat, fruit and vegetables, new cooperatives were created in these areas. They were often set up under the new form of a *SICA* (*société d'intérêt collectif agricole*, "collective-interest agricultural society"), which allowed outside shareholders. The purchasing departments of supermarkets dealt with these agricultural cooperatives. In the same evolution led by the diversification of products and the modernization of distribution, they began to integrate their businesses vertically. They controlled 17% of the agricultural and food-processing industry in 1968, 22% in 1974, and 30% in 2001. This diversification occurred through the creation of subsidiaries for legal, financial and managerial reasons and led to the formation of large cooperative groups. For example, *Cana d'Ancenis*, in the Loire-Atlantique, controls 91% of 82 firms with 4500 employees, which are involved in milk, beef, pork and poultry processing, as well as providing services for farmers. The parent company, which accounted for 73% of the sales in 1985, only

achieved 34% in 1997. During the same period, a new type of local cooperative known as a CUMA (*coopérative d'utilisation du matériel agricole*, "agricultural equipment utilization cooperative"), was created for buying and sharing the equipment needed for modernizing farms. There were 13,000 CUMAs in 2000.

After an ideological phase marked by right-left battles along religious lines (the cooperative movement was only unified in 1965) came a managerial phase with teams of professional managers. Guided by the principle of economic efficiency in a world dominated by competition, these new cooperatives, which were created from the merging and growth of the earlier ones or from the period of agricultural modernization (e.g., the SICAs), operated not without tensions among some of their members, particularly those who were in the models of integrated groups. At the same time, they played a role in building the "*atelier national*" ("national workshop") of agricultural production and food processing through both their internal development and their takeovers of non-cooperative enterprises, e.g., the takeover of most of the Groupe Bourgoin in 2000-2001, the takeover of the Grands Moulins de Paris by the grain cooperatives to form Nutrixo, the leading European miller, and the takeover of Béghin-Say by the sugar cooperatives.

### **Retailing**

Retailing cooperatives were also a product of trade associations when, in the late nineteenth century, grocers were faced with competition from the early retailing chains and department stores as well as from consumer cooperatives, which were then the central feature of the cooperative movement. Under attack from the consumer cooperative movement, small retailers banded together to increase their purchasing power by forming variable capital corporations. The first initiative of this kind was taken by grocers in Reims in 1885. After World War I, the movement developed around the Unico and Codec purchasing organizations.

After World War II, retailers obtained a specific statute that allowed them to develop purchasing cooperatives, leading to initiatives in non-food sectors like furniture and footwear. However, it was not until the great changes brought about by the creation of supermarkets (the first supermarket was created in 1957 by a member of Codec), hypermarkets (the first Carrefour in 1963) and shopping malls (1970) that independent retailers felt the full impact and were partly drawn into the same movement. In the food sector, Leclerc introduced discount stores in the early 1950s and organized its branches into a cooperative before fragmenting and setting up Intermarché. Unico, under the Système U brand name, developed supermarkets and hypermarkets. In the non-food sector, which was affected later, cooperatives were created that were involved in the growth of shopping malls. At the same time, with franchises (10% of retailing) and chain stores, cooperatives (20% of retailing) maintained and developed the market share of independent retailers in a significant number of fields.

The cooperative form developed more easily in specialized retailing, e.g., opticians (Optic 2000 and Krys), drugstores (Giropharm), sporting goods stores (Intersport and Sport 2000), jewelers (Guilde des orfèvres), household appliances (Gitem), etc. There has also been an increasing number of cooperatives in the services sector, e.g., travel agencies (Selectour), real-estate agencies (L'Adresse) and hotels (Best Western).

In comparison with the groups during the first half of the century, these cooperatives have profoundly different characteristics. They are no longer the simple purchasing agents that were extensions of the business activities of their members but rather enterprises which, managing inventory, developing a brand label and overseeing their geographical expansion through the selection of their members, have become the engines of the groups' marketing strategies. As in the *Système U* model, they have accompanied the evolution of their members from traditional small retailers to the modern forms of retailing and have sometimes led to the creation of SMEs managing several peripheral specialized retailers or stores in different localities. As for the agricultural cooperatives, the financing needed for this kind of growth has occasionally led to setting up groups with subsidiaries that are open to outside investment.

### **Small family businesses**

It is helpful to draw a distinction between two groups of small businesses. The first group formed trade associations in the late nineteenth century and, as in agriculture and retailing, set up cooperatives for supplies and services, as well as mutual insurance societies. This group is made up mainly of small independent retailers in the food sector, e.g., butchers and bakers, where the pooled purchases concerned products that were peripheral to the trade, and hairdressers. In the 1960s, taxi drivers created cooperatives or GIEs on the same model for running their radio dispatching systems. These services often remained part of the trade associations until the introduction of VAT in 1967 required separating the two activities.

However, small businesses—which have high value-added skills, are often integrated into short supply chains and sell on the local market—have generally not felt the need to form groups for purchasing or retailing. Less than 10% of them are part of cooperatives compared with 90% of agricultural businesses. This explains why the sales volume of cooperatives remains so modest while the total sales for the sector is greater than the total sales in agriculture. Contrary to other sectors, the history of cooperatives of small independent businesses is neither long nor consistent. This is probably related to the sector's difficulty in integrating cooperatives into its collective strategies. State intervention made the idea of setting up cooperatives in the sector popular, as had happened during the Vichy regime with its planned, neo-corporatist economy and again in the early 1980s when a law was passed specifically on cooperatives of small businesses (in the fisheries and haulage sectors).

However, for the past fifteen years and with the encouragement of the federation created after the 1983 law, new cooperatives have been created in the sector. The concentration of wholesalers and the competition that they present to their own customers by entering the DIY market have provided an incentive to create purchasing cooperatives. This trend can be seen in the building industry, the car repair sector and agricultural services, where cooperative groups have been formed that have become major players in distribution.

Cooperatives have participated in and accelerated the commercialization of the sector, which has tended to reduce the share of processing in value added. The cooperative status with its tax advantages closely tied to processing could suddenly seem inappropriate. The success of these kinds of cooperatives appears to lead them towards marketing cooperation. When this commercialization trend is not accompanied by cooperative initiatives, outside operators take the lead by forming franchises or quasi-franchises, as with hairdressers and bakeries, where the growth of the earlier cooperatives connected with trade associations has often been blocked by the corporatist, Malthusian mindset of the local trade associations.

### **Fisheries**

As in the previous sectors, the cooperative foundations in the fishing industry rest on the solidarity of trade associations that were developed along with the unions, mutual insurance societies, and cooperative credit and purchasing societies. The first cooperatives were created in 1895 for purchasing equipment, and their growth continued thanks to the close ties with *Crédit maritime*, which was created in 1913.

In the 1960s, cooperatives became an important tool for modernizing small-scale fishing businesses by financing the purchasing of fishing boats (they bought the boats and then gradually sold their shares to the fishermen). There are now around 2000 ships in the cooperative fleet. Cooperatives are also involved in wholesaling and canning. Lastly, European regulatory policies on fishing have led to the creation of producer cooperative groups that play an increasingly decisive role in the rationalization of the fisheries, storage and marketing. Out of some 17,000 fishermen, 80% belong to cooperatives.

However, the small steps towards integrating the downstream end of the production process into their operations have not led to the kinds of success seen in agriculture. Faced with competition from the supermarkets (who in some cases, like *Intermarché*, had a stake in the fishing industry), the small cooperative canneries were unable to defend themselves. All of them went under in the late 1990s. It appears that the geographical constraints of small-scale fishing cooperatives located in ports clearly hindered the construction of a vertically integrated network able to meet the demands of the supermarkets. In addition, the fishing fleet has always been considered the important part of the production chain compared with the canneries. Fishing industrialists have pulled out of this area more easily and massively invested in processing, sometimes in the form of cooperatives,

to the detriment of their fishing fleet. Cooperatives of fishermen have thus helped to maintain a vibrant, small-scale fishing industry upstream in the production process, while the downstream end has been abandoned to the industry connected with the supermarkets.

### **Haulage**

There was a significant rise in the number of trucking companies in the 1950s and 1960s with the growing importance of roads over railroads in a market that was rapidly expanding. A very dense base of 42,000 enterprises, mainly small-scale (77% with fewer than five employees), was thus built up.

The idea of forming groups of small trucking companies originated in the fruit and vegetable trucking industry by following the agricultural cooperative model. The movement then took off in 1963 after a ruling licensing trucking cooperatives to work in conveyance, and it particularly grew in local markets through public works contracts and transporting grain. A few groups were also set up in the areas of long-distance trucking for industry and large retailers. By creating networks and pooling resources (large fleets, purchasing, marketing) and financial risks, cooperatives allowed small enterprises access to the markets of large industrial shippers and retailers.

In the 1990s, some SMEs saw forming cooperative groups as a way of optimizing and bringing greater flexibility to their operations as their businesses became increasingly concentrated and involved in cross-border operations. This was the case with movers, the main companies of which are cooperatives, with the extension to the international level by European GIEs. The cooperative *Astre*, which is the leading French haulage company, managed in ten years to assemble around a hundred SMEs involved in industrial haulage with a fleet of 14,000 trucks and correspondents throughout western Europe. It also acts as a purchasing cooperative. Other groups that are not cooperatives (e.g., *Axcial*, *Flo*, etc.) were formed in the same sector at the same time, indicating a greater propensity to set up cooperatives among SMEs than among very small-scale trucking companies. The *Fédération des coopératives de transporteurs*, which has about 3000 member cooperatives, has now also been trying to encourage the creation of groups with a conventional company status as an easier way of bringing together different sized companies.

### **Other sectors such as professional services and SMEs**

In other business sectors, cooperatives do not have the same visibility either because there have not been the conditions for their creation or their localized development has not allowed the creation of national bodies.

The professional services sector in France has been characterized by an ideology centered around the individual exercise of the business which, however, has had its limitations particularly in company services. Business groups have been created, but they have been based either on the simple

sharing of resources, particularly office space, taking the legal form of a non-trading professional services company, or the setting up of a hierarchical network as a company as in accounting and consulting. Only pharmacists have created purchasing cooperatives along the same lines as retailers. In the past twenty years, there have been two other main areas of SMEs in which cooperatives have been set up besides those of haulage and retailing, which were mentioned earlier. In certain cases, they have been able to enter the national market through a common marketing approach in the way that retailing cooperatives have done. This is the case, for example, in the automotive parts trade with cooperatives like 3 G and Starexcel, who developed a policy of brand recognition among their customers, the car repairers (e.g., AD, Top garages, etc.), or the independent millers that were initially part of the Banette cooperative (now SAS). In both cases, the absence of a strong cooperative of independent car mechanics or bakers has to a certain extent given their suppliers a free hand in commercially structuring the sector. The other area in which cooperatives have appeared is in financing for SMEs, e.g., Somudimec in the Rhône-Alpes and Nord-Financement in the Nord-Pas-de-Calais. Here, the impetus has come from trade associations in an attempt at overcoming the difficulties in securing financing from banks. The cooperative formula has appeared particularly effective and has tended to supplant the regional development companies that were created in the 1970s for the same purpose.

The employers' organizations, Medef and CGPME, have not encouraged setting up a national group, in contrast with the previous sectors in which the initial impetus often came from the unions or trade associations. The free market conception of the company owner, who is by nature individualistic, and the initial ideological hostility of the cooperative movement towards capitalism explain the still strong reservations held today. On the other hand, these same organizations have promoted cooperatives on the regional level for financing SMEs, and various types of local SME groups have recently begun to appear on the fringes of employers' organizations (e.g., the purchasing group PME Centrale in Lyons). In a context of global markets and competition from the large groups, independent SMEs will probably find, more than in the past, a competitive advantage through cooperation without necessarily setting up actual cooperatives. The evolution of economic theory is moving in this direction by recognizing cooperation between companies as a way of gaining a competitive edge in the context of the traditional dichotomy of firm and market. An increase in the kinds of enterprise networks has thus been seen, e.g., industrial districts, local productive systems and clusters. The relationship between the cooperative movement and the theoretical and practical interest of SMEs in strategic alliances deserves to be further explored.

### **Common features among the different sectors**

As mentioned in the introduction, the study of enterprise cooperatives has tended to be segmented by sector and statute. Furthermore, only agri-

cultural cooperatives have been studied in depth and continuously, while the other sectors have been almost totally ignored by researchers. However, economic groups have been formed, grown and diversified. Our theory is that there is a value in looking at them globally because they all address the same issue: how family-run businesses have tried over a century to adapt to the changes in the economy. First, they tried to defend themselves by forming corporatist cooperatives, and then they took the risk of forming cooperatives adapted to the conditions imposed on them by the large producers and retailers.

### **Cooperating to preserve traditional economic and social structures**

Cooperation has its roots in traditional family production structures and acts as a corporatist reaction led by trade associations to outside threats. In the beginning, rather than evolution, the purpose of cooperation was the collective conservation by communities of villages and occupations in a world of precapitalist production. The notion of enterprise cooperatives does not correspond to the businesses from the late nineteenth century until the interwar period in which the actors saw themselves primarily as farmers, trades people and the self-employed rather than entrepreneurs. In the stagnant economy of the interwar period with its crisis of surplus production, cooperatives of small businesses acted in effect as buffers, controlling the conditions of provisioning and distribution, rather than transforming the conditions of production and marketing. In the statutes for agricultural cooperatives and small business cooperatives (which, let us recall, also applied to certain fishing and haulage cooperatives), this conception of protecting sectors that were socially useful but had low levels of economic productivity was not absent. To take advantage of the tax incentives (exemption from corporate tax and vocational training tax), these cooperatives could not offer their members products without transformation, which was contrary to the general trend towards making these businesses more commercial. Preserving the advantages of their status could put them into conflict with the members' interests. There is still a substantial number of these kinds of cooperatives today in agriculture and small business sectors, which are supported by local trade associations run by non-professional managers. They continue to play this regulating role but in a market environment that limits their effectiveness. Many have disappeared, victims of both the closures of member companies and their inefficiency. The trade associations that produced them then often stifled them. Stuck in a defensive position, the trade associations tried to reduce the cooperatives to the level of local clients. For example, the numerous departmental cooperatives of bakers and pork butchers have almost all gone under, victims of the concentration of their private sector competitors, whereas in Germany their independence has enabled them to set up large national groups that control the sector.

However, local cooperatives are not condemned to obsolescence. If the race towards greater volumes remains inevitable in the world of mass consumption, after a period dominated by the search for economies of

scale, it seems that market niches for quality products and services could favor groups of farmers and small businesses. The winemaking cooperatives that were developed at the beginning of the last century to promote regional specialties bring both a determination to improve quality and an awareness of the environment in a new approach centered around the notion of the “rural cooperative.” The qualitative externalities on the environment have been demonstrated in the case of the olive oil produced in Nyons, where the cooperative’s promotion of the product has even had an effect on local house prices. The last cooperative of cheese producers in Lyons was relaunched as an alternative way of distributing quality products directly at a time when the buying departments of the supermarkets have destroyed the traditional middlemen in the wholesale industry. The traditionally organized forms of production that have survived have thus experienced a revival from the demand for quality regional products. The regionalization of public regeneration policies is already, and will increasingly be, a factor in reviving these local cooperatives.

### **Cooperating to adapt independent enterprises to a competitive environment**

Starting in the 1960s, the retailing revolution forced independent enterprises to change the way they operate, whether they were suppliers to retailers or competitors of the large retailers. Farmers and fishermen had to adapt their production to the product ranges that were leading the growth of the supermarkets, in particular meat and dairy products. Independent retailers had to adopt the methods of their competitors, not just in centralizing purchasing but also in marketing. Faced with competition from the DIY sector, builders began pooling purchasing for higher quality products. Haulers had to combine their operations to serve the national and, later, European markets.

These new constraints produced new cooperative models that departed from the corporatist reactions of the past and were thus increasingly distanced from the trade associations. Guided by professional managers attuned to the market, cooperative members changed their production methods and enterprise size and sometimes invested downstream in the production process for higher value products. Some cooperatives were created in response to these new constraints, particularly in non-food retailing and transport. Other cooperatives, based on the old model, gradually evolved. For example, the 11,000 grocers in the early 1960s, who were grouped into 129 local cooperatives, were a typical example of how a trade association hampered modernization in retailing. The restructuring of cooperatives in the early 1970s was centered around the U brand supermarket concept and regional cooperatives. The strategy called for diversifying the forms of retail outlets into hypermarkets and supermarkets. The cooperative group is made up of 780 stores, had over €13 billion in sales in 2002, and is ranked sixth in the food retailing sector. Another example is provided by the cooperatives supplying farmers which, after the war, created national purchasing cooperatives. These later merged

in stages to become Invivo, today's leading agricultural services group in Europe. In the 1980s, the group turned to the market for private customers by creating the Gammvert franchise, a concept for a local store (gardening, DIY, pet food) that was initially aimed at rural customers and later branched out into urban areas and abroad (Poland). With 670 stores and €500 million in annual sales, Gammvert is today one of the leaders in its field with a mixed market made up of farmers and private customers. In hairdressing, too, a local cooperative supplier in Metz has in twenty years succeeded in building up a group by buying other local cooperatives, which is at equal ranking with the main non-cooperative business supplying hairdressers. With the takeover of Hair Club in 2002, it has been able to expand its services and develop a brand name. Many of these new generation cooperatives have thus come from older cooperatives. While their numbers have been declining due to mergers with growing enterprises, they have become major players on the market through internal and external growth.

The search for a critical size has resulted in mergers and partnerships at the national level and then at the European level. This evolution has been necessary in the staple foods market and the markets for the most globalized mass consumption products (e.g., sporting goods). Looking at all sectors together, one particular finding is that the number of cooperatives has tended to fall, often sharply (agriculture and retailing), since the 1970s. It has been harder for cooperatives to succeed in these strategies than capitalist groups due to the difficulty in finding comparable entities abroad for groups that would not change their specific features. Consequently, Leclerc and Système U are the least internationalized companies among the big supermarket chains. In the food industry, non-food retailing (sporting goods, furniture, footwear, DIY), transport (movers), and services (travel agencies, hotels), French cooperatives have, however, made advances on European markets through partnerships, mergers, and subsidiaries.

### Quelques groupes coopératifs leaders

<b>Agriculture</b>	<ul style="list-style-type: none"> <li>• flour</li> <li>• milk</li> <li>• meat</li> <li>• sugar</li> <li>• supplies</li> </ul>	Nutrixa (1 <sup>st</sup> in Europe) Sodiaal (Yoplait-Candia) [3 <sup>rd</sup> in France in fresh produce] Socopa (1 <sup>st</sup> in France) SDA (Béghin-Say) [2 <sup>nd</sup> in the world] Invivo (1 <sup>st</sup> in agricultural services)
<b>Retailing</b>	<ul style="list-style-type: none"> <li>• food</li> <li>• non-food</li> </ul>	Leclerc-Système U (joint purchasing, 4 <sup>th</sup> in Europe) Intersport (1 <sup>st</sup> in Europe) Selectour (1 <sup>st</sup> travel agency group in France)
<b>Services</b>	<ul style="list-style-type: none"> <li>• agriculture</li> <li>• hairdressing</li> </ul>	Ucar (2 <sup>nd</sup> farm machinery dealer in France) CAC (1 <sup>st</sup> hairdressing supplier in France)
x	• x	x (x)

### **A movement first encouraged by government in a context of trade liberalization and globalization**

Up until the 1980s, cooperatives benefited from increasing state intervention in the economy. Concerned about maintaining a base of small enterprises while helping the development of a competitive industry and the modernization of retailing as factors in the battle against inflation, the government acted as an economic regulator and directed the restructuring of the production system. Agricultural and fishing cooperatives were central to this strategy, while cooperatives of retailers, small businesses and truckers were more peripheral and played a role of safeguarding those who wanted to escape the steam roller of retailing modernization. This state-business partnership was most successful in the agricultural sector. In retailing, the cooperative movement also achieved some noteworthy success through the modernization of independent retailers taking on the large vertically integrated businesses. Success was more limited in fishing, small family businesses and haulage, which were struggling to free themselves from the Malthusian mindset of the small business culture. The government played the cooperative card by drafting legal statutes adapted to each sector's constraints, which led to the current organization by business sector. The government helped the financing of cooperatives through *Crédit agricole*, *Crédit coopératif* and *Crédit maritime*, as well as by specific tax breaks.

Today, a new phase has begun that is characterized by a retreat from a nationally managed framework due to the constraints of market globalization. This has meant that some cooperatives have abandoned national operations and the pure cooperative status. As long as cooperatives remained instruments exclusively serving the growth of their members, the exclusiveness of their commercial operations was justified. Their orientation towards the downstream end of the sector and non-member customers required setting up conventional subsidiaries, even more so since they often needed capital that could not be provided by their members alone. Their business strategies sometimes led them into developing partnerships with conventional groups in the form of common subsidiaries. There are many cases of this among agricultural cooperatives, and it has been growing in other sectors (e.g., the *Selectour-Accor* and *Domaxel-Leroy Merlin* partnerships). Cooperative groups have thus been developed in which only the parent company is a cooperative, not just in agriculture but also in retailing and haulage.

Enterprise cooperatives have also expanded by using conventional legal forms such as conventional companies, GIEs, and even associations and franchises (e.g., cooperatives with franchises in haulage, hairdressing, opticians, etc.). The phenomenon is particularly clear when the cooperative explicitly aims to provide goods and services for third parties, which is contrary to cooperative exclusivity. This is the case of retailers creating a common customer service or of a SME developing a production facility that is shared but aimed at the final consumer. It is also important to recognize

that SMEs have very strong biases against the cooperative image. In contrast, the flexibility of new legal forms like the SAS has been attractive. One of the consequences of the profusion of enterprise cooperative forms is that cooperative visibility has decreased. In the 1960s to the 1980s, there was a wave of enterprise cooperatives forming unified sectoral federations, e.g., agricultural cooperatives in 1965, retailing cooperatives in 1963, small family business cooperatives in 1983, and haulage cooperatives in 1963. Only the agricultural and fishing sectors were able to bring together almost all of the cooperatives, whereas the retailing, small family business and haulage sectors were less successful. Cooperatives in other sectors (the wholesale industry, small and mid-sized industrial firms) have never set up national federations, and non-traditional cooperatives have felt out of place in federations set up to defend the interests of specific types of cooperatives. There thus appears to be a tension in the enterprise cooperative movement between growing diversified forms and the concerns of institutions based on specific legal constructs.

Observing these phenomena in agriculture, Forestier and Mauget have suggested subordinating cooperative principles to objectives and values that have been promoted by institutions<sup>(1)</sup>. From this perspective, the preservation, adaptation and development of a base of independent enterprises—or rather dependent in interdependence—clearly remain the characteristic common to all of the actors concerned. Consequently, cooperatives and other forms of groups help to consolidate the production potential for goods and services as well as to redistribute income nationally. While the final consumer may not make a distinction between the service at Carrefour and the service at Système U, or between the box of breakfast cereal from the multinational food giant and the box of breakfast cereal from the cooperative food group, the redistribution of value in the second case helps cooperative entrepreneurs who have close ties with the local community and, as is said nowadays, promote sustainable development. ●

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(1) *Recma*, no. 278.

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