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Refocusing on Territory: A Strategic Weapon Against Isomorphism for Banking Cooperatives

ABSTRACT

This study aims to understand how a banking cooperative developing in a globalized industry achieves territorial strategic positioning in the context of growth through an extraterritorial merger. Theoretically, this study challenges the seemingly accepted assertion that a cooperative drifts into a sectoral competitive logic in its growth, which is contrary to its original territorial logic of action. This article concludes that studies have failed to address the question of how these logics can be reconciled. Therefore, this article adopts a strategic management theoretical perspective to investigate the organizational arrangements of a large cooperative banking group embarking on a major extraterritorial merger strategy. We show that far from being an obstacle to growth, territorial logic plays a central role in defining the new group strategy and its restructuring for economic sustainability. We also show that many organizational processes in a growth context involve co-construction and co-management with local partners. These modes of operation form a bulwark against the isomorphism potential drift that threatens any large financial cooperative in a growth context. More generally, our research calls for a reterritorializing of the field study on the strategic management of cooperatives.

KEY-WORDS

COOPERATIVE BANKS, STRATEGIC MANAGEMENT, ISOMORPHISM, TERRITORIALIZATION

1. Introduction

The banking sector has undergone several significant changes, including internationalization, digitalization, mergers, and stricter prudential regulations, which have transformed banks' strategic positioning worldwide (Lazreg and Torqui, 2019). Cooperative banks, which originally emerged from local communities, have also been affected by these profound trends in the financial sector.

In various European countries, cooperative banks play a crucial role in the banking and financial markets, representing over 30% of the domestic deposit and credit market in 2020 in countries such as Austria, Finland, France, and the Netherlands (European Association of Co-operative Banks, 2020). These institutions, known as local or retail banks, were initially established to address the credit needs of workers, the self-employed, small agricultural producers, and craftsmen who were often victims of usury (Artis, 2013). Since their inception, cooperative banks have experienced significant growth, evolving into major banking groups while also pursuing internationalization (Ory and Lemzeri, 2012).

Their strategic positioning, anchored in proximity to their members (Allemand and Brullebaut, 2021), is in tension with the growth that sectorial evolutions tend to impose on them. The number and location of branches are strategic differentiators for cooperative banks (Deville, Lamarque and Michel, 2020). Unfortunately, the digitalization of banking services tends to distance cooperative banks from their local communities, despite this strong community connection being a fundamental aspect of their success for many decades (Roux, 2019).

We conducted an empirical study on a cooperative bank—Banque Populaire Auvergne-Rhône-Alpes (BPAURA)—, which recently underwent a strategic merger involving three regional entities. This merger has placed significant pressure on its historical identity as a community-centric bank. As a merger and integration process can be the cause of an identity split for a cooperative, the question we ask in this research is how such an organization resists this pressure on the de-territorialization of its activities? Several risks accompany a merger between cooperatives, including centralization and the concentration of activities, which can lead to a disconnection from the community. Additionally, there is a risk of losing cooperative identity due to the dilution of members' power, as well as the possibility of institutional mimicry to comply with regulations. In this paper, we aim to understand how a regional cooperative bank resists the forces of isomorphism by strengthening its strategic positioning closer to its communities in the a priori paradoxical context of the merger of three regional cooperative banks operating in distinct territories. To this end, we focus on the strategic levers mobilized by the new cooperative bank resulting from the merger.

In section 2, we discuss the specificities of strategic management as applied to the cooperative. We argue that while territorial anchoring is a defining characteristic of cooperatives, theoretical models of strategic management have often overlooked this dimension. In section 3, we propose a framework for analysing the tension between sector and territory from a strategic management perspective. Section 4 presents our case study and methodology. We discuss the results in section 5, followed by a detailed analysis in section 6.

2. Strategic management of the cooperative: between specificity and banalization

As a field of study on organizations, strategic management aims to determine and implement the business' long-term goals by using its resources to maximize its performance and success in the market. It involves managing both the external environment and internal resources to create sustainable competitive advantages over the competition through the choice of a unique positioning in a competitive market. Strategic management has aroused interest among researchers wishing to uncover the specific features of cooperative management. In this section, we propose to revisit the specific place of territory for cooperatives and the underlying tensions (2.1) before showing that this specificity is largely absent from work on the strategic management of cooperatives (2.2).

2.1 The decline of cooperative banks' territorial influence: a source of banalization?

Banking cooperatives face isomorphic pressures that threaten their democratic distinctiveness. Institutional isomorphism, as defined by DiMaggio and Powell (1983) induced by regulations, and mimicry, motivated by the search for legitimacy, influence their organizational practices.

Although cooperative banks carry social innovations and cooperative principles (Richez-Battesti et al., 2006), processes of trivialization tend to weaken their distinctive character (Gianfaldoni, Jardat and Hiez, 2012). The effects of isomorphism on the territorial engagement of cooperative banks involve several contradictory dynamics. First, sector regulations and market strategies can undermine their local presence. Mergers and the formation of banking groups reduce the autonomy of local banks, making it harder for them to adapt to regional specificities (Ansart, Artis and Monvoisin, 2014). The adoption of uniform information systems, such as scoring and risk analysis, homogenizes customer relations and erases local particularities (Le Foll, 2017). Additionally, a decline in member involvement in local governance weakens the connection between bank administrators and the territory (Ansart, Artis and Monvoisin, 2014). Despite these challenges, some traces of localization remain, such as the persistence of a physical network, particularly in rural areas. By merging, cooperative banks create a tension between centralized group logic and local anchoring, striving to balance standardization with territorial adaptation. For example, cooperative banks increase the digitalization of their activities while simultaneously maintaining their local networks. In this way, they attempt to integrate modernization with tradition.

However, this perspective is not inevitable. While the transformation of cooperative banks into cooperative banking groups during the 2000s is undeniable, this transformation did not lead to the standardization and normalization of these organizations, thanks notably to the democratic governance where members are involved in the determination of the general business orientations (Lobre-Lebraty, 2014; Ben Slimane and Pallas, 2018). Indeed, we observe cases in which local elected officials continue to play an interface role between the bank and local stakeholders notably through their knowledge of local ecosystems (Richez-Battesti et al., 2006).

Local anchoring is expressed more through partnerships and institutions than through

geographical logic. This creates a complex interaction involving various scales of activities (local, regional, national) and power dynamics, complicating the analysis. A thesis supporting a strategic repositioning rooted in territoriality arises, and we will evaluate it further in the rest of this article.

2.2 Strategic management of the cooperative: territory as a missing differentiator

Several academics—including Desforges (1980), Moore (2000), Malo (2001), Malo and Vézina (2004), Malo, Audebrand and Camus (2008), Domanski (2011), Demoustier and Malo (2012), Valéau, Boncler and Annette (2012) and Côté (2018)—have developed strategic management models designed to incorporate the principles and operational methods unique to cooperatives. These models acknowledge the dual nature of cooperatives as both associations of people and economic enterprises that serve their members.

The strategic management of cooperatives aims to achieve a balance (Côté, 2018)—referred to as “strategic coherence” (Malo, 2001)—between their associative dimensions (such as mission, members’ needs, and democratic governance) and market constraints (including market dynamics, competition, stakeholders, and resources) (Malo, 2001). The literature on cooperative strategic management has so far considered the territory as an adjustment variable for the cooperative’s strategic orientations. In few analytical frameworks, the territorial dimension is primarily seen as a facet of community identity (Desforges, 1980), represented by the stakeholders (Malo, 2001) who may occasionally be involved in the organization’s governance.

In fact, the territorial aspect can sometimes be at odds with the concepts of globalization and market forces (Demoustier and Malo, 2012). In competitive markets that promote extraterritorial growth, the territorial dimension often receives limited attention in cooperative strategies. Assens (2013) describes a paradoxical situation where, amid both retreat and territorial challenges, agricultural cooperatives adopt a bipolar strategy. This strategy leverages the opposing forces of pursuing both proximity effects and size advantages while simultaneously seeking synergies between local and global development. In doing so, the question of territory, which originally characterized the cooperative banking model, remains invisible.

However, territory is more than just a container for resources; it is an active environment in which an organisation interacts responsibly. Territory encompasses specific geographical, cultural, economic, sociological and political characteristics that define an institutionalised space (Smith, 2011). Rather than being seen as an abstract legal entity, territory is shaped by the interactions between actors, organisations and individuals (Ternaux and Pecqueur, 2008). Territory is reflected in the relationships between individuals and organisations and forms the basis of stakeholder dynamics. The territorialisation of an organisation must then be considered from both strategic and political perspectives.

In this study, we adopt a new perspective on the cooperative’s strategic approach by considering the territory as a key strategic driver in the cooperative’s development. We explore this proposal within the context of business growth driven by the merger of regional cooperative entities, a process

that often leads to the standardization of cooperatives. Our aim is to understand how territory can act as a strategic development axis for a cooperative undergoing growth through territorial diversification.

3. Capturing cooperative strategic territorialization: a strategic management framework

In this study, we focus on the territorialization of the cooperative as a strategic and deliberate intention to resist isomorphism forces, in the context of rapid growth in mature and competitive markets. We address this issue from a strategic management perspective, which is both a vision of the future and its operationalization into orientations and actions. Looking at cooperative territorialization from this lens allows us to investigate both the “why” (external and internal context), the “what” (orientations) and the “how” the organisation manages to implement. Unlike the social science disciplines (agricultural and rural economics, sociology, social geography, etc.) that have traditionally been mobilized to look at the relation of cooperative to territory, the strategic management lens we adopt in this research opens up the black box of the governance and management levers in order to understand the internal as well as external dynamics of that underlies this constitutive relation between the cooperative and its territory.

In this research, we mobilize specifically Malo and Vézina (2004) strategic life-cycle model. This modelling recognizes five value creation strategies (emergence, diffusion, focus, hybridization and standardization) for cooperatives and describes them along some specific governance and organizational mechanisms that aim at balancing two broad tensions (innovation-standardization and local-global) that are constitutive of cooperatives. In this research we are especially interested in understanding the hybridization value-creation strategic configuration which characterizes the cooperative in its mature and institutionalized stage, just like what characterises banking cooperatives nowadays. In this section we develop our framework around two features of Malo and Vézina (2004) strategic life-cycle model for cooperatives: the local/global tension that reflects the territory strategic orientation (3.1) and; the hybridization strategic configuration and its associated governance as well as organisational specific organizational arrangements (3.2).

3.1 Two constitutive strategic tensions for cooperatives

As organisations with a social mission that grow in competitive markets while serving their members and the community in which they are rooted, cooperatives evolve around two major tensions. The first tension is between cooperative innovation, sometimes referred to as social innovation (Richez-Battesti, 2019), and business model standardisation. Cooperative innovation refers to provisions aimed at strengthening the cooperative mission and social project of the organisation. At the institutionalisation stage, cooperative innovation unfolds within strong market or regulatory constraints, requiring the integration of efficiency-driven organisational processes.

This may lead to a reorientation towards activities or customer segments that are more oriented towards the demand market than the needs of the members, in a logic of economic profitability, with the risk of an isomorphic movement.

Malo and Vézina (2004) highlight a second tension in the development of cooperatives, less addressed in the literature, in relation to the cooperative's scale of strategic development (local-global). This last one explicitly demonstrates the territory as a potentially central feature of a cooperative's strategic orientation. As stated earlier, the relationship to the territory is constitutive of the cooperative and particularly for cooperative banks who emerge from the local community. However, sectoral and regulatory constraints push towards growth and consolidation strategies. According to Malo and Vézina (2004), this scale shift risks moving into some global and uniform strategy across territories together with standardized organizational arrangements structured around a centralized business group-like.

The Malo and Vézina model recognises territory as a unique strategic orientation for cooperatives. However, most studies using this framework have not fully explored the tensions associated with this aspect. Furthermore, scholars in the field of strategy and cooperatives who have applied this model (Audebrand, Michaud and Lachapelle, 2017; Boudès, 2017; Vézina, Ben Selma and Malo, 2018) have overlooked the analysis of how cooperatives navigate territorial tension as a strategic orientation that requires specific organisational processes. This research aims to better understand how this territorial tension can be integrated into a sustainable strategic orientation, reflecting the roots of cooperatives in their communities.

3.2 A hybridization strategic configuration for the mature cooperatives

As they grow and institutionalize, cooperatives are pushed toward a standardization strategic value-creation configuration characterized by efficiency-led strategic orientations and organizational arrangements. In order to avoid a cooperative drift (Côté, 2001) arising from an imbalance between the constitutive tensions, Malo and Vézina (2004) propose that the mature cooperative follow a hybridization strategic configuration.

According to this configuration, the cooperative navigates and looks for balance in the tensions in managing through strategic orientation choices, organizational capacities leveraging, innovative governance and organisational processes that support it. Two broad organizational mechanisms, articulated around governance and management, act as levers to keep in balance the tensions. The external hybridization process involves developing plural business partnerships (social and economic, sectoral, territorial, and institutional) with actors sharing economic and social affinities. Through these partnerships and with a co-construction approach, innovative solutions to complex societal issues are built in order to contribute to profound systemic changes. Recognizing certain forms of members' competencies in conducting the cooperative's affairs, the second type of hybridization process focuses on the internal and suggests creating mixed governance and operational structures that bring together socio-structural and techno-structural actors (Demoustier and Malo, 2012).

As previously presented, empirical work mobilizing this framework of analysis in the context of mature cooperatives has paid little attention to the tension between proximity (local) and scale (global) effects, focusing on the tension between cooperative innovation and standardization as the main issue. Yet, the territorial scale change also carries a risk of identity loss and cooperative drift.

The model developed by Malo and Vézina (2004) for value creation through hybridization in the context of large and mature cooperatives appears relevant for understanding how these organizations manage the territorial tension. On one hand, this model opens the door to analysing the effects of proximity in governance and management dynamics. Moreover, the strategic hybridization configuration proposes a co-construction approach to solution-building by engaging local stakeholders.

In sum, we draw on a framework derived from the strategic management of cooperative research fields. Our framework acknowledges that a cooperative's strategic orientation may not only be sectoral (banking, in the case under study), but its purpose could primarily be aligned with a territorial strategic positioning. The strategic management of the cooperative thus aims to balance the tension between scales (local-global). As this study focuses on a mature and institutionalized cooperative, we call upon the concept of strategic hybridization configuration developed by Malo and Vézina (2004). This approach allows to investigate the organizational mechanisms of internal co-construction (internal hybridization) and external co-construction with social and economic actors in the territories (external hybridization), in a way to manage this fragile balance—while also recognizing the constraining power of institutional pressures (increasingly global regulation) and market pressures (competition and undifferentiated offerings) that push toward growth and efficiency. Finally, through an original review between strategic management (Malo and Vézina's model) and territorial approaches, linked to cooperatives (Itçaina and Richez-Battesti, 2018) or not (Smith, 2011), our analytical framework proposes to model the cooperative as playing an agency function in territories. With this agency function, which is less passive (as in resource approaches), we discuss a vision of social transformation thus adopting an intentionalist (rather than determinist) perspective on strategic management. Drawing on the work of Vézina, Ben Selma and Malo (2018), we analyse organisational and governance specificities according to the type of decision (strategic vs. operational), taken at different organisational levels (local versus group), involving actors with different status (elected or/and non-elected managers, local partners, etc.), by looking at organisational structural instances (technostructural, socio-structural, hybrid structures) and processes (top-down, bottom-up, hybrid). So, drawing on the work of Vézina, Ben Selma and Malo (2018), we analyse the organisational and governance specificities according to the type of decision (strategic versus operational), taken at different organizational levels (local versus group), involving actors with varied status (elected or/and non-elected managers, local partners, etc) through looking at organisational structural instances (technostructure, socio-structure, hybrid structures) and processes (top-down, bottom-up, hybrid).

4. Research methodology

Our study of the strategic positioning of a cooperative is based on a unique case study of a cooperative bank in France. In the next sections, we present this cooperative entity (4.1) before specifying our methodological positioning and data collection (4.2). Finally, we detail our analysis approach (4.3).

4.1 A large French cooperative banking group case study

Banque Populaire Auvergne-Rhône-Alpes (BPAURA) is a French cooperative bank belonging to the *banques populaires* (BP) group. Founded in Angers in 1878, the *banques populaires* have historically served business clients, particularly SMEs (Albert, 2008). They were created in close proximity to their members, small businesses owners, who were too often excluded from bank financing. Today, the *banques populaires* are a cooperative banking group comprising fourteen regional cooperative banks and subsidiaries, making them the second-largest cooperative banking group in France (BPAURA, 2021).

In the Auvergne-Rhône-Alpes region, the three BP operating in three adjacent departments merged in 2017 to create the regional cooperative bank Banque Populaire Auvergne Rhône Alpes (BPAURA). The “new” BPAURA bank is present in 12 departments in 2021. It manages 400 branches and business centres serving nearly 951,000 clients, approximately 11% of the population of this second-largest administrative region in France, of which 34% of clients are members. Its balance sheet is 325 billion EUR, with net banking income of 7,366 million EUR and net profit of 1,507 million EUR. BPAURA’s social capital amounts to 16 billion EUR, with more than 8 billion EUR in new loans in 2019.

4.2 Data collection

To conduct our research, we used three types of empirical data: individual interviews, group interviews in the form of a discussion, and a lexical analysis of internal reports and other internal documentation.

We met regularly with some cooperative bank’s executives at different group level (head quarter, department, local branches). As stated in Table 1, we conducted three individual interviews and animated two focus groups with BPAURA’s directors. These directors mostly evolved within the organization from a local branch management position. This was the case for one of them: “*with a career path from professional advisor, credit manager in a group, branch manager, professional market manager at BP Alpes, credit service manager at BP Alpes, group manager in two different positions in Grenoble [...] So I have both a network vision and a head office vision for development*” (Interview with a regional commercial director¹). These meetings gave us access to the highest strategic level

¹ The authors obtained explicit consent from all of the interviewees for the use of their statements in this publication, with full awareness that their organizational affiliation and role may allow for identification.

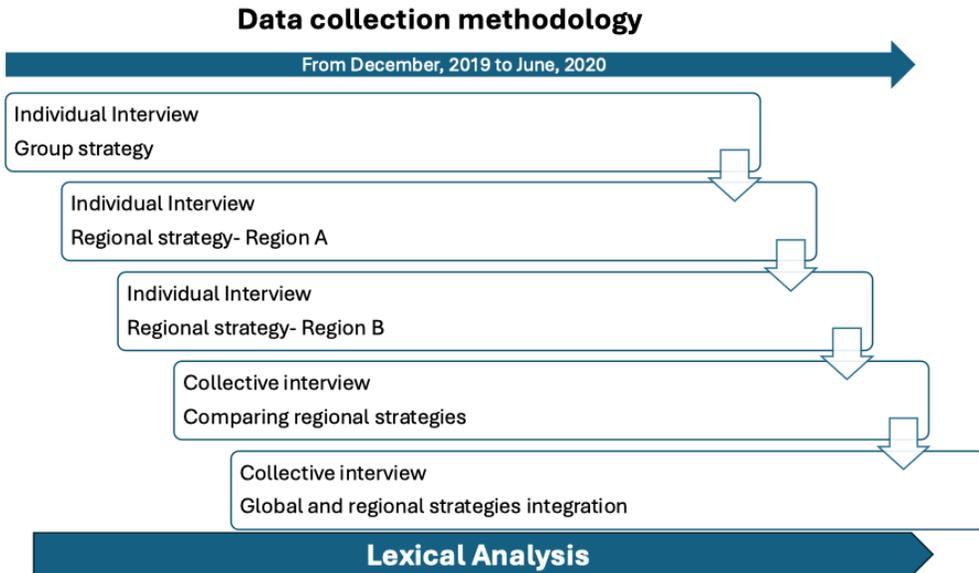
of the cooperative and the people who built this merger. It allowed us to understand the strategic decisions: “[...] I have both a network vision and a head office vision for development because at the professional market management, we develop the bank” (Interview with a regional director).

Table 1. List of interviews

Semi-structured individual interviews		
Deputy General Manager of the BPAURA Group	December 17, 2019	1 hours 30 minutes
Group Director for Drôme and former Director of the Professional Market Development department	February 10, 2020	2 hours
Commercial Director for Rhône, Drôme and Southern Alps	January 14, 2020	2 hours
Semi-structured group interviews		
Collective interview 1: Deputy General Manager, Secretary General and Director of the Corporate Social Responsibility and Cooperative Life Department	April 16, 2020	2 hours
Collective interview 2: Deputy General Manager and Secretary General	June 17, 2020	2 hours

Source: authors’ own elaboration.

Figure 1. Data collection methodology



Source: authors’ own elaboration.

BPAURA is involved in two strategic business segments in banking: individual clients and business clients. Our study focuses on the latter which is the original core business of the *banques populaires*.

This data collection was conducted in 2019 and 2020. The interview framework investigates the merger process and its challenges, the consideration of the cooperative dimension of the bank in its activities and strategy, as well as how territory considerations are integrated in its strategic positioning.

4.3 Investigating the territory in the merger process

This study adopts a grounded theory approach (Corbin and Strauss, 1990), which prioritizes in-depth study of a situation through a qualitative research approach. This analysis is a methodological framework designed to develop theories from single case studies. This approach includes both a framework for processing data and a process for generating theories, making it clearly inductive. The key components of Corbin and Strauss' grounded theory approach consist of a Coding Paradigm that includes open, axial, and selective coding. This framework offers a systematic method for analysing data and developing theoretical concepts. It involves an iterative process of data collection and analysis, guided by emerging theoretical concepts. This allows researchers to refine and elaborate on their developing theory. Throughout the research process, there is a continuous comparison of data, codes, and categories, ensuring that the emerging theory remains grounded in the data.

To process this data, we combined thematic lexical analysis based on interviews with executives. The textual analysis of the cooperative's official speeches (activity reports, press articles) measured the occurrences of the territory's lexical fields and its derivatives (local, proximity, association, etc.) in the cooperative's strategy. We analysed the proximity and contextualization of the use of these lexical fields (Table 2).

We paid specific attention to forms of proximity in organizational processes and partnership relations, as well as to the processes of developing solutions involving territorial actors.

Table 2. Lexical analysis of BPAURA internal reports (from 2017 to 2019)

	Occurrences of words		
	Internal report 2017 (232 pages)	Internal report 2018 (262 pages)	Internal report 2019 (309 pages)
Exact term “territoire”	31	48	47
Lexical field “territoire”	48	74	75
Exact term “local”	12	44	52
Lexical field “local”	44 Use of the adjective “local” to qualify actions (local development, etc.) and actors (communities, businesses, SMEs, clients, etc.)	52 Use of the adjective “local” to qualify actions (local development, etc.), actors (communities, businesses, SMEs, clients, etc.), and a space (level, presence, dimension)	58 Use of the adverb “locally”
Lexical field “proximity”	12 Proximity bank, proximity network	26	26 Proximity bank, proximity
Lexical field “associations”	18 Mains issues: associations as target clientele. Support for local associations	11 Support for local associations	15 Support for associations
Lexical field “inhabitants”	3	3	4

Source: authors’ own elaboration.

5. A territorialized strategic positioning

In this section, we present the key aspects of the BPAURA’s strategic positioning: orientation toward local structuring sectors (5.1), balancing local and group governance (5.2), local partnership resources (5.3), and reinforcing local presence (5.4).

5.1 Local structuring sectors strategic orientation

With the merger, the new cooperative group reaffirmed its vision of the new entity as a territorial bank. The integration of three very disparate entities in terms of size and expertise was done around the construction of a shared vision (Interview with Deputy General Manager) of a territorial banker. This allowed consensus among the three entities operating in territories with strongly differentiated socio-economic characteristics and “[...] to find themselves in a common project” (Interview with

Deputy General Manager). This resulted in a desire to support fragile local economic sectors to contribute to their (re)structuring: *“We support the ski sector, very structuring in the region, even though this sector is characterized by high seasonality and income irregularity”* (Interview with commercial director Rhône Drôme and Alpes du Sud). This positioning on local economic sectors, such as winter sports and machining industries, sensitive to the economic situation reflects a vision of a banker involved in communities: *“[...] Banque Populaire banker must be a banker in his city; he must know what is happening there; he should not just be a service provider”*. And to continue: *“We are bankers, but also contribute to the economic development of a territory [...] Our role is not just to be a service provider to businesses and individuals. The bank is a local business and participates in economic life”* (Collective interview no. 2). Moreover, this vision of the new entity is widely communicated.

5.2 Balancing local and group governance

With the merger, some governance mechanisms are reinforced, and new ones are introduced. On the one hand, a central figure of the cooperative, membership remains optional, although it is strongly encouraged. Clients, whether members or not, are reminded of the difference between doing business with a cooperative bank: *“A member is necessarily a client. The bank has not systematized the obligation to be a member. We are not all members. However, the member spirit must live—I am telling you about the bank’s spirit, which is a cooperative bank—maybe we should systematize it”* (Collective interview no. 1).

The merger is an opportunity to strengthen the board of directors, which is structured around territorial representation. It is composed of business leaders who are bank members with *“[...] real attention to ensuring that all territories are represented”* (Collective interview no. 2). The board plays an important role in safeguarding the bank’s territorial strategic positioning: *“The board of directors [...] is the guardian of the bank’s strategy [...] On the board of directors, there are business leaders, including bosses from the Arve Valley, an economic declining area. You are not going to start telling them, ‘it’s the crisis, we are closing the taps’. I say this with a bit of humour [...]”* (Collective interview no. 2).

On the other hand, following the merger of the three regional entities, the cooperative creates a new body, the Cooperative Territorial Councils (CTCs). Although the existence and operation of the CTCs are not formalized in the bank’s internal bylaws, they are highlighted in the internal report: *“Six cooperative and CSR Territorial Councils (CSR TCs) have been created to maintain proximity with members and strengthen the cooperative difference of the Banque Populaire Auvergne Rhône Alpes”* (BPAURA, 2022: 16-17). According to the internal report (BPAURA, 2018), the CSR TCs act as relays between the board of directors and members in the bank’s territories. These territorial committees are formed by former administrators of the three merged banks and clients (members or not), private, public local economic actors chosen for their representativeness of their territory, their activity, or their profession: *“In fact, they are personalities of the territory. They are people who have a certain credibility and reputation, in the sense of trustworthiness, and who represent something in the territory”* (Collective interview no. 2).

5.3 Local partnerships

The new entity chooses to become a key player in supporting fragile or promising local economic sectors for the regional economy. To do so, the cooperative chooses to work with local socio-economic actors to develop solutions adapted to the context. This development process can extend over several months or even years and allows various actors (private, associations, professionals, public) from different sectors/territories (local, regional, and national) to come together.

For example, the “Valence en Gastronomie” label brings together merchants, businesses, and artisans operating in various departments (called Drôme, Ardèche, etc.) who wanted to highlight their know-how in the agricultural and tourism sectors. With a desire to revive the local economy around existing know-how in the region, it is through a departmental structure of BPAURA that the actors formed a think tank reflection and revival committee. They were supported by BPAURA local managers in the diagnosis, discussion, and ideation stages of solutions for the territory through a process of pooling respective knowledge and expertise: *“I think we have a slightly different place from others, and we make it live through this relationship. It allows us to have a network, very clearly a business network, already because these are people we work with daily who bring us business but also for the clients because when we see how they work, it also teaches us about our clients and how to adapt”* (Interview with a regional group director).

Beyond the diagnosis, project development, and financial arrangement, the provision of financial services is sometimes delegated to a third party acting as an intermediary in marketing the product to its members. This is the case with the regional loan (Prêt Région Artisans), set up in early 2018, whose modalities are developed in collaboration with trade chambers, a mutual aid society for professionals (Socamma), and regional authorities: *“We delegate the management of the guarantee to Socama [...] the idea was to delegate the loan arrangement, meaning it did not go through our branches [...] They assemble the file, collect the pieces, and send it not to the branches but directly to the credit services. It requires a decision commitment within three days”* (Interview with a regional group director).

This type of responsibility delegation to a partner accelerates the file processing and loan allocation process. It relies on long-established proximity partnership relationships: *“These relationships work over time if they are win-win [...] Beyond saying we are partners to be partners, there must be a story. And to have a story, you have to do things together. Typically, with the ARA loan, we do things together”* (Interview with a regional group director).

For instance, local partners and sometimes even client members play an active role in the loan allocation process: *“[...] in fact, the bank gives credit approval subject to Socama’s guarantee and then the professionals... when I talk about professionals, they are mostly artisans”* (Interview with a regional group director). This delegation capacity relies on trust relationships: *“[...] we could not have done it without this historical collaboration and trust. This is why, when they came to see us, we could immediately say ‘yes, we will support you’ while others tinkered and could not respond. We knew them, we were already used to working together”* (Interview with a commercial director).

In its banker role, the BPAURA through its local and departmental structures contributes to strengthen territorial entrepreneurial ecosystems in a process framed more by the issue or challenge than by pre-existing financial solutions. Pooling expertise and resources of economic actors in a given territory helps shape tailored business solutions, from the financial solution itself to the delivery method sometimes outsourced to local partners.

5.4 Reinforcing local presence

While the merger aims to consolidate operations in a highly competitive financial sector, discussions took place between the three entities about maintaining local branches and what their contribution would be. The decision to intensify the physical presence and the role of local branches appears consistent with the intention to strengthen the cooperative's structuring action in economically sensitive communities. Departmental directions that group local branches thus become natural interlocutors for the community: *"There is a real desire to maintain proximity both in terms of branches and decisions, allowing for reactivity and local knowledge"* (Interview with Deputy General Manager). Moreover, the advisory role of branches is emphasized by specializing them by sectors: *"Since last year, we have implemented a new network organization where we wished to reorganize branches so that there is no longer one director for each branch, but we group several branches together to have one director for professional clients and one for individual clients. This allows for the specialization of private advisor positions, for example, and ensures that by pooling, we have slightly larger teams that we can specialize in branches"* (Interview with Deputy General Manager).

In addition to local branches, which are asked to play a more active role in identifying structuring projects, the merger is an opportunity to strengthen departmental directions in supporting initiatives by creating partnership manager positions: *"Since we have many partnerships, we created a partnership manager role for commerce and crafts [...] It is structured through these partnership managers who help us, and it is also relayed with pilot advisors or directors who will take charge"* (Interview with Deputy General Manager). This strengthening of the territorial presence results in a more intimate knowledge of socio-economic issues and dynamics, with departmental directions now in monitoring and proactive mode in identifying emerging needs and dynamics.

Although duplicate branches are closed to align with local needs and resources, the group opens new branches in less served localities. This reorganization results in the operation of 19 branches in rural areas and 18 others in priority or fragile areas. The need for new solutions is thus anticipated at both departmental and branch levels, where directors are encouraged to listen and get involved in the local business community. Furthermore, local branches are strengthened in their capacity to offer specific advice, notably in taxation or legal matters.

The cooperative's strategy is also based on a shared identity with its business partners like mutuals, local authorities, unions, professional associations, etc. These partners share cooperative values: *"I think there is already a different culture, a culture of proximity with us [...] And if we had not been cooperative, we would not have partnered with cooperative structures like that. All the companies we*

have around us, Socama, SOPROLIB, Socamett... If we had not had this cooperative structure tool, we could not do that" (Collective interview no. 2).

Thus, with the merger, the cooperative implements a renewed configuration of its organizational processes in terms of power and responsibility sharing, supporting its posture as a territorial banker. On the one hand, the local branches model rather than local savings banks suggest centralized governance at the strategic summit of the bank. The merger is, however, an opportunity to rethink the division of responsibilities between head office on the one hand, and the departmental divisions and branches on the other. While support functions (HR, IT, etc.) are grouped at the group level, innovation and solution engineering are now more distributed among the three levels structuring the group (regional direction, departmental directions, and local branches). Increased responsibility is entrusted to sector directors who are responsible for the commercial entity grouping branches over a geographic area. Local branches and departmental directions are often the entry point for identifying issues within a territory and sector. They also contribute to the development of the first solution drafts.

6. Discussion and conclusion

This research aims to understand how a cooperative, operating in a globalised sector, achieves a strategic territorial orientation while experiencing rapid growth through extraterritorial mergers. Traditional strategic management models often overlook the territorial dimension, even though it is considered an inherent part of a cooperative's identity. Currently, there is a significant limitation in strategic management frameworks that analyse cooperatives from the perspective of strategic coherence. While some models attempt to move away from traditional strategic approaches by proposing different levels of strategic coherence (Côté, 2018) or by integrating a "vision of the world to be built" (Malo, Audebrand and Camus, 2008), the concept of territory often remains vague and is typically represented by a few external stakeholders. These models reveal a tendency for cooperative studies to be influenced by the dominant strategic frameworks derived from capitalist enterprises.

Our study highlights that, beyond members' needs, market constraints, and stakeholder expectations, the territory, as an integral aspect of the cooperative, can act as a strategic weapon to differentiate the organization while exploiting its cooperative advantages (Spear, 2000). Echoing Itçaina and Richez-Battesti (2018), this later may be a space for the co-construction of resources and competencies as well as a community through which local socio-economic transformation aspirations are "dreamed." This actant role, referencing the Latourian concept from Actor-Network Theory, operates in a dual strategic dynamic—both vertical and interscalar within the group, and horizontal among various actors within a territory. Moreover, the competition, domination, and adoption postures (Demoustier and Malo, 2012) inherent in classic strategic management models—which have not found alternatives in cooperative strategy—are substituted by a strategic impetus

driven by collaboration, knowledge pooling, partnership development, and building collective and territorial capacities, all aimed at the socio-economic transformation of the territory. Recognizing the territory as a strategic actant in the cooperative's strategy minimizes the dichotomy between members' needs and market constraints. As Demoustier and Malo (2012) point out, with growth, large cooperatives can rebuild their territorial belonging, notably through their sector embedding in the territory, thus constructing a viable and sustainable economic model based on the structuring of internal and external processes that integrate this dual axis of strategic positioning.

In the case of BPAURA, this dual positioning involves focusing on specific economic sectors that foster the socio-economic structuring of a given territory, as well as organizing the group to facilitate co-construction and co-management processes that integrate socio-economic actors across different territorial scales of the cooperative group's structure. This dynamic highlights the interplay—rather than opposing—of the two major strategic tensions inherent to cooperatives: the economic/sectoral tension (innovation-standardization) and the territorial/community tension (local-global), which are often presented as dichotomous in the cooperative literature, specifically in the maturity and institutionalization phases (Assen, 2013). As evidenced by the evolution of BPAURA's governance and management processes towards co-construction dynamics, the territory plays the role of a strategic actant in the large cooperative group's strategy.

Our initial question was to explore how a large cooperative in a competitive sector achieves strategic territorial positioning while experiencing growth through extraterritorial mergers. We aimed to challenge the assumption that size hinders territorialization, as is often suggested in discussions about the trivialization and degeneration of cooperatives. Our findings indicate that growth—particularly rapid growth through significant mergers—does not necessarily lead to a deterritorialized strategy for cooperatives. Although this phenomenon is commonly associated with a loss of cooperative identity and a weakening of cooperative principles, our study shows that territorialization can actually be reinforced. In fact, it can serve as a safeguard or response against the risk of isomorphism. Lapoutte, Vézina and Malo (2018) have recently highlighted the importance of distinguishing between activities that are deterritorialising and those that represent strategic deterritorialization in their work on the legitimizing discourse of a large cooperative bank.

The analysis of the creation of the regional cooperative bank, resulting from the merger of three pre-existing entities, highlights three key contributions. The first contribution is that it lays the groundwork for deconstructing the prevalent myth of cooperative trivialization in a growth context, suggesting that re-embedding in the territory constitutes a condition for resisting cooperative drift. The territory must be conceptualized as a social construction and an actant in the cooperative's strategy, facilitating co-construction and co-management processes at the level of territorial economic sectors, as well as across various levels of the cooperative group's structure, in search of complementarity that meets the imperatives of proximity and efficiency.

The second contribution advocates for reintegrating the territory as an actor in the strategic management model of the cooperative. Since it is intrinsically linked to an organization's performance and evaluation, conceptualizing the territory as an actor in the strategy carries implications for the

nature of the expected results and the cooperative's ability to resist isomorphic forces of trivialization and drift. This contribution aligns with work questioning the roles and functions of the community within cooperatives.

Finally, while research interested in cooperatives in relation to their territory often stem from macro-level disciplinary fields—such as agricultural economics, rural studies, territorial development, and sociology of territory—we argue that by drawing on an analytical framework grounded in organizational theory, this study offers a deeper understanding of the cooperative's agentic posture in its relationship to the territory, as well as the organizational levers available to it.

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