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CHALLENGES FOR THE COMPETITIVENESS OF FOOD AND AGRICULTURE COOPERATIVES THROUGH INTERNATIONALISATION

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Abstract

Cooperativism is a suitable association formula for tackling internationalisation in the food and agriculture industry, an industry currently being forced to deal with structural problems and a complex socio-economic situation which demands greater professionalisation and strategic planning innovation, change, flexibility and internationalisation are essential for the competitiveness of cooperatives. These characteristics have been analysed in a qualitative study on a sample of a select group of Spanish cooperatives which may serve as an incentive and present a development model for other companies in the sector.

Keywords:

Food and agriculture cooperatives, internationalisation, competitiveness.

INTRODUCTION

The food and agriculture sector has traditionally been one of Spain's socio-economic pillars. This situation has not changed over the years but the context in which the industry has to operate and compete has varied substantially. In a changing, turbulent and very competitive environment like the one where productive and commercial activity takes place, the industry's basic problems, including size, make improved competitiveness difficult. Cooperatives are a valid formula for competitive development because this system of association has been proven and accepted for years by the industry and also provides a solid basis for developing strategies which add long-term sustainable value

In this context, food and culture cooperatives must consider internationalisation not as just one option for growth among many, but as essential for them to move forward and even for their survival In view of this situation, and despite the many gaps and underlying problems Spanish cooperatives have been evolving towards larger, more professionalised and more internationalised corporations. Some of them are even benchmarks in the context of European agricultural cooperativism as we will show in the final part of this study.

The aim of this study is firstly, to raise awareness of the need for internationalisation in the Spanish food and agriculture industry and analyse the suitability of cooperatives as one of the most appropriate formulas; secondly, we aim to describe the situation and trends in the internationalisation of food and agriculture cooperatives from the standpoint of competitiveness presenting some of the realities of our environment.

The most valuable contribution of this paper is that it focuses on the problems and idiosyncrasy of the difficulties of internationalization for a type of organization that has received scarce attention in the literature.

1. INTRODUCTION TO THE SPANISH FOOD AND AGRICULTURE INDUSTRY

According to Colom *et al*. (1998), structural changes and the evolutionary system of external and internal growth in business groups in the food and agriculture system have increased the relative importance of Food and Agriculture Economics in the socio-economic sphere of the most advanced, industrialised countries. Despite this growing importance, our study is based on the idea that although food and agriculture companies have overcome many of their inherent problems and are behaving increasingly like industrial companies (Alonso and Serrano, 2008), they continue to show marked differences which make them vulnerable in a global, changing, unsustainable environment.

The Spanish food and agriculture industry has undergone significant changes since Spain joined the European Union. Spain's membership of the European Union led to market liberalisation which was a problem for an industry with few barriers to entry. This opening-up was evidenced by an increase in exports and a considerable increase in the entry of goods from abroad, which meant that Spanish companies have had to face increased competition (Gracia and Albisu, 2004), in terms of quantity and quality.

Other elements of change in the global food and agriculture industry also affect the industry in Spain and include: the new challenges arising from the liberalisation of trade advocated by GATT and WTO; the June 2003 CAP reform (starting the reform will certainly involve a restructuring of the productive map); and concentration of the distribution industry accompanied by legislation (Jordana, 2007) and commercial practices which are not conducive to equal conditions in trading relationships.

Table 1. Food and agriculture industry foreign trade 2008

Spain	**IMPORTS mill euros**	**EXPORTS mill euros**	**BALANCE mill euros**	**RATE OF COVER %**
Total food trade	26,433.9	27,009.5	575.6	102.2
Processed food trade	15,112	15,514.4	401.7	102.7
Unprocessed food trade	11,321.2	11,573.1	251.9	102.2

Source: Spanish Customs and special duties dept.

Table 2. Foreign trade by industry, 2007

	Export			**Import**			**Balance**
Food industry	**mill euros**	**% of total**	**Var 07/06 %**	**mill euros**	**% of total**	**Var 0706 %**	**Mill euros**
Fruit and vegetables	10,309.9	5.7	5.9	3,223.7	1.1	13.4	7,086.2
Fish	2,395.4	1.3	6.1	5,129.5	1.8	1.2	-2,734
Beverages	2,426.3	1.3	10.0	1,711.8	0.6	4.9	714.5
Meat	2,713.6	1.5	4.5	1,852.4	0.7	12.2	861.2
Others	7,002.7	3.9	13.4	12385.4	4.4	17.5	-5,382.6

Source: Spanish Inland Revenue

[1] In the Official Journal of the European Communities, the EU Confederation of Food and Agriculture Industries lists 1420 orders from January 1997 to January 2008 involving the industry.

The difficulties in the Spanish food and agriculture industry stem from internal and external aspects. Following Mir *et al.* (2008), we highlight as internal aspects the lack of a business culture which values and prioritises training, productivity below the European average, together with weak ability to innovate and a size which hardly makes it feasible to develop a supply which meets the needs of major international distribution companies (Table 3). The most significant external difficulties include increasingly demanding consumers with a wide range of choice, highly concentrated distribution with very strong negotiating power, the appearance of new information technologies in the industry and the rise and rapid growth of emerging markets like China, Russia and India.

Table 3. Concentration of the top 10 retailers, 2007

Ranking	**Company**	**Country of origin**	**2007 Sales ($USA)**	**2007 % Sales growth**
1	Wal-Mart	US	374,526	8.6%
2	Carrefour	France	112,604	5.3%
3	Tesco	UK	94,740	10.9%
4	Metro	Germany	87,586	7.2%
5	Home Depot	US	77,349	-2.1%
6	Coger	US	70,235	6.2%
7	Schwarz	Germany	69,346	12.7%
8	Target	US	63,367	6.5%
9	Cosico	US	63,088	7%
10	Aldi	Germany	58,487	5.7%
		Top 10	1,071.328	7.2%
		Top 250	3,619.257	7.6%
	Top 10 market share		**29.6%**	

Source: Deloitte, 2009

Given the competitive situation of global food and agriculture markets, the essential components for the evolution of the food and agriculture system must be based on developing larger structures, implementing innovative marketing mix strategies, productive specialisation or diversification, and the application of advanced production and organisational techniques.

The factor behind the shortfall in competitiveness is the size and excessive atomisation of the food and agriculture industry in Spain. Spain's food and drink industry has 33,275 companies of which 3.4% have over 50 employees and 82.7% have less than 10.

Size determines among other things the fact that Spanish food and agriculture companies lag behind in R&D investment: 82% of the industry's new products in Spain are imitations, 18% are original and 4% fail within the year (Instituto San Telmo *et al.*, 2005). Moreno and Lopez (2008) found that the latest data continues to offer little hope. In their analysis of 488 food and drink products launched in Spain in 2007, only 2.5% (12 products, including slightly processed products for fresh consumption) were launched by the fruit and vegetable industry. This lack of investment is much more worrying for this sector because according to the same source "Innovation is the main driver of large-scale consumption: it provides solutions for unattended consumer needs and in parallel, it dynamises sales in its category, builds customer loyalty and difference in relation to competitors, all of which values are reflected in the company's operating statement."

2. INTRODUCTION TO FOOD AND AGRICULTURE COOPERATIVISM

In view of the need to increase the size of food and agriculture companies and the problems in the industry, as Chaves and Monzon (2000) point out, cooperatives are an important business instrument. In fact, in the Spanish food and agriculture industry, cooperatives are responsible for quite a large part of the activity, representing around 20% of all food and agriculture companies in Spain.

"Cooperatives are companies constituted by people who associate with each other to carry out business activities, aimed at satisfying their economic and social needs and aspirations, with a democratic structure and operation (...). The role of cooperatives in agricultural economics and the Spanish

countryside is fundamental. Firstly, they enable an increase in negotiating power and improve the competitiveness of many farmers in an increasingly difficult and globalised market. Secondly, cooperatives do not only improve the negotiating position with the customers and suppliers, they also provide services such as training, information for members, an introduction to new technologies and the dissemination of knowledge which improves the productive efficiency of the associated farms." (Cooperativas Agro-alimentarias[2], 2009).

The importance of association as a channel for competitive development is an undisputed fact, especially for industries in a situation marked by the characteristics described above. An example of this is the fact that, as Juliá and Server (2003) point out, the most competitive agriculture in Europe is in EU member states where cooperatives are more important in terms of concentrating supply and the subsequent processing and commercialisation. The viability of agriculture therefore depends on the degree of organisation of producers and their cooperatives and in the future, with increasingly open markets and more concentrated customers, cooperatives will become even more important. Although, as Chaves and Monzon (2000) point out, resolving the industry's problems is the origin of the importance of cooperatives in the food and agriculture industry, over the last decade the fact that cooperatives provide the capacity to design and implement marketing strategies together with greater strategic and planning capabilities has become increasingly important.

Thus, in accordance with its objectives, Spanish agrarian cooperativism is attempting to respond to the new challenges posed by modern European societies and which go beyond satisfying the nutritional needs characteristic of any food. Consumers are also demanding food which guarantees food safety, is high-quality, convenient and easy to use, produced using

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[2] An organisation representing and defending the economic and social interests of the Spanish agricultural cooperative movement (3000 cooperatives in May 2009) previously the Confederación de Cooperativas Agrarias de España, CCAE. May 2009: http://www.agro-alimentarias.coop/5/5_3_1.php

environmentally-friendly production methods and ensures animal welfare. All policies introduced by agricultural cooperativism with a view to the future focus on satisfying modern consumer demands (Cooperativas Agro-alimentarias, 2009).

There appears to be renewed interest in cooperativism despite a significant decrease in research interest in the second half of the 20th century –"to the extent that it almost disappeared from economics books", according to Kalmi (2007). -Recently, many authors have been going deeper into the cooperative phenomenon and its role in the international food and agriculture business. We consider that the main reason for the surge in interest, as we shall show in this paper, is the idiosyncrasy inherent in cooperatives and the success of many of them in adapting to the new global environment in which they have to live.

Cooperatives, as a means of increasing the average size of food and agriculture companies, will lead companies to greater competitiveness given that the immediate positive consequences of larger size are better diversification of products in response to consumer demand, greater profitability, increased negotiating power with clients, the opportunity to attract better qualified professionals to lead cooperatives and greater economic opportunities for R&D investment.

3. THE INTERNATIONALISATION OF COOPERATIVES

INTERNATIONALISATION FOR GROWTH AND SURVIVAL

Cooperatives are a business concentration model which stimulates growth following the trend in the food and agriculture industry at international level noted by Colom *et al.* (1998). Despite the fact that cooperatives have traditionally been linked to local markets, the entry of foreign companies into those markets makes internationalisation essential for survival (Marin *et al.*, 2008).

Also, in view of increased internationalisation and concentration of demand, it would seem reasonable to expect producers to develop strategies which aim to achieve greater concentration of supply as a way of counteracting the strong negotiating power of the major distribution chains and buying centres (Lopez, 2001). By long-term collaboration, members gain competitive advantage through benefits of size and through working on common projects such as joint export marketing, manufacturing, and research and development (Chetty and Blankenburg, 2000). Server and Melia (2002) found that cooperatives are facing this challenge through multiple forms of integration: second tier cooperatives, cooperative groups, groupings, consortiums etc. There are many different EU instruments to enable transborder corporation as Vargas (2001) shows in an analysis of a successful agreement between Spanish and Portuguese cooperatives.

The increasing engagement of firms in export and import activities has been one of the more visible responses to the constantly changing dynamics of the global environment. Nowadays, exports and imports play a vital role in company strategies, and their importance is expected to grow further as markets become increasingly globalized (Pla-Barber and Puig, 2009). International expansion is essential for survival in the food and agriculture sector. Only growth towards other markets will enable companies to overcome the problems stemming from dependency, defend themselves from competition, face the challenge of the entry of foreign companies into local markets and benefit from international opportunities which enable them to act with a competitive advantage (Colom *et al.*, 1998; Marín *et al.*, 2008). However, this brings us back to the problem of size which has always been evident when it comes to acting in international markets since developing an export policy involves mobilising resources which are difficult for smaller organisations to obtain (Juliá and Server, 2003; Server and Meliá, 2002). Nevertheless, Pla-Barber and Puig (2009) consider that size is not correlated with export and import intensity, and recently they showed empirically (although for a different sector) that firm size is not a barrier for internationalizing firm activities: small firms can do well in international markets as long as they implement internationalization strategies consistent with their resources.

The Danish Federation of cooperatives (Donoso *et al.*, 2003) defines an international cooperative as any cooperative which has begun to act in any of the following ways: export, alliances, direct investment and/or organisation of transnational cooperative.

Although the reasons which drive and recommend internationalisation for cooperatives (scale economies, obtaining a greater degree of specialisation, improving company management in general, (by perfecting marketing and introducing technology), risk dispersion or diversification and stabilisation of demand, defence of the domestic market) are the same or similar for all companies (Schroder *et al.*, 1993), agricultural cooperatives have to face very specific difficulties and challenges in this process (Donoso *et al*., 2003; Gómez, 2008; Seipel and Heffernan, 1997):

- Developing a marketing orientation from a product orientation. Traditionally cooperatives in the industry have focused on selling their members' products, ignoring other elements in the value chain which provide added value to the supply.
- Position in the food chain. Considering the farmer as the origin of the supply, there is a great distance between the primary producer and the consumer and it is difficult to perceive signals from the consumer and the market.
- Strategic obstacles derived from size and business culture which cause significant risk aversion to international investment
- Growing competence in the market on the part of large transnational food and agriculture companies
- Concentration in the distribution business sector with the subsequent increased power over suppliers.
- Members' different interests.
- Aversion to long-term commitments with low short-term profits.

INTERNATIONAL COMPETITIVENESS IN SPANISH FOOD AND AGRICULTURE COOPERATIVES.

Situation and trends in the internationalisation of food and agriculture cooperatives.

Despite the difficulties and problems which undoubtedly exist in Spanish food and agriculture cooperatives, it should not be forgotten that in the last decade a series of significant changes have occurred which evidence a hopeful situation. Some of the most significant changes taking place (Mir *et al.*, 2008; Julia and Server, 2003; Donoso *et al.*, 2003) include:

- Modernisation of agricultural production systems and innovation in the industry's supply.
- Development of services linked to the food and agriculture industry such as provisioning, financial services and logistics services.
- New business organisation systems giving rise to strategic changes.
- A growing number of companies with quality marks such as denomination of origin or specific marks and ISO 9000 certification.
- A trend towards greater concentration.
- A trend towards vertical integration in an attempt to increase control towards retail distribution.

In short, the trend is towards larger food and agriculture cooperatives which are more internationalised and more professional, attempting to adapt to the new global food and agriculture system (Nilson, 1998).

Despite the importance of the internationalisation of food and agriculture cooperatives, not only as a channel for growth but also as a means of survival, there are still only a few cooperatives in Spain which can be considered internationalised, although the number is growing. Thus, according to Cooperativas Agro-alimentarias (2009), in 2007 33.6% cooperatives were exporters (with average exports per company of €4.7 million), a percentage which rose to 42.2% if we include second tier cooperatives (with average exports per company of €12.5 million). These percentages are encouraging if we compare them with the degree of internationalisation of Spanish companies as a whole, since according to the Spanish Chambers of Commerce Study Service (2008) the percentage of regular exporting companies in Spain is 38.7% with average exports per company of €1.7 million.

The percentage of companies with a presence abroad is much lower, only 3.7% of cooperatives and almost twice the number of second tier cooperatives with 7.4%.

A company will be competitive only if it is capable of producing goods and services at similar levels of cost and quality as the domestic and foreign competition. Cooperatives must adapt to the demands of the global economy if they want to be competitive and remain in the market (Errasti *et al.*, 2002). Despite the validity of the cooperative structure as a formula for increasing competitiveness and the international development of companies in the food and agriculture sector, as Wilson (1999) notes, the future of cooperatives will largely depend on their capacity to adapt to the current economic situation by including the principles of ***innovation***, ***change***, ***flexibility*** and ***internationalisation*** in their strategies. Priority should be given to generating added value rather than reducing prices. Cooperatives should aim to establish a more efficient, beneficial value chain by sharing assets, time and know-how.

Research question, methodology and analysis

The first aim of this study, is to raise awareness of the need for internationalisation in the Spanish food and agriculture industry and analyse the suitability of cooperatives as one of the most appropriate formulas; secondly, we aim to describe the situation and trends in the internationalisation of food and agriculture cooperatives from the standpoint of competitiveness presenting some of the realities of our environment.

The following methodology has been used to answer the main research question which is to analyse the ability of Spanish cooperatives to develop the aforementioned theoretical principles of competitiveness: innovation, change, flexibility and internationalisation. An exploratory qualitative research was carried out, obtaining information through in-depth interviews held with the managers of three large second tier cooperatives considered as being competitive both at home and abroad in different food and agriculture subsectors and different production areas in Spain. The information was supplemented in some cases with corporate information on the cooperatives from their websites. The cooperatives examined are Anecoop, Agrosevilla and Kaiku.

Table 4. Profile of the cooperatives

	PRODUCTS	Location in Spain	INCORPORATED
ANECOOP	Fruit and vegetables Wine	East	1975
AGROSEVILLA	Olives Olive oil	South	1977
KAIKU	Dairy products	North	1997 (2004 corp. integration)

Like any other company, cooperatives are in an environment with high levels of uncertainty and instability. To survive in such an environment, they need to adopt a process of ongoing evolutionary ***change*** which will allow them to introduce ongoing technical and organisational innovations (Marcuello and Saz, 2008). We consider that integration in second tier cooperatives is an organisational change which is giving good results. There is no doubt, that in small- to medium-sized firms, the manager plays an important role in identifying the stimuli for internationalisation (Chetty and Blankenburg, 2000), therefore to bring about change, well qualified managers are essential. In this regard, Cook and Iliopoulos (1999) noted that such managers were lacking in this type of company and García (2001), and García-Gutierrez (1993) proposed the need for professionalisation in managing this type of company as a means to maintain competitiveness. The underlying philosophy of cooperatives and their principles, however, are not inconsistent with the requirements of the current competitive environment (Wilson, 1999) and we should remember, following Morales (2006), that in certain aspects, cooperatives have been the front runners of new business trends which have been appearing, as in the case of Corporate Social Responsibility.

Table 5. Change

ANECOOP	AGROSEVILLA	KAIKU
▪ 2nd tier cooperative ▪ Professionalised management ▪ Global customers ▪ Guaranteed year-round supply ▪ Own food safety system: Naturane	▪ 2nd tier cooperative ▪ Professionalised management ▪ Zero waste policy ▪ Long term relations ▪ Global customers ▪ Guaranteed year-round supply	▪ 2nd tier cooperative ▪ Professionalised management ▪ CSR: KAIKU Foundation

Thus, in terms of ***innovation*** there is consensus in the literature that cooperatives must be consumer-oriented (Lang, 1995). One way of doing this is through product differentiation; it is increasingly true that both domestic and foreign markets prefer differentiated products to commodities (Wilson, 1999). In this regard, the most promising opportunities for the future of cooperatives focus on developing a new, adapted, more processed product which is marketed outside traditional channels (Seipel *et al.* 1997) and developing branding as a differentiation strategy (Beverland, 2006; Edwin and Trijp, 1998; Hardesty, 2005).

Innovation is facilitated by the cooperative structure itself as noted by Marcuello and Saz (2008) who have developed a theoretical model according to which compliance with cooperative principles enables the generation of social capital in the cooperative society, which influences the organisation's absorption capacity (identification, assimilation, transformation and operation of external know-how).

Table 6. Innovation

ANECOOP	AGROSEVILLA	KAIKU
▪ New varieties to adapt to the consumer: - Watermelon family (yellow, black, seedless, mini, mini-bio) - Kaki, Persimon - Kappia pepper ▪ Branding: - Umbrella brand: BOUQUET - Other brands (Black cat, Nadal, Poppy, …) ▪ Quality management and traceability	▪ Adaptation varieties commercialised on the target market ▪ Branding: Umbrella brand: Agrosevilla Other brands: - Oroliva - Sevilla Premium - Private.label - Etc. ▪ Quality management, traceability and environmental management: (ISO, BRC, IFS, DHSAS)	▪ Development of new products/ingredients to adapt to “healthy” consumer : nutraceuticals ▪ Development of new formats/flavours to adapt to the consumer ▪ Branding Umbrella brand: KAIKU Other brands: - Benecol - Actif - Vita ▪ Quality management (ISO 9001)

As regards the required ***flexibility*** noted by Wilson (1999), the incipient productive organisation model is characterised by multiple productive factors (Lasierra, 2003). The labour factor is no longer considered a cost and there is now talk of human capital. Thus, cooperatives need to seek greater identification of workers with the company's interests allowing them to participate in the profits, from a less individualised perspective and encouraging teamwork.

Flexibility, however, is not only necessary for managing human capital but also for the ability to adapt to different markets where the company is going to operate. The existence of numerous possible partners or interlocutors, products, markets and service options have placed cooperatives at a point where new options are essential (Lang, 1995). Managers need to realise that their firm and its environment are not separate entities, and that by interacting with other firms they are shaping their firm's environment (Forsgren & Johanson, 1992). Managers should look to its network for resources and opportunities to internationalise (Chetty and Blankenburg, 2000).

Table 7. Flexibility and adaptation to markets

ANECOOP	AGROSEVILLA	KAIKU

▪ Collaboration agreements, subsidiaries, regulating warehouse, etc. ▪ Brand adaptation o To markets o To customers ▪ Variety adaptation	▪ Associations, commercial subsidiaries, production subsidiaries ▪ Adaptation of varieties to each market ▪ Brand adaptation ▪ Channel adaptation ▪ Packing adaptation	▪ Production subsidiaries, marketers, technological and commerciala ▪ Adaptation flavours, ingredients

For Spanish cooperatives, the process of ***internationalisation*** is an important challenge on an economic, financial, organisational and social level, but as Errasti et al (2002) note the challenge is not risk-free. There are risks stemming from, among other factors, the cooperative smallholdings which are characteristic of Spanish food and agriculture cooperatives in comparison with other EU countries. The study by COGECA (2005) shows high variability among EU cooperatives with a greater level of integration in Northern Europe in comparison with some of the southern regions. The small size of some cooperatives in southern Europe is determined among other things by greater resistance from members and local bodies to mergers, despite the necessary trend towards reducing the number of cooperatives and increasing business turnover. Size is critical as a factor for improving management according to Landeta *et al.* (2006) who show empirically that management quality improves in direct relation to company size, in cooperatives and non-cooperatives although in the latter the improvement is even more pronounced.

Table 8. Internationalisation

ANECOOP	AGROSEVILLA	KAIKU
▪ Export value: almost the entire turnover: €435 millon in 2007. ▪ No. export markets: 48 ▪ Subsidiaries and/or alliances in Russia, Czech Rep., Poland, Germany, Francia, United Kingdom and the Netherlands.	▪ Export value: 99% of production (€140,104 in 2007) ▪ No. export markets: 40 ▪ Commercial subsidiaries in Italy and USA ▪ Production subsidiaries in Argentina and Chile	▪ No. export markets: 30 ▪ Production subsidiaries in Mexico, Chile and Argentina ▪ Technological and commercial alliances in Switzerland and Finland

Finally, (and this needs to be the subject of a future in-depth study) of the three cooperatives in the qualitative group, two of them were “born-global” and although they were created by first degree cooperatives some of which had already started internationlisation, the recent literature (Gabrielsson et al. 2008) has noted that the internationalisation process deviates considerably from that followed by traditional internationalising small- and medium-sized enterprises

4. DISCUSSION, CONCLUSIONS AND LINES OF RESEARCH

Since Spain joined the EU, the food and agriculture sector has undergone significant change as a result of market liberalisation, CAP reforms and the concentration of distribution, among others.

In this situation, Spanish companies have a series of problems which make it difficult for them to deal competitively with internationalisation. These problems include the excessive atomisation of the industry, small companies with weak negotiating capability, a business culture which does not always prioritise training and modernisation and a shortfall in R&D investment.

Any attempt to achieve greater international competitiveness by companies in the industry must include developing larger structures. In view of this need, cooperatives as a channel for association provide a solid structure for companies in the industry which makes it possible to approach internationalisation with greater guarantees of success. Cooperatives provide not only the necessary capacity, but also enable the sharing of competitive advantages which generate synergies among members of cooperatives.

The food and agriculture industry has always been inclined towards the creation of cooperatives and many of them are in the process of internationalisation, now it is a question of going a step further; they need to follow the example of companies being competitive, exploiting their capabilities as is the case of Anecoop, Agrosevilla and Kaiku.

The competitiveness required to make the leap to foreign markets requires innovation, a willingness to change, and flexibility; and although food and agriculture cooperatives in Spain have already shown signs of being on the right road, they still have to deal with important difficulties and challenges, such as changing towards a marketing and market orientation.

In the short term, food and agriculture cooperatives must consider internationalisation to be a serious challenge, which has its difficulties, and requires planning and strategy. This internationalisation, currently based fundamentally on export, in the medium term must acquire greater levels of commitment, and be channelled towards foreign investment formulas.

The main limitation of this paper is that it is just an exploratory work about the importance of cooperatives in the Spanish Food Sector, and only states how second-tier cooperatives may deal successfully with the challenges of internationalization. A quantitative study with a larger sample of cooperatives in comparison with other non-cooperative companies in the food and agriculture industry are the main lines of future research to be undertaken to supplement the results from this exploratory study.

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