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Co-operative Life Cycle and Goals

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Ten case study businesses were assessed in relation to sixteen criteria in order to test the application of an hypothesised life cycle. Analysis of stakeholder aspirations for each of these ten businesses was also undertaken. On the basis of the empirical evidence, it was demonstrated that stakeholder groups favour diverse goals, that the level of goal coherence between major stakeholder groups declines as a co-op progresses through the co-operative life cycle and that in the later stages of the life cycle, the aspirations of the managers, rather than those of the farmers, are realised. Furthermore, the managers' preferred goals are reflected in the organisational and financial structures and trading practices of individual late stage businesses, which are more akin to investor oriented firms than traditional co-operatives.

1. Introduction

Data from the Registry of Friendly Societies (1998) indicate that at least 6.3 million individuals across the United Kingdom (UK) are members of retail, wholesale or agricultural and fisheries trading cooperative societies. Within agriculture specifically, the role of co-operatives is important. Plunkett Foundation (1998) shows that over 240,000 agricultural co-operative memberships were held during 1996. Whilst this is probably an overstatement of farmer involvement in co-ops, due to multiple memberships held by individuals and lapsed members who have not been deleted from registration lists, 49 per cent of ex-farm output was marketed and 16 per cent of inputs were supplied into the farm gate by co-operatives or other 'farmer controlled businesses' (FCBs) in 1996. Within the European Union agri-food industry, there are estimated to be 30,000 co-operative enterprises, with over 12 million members processing and marketing over 60 per cent of agricultural products. Given the importance of such businesses in European agriculture, the goals of co-operatives and consequent performance are clearly of relevance to those involved in the agri-food chain. This paper reviews the ways in which these goals may change as co-operatives develop, through the in-depth appraisal of ten case study businesses.

2. Co-operative Goals and Decision Makers

Whilst the statistics indicate that co-operatives play an important part in the UK agri-food chain, the nature of that role is less clear cut. One is not in a position to make

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generalisations about relative performance levels since the objective set from which a co-operative may realistically select its goals is much broader than for a conventional investor-oriented business. As Le Vay (1983) demonstrated, with a marginal analysis treatment, co-operative decision makers may have one of several objectives to choose from (e.g., for a marketing co-operative these are profit maximisation, maximum producer surplus plus dividend, maximum net returns per unit of the raw product, membership or output maximisation or maximum dividend per unit of the input) and therefore individual co-ops adopt different strategies in order to achieve these diverse goals.

With respect to conventional, investor oriented firms (IOFs), Cockerill and Pickering (1984) identified a range of different stakeholders and the respective principal areas of interest of each stakeholder group with regards to organisational objectives and performance. The difficulty that arises in setting the objectives of any business is that all those with an interest will probably not share the same goals. What differentiates co-operatives from IOFs is the fact that the owners, directors, suppliers, customers and investors, identified by Cockerill and Pickering as distinct groups of stakeholders, are often one and the same individuals in co-ops. These individuals, depending on which hat they are wearing, may embrace diverse and conflicting goals from within the objective set. To further complicate matters, the membership set may not be homogenous and some individuals (who for example no longer trade with the co-op but are still members) may prefer profit maximisation with a large dividend payout at the expense of better prices for those who still trade. Indeed as Gasson (1977) observed, there is a divergent set of member objectives both between and within co-operatives. In theory, therefore, whilst a wide range of objective options are open to the policy makers in both conventional firms and co-operatives, in reality, the likely options are even wider in a co-operative due to the internal structure of organisational decision-making being more democratic than in a non-co-operative. The choice of objective(s) will occur once (and if) any conflicts have been resolved.

3. Co-operative Goals and Time

Another dimension of co-operative objective determination is that of time and organisational maturity. Craig (1980) asserted that as a co-operative ages there will be a potential movement of commitment of stakeholders over time. He described varying interest groups as "customers", "disillusioned co-operators", "co-operative enthusiasts" and "organisational people". Over time, if the "organisational people" prevail, commitment to co-operative ideals can be sacrificed for organisational gain. Where "organisational" people (described as "the enemy within" in the *Financial Times*, 1997, p.29) do prevail, the co-operative will behave increasingly like a conventional business with corporate-oriented aspirations and performance (such as profitability, capital growth, financial stability, positive corporate image, etc.) taking priority over member centred goals (e.g., offering as good a service to the members at a better price than they can achieve elsewhere, with opportunities to participate in organisational decision-making should individuals so wish). Whilst Craig's assertions were founded on his own observations as a co-operative project manager, Schrader *et al.* (1985) and Hind (1994) also found little difference between the two organisational structures, when comparing empirical data relating to the corporate performance of large scale co-operatives and IOFs in the US and UK respectively.

Cook (1995) in his examination of the alternative business strategies facing US co-operatives, identified a range of options associated with the well-being of the corporate entity. These related to the organisational structure and equity base being reappraised, possibly at the expense of member participation and user-based rewards, so that the co-operative would become more akin to an IOF. Zusman (1993) concluded that although co-operative demise is due to the erosion of co-operative ethics within the membership, the erosion of these ethics is brought about by factors external to the co-op. Conversely, Hind (1997) found, through the semantic analysis of annual reports over a one hundred year time period, that any erosion of these ethics is brought about by factors intrinsic to the co-operative.

Murray (1983) categorised agricultural co-ops into one of two major types, these being Capital Specific Co-ops (CSCs) and Capital Accumulative Co-ops (CACs). Associated with this categorisation was the notion of co-operative transition over time. Murray considered that transition in practice was almost exclusively from the CSC form to the CAC type. He also concluded that the individual business category is "an indication of the corporate centred activities of the management and other key officials," (p. 159). Furthermore, associated with these categories, according to Murray, are varying levels of conflict between the managers and members when determining autonomy of decision making and the control of capital, with increasingly divergent aspirations as time passes.

Given the arguments presented, where it is posited that the membership and managers may favour different objectives, it also follows that over time, co-operatively owned organisations will adopt different objectives as the balance of control shifts away from the membership towards the managers, who take on greater responsibility for directing operations. The works reviewed suggest, therefore, that whilst it is legitimate for a co-operative business *not* to seek development through profitability, market share growth, capital appreciation etc, many, in practice, do take on the objective sets of conventional IOF businesses.

Observation of the co-operative sector over recent years provides some empirical evidence of the changing ethics and associated co-operative goals as already postulated. Over the last decade in the UK, there have been a number of agricultural co-ops which have converted their corporate structure, so that they no longer strictly comply with the co-operative definition adopted by the Registry of Friendly Societies (1998) and have adopted the nomenclature "farmer controlled business" (FCB). Many of these FCBs still describe themselves in corporate literature as co-operative in nature, in that they claim to offer best deals to the membership through service, year-end, trade-related bonuses and participation in decision making, even though they may not comply with the traditional guiding principles of co-operatives. Such FCBs, for example, allow dividend allocation based on shareholding, market valuation (and therefore trading) of share capital, voting rights related to shareholding and up to 49 per cent non-farmer shareholding. For the 1996 year-end, of 531 trading agricultural businesses listed in the annual directory (formerly known as the Directory of Agricultural Co-operatives), 13 were FCBs (Plunkett Foundation, 1998).

This phenomenon is not unique to the UK; Ireland, Canada, the United States of America and Continental Europe have witnessed similar trends. Many observers (such as Jacobsen and O'Leary, 1990; Stewart, 1993; Lang, 1995 and Parnell, 1995), have debated the future of the agricultural co-operative with concerns such as "...I add the question of whether co-operatives can form and survive in a society which has become increasingly individualistic" (Fulton, 1995; p.1144).

Outside of the UK agricultural sector, the 1990s have also seen the conversion of many building societies to investor-oriented banks, retail co-ops converting to conventionally structured grocery superstore corporations and highly publicised predatory "take-over" bids of the Co-operative Wholesale Society (CWS) and the Nationwide Building Society. Many have been predicting the end of mutual co-operative institutions and the associated principle of user-member, rather than investor, benefit. The "Comment and Analysis" section of the *Financial Times* concluded thus, "...the era of mutual societies seems to be drawing to a close." (*Financial Times*, 1997; p.29). In response to this prediction, Blitz *et al.* (1997) reported the backlash from the shareholders of the Nationwide against the stampede of building society conversions and listed the comments made by ordinary members in continuing support of the mutual co-operative ethos.

4. Objectives and Methodology

The objectives of this paper are to identify the focus of agricultural co-operative goals and the factors which determine those objectives through the in-depth appraisal of ten case study businesses, each of which had been originally incorporated as co-operatives. Specifically, it will seek to test the following hypotheses which are derived from the works reviewed.

(i) Co-operative stakeholders do not share a coherent set of corporate objectives (as argued by Gasson, 1977 and Le Vay, 1983).

(ii) As co-operatives develop, the coherency of stakeholder goals reduces as manager and farmer-user aspirations become more divergent (as argued by Craig, 1980; Zusman, 1993 and Cook, 1995).

(iii) Over time, co-operatives become more akin to conventional IOFs as organisational goals and performance become oriented away from the aspirations of farmers and towards the goals of the management, as reflected in organisational and financial structures, trading practices, functions and trading area (as argued by Murray, 1983).

The case study businesses under review range in scale of operation from an annual turnover of £2 million to £124 million, membership levels of 12 to 8,500 and the period of incorporation ranges from ten to 90 years. Table 1 gives fuller details of the participant organisations although they are coded to preserve anonymity. Two approaches ((i) application of co-operative classification criteria from the life cycle model and (ii) assessment of stakeholder goal preferences described here were undertaken in testing these hypotheses.

Table 1 Brief Description of Ten Participating Organisations and Life Cycle Stage

Organisation	*Predominant Activities*	*Annual Turnover (£)*	*Member Levels*	*Age Category (Years)*	*Life Cycle Stage*
1	Supply of a diverse range of farm inputs	140	4,500	80 - 89	4 → 5[1]
2	Supply of a diverse range of farm inputs and grain marketing	100	8,700	70 - 79	3
3	Supply of a diverse range of farm inputs	70	17,800	30 - 39	2
4	Supply of fertiliser, seed, feed and animal health products	35	10,500	30 - 39	4
5	Supply of feed, seed, fertiliser, fuel and agrochemicals	10	750	30 - 39	3
6	Brassica, onion and potato marketing	23	45	30 - 39	3 → 4[2]
7	Brassica, onion and potato marketing	11	30	20 - 29	3
8	Brassica marketing	12	26	20 - 29	2 → 3[3]
9	Marketing a diverse range of fresh produce and flowers	10	112	30 - 39	3
10	Marketing of beans	2	12	10 - 19	1

Notes:

[1] Subsequent to 1994 this business has ceased to restrict shareholding to predominantly farmers and to declare that its primary interest is in serving the needs of farmers. It would thus be in life cycle stage 5, "investor-oriented firm".

[2] Subsequent to 1994 this business converted to the FCB structure in relating voting rights to shareholding and allowing share trading at market valuation. Shareholding was still restricted to agricultural producers.

[3] Many features exhibited are common to the CSC (Stage 2) category. However, the executive centred structure, high levels of non-nominated reserves and moderate levels of non-member trade indicate that this business is in transition from Stage 2 to 3.

(i) Co-operative Classification

In the light of events in both the wider and agricultural co-operative movement discussed earlier, the co-operative classification criteria, as adopted by Murray (1983), have been revised by the author to include the "Farm Controlled Business (FCB)" and "Investor Oriented Firm (IOF)" categories. Table 2 illustrates the criteria used in appraising each of the ten businessess during 1994. Associated with each of these categories is a hypothesised life-cycle stage of co-operative development. From application of these criteria, it was possible to allocate each of the ten case study businesses into one of these life cycle categories (as shown in Table 1).

Data relating to each of the ten businesses were recorded based on extensive interviews with farmer directors and executives, analysis of annual accounts and internal records. On the basis of this factual information, each business was assessed in relation to the sixteen criteria in Table 2, by two independent assessors, and allocated into life cycle stages. The factual data and the consequent assessments were made available to each of the respective businesses in order to ensure accuracy of the data recorded.

5. Results and Discussion

Table 2 lists the life cycle category outcomes as assessed, based on the full criteria listed in Table 2.

Table 2 Stages of Co-operative Development (Adopted and Revised from Murray, 1983)

Criteria	*"Capital Specific Co-op"* *"Capital Extensive Co-op"*	*"Capital Specific Co-op"* *"Capital Intensive Co-op"*	*"Capital Accumulative Co-op"*	*"Farmer Controlled Business"*	*"Investor Oriented Firm"*
Profit/surplus	No / small profit/surplus carried forward in accounts - unimportant source of funding.		Profit/surplus made and then redistributed to members and/or reserves - important source of funding	Profit made, of which some will be distributed to shareholders and some to reserves - important source of funding; business at least partly profit-driven but with farmer interests a concern.	Profit-driven and made with a view to allocate to reserves for asset growth or allocated to shareholders - vital source of funding either directly or as "security" to attract funding from elsewhere.
Patronage Rebates	*Rarely used*		*Frequently used*	*Rarely used*	*Never used*
Members' Share holding	Unimportant source of funding.	Withdrawable	Important source of funding - withdrawable.	Up to 49 per cent of share capital from non-farmers/non-customers; share capital locked into business. Tradable at market valuation.	Share capital may be entirely provided by non-farmers/non-customers; share capital locked into business. Tradeable at market valuation.
Members' Loans	*Unimportant source of funding*	*Very important source of funding*	*Often important source of funding*	*Never used*	*Never used*
Reserves	Unimportant source of funding	Occasionally important source of funding	Important source of funding	Important source of funding	Important source of funding
Annual Subscriptions	*Important source of funding*	*Rarely used*	*Rarely used*	*Never used*	*Never used*
Turnover levy	Important source of funding		Rarely used	Never used	Never used
Management Structure	*Farmer-centred*	*In transition from farmer centred to staff centred*	*Staff-centred*	*Staff-centred*	*Staff-centred*
Member/share-holder numbers	From one to several thousands		From one to several thousands	Tendency to be large but may include non-farmers.	No limitation on individuals.
Trading Area	*Usually sub-regional/local*		*Regional*	*Regional normally, possibly national*	*Possibly regional, normally national/international*
Recruitment Policy	Can be open or closed		Open	Open canvassing of new trading partners; possible incentives but share holding not a condition of trading.	Open canvassing of new trading partners; no relationship between trading and share holding.
Trading Activities	*Usually specialist agricultural*		*Diversified agricultural*	*Diversified; will consider complementary non-agricultural portfolios*	*Diversified; no allegiance to any sector*
Trading Relationship	Usually acting as agent		Normally principal	Normally principal	Normally principal
Interest in Vertical Integration	*Very low*	*Low*	*High*	*High if improves market control*	*High if improves market control or is profitable*
Non-Members' Trade	Limited		Possibly an important proportion of sales	Very important; (member) trade may be low	Member shareholder trade not necessary; non-member business could be 100% of total
Inter Co-operative Co-operation	*With other CSC's*		*With other CAC's*	*Only where commercially justified; relationships with other FCBs/IOSs also considered*	*Unlikely due to differences in ethos; more likely with other IOFs*
Stage:	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5

Murray's classification categories and notion of a managerial contempt curve are functions of time; that is, as a business matures it will tend to move from one phase to the next and with each phase the co-operative becomes more corporate oriented at the expense of its member focus. The mean ages for the four successive classification stages of the businesses categorised (as at 1994) are:

Stage 1 = 10 years

Stage 2 = 27 years

Stage 3 = 42 years

Stage 4 = 83 years

Given the four categories and small number of cases (ten), statistical tests of differences in means would be inappropriate; there is however evidence here to support Murray's contentions that over time, co-operative businesses tend to become more corporate focused as managers seek to covertly accumulate capital to allow conventional business objectives to be followed, and that this is reflected in financial and organisational structures and in trading practices, the diversity of functions and the breadth of trading area.

(ii) Stakeholder Goal Preferences

In order to test explicitly the concept of the management contempt curve and the theories of others (Craig, 1980; Zusman, 1993; Cook, 1995), various stakeholder groups (directors, executives, (i.e., "the managers") and members, farmer customers and farmer suppliers, (i.e., "the farmers")) were surveyed in order to establish both the focus and coherence of stakeholder goals for each of the ten businesses. These data were collected through postal questionnaires which requested respondents to rate the importance of eight potential business objectives for the organisation with which they were associated on a seven point semantic differential scale. These eight performance indicators were selected from a review of secondary data. Authors such as Beal (1954), Bliimle (1985), Foxall and McConnell-Wood (1976), Gasson (1977), Le Vay (1983), Price (1983) and Schrader *et al.* (1985) had reviewed and empirically assessed the applicability of potential performance criteria to various co-operative businesses. The eight variables which most commonly appeared across these works were incorporated into the questionnaire for the purposes of this study. The eight descriptive performance goals to which co-operatives and other producer owned organisations may aspire and which were assessed in this work are as follows, with the description in parentheses indicating whether each particular goal is considered (by the author) to be corporate or member focused. This description is included since the assumption that there is a potential dichotomy in the objective sets of farmer stakeholders and their co-operative managers underpins the hypotheses of this paper.

(i) A business which maximises profit (Corporate)

(ii) A business which is financially secure (Corporate)

(iii) A business which gives the best deal to farmers (Member)

(iv) A business which pays maximum dividends to farmers (Member)

(v) A business with a good image in the industry (Corporate)
(vi) A business which pays a maximum bonus on trade (Member)
(vii) A business which goes for growth (Corporate)
(viii) A business in which the farmer can participate in decision making (Member)

The questionnaires were colour coded to assist with data entry following completion and return. This request for information generated a response rate of 45 per cent (1097 valid responses). The data were analysed using "SPSS Professional" software.

6. Further Results and Discussion

The perception score data were subject to a factor analysis procedure; the resultant factors were easily interpretable as shown in Table 3. It was anticipated that this procedure would have resulted in a simple two factor result (i.e., a member centredness and a corporate centredness factor). Interestingly, however, a three factor solution was generated, which offers an insight into how stakeholders perceive the alternative goal sets facing co-operatives. This three-factor solution accounted for 66 per cent of variance in the data; examination of the scree plot and the fact that the fourth factor accounted for only a further 9 per cent of data variability justified a three factor solution. Factor 3 (given the title "farmer focused") can be described as a member goal and factor 2 (given the title "corporate centred") a corporate goal. Factor 1 (given the title "financial achievement") might be judged as a member goal since the orientation is towards profit maximisation with allocation of such on either a patronage or shareholding basis, which in an agricultural co-operative would, of course, be made to farmer members. It is also the case, however, that "profit maximisation" is viewed by some as anathema to the concept of "farmer service", since the profit is being made out of the farmer.

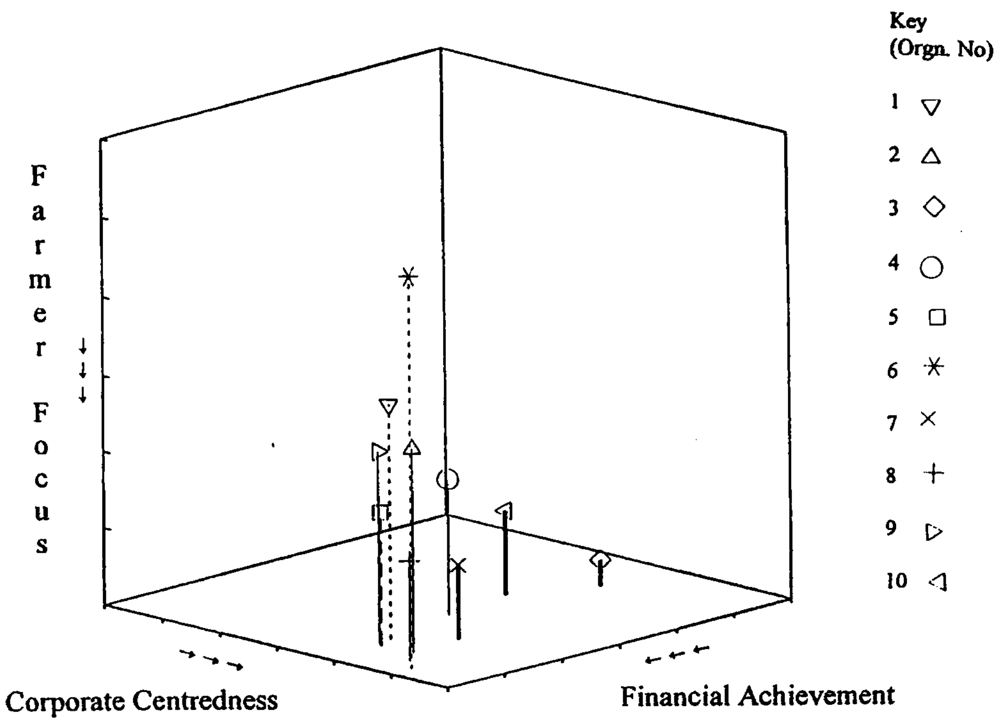
Figure 1 illustrates the relative positioning of each of the ten businesses with respect to the aspirations of stakeholders for their associated business on the basis of these three goal sets.

Table 3 Rotated Factor Matrix

	Factor 1 *"Financial Achievement"*	*Factor 2* *"Corporate Centredness"*	*Factor 3* *"Farmer Focused"*
Trade bonus	*0.83543*	0.07241	0.24997
Best deal to farmers	-0.08040	0.29773	*0.71557*
Share dividend	*0.88840*	0.12624	0.01258
Corporate financial security	-0.01303	*0.84776*	0.03132
Farmer decision making	0.14996	0.01850	*0.85570*
Corporate growth	0.37342	*0.50712*	0.11752
Corporate image	0.21929	*0.66991*	0.23371
Profit maximisation	*0.67799*	0.35864	-0.32765

Note: Italic text denotes where variables are positively highly associated with ("loaded on") a factor.

Figure 1 Relative Positions of Each Business on Stakeholder Goal Preferences



Arrow direction indicates perceived more important

It is clear from Figure 1 that across businesses, co-operative stakeholders do not share the same aspirations, with regards to co-op performance. The three organisations categorised as being in Stages 1 and 2 of the life cycle, on the basis of structures and operating practices, each generated stakeholder mean factor scores whereby the respondents rated the farmer focused variables as the preferred business objectives, when compared with the Stage 3 and 4 organisations whose stakeholders were more oriented towards financial achievements and corporate-centred goals. The markers for these three "early-stage" organisations are emboldened on Figure 1 in order to highlight this difference in stakeholder orientation between the "early" and "late" stage businesses. The least farmer focused stakeholders were associated with organisations 1 and 6 (dotted line markers on Figure 3) which are structured as Stage 4 (subsequently Stage 5) and Stage 3 (subsequently Stage 4), respectively.

Clearly, therefore, there is evidence to suggest a relationship between the late stage business structures and stakeholders' preferences for financial achievement and corporate centredness as opposed to a farmer-focused orientation. This is in line with the notions of Craig (1980), Murray (1983), Zusman (1993) and Cook (1995) that the aspirations of the "organisational people" as opposed to the "co-operative enthusiasts" prevail and that this is reflected in the financial and organisational structure of the corporate body.

Table 4 Illustration of Importance Factor Score Means[1] and Standard Deviations as an Indicator of Within-Business Coherence (Descending Order of Goal Coherence)

Organisation	*Life Cycle*	*Financial Achievement*	*Corporate Centredness*	*Farmer Focus*	*Mean st. dev.*
6	3 → 4	-0.49 (0.64)	-0.30 (0.51)	0.93 (0.82)	0.66
5	3	-0.32 (0.81)	0.02 (0.70)	-0.08 (0.87)	0.79
8	2 → 3	-0.41 (0.93)	-0.21 (0.75)	-0.21 (0.77)	0.82
2	3	-0.32 (0.81)	-0.14 (0.71)	0.20 (1.02)	0.85
3	2	0.85 (1.06)	0.05 (0.91)	-0.50 (0.83)	0.93
4	4	0.17 (0.95)	0.16 (1.00)	-0.07 (0.83)	0.93
7	3	-0.56 (1.01)	-0.12 (1.00)	-0.31 (0.84)	0.95
9	3	-0.30 (0.84)	0.06 (1.24)	0.15 (0.89)	0.99
1	4 → 5	-0.23 (0.82)	0.07 (1.32)	0.32 (1.17)	1.10
10	1	0.52 (1.12)	0.21 (2.26)	-0.27 (1.01)	1.46

Note:
[1] The lower the mean score, the higher the perceived level of importance.

Murray's notion of the management contempt curve proposed that, over time, the aspirations of the "managers" would become increasingly divorced from the "farmers". In order to assess whether this was apparent for the ten case study businesses, the within-business coherence of objectives across stakeholder groups was assessed, as can be seen in Table 4.

These results are surprising and give little evidence of the expected relationship. For example, Organisation 10 shows relatively large standard deviations across all factors, depsite the fact that it is by far the smallest organisation and one would expect a relatively higher level of conformity of opinion. This preliminary analysis can only give a superficial insight into the level of conformity of opinion, however, since it does not determine if there are a number of (conflicting) diverse stakeholder groups within which there is coherence of organisational goals or whether the diversity of goal preferences transcends stakeholder group membership.

An assessment of manager and farmer group perceptions is therefore pertinent, given that they have been identified from the literature as the two stakeholding groups with potentially conflicting interests, which is borne out by the findings above. Table 5 compares the coherence of opinion within the ten businesses by comparing the mean importance factor scores of these two major stakeholder groups.

From Table 5, it is apparent that where significant differences between the farmer and manager groups exist, the farmer group aspires more towards farmer-focused goals than do the managers and the managers are more oriented towards the corporate-centred goals. Interestingly, the managers are also more focused towards financial achievement than are the farmers. Whilst this factor is loaded partly by trade bonus (i.e., profit allocation based on farmer usage of co-op), it is also loaded by profit maximisation and share dividend allocation, both of which contribute to the IOF business manager's conventional objective set and measures of their own performance as senior executives.

Table 5 Comparison of Importance Factor Mean Scores[1] Between the Two Stakeholder Groups (Descending Order of Goal Coherence)

Organisation	*Life Cycle*	*Financial Achievement*	*Corporate Centredness*	*Farmer Focus*	*Mean t-value*
5 Farmer	3	-0.29 (0.82)	0.03 (0.72)	-0.08 (0.87)	
Manager		-0.66 (0.66)	-0.10 (0.51)	-0.12 (0.98)	
t-value		1.50	0.65	0.10	0.75
10 Farmer	1	0.50 (1.22)	0.32 (2.64)	-0.56 (0.93)	
Manager		0.60 (0.96)	-0.13 (0.21)	0.59 (0.83)	
t-value		0.15	0.51	2.02	0.89
8 Farmer	2 → 3	-0.45 (0.98)	-0.15 (0.76)	-0.44 (0.710	
Manager		-0.37 (0.89)	-0.28 (0.75)	0.06 (0.77)	
t-value		0.27	0.57	2.18	1.01
7 Farmer	3	-0.31 (0.79)	-0.27 (0.85)	-0.19 (1.00)	
Manager		0.13 (1.12)	-0.00 (1.09)	-0.40 (0.71)	
t-value		1.61	0.95	0.82	1.13
6 Farmer	3 → 4	-0.14 (0.67)	-0.28 (0.56)	0.72 (0.56)	
Manager		-0.73 (0.53)	-0.31 (0.50)	1.07 (0.95)	
t-value		2.34	0.10	1.14	1.19
3 Farmer	2	0.78 (1.07)	0.11 (0.91)	0.42 (0.87)	
Manager		1.00 (1.05)	-0.09 (0.89)	0.65 (0.73)	
t-value		1.37	1.52	2.00	1.63
9 Farmer		-0.13 (0.84)	0.12 (1.39)	0.05 (0.93)	
Manager	3	-0.84 (0.56)	-0.13 (0.56)	0.45 (0.67)	
t-value		3.91	1.03	1.68	2.21
2 Farmer	3	-0.13 (0.82)	0.05 (0.75)	0.12 (0.96)	
Manager		-0.49 (0.76)	-0.32 (0.62)	0.29 (1.10)	
t-value		3.41	4.03	1.26	2.90
1 Farmer	4 → 5	-0.09 (0.90)	0.45 (1.53)	0.01 (1.10)	
Manager		-0.34 (0.70)	-0.33 (0.90)	0.67 (1.14)	
t-value		2.22	4.43	4.22	3.62
4 Farmer	4	0.38 (0.91)	0.43 (1.03)	0.04 (0.77)	
Manager		-0.41 (0.83)	-0.53 (0.50)	-0.17 (0.96)	
t-value		5.16	7.73	0.77	4.55

Note:

[1] The lower the mean score, the higher the perceived level of importance.

One can also see from Table 5 that whilst the relationship between life-cycle stage and the level of discrepancy between farmer and manager goals is not perfect, one can see at a glance that the two late-stage organisations exhibit lowest levels of goal coherence between the "managers" and the "farmers". This is in line with Murray's notion of the management contempt curve and the hypothesis that as an organisation matures and passes through the life-cycle stages, that "management contempt" (by managers of farmers' aspirations) increases. One can also see that, for the earliest stage organisation (10), there is relatively little conflict between the manager and farmer groups. In fact, the large degree of goal incoherence highlighted in the analysis in Table 4 was the result of the responses of two "maverick" farmers who subsequently left the group.

In order to determine whether goal coherence is a function of specific attributes associated with business maturity and life cycle stage, the following Spearman's rank correlation coefficients were determined in Table 6 with emboldened coefficients denoting statistical significance at the 1 per cent confidence level.

Table 6 Correlation Coefficients: Goal Coherence and Scale of Operations

	"Goal Coherence Index" (Mean t-value from Table 5)	*Age*	*Asset Base*	*Number Members*	*Turnover*
"Goal Coherence Index" (Mean t-value from Table 5)	1.00				
Age (years)	0.59	1.00			
Asset Base (tot K emp)	0.68	**0.77**	1.00		
Number Members	**0.78**	**0.86**	0.73	1.00	
Turnover (£m)	**0.78**	**0.76**	0.96	0.72	1.00

These coefficients provide evidence to support Murray's theories regarding the management contempt curve, in that one finds a positive relationship between membership levels and increasing discrepancies between farmer and employee goal sets. Certainly, these findings also support the hypotheses expressed by Craig (1980), relating to increasingly disparate philosophies being held by individual stakeholders as the organisation grows in terms of stakeholder numbers, leading to a 'drift' in goal focus.

7. Conclusions

The life-cycle model provides a useful tool for describing individual businesses across the range of farmer-owned businesses. Whilst these findings are based on the evidence from only ten case study businesses, clearly, the depth of analysis described precludes such an approach being undertaken on a much larger number of businesses without access to extensive resources. It is clear from the review undertaken that these ten individual businesses are diverse with respect to the preferred goals of the respective stakeholder groups and that this is reflected in their organisational and financial structures and trading practices. Assertions that co-operatives become more corporate oriented as they develop through time can generally be substantiated from the case study evidence provided by the co-operative classification and stakeholder goal preferences. Furthermore, as an organisation develops and grows, with the consequent increase in the number of stakeholders, the ethics of the "organisational" people as opposed to those of the "co-operative enthusiasts" seem to become increasingly the parameters within which business objectives and strategy are determined.

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