

Reconciling the irreconcilable!

How cognitive hybridization and gateways enable dialog between Mutualist, business and capitalist logics in retail banking

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Summary :

This research explores the conditions for reconciling multiple logics in hybrid organizations. Actually, hybrid organizations are particularly exposed to conflicting logics since they embody diverse and, to some extent, contradicting institutional logics. Moreover, they are subjected to two symmetric risks; either they can lose their hybridity by giving prevalence to a dominant logic at the expense of the other, or on the contrary they can succumb to intractable conflicts between the carriers of contending views. Therefore, their ability to deal with logic pluralism appears as a key determinant to maintain hybridity and thus ensure their efficiency and survival.

A longitudinal research of 10 years length was carried out in the retail banking of Agro Bank Group which brings insights as regard this question. Among the European leaders, this retail bank forms a hybrid system from a twofold point of view. On the one hand, this 100-years-old federation of cooperative independent regional banks offers a mature profile of hybridity with the long-lasting coexistence of both cooperative and commercial logics. On the other hand, institutional complexity has significantly increased after the public listing of the central level and a subsequent massive inclusion of executives coming from centralized and capitalist banks. Henceforth, three logics simultaneously coexist and frequently oppose: cooperative ethic, business logics and financial market perspectives.

This work belongs to interpretive tradition and relies on grounded theory approaches. It aims at documenting the research question at the organizational level through a mixed-qualitative design that combines participant observation with in-depth semi-structured interviews and document analysis. Organizations are construed as political systems composed of subgroups that commit to specific values, goals and interests, and rely on symbolic systems to make-sense of circumstances and define their action. Thus, three forms of agency are considered: routines, sense-making and strategies.

A first finding identify the cognitive compatibility of arguments as a prerequisite for reconciling divergent perspectives, since chains of cognitive gateways help to establish a dialog and form agreements, possibly cumulative. This result augments the abundant literature that underlines the benefits of cognitive dynamics and proximities, in general and for hybrids in par-

ticular. A second finding, noteworthy for the understanding of sustainable hybrids, indicates that over time, a cognitive hybridization occurs which neither suppresses the specificities of divergent logics nor harmonizes the beliefs of their carriers, but rather stabilizes cognitive gateways that bridge some of their core values and beliefs. It must be emphasized that cognitive hybridization exists in ABG despite the clear-cut collective identities and preferences of the subgroups. This suggests a significant contribution of cognitive hybridization to the persistence of hybrids which facilitates cooperation and agreements while preserving subgroups' singularity.

Key words: Hybrid, organizational logic, institutional complexity, cognitions, cooperative banking

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INTRODUCTION

Given that institutional complexity occurs whenever an organization confronts incompatible prescriptions from multiple institutional logics (Greenwood, Raynard, Kodeih, Micelotta, Lounsbury, 2011), therefore the Agro Bank Group¹ (ABG) epitomizes it. Indeed, the hybrid nature of this company, cooperative at the regional level and publicly listed at his top, places it at the cross-road of multiple institutional logics and fields. In addition, within this atypical inverted pyramid, decisions are democratically made by a college of peers composed of the regional banks' leaders. Consequently, ABG is exposed to the variegated and somehow conflicting demands of three groups of influential stakeholders showing distinct preferences and views: (1) the local socio-economic fabrics in which the governance of the cooperative regional banks is embedded and which partly drive local and national priorities, (2) professional managers nurtured with business references who frame strategic proposals, run operations and partake in collegial decision-making, and (3) the financial markets that determine the value of the public-listed part of the company. Furthermore, Agro Bank Group has undergone dramatic changes over the past decade. After the public listing of its central structure, it initiated an ambitious growth strategy which engendered a massive inclusion of executives previously socialized in the capitalist and hierarchical banking world. Predictably, the recent financial market's pressures found a receptive audience (Pache, Santos, 2010) in the changing Agro Bank Group.

Engaged in a longitudinal participant observation while these changes were occurring, we had the chance to study from within the social dynamics unfolding all along the process: before the public listing, during the merger and acquisition phases and in the subsequent period. The

¹ For the sake of confidentiality, the name of this European bank has been changed.

research aimed at unveiling the conditions for cooperation and agreement in this hybrid increasingly exposed to contentions and institutional complexity. This paper highlights the findings related to the conditions enabling a hybrid to lastingly fulfil multiple logics and possibly combine them, without giving way to the symmetric risks of either losing his hybridity or succumbing to intractable conflicts (Battilana, Dorado, 2010). Furthermore, it documents at the organizational level how the manifold contributors to pluralism management evolve and interact over time, and how they respond to an upsurge of institutional complexity.

A first result shows how the loose coupling between groups' and organizational identities, cognitive frames, actors' preferences and collective arrangements enables both logic diversity and agreement. Two factors play a salient role in reconciling diverse logics: collaborative rules of the game and cognitive compatibilities. The former encourage the search for cumulative agreements whereas the latter foster the establishment of chains of cognitive gateways propitious to dialog and settlement of disputes. These results complement the existing literature on tension management and augments that which underlines the benefits of cognitive dynamics and proximities, in general (Weick, 1995; Eden, Spender, 1998; Cannon Bowers, Salas, 2001) and for hybrids in particular (Haverman, Rao, 2006; Jay, 2012). A second finding, noteworthy for the understanding of sustainable hybrids, indicates that over time, a cognitive hybridization occurs which neither suppresses the specificities of divergent logics nor harmonizes the beliefs of their carriers, but rather stabilizes cognitive gateways that bridge some of their core values and beliefs. Hence, cooperation and agreement can persist even in case of a significant institutional complexity increase; in this case, internal audience would adopt buffering or compromise strategies in order to satisfy external demands while preserving existing arrangements and alliances (Oliver, 1991). Conversely, in the absence of cognitive compatibilities, tensions and political conflicts skyrocketed in response to the rise of institutional complexity, thus preventing mutual understanding, collaborative behavior and the reaching of agreements between contending logic carriers. Therefore, the power distribution within the organization determined the outcomes and the more influential groups turned towards conservative practices and the rejection of any new logic. This conditional dynamic suggests the chief contribution of cognitive hybridization to the persistence of hybrids, and more broadly, to the organization's ability to combine perspectives and deal with logics diversity while preserving cooperation and agreement.

We first refine the potential contributions of this research given the particular features of ABG and the state of the literature. Next, the research design, theoretical backgrounds and method are exposed. Then, we develop the empirical results and show how cognitive dynamics contribute to ABGs' enduring hybridity and on-going new hybridization.

1. THE CHALLENGE OF PLURALISM

Hybrid organizations are particularly exposed to conflicting logics since they embody diverse and, to some extent, contradicting institutional logics. Therefore, their ability to deal with logic pluralism appears as a key determinant to maintain hybridity and thus ensure their efficiency and survival. This challenge drives our research question: How can the various and sometimes contradicting logics of hybrids be maintained and reconciled in order to fulfil their purposes and secure their enduring efficiency?

1.1. HYBRIDITY AND LOGIC PLURALISM

In order to fund their social purpose, some organizations develop profitable commercial activities. Doing so, they become hybrids, that is: they combine the funding models and beneficiaries of social and commercial enterprises and comingle their forms, practices and beliefs (Galaskiewicz, Barringer, 2012). Actually, hybrid organizations embrace distinct organizational logics: implicit theories and heterogeneous practices as for what is legitimate, efficient and reasonable to do for an organization (Spicer, Sewell, 2010). They potentially combine social and economic goals (Battilana, Dorado, 2010). At the cross-road of several categories, hybrids address various audiences and stakeholders, mobilize diverse identities, and assemble heterogeneous legal forms and professional standards (Haverman, Rao, 2006; Galaskiewicz, Barringer, 2012). Additionally, divergent logics are supported within the organizations by specific sub-groups engaged in potentially asymmetric power relations; eventually, the power distribution determines the responses given to these tensions (Pache, Santos, 2010).

Therefore, hybrids must deal with a complexity amplified by the cognitive, identity, formal and practical diversity as well as by the political character of controversies. In precarious equilibrium, an organizational logic can eventually come to dominate the other, thus reducing the organizational hybridity. Or on the contrary, the development of intractable conflicts can threaten their efficiency and survival (Battilana, Dorado, 2010). When these conflicting logics prove to be incompatible and express within the core activity of the company, tensions mani-

fest at every levels and in the more mundane day-to-day situations (Besharov, Smith, 2014). Hence, a critical issue for hybrids is to deal with logic pluralism; in the short term, in order to run operations and make decisions without endangering the achievement of their multiple goals, and in the long term, so as to avoid mission drift and eventually, the loss of their hybrid character.

Furthermore, it may be assumed that when institutional complexity increases, existing social arrangements would be altered causing conflict skyrockets.

1.2. FOUNDATIONS OF PLURALISM MANAGEMENT

Clegg, Viera da Cunha and Pina e Cunha (2002) maintain that pluralist organizations are simultaneously exposed to centrifugal and centripetal forces ; the former, mainly of structural nature, cause the differentiation of perspectives whereas the latter, mostly based on informal basics, ensure their synthesis. Although spatial and temporal separation of opposing poles is often evoked (Poole, Van de Ven, 1989), this strategy appears unlikely to help hybrids to reconcile its contradictions since tensions use to express at the core of the organization (Galaskiewicz, Barringer, 2012). Therefore, the literature on paradoxes, hybrids, pluralism or institutional complexity suggests resorting to three categories of factors that potentially contribute to the reconciliation of contending perspectives.

First, organizational identities can help to bridge divergent logics, even to resist to external pressures and institutional complexity. Actually, a dual organizational identity that strikes a balance between the combined contradictory logics can sustain their coexistence under the condition of human resources malleability and an appropriate socialization (Battilana, Dorado, 2010). Similarly, dual organizational identities can coexist with sub-groups distinct identities; in reducing the inter-group relational bias, they encourage the collective settlement of problems and the search for acceptable solutions (Fiol, Pratt, O'Connor, 2009). Kraatz and Block (2008) evoke an extreme case of pluralistic identity. Drawing on Selznick's seminal works (1957), the authors suggest that pluralist organizations "may be able to forge durable *identities of their own* and to emerge as *institutions in their own right*". These institutionalized pluralist organizations would not only resist better to external pressures, but they would also become "the receptacle for the realization of multiples identities and purposes" (p. 252).

Second, cognitive proximities such as common references or implicit theories support both the establishment of chains of collaboration and the reaching of agreements (Michaud, Thoenig, 2009). Oliver (1991) showed how the legitimacy and efficiency attributed to external demands influence the response given. Jay (2013) describes how the resolution of service paradoxes in an evolving hybrid calls on micro-dynamics of sense-making, which help the discovery of cumulative rather than exclusive options. Dual organizations also need hybrid managers who can embrace the multiple logics of the organization and reduce the fault line between goals (Besharov, 2014). Actually, managers are considered as key contributors to paradox management; as sense-makers (Lewis, Andriopoulos, Smith, 2012) as well as paradoxical leaders (Lüscher, Lewis, 2008). In fact, authors converge on the necessity to accept paradoxes in order to combine heterogeneous and conflicting demands (Poole, Van de Ven, 1989; Smith, Lewis, 2011). More than persuasion, paradox acceptance and paradoxical questioning increase the likelihood of organization's settlement on a new contested institutional practice (Helms, Oliver, Webb, 2012). Likewise, cognitive proximities prove to facilitate the combination of existing and novel elements while minimizing the risks of resistance of social systems (Haverman, Rao, 2006).

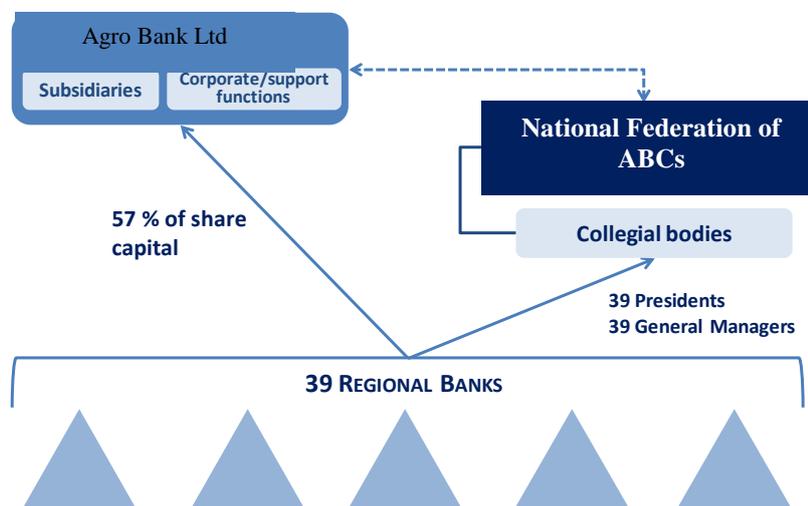
Organizational arrangements that define the rules of the game are the third category of enabling factors for pluralism management. Actually, two conditions help organizations at the crossroad of multiple institutional fields to limit the resulting tensions: a relative balance of the contradictory demands and cooperation between the carriers of contending logics (Kraatz, Block, 2008). Hybrids may resort to symbiotic compartmentalization (Battilana, Pache, Sengul, Model, 2013); an organizational arrangement that differentiates logics while it offers negotiation spaces in all operational and decision-making processes. The hiring and socialization of malleable human resources contributes to the acceptance of hybrid identities (Battilana, Dorado, 2010). Nevertheless, the response strategies to institutional pluralism are significantly mediated by the presence of receptive internal audiences and power distribution between the carriers of logics (Pache, Santos, 2010). The dependence of internal stakeholders towards external audience and the coercive power of the latter also explain the propensity of organizations to incorporate, comply to or reject new perspectives (Oliver, 1995).

It should be noted that researches interested in pluralism do not explicitly distinguish long-lasting from on-going logic contentions. More precisely, they mainly focus on recent hybrids or on-going hybridization processes, thus leaving relatively unexplored mature hybrids.

1.3. INSTITUTIONAL COMPLEXITY IN AGRO BANK GROUP

According to Galaskiewicz and Barringer (2012), Agro Bank Group forms a blended hybrid for this organization encompasses a mix of traits pertaining to both for-profit and not-for-profit organizations. Basically a federation of independent credit unions, ABG was created at the end of the 19th century to sustain the modernization of agriculture. The regional banks, - Agro Bank Cooperatives (ABCs) -, are owned by their client-members and governed by the administrators they democratically elect. From the origin, the ABCs were funded by a mix of membership shares, commercial activities and State grants. They gained their financial autonomy in the 60s and exited from the wards of the state in 1988. Nowadays, ABG is a generalist retail bank insurer that serves all segments of clientele through a network of 39 autonomous regional banks (figure 1).

Figure 1 – Structure of Agro Bank Group



In addition to the national retail banking activities, ABG operates in investment bank, international retail and all specialized businesses such as asset management, insurance, consumer services, leasing, real estate... The national retail banking and the specialized subsidiaries pertaining to it represent three-quarters of the total perimeter, namely about 120 000 people (out of 160 000).

In spite of major changes undergone by the company over the last decades, hybridity still characterizes the national retail banking. The regional banks, in charge of customer relationships and banking services, remain deeply embedded in the local socio-economic fabric. This proximity results from: the dense relational networks that the administrators (600 per bank) develop with local groups of interest, cooptation strategies of local actors, and the multiple connections that the management of the local banks maintains with notables. Societal logics such as local development, social dynamism and support to the vulnerable are predominant amongst the Mutualist representatives. On the contrary, economic priorities are advocated by the general managers of the regional banks and their teams. Appointed by the Presidents of ABCs, they are selected within the senior executives' corps. As members of this elite group, they draw their legitimacy and prestige partly from the outstanding results of their entity; in term of profitability, commercial development, or cost reduction. A status competition maintained all along their career encourages the corps' members to benchmark their performance and promote continuous improvement approaches. Then, at the local level, the duality of cooperative banking is embodied by two groups who take an active part in the governance of the bank: the elected members and the presidents of the ABCs, and the executives, members of the corps and general managers.

The local banks are fully autonomous organizations from a financial, operational and strategic point of view. The central structure of ABG, - Agro Bank Limited -, is entrusted with corporate functions and common specialized subsidiaries. It was publicly listed by the end of 2001. Currently, 57% of the capital is under the control of the cooperative regional banks, 6% is in the hand of employees and the 37% left subjected to financial market. The governance of the group is exercised by collegial bodies where the 39 presidents and general managers of the ABCs meet monthly to examine and make decisions on the proposals submitted by Agro Bank Limited. As a consequence, the head of ABG had gradually to deal with new and pressing demands coming from the financial banking field (analysts, investors, control bodies, regulators...) albeit formally deprived of hierarchical authority on the regional banks. AB Ltd.'s external growth carried out from 2003 to 2007 increased further the internal audience sympathet-

ic to external demands. During this period, the headcounts of AB Ltd. quadrupled and the central structure hosted waves of executives familiar with centralized and capitalist banking.²

It ensued that three logics were harbored in this hybrid organization. The societal sensitivity of mutualism had been preserved overtime by local embeddedness, the participation of elected-members (president, administrators) in all decision-making bodies as well as by their hierarchical authority over the ABCs' general managers. The in-house corporatism counterbalanced in the parity membership of the collegial governance the societal goals with business and commercial logics. Similarly, financial market's views were imported into the system by central structures, which, although enjoying neither decision-making power nor authority on ABCs, included new perspectives to the proposals submitted to collegial approval. This resulted in a considerable exacerbation of institutional complexity. In a great number of instances, the new financial market logic revealed antagonistic with the habits and beliefs of the cooperative bankers. Controversies and quarrels developed and exacerbated until the pick of the subprime crisis which threatened the unity of group.

This context provides us with rich opportunities for research on hybridity, institutional complexity and logic reconciliation. In this paper, we explore the social arrangements by which institutional complexity is handled in a mature hybrid as-well-as in a case of on-going hybridization, so that the plurality of the system is preserved and the logics reconciled. Doing so, we expect complementing current research on hybridity and institutional complexity, notably on three dimensions:

- (1) As aforementioned, mature hybrids have been relatively overlooked by recent works. Yet, their persistence as hybrid attests the efficiency of the solutions they have developed to deal with logic pluralism. Therefore, the observation of ABG should bring valuable knowledge about the organizational conditions for the preservation of pluralism and hybridity on the long run. In addition, we document the cultural effects of mature hybridity: how it has influenced the different levels of identities; how it has shaped normative arrangements; and its consequences on collective cognitions.
- (2) Hybridity, logic contentions and institutional complexity are generally conceived as a dual phenomenon that assembles contradictory logics. Greenwood and als (2011) re-

² In 2000, the central structure amounted to 20 000 people. By the end of 2009, Agro Bank Limited had about 80000 employees.

gretted the restrictive character of duality and incompatibility assumptions as regard institutional complexity. Agro Bank Group offers the opportunity to explore a case in which three predominant logics more or less compatible coexist, thus increasing institutional complexity.

- (3) Finally, ABG is also undergoing a new hybridization in the wake of the public listing of the central level. However, the structural characteristics and governance of the group had remained unchanged. All things being equal, the differential effects of the sequential changes (public listing, mergers and acquisitions) appear more distinctly. In particular, we can appreciate the disruptive consequences of the incorporation of newcomers infused with beliefs incompatible with preexisting conceptions. We can also grasp the social system's responses and how they affect the pluralist and hybrid properties of the company.

2. RESEARCH DESIGN AND METHOD

This longitudinal study covers the national retail banking of ABG from early 2000 to the end of 2010. It unveils, at the organizational level, the conditions of the enduring coexistence of heterogeneous logics in a gigantic hybrid exposed to a growing institutional complexity.

2.1. EPISTEMOLOGICAL FOUNDATIONS

We construe organization as political systems composed of subgroups that commit to specific values, goals, and interests and rely on symbolic systems to make-sense of circumstances and define their action (Selznick, 1949; March, 1962; Crozier, Friedberg, 1977; Weick, 1995). Like Dorado (2005), we consider three forms of agency: routines, sense-making and strategies. In the tradition of interpretive studies, we give priority to the understanding of individual and collective behavior and their underlying logics.

In line with grounded theory (Glaser, Strauss, 1967), we first privileged empirical data, open coding and iterations with literature so as to gradually build and further analytical hypothesis. As prior researches on hybridity and logic pluralism had pointed out the variety of potential basis for logic combination, we were open to the mobilization of whichever theory that could usefully contribute to the understanding of Agro Bank's management of pluralism. The field observations led us to consider (1) collective and organizational identities (Tajfel, 1981; Albert, Whetten, 1985; Alvesson, Robertson, 2006), (2) practices, decision-making, power bal-

ance and social networks (Crozier, Friedberg, 1977; Lazega, 2001), (3) normative contents and social control (Schachter, 1950), (4) as well as collective and organizational cognitions (Weick, 1995; Eden, Spender, 1998; Michaud, Thoenig, 2009). However, we explored these notions only when and where they were relevant. In other words, as the social arrangements varied in nature according to the parts of the ABG, action theories and in-depth exploration as well.

2.2. MULTI-DESIGN

In-depth qualitative methods are privileged for they are particularly appropriate to grasp and account for individual and collective dynamics, behaviors and interpretations. Taking advantage of my position as an executive in Agro Bank Limited, I opted for a multi-design approach that combined participant observation with semi-structured interviews and document analysis. Actually, as a director in charge of projects³ designed for the retail regional banks, I had been located at the cross-road of the different structures of the retail banking of ABG; the ABCs, the National Federation, the corporate functions of AB Limited and the subsidiaries reporting to AB Ltd. From 2000 to 2007, I was immersed in the multiple spaces of negotiation and decision-making so as to get the approval of the majority shareholders. Therefore, I enjoyed personal experience as well as documentation and notes on a great number of projects; some of them particularly controversial. In 2008, I started a doctoral research and took a sabbatical leave in order to start the field exploration of a regional banks and its cooperative functioning which I was utterly unfamiliar with. I interviewed 26 people (bankers and administrators) in an ABC considered as representative of the average profile of regional bank. Then in 2009, I came back in the international retail division so as to maintain a distance with my research field. This year was devoted to analyzing the domain I had no personal experience of, such as risks, accounting and finance, strategy division, permanent control and the general inspection of the group. I also furthered two projects epitomizing the consequences of the institutional complexity and subsequent contending logics of the bank: the permanent control project and the industrial project. Then I compared them to projects of a similar nature which had succeeded to make a consensus where the previous had failed. Lastly, in 2010, I completed my field work and wrote down monographs based on the exploitation of my personal experiences,

³ These projects were related to marketing and retail, new technologies, and industrialization.

interviews done in the context of my job, personal notes and documents. Then, I undertook interviews in regional banks, federation, central structures and subsidiaries so as to test and further my own analysis in the domain of marketing and distribution, ITs and industrialization. In addition, I analyzed 8 years of the minutes of collegial bodies in order to track the evolution of perceptions and arguments on the more sensitive issues.

All in all, I did more than 100 semi-structured interviews at different levels of the organization (appendix 1): regional ABCs, federal collegial bodies, Agro Bank Limited's central structures and subsidiaries. The sample comprises actors who belong to different categories and hierarchical levels: administrators and presidents (10), senior-executives (34), and executives from ABCs and Agro Bank Limited (51), including newcomers previously socialized in centralized capitalist banks (15).

The interviewees were invited to describe their work situation and relationships, the problems they had to deal with and solutions mobilized, and how they experienced some specific projects, amongst which emblematic controversies. These made more salient the enabling conditions or obstacles to agreement and cooperation. Conflicting issues were scrutinized at different organizational levels and periods of time; we compared their respective scenario, characteristics and management in relation with their (un)fortunate outcomes. We also investigated their biography within and outside Agro Bank Group.

2.3. THE MATERIAL ANALYSIS

As aforesaid, different kind of analysis were made depending on the empirical observations. Therefore, whenever relevant and only when it was salient, we reconstituted: (1) actor's logics and choices, (2) sub-groups' identities or organizational identities, (3) norms shared by specific subgroups, and (4) sub-groups' cognitive frames, that is : their guiding principles, implicit theories and references. Organizational logics were inferred from sub-groups cognitive frames.

The method called strategic analysis of organizations (Crozier, Friedberg, 1977) supported the actors' logic and agency identification. It builds on Simon's bounded rationality and consists in detecting from discourses and repeated practices individuals' preferences and strategic choices partly shaped by the resources and constraints provided by their relational, organizational and actual context. As regards organizational identities, we relied on the elements of discourses that evoked the central, enduring and distinctive characters of the organization (Al-

bert, Whetten, 1985). As for sub-groups identities, we drew on Tajfel and Turner's theory of social identity to reconstitute the collective identities; notably the sense of belonging to a group, its distinctiveness and processes of categorization. Due to the mostly implicit character of norms, violations, signs of social pressure and strong emotions formed the predominant pointer. However, we also tested people's acceptance limits when practices apparently specific to a subgroup implied such implicit rules; that is testing with the interviewees other behavioral options so that they explicit what's suitable or not in such circumstances and why.

At last, we did manually an open coding of discourses to access actor's cognitive frames. Precisely, we retained motives and explanations given when making sense from actual situations and practices, and on the contrary, we excluded pure rhetoric with no practical entailment. We were particularly interested in guiding principles, implicit theories for action and references. Guiding principles (Boltanski, Thevenot, xxx) refer to general concepts that define a fair and desirable order and are infused of symbolic, political and moral meanings. Implicit theories for action or paradigms (Michaud, Thoenig, 2009) provide individuals with explanatory theories and causal relations regarding, for instance, the way to run business, to get efficiency or expected behavior in different contexts. References are criteria used to gauge and appraise situations. They derive from implicit theories and define legitimate arguments (Michaud, Thoenig, 2009).

Therefore, qualitative materials were subjected to complementary analysis. Additionally, the longitudinal design enabled us to trace for some critical issues the evolution of discourses, arguments, choices and implicit theories; thus helping to perceive the causal relations between specific events or social context, behavior and perceptions.

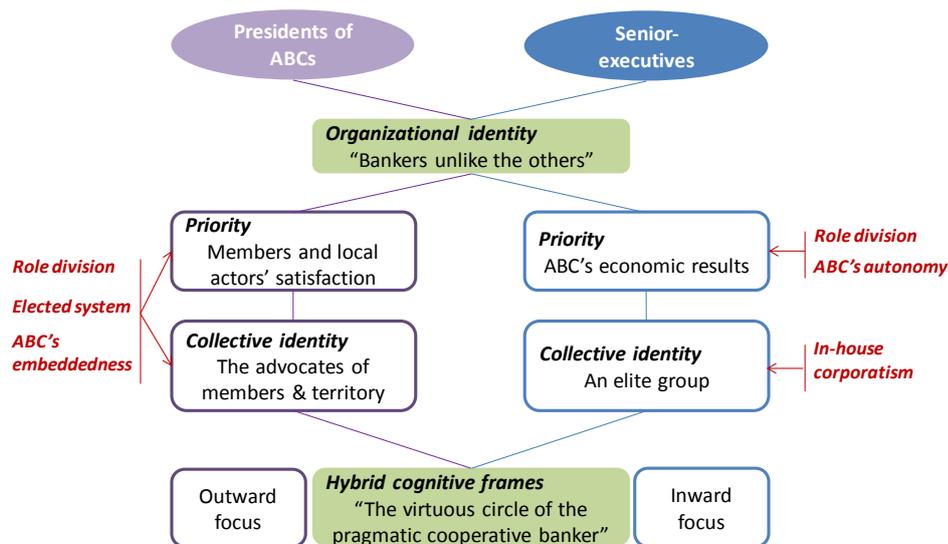
3. RESULTS

The paper presents the foundations and social processes by which carriers of contending logics achieve (or fail) to reach a settlement when facing controversies. First, we address the mature hybridization of ABCs; this ensures the coexistence of the societal purposes of mutualism with the profit priorities of commercial bank. Then, we analyze the conditions enabling the incorporation of capitalist views within the Mutualist banking of ABG.

3.1. LOCAL HYBRIDIZATION OF THE MUTUALIST BANKING

The hybridization of the long-standing cooperative bank manifests through the cultural features of the two sub-groups decisive for decision-making in ABCs: the administrators / presidents of ABCs, and their senior executives. In figure 2 appear the cultural constructs which bring to varying extents values, preferences, thoughts and practices of both cooperative and business logics closer. It indicates that ABC's hybridization performs through three sociological dynamics: (1) shared organizational identity, (2) priorities and identities specific to each group, and (3) a hybrid cognitive frame which presents little variations between sub-groups. Yet, although sharing organizational identity and cognitive contents, each group emphasizes precise elements of cooperative duality and shows proper preferences and identities. These loose-couplings create subsequently many spaces for discrepancies.

Figure 2 – The hybridization of the Mutualist bank at the sub-group level



To better comprehend the respective roles of these cultural elements in hybridity management, we first describe the specificities of the governance of ABCs.

3.1.1. The Mutualist institutions of ABCs

Each ABC is composed of about 40 local credit unions which hold a part of its capital and business. These local credit unions are owned by customers; the members, who, according to the principle of “one man one vote”, hold one voting right regardless of the number of their membership shares. A local credit union has its own balance sheet and regroupes between 3 and 4 branches. Each local fund is governed by a board of 15 administrators chosen amongst

the members and elected democratically by them. Traditionally, ABCs deeply embed their local boards into the socio-economic fabric of the districts. They literally mesh their territory and crisscross the civil society with representatives elected in every villages, in every social and professional category, and from all institutions that matter. As an example, the administrators are generally multi-statutory agents having local responsibilities in communities, professional unions, public institutions and associations. Further, this embeddedness is symmetric since a reverse movement of cooptation exists, which places the ABCs' elected members and executives in a range of local institutions such as cluster boards, not-for-profit associations or groups of interests.

The 40 local credit unions and their Mutualist representatives take part to the strategic decisions of the regional ABC in three ways. Every year, they attend to the general meeting of members where they elect the board of the regional ABC, validate the accounts and vote for the regional ABC's strategic orientations. When important decisions are made at the level of the group, such as an acquisition or a capital increase of Agro Bank Ltd, additional consultations are organized. Likewise, administrators from the local credit unions take part to various thematic consultative and decisional bodies at the regional level.

The governance of the regional ABC replicates the local credit unions' system. On yearly basis, local boards of administrators elect the members of the regional ABC's board, who in turn chose amongst them the President of the regional ABC. Legally, the President of the board represents the higher hierarchical level of the credit union. He appoints a professional banker as General Manager to lead the company and dismisses him in case of profound disagreement. This board of administrators makes the strategic decisions of ABCs, controls the operations and discusses the important operational orientations. In addition, thematic committees⁴ enable the consultation of elected members and help to establish common views between professional bankers and elected members on the most critical issues.

3.1.2. ABC's shared organizational identity: "bankers unlike the others"

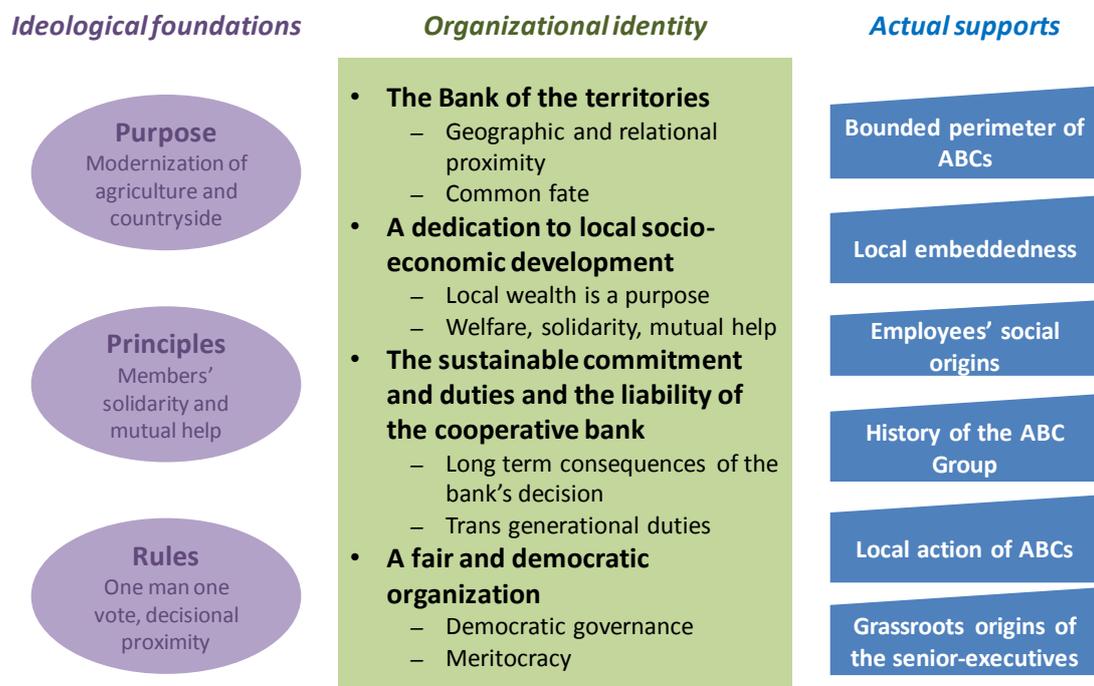
When describing the ABCs' specificities, both elected members and employees underline their differences with a disembodied and sheer mercantile commercial banking. They portray the ABCs' organizational identity through four central, enduring and distinguishing characteristics (figure 3): (1) embeddedness in the territories, (2) contribution to the economic wealth

⁴ Credit committees, risks committees, marketing committees...

and social welfare of local inhabitants and businesses, (3) long-term commitment and responsibility vis-à-vis clients and local actors, (4) fairness and equality of human resources management and decision making processes.

These identity contents not only derive from an ethical imprinting of the origins of ABC, but also correspond to practical evidences demonstrated in the recent history and current functioning. Therefore ABCs' organizational identity offers a continuum between ideology and practices which reinforces the self-assessment of the administrators, the employees of ABCs and the senior-executives as well.

Figure 3 – The CED facets of cooperative banker's identity⁵



(1) Territories appear as the central element around which ABCs' identity revolves. In fact, the credit unions' embeddedness, their non-centralization and their local roots provide both ideological and practical content to this territorialism. One structural element finishes inter-meshing the local socio-economic fabric with the banks' destiny: the bounded perimeter of each ABC. Actually, compared to commercial national competitors, no ABC can select its development field and abandon the declining areas to focus on those with the higher potential. Geographically bounded, ABCs only harvest nearby, thus becoming totally dependent of the

⁵ Appendix 2 – the common organizational identity of regional ABCs: content and examples

local wealth. This is so true that crisis affecting the regional industrial sectors immediately reflect in the balance sheets of the ABCs.

(2) Therefore, the dedication to the local socio-economic development is supported as much by ideological foundations than by contextual necessities. This focus on local development goes beyond the sheer banking activity of the ABCs. Of course, they use systematically their thick relational network to identify business opportunities and be part of all interesting calls for bid. But more interestingly, the ABCs take proactive initiatives to consolidate fragile economic sector, substituting their action to public policies or stimulating public investments. They bring financial support to professions temporarily endangered when necessary. ABCs create business funds to provide soft loans for young entrepreneurs and sometimes grant prizes to remarkably innovative initiatives. The elected members may go a step further in directly intervening in the management of the professional clients' business, pushing them to improve or restructure their activity as a condition for maintaining the lines of credit. As regard to individual customers, many ABCs have created specific social funds to help individuals to overcome momentary financial difficulties due to an accident, a divorce or the passing-away of a spouse. Support can also be provided to individuals in dire straits to help them to redress their accounts, better manage their money and obtain subsidies from the state.

(3) These atypical banking practices are infused with moral conceptions of the bank and go along with long-term commitments. ABCs feel accountable for future generations; they have inherited a social tool they must enhance and transmit in better conditions to their successors. Indeed, people in ABCs define themselves as "bankers unlike the others". They feel morally engaged by their decisions regarding clients. Granting a loan creates more than a debt, it gives the banker moral duties. A cooperative banker should not prioritize short term benefit at the expense of the long term customers' interests. Therefore, they use to refuse a loan if they deem it will create an excessive burden for the client. This moral attitude regarding banking explains why, in spite of its leader position on the national market, the ABC Group has poorly performed in selling revolving loans with higher interest rates and potential over indebtedness consequences. It is noteworthy that the cooperative systems are sheltered from shareholders demands for short term profitability and dividends maximization. Instead, they encourage long-term engagement, moderate risk-taking and the accumulation of reserved capital for the future generation (Richez-Battesti, Gianfaldoni, 2007).

(4) Ethic also pervades the functioning of the bank. The ABCs have remained as popular as they were at the onset. Whereas their national competitors generally hire their executives among the most renowned universities and affluent social classes, the ABC group has preserved meritocratic and equalitarian approaches which allow ambitious committed employees to expect a brilliant career path in spite of their modest social origins and non-prestigious diplomas. Farmers', workers' and employees' descendants compose the ABCs current staff and the senior-executives at the highest positions got there thanks to the in-house corporatist system. Likewise, equalitarianism mirrors in the democratic governance inherited from the Mutualist principles. As a consequence, fairness impregnates the managerial ethic officially proclaimed.

3.1.3. Sub-groups' preferences and identities embody the duality of the bank

Nonetheless, this shared organizational identity does not preclude the diversity of logics between elected members and professional bankers as well as the distinctness of senior-executives' and presidents' identities. Actually, the context of action in which each category situates differs to the point of influencing significantly their inclinations. For instance, the senior-executives are entrusted with the operational management of the bank. They pertain to the senior-executive corps which socialization process shapes strong elite identities along with a status competition notably based on performance criteria. In a group made of a constellation of autonomous companies, this encourages the senior-executive to put emphasis on business results: financial ratios, profit, commercial development, or productivity. Indeed, the division of roles combined with the in-house corporatism and the stand-alone jurisdictional status of ABCs foster the diffusion of business logics within the cooperative bank.

The reverse phenomenon is observable for the ABCs' Presidents. As elected representatives of the members, they tend to prioritize clients' demands. This sensitivity increases with the symmetric embeddedness of the credit unions in the socio-economic fabric of their territory. As mentioned above, Presidents are multi-statutory actors holding a set of responsibilities in the civil society. Therefore, they define themselves as advocates of members, of the group of interests they belong to and of the socio-economic territory they represent. Here again, structural elements shape Presidents in a similar way whatever the ABC.

As a consequence, discrepancies as for the bank's policy frequently oppose elected members to professional bankers. For instance, administrators prefer an equalitarian interest rate policy

to favor low-income customers whereas professional bankers pamper more profitable affluent customers so as to retain them. To increase competitiveness, the general management of ABCs would propose branch closures while, on the contrary, the elected members advocate the branch network density in order to protect rural dynamism. Likewise, to speed up the loans procedures, bankers use to increase the power delegation to the branches at the expense of the credit committees⁶ where the elected members chair. In other words, profitability motives inspire bankers' proposals whereas ethic and social perspectives are safeguarded by the administrators and presidents of ABCs.

These specificities regularly transform into bipolar confrontations. However, interdependent relations tie both categories together: following cooperative rules, the final jurisdiction belongs to the elected members. Reciprocally, banking expertise, full-time dedication and the social capital of senior-executives bestow the latter useful resources to negotiate with their Presidents. It results that presidents and general managers cannot succeed through confrontational relationships.

3.1.4. The cognitive dynamic of local hybridization

Indeed, the in-depth analysis of the cognitive frames of the two groups of decision-makers reveals an idiosyncratic cognitive hybridization of logics, perceptible from the onset of ABC's history and accentuated over more than a century of cooperation. Table 1 presents the decision-makers' views regarding the purposes of the bank and the proper way to drive operations around three concepts: (1) the superior principles interviewees referred to when they explained situations and choices, (2) their implicit theories about the way things work and/or should work, (3) and the relevant criteria they considered when assessing a situation or making a decision.

Three key results must be underlined. Firstly, the Presidents and senior-executives agree on every tenet. For them, six superior principles drive the missions of the bank, the relationships as well as efficient operations: solidarity, accountability, reciprocity, proximity, moderation and profitability. Secondly, the differences notably apply to the practical consequences of these principals. In particular, the Presidents feel more sympathy for strategic views, ethic and

⁶ The credit committee forms the core institutional legacy of the founders of ABC. Composed of administrators, it decides on the granting of the more risky loans; the credits for farmers, professionals and SMEs as well as the more complex and risky credits for individuals.

external relationships; they consequently emphasize implicit theories of that kind. On the contrary, senior-executives are much more concerned by internal issues and operational recipes. They share with the President the general considerations related to the missions of the bank, the superiority of democratic processes, the virtues of accountability and proximity, or the pragmatic approaches and criteria of moderation. But they would prioritize business, management and relational contingencies on customers.

Table 1 – Cognitive frames of ABCs’ decision-makers

Principles	Implicit theories	Relevant criteria	Advocates
Solidarity	The banker contributes to social welfare	Social impact	● ●
	Democracy outperforms other modes of decision	Debates, consensus	● ●
	The virtuous circle of the banker	Profitability	●
Accountability	The banker must contribute to local development	Local economy	● ●
	Autonomy is a precondition for efficiency	Autonomy, entrepreneurship	● ●
	Meritocratic HR management	Merit, results	●
Reciprocity	Fair relations between ABC and clients	Fairness	● ●
	Fair relations between ABC and employees	Fairness	● ●
	Loyalty and mutual help between AB Group’s entities	Common interests, good relationships	● ●
Proximity	A wealthy territory makes a wealthy ABC	Local economy	● ●
	Proximity with clients secures efficiency	Autonomy, diversity, bottom-up dynamic	● ●
Moderation	Good solutions are those who work	Results	● ●
	Diversity benefits to the collectivity	Best-practices	● ●
	Pragmatism	Simple, manageable	● ●
	Prefer robust solutions & results	Regularity, wariness	● ●
Profitability ●	Continuous search for improvement	Improvement plans	● ●
	Use the same arms as competitors	Market intelligence	● ●
	Critical size, growth	Profit, productivity	● ●

Legend ● Presidents ● Senior-executives

Lastly, although profitability is incorporated as a leading principle by everyone, it obviously doesn’t enjoy the same status for senior-executives and presidents. Whereas the former base their action on and theorize around profitability, the latter only validate it as a precondition for the non-utilitarian vocation of the cooperative bank. In other words, chief goal for the senior-executives, profitability remains a mean for the presidents. This is particularly explicit in the following quotation where a President explains the “banker’s virtuous circle” theory:

The money we never recover must be paid by those who reimburse their loan. It causes an increase of the credit rates for those who pay. Necessarily! Imagine that tomorrow, ABC institute a “non-repayment” right, who would be stupid enough not to subscribe? We would find guys in lines waiting for their turn! This is not possible. So we try to recover the money

in the most human and reasonable ways. To a certain extent, ABC could be reproached, not to be too brutal but not to be enough. Our behavior cannot be compared to the other banking actors. We try to temper, we always give a chance until the day we see they're no more things to do... Then, this is very tricky too. Because the guy is convinced he will recover, he struggles for he believes that we don't lend him enough money but when he has dig his own grave, he shouts at us because we lent him too much! (A president, figure of ABC's mutualism)

Beyond this simple logic, the bankers' virtuous circle theory refers to the solidarity principles in the mind of the elected members. It clearly bridges the conceptions of the presidents and the senior-executives, and brings a rationale to the profitability requirements. On the reverse side, one can find an equivalent cognitive gateway helping the senior-executives to theorize and rationalize the focus on local development promoted by the administrators; this is the "wealthy territory makes a wealthy ABC" rule. The equivalence established between the two terms of the equation gives sense to the Mutualist ethic and significantly help professional bankers to balance performance criteria; long-term versus short-term, external socio-economic concerns versus self-centered economic performance. We call this mechanism "gateways theories" because they consist of symmetric reasoning which include a presumably antagonist goal as a condition for the achievement of another priority; in other words, gateways theories address paradoxes by linking the two supposed antagonist poles together. In cooperative banking, these symmetric reasoning were specifically used to deal with the tensions between social goals and profitability.

Hence, in spite of their clear-cut preferences, decision-makers manage tensions and reach agreements thanks to this cognitive hybridization. More specifically, they achieve to recreate consistencies between the contending logics under the condition of either mobilizing compatible argumentations (references, theories), or using gateways theories. The outcomes vary depending on the circumstances and the sensitivity of the issues at stakes, subsequently leading to compromises, to either/or choices, or to pluralist agreements. Eventually, this cognitive hybridization increases the compatibility of the vocation of the cooperative bank with the economic rationales of the banking sectors and incorporates them both in the set of legitimate arguments without suppressing the plurality of concerns. As a consequence, the banking philosophy of ABCs can be labeled as "unlike the others", jeopardizing neither the economic viabil-

ity of the company nor the core missions of the cooperative banks. Therefore, we conclude that the mature hybrids ABCs have maintained their duality over time by the means of a cognitive hybridization combined with the decoupled preferences and identities of the carriers of divergent logics.

3.2. THE CONDITIONS FOR CAPITALIST INCLUSIONS WITHIN COOPERATIVE BANKING

Tensions between the collegial world and the central structure of ABG have existed long before it was publicly listed. It seemed that the central level of ABG used to compensate his lack of authority by positioning on innovation and endlessly pushing for the adoption of novel approaches. Therefore, from within, the public-listing made no visible difference during three years. The relationships between ABG's layers remained unchanged, following the same repeated cycles of tensions-negotiations-settlement, in the same climate of cooperation and confidence as usual. By contrast, the merger in 2004 of Agro Bank Ltd with a recently acquired bank represented a quantum shift. Suddenly, the central entity multiplied his headcount by four. It incorporated a tremendous number of executives who were foreign to the collegial decision-making and inverted pyramid of ABG as well as utterly unaware of the uncommon beliefs, values and practices of the cooperative banking. Very rapidly, relationships between Agro Bank Ltd and his majority shareholders deteriorated. After three years of growing infightings, the regional banks partly overthrew the central management, refocused the strategic priorities of Agro Bank Ltd and restored the previous modes of relation. Before furthering the significance of this rough dispute, we present the relational model that previously regulated the relationships between the two layers.

3.2.1. The negotiated hybridization of Agro Bank Group

Since 1988, the shape of an inverted-pyramid has posed several tough challenges to the central layer, causing structural tensions with the ABCs. (1) Although deprived of hierarchical authority on ABCs, Agro Bank Ltd is conceived by regulators and control organs as the guarantor of the legal compliance of the group. By extension, the banking field's agents expect the central functions of Agro Bank to exert a control on the regional entities and to enforce standardized monitoring; all top-down approaches both flatly refused by the majority shareholders. (2) Besides, the ABCs' diversity complicates significantly central action. For example, national teams entrusted of providing support to regional credit unions must deal with a variety

of information systems, of product offerings and pricing, of strategies and processes. They are naturally keen to push uniform solutions that trigger tenacious resistance from ABCs. (3) Likewise, the head of Agro Bank suffers from a double frustrating dependency. First of all, the strategic decisions and projects pertaining to the national retail banking are subjected to mandatory collegial agreement. Moreover, the national subsidiaries feel captive of ABCs since, with a few exceptions, their business rest mainly upon ABCs' will to sell their product through their commercial network. (4) The location of power at the federal layer influences the nature of central legitimacy. Instead of espousing an overarching standpoint, the central divisions conceive themselves as agents of innovation. They endeavor to introduce and promote all changes they deem strategically necessary, at the risk of troubling ABCs' beliefs and provoking a rise of tensions. By the way, it must be acknowledged that the main strategic turns have been pushed from the central layer; customer segmentations, internet banking, diversifications... (5) On top of that, central and local actors regularly disagree about the just commissioning and result sharing. (6) Lastly, the listing of the central level has accentuated many of these structural sources of disagreements; notably through increased pressures for standardization, centralization and the compliance to more capitalistic practices and business models.

Obviously, the reasons to oppose abound! Hence, during the entire period of observation, conflicting bursts regularly occurred between the two layers. Surprisingly, most of the tensions took the form of ritual role plays, of predictable negotiation scripts. Events unfolded following trials-and-errors processes during which actors were confronting their visions in the democratic game, until common grounds got defined by the protagonists. In other words, since tensions were intrinsic to the system and regarded as such by both local and central partners, they didn't endanger the close relationships between the Ltd.'s and ABCs' teams. But for these frictions to remain constructive, central people had to play by the rules.

Therefore, central teams used to create and maintain stable cooperation with the regional ABCs which specificities were threefold: (1) the central executives complied with the collegial rules of the game and involved the regional banks in their projects from the first stages. This early consultation pre-empted the detection of the problems that otherwise would have delayed the decision if not definitely ruined the project's prospect. In playing the game of col-

legial decision-making, the central teams were led to alter their proposals so as to incorporate ABCs' preferences. (2) They rejected the guiding and top-down attitudes typical of central structures, to prefer the humble posture of service provider. Therefore, they were doing their best to satisfy the regional banks demands, providing commercial and operational support, product customization, benchmarks, competitive intelligence, and market studies. (3) Lastly, they developed their own social networks in the collegial world to obtain privileges such as information, commercial priority, or support in the collegial bodies. In other words, socialized central teams had developed a specific know-how fitted to the power conditions that presented the necessary flexibility to consider the objections and incorporate the successive changes that inevitably occurred in the course of the project.

Actually, be a central organ with none of the central jurisdiction and legitimacy often caused great disappointment to new hires. This unusual attitude for a head office required a long and painful socialization, during which central teams learned the idiosyncratic way of preparing their project, organizing participation, presenting the arguments, negotiating acceptable scenario and eventually gaining consensus.

“Our job is to foster innovation and adaptation, to call into question our habits. We challenge, we create the required perturbations before a change...” (An executive, marketing, Agro Bank Ltd)

“You only have to blame yourself if you miss an important issue for the regional bank. Sometimes, you get the solution in a restaurant. It's not bad! Actually, I learnt to always show my proposals to a deputy General Manager (of ABC) before presenting them to the federal committees. He would see the divisive issues and he would correct my project.” (A manager, subsidiary of Agro Bank Ltd)

3.2.2. How to maintain constructive frictions between diverse banking models?

A straightforward consequence of the massive inclusion of non-socialized executives in the system was the disruption of the negotiation model between Agro Bank Limited and the ABCs. Actually, the national projects started to promote objectives and to follow corridors considered as unacceptable by the decision-makers. Disoriented by the functioning of ABG, the newcomers questioned the professionalism of Agro Bank; by ignorance, democratic and participative rules of the game were violated; central structures pushed centralized and stand-

ardized options colliding with the tradition of the group; the teams advocated their position on the basis of theories considered as groundless by the regional banks.

The social dynamics involved in these conflicts were difficult to perceive in the course of events. One was tempted to interpret them in terms of power struggle, ignoring their cultural nature. Yet, a closer examination revealed deep identity conflicts (Fiol, Pratt, O'Connor, 2009) and moreover, a harsh confrontation of incompatible visions of the world (see table 2). To unveil these phenomena, we compared the characteristics of projects conducted by teams socialized in the democratic ABG versus non-socialized, we contrasted the cognitive frames of the two populations, and we interviewed decision-makers of regional banks.

It appeared that whatever their origin, all central executives shared a same capitalist view of the relevant missions and strategy of retail banking. Likewise, none of them identified to mutualism they were generally ignorant of. To a certain extent, Agro Bank Ltd and ABCs had developed two sharply distinct views of the business and of themselves. However, the socialized central executives had learned the proper way of gaining the support of the decision-makers. They had acquired a know-how specific to democracy and ABG's inverted pyramid. As a consequence, they were able to navigate within heterarchy⁷, to make the best of social networks and to take advantage of the collegiality. On the other hand, their continuous exposure to democratic debates had taught them the relevant rational for securing decision-making. In fact, they used to think strategy like capitalists but framed their proposals and ran the operations like cooperative bankers. In other words, without sharing any Mutualist ethical principles, they had cognitively integrated the proper ways of doing things so as to become cognitive hybrids either. Said differently, central teams used to think about strategy as financial analysts but conceived action and efficiency in the way of Regional Banks, privileging: pragmatism, experimentation, incremental approaches, benchmarks, the co-construction of the goals and solutions, adjustments and opportunism, negotiation, and the use of social networks.

By contrast, the newcomers proved to be unable to navigate within these unfamiliar styles of governance and project management. Contrary to their socialized colleagues, they wrongly conflated all shareholders into a same category: the financial market, assuming that the in-

⁷ Heterarchy defines systems where power distribution is distributed, decision-making is democratic and coordination is lateral, contextual, and based on negotiations between distinct groups of experts. (Heldlung, 1994).

crease of shareholder value would have the same meaning for the majority shareholder as for institutional investors.

Table 2 – comparison of the operational implicit theories of central executives depending on their prior socialization

SOCIALIZED IN DEMOCRACY OF CONCORDANCE	SOCIALIZED IN HIERARCHICAL ORGANIZATION
CENTRAL STRUCTURE'S ROLE	
A maieutic function	A sovereign role guarantor of the unity
<ul style="list-style-type: none"> ▪ Impetus: encourage new thinking, prompt attention on strategic issues ▪ Help the ABCs to form their opinion: inform, raise awareness, stimulate debates ▪ Coordinate : create connections, go-between 	<ul style="list-style-type: none"> ▪ Centralized management: hierarchy, control , unity ▪ Coordination: one goal, discipline
DECISION-MAKING PROCESSES	
Diffuse and disincarnate decision-making	One single authority
<ul style="list-style-type: none"> ▪ Participation: extensive, direct and indirect, diversification of the spheres of influence ▪ Time scale : long, enabling maturation ▪ Relational dimensions: decisive 	<ul style="list-style-type: none"> ▪ Committees and hierarchy define participation ▪ Hierarchical final arbitration
Iterative and adaptive processes	One single process
<ul style="list-style-type: none"> ▪ Debates, lobbying, negotiation, consensus ▪ Repeated iterations ▪ Decisions long to arise but cohesive views 	<ul style="list-style-type: none"> ▪ A rational , formalized, planned and standardized process for decision making ▪ Clarity, predictability, rapidity
WORKING METHODS	
Taylor-made and opportunistic approaches	Rational and formalized
<ul style="list-style-type: none"> ▪ Stable participative principles but contributors and processes variable ▪ Empowerment, initiative, opportunism, entrepreneurial ▪ Networking, personal relationships 	<ul style="list-style-type: none"> ▪ Logical thought: study, solution, action plan, means/ends alignment ▪ High proficiency in project management, standardized methods ▪ Arbitration through committees and hierarchy
THE IDEAL FIRM	
The perfect company is illusory	The liberal bureaucracy
<ul style="list-style-type: none"> ▪ Pros and cons for every model ▪ One must adapt to circumstances ▪ Sources of efficiency: contingent, not general theory 	<ul style="list-style-type: none"> ▪ The global capitalist company ; international culture, world competition ▪ A powerful unified, organized and consistent group ▪ Sources of efficiency: the relevance of strategy, organizational alignment , industrialization.

Therefore, they defined the strategic goals and their justification in reference to the analysts. Additionally, the massive inclusion of executives unfamiliar to the functioning of Agro Bank's democracy also challenged the criteria of legitimacy of the group. Socialized in centralized capitalist banks, the newcomers were unable to make sense of the habits regarding decision-making and project management. They wrongly interpreted the adaptive undefined

working manners and the repeated iterations getting to consensus as evidences of conflicts and serious dysfunctions. Therefore, convinced of the rightness of their judgment, they unsuccessfully attempted to rationalize the central functions and to reinforce their authority, thus threatening the political equilibrium of Agro Bank Group. In line with their prior experiences, the newcomers conveyed a set of beliefs closer to what is generally referred to as the bureaucratic perspective of organization. These conceptions reflected their habit of working in a hierarchical and procedural system. Thus, they construed the central structure as a sovereign organization which was ensuring the disciplined unity of its members behind a same strategic goal. Perfect decision-making had to rely on a single embodied authority and a standardized process deemed to increase agility while reducing uncertainty. In the same vein, working methods conformed to the best-practices of consultancies; they praised rational thought and approaches, proficient project management, standardized procedures and the support of committee and hierarchy for arbitrations. Finally, the perfect banking institution was expected to show the attributes of the liberal global bureaucracy, which the relevant battle field was the world, the culture had to be international, the supremacy a function of strategic unity, and efficiency a consequence of a relevant strategy, alignment and economies of scales.

The cognitive gaps between the worlds caused repeated blunders during the post-merger period. Newcomers' behavior and discourses were perceived by majority shareholders as evidences of contempt, arrogance and disregard. As a consequence, all the national projects designed upon these bases had to face fierce resistance from the decision-makers before being abandoned or entrusted to federal teams or executives socialized in ABG world. The latter succeeded in promoting changes whereas their non-socialized peers failed, simply in playing according to the rule (participation, networking, adaptation) and in using the appropriate language. In this endeavor, profitability and quality of service references acted as linking concepts which helped to reconcile the somehow irreconcilable logics of capitalist and cooperative banking.

The comparison of fortunate / unfortunate projects during the period shows the invaluable benefits brought to the whole system by the cognitive hybridity of the central executives. First, hybrid thinking considerably helped the cooperation with the Regional Banks, providing fitted corridors for action. In fact, the use of methods and references deemed legitimate by the decision makers appears as a chief condition for the approval of proposals as well as for a success-

ful implementation of the national projects. The hybrid thinking also introduced heretic ideas into the company; the variety of paradigms regarding the state of the world and the future of the bank required for adaptation. Indeed, central insights often contradicted the consensual views of the Regional Banks, and thus, created creative conflicts. In this respect, the longitudinal study underlines that most of the changes and innovations in Agro Bank Group as well as cognitive evolution of cooperative bankers always followed cycles of fruitful confrontations between the central management and the collegial system: the public listing of Agro Bank Limited, market segmentation, affluent customer base and private bank development, new technologies, the consideration of structural liquidity changes...

CONCLUSION

The ABG's hybridity manifests in two ways. First, the regional banks show a mature and institutionalized hybridity which blends forms, audiences and references of both commercial and cooperative banking. This hybridity expresses into a dual organizational identity and close cognitive proximities that, nevertheless, do not suppress administrators' and professional bankers' specificities in terms of preferences and collective identities. Globally, the on-going increasing hybridization between Mutualist and capitalist banking appears less stable. In fact, the combination of conflicting logics rests upon constant and repeated negotiations which outcomes depend on the relevant use of compatible arguments and references as well as cognitive gateway theories that bridge the carriers of the divergent logics.

The ABG case provides several contributions. First, we see that the loose coupling of organizational identities, preferences, collective identities and beliefs contribute to the long-lasting coexistence of multiple logics in a hybrid system. Second, this is not necessary to share common identities to reach agreement in a hybrid: cognitive compatibilities and gateways implicit theories suffice to combine competing approaches, and potentially incorporate novel and potentially contending thoughts into a system. However, this combination would probably never emerge unless collaborative rules of the game encourage the search for cumulative agreement. Third, ABG offers a structural alternative extremely favorable to pluralism in organizations: democracy, heterarchy and functional interdependencies.⁸ Fourth, we observe that these struc-

⁸ We have conceptualized this structural arrangement as « integrated pluralism » in RFG AIMS n° 240 (forthcoming).

tural conditions affect pluralism in an indirect way, by the means of a gradual cognitive hybridization and the cultural acceptance of opinion diversity it engenders.

This indirect effect underlines the critical contribution of compatible cognitions and gateways theories to the management of pluralism. It also invites researchers to push the analyses of pluralistic logics beyond gross categories and especially, to scrutinize how these logics translate into guiding principles, references and implicit theories. Indeed, compatibilities and incompatibilities are often nested within apparently insignificant details. Therefore, perspectives that appear at a first glance irreconcilable can eventually accommodate thanks to thin compatible threads.

Lastly, the ABG case offers an empirical base which contributes to fill in gaps in literature: notably regarding the properties and specificities of mature hybrids, the complexity added when organizations combine more than two predominant logics, and the disruptive consequences of the massive inclusion of newcomers infused with cultural premises incompatible with host's own beliefs and traditions.

Regarding ABG, it came across difficult times during the banking crisis that affected the whole banking field from 2008. However, it managed to maintain its financial robustness and virtuous properties such as operational efficiency, commitment of the teams, flexibility and a proclivity for innovation. On the reverse side, structural weaknesses remain like slow decision-making dynamics, the discomfort experienced by central executives often caught in double binds, the fragile collegial control of activities peripheral to the core business of the retail bank, and an increasing instability resulting from the difficult absorption of executives socialized in centralized capitalist organizations. The latter observation deserves the attention of the banks' management since in the absence of socialization of the newcomers; the precarious equilibrium could tumble into a spiral of destructive and intractable conflicts.

As for future researches, the concepts and roles of cognitive hybridity, cognitive gateway theories and cognitive compatibilities should probably be refined. Then, it seems necessary to investigate the extent to which these concepts form inescapable prerequisites for hybridity.

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APPENDIX 1 – SURVEY SAMPLE

ORGANIZATIONS	STATUS								SUM
	Mutualists	<i>Of which Presidents</i>	GM (corps' mbers)	GM (not corps' mbers)	deputy GM (corps' mbers)	Directors (corps' mbers)	Directors (not corps' mbers)	Executives	
ABCs	9	5	15	2	2	6	4	14	52
Federation					1	1		4	6
AB Ltd - corporate			2	3	4		4	22	35
AB Ltd - subsidiaries			1		1	3	2	2	9
SUM	8	5	16	3	8	10	6	42	102

DOMAINS	ABCs	Fed	AB Ltd corporate	AB Ltd subsidiaries	SUM
Global	21	-	4	1	26
Marketing	3	1	6	2	12
Distribution	9	1	3	2	15
IT & BO	4	3	8	5	20
Finance	3	1	4	-	8
Risks and permanent control	2	-	5	1	8
General Inspection	1	-	2	-	3
Others (stratégie, organisation, HR...)	3	1	6	-	10
SUM	46	7	38	11	102

CONTROVERSIES	ABCs	Fed	AB Ltd corporate	AB Ltd subsidiaries	SUM
Industrial Project	19	3	9	5	36
IT Merger Project	16	3	3	-	22
Subprimes	18	-	-	-	18
Others (IAP, permanent control...)	14	2	7	-	23

REGIONAL BANK	Corp's members	Executives	Mutualists	SUM
General Management	2		1	3
Marketing	1	2		3
Commercial / Branches	1	6		7
IT & BO	1	1		2
Finance	1	1		2
Risks	1	1		2
General Inspection		1		1
Others	1	2	3	6
	8	14	4	26