

Loyalty in Cooperatives Through the Service Dominant Logic View

*Lealtad en cooperativas a través de la perspectiva de la Lógica
Dominante de Servicios*

*Lealdade em cooperativas sob a ótica da Lógica Dominante
de Serviços*

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Abstract

This paper offers a theoretical analysis of agricultural cooperatives' assistance to its members to innovate as a value proposition of loyalty. The Service Dominant Logic (sDL) is used as the theoretical background. Through a logical reasoning we infer that value generation through a fundamental service provision like innovation sharing could strengthen cooperator's loyalty. This is for its relational perceived value, where actions and interactions occur to cocreate. This paper provides correlations from the theory and practice which help the reader to get a better picture of the idea exposed here. The understanding about whose actors cocreate value and what values propositions are important for associates and cooperative as an institution to survive, allow cooperatives to direct efforts towards its service offer as a way of enhancing loyalty and strengthening improvement and commitment.

Keywords: Services; Service Dominant Logic; Cooperatives; Innovation Sharing

Resumen

Este trabajo ofrece un análisis teórico de la ayuda que las cooperativas agrarias ofrecen a sus socios para innovar como propuesta de valor de fidelización. La Lógica Dominante de Servicio (LDS) se utiliza como base teórica. A través de un razonamiento lógico, inferimos que la generación de valor a través de la prestación de un servicio fundamental, como el intercambio de innovación, podría fortalecer la lealtad de los cooperantes. Esto es por su valor percibido relacional, donde ocurren acciones e interacciones para cocrear. Este documento proporciona correlaciones entre la teoría y la práctica, que ayudan al lector a tener una mejor idea de lo expuesto aquí. El entendimiento sobre qué actores cocrean valor y qué propuestas de valores son importantes para que los asociados y la cooperativa como institución sobreviva, permite a las cooperativas orientar sus esfuerzos hacia su oferta de servicios como una forma de aumentar la lealtad y fortalecer la mejora y el compromiso.

Palabras clave: Servicios; Lógica Dominante de Servicio; cooperativas; innovación compartida

Descritores:

P13 Mercados y Comercialización Agrícola • Cooperativas • Agronegocios

J54 Cooperativas de productores

P13 Empresas Cooperativas

Resumo

Este artigo oferece uma análise teórica da ajuda que as cooperativas agrícolas oferecem aos seus membros para inovar como uma proposta de valor de lealdade. A Dominant Service Logic (LDS) é utilizada como base teórica. Por meio do raciocínio lógico, inferimos que a geração de valor por meio da prestação de um serviço fundamental, como a troca de inovação, poderia fortalecer a lealdade dos cooperados. Isso se deve ao seu valor relacional percebido, onde ocorrem ações e interações para cocriar. Este documento traz correlações entre teoria e prática, que ajudam o leitor a ter uma ideia melhor do que é apresentado aqui. A compreensão de quais atores cocriam valor e quais propostas de valor são importantes para a sobrevivência dos cooperados e da cooperativa como instituição, permite que as cooperativas direcionem seus esforços para a oferta de serviços como forma de fidelizar e fortalecer a melhoria e o desenvolvimento.

Palavras-chave: Serviços; Lógica Dominante de Serviço; cooperativas; inovação compartilhada

Introducción

In constant evolution and growth, cooperatives are essential for any country's economy. They cooperate for the common good. Their objective is to organize common structures for the purchase and sale of production and supply. According to Bialoskorski (1998), cooperatives are intermediate economic structures, which together reduce risks and promote value added to producers, who would not be able to compete in isolation.

It is expected that cooperated members will fully trade with the organization, after all, cooperatives are created by members to serve and help themselves, building an engagement relationship. Through the Service Dominant Logic (SDL) lens, all members are perceived as actors and they are a repetitive source of resource integrators, which in turn is a mechanism for value creation (Vargo & Lusch, 2016). Although this is valid in economic transactions, it also happens in social transactions (Vargo & Lusch, 2016).

Member's infidelity is a serious problem within this kind of organization, which compromises the economic situation of the cooperative, which can lead to financial difficulties or even an end. After some bibliometric review, Melesko (2012) concluded that loyalty is mainly based on two elements: a) trust relationship, and b) economic revenues. Considering a relationship of trust, as an act of giving-receiving, it reinforces the mindset of social networks and relations [one of SDL premises] (Vargo & Lusch, 2016), which is needed for Cooperatives to fulfil their mission.

A real need for organizations, especially in the agribusiness sector, is innovation. Innovation plays a central role to enhancing growth and productivity, as it makes companies better prepared for global competition. Cooperatives compete among them because of the continuous and significant changes in the market. Since co-ops must keep their associate's loyalty, we argue that SDL could explain the powerhouse of cooperatives, because, according to Vargo & Lusch (2016), any kind of relationship is based whether in competition or cooperation. In this case, we speculate that this collective organizational arrangement (cooperative x members) cooperate, rather than compete. By cooperating a service such as innovation sharing and assistance, co-ops could keep members' loyalty and commitment, as this service is, in a way, a key element for any company's survival in the market (according to SDL, operand resources are the crucial sources of strategic benefit). Most of the research in the field look for other types of loyalty, more subjective elements, such as values, individualism, and power influence, because loyalty often refers to buying or selling behaviour (Feng et al., 2001).

Dohmen, Kryvinska and Strauss (2014) emphasize that in the late 1970s, the cooperatives began to develop in the modern era. The most significant developments and debates in this period on the (non)utility of a strategy of differentiation between goods and services are highlighted. Using Big Data, Xie et al. (2016) develop a model for classifying cooperatives.

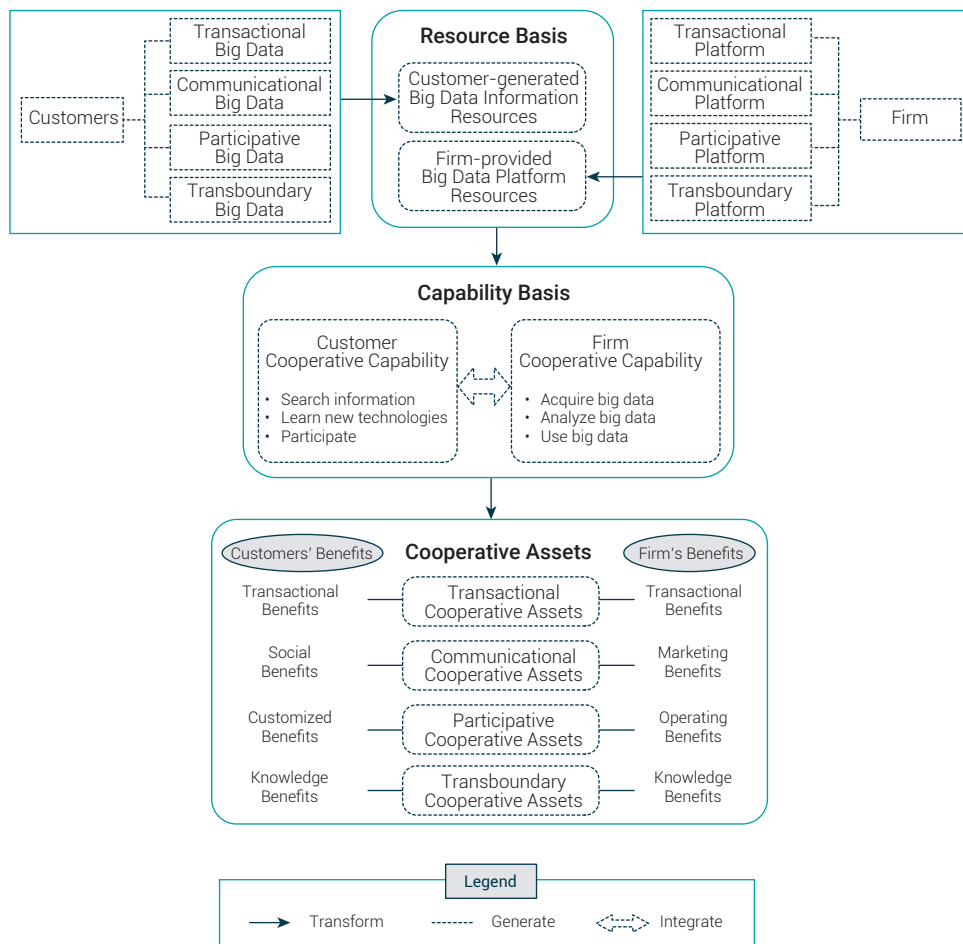


Figure 1. Xie, Wu, Xiao, and Hu’s proposed Cooperative Classification Model.
 Source: Xie et al. (2016, p. 1044).

It is possible to observe that each category of cooperative offers different benefits to customers. SDL approach was used in a quantitative study developed by Eiseman, Allred and Smallidge (2022) to examine the peer-to-peer experience among forest owners and Master Forest Owner Volunteers (MFO) in New York State. The authors concluded that the co-creative value and trust generated by the peer-to-peer

learning experience outweigh any potential differences between volunteers and forest owners. The study proposed here is intended to contribute to the development of science, by using SDL perspective to co-create value in cooperatives.

Bolton (2020) indicates that research on the service discipline needs to be useful to society. In this perspective, the author describes it as a global tendency to expand the objectives of organizations to meet the interests of different groups and states that service research must provide insights and support for actors from different ecosystems to adopt effective strategies at the individual, organizational and social levels. From this viewpoint, cooperatives, as an object of study, are justified by their diffusion and their fundamental role in the world economy, transforming and moving different ecosystems, whether organizational or social.

According to ocb (2019), in 150 countries, there is at least one cooperative, which demonstrates that cooperatives are not a business branch restricted to a locality or region, that is, they are present in most countries. In addition, they economically represent 280 million jobs in the world.

There are some studies that analyzed cooperators' loyalty from the service provision and governance point of view. On governance, Ndeinoma, Wiersum and Arts (2018), focused on indigenous natural products in Namibia, concluded that the Indigenous Natural Products policy network in Namibia is multidimensional, that is, the cooperative's main governance structure is directed for mobilizing resources and sharing information. Sharing information in a work environment is not just about sharing or passing on information, but rather making room for change and improvements (Ndeinoma, Wiersum & Arts, 2018).

Emphasizing the transmission of knowledge and technologies, Dhehibi et al. (2018) made an econometric analysis of the adoption of soil and water conservation techniques in the semi-arid region of Tunisia. The results pointed out that farmers have been less receptive to suggestions for improvements or even knowledge sharing, although the authors mentioned that institutional factors play an important role in the adoption of such techniques. For farmers, the most important thing is the way knowledge is being transferred, so dissemination need to be re-evaluated to give more satisfactory results. In this way, our argument here is that the cooperative does not need to direct efforts to provide elementary services that cooperators can achieve by themselves, but rather direct efforts in the search for services that really make a difference in the business, like in its physical or technological structure, assisting them to become strong competitors. In this sense, innovation sharing plays a central role in a service proposition.

According to some authors (Rao et al., 2001; Feng et al., 2001), the key drivers of innovation sharing, or sharing of any kind, are based on human values that range on a scale between ideological motivations to self-interest seeking motives. By the institutional structure of cooperatives, actors can participate into a service-for-service exchange (service ecosystems) through a provision of some output (Vargo & Lusch, 2016) that can be better financial performance or anything else.

In the agroindustry, multinational companies have research, innovation, and marketing departments very active, which allow them a great deal of agility in launching new products, processes, and differentiated marketing, for example (Sukarsono, 2017). On the other hand, cooperatives need interaction and actions between companies (associates) to be able to compete with big organizations (Piercy, 2014). And one of the premises for success in innovation is the institution of an innovative culture, that can be more challenging to put into practice in small-medium size companies (Pittaway et al., 2004). In this sense, companies integrate resources and strengths to reach cooperation. That is, a player (member) is a complementor in case my product or service is more valued when associated with it than when alone (Czakon, 2010). All these participants form, in a certain way, a network of values.

So, in the light of what was exposed, this paper will argue how cooperative's innovation sharing (a service proposition), could make loyal members. Although SDL has become the new dominating paradigm in some marketing studies, no research has, to our knowledge, explored innovation in cooperatives from the SDL perspective. This study intends to fill this gap in this regard. Also, empirical research linking SDL and innovation is very limited albeit expanding (Lindhult et al., 2018; Lusch & Nambisan, 2015; Pohlmann & Kaartemo, 2017).

This study is organized as follows: initially, an introduction that presents and exposes the research problem, as well as the objective to be achieved and a theoretical background on the loyalty of cooperative members. Next, the theoretical framework on cooperatives and Cooperatives Data Information relevant to the proposition of the value creation model are presented. The section on Innovation as a Service (value) Proposition depicts a model proposal, and the section on co-relating SD-Logic with Cooperatives suggests the use of SDL in cooperatives. Finally, the conclusion demonstrates that the goal of this essay was to comprehend how SD-Logic could aid in explaining loyalty and competition in an important manufacturing sector.

In general, it is noteworthy that the success of agricultural cooperatives can raise the levels of quality of life in rural areas, providing opportunities for local actors to develop and take a leading role in the production process (Miranda, Marti & Vivas, 2021). Furthermore, such organizations help to improve the economy, reduce

unemployment, and address a lack of social capital (Lora-Ochoa, Pinedo-López & Burgos-Salvador, 2018). In this sense, this article seeks to reflect on opportunities for improvement for agricultural cooperatives, with the potential to contribute to the ongoing evolution of these organizations, which are critical for the development of rural quality of life and production.

Specifically, the present study becomes important for discussing the loyalty of associates in cooperatives, something fundamental for the success of these organizations. The cooperative member is, simultaneously, worker and owner of productive resources within the cooperatives (Diniz et al., 2013). In addition, members often seek to achieve their individual goals first, and then think about the collective (Simioni et al., 2009). These scenarios drive cooperative members' infidelity, which becomes a problem for cooperatives (Malesko, 2012; Diniz et al., 2013). As a result, cooperatives must arouse collective interest by expanding their product and service offerings (Móglia et al., 2004), as well as directing efforts toward actions related to trust, honesty, credibility, punctual payments, storage structure, assistance technique, payment term, affinity, net surplus distribution, and barter agreements (Rossés et al., 2015).

As a result, discussing how cooperative innovation sharing helps cooperative member loyalty has the potential to demonstrate new action mechanisms to remedy the threat of infidelity in cooperatives. Reflecting on such possibilities allows one to consider which actions cooperatives should prioritize to attract members, as well as how cooperatives should act in this regard.

Cooperatives

The conventional definition is that a cooperative is a firm that is collectively owned either by its customers (a consumer cooperative) or by its suppliers (a producer cooperative). The main objective is to assist and facilitate the development of its activities, in which the cooperative incorporates as an organization to carry out joint operations (Chaddad & Cook, 2004). The integration between cooperatives tends to interinstitutional cooperation, by providing unity, favoring the constant expansion of the cooperative movement.

According to Pattison (2000), more than one-third of the food production comes from cooperatives. Other benefits of being part of a cooperative society are vertical integration that promotes cost reduction through better bargaining power in the acquisition of inputs, the economies of scale, the efficiency gains derived from the coordinating capacity of cooperatives and the risk reduction in joint actions, common to them (Chaddad & Cook, 2004). In the cooperative the cooperator stands in the

condition of owner and user of its products and services (Boesche, 2005). Although being part of the cooperative, it does not necessarily mean that the cooperator must do business exclusively with the cooperative. The cooperator may exchange with other national or international companies, traders or even directly sale.

There are two basic dimensions in cooperatives environment: a social and an economical one. The social dimension is related to people's association, their relationships, and their functions, while the economic one is the joint venture. According to Meireles (1981), cooperatives are embedded in a place where the success of the company and its cooperator is closely linked to the increase of assets and profit; cooperative leaders generally belong to private big companies, relegating to a second sphere the social aspects of their organizations.

Overall, agricultural cooperatives that are inserted in a hypercompetitive environment face difficulty to adapt themselves to the competitive dynamics imposed by the market, which leads them to face from margins reduction to the exclusion of the producers/cooperator who cannot adapt to the new quality/technological standards (Jerônimo et al., 2006). Another problem faced, is that cooperatives form their share capital by quotes at the time of their association, which means that members with more quota / capital, have greater administrative decision-making power.

Many agricultural cooperative systems keep no contractual transactional obligation between them and its members. This feature is interesting for the associate if we consider the cost opportunity of the market, but can be costly for the cooperative, since it may also allow the existence of contractual opportunism (Bialoskorski, 2007). In this sense, the associate's loyalty is crucial for the financial health of the cooperative itself.

The importance of loyalty and governance is a consensus in the cooperatives' literature (Meireles, 1981; Bialoskorski, 2007; Ferreira, 2016). However, studies involving agricultural cooperatives and innovation sharing as a value proposition are new. So, this essay attempts to use the SDL as a conceptual resource for the innovation (as a service provided) in this specific and fundamental segment.

Harisudin, Adi, and Pratama (2020), carried out a study which concludes that the large number of competitors, the decreasing number of members, and the lack of member's loyalty are some of the major problems for cooperatives. So, one of the applicable strategies to improve cooperativism is the application of innovations among the cooperative's business to increase productivity and income generation. Sanchis et al. (2015) state that co-ops tend to increase their number during recessions. The research showed that in Valencia, Spain cooperatives, the weaknesses are related to

the low power of negotiation and innovation in the production processes. While the main strengths refer to customer satisfaction and loyalty.

Loyalty in cooperatives depends on their healthy functioning. However, this is sometimes a challenge due to the management of conflicts between economic performance and the interest of the members. The cooperative member expects to have a lower input price and a higher price in the sale of his production. This demands that cooperatives operate with compatible prices, have the best possible economic performance and be able to serve the cooperative member, also.

In this sense, the present study meets a global trend exposed by Bolton (2020) while discussing an aspect of the cooperative's operation, to meet the interests and objectives of different groups (cooperative, cooperative and market).

The sharing of innovation among cooperative members is an expansion of objectives that transcends the conflicts generated by revenue. The study of this strategy can subsidize cooperative managers so that their actions become more efficient for the members and, consequently, for the organization (cooperative) as a whole.

Cooperatives Data Information

To contextualize and show the importance of cooperatives, some data are presented next. It is estimated that 3 million cooperatives (worldwide) remained active in 2019 (1.2 million branches), with around 1.2 billion members and 280 million jobs. In addition, there are 150 countries registered with at least one cooperative in operation. The turnover of the 300 largest cooperative companies is about 2.1 trillion dollars (OCB, 2019).

In Brazil, the agricultural sector consists of "agricultural, extractive, agro-industrial, aquaculture or fishing activities. They are formed by agricultural producers, livestock, fishermen or extractives" (OCB, 2019, p. 30).

Based on this classification, table 1 presents some historical data from year 2000 to 2012, considering Brazilian cooperatives from: cotton cooperatives; cooperatives of fish and fishery products; fruit and vegetable cooperatives; grain and oilseed cooperatives; rice cooperatives; bean and pea cooperatives; animal product cooperatives; bird cooperatives; tobacco cooperatives; sugar cooperatives; and agricultural supply cooperatives.

Table 1. Number of cooperatives and member in Brazil (2000 to 2012)

Year	Cooperatives	Cooperators/Members
2000	5.945	1.063,8
2001	5.703	1.034,5
2002	5.563	938,6
2003	5.453	938,7
2004	5.173	844,2
2005	5.123	871,2
2006	4.833	779,7
2007	4.658	698,3
2008	4.456	692,0
2009	4.284	651,7
2010	4.144	640,0
2011	4.092	748,7
2012	3.983	558,6

Source: UNSTAT (2013)

Over the years, it is possible to note a reduction in the number of cooperatives and members. In order to statistically test this statement, Pearson's correlation test was performed. This test was selected considering the normality of the data. With the usage of Shapiro-Wilk test, it was found that the data showed normal distribution ($p > 0.05$).

Table 2. Normality Test Shapiro-Wilk with the variables: year, Number of cooperatives and number of cooperated members

	Normality Test		
	Stats	gI	Sig.
Year	,966	13	,837
N° of cooperatives	,940	13	,453
N° of members	,960	13	,760

Source: Authors (2021)

Hypotheses:

H_0 : If $p > 0.05$ sample is normal

H_1 : If $p < 0.05$ sample is not normal

The Statistical Package for the Social Sciences (SPSS) software, version 23.0, developed by IBM and made available by the Universidade Tecnológica Federal do Paraná's was used. Table 3 presents the values of the Pearson Correlation test performed between the variables: year, number of cooperatives, and number of cooperative members.

Table 3. Pearson's correlation between the variables "year, number of cooperatives and number of members".

Title	Year	Number of cooperatives	Numbers of cooperators
Year	-		
Number of cooperatives	-995**	-	
Number of cooperators	-945**	0,959**	-

** The correlation was significant at the 0.001 level.

Source: Authors (2021)

Based on the literature, Dancey and Reidy (2006) also state an inversely proportional, strong, and significant correlation between the variables "year" with the number of cooperatives and the number of members. Especially in the analysis of the correlation between year and number of cooperatives, and year and number of members, there is an indication that, as the years have passed, the number of cooperatives and members have reduced. This reinforces the perception that there has been a downward trend in the number of cooperatives and members over the years. Studying the causes of this reduction is interesting, because of the economic significance of the sector in the economy and in the countryside. Table 4 presents agricultural data from Brazil in the years 2010, 2014, 2017 and 2018, and the percentage variation between the years 2017 and 2018.

Table 4. Historical evolution of the number of cooperatives in the agricultural sector in the period from 2010 to 2018

	2010	2014	2017	2018	Var. 2017-2018
Cooperatives	1548	1543	1618	1613	-0,30%
Cooperators	942000	993500	1017481	1021019	0,30%
Employess	146000	180900	198654	209778	5,60%

Note. * The data range was selected according to their availability by the ocb. Source: ocb (2019)

In 2018, the agricultural sector represented 23.62% of Brazilian cooperatives, 6.94% of the number of cooperative members and 49.32% of the number of employees. Regarding the historical evolution, the number of cooperatives fluctuated over the years, showing reductions in 2014 and 2018. The number of cooperative members showed a constant growth, with a variation of 0.30% between the years 2017 and 2018. In turn, the number of employees increased, presenting a variation of 5.60% between the years 2017 and 2018. This scenario indicates that the growth of cooperative members and employees was not affected to a large extent by the fluctuations related to the number of cooperatives (ocb, 2019). Table 5 shows the number of cooperatives, members, and employees of the agricultural sector, by region of Brazil, in the period of 2017 and 2018.

Table 5. Number of cooperatives, members, and employees of the agricultural sector by region of Brazil

REGIONS	Cooperatives			Cooperators			Employess		
	2017	2018	Var.	2017	2018	Var.	2017	2018	Var.
Midwest	211	218	3,3%	65761	64478	-2%	13554	14201	4,8%
Northeast	334	301	-9,9%	39043	24462	-37,3%	1603	1523	-5%
North	420	458	9%	19852	20769	4,6%	1560	2130	36,5%
Southeast	401	400	-0,2%	329113	348402	5,9%	32269	32329	0,2%
South	252	236	-6,3%	563712	562908	-0,1%	149668	159595	6,6%

Source: ocb (2019)

Regarding the number of cooperatives, it is observed a negative variation in three regions (Northeast, Southeast and South). The number of cooperative members also showed a negative variation in three places (Midwest, Northeast, and South). Finally, the number of employees showed a positive variation in four regions, being negative only in the Northeast (-5%). These numbers reveal an interesting oscillation when comparing the data from the agricultural sector in Brazil and by region, especially in the number of cooperatives and members. The number of cooperatives showed a negative variation in Brazil in the agricultural sector in the comparison between 2017 and 2018 (-0.30%). This scenario was reinforced by regional data, in the Northeast (-9%), Southeast (-0.2%) and South (-6.3%) regions. Even so, other regions presented an antagonistic scenario (Midwest and North).

As for the number of Brazilian cooperative members, the variation was positive (0.30%). However, three regions showed negative variation: Midwest (-2%), the Northeast (-37.3%) and the South region (-0.1). This scenario is explained by the

lower number of members in the Northeast (24462) and Midwest (64478) than in the Southeast (348402), which grew by 5.9%. In addition, the fluctuation in the South region was only -0.1%.

This scenario allows us to suggest that cooperatives are at different stages in Brazil and present variations in relation to its growth and reduction in its values. This difference in the maturity can be mitigated with the implementation of governance methods aiming more loyal cooperative members.

Innovation as Service (value) Proposition

Innovation is a continuous process of discovery, learning and application of new technologies and techniques from many sources (Rao et al, 2001). Said that, innovation has been identified as a key driver for any company that wants to compete. And this includes cooperatives. Decision making on innovation is driven by a number of distinct factors, such as R&D intensity, investments, human capital, technology etc. Associates are generally small companies that are not able to afford all these things properly alone.

Considering innovation as a service provided by the cooperative to help associates to innovate, innovation sharing is positively influenced by several important factors in the business environment, such as the degree of relationship and trust among the actors, which features are grounded in relations (Rao et al., 2001).

A few papers have researched the determinants of innovation behavior. Some studied of innovation in small and medium size enterprises (Sternberg & Arndt, 2001; Orfila-Sintes & Mattsson, 2009), others researched innovation in Family companies, but most of the studies introduce innovation as an internal organizational factor, such as R&D sector or as an external company's factor, like the environment, but the topic still lacks comprehension, and it was never presented using the SDL, assuming a value cocreation of the chain, therefore its relational features that are so strongly defended in the SDL.

Innovation is focused on intelligence and "smartness" based on the information process capacity of information communication technology (ICT) (Lindhult et al., 2018). According to some authors that study innovation, they agree that the focus is to capture and deliver value to those involved in the business. Value is dependent upon the perspective of each actor involved (Fischer et al., 2012; Furseth & Cuthbertson, 2013). These authors also add that it is assumed that successful innovation depends upon the ability to provide added value through a relevant customer experience, and

this experience represents all the outcomes necessary for customers to 'feel' the desired effects of innovation.

Innovation as a service can be accomplished through *ad hoc* activities by innovating actors in enabling, directive, and restrictive spaces (Toivonen & Tuominen 2009). Service logic in innovation is conditioned to the targeted, optimal, and negotiated balance of service co-production and co-creation between the enabler and the user, how the service risks are distributed among them, and the additional service providers involve (Lindhult et al., 2018).

Co-relating SD-Logic with Cooperatives

Cooperatives, in general, are faithful to corporativism's values and identity. Commitment to this doctrine is essential for employees and members of this network to understand the existing culture. The ideology of a cooperative transgresses its members. In the SD-Logic, this would be an institutional arrangement, which underlies mechanisms of value cocreation. Therefore, social or economic networks will be embedded in "service ecosystems" (Vargo & Lusch, 2016). Service ecosystems are basically a self-contained, self-adjusting system of resource-integrating actors that connected share institutional arrangements and mutual value creation through service exchange (Vargo & Lusch, 2016). There is a greater possibility of value cocreation in cooperatives because there is a union of forces aiming to achieve higher quality in production and in the final product (Bialoskorski, 1998).

The choice to assist others or not is not only related to institution's arrangements or operands resources (knowledge or capability) (Vargo & Lusch, 2004), but also to the social value perception by members, and this is what happens in co-ops: the belief to be co-creating, to be belonging to something. This situation could be intensifying relational and informal contracts among associate members, thus creating conditions of trust and social immersion - embeddedness (Granovetter, 1985).

For the SDLogic, service means the deeds, processes and performances enacted by one party for the benefit of another, which means: an action by actors supporting value creation for other actors (Vargo and Lusch 2004). So, the service logic changes the focus of understanding innovation from transactional to relational engagements. Social actors and entities can be viewed as a phenomenon allowing –within a value network– social value sharing through the logic of social value generation and value capture (Hlady Rispal & Servantie, 2018).

SDL implies that a continuous series of social and economic processes that is largely focused on operant resources in which the firm is constantly striving to

create better value propositions than its competitors (Vargo & Lusch, 2004), so, the loyalty of a cooperated to its cooperative will depend on the service perception the cooperator has about the cooperative. If it offers value enough to still be part of it, or if this relationship is not strong enough, the cooperator might leave or make other partnerships. And like in many other types of organizations, cooperatives are formed by a network of contact.

Knowledge transmission (via innovation sharing, for example), can provide a perspective of value co-creation, as well as interdependency. Much of the knowledge or innovation developed in the firm comes from on-going relationships both within the firm and with customers and suppliers (Greer et al., 2016). Such relations involve deep collaborations that aim to solve complex problems and/or exploit opportunities. According to these authors, any type of sharing in these systems/ chains is extensive. Firms are likely to develop their collaborative abilities in these relationships, where cooperation and co-creation happen together.

Generally, servicing requires action and work, and the application and integration of resources by several actors in collaboration. There are several well-known obstacles to for innovation sharing, such as structural barriers, communication structure, physical distance, and so on, but the service ecosystem comprises the interdependent network in which the cooperated is only one node connected by relationships and actors. According to Greer et al. (2016), "service" is a transcending concept; it is the application of resources, like knowledge (through innovation sharing) for the benefit of another; benefit of the network, just like the environment where cooperatives are.

The social capital conditions are important not only for the of formation of the collective enterprise, but also for the sustained economic growth in social relations (Bieloskorski, 2007). As innovation, as a process, involves research and development (and Money of course!), it can be inferred that collaborative and extended relationships will facilitate and help these exchanges (knowledge). Like Greer et al. (2016) state, such collaborative initiatives help information exchange which is critical for successful outcomes. Also, information exchange will only occur when there is a feeling of trust involved among partners.

Organizations must innovate in order to remain competitive. Innovative actions can be connected to the launch of new products or services, the optimization of the manufacturing process, management strategies, and resource reuse, all of which contribute to the evolution of cooperatives in various fields (Savga, 2020; Wang & Chen, 2020; Oliveira, 2021).

Given the benefits of innovative practices to organizations, implementing innovation sharing can assist cooperative members in remaining loyal to cooperatives.

Although the sharing of innovation is not explicitly mentioned, elements related to this topic appear as a factor that increases cooperative loyalty. Simioni et al. (2009) identified the factors that cooperative leaders believe increase cooperative member loyalty. The transfer of technology, which is effectively related to the sharing of innovation, is one of the highlighted points.

Such sharing strengthens solidarity relations, facilitates equal participation among cooperative members, strengthens intentions of mutual help and deepens the sense of belonging to the collective (Levidow, Sansolo & Schiavinatto, 2021).

The benefits obtained through innovation also have the potential to retain the cooperative member. Conto, Júnior and Vaccaro (2016) investigated how innovation contributes to gaining competitive advantages in a wine-producing cooperative. The authors state that, after initial resistance, producers who were not involved in the beginning of the innovation realized advantages in financial, health, pioneering, and social responsibility returns from consumers.

Even with an initial resistance, if the innovative action presents positive results, the cooperative member will be interested in having a certain product, service or technology. In this sense, it is noteworthy that the adoption of managerial innovation strategies impacts the organizational performance of cooperatives in different areas (Oliveira, 2021). Therefore, the sharing of such innovations and the innovative characteristic of a cooperative has the potential to keep the cooperative member to have access to possible benefits.

Furthermore, Delgado (2007) states that the innovation employed by two milk distribution cooperatives generated positive impacts on the economic and social dimension of sustainable development. In turn, Martins et al. (2017) infers that the search for innovation becomes fundamental for cooperatives to increase their earnings and improve the quality of their products, increasing their competitiveness in the market.

Conclusion

The concepts of loyalty and commitment are key values in a cooperative context. They are *sine qua non* for the success of this institutional arrangement. Essential service provisions, such as innovation sharing, are important both in the act of maintaining collective union and to sustain economic growth in social relations.

The objective of this essay was to understand how SD-Logic could help to explain loyalty and competition in an important production sector. This paper provides correlations from the theory and practice which help reader to get a better picture of the idea exposed here. Generally, servicing requires action and hard work with

integration of resources by several actors in collaboration. SDL implies that services are like operant resources in which the firm is constantly striving to create better value propositions than its competitors (Vargo & Lusch, 2004), so, the service offered should focus on value creation, on something that would effectively bring improvement, or any kind of success, for associates.

In summary, understanding that exchange of any kind is not simply about products, but specifically relational, it is an important decision for any cooperative organization to check what kind of service is relevant for associates for supporting successful project assessment.

The adoption of strategies based on the theoretical support of this work has the potential for practical application, and can positively impact interest parties, improving the relationship between the members themselves and between members and managers. Such benefits meet the principles related to useful knowledge for the services area, exposed by Bolton (2020).

As any paper, this one has its own limitations. The most obvious is that empirical research should be done to test our perspectives and describe how important is innovation sharing in this sector. Does it really bring loyalty to cooperative societies?

The current study's findings have practical implications for cooperatives by pointing to the sharing of innovation as a potential source of member loyalty. Members' infidelity is a problem for cooperatives (Simioni et al., 2009; Diniz et al., 2013). Actions such as those presented by the present study have the potential to impact the loyalty of the cooperative member (Simioni et al., 2009) and, consequently, the optimization of the cooperative's results.

The academic implications of this article refer to the investigation of an unstudied gap. The findings and reflections presented here stimulate new insights into the sharing of innovation and the loyalty of cooperative members, which has not been studied extensively. As for future research, we suggest research among managers to determine whether professionals in organizational management understand the importance of adopting such (sharing innovation) practices. The agricultural cooperative environment has become increasingly competitive, and the achievement of such research possibilities can aid decision-making regarding encouraging the sharing of innovation in these organizations.

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