

Changing Values – a Repeated Study of Farmers' Attitudes towards Directors of Cooperatives

by

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Abstract

On the basis of empirical data from 1993/94 and 2003, this study investigates members' attitudes towards directors and the democratic process as such. The aim of the study is to determine whether the members of agricultural cooperatives have changed their attitudes towards directors and the member democracy during a ten-year period. Using Agency theory as the theoretical framework, members' attitudes towards directors are analyzed. The main results of the analysis are that farmers' attitudes to the cooperative management seem to be less positive, and they view themselves as being more competent than the management. In addition, both the follow-up problem and the control problem have increased between 1993/94 and 2003.

Keywords: Value, value change, cooperative, director, attitude, principal, agent.

Introduction

In recent years, the food sector has undergone major changes in the western countries. Among the influencing factors is a trend towards less coupled policy support, increasing internationalization of the food retail industry, concentration in the food manufacturing sector and changes in the consumers' buying and consumption patterns. These changes also affect the agricultural cooperatives, many of which are presently adjusting through mergers and acquisitions, but also successively changing their organizational principles.

Due to cooperatives being managed by the farmers-members – through a system of representative democracy – adjusting cooperatives to a changing environment may be more complicated than adjusting investor owned firms (IOFs). Simply put, the directors' incentives are different in an IOF than in a cooperative. The IOF director may focus solely on what is perceived as measures that will raise the value of the shares, while the cooperative director has a multi-dimensional goal-structure to cope with (Cook, 1994). The director should partly focus on making the cooperative profitable, partly listen to members' demands on their cooperative. Sometimes the profit-goal and the goals formulated by directors having a dialogue with members overlap, making it quite easy to manage the cooperative. Oftentimes, however, the two types of goals are conflicting, leading to directors having to decide whose interests should count among the membership. Directors may either strive for being popular among members, or making decisions according to their own interests without listening to members.

When cooperatives grow through mergers and acquisitions, also the memberships grow whereby the heterogeneity likely increases. In addition, the degree of heteroge-

neity increases through a polarization of demands on cooperatives, stemming from the ongoing specialization at the farm level (Klein et al., 1997, p 94). As a consequence, the needs and wants of members divert and the task for the board member, i.e., to work towards optimizing the long-term wellbeing for the cooperative and its members, becomes difficult. Herein lies that members might feel that the directors do not look after their interests, as well as directors having problems discerning what members want them to do (Hendrikse, 2007). Decreasing member loyalty is a problem for cooperatives; many researchers even have concluded that having loyal members is crucial for the success of the cooperative (Fulton and Adamowicz, 1993; Cook, 1994; Fulton, 1999; Bhuyan and Leistriz, 2001). Hence, it is of great importance that directors and managers make an effort to understand the members' needs, goals and other relevant factors, in order to improve their management skills (Bhuyan et al, 2001; Fulton and Giannakas, 2007).

Problem and Aim

These observations give rise to the following issues:

- The task of being a director today entails more uncertainty in relation to members' wants and needs, compared to earlier periods.
- Farmer-members, in general, are more critical towards the directors, due to a longer distance, both geographically and organizationally, between members and directors, in terms of aims for the cooperative and members' contact with directors.
- Due to the growing size and complexity of farmer cooperatives, it is more difficult for members' to monitor, understand and influence the management of the organizations. This influences their degree of commitment negatively.

Expressed differently, the agency problems have supposedly increased in the farmer cooperatives. These problems may arise both *among* members – due to this group becoming increasingly heterogeneous as it grows – and *between* the membership and the directors – due to the increasing distance between members and directors. Since farmer cooperatives are supposed to be governed by their members, this development implies potential problems for their long-time survival.

In order to keep the cooperative firm at the competitive edge, on the other hand, the boards have to make decisions that are not accepted or even not understood by the average member. In order for the cooperative to survive in the long run, the qualifications of the cooperative directors and CEOs have to be comparable to those of other firms' managements. Hence, it is but natural that the information asymmetry (Hansmann, 1996) between directors and members may be considerable, especially in the very large cooperatives, often working internationally and with very complex business activities.

On the basis of empirical data from 1993/94 and 2003, this study investigates members' attitudes towards directors and the democratic process as such. The aim of the study is to determine whether the members of agricultural cooperatives have changed their attitudes towards directors and the member democracy during a ten-year period. This is done by having the Theory of Reasoned Action (RA-theory) as starting-point for the link between farmer behavior, intentions, attitudes, and social norms' influence

on farmers, and Agency theory as a tool for analyzing the relationship between members (principals) and directors and CEO (agents).

Theoretical Framework and Core Concepts

The Theory of Reasoned Action (RA-Theory)

The theory of Reasoned Action¹ (RA-theory) (Ajzen & Fishbein, 1980; Ajzen, 1988), describes the interrelationships between background variables (i.e., age, education, size of farm, member or non-member, etc), attitudes expressed, and social norms, leading to a behavioral intention which may be realized in a certain behavior (if the situation permits this), as described in Figure 1.

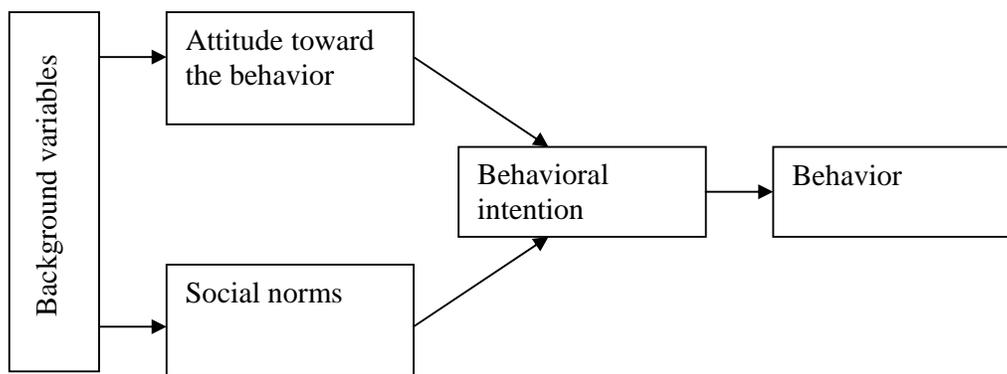


Figure 1: The model of Reasoned Action (RA-model). Source: Ajzen & Fishbein, 1980 & Ajzen, 1988.

Values and attitudes are central in the RA-theory. Hence, a brief definition and discussion concerning these two concepts is needed, also relating the two to each other and the rest of the concepts used.

Values

Most human values lie deep in the psyche, hereby making them difficult to study directly. There is a value-system, linking core, i.e., highly unchangeable, values with values that could be changed if the individual is convinced this is necessary. Aiken (2002, p 5) formulate a definition of the concept “value”, used in social psychology, as being:

... an attitude toward the ideals, customs, or institutions of a society. Examples of values are beauty, equality, freedom, honesty, and order. More formally, *values* may be defined as the

¹ This theoretical framework has later been developed into the theory of Planned Behavior (Ajzen, 1988), entering the “perceived behavioral control”-factor into the model, alongside the attitude and social norm. In the present study, however, the RA-theory is used, since this was the theory used in the original study of 1993/94 (see Hakelius, 1996). The questionnaire that was used then was based on the RA-theory and in order to compare results over time the theoretical framework was not changed.

importance, utility, or worth attached to particular activities and objects, usually as ends but also as means in certain situations.

Some values are possible to express directly by the individual, others are not. Since a set of values constitutes the foundation for a certain attitude, and attitudes are easier to gauge through studying individuals' opinions, it is possible to map a person's values through studying the attitudes he or she expresses.

Attitudes

Rokeach (1968, p 112) definition of "attitude" is that it is (Aiken 2002, p 3):

... a relatively enduring organization of beliefs around an object or situation predisposing one to respond in some preferential manner.

In the nature of attitudes also lies that they vary from culture to culture and from person to person, i.e., by studying attitudes it is possible to see patterns within individuals, in groups, cultural areas, or nations. Hence, Aiken (2002, p 4) says:

Attitudes are typically inferred from observable behavior, which may or may not be the result of conscious intent.

Based on these definitions and traits of values and attitudes, the present study focuses on measuring attitudes towards directors in farmer cooperatives, hereby hoping to infer roughly what values lie underneath, as described by the RA-theory. This theory is the starting-point for the structure of the used questionnaire and its central factors "values" and "attitudes", as described above, are combined with the Agency theory, as presented by, for example Jensen & Meckling (1976), Ross (1973), Pratt & Zeckhauser (1991), and Reve (1990).

Agency Theory

When a farmer becomes a member of a cooperative, he gives up a certain degree of his possibility to monitor what is happening, at the same time he gains in transaction cost terms, since he does not have to do the tasks himself. Using agency-theoretical vocabulary, the farmer becomes the principal and the CEO and the cooperative, including the directors, become agents.

In the cooperative case, so-called agency problems emerge, due to the specific way a cooperative is owned and managed (Staatz, 1984; Caves & Petersen, 1986; Porter & Scully, 1987; Ferrier & Porter, 1991; Richards et al. 1998). In the present study, the focus is on the *follow-up problem* and the *control problem*. The former emerges due to that the cooperative managers are controlled not through the market for tradable and appreciable residual rights, but rather through the democratic system in which the farmers take part (Fama, 1980). The latter problem implies that directors' decisions directly influence the wealth distribution within the membership, which causes greater effects when the residual to be distributed is large or when the membership has heterogeneous interests.

Hence, the agency problems (Sappington, 1991; Richards et al, 1998) deal with monitoring problems, one from the principal's side to the agent's and the other in the oppo-

site direction. In the analytical section below, the following hypotheses will be tested, based on that the cooperatives have become larger, internationalized and more complex during the period 1993/94 through 2003²:

- Hypothesis 1: Farmers feel more alienated, i.e., the members do no longer trust the cooperative management.
- Hypothesis 2: Farmers do not believe that they can govern the cooperative.
- Hypothesis 3: Farmers' attitudes to the cooperative management have become less positive.
- Hypothesis 4: Farmers view themselves to be more competent than the cooperative management.
- Hypothesis 5: The effective social pressure within the membership, to take part in the democratic process of the cooperative, has decreased.
- Hypothesis 6: The follow-up problem in farmer cooperatives has grown.
- Hypothesis 7: The control problem in farmer cooperatives has grown.

Method

To test the hypotheses presented above (the null-hypothesis being “no change”) an empirical study was conducted, to be used as the follow-up on the original study from 1993/94. The samples represent 2 and 3%, respectively, of the total population, so corrections for finite populations are not necessary. Farmers are asked to answer the statements, summarizing their attitudes towards farmer cooperatives in general terms (the average member is a member of c five farmer cooperatives). Hence, the attitudes expressed are not typically attitudes towards a single cooperative, rather attitudes on an average cooperative organization.

Most of the used statements (28 out of 37, or 76%) in the two surveys comprise exactly the same items, based on the RA-theory, which mean that it is possible to make direct comparisons. The 28 re-used statements deal with (see also Figure 1):

- *Background variables*, such as age, educational level, size of farm, geographical location of the farm, satisfaction with economic result of the farm, and whether the farmer has been a director.³
- The farmer's *general attitude* towards cooperatives; the basic idea behind the cooperative, effects from membership participation on the success of the cooperative, and to what degree – in general terms – directors work in the interest of the members.⁴
- Personal statements dealing with effects on the success of the cooperative, due to the member's degree of participation, the individual's *attitude* towards the directors and CEOs, and whether the member see it as important that other members participate in the democratic process of the cooperative.⁵
- What importance the farmer puts on other farmers' opinions (*social norms*) concerning whether the farmer should participate in the democratic process.⁶

² Where the principal are the members and the agent is the cooperative (including the board and CEO).

³ Answers given through different scales, ranging from two to nine possible responses.

⁴ Answers given through a six-step scale, ranging from strongly agree to strongly disagree.

⁵ See note 4.

⁶ Answers given on a 5 or 6-step scale, respectively, the first issue dealing with the believed share of fellow-farmers that wants the respondent to participate in the democratic process, the second dealing

The remaining nine items deal with respondents' opinions concerning changes that have occurred in the period from 1993/94 to 2003, relating to whether it has become more difficult for members to monitor what directors and CEOs do, and whether the decisions lie close to the interests of the members, and what (if any) experience the farmer has from being a director.

Table 1 summarizes some facts concerning respondents in the two surveys. The sample-size in 1993/94 was 2,134 farmers with more than 2 hectares of arable land, while in 2003 it was 2,250. Of these 831 respectively 1,071 farmers returned filled-in questionnaires, corresponding to a response rate of 39%, and 48%, respectively. The majority of respondents are male in both groups.

The average farmer age (going from 49.1 to 45.7 during the period), and the average level of education has changed. The same holds true for the indicated degree of satisfaction with the economic result and the average number of years as director. The average acreage seems to have increased from 167.3 to 199.4 during this period, but the difference is not statistically significant.

Table 1: Basic facts concerning the survey conducted in 1993/94 and 2003.

Item	1993/94	2003	P-value
Sample size	2 134	2 250	NA
Response rate (%)	39	48	NA
Share of respondents who are male (%)	94 ¹	78 ²	0.169
Average farmer age	49.1	45.7	0.000
Average level of education	Low, i.e., mostly only compulsory schooling + some agricultural schooling (average 3.1 out of 9 levels)	Quite low, i.e., mostly up till high-school (average 3.6 out of 9 levels)	0.000
Average number of total acreage (ha)	167.3	199.4	0.265
Degree of satisfaction with the economic result.	4.0 out of 7	4.5 out of 7	0.000
Average years as director	5.9	11.8	0.000

¹ Total number of respondents is 831, male 782, female 35 and no answer from 14 respondents.

² Total number of respondents is 1071, male 839, female 180 and no answer from 52 respondents.

Results

In the following, the results are presented according to the seven hypotheses presented above. To be noted is that the data to be analyzed for the first five hypotheses comprises data from both surveys, while the data covering hypothesis 6 and 7 is respondents'

with the frequency by which the respondent discusses this with his fellow-farmers. In addition, a statement with the 6-step scale of strongly agree through strongly disagree, described above, focusing on the degree to which the respondent cares about other farmers' opinions.

opinion concerning whether a change has occurred during the period 1993/94 through 2003,

The Repeated Statements

Table 2 summarizes the results from performing a 2-sample t-test on changes in farmers' opinions and attitudes towards cooperatives in general (4A and B), whether the democratic system works (4C, D and E), and whether the cooperative management works in the interest of the members (4F and G). Hence, the data in Table 2 covers hypotheses 1-3 above. Using .01 as the significance level, only three of the statements in Table 2 are *insignificant*, indicating that it is not possible to statistically prove that a change in attitudes has occurred. These three are:

- I think that agriculture's cooperative movement is loyal to the cooperative ideas. (4B)
- Those who are members of the farmer cooperatives ought to, as far as possible, participate in the democratic process. (4E)
- I think that it would be (that it is) interesting to become (to be) a director. (4F)

Hypothesis 1, i.e., *Farmers feel more alienated, i.e., the members do no longer trust the cooperative management* is covered by statements 4A and 4B, i.e., one highly significant statement and one statement that is insignificant. Hence, there is a move towards disagreeing to that the cooperative idea is a good one during the ten-year period in focus, while it is not possible to say that farmers' view on whether the cooperative movement being loyal to the cooperative ideas has changed. Farmers answer between "weakly agree" and "weakly disagree" in 2003, as well as they did in 1993/94. The conclusion is that it is not possible to determine whether hypothesis 1 may be accepted or rejected.

Turning to *Hypothesis 2: Farmers do not believe that they can govern the cooperative*, this is covered by statements 4C, D and E, the results are similar as those for Hypothesis 1, i.e., there is one statement that has not changed (4E) and two that have (4C and D). Farmers disagree to a higher extent in 2003, compared to in 1993/94, to that if members take part in the democratic process of the cooperative they hereby also can take part in governing the cooperative. The insignificant result for change in attitudes towards that all members also should participate in the democratic process implies that the attitude towards this has stayed between "agree" and "weakly agree". Using these three statements as indicators for determining whether Hypothesis 2 should be rejected, leads to the same result as for the first hypothesis, i.e. it is not possible to neither reject nor confirm this hypothesis.

Table 2: Summary of results of performing a 2-sample t-test on attitudes towards cooperatives, the democratic process and directors, i.e., Hypotheses 1-3.

Statement	Mean		P-value (t-value)	Comment
	1993/94	2003		
4A The idea behind cooperatives is a good one.	1.89	2.09	0.001 (-3.48)	Highly significant (**)
4B I think that agriculture's cooperative movement is loyal to the cooperative ideas.	3.09	3.21	0.129 (-1.52)	Not significant
4C If members take part in their cooperatives' member democracy, then they can influence the management of the enterprise.	3.03	3.23	0.006 (-2.75)	Highly significant (**)
4D If I take part in the member democracy of my cooperative, then I can influence it in such a way that my own private economic situation improves.	3.66	3.86	0.009 (-2.63)	Highly significant (**)
4E Those who are members of the farmer cooperatives ought to, as far as possible, participate in the democratic process.	2.39	2.37	0.715 (0.36)	Not significant
4F I think it would be (that it is) interesting to become (to be) a director.	3.88	3.95	0.436 (-0.78)	Not significant
4G Today, the board and the chief executive officer usually govern the cooperative in their own way, without caring about what the members think.	3.04	2.72	0.000 (4.34)	Highly significant (**)

Farmers' attitudes towards it being interesting to become (or be) a director do not seem to have changed (statement 4F), answers lie close to "weakly disagree" in both measurements. This result indicates that Hypothesis 3 (*Farmers' attitudes to the cooperative management have become less positive*) cannot be verified. Looking at the second statement that is used to test this hypothesis (i.e., 4G), however, this shows a highly significant change in attitude towards directors and board-members governing the cooperatives without wanting to know what members think should be done. The conclusion, again, however, has to be that it is not possible to determine whether Hypothesis 3 may be rejected. Here, though, it is possible to also look at two statements in section 5, i.e., 5D and E (see Table 3 below). For both these statements, the shift has been rather large towards a more negative attitude towards the way the directors and CEO take into account members' interests, so it seems reasonable to draw the conclusion that Hypothesis 3 could be confirmed.

Closely related to the issue in Hypothesis 3 is *Hypothesis 4: Farmers view themselves to be more competent than the cooperative management*. Here, statements in section 5 are indicators of whether this hypothesis is rejected (see Table 3). As can be seen, all statements show a significant change between 1993/94 and 2003. Farmers believe that members should take part in the democratic process (statements 5B, F, G, H, and I), since this leads to a better sense of belonging together among members, a possibility to influence the cooperatives, leading to a cooperative functioning better as one entity. As mentioned above, farmers also express the attitude that directors soon lose the close connection to the members and start acting in their own interests (5D and E). Hence, Hypothesis 4 is confirmed.

Puzzlingly, however, farmers express doubts that individual members may influence the activities of the cooperative, simultaneously expressing a faith in commitment leading to a better economic situation among members (5A), and at the same time having indicated a more skeptical attitude to the link that commitment on the individual level leads to a better economic situation at the individual level (4D, see Table 2). Perhaps these confusing findings are best summarized through statement 5C, i.e., that the idea behind the democratic process in a cooperative is good, but not possible to implement in reality.

Summarizing the statements in section 5 (see Table 3), the following pattern appears (cf. Hakelius, 1996):

- Statements dealing with more general "if one takes part in"-statements have a tendency to show a larger degree of change between 1993/94 and 2003.
- Statements with a larger focus on the individual, i.e., "if I ...", show a rather small change between the two measurements.

Statements in section 6 are supposed to reflect whether *Hypothesis 5 holds: The effective social pressure within the membership, to take part in the democratic process of the cooperative, has decreased*. Here, too, all show significant changes between 1993/94 and 2003. Statement 6A indicates that farmers' beliefs concerning others' opinions about them taking part in the democratic process has moved from on average

“some”, towards “many” in the decade studied.⁷ Hence, farmers seem to notice a greater social pressure towards taking part in the democratic process.

A similar pattern is shown for farmers’ opinions about the frequency by which they have talked to acquaintances about whether to take part in the democratic process, i.e., 6B⁸, and to what degree others’ opinions on this issue influence the farmer in his decision whether to take part in the democratic process of the cooperative, i.e., statement 6C⁹. In the former statement, answers have moved from between “almost never” and “never”, towards “sometimes”. In the latter case, answers have moved from close to answering “disagree”, towards answering “weakly disagree”. In sum, it seems as farmers have become more sensitive towards the opinions of other members in 2003, compared to 1993/94 and therefore Hypothesis 5 is rejected.

⁷ Here, the respondent was asked to indicate the size of the share of others thinking that he should take part in the democratic process. The answers were: all-most-many-some-a few-none.

⁸ Answers given: very often-quite often-sometimes-almost never-never.

⁹ Answers given: strongly agree-agree-weakly agree-weakly disagree-disagree-strongly disagree.

Table 3: Summary of results of performing a 2-sample t-test on Farmer Attitudes and Opinions on the Social Norms.

Statement	Mean		P-value (t-value)	Comment
5A If I commit myself to the farmer cooperatives, the economic situation of all members will improve in the long run.	4.01	3.55	0.000 (5.77)	Highly significant (**)
5B If I take part in the farmer cooperatives' democratic processes, I will strengthen the special sense of belonging together within the cooperative.	3.45	2.97	0.000 (6.22)	Highly significant (**)
5C The idea that all members can influence their farmer cooperative, through the democratic process, is basically good, but it is impossible to carry out in reality.	3.31	2.75	0.000 (6.29)	Highly significant (**)
5D The individual members cannot influence the business decisions since it is the chief executive officer and the directors who decide.	3.53	2.84	0.000 (8.35)	Highly significant (**)
5E As a director of a cooperative, you soon lose perspective on the real world and in the end you are only thinking about making the cooperative grow.	4.20	3.06	0.000 (13.11)	Highly significant (**)
5F If I participate in the farmer cooperatives' democratic processes, I may be a part of influencing the cooperatives.	3.48	3.07	0.000 (5.01)	Highly significant (**)
5G It is important to me to participate in the society activities within my farmer cooperative.	3.64	2.57	0.000 (13.43)	Highly significant (**)
5H If a large part of the members participate in the cooperative's democratic process, the cooperative will operate better.	2.95	2.58	0.000 (4.66)	Highly significant (**)
5I If you are a member, you should participate both in the business decisions and in the democratic process.	3.34	2.75	0.000 (7.30)	Highly significant (**)
6A I believe that ... All of/most of/many of/some of/a few of/none of the other farmers in the farmer cooperative think I should participate in the democratic process.	4.00	3.81	0.007 (2.72)	Highly significant (**)
6B I have ... Very often/quite often/sometimes/almost never/never talked to my circle of friends and acquaintances (neighbors, friends, family) about whether I should participate in the democratic process.	4.28	3.74	0.000 (7.86)	Highly significant (**)
6C Other farmers' opinions have a large influence on my decision to take part or not take part in the democratic process.	4.85	3.88	0.000 (12.11)	Highly significant (**)

Leaving the repeated statements, the next step in the analysis concerns answers given by respondents concerning the follow-up problem and the decision problem. These issues are dealt with in sections 7 and 8 in the questionnaire.

The Follow-Up Problem and Decision Problem

In order to get a picture of whether the follow-up problem and the decision problem seem to exist in 2003, and whether farmers believe that these have increased during the ten-year period, a set of nine new statements were formulated, as presented in Table 4 (N=1,171). Statements belonging to section 7 deal with whether the farmers experience problems with following-up what directors do and section 8 focuses on whether farmers experience difficulties that could be labelled “decision problems”¹⁰.

Table 4: Summary of results for statements dealing with the follow-up problem and decision problem.

Statement	Confidence interval	Range of average answer given
7A It has become more difficult to know whether the directors act in the interest of the members, compared to 1993/94 ¹¹ .	2.86 ± .130	Agree-weakly agree
7B It has become more difficult to follow-up what the directors do, compared to 1993/94.	2.82 ± .074	Agree-weakly agree
7C The system with directors implies too many problems and should therefore be changed into another governance system for the cooperatives.	3.54 ± .093	Weakly agree-weakly disagree
7D It would benefit members if external board members were used to a greater extent than today.	3.23 ± .081	Weakly agree-weakly disagree
8A The decisions taken today in the farmer cooperatives lie further from my requests, compared to 1993/94.	2.91 ± .076	Agree-weakly agree
8B* My experiences as a director show that the requirements on the directors have increased since 1993/94.	1.92 ± .085	Strongly agree-weakly agree
8C* In spite of that I have not been a director, my impression is that the requirements on the directors have increased since 1993/94.	2.69 ± .083	Agree-weakly agree

* Here, farmers split up in two groups: Those that have been or are directors answer 8B (N=431), those not having the experience from being a director (N=589) answer 8C.

Table 4 indicates that farmers either “weakly agree” or “agree” to the statements attempting to gauge whether the follow-up problem has grown during the decade in focus here (statement 7A & B). At the same time, however, they do not seem to advocate another governance system (7C), and they do not seem to think that the farmer cooperatives would perform better if external directors were allowed into the boards to a greater extent than today (7D). Hence, farmers say that there is a follow-up problem in today’s cooperatives, and that it has increased during the studied period. They do not seem to believe that the solution is to change the governance structure, nor to increase the number of external directors, as was suggested in the questionnaire.

¹⁰ Answers given: strongly agree-agree-weakly agree-weakly disagree-disagree-strongly disagree.

In order to shed some more light on this issue, farmers were asked to explain what aspects and activities are more difficult to follow-up in 2003, compared to 1993/94. The following issues were mentioned by the 160 respondent who answered this question¹²:

- The farmer cooperative organizations are too *large and complex*, leading to a big distance between directors and members, higher knowledge requirements on both members and directors, and a large and complex bureaucratic system. (50 answers, 31% of respondents)
- The directors do not manage to *meet members' needs*, due to that they do not listen carefully enough to members, nor realize the impact decisions have on the individual member's situation, and the information-flow from the organizations is not sufficient to understand what is happening. Hence, respondents mention that there might be a need for external directors, and that the most important traits of directors always should be that they possess a suitable knowledge and devotion for managing a large cooperative organization. (20 answers, or 13% of respondents)
- The *economic situation* of the cooperatives has to be more in focus, for example through a higher degree of market orientation, a continuous search for business opportunities that could be developed, and also a larger focus on pricing-schemes, and assortment-planning, for example. (19 answers, or 12 % of respondents)

In the lower part of Table 4, statements dealing with the decision problem are summarized, based on statement 8A-C. Respondents were asked to indicate whether the decisions made in today's cooperatives lie further from their individual wishes, compared to 1993/94 (statement 8A). The average answer lies between "agree" and "weakly agree". If the respondents who have the experience of being director are asked to indicate whether they agree to the statement that the requirements on today's directors have increased, they answer on average between "strongly agree" and "agree", i.e., 8B. The same general statement, aimed at farmers not having the experience of being director (8C), ends up with an average answer between "agree" and "weakly agree". Hence, there seems to be an opinion among farmers that there is a decision problem and that one important explanation for this is that it has become more difficult to be a director, hence Hypothesis 7 holds.

Here, too, respondents are asked to indicate what types of decisions are not made in accordance with members' needs and requirements in 2003, compared to in 1993/94. Of the 1,071 total respondents, 189 chose to answer this question¹³. Here, the following decisions are mentioned:

- Decisions concerning making the cooperative *larger*. (52 respondents or 28%)
- Decisions aiming at making the *cooperative wealthier*, including a higher degree of solvency, worse service to members, and allowing non-members as customers. (37 respondents or 20%)
- Decisions pertaining to *improving the situation* for those in the *management*, rather than the members, for example that decisions are made above mem-

¹² Of the 160 respondent who answered, 40 (25%) indicated that they did not know what to answer, or did not have an opinion. In addition, of the total group of respondents, i.e., 1,071 farmers, only 15% gave an answer here,

¹³ Of the 189 respondents, 32 (17%) indicated that they did not know what to answer, or did not have an opinion

bers' heads, and more emphasis is put on large farmers' opinions. (22 respondents or 12%)

Conclusions

Table 5 presents a summary of the results. As can be seen, Hypotheses 4, 6, and 7 are confirmed. These deal with what farmers think the democratic governance system is good in theory, albeit difficult to implement, and that they believe that both the follow-up problem and decision problem have increased from 1993/94 till 2003. Hypotheses 1 and 3 cannot be rejected or confirmed, as the answers given are mixed: Some statements indicate a rejection, others a confirmation. In the case of Hypothesis 3, there are, however, more that indicates a confirmation than speaks for a rejection. Hence, both are indicated in Table 5. In the case of Hypothesis 5, however, results are quite clear that it has to be rejected.

Table 5: Summary of Hypotheses 1-7.

	Confirmed	Uncertain	Not confirmed
Hypothesis 1		X	
Hypothesis 2		X	
Hypothesis 3	x	x	
Hypothesis 4	X		
Hypothesis 5			X
Hypothesis 6	X		
Hypothesis 7	X		

An interesting issue to investigate further concerns the problems evolving between members and directors, as indicated by confirmation of hypotheses 4, 6, and 7 (and probably 3, too). IF the involved parties want to continue with the cooperative collaboration, it is likely that measures have to be taken in order to revitalize the member commitment. One tool might be to utilize what is indicated by the rejection of Hypothesis 5, which is to make the most of that the social pressure seems to have increased among members to take part in the democratic process.

In addition, the managements of the cooperatives could look deeper into what the changes occurring from 1993/94 till 2003 might lead to in the future – are there any measures that could be taken in order to improve the situation? Some things to include here, according to the results presented in this study, are what can be done in order to make farmers (1) convinced that the directors work in the interest of the farmers, and (2) trust the democratic process in the cooperatives – both in general terms and in reality – and hereby make them more committed.

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