Entrepreneurial Decision-making in Cooperative Organizations – Theoretical Implications of a Case Study Research

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Agenda

1. Introduction
2. Methodology and Data
3. The Idealized Innovation Process
4. Results
5. Conclusions and Theoretical Implications
Division of Entrepreneurship

\[ M_1 \rightarrow E \rightarrow M_2 \]

\[ M_1 \rightarrow C \rightarrow M_2 \]

\[ E_1, E_2, E_i, E_n \]
Hypothesis (2)

*The methodology of case study research provides an appropriate analytical framework for processes of communication of knowledge and processes of decision-making.*
BÄKO Südwürttemberg eG

Introduction
Methodology and Data
The Idealized Innovation Process
Results
Conclusions and Theoretical Implications
The BÄKO’s Institutions

BÄKO
center

BÄKO
managing board
supervisory board
sales force

active members passive members
The Classical “Chain-linked” Model

[Diagram of the classical chain-linked model with steps labeled as follows:]

- Potential Market
- Research
- Knowledge
- Invent and/or Produce
- Analytic Design
- Detailed Design and Test
- Redesign and Produce
- Distribute and Market

Authors:

STEPHEN J. KLINE and NATHAN ROSENBERG

Brunner/Voigt, 2007-06-30
Hypothesis (3)

The popular view of processes of innovation should be modified in order to emphasize the cooperatives’ environment as source and recipient of innovation.
Innovation Processes in Cooperatives

- Business environment as the source of innovation
- Generation of ideas
- Acceptance of ideas
- Realisation of ideas
- Business environment as the recipient of innovation
Practical Examples

1. snack  
**product innovation**

2. coffee  
**process innovation**

3. organic  
**systemic innovation**
<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
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</thead>
<tbody>
<tr>
<td>observation of the...</td>
<td>identification by...</td>
</tr>
<tr>
<td>snack</td>
<td>customers</td>
</tr>
<tr>
<td></td>
<td>... local entities</td>
</tr>
<tr>
<td>coffee</td>
<td>competitors</td>
</tr>
<tr>
<td></td>
<td>... BÄKO and pilot bakers</td>
</tr>
<tr>
<td>organic</td>
<td>... general market</td>
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<td></td>
<td>... potential analyses and</td>
</tr>
<tr>
<td></td>
<td>market impulses</td>
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<tr>
<td>Phase 3</td>
<td>Phase 4</td>
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<tr>
<td>-----------------</td>
<td>----------------------------------------------------</td>
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<tr>
<td>idea by...</td>
<td>product design by...</td>
</tr>
<tr>
<td>snack</td>
<td><strong>BÄKO</strong> and pilot bakers</td>
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<tr>
<td>communication</td>
<td></td>
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<tr>
<td>with customers</td>
<td></td>
</tr>
<tr>
<td>coffee</td>
<td><strong>BÄKO</strong> and pilot bakers</td>
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<tr>
<td>internal</td>
<td></td>
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<tr>
<td>communication</td>
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<td>(sales force</td>
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<tr>
<td>and informal</td>
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<td>institutions)</td>
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<tr>
<td>organic</td>
<td><strong>BÄKO</strong> center and working committees</td>
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<tr>
<td>internal</td>
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<tr>
<td>communication</td>
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<td>(formal</td>
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<tr>
<td>institutions)</td>
<td></td>
</tr>
<tr>
<td>Phase 5</td>
<td>Phase 6</td>
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<td>-------------------------------------</td>
<td>-----------------------------------------------</td>
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<tr>
<td>concept design by...</td>
<td>market launch...</td>
</tr>
<tr>
<td>snack</td>
<td>...tasting, communication with customers</td>
</tr>
<tr>
<td>coffee    ... BÄKO and pilot bakers</td>
<td>... placement and sales-promotion</td>
</tr>
<tr>
<td>organic  ... BÄKO services</td>
<td>(not completed)</td>
</tr>
<tr>
<td>(courses, faires, workshops)</td>
<td></td>
</tr>
</tbody>
</table>
Hypothesis (4)

The processes of communication of knowledge are changeable and institutionally flexible depending on the characteristics of the underlying object of innovation.
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Hypothesis (5)

Decision-making does not follow a fixed dominance pattern within the cooperative network but depends on the type of innovation and the division of entrepreneurial capabilities.
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Hypothesis (5)

Decision-making does not follow a fixed dominance pattern within the cooperative network but depends on the type of innovation and the division of entrepreneurial capabilities.

Hypothesis (6)

The institutions and mechanisms for the regulation of conflicts are rather appropriate for product and process innovations but less developed with regard to systemic innovations.
The Idealized Innovation Process

\[ M_1 \xrightarrow{C} E_1 \xrightarrow{E_2} E_i \xrightarrow{E_n} M_2 \]

Brunner/Voigt, 2007-06-30

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Channel 1: Direct Observation of Market

\[ M_1 \rightarrow \rightarrow \rightarrow C \rightarrow \rightarrow \rightarrow M_2 \]

\[ E_1 \rightarrow \rightarrow \rightarrow \rightarrow \rightarrow E_i \rightarrow \rightarrow \rightarrow E_n \]
Channel 2: Monitoring Cooperative Connection
Channel 3: Direct Communication

\[ C \rightarrow E_1 \rightarrow E_2 \rightarrow E_i \rightarrow E_n \rightarrow M_2 \]

\[ M_1 \rightarrow C \]
The selection of the appropriate channel is primarily driven by the dynamics of the concerned markets.

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