



Commitment in the process of translation and control of strategy in Brazilian agro-industrial cooperatives

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Abstract

This paper deals with the insertion of commitment as a critical success factor in a model of strategy's translation and control in agro-industrial cooperatives in the context of the Brazilian reality, and more specifically of an agro-industrial cooperative, located in the State of Parana. Based on the theoretical background of strategy's translation and control and on agro-industrial cooperatives, interviews were conducted with experts on cooperatives, followed by thematic content analysis, co-occurrences and structural analysis. Subsequently an instrumental case study in an agro-industrial cooperative was performed, also by means of interviews with managers, followed by thematic content analysis, co-occurrences and structural analysis. The paper discusses several interactions that commitment has with other factors of the strategy's translation and control model in agro-industrial cooperatives. It follows that such model must consider the commitment, as a critical success factor, related to the control lever of the cooperative positioning. Commitment leads to the establishment of incentives for cooperation by the cooperative; and the emergence, strengthening and consolidating of member's fidelity; fundamental conditions for the sustainability of the cooperative system. It also concludes that fidelity is positively influenced by the organizational culture of the cooperative; by the satisfaction of members - derived from the economic performance of their farms -; and also by the integration and control exercised by the technical assistance. This conclu-

sion, regarding the cultural question, refers to the theoretical concept of commitment as the member's preference associated with something that is offered, in a different way, by the cooperative, in relation to investor owned firms, and which had its beginning in the cooperative doctrine.

Keywords: Commitment. Fidelity. Strategic management. Agro-industrial cooperatives.

Introduction

Cooperative societies have their appearance usually associated with a response to some market failure (FULTON, 1999). Thus, agricultural cooperatives emerge and enable themselves as an advantageous alternative in providing services to members, compared to investor owned firms (IOFs). In this way, the virtue of agricultural cooperatives, in their initial stage, lays in the possibility of offering services such as technical assistance; sale of inputs; reception, storage and marketing of products, with economic advantages for farmers, the cooperative's members. However, while the growth of agricultural cooperatives, arises another opportunity, not present at the time of their creation: the possibility of making use of the production capacity of raw materials by the members and invest themselves in agro- industries.

At this time, the cooperative changes the scope of its business. If before, the cooperative was intended only to increase the members' bargaining power, now it becomes a new agro-industrial agent of market, competing with other companies, investing in industrial plants, calculating costs, margins and scale; and being faced with problems related to logistics, brand development, among many others. From this moment, it becomes more complex to establish objectives in the cooperative, given the need for conciliation of interests between the cooperative's needs as a company and the economic and social promotion of members, the reason of its foundation. This increased complexity is reflected in the process of translation and control of strategy in agro-industrial cooperatives.

The recognition of this dual nature of cooperatives led to the compartmentalized study of this kind of organization (DULFER, 1994). The cooperative as a sociological group should merely be studied from the perspective of sociology, while the cooperative as a company should be studied from the perspective of economics and management. However, this separation made it impossible to analyze the complex relationships and dependencies between the two phenomena. It became necessary the application of General Systems Theory for the interdisciplinary approach of cooperatives.

Thus, the cooperative as a company and the individual business of the members (the farms) are now considered as sub-systems that make up an expanded cooperative macro-system. That is, an approach is the study of the cooperative as a company itself, and another approach is the study of the expanded cooperative system, composed by the cooperative as a company, added to all members' farms, each one with its own economic objective.

In this context, the mutual commitment arises as an important conditioner factor for the cohesion between the cooperative as a company and the members, and that should be considered in a model of translation and control of strategy in this kind of organization.

In light of the theoretical foundation about translation and control of strategy and about commitment and fidelity in cooperative societies, arises the problem of this

research: How to insert the commitment and its effect on the members' fidelity, in the process of translation and control of strategy in Brazilian agro-industrial cooperatives?

This paper addresses this issue, carrying out research with experts and describing an instrumental case study about how to consider the commitment in a model of translation and control of strategy in an agro-industrial cooperative of State of Paraná - Brazil.

Translation and Control of Strategy

By studying the performance evaluation and control systems for the implementation of business strategies, Simons (2000) developed a model of strategic control levers, involving four dimensions related to the Ps of strategy (MINTZBERG et al., 2000): strategy as perspective; strategy as position; strategy as plan and strategy as pattern.

Strategy as perspective involves the consideration of values, beliefs and ideals as master guides of the organization. It depends on the belief systems establishment, to communicate, give support and establish commitment among the individuals who make up the organization, in order to establish culture that reproduces the values declared in the company's mission.

The strategy as position considers the limits that should govern the company's behavior and management decisions according to the risks that should be avoided. It also considers the limits derived from the intended strategic positioning of the organization in the market, regarding the pressures and competitiveness of the industrial sector (PORTER, 1998).

After the definition of the mission and the strategic positioning of the company through the analysis of the competitive dynamics of the market and the resources, skills and internal capacities, there is the dimension of the strategy as plan. In this phase, the objectives and goals are set, communicated and distributed formally throughout the organization, as well as the necessary resources are planned and coordinated so that the objectives can be actually achieved. In this phase are also defined performance measures and actions needed to achieve the goals.

Finally, the dimension of the strategy as pattern considers that from the actions of the people who constitute the basis of the company, also arise ideas that can turn into good strategies for the organization. These are called emergent strategies, leading to the organizational learning process (MINTZBERG; QUINN, 2001).

The control levers associated with performance measurement techniques, such as the Balanced Scorecard - BSC (KAPLAN and NORTON, 1997) - which fall within the Simons model (2000) as diagnostic control systems on the Plan lever, and interactive control systems in the Pattern lever -, enable effective coordination and management of the business managers, or provide conditions for proper strategic management of the company.

Ward and Peppard (2002) suggest the combination of BSC with the critical success factors (CSF) to provide a holistic approach to the requirements for development of Information Systems. Critical success factors are the key points that define the success or failure of an objective set by the planning of a particular organization. Rockart

(1979) defines the CSF as a limited number of areas and their results which, if satisfactory, promote the success of the competitive performance of the organization.

Agro-industrial Cooperatives

Georg Drahein introduced in 1951 the concept of the double or dual nature of cooperative organization (HANEL, 1994). On the one hand, the cooperative is mainly an association, or a group from the sociological aspect, whose members are the owners and supporters individuals of organization. On the other hand, the cooperative is also a joint company of the economic undertakings (the farms) of the members. The owners of the cooperative company are the individual members of the cooperative group. In this sense, the cooperative is seen as an organization that should be directed towards achieving the goals of its members as users, i.e. the role of the cooperative is fundamentally economic and social promotion of its members (GROSSKOPF, 1994).

According to Staatz (1989), until the 1960s, the debate about cooperative organizations, was focused on the discussion if cooperatives represented a form of vertical organization of farmers, becoming simply as an extension of the individual undertakings of the members; or if cooperatives could legitimately be considered as organizations with own scope and independent decision-making process, regardless of the interests of farmers in their individual farms. In this sense, the debate focused on the discussion if the cooperative's management simply was implementing the wishes of the members, guided by their own interests, or sought the achievement of the cooperative objectives, as an organization acting independently of its members, having the vision of collective interests, not always convergent with individual interests.

Staatz (1989) states that Stephen Enke started a different discussion, but perfectly adherent to real conditions, when he said that on the day-to-day of a cooperative, its administration is faced with situations in which decisions must be made, based on alternative choices and often antagonistic ones, of what should be maximized between the interests of the members and the own cooperative's needs. From this discussion arose studies based in the approach of cooperatives as independent organizations with their own goals and as variants of IOFs.

Enke's model emphasized that to maximize the result of the members, the cooperative's management would have to balance the benefits received from two different sources. Initially, the benefits received by members, derived from its operations with the cooperative, as it can provide lower prices for purchased inputs and higher prices for products sold by members. In addition to these primary benefits pursued by the members when the cooperative's creation, another type of benefit should be considered, derived from the adding value process provided by the cooperative for products delivered by the members. That is, benefiting the products delivered and operating in market conditions, the cooperative would offer financial returns derived from lucrative business in different markets (STAATZ, 1989).

Prioritizing benefits focusing on just one of these financial sources of return would tend to reduce the overall returns for the members. That is, focusing only on the returns derived from the operations of the members with the cooperative, could limit the cooperative's capitalization in the long term, with effects on competitiveness and

future returns for its own members. On the other hand, focusing only on the strengthening of the cooperative at the expense of short-term economic advantages for the members, could significantly compromise the return of individual members' farms. Enke therefore emphasized an important specific implication of cooperative organizations: the need to balance the benefits of members as users and as cooperative's owners (STAATZ, 1989).

Commitment and Fidelity in Agro-industrial Cooperatives

Before addressing the question of commitment should be discussed the process that leads individuals to cooperate. Axelrod (1984), using the concepts of game theory, studied the required conditions for the emergence of cooperation between individuals, and concluded that reciprocity explains the emergence of cooperative behavior among people. Individuals do not need to be rational. The evolutionary process allows the successful strategies to thrive, even if those involved do not know how or why. In this sense, even among selfish people can emerge the cooperation behavior, if established a way of reciprocity between the actions of the players. The emergence, growth and maintenance of cooperation depend on the person's ability to recognize the other player with whom it has maintained prior relationship, and remember what has been the history of iterations between them, so that the players establish responsiveness to each other.

Ostrom (2009) states that the theory of collective action is important for the study of cooperation in various contexts. The cooperation (or lack of this) in collective action situations is very common variable in the work of the social sciences. One can not study life within a social group without examining how individual actors deal with problems related to collective objectives.

Ostrom (2009) lists seven main variables influencing cooperation among people in social groups: the size of the group involved; the condition of the benefits being or not subtractive; the heterogeneity of the participants; the face to face communication; information about past actions; network of relationships; and the possibility that individuals may enter or leave voluntarily.

On the other hand, for Fulton (1999), there is an inherent factor to cooperative societies, which helps them to remain competitive in the market, even in the face of typical situations of this type of organization, such as the horizon, portfolio or free rider problems (COOK, 1995). This factor is the commitment of members. Commitment is defined as the preference associated with something that is offered in different ways by the cooperative in relation to IOFs. Historically, this commitment originates from the cooperative ideology, or the members' preferences in doing business with organizations that they control as owners, which were founded as a response to market failures, in order to increase the bargaining power of farmers in inputs' markets characterized as oligopolies and agricultural commodities' markets characterized as oligopsonies.

The commitment of members can also be derived from a set of features that attracts a certain group of people - the members - but not other groups - non-members. For instance, the location, the community involvement, or the opportunity of members

to participate as beneficiaries of the profits from the agro-industrialization of raw materials produced by them.

The commitment of members is rooted in meta-preferences, which origin is linked to social and cultural factors, since the formation of the cooperative, when collective action was decisive for the achievement of better economic and social conditions for a distinct group or class, in this case the family farmers. These social and cultural factors have led to the genesis of an ideology that collective action involving family farmers is preferable to other organizational forms (FULTON, 1999).

The commitment results in higher fidelity of members, but on the other hand, can also cover cooperative's performance inefficiencies. Cooperative education and members' participation mechanisms are important to maintain efficiency and transparency.

Fulton (1999) also argues that the traditional form of commitment in cooperatives, in the Canadian context, is weakening, and this phenomenon is occurring precisely at a time that are greater the challenges of cooperatives in terms of quality development and product differentiation, according to market requirements and consumer preferences. The cooperatives need to find ways to simultaneously strengthen the commitment of members - who are upstream of the cooperative -, and develop competitiveness in the market - which is downstream of the cooperative.

Methodology

The research was conducted having systems thinking (SENGE, 2000) as epistemological approach. According to Morgan and Smircich (1980), the epistemological approach on systems considers reality as a process of change and highlights the importance of the monitoring process and the manner in which a phenomenon changes over time in relation to its context. In this case, the most appropriate research methods are those that capture the processes of change through historical analysis.

According to Dulfer (1994), the General Systems Theory is suitable for the study of cooperative societies, since it allows the independent analysis of objects that constitute sub-systems and the subsequent integration of these sub-systems in a supra-system.

The research was conducted, seeking the development of a model that could identify the factors involved in the process of translation and control of strategy, as well as their interrelations in system dynamics language. In addition to the commitment between members and cooperative, discussed in this article, it was considered the following other factors in the model: the technological advancement and economic performance of the members; the capitalization of the cooperative; the cooperative education and the cooperative's organizational culture; professionalization and cooperative's efficiency; social advancement; and the balance between cooperative and members.

It was used qualitative research strategy, collecting data by means of interviews and documents checking. The research was conducted in two stages. Initially, interviews were conducted with five experts in cooperatives of Paraná Cooperatives Organization - Ocepar.

From the results of interviews with experts, an instrumental case study was conducted in Agro-industrial Agraria Cooperative - Agraria. According to Stake (2005), the instrumental case study is recommended when studying a particular case, to understand the phenomenon in question.

Data collection for the case study in Agraria was made by document analysis and interviews with purposive sample of twelve managers of the cooperative. The choice of respondents was based on intentional theoretical criteria, searching for people who could properly express the meanings associated with the research problem, as recommended by Warren (2002).

Data were analyzed using thematic content analysis, co-occurrences analysis of registration units in different context units and structural analysis, in order to enable better understanding of the links among analytical categories and their view as a system composed by interdependent parts that indicate that the change in a category can influence the whole set (BARDIN, 2010).

The taxonomic structure of analytical categories, based on theoretical background of translation and control of strategy and on agro-industrial cooperatives, was made according to the criteria described below.

The first criterion relates to the strategic control levers, according to Simons (2000). According to the control lever, the analytical categories received the first classification, as follows: PE - for Perspective; PO - for Positioning; PL - for Plan and PA - for Pattern.

In the case of Plan lever and according to the perspective of the BSC, the categories received the second classification, as follows: Learn - for growth and learning perspective; IP - for the Internal Processes perspective; Cust - for Customer perspective; Fin - for Financial perspective. In addition to these four basic perspectives, two more were explored in the analysis, related to the specific features of cooperative organizations: the Social perspective, that is a clear objective of cooperative movement; and the Relationship with Members perspective, which arises from the specificity of management of cooperative organizations, that depends on balance between cooperative and members in several mutual relations, not always with convergent interests. The analytical categories of Social perspective were represented by the word Social and the ones of Relationship with Members perspective by the acronym Rel.M.

The third criterion for the classification of analytical categories lays in the fact that they refer to the cooperative sub-system, represented by the letter C or to the members sub-system, represented by the letter M.

For the fourth criterion, the analytical categories were classified according to their nature, for whole words or abbreviations.

For the fifth criterion, some categories were further classified by types, according to their degree of diversification.

Example of an analytical category:

- PL_Rel.M-Fidelity-Incentives for Cooperation: lever: Plan; perspective: Relationship with Members; nature: Fidelity; type: Incentives for Cooperation.

Results and Discussion

This section presents the results of content analysis of two hermeneutic units: interviews with experts of Ocepar and interviews with Agraria's managers. It is still displayed a network of relationships among analytical categories, as result of structural analysis from the two hermeneutic units.

Results of Interviews with Experts

In the opinion of five experts, the members' fidelity is an essential factor for the viability and support of agro-industrial cooperatives. The analytical categories regarding the members' fidelity were split into four types, due to the consistent and well distributed emergence of some aspects, which demanded more specific classification. In this respect, in addition to the original fidelity category were created other category types, such as fidelity regarding incentives for cooperation, fidelity regarding regulations and fidelity in relation to the succession of new generations. These factors were represented by the analytical categories noted below.

- PL_Rel.M-Fidelity
- PL_Rel.M-Fidelity-Incentives for Cooperation
- PL_Rel.M-Fidelity-Regulations
- PL_Rel.M-Fidelity-New Generations Sucession

During the analysis it was realized that the members' fidelity factor must be contextualized in another larger, which is the reciprocal commitment between members and cooperative. Thus, another more specific analytical category was created to classify this new factor, as follows:

- PO_ Commitment Cooperative/Members

The above identified categories, in addition to significant co-occurrences among them, were also often associated with analytical categories related to the cooperative's organizational culture; to the integration promoted by the technical assistance to members; to the economic performance of members' farms; to the members' satisfaction; to the production delivered to the cooperative; to the economic performance and financial surpluses of the cooperative and to the distribution of surpluses to members. Thus, in this part of the analysis, it was considered the relations among the categories already identified and more the following ones:

- PL_Learn-C-Culture
- PL_Learn-M-Tech.Assistance-Integration
- PL_Fin-M-Economic Performance
- PL_Cust-C-Members Satisfaction
- PL_Rel.M-Delivered Production
- PL_Fin-C-Surpluses
- PL_Fin-C-Economic Performance
- PL_Rel.M-Surpluses Distribution

The co-occurrences among the considered categories were well distributed in different contexts, in particular those relating to different experts when discussing the theme of fidelity. The distribution of co-occurrences in different contexts, indicates the

emergence of certain pattern between the views of respondents, which reinforces the existence of relationships among the considered analytical categories.

Experts say that fidelity is the result of a process, which is inserted in a broader context, related to the mutual commitment between the cooperative and members. In this sense, the development of trust between cooperative and members is crucial to establish this mutual commitment. When established environment of trust and mutual commitment, it becomes easier the members' awareness about the importance of their fidelity to the cooperative. For this, in turn, becomes clearer the need to direct its actions to meet the demands and objectives of the members, because the cooperative's original mandate is to promote economic and social development of the members, the reason why the cooperative was created by them. For this reasoning, before the cooperative having and keeping members, are the members who have and maintain the cooperative.

In order for this process to take place and the interests of the members to be achieved harmoniously, membership's organization is important. This organization can be structured through the establishment of committees of products; of interest; or of production units. In this process of organization, it is necessary to establish a fluent and legitimate channel of communication, participation, discussion and conciliation of interests among the members and among the production units. Membership organization starts in communities, and can gradually move to the product or business unit level, forming an integrated process of reconciling interests.

In this way, the interests are being discussed, in the search for possible harmonization, in such a way that the decisions are already being matured and legitimized, before possible deliberation at the assembly, which is the largest institution of the cooperative. This environment is conducive to the emergence of commitment and fidelity behavior of members. If this process is well organized, fidelity can be better managed. In this context, cooperative education is an important tool for raising awareness of these relationships.

Contextualized in the larger concept of commitment between cooperative and associates, members' fidelity is influenced by some factors, such as the organizational culture of the cooperative, the economic incentives offered by the cooperative to members and the contractual relations between cooperative and members.

Regarding cultural aspects, we can observe different types of cooperatives in Paraná. There is a significant group of cooperatives that had their origin linked to the immigration of European settlers - especially Dutch and German - concentrated in the first half of the last century. Examples of this type of cooperative are Batavo (present-day Frisia), Castrolanda, Capal, Agraria and Wittmarsum. These cooperatives have, to a large extent, maintained cultural cohesion, linked to their origins. The history of these cooperatives reveals many significant moments of need for union among people of homogeneous ancestry, with common identities, not only in their economic relations, but also in family, religious and cultural relations. These cooperatives developed very strong organizational cultures in relation to the principles of cooperative movement. The mutual commitment between these cooperatives and their members is high. The participation of members in matters related to the cooperative is high. The members' fidelity in these cooperatives is considered as a natural behavior, being difficult to accept by the group, opportunistic behavior of members. These cooperatives tend to

maintain not so numerous sets of members but with many larger members with higher economic potential.

Another significant group in Paraná is made up of cooperatives located in medium-sized and small-scale agrarian structures, many of which originated from the immigration of settlers from other states, especially Rio Grande do Sul and Santa Catarina, who colonized some regions of the Paraná state, in particular the West and Southwest regions. As examples of such cooperatives, Coopavel, Coasul, Lar, C.Vale and Copacol may be mentioned. They are cooperatives with larger sets of members, composed for the most part by small and medium producers. These cooperatives had a strong need for investment in integrated production systems as a means of increasing the income of their small associated producers. These integrated production systems function as a means of encouraging fidelity. However, fidelity in these cooperatives is not as high as in the previous group.

The experts emphasize fidelity as a fundamental factor for the cooperative organization, but it is possible to verify different business models among cooperatives, which treat fidelity in a different way. There are cooperatives with great social cohesion, where fidelity is practically absolute. In these cases, the fidelity of the members can reach 100%, both in the delivery of production and in the supply of inputs. On the other hand, there are cooperatives that do not work with such high fidelity, but also perform well. In these cases, the business model is different. They are cooperatives that have a larger area of activity, maintain a very large membership and focus on the efficiency and scale of the business. The priority is not to preserve the absolute fidelity of members but to provide incentives for the larger membership to operate with the cooperative in order to ensure the necessary volume for the preservation of scale gains.

It is also possible to note a growing number of cooperatives adhering to fidelity programs, which offer differentiated advantages to the most loyal producers, because it is much cheaper to invest in an existing supplier than to make feasible a new supplier. In such cases, members are classified according to their degree of fidelity, that is, the cooperative offers different treatments and services to members, according to their degree of fidelity.

The influence that the quality of the services offered by the cooperative exerts on the satisfaction of the members and consequently on their fidelity, such as the technical assistance service and the services related to the security of reception, storage and commercialization of the primary products, is also recognized. The technical assistance still presents another characteristic, which is that of instrument of control over the activities and the production of the members.

Agro-industrialization - the main strategy used by cooperatives in Paraná to add value to primary production - is a factor that can influence fidelity, as members become partners and suppliers of vertical production systems, some even regulated by contracts, such as poultry and pork integration systems. The member's perception that he is a partner in an agro-industry and receives an economic result, strengthens loyalty and establishes a future perspective for him and his family. The farmer realizes that he is in a business that has the prospect of growing and adding value to his own activity. This increases his security, even in relation to family succession in the farm business.

On the other hand, opportunism is a behavior of possible occurrence in the relationship between associates and cooperative, especially in those where there was

greater growth and greater diversification among activities and among members. The greater the heterogeneity of the members' interests, the more complex the cooperative management, in the sense of reconciling these interests, and the greater the possibility of opportunistic behavior.

The experts also commented on aspects regarding the commitment of the new generations of members to the cooperatives. Cooperatives in Paraná were created in the last century, mainly between the fifties and seventies. These organizations have been created following the development of agriculture in the state, to satisfy basic service needs of the first generation of members, such as receiving, storing and marketing their products, as well as providing technical assistance and supply of inputs. In the second generation of members, cooperatives grew and invested in agro-industries. Cooperatives are currently in the third generation of members. There is concern for the preservation of the values and principles of cooperative movement between the generations, in order to maintain the patterns of cooperative behavior among the new members, a condition considered vital for the continuity of the cooperatives. Cooperative education is one way of transmitting and preserving these values.

The commitment of the cooperative to the members should result in economic gains to the members. This condition refers to the cooperative's own mission, which is a society created with the aim of meeting, in some aspect, the economic interests of its founders. Therefore, the analytical category related to the economic performance of the members' farms assumed a fundamental role in the analysis. The economic performance of the members' farms depends on several factors, some intrinsic to the management of the cooperative, which are the object of analysis in this research and other extrinsic, dependent on market conditions, which are not the object of this research. In the scope of this research, the economic performance of the members depends on factors such as:

- a) Members' efficiency in the transformation of production factors into product, in the search for lower unit costs;
- b) Price policy established by the cooperative to conduct business with the members, in the supply of inputs, in the provision of services, or in the reception, storage and commercialization of primary products;
- c) Policy of financial surpluses distribution, derived from the cooperative's business.

The economic advantages that members have in their relations with the cooperative, as a supplier, as a customer, or as owner, will define the final economic performance of the members.

There are basically two very characteristic policies of prices and distribution of financial surpluses in the cooperatives of Paraná. The first is that practiced by high fidelity cooperatives, which already pass on all the economic benefits to the members, just at the time of the raw material delivery or the provision of commercialization services, without aiming at the accumulation of financial surpluses. The other is practiced by large cooperatives with large set of members, which pay to them the market price of the day and, when they sell the product on the market, accumulate financial surpluses, which are then made available for return to the members, in proportion to their operations with the cooperative.

Results of the Agraria Cooperative Study Case

The analytical categories in the hermeneutical unit of the Agraria Cooperative managers were the same as those of the hermeneutical unit of the experts at Ocepar.

The Agraria's history shows the great importance of the reciprocal commitment between the members of the community and the cooperative, which is still evident in a culture that valorizes the fidelity of the members.

The Agraria's Statute stipulates that the fidelity of members must be absolute, both in the supply of inputs by the cooperative, and in the delivery of primary products to the cooperative. This rule is taken seriously by both the cooperative and its members. There is a collective awareness that the losses of opportunistic behavior on the part of members are not limited to specific, relatively low-value commercial operations when compared to the whole. But they harm all members, as they undermine the planning and programming capacity of the cooperative, in relation to the coordination of the whole productive chain, with reduced efficiency of the organization, and also erode the culture of the community, which considers the commitment, translated into fidelity, as a basic value.

Apart from occasional small problems, members are fully loyal to the cooperative. This brings many advantages in terms of planning and programming activities, both in the acquisition and supply of inputs to members, and in the reception and industrialization of primary products. The cooperative works with very safe schedules, with little waste, which translates into lower unit costs and the cooperative has the policy of passing on these economic gains to the members. There is the establishment of a bond of trust, with economic advantages distributed among the members. This policy is discussed and approved at the assembly. The cooperative aims to sell inputs at a price 4% lower than the lowest market price, as well as to remunerate the producer for the best batch price offered by the market, in the case of products delivered to the cooperative for agro-industrialization, or for sale in the market.

The peculiarity of Agraria in relation to other cooperatives, is that cooperative and community are confounded. The behavior of the associated persons is not only due to commercial issues, but is inserted in a larger context, constituted by the community, which expects absolute fidelity of its members, in relation to the cooperative. This behavior is due to the history of the cooperative, from the pioneer settlers, which shows that union and cooperation was the fundamental factor for overcoming difficulties and for the collective development, as well as of each member of the community. It is important, however, to realize that intergenerational behavior is dynamic and this behavior of absolute fidelity may not be forever. It depends on a permanent job with the new generations.

All the investment in agro-industrialization, which is the strategy that Agraria uses to add value to agricultural production, was only and continues to be possible due to the commitment and fidelity. Likewise, Agraria's initiatives in terms of planning the operation of its industrial activities; provision of services to members; investments in experimentation and innovation; coordination of the productive chain; development of products with the quality required by the market; subsidy to social entities, are to a greater or lesser degree, related to the security that the cooperative has, derived from the great fidelity of its members.

Fidelity is an externalization of a broader concept, which is the reciprocal commitment between members and cooperative. Members must be loyal to Agraria, as well as it must also be loyal to the members, insofar as Agraria shares with the members the benefits generated by its business, in proportion to the cooperative's needs for capitalization and investment.

Many of the policies maintained by Agraria depend on the reciprocal commitment between members and cooperative. It is the members' loyalty that allows the cooperative to elaborate and execute its planning of purchase and sale of inputs, with the necessary security, for the sufficient supply of the members, with lower prices and with few wastes. The schedules are made with great accuracy, due to the certainty that the farmers will demand the acquired inputs. Likewise, the forecast of the delivery of the raw material by the members is programmed with great precision, providing the cooperative with the timely and necessary information to contract the delivery of raw material, including with non-associated farmers, in the case of the industries' needs be larger than the members' production capacity. Likewise, it is fidelity that allows the cooperative to be secure in programming and making decisions about new investments.

The commitment between Agraria and members is large enough for members centralize their financial movement in the own cooperative. The members maintain current accounts in the cooperative, where are deposited even the agricultural costing financings. When inputs are supplied by the cooperative, these accounts are debited. In the delivery of raw materials or primary products for direct commercialization in the market, these accounts are credited.

Fidelity is a behavior of the members, who opted to centralize their operations of inputs' purchase and agricultural products' sale by Agraria. Although Agraria requires absolute fidelity of its members, this behavior is dynamic, as it is influenced by some factors, such as the level of satisfaction of members; the organizational culture of the cooperative; the formalization of this obligation in the cooperative's Statute and the controls of the cooperative regarding the behavior of the members.

Regarding the satisfaction of the members, derived from the achievement of the economic objectives in their individual farms, it is important to maintain the Agraria's system of incentives for cooperation, which is operationalized, in particular, by the price policy in the relations with the members.

Agraria does not work with daily market spot purchase price for cereals, but rather with a put option system. The member deposits his product in the cooperative and sets the price intended for sale. The cooperative will search this price in the market. If the price defined by the member is found, or greater, the cooperative forms batches of sale and passes on to the member the price obtained, including in what exceeds the option of the farmer, discounting only the administrative costs. That is, all the price obtained in the market, less the administrative costs, are passed on to the member, without discount of possible surpluses derived from the commercialization of grains, that could be taken for distribution to the members in ordinary annual assembly. Under this system, the cooperative does not accumulate any gain due to the difference between the sale spot prices in the market and those effectively transferred to the members. The policy adopted is to pass on to the member, already in the act of commercialization, all the potential commercial gain of the delivered product. The member

can be sure that his product was marketed at the best price, according to the conditions offered by the market.

The same criterion is observed in the supply of inputs to the members. It is sought to pass on to the member the lowest possible price. This pricing policy is considered as an incentive for cooperation. Therefore, the financial surpluses that Agraria generates do not originate from the provision of services to the members, but rather from the adding of value that the cooperative achieves in the agro-industrial process.

Some factors favor the fidelity of Agraria's members. The members' satisfaction, derived from their economic relations with Agraria, is an important factor. The satisfaction is the result of the members' perception that it is worthwhile, from an economic point of view, to maintain their relations with the cooperative: buy the cheapest inputs, and only the inputs they really need, without the cooperative's commercial vision of gaining from the sale of them; ensure the commercialization of their crop at a fair price; and participate in the financial surpluses generated by the cooperative.

Another important factor promoting fidelity is linked to the cultural aspect. In Agraria, the culture of cooperative behavior is very strong, derived from a homogeneous group of people, with ethnic, family and religious identities, which experienced difficulties and promoted a strong community development through cooperative behavior and the strengthening of the cooperative organization. Another issue, related to the previous ones, is the perception of belonging of the members. Members truly feel themselves as the owners of the cooperative, the owners of the business.

Such cultural cohesion and identity provide conditions for acceptance by the members of Agraria's patronage to loss-making entities, but that offer social benefits to the community, such as hospital, school and cultural foundation. However, since the grants provided by Agraria to these entities are sourced on the members themselves, it is fundamental to maintain incentives for cooperation, which provide adequate economic performance to the members. That is, the members' suitable economic performance is a condition for the sustainable continuity of investments in culture, education and health of the community.

Cultural and economic issues provide sufficient conditions to maintain high fidelity in Agraria, but this also needs to be regulated, as indeed is in the Statute of the cooperative, which states that the members' fidelity must be total, under penalty of dismissal in the cooperative. This rule is taken seriously by the cooperative, and there are cases of members who have already been dismissed for failure to comply with this condition, with respective redemption of the paid-in capital to the dismissed member. Because of this strict criterion, which differs from other Brazilian agro-industrial cooperatives, someone improperly could understand that Agraria is a closed cooperative, but it is open, yet the rules for associating and maintaining membership are strict. Partial fidelity is not allowed.

Agraria does not sign a raw material delivery contract with members. The contract, in this case, is already implicit in the statutory obligation that the member must remain loyal to the cooperative, where the delivery of its production must be centralized.

Notwithstanding the high fidelity of the members, Agraria has how to control all the activities of the farmers, since the planning of what and how to plant; the acquisition of inputs; the sowing, conduction and harvesting of crops; and the delivery of pro-

duction. As almost all areas are geo-referenced, Agraria knows what farmers grow, knows the doses of the inputs and the recommended amounts per hectare; knows the productivity by field monitoring. The loads that are delivered are identified by the registration number of each member, so that the cooperative has, if applicable, how to confront the expected production with the actual delivered. In addition, members know that their performances are compared among pairs of the same group of producers and among all Agraria's producers.

Another aspect is linked to the social relations among the members. Given the small number of families, which maintain many relationships beyond the commercial dimension, there is also self-control among people. As there is a collective awareness that the cooperative is good for members, and that the cooperative's success depends on the behavior of each one, unfaithful behavior is not well-seen among the members themselves.

Due to these cultural, economic, normative and control factors of the cooperative, opportunistic behavior on the part of members is rare, even because it is rejected by the member peers themselves. If a member feels dissatisfied with the cooperative, the reasons should be analyzed and if possible solved. Even so, if dissatisfaction remains, the most natural thing is the dismissal of the member rather than the coexistence with infidelity.

Possible opportunistic behavior is more associated with cases of members who are in a difficult financial situation when, due to a lack of credit, the member makes use of the sale of his production by means of channels other than the cooperative, in order to alleviate his cash problem. Just as the cooperative is rigorous in the exigency of fidelity, it also seeks to offer alternatives to the members with financial problems, so that they can continue to plant. There are internal rules to meet the credit needs of these members, guaranteeing the continuity of their productive process and their family maintenance.

The fact that the members remain loyal does not mean that they do not compare the alternatives outside the cooperative and press the cooperative to remain always competitive in relation to the competitors. Demands in this sense are common and act as a factor that moves the cooperative to maintain its guideline of providing members with the best possible conditions in the purchase of inputs and in the sale of products.

Agraria has the concern of maintaining, between the generations, a basic value of its organizational culture, which is the reciprocal commitment between members and cooperative. To preserve this value, it is necessary for the cooperative to remain attentive and up-to-date on the changes occurring, in an increasingly intense rhythm, in the social and economic environment, where young members are inserted. It is necessary to understand the needs of the young people and to continue to offer suitable and sufficient incentives to maintain fidelity at the historical levels of the cooperative.

The reality of the new generations is very different from the generation of the pioneers. These ones suffered many difficulties and persecutions in the war and post-war periods, and came to Brazil to make possible a new project of life, and here, at the beginning, the difficulties were also very great. There was a commitment among the pioneers that the work in the early years in Brazil would be not only cooperative but community-based. The cooperative represented survival for these pioneers, in a very different land from their origin.

The second generation, in turn, lived in the growth stage of the cooperative, when the union of the people provided sufficient strength to make investments, which allowed the maintenance of cohesion in the community. This does not mean that there was no dissent. Some families, in disagreeing with some practices and policies of the cooperative, chose to leave the society.

From the third generation, the situation is quite different. The economic and cultural level of people is much higher. The needs are different. Information is much more available. People no longer see the cooperative as a way of life, but as a business alternative. Young members are more pragmatic and more critical than old members. What exists is a legacy of the past generations, which provided the development of a culture that valorize the union and cooperation among people, and this culture persists to this day, making possible the emergence of the Agraria's great agro-industrial business. However, the cooperative needs to be attentive to deal with members of the younger generations, understanding the factors that motivate them, and offering alternatives and incentives to cooperation that satisfy them.

Some issues deserve attention, such as the division of areas among heirs, with the possibility of agrarian restructuring with properties with insufficient size for the economic viability of farms focused on grain production, which is the greatest vocation of Agraria's members. Another issue is the possibility of dispersion of young people by other activities, since most are formed in the most varied areas of knowledge, with professional opportunities outside the colony. In Agraria's strategic planning these issues are dealt, with the concern of designing alternatives that can be offered to young people, encouraging them to continue the agricultural farms of their families and providing the business continuity of the cooperative, based on culture of cooperation that accompanies the community since the pioneers.

Figure 1 shows the network of relationships among the analytical categories identified from the interviews with the specialists of Ocepar and with the managers of Agraria. This network was developed according to the co-occurrence of the analytical categories in different contexts and the respective interpretations of the interviewees'

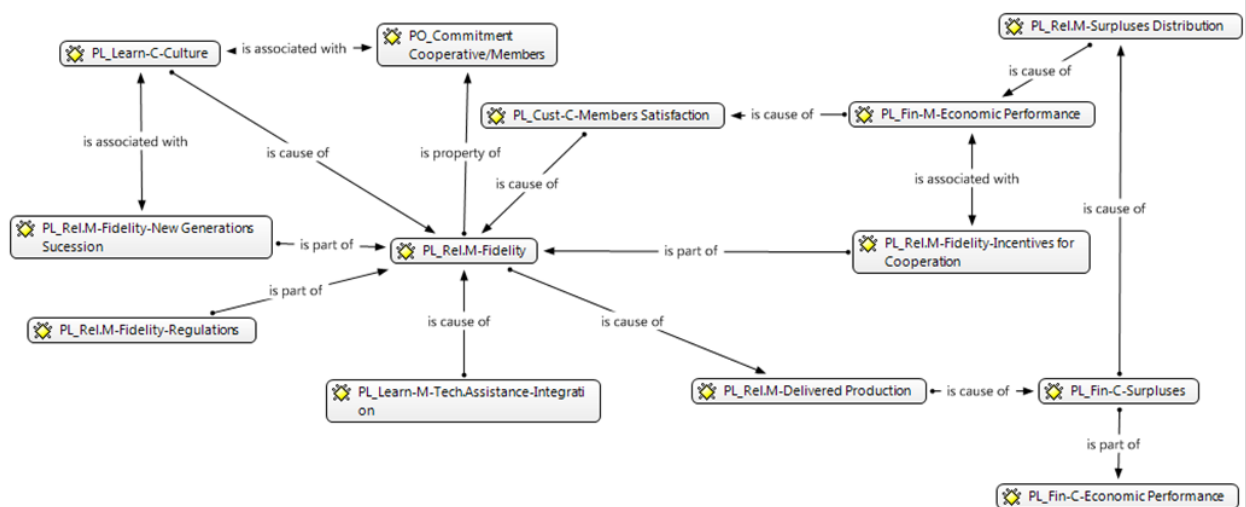


Figure 1 – Network of commitment between members and the cooperative
 Source: the authors, 2016.

Conclusion

This paper discusses the insertion and influences of mutual commitment between members and cooperative in the process of translation and control of strategy regarding the context of Brazilian agro-industrial cooperatives. It is concluded that a model of such process should consider commitment as a critical success factor, related to the control lever of Positioning (SIMONS, 2000). Commitment is defined as the preference of associates for something that is offered, in a differentiated way by the cooperative, in relation to the IOFs, which is translated in the establishment of incentives for cooperation by the cooperative, and in emergence, strengthening and consolidation of fidelity by the members, fundamental behavior for the sustainability of the cooperative system.

The structural analysis performed, illustrated in figure 1, allows the following conclusions:

- a) The members' fidelity is inserted in a larger concept that is the mutual commitment between cooperative and members;
- b) Due to its thematic diversity, fidelity is made up of other subcategories, such as fidelity from the point of view of regulations, of incentives for cooperation and of succession of new generations;
- c) The fidelity is positively influenced by the organizational culture of the cooperative; by the satisfaction of the members - derived from the economic performance of their farms -; and also for the role of integration and control exerted by the technical assistance;
- d) Fidelity increases the production delivered in the cooperative, contributing positively to the increase of the financial surpluses of the cooperative, which constitutes one of the components of its economic performance;
- e) The generation of financial surpluses in the cooperative provides the possibility of distribution of them to the members, contributing positively to the economic performance in their farms.
- f) The advantageous economic performance of the members' farms feeds back the system, since it positively influences the satisfaction of the members.

The results of this research are in line with the conclusions of Cook (1994), for whom managers of agro-industrial cooperatives managers, in addition to the necessary competences for the management of IOFs, should also develop other competencies required due to the complexity of cooperative organizations, such as ability to deal with conflict, and uncertainty in defining cooperative goals, with consequent management of a wider range of associated objectives and sub-objectives. In addition, capacity in building coalitions, consensus and loyalty among members, essential components for the development of group cohesion.

The critical success factor of mutual commitment between cooperative and members, discussed in this article, is part of a broader and complex model of translation and control of strategy in Brazilian agro-industrial cooperatives, which also considers other critical success factors such as the technological advancement and economic performance of members; the capitalization of the cooperative; the cooperative education and organizational culture of the cooperative; the professionalization and

efficiency of the cooperative; the social advance; and the balance between cooperative and members.

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