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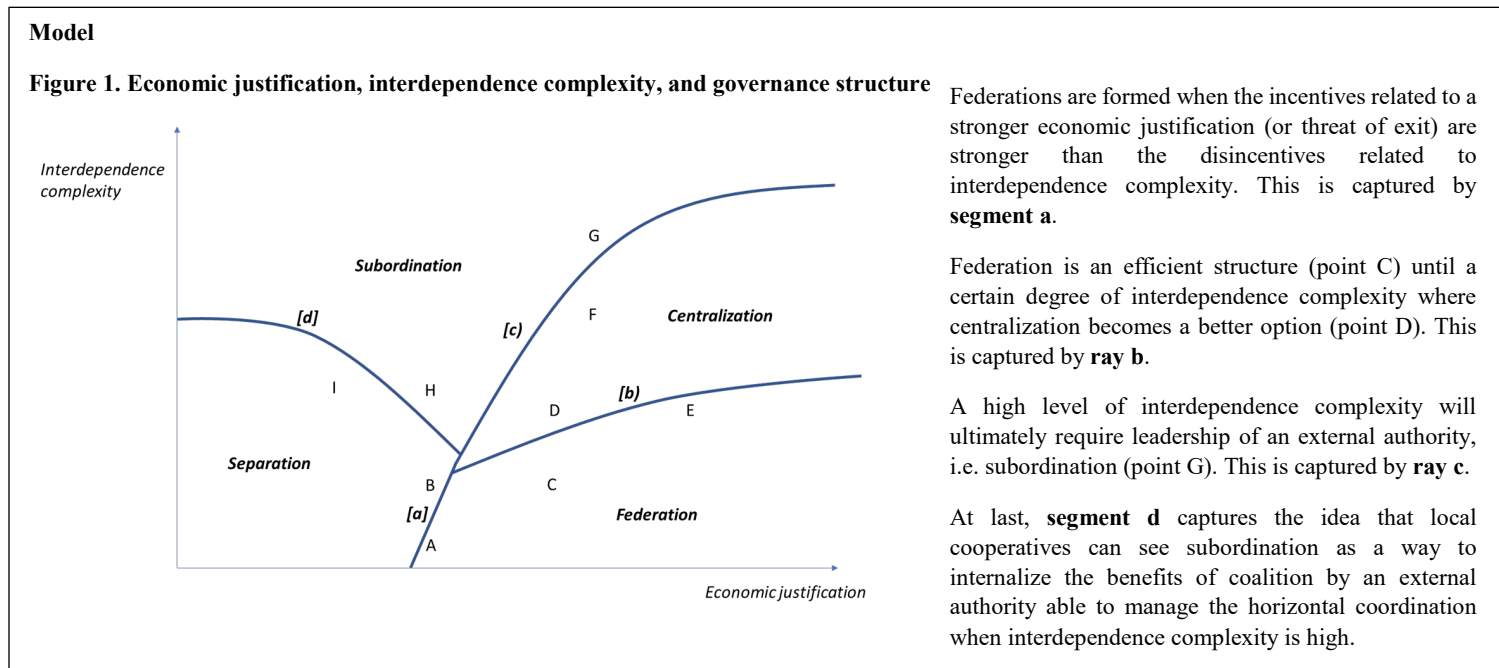
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Federation, Centralization or Subordination? The role of the Economic Justification and the Interdependence Complexity for the Transformation of Agricultural Cooperatives.

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<p>Research objective</p> <p>To provide an analytical framework to analyze the dynamic of centralization, mergers or dissolution of cooperative federations</p>	<p>Theoretical framework</p> <ul style="list-style-type: none"> • The property rights perspective on cooperative governance (Cook, Hansmann): cooperative ownership costs increase with heterogeneity • The transaction cost approach of cooperative governance (Menard): complexity implies more centralization and hierarchy when complexity increases • The corporate finance approach of governance by large owners (Edmans): coalitions of large owners are the best performing governance structure
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Result

Table 1. A framework to analyze governance changes of cooperative federations

Step 1: Initiation	Step 2: Setting	Step 3: Interdependence Complexity Dynamics	Step 4: Economic Justification Dynamic	Step 5: Governance change	Step 6: Final outcomes
Identify the primary reason for the coalition. Why do cooperatives form an alliance?	Interdependence complexity starting point: Describe the interdependence complexities related to the first investment decisions.	i. Asset-related complexities: Identify the investment decisions that have increased heterogeneity among members.	i. External forces: How the environment fosters or weakens the need for the coalition?	Identify the trajectory and the expected outcome (use figure 1). Appraise the tension between the actual and the expected outcome.	Analyze the successes and failures of the actual outcomes. How does the story inform the theory?
		ii. Organizational responses: Identify the strategies or behaviors regarding the shared assets and/or interdependences	ii. Internal forces: Identify the decisions taken to reduce or foster the need for a coalition, by members or managers		

Application and conclusion

The application on 5 in-depth case studies and cases illustrative of the dynamic of cooperative structures in the last fifty years show how the mapping of internal and external forces reinforcing or weakening (intentionally or not) the economic justification for federations and the interdependence complexity among the cooperatives of the federations enables to predict the becoming of cooperative federation. The model can be used by cooperative leaders to think of the degree of centralization or decentralization required to optimize decision-making for their different activities. The analytical framework can be used by researchers on cooperative governance to identify the mechanisms that may shape the governance of cooperative structures.