

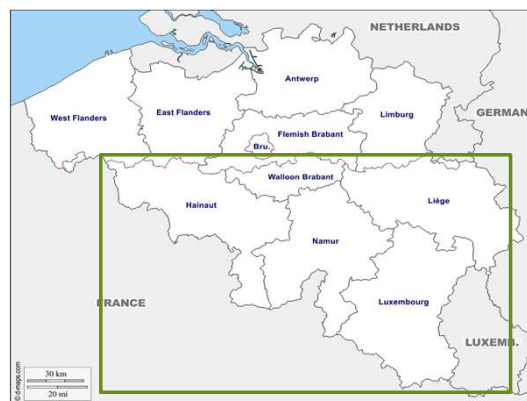
Combining farmers' cooperative models to ensure pathways of diversification in milk processing

The case of the Walloon Region

 UCLouvain

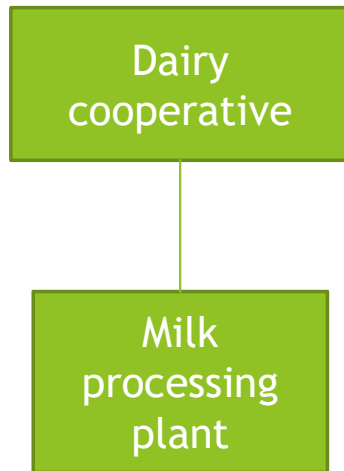


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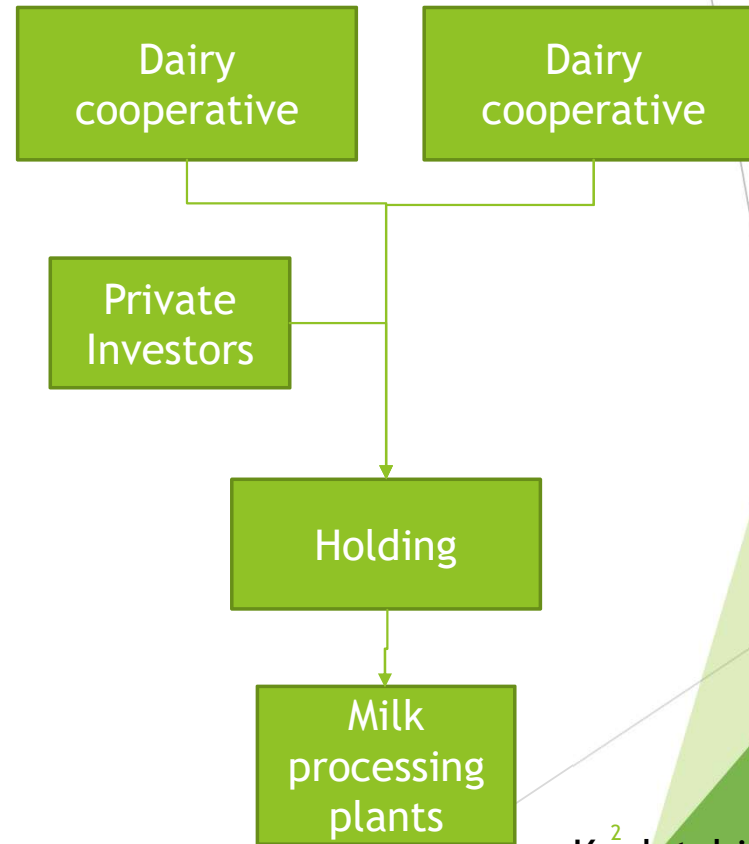


5th NEST Conference
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Which dairy cooperatives - for which purposes?



Upscaling and Evolution over the past 30 years



² Koulytchizky and Mauget, 2003
<https://doi.org/10.7202/1022208ar>

Which dairy cooperatives - for which purposes?

☹️ Reliance on the investment capacities of farmers

☺️ Partnerships with other regional cooperatives

☺️ Maintenance of a regional dimension - economic and social utility



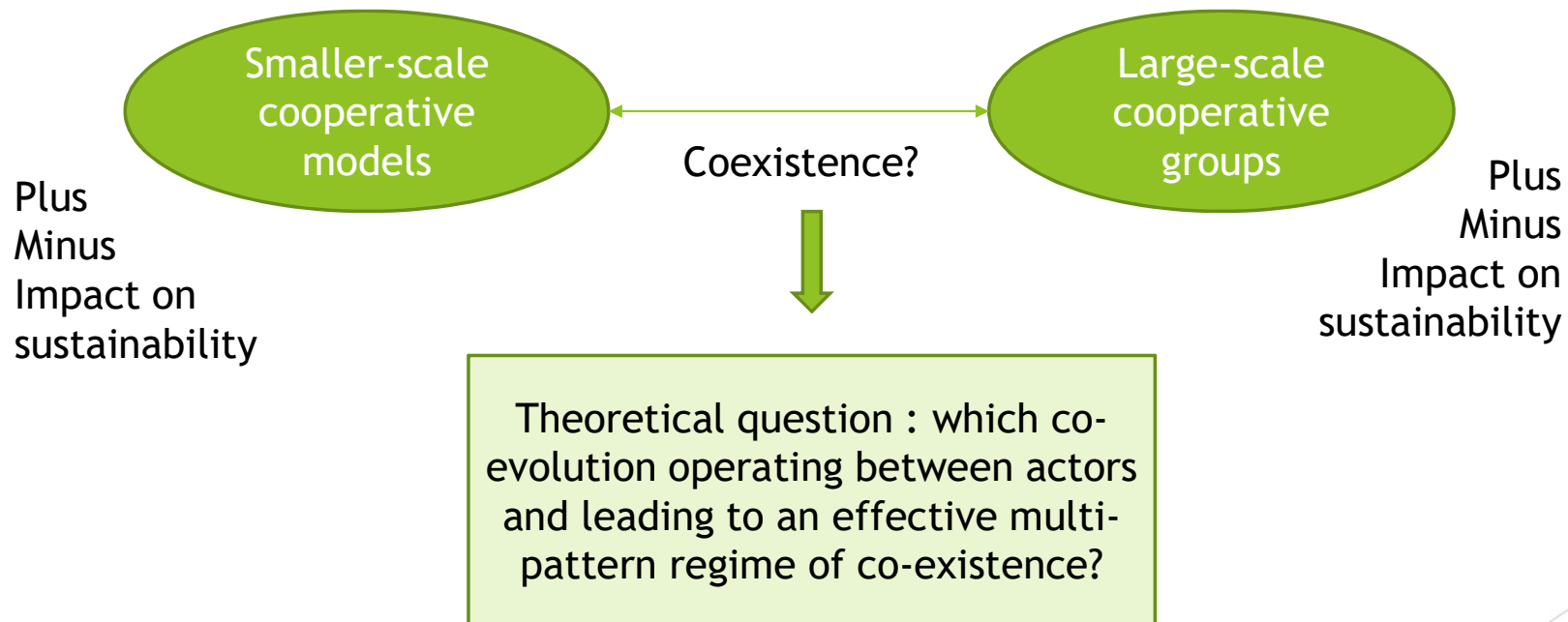
☺️ Solves investment issues

☺️ Optimizes profitability and export capacity

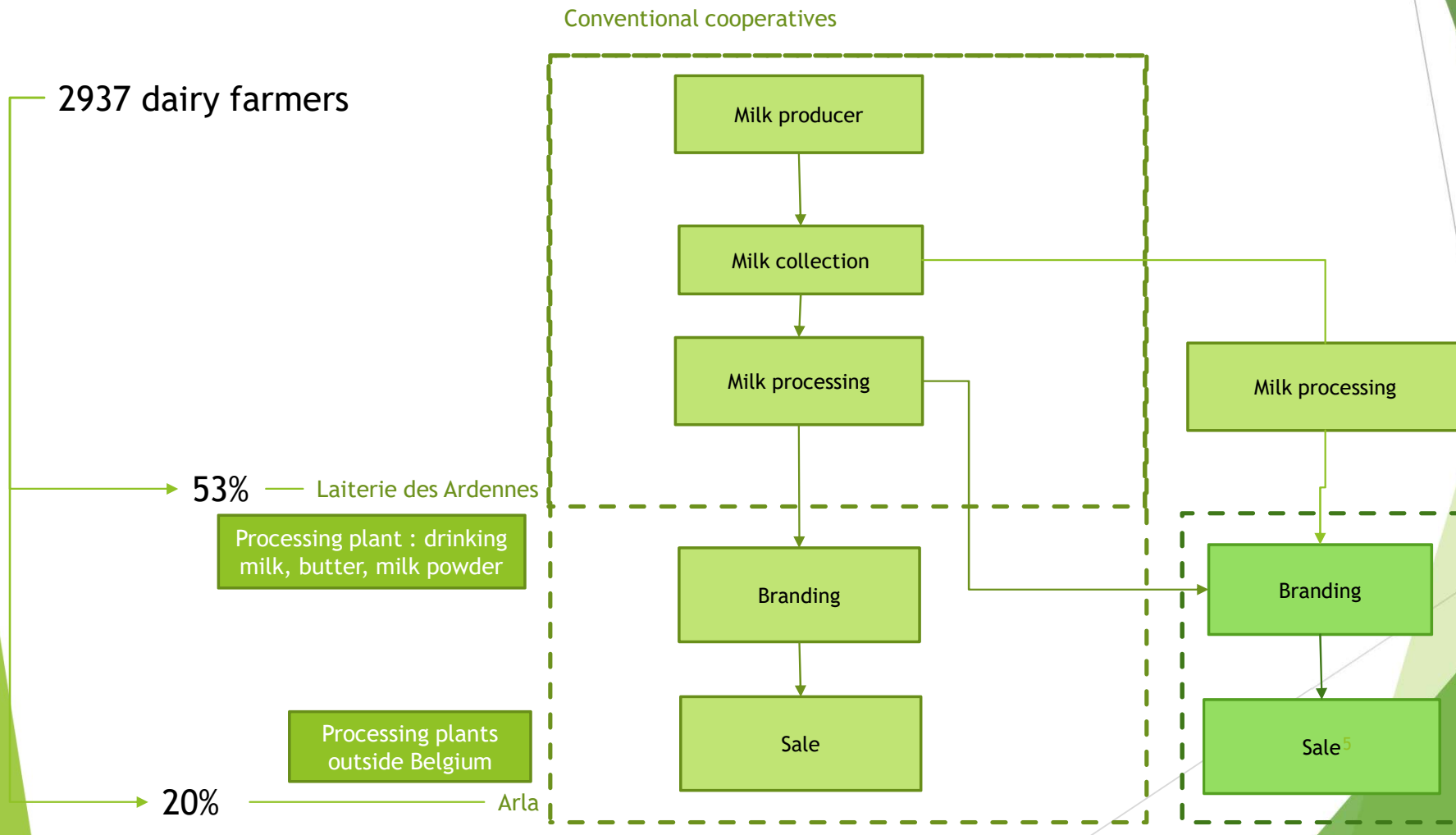
☹️ Complexification - dilution of the status of the farmer

☹️ social and regional utility may lose significance

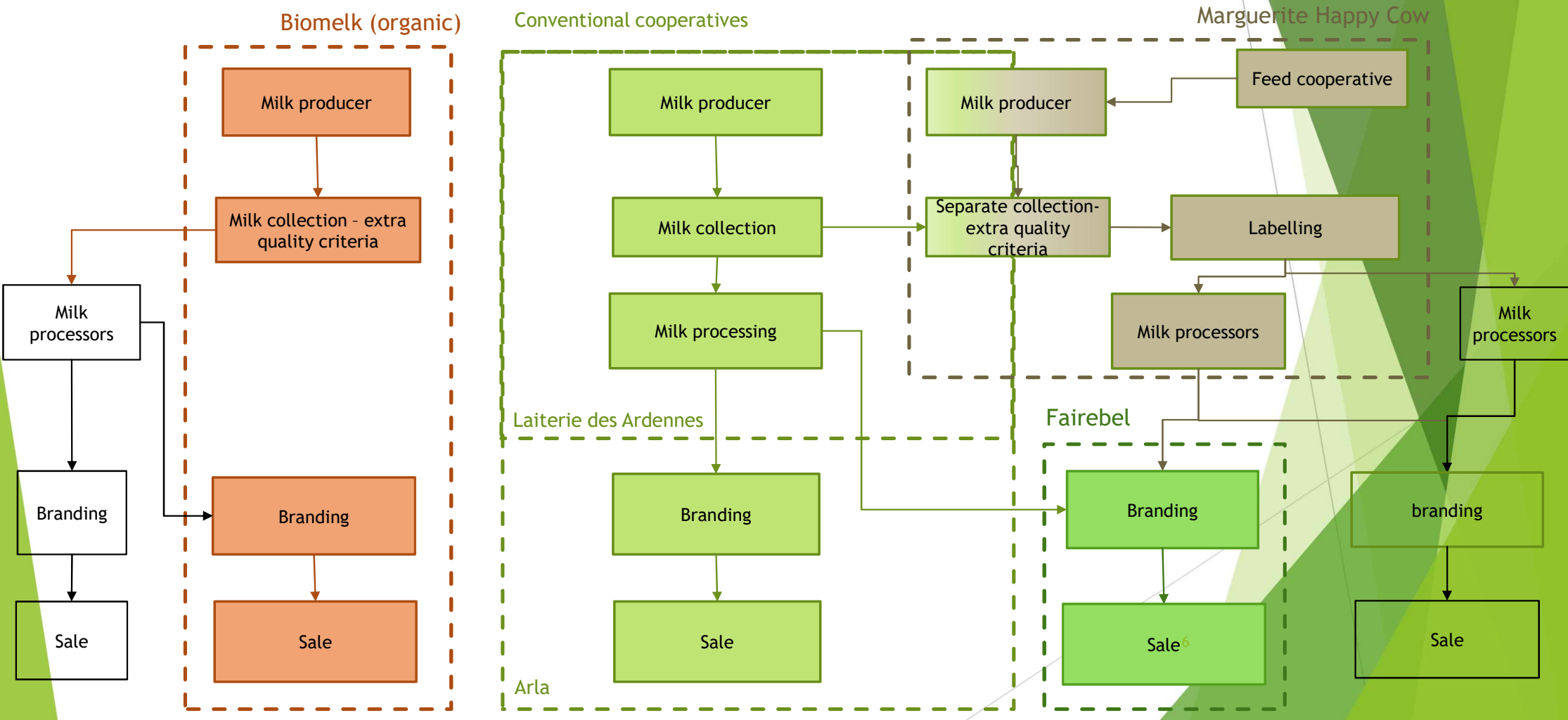
Which dairy cooperatives - for which purposes?



The Walloon dairy sector as interesting model



The Walloon dairy sector as interesting model



A qualitative study of the walloon dairy cooperative models - theoretical focus

- ▶ Theoretical focus
 - ▶ Dairy cooperatives are a hybrid actor :
 - ▶ A legally framed structure gathering individual agents around shared goals
 - ▶ Agent acting on the market with a requirement of economic profitability

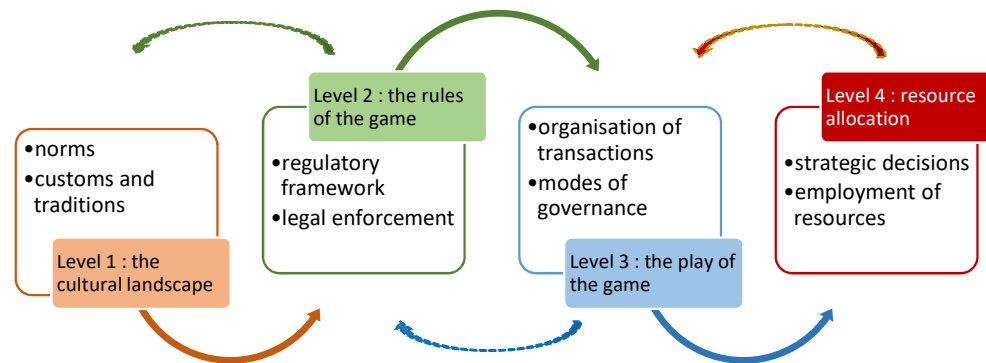
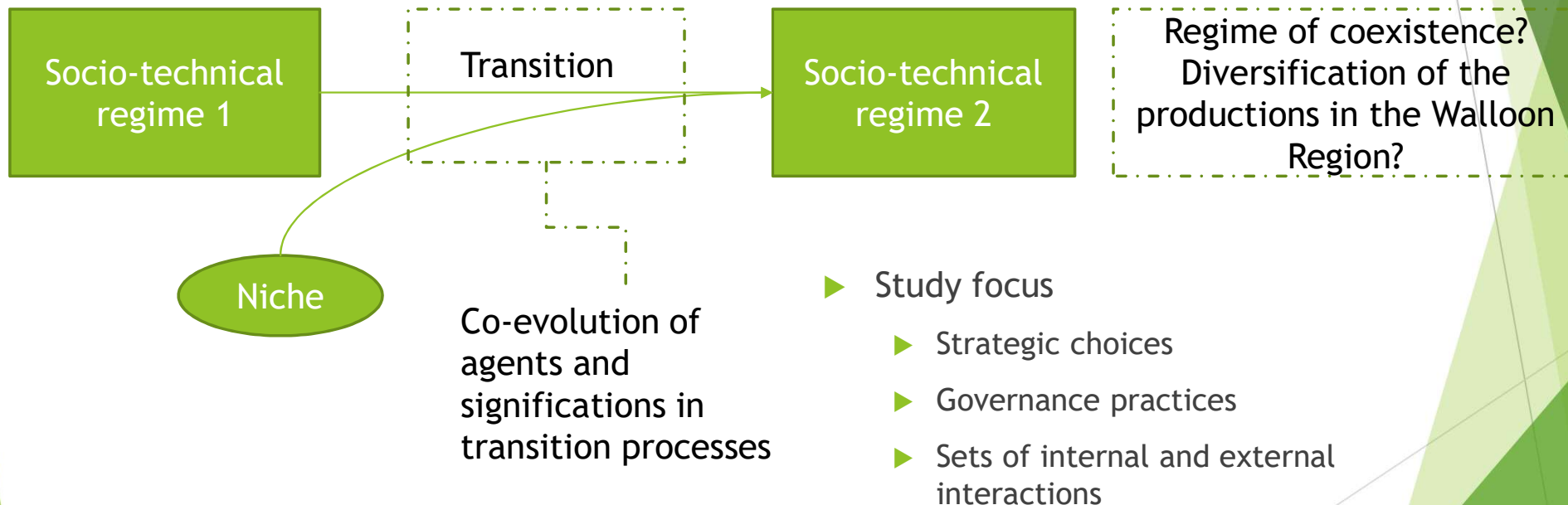


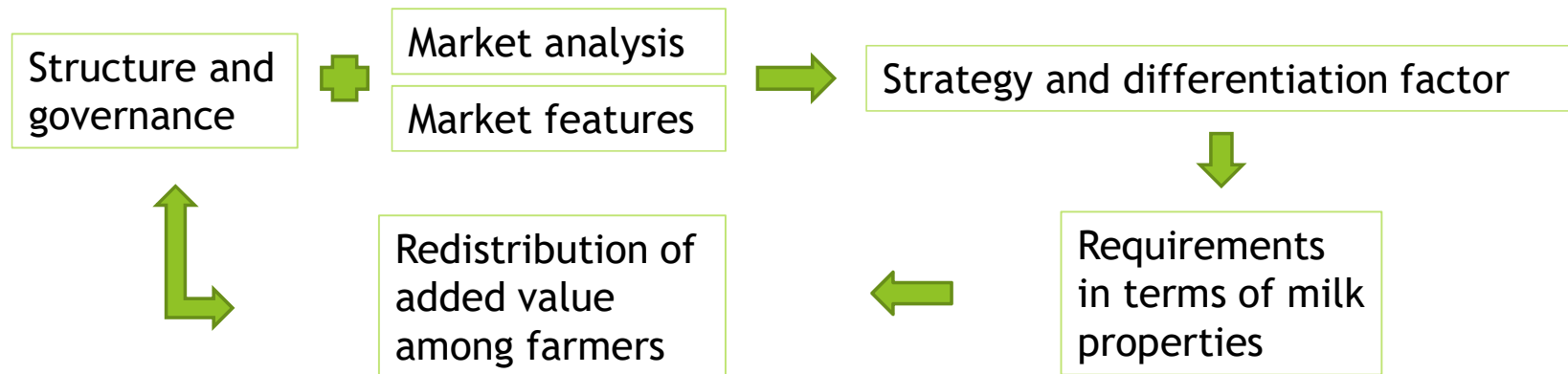
figure 1 : representation of the four levels of social analysis of resource allocation in firms (Williamson 2000)

Theoretical focus : a combination of the *Multi-Level Perspective* and Institutional approaches



24 semi-directed interviews in the Walloon dairy sector

Results : two sets of coherent development models



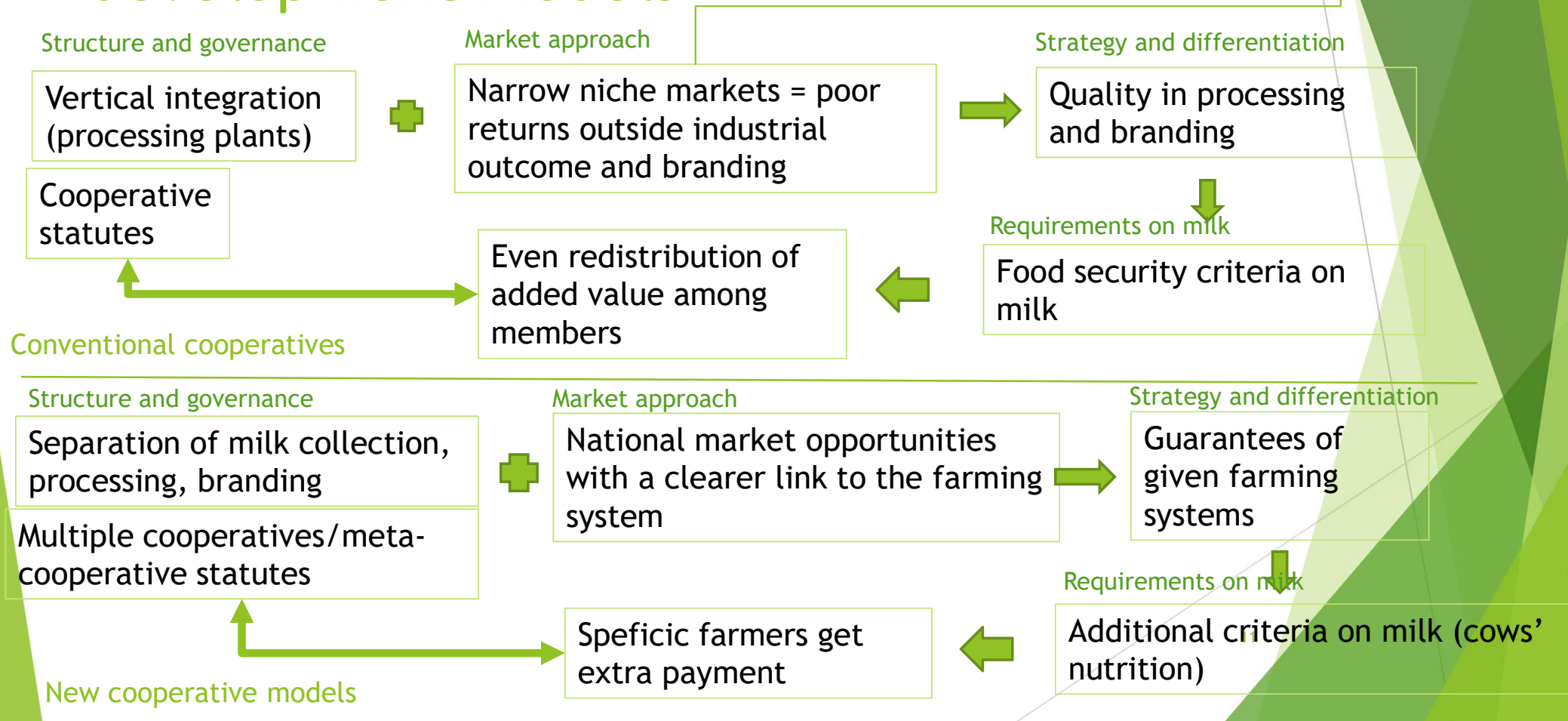
Results : two sets of coherent development models

Gustative/nutritional properties of milk
Qualities required by cheese processors
Consumer's will to support farming systems

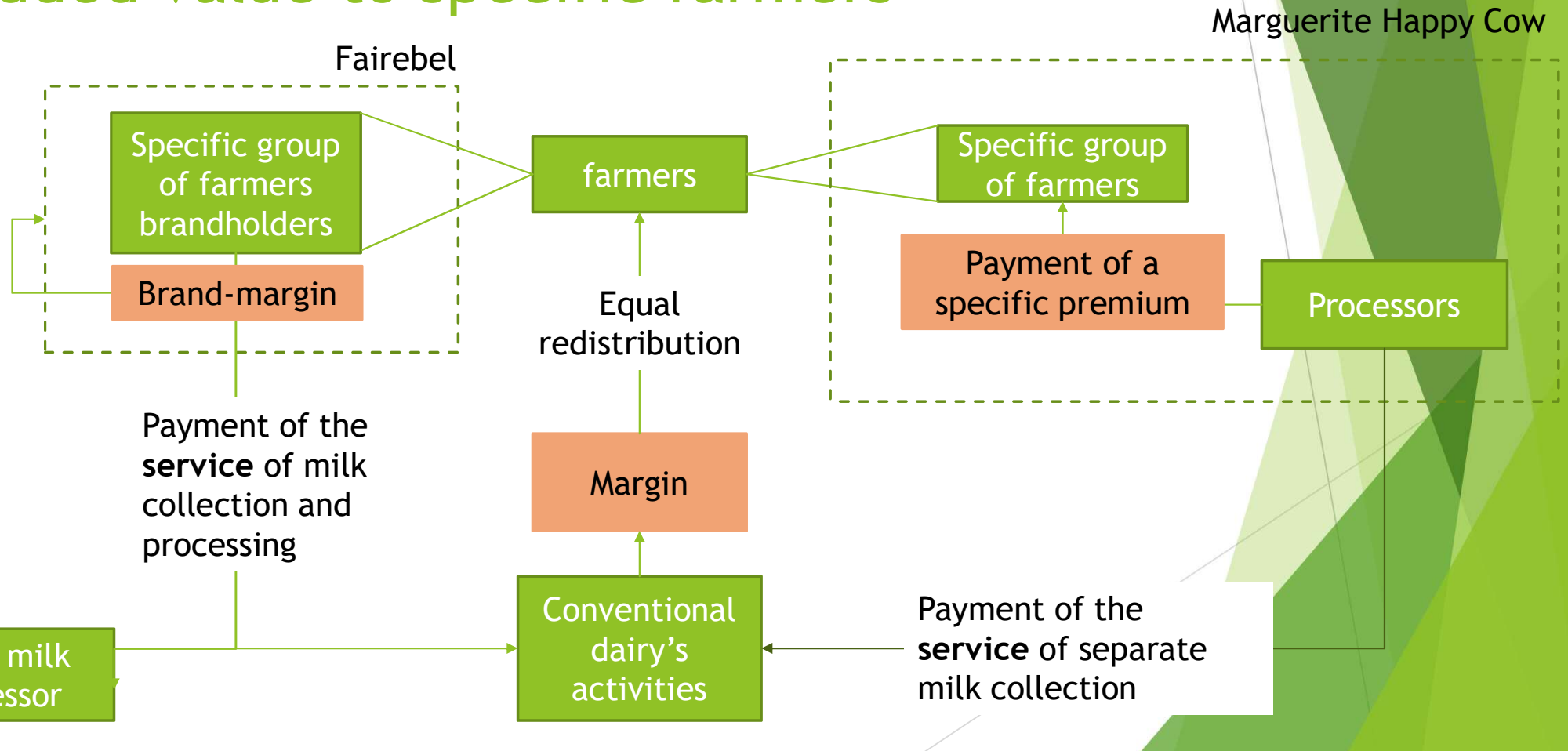


Results : two sets of coherent development models

Gustative/nutritional properties of milk
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 Consumer's will to support farming systems



A structural way to redistribute the added value to specific farmers



New cooperative models offer structural answers to lock-ins to diversification

Lock-ins (conventional coop)

- Maximise the use of the existing processing plants - low absolute return on investment in niche markets
- Equality of treatment between farmers - remuneration on additional qualities risky
- No incentives to farmers given the statutory rule of equal remuneration
- Approval of farmers
 - Transition costs (training, investments, etc) and perceived risks
 - Should the cooperative invest in niche pathways?

Answers to lock-ins (new cooperatives)

- Externalisation of the investment (processors and specific farmers)
- An externalised solution to remunerate specific farmers
 - Limit : dependent upon market perspectives - but acts however as insurance
- Specific farmers are encouraged to maintain/develop a farm model adapted to a specific outcome
- Opportunity of structural dialogue across the supply chain, also through meta-cooperative structures
 - Successful coordination outside vertical integration in case of high asset specificity (Ruzzier, 2009)

Conclusion : new cooperative models as first step towards a reconfiguration of the dairy landscape?

- ▶ Pathways of diversification are enabled by changes in governance structure (combination of models)
- ▶ Combinations of different models multiply the outcomes for milk
- ▶ Conventional dairy cooperatives may act as service providers for other initiatives
- ▶ Combination of different models allow to support a greater variety of farm models and allow their market valorization
- ▶ Towards a broader transition in the dairy model?