

Expanded abstract

Agrarian Transformation Societies in Spain: An Efficient Model of Agricultural Associationism

Agrarian Transformation Societies, represent a distinctive and effective model of agricultural collaboration within the Spanish legal system. Recently established under the framework of the Social Economy by Law 5/2011. Despite their relevance, and the crucial role they play in rural Spain, agrarian transformation societies (SAT) have received limited attention in economics and business research, though it is in the field of legal studies where they have raised the most interest, particularly around their unique nature as both corporate entities and mutualistic organizations. Thorough out this paper, aspects such as the origins, the structural evolution, and the current trends, are analyzed in order to prove the efficiency and the impact of SATs as a form of agricultural association in the Spanish agricultural sector and therefore the rural regions in which they are predominant.

Their historical origins can be traced back to the Agrarian Syndical Groups (Grupos Sindicales de Colonización Agraria, GSCA). These were born as part of a government reform aiming to revitalize agricultural productivity in post-war Spain, under the 1940 Law on Local Colonization provided the foundation for these syndicates, which sought to address resource scarcity and increase efficiency through collective management. Operating within state-backed syndicalist structures, the GSCAs were granted public support and tasked with enhancing rural infrastructure, addressing critical resource needs, and consolidating agricultural efforts through shared resources, this way farmers could collectively invest in other ways too expensive machinery. This structure of shared resources and responsibilities later became the bedrock of the SAT model.

The legal and organizational transition from GSCA to SATs was formalized in 1981 by the Royal Decree 1776/1981, marking a remarkable turning point. The key to the success the SATs have as model of agricultural association could be the way this Royal Decree was able to give SATs independent legal status while maintaining their characteristic cooperative principles, with some more flexibility and room to operate. One of the major advantages of SATs is their ability to use economies of scale, by cooperating in diverse ways, such as shared machinery, reducing production costs and fostering solidarity within rural communities. SATs differ from traditional cooperatives in how they are structured to allow flexible capital contributions and voting rights, enabling a governance model that combines both individual and collective decision-making. This flexibility has made SATs one of the main options within Spain's agricultural landscape, particularly among small to medium-sized farmers who benefit from access to shared resources without compromising their autonomy.

Looking at data from 2012 to 2022, this paper explores the history, structure, and evolution of SATs, focusing especially on their development throughout this decade. In which we can observe a clear tendency, although the total number of SATs has slightly decreased, the increase in their financial capital shows a trend toward consolidation. As smaller or less capable SATs merge among them or dissolve into larger ones, the result of such a merger is usually being a more resilient, financially stronger, and better equipped entity. As this process continues, we start to see SATs becoming to see them play a central role in agricultural modernization and rural economic stability. It is in the rural regions of Spain where SATs seem to make a deeper impact, not only providing economic stability, but also addressing the main social needs, by strengthening rural communities and providing employment, SATs make an important contribution to fight the depopulation problem most of rural Spain faces.

As social economy entities, SATs have a role in expanding social economy principles within Spain's society and specially the agrarian sector. These entities strive to balance economic productivity with a commitment to social responsibility and cooperative values, seeking mutual support among their members. Their flexible structure eases efficient resource usage and collective decision-making, positioning SATs as a model of sustainable agriculture that aligns with Spain's broader economic and social goals. Additionally, SATs contribute significantly to infrastructure improvement in rural areas, helping to address long-standing challenges like poor access to essential services and limited investment in public amenities. By pooling resources and focusing on community-centric projects, SATs are not only helping to modernize the agricultural sector but are also addressing systemic inequalities that have historically affected rural populations.

Regarding geographical distribution and territorial expansion of SATs, there is a clear disparity of the distribution of SATs across Spain. It is in regions like Andalusia, Castilla La Mancha, and the Community of Valencia where SATs have been the most successful, emerging as leading hubs, due to being backed with strong organizational structures and capital investments. The analyzed data reveals that while SATs are distributed nationwide, their economic impact varies significantly by region, highlighting the different agricultural needs and socio-economic context of each Autonomous Community. It is in recent years that we can also observe a growing trend among SATs to expand their reach outside of their traditional regional boundaries, the Region of Murcia and the Community of Valencia being the focus point of such trend. These expansions clearly show the organizational maturity and the financial capability of SATs, aspects that have enabled them to seize new markets and opportunities beyond their traditional regions.

This territorial expansion highlights SATs' ability to grow and, with regional leaders setting the pace for a broader transformation within Spain's agricultural sector. Such expansion clearly shows the efficiency and competitiveness of SATs and reflects their ability to evolve in response to uncertain and changing markets. In regions where SATs are particularly prevalent, they have not only boosted the agricultural economy but have also attracted investment and spurred local development, contributing to a more balanced economic landscape. Additionally, the presence of SATs across multiple regions eases exchanges in the know-how and techniques

used by farmers, enabling these societies to incorporate best practices from other agricultural environments, further enhancing their productivity and sustainability.

Reinforcing the essential role of SATs in Spain's agrarian economy, recent trends point to an ongoing shift towards resource consolidation and enhanced capital investment within the sector. Although the total number of SATs has slightly decreased, those that stay active show significant increases in capital concentration and organizational efficiency, suggesting a broader process of economic consolidation and professionalization. Rather than showing a decline, this transition reflects a restructuring of SATs towards robust, capital-intensive operations capable of meeting the evolving demands of a competitive agrarian market. This strengthened framework underscores SATs as key contributors to the modernization of Spanish agriculture, where efficient resource management and operational resilience are paramount.

The territorial expansion of SATs exemplifies their strategic vision. By extending their presence beyond traditional regions, SATs are broadening their economic influence, driving local development, and supporting rural economies across diverse areas. This expansion is especially impactful in regions where diversification and infrastructure investments are essential to achieving long-term sustainability. SATs' entry into new regions brings substantial benefits, including increased job opportunities, investment in local economies, and the adoption of sustainable agricultural practices. Through these efforts, SATs not only enhance their own economic footprint but also reinforce the vitality and resilience of Spain's rural communities.

Overall, SATs are a dynamic model within Spain's social economy framework, balancing economic productivity with a commitment to social responsibility and community support. Their unique structure -defined by cooperative values, efficient resource use, and mutual aid- continues to offer valuable solutions to longstanding social and economic challenges in rural Spain. As SATs expand and innovate, they solidify their role as a foundation for sustainable agrarian development, adapting to meet the demands of a globalized market while staying firmly rooted in principles that support rural livelihoods and community welfare. Looking forward, the strategic growth and sustained impact of SATs highlight their crucial role in shaping a resilient, competitive, and socially responsible agrarian sector, underscoring their continued relevance as agents of transformation within the Spanish agricultural landscape.