

TEXAS AGRICULTURAL COOPERATIVES: A STUDY IN GOVERNING
COMPETENCIES

A Dissertation

by

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ABSTRACT

Agricultural cooperatives possess a unique business structure, unlike investor-owned firms. One of the most important differences is how an agricultural cooperative is run and controlled by owner-directors. However, when it comes to governance, finding leadership competencies that applies to both, remain elusive. The purpose of this study was to identify and assess governance competencies and in doing so share the findings with industry practitioners to further train and develop leadership capacity on boards of directors of agricultural cooperatives. The findings suggest that it is possible to identify, categorize, and establish an instrument to measurement governance competencies. This mixed method study, brings to light an area in agricultural cooperative governance that has not been previously examined.

DEDICATION

I dedicate this dissertation to my husband Ralph Friend. To say he has sacrificed through this process would be an understatement. With 2,000 miles between us for three years, he learned as much about surviving graduate school as I did. His undying love, support, and devotion are not lost on me and the struggles he has endured are etched in our 40 years of marriage. I promised him I would never give up. Today is a testament to that promise.

I also dedicate this dissertation to my parents, Robert and Gloria Bowman, who both held the belief that knowledge was power and education was paramount to one's success in life. They instilled in me the love to learn, progress and personally grow from life's experiences, no matter your age.

“Ancora Imparo”

Still I am Learning...

-Michelangelo

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Thanks also go to my friends and colleagues and the department, both faculty and staff, for making my time at Texas A&M University a great experience.

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Contributors

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Review and oversight of this dissertation was provided by Dr. Barry Boyd and Dr. John Park.

All other work conducted for this dissertation study was completed by Diane Friend independently.

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NOMENCLATURE

CO-OP	Cooperative
BOD	Board of Directors
IOF	Investor Owned Firm
TACC	Texas Agricultural Cooperative Council
MDF	Multi-dimensional Framework
MGA	Multi-dimensional Governance Assessment
CRGA	California Rice Growers Association

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CHAPTER I

INTRODUCTION

If agrarian culture defines the fabric of our nation, and the Constitution is the law of the land, then perhaps, one could also posit that the Capper–Volstead Act of 1922 (Bakken & Schaars, 1937), is the “Magna Carta” of rural American agriculture. This federal law gave “associations” of producers who produce agricultural products certain rights to organize, collectively market their products, and offered them protection from anti-trust laws.

Cooperative Definition

The legal corporate structures formed by producers are called agricultural cooperatives (co-ops). A Co-op is a business that is owned and democratically controlled by the people who use its services and whose benefits are derived and distributed equitably based on use (United States Department of Agriculture [USDA], 2012). These people are called user-owner members. Agricultural co-ops consist of agricultural producers (e.g., farmers, ranchers) who voluntarily agree to establish a common institution to improve their production and marketing effectiveness by pursuing a common set of goals. Such goals may include: 1) getting better prices for their products, 2) buying farm inputs at a lower cost, and 3) accessing markets that are otherwise not available to individual farmers or ranchers.

Co-ops guarantee producers the right to collectively bargain, set prices, and operate as one body for the benefit of all the producers in the association. A co-op’s

owners are also its customers, and thus, they guide the activities of their co-op. Enacting the Capper-Volstead Act (1922) helped increase farm profitability, expand capital investments in local communities, and build into what we see today as important institutions that support and sustain rural economies. By forming strategic alliances among themselves to form a co-op, farmers may increase their marketing or purchasing options to increase their bargaining power. Through their co-op, which pools the resources of many producers, producer-members may reach forward into downstream marketing stages, such as processing, to capture a larger share of consumers' dollars; or backward, into areas such as farm input supply, reducing their input costs. National food brands such as Blue Diamond Growers (almonds), Cabot (cheese), Ocean Spray (cranberry juices), Sun-Maid (raisins), Sunkist (orange juices), and Land O'Lakes (dairy), represent how powerful the co-op mechanism is for producers who join forces to compete squarely with large multinational conglomerate food companies. These brands and their parent companies are agricultural co-ops, providing a home for small to medium sized farmers' crops. Unable to effectuate price competitiveness without the volume or economies of scale that their collective efforts could accomplish through co-ops, these producers generate economic benefit through the cooperative efforts. Today agricultural co-ops are deeply embedded into our national economy, policies, industrial landscape, and vital to the health of rural America.

Background

A review of the formative years of U.S. antitrust policy helps to explain the economic and legal history of agriculture. This historical review will provide a well-

rounded account of the development of public policy as it relates to institutions designed to bring public and private interests into an acceptable long-term working relationship. This review will also help to provide a clear picture of why agricultural cooperatives came about and the ramifications of their creation. Further, as Glynn McBride (1983) wrote, “without an acute sense of the past, the present may be meaningless, and the future may not be as productive and fruitful as it might be if it is accompanied by understanding of the evolution of relevant events” (p. 211. History reveals how ideas have changed people and how people have changed ideas. Harris (1981) added, “Lacking this knowledge, we can only be blinded by false passions and betrayed by false hopes” (p. 212).

McBride (1983) and Harris ((1981) thoughts on these cooperative principles are the fundamental undergirding of the agricultural cooperative as an institutional arrangement that may be beneficial and sound. Cooperatives not working properly is not a case of weakness in their basic foundations, but possibly because they were not well understood. Harris (1981) made a case for reviewing the evolution of laws and institutions in order to better understand the importance of cooperatives.

Almost the entire edifice of U.S. antitrust legislation rests upon three foundational statutes: (1) the Sherman Act of 1890; (2) the Clayton Act of 1914; and (3) the Federal Trade Commission Act of 1914. Examining these statutes in an evolutionary context, moves us closer to a greater understanding of what ushered in the passage of the Capper-Volstead Act and how cooperatives were created as exemptions to the aggressive anti-trust laws that existed at the time.

Economic movements acting as triggers for the creation of anti-trust included the following events; capital intensive production on a large scale, expansion of industrial banking and credit markets, liberal incorporation laws, building of the transcontinental railroad, and two severe depressions. Before long, large firms dotted the nation and the United States found itself deep in the industrial revolution. Although prosperity was plentiful, these large firms had become monopolistic in their dealings, swallowing and squashing small companies, most of which were family operations. When the public became more and more aware of these non-competitive practices, expressing sympathy for competition and free markets, the government had to step in and curb the monopolistic appetite of the controlling conglomerates. Regulation legislation was eminent and anti-trust laws were born.

However, there was division among the legislators, particularly those who represented agriculture. Senators argued whether farm and labor organizations would be affected by the Sherman Act. Senator Sherman proposed that his bill legislation not interfere with voluntary associations, such as the Farmers' Alliance, because it was an association to advance the interests of the farmers, improve their production methods, and introduce new methods. He argued that no organization could be more beneficial than such associations and were designed to promote their interests and welfare, and increase their pay to get their fair share in the division of production (McBride, 1983).

Although farm organization had some protection from anti-trust laws, the courts struggled to find adequate exemption. Previous laws established the legality of cooperative organizations if they were established for the purpose of mutual help,

without capital stock, and if they were not conducted for profit. Any deviation from these requirements, however, left an organization or its members subject to penalties under the Sherman Act and/or the Clayton Act (McBride, 1983). It appears unsatisfactory to depend on these definitions or have them adjudicated at the expense of the farmers. Aided by what appeared to be a feeling on the part of the public that farmers' organizations were unique because of the structure and other characteristics of agriculture, cooperative leaders began vigorous efforts to secure new legislation that would completely remedy the shortcomings of the Clayton Act. Their goal was to cover the entire spectrum of cooperative associations, with special reference to the question of restraint of trade. The National Milk Producers Federation, National Grange, the National Farmers Union, and other farm organizations formed the National Board of Farm Organizations to steward legislation that would become the Capper-Volstead Act. They urged congress to adopt legislation that would protect the rights of farmers to "organize and operate cooperative associations without conflict with the antitrust laws" (McBride, 1983, p. 212). A new sentiment in the nation was solidified by the actions of Congress, helping to marshal the priority given to farmers and the role they would assume in national economic commerce.

Other federal legislative actions would follow, such as the Agricultural Adjustment Act of 1933, again placing agriculture as a national priority. This federal law helped set in motion policies built on a framework to cast agriculture as a protected industry for many decades to come. Known today as the Farm Bill, it legislates budget item funds federal programs in food security and price stabilization, and promotes

cooperative marketing. In sum, these seminal laws were germane to the cooperation of producers forming organizations to collectively market their crops.

Cooperative Structure

The Rochdale Principles, established by the Rochdale Equitable Pioneers' Society, are a set of rules for the organization of cooperative businesses. These principles were created by 28 working class people, who came together to create a more fair way to live and work to benefit their community in the United Kingdom. They established a set of values and principles which formed the basis for cooperative organizations all over the world. It would be the National Grange of the Order of Patrons of Husbandry, a fraternal organization in the United States founded after the Civil War in 1867, as an agricultural advocacy group, that would publish a similar set of rules for the organization of cooperative businesses across America (National Grange, 2019). The Grange created a movement, called the "Granger Movement," which expounded new and innovative ideas to empower farmers and encourage farm families to band together to promote the economic and political well-being of their communities. The Granger Movement's membership and support grew following the panic of 1873 with falling crop prices and the monopolies of railroad companies increasing transportation costs to grain elevators. From this perfect storm of frustration and vulnerability, a spark erupted, causing farmers to organize cooperatives, adopting rules based on the principles that were practiced by the Rochdale Equitable Pioneers' Society. Specifically, the Rochdale Principles are the foundation Co-ops are built on today; (1) voluntary and open

membership, (2) democratic member control, (3) member economic participation, (4) autonomy and independence, (5) education, training, and information, (6) cooperation among cooperatives, and (7) concern for community.

In 18th century England, the cooperative model provided an avenue for consumers to obtain their goods at cheaper prices than that charged by their local merchants. This model allowed the disparate consumers to combine their purchasing power. These consumer groups then obtained goods at a cheaper rate for the benefit of all members. That model of cooperation is still successful because in many parts of the world, including here in the United States, the market: (1) does not provide necessary products or services or (2) provides them at a high cost, excluding purchase by many who need such products or services. Many agricultural and non-agricultural cooperatives were formed to address the need for access to essential services that investor-owned firms were not willing to provide. Investor-operated firms (IOFs) shied away from business investments in these products or services because of high per-capita costs, complicated or limited access to the value-added food supply chain, or because they would not receive adequate payment for farm products. Like IOFs, cooperatives are businesses that must succeed in the business world.

Although there are many similarities between co-ops and IOFs, the key difference between IOFs and agricultural co-ops is in terms of ownership; outside investor stockholders own IOFs, while user-members own a cooperative. In terms of receiving benefits, IOF stockholders receive benefits (e.g., dividends) in proportion to IOF services while cooperative services are used by owner members. One of the most

important differences is how the company is run or controlled. Common stockholders control an IOF (vote is proportional to ownership rights), whereas member patrons control cooperatives (typically one member equals one vote). To understand the contrasts between the organizational structure of governance between a co-ops and IOFs Figure 2 provides a graphic illustration of how each organization is organized and the level of authority given to the board of directors.

Figure 1

Organizational structure of agricultural cooperative governance

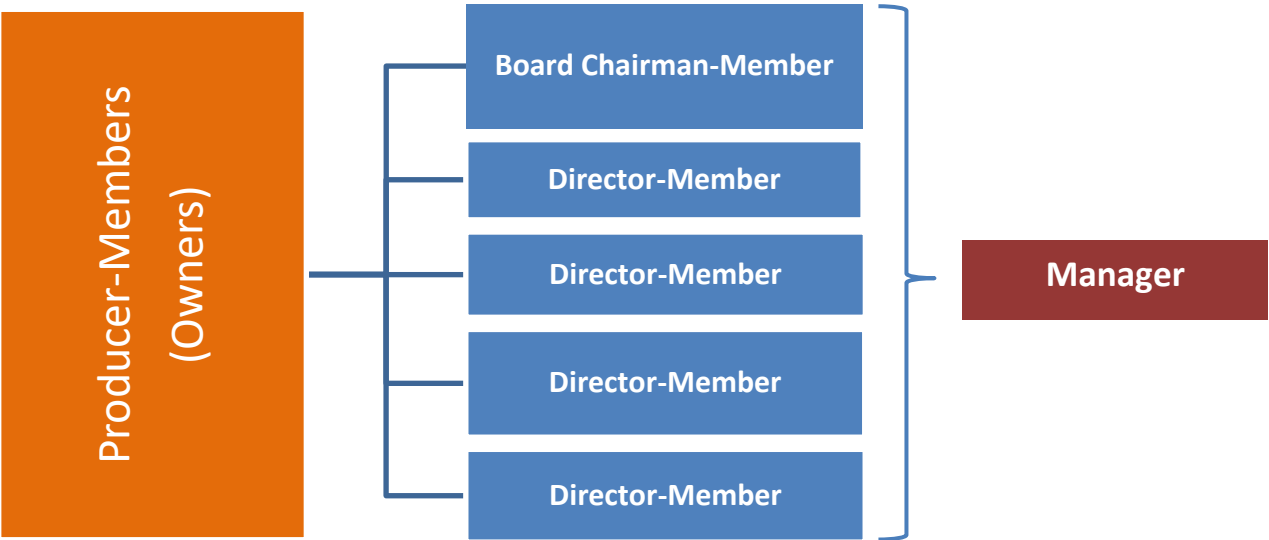
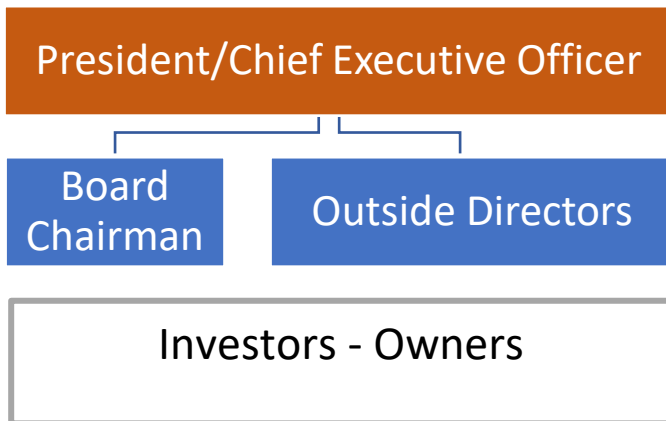


Figure 2

Investor-owned firm structure of governance



Most agricultural co-ops operating today were established during the 1920s and 1930s during a period of economic adversity. The focus of this study is on contemporary co-ops, which provide services and benefits to its members in proportion to the uses they make of the organization. Rather than earning and maximizing profits for shareholders as investors in other corporate structures, a co-op's primary goal is to meet its members' needs in an economical and efficient manner. It is this unique linkage between the owner and the user of the co-op business that sets it apart from its investor-oriented competition in our capitalistic system.

To become a member of an agricultural co-op, several conditions must be met pursuant to the organization's by-laws:

1. You must be an agricultural producer.

2. Voting is by one-member, one-vote (unless by-laws prescribe proportional ownership).
3. A minimum of five producer-members is necessary to become chartered.
4. At least 50% of the co-op's business must be with the members.

Under Chapter 52 of the Texas Agricultural Code, with oversight provided by the Texas Department of Agriculture, co-ops are known as “nonprofit organizations” (Texas Agricultural Cooperative Council (TACC) 2019). The language specified in the chartered provisions states: “Because a marketing association is organized not to make money for itself or for its members as individuals but only to make money for its members as producers, the association is considered to be a non-profit organization” (TACC p. 3).

Types of Co-ops

There are four prevalent types of cooperatives, each with different purposes. These four co-op types describe the member and customer class operating within co-op laws.

(1) Marketing Cooperatives – This is the most common form of agricultural co-ops. Marketing cooperatives assemble, grade, and ship agricultural products. They may also perform the first stage of processing. They allow members to achieve greater economies of scale in the marketing functions, improve their market access, and help them to achieve better prices. Such cooperatives are common in milk, fruits and vegetables, livestock, cotton, oilseed, and grain markets.

(2) Purchasing or Farm Supply Cooperatives – Farm supply co-ops handle all types of farm production inputs including fertilizer, feed, crop-protection chemicals, seeds, and petroleum. Their objective is to allow producer-members to obtain quality supplies at more favorable prices.

(3) Service Cooperatives – Service co-ops allow members to more efficiently access needed services at favorable prices. Many co-ops provide services that would otherwise be unavailable in the marketplace. Although there is demand for such services, there are not enough suppliers. Co-ops that provide credit, insurance, electricity, and telephone services are often also classified as service cooperatives. Many of these cooperatives operate in rural areas and serve agriculture but are not necessarily considered agricultural cooperatives.

(4) Processing Cooperatives – This type of co-op allows producers to participate in the marketing channels downstream from where the farm products originate. Common examples include milk processing, sugar refining, fruit and vegetable canning and freezing, flour milling, dried fruits, fruit juices and oilseed processing. The objective of processing co-ops is to capture a larger share of the consumer's food dollar for the producer-member while improving market outlets for the co-op producer-members.

Benefit to Producers

Agricultural co-ops work well for producers because they allow members to achieve economies of scale, reducing the cost of storage, handling, marketing, and processing. They also provide market access by allowing their members to meet market

channel requirements for volume, quality, packaging, and processing. By banding together, cooperatives allow members to offset the market power of large firms and let producers-members share risk through pooling.

Boards of Directors

The focus of this study is on the Boards of Directors (BOD) of agricultural co-ops. This body of producer-members are elected democratically from the pool of co-op members. The legal formation of the co-ops is structured typically with a 5-9 member BOD and a chairman of the board (COB), nominated and elected to represent the interests of all the co-op members. This governing body is responsible for hiring a manager to run day-to-day operations, provide oversight, set policy, and perform strategic planning for the organization.

Distinct to agricultural co-ops, the BOD's role is emphasized by the responsibility and obligations lodged with the "owners-users" of this institutional arrangement, making it a unique business organizational form under the free enterprise system. It reflects again the service orientation of the co-op in which the motivation for its genesis is not a return on investment, but the provision of a service to a group of people which might not be available to them as individuals. In the *Handbook for Directors of Agricultural Cooperatives*, a director regards their role as a BOD member as an honor and a privilege to serve because "it is evidence of the respect and trust of fellow members" (Feagan, 1973, p. 4). Further, it gives the director the opportunity to demonstrate their "ability and good judgement in the development of a successful business enterprise" (Feagan, 1973, p. 4). Lines of authority and areas of responsibility

for policy making and management guidance rests in the hands of the BOD, who are the governing body of the organization. To merit the continuation of their service, the BOD assumes a number of duties aside from policy making which include attending regular monthly board meetings, reviewing financial records, performing management evaluation, developing strategic plans, keeping a sharp eye on the business and management, staying abreast of external issues and keeping other co-op members fully informed.

Central to the governing role, BODs must clearly understand what their responsibilities are to the members who entrust them with their funds, their property, and their organization. Constant vigilance is required if directors are to discharge their responsibilities to prevent a financial loss to the association of members (Feagan, 1973). The courts often refer to co-op directors as “agents,” “fiduciaries,” or “trustees” of the corporate property of the members. Directors are required to “act in good faith and be liable to the association for any unjust profits” made through improper dealings (Feagan, 1973, p. 1. Directors are not liable, ordinarily, for losses incurred due to errors in judgement if made in good faith.

The BOD as a unit is the employer, and the manager is the employee. Together the BOD and manager make up the management team with specific authority prescribed in the corporate by-laws. Directors have the responsibility to communicate their policies under which the manager is to operate the day-to-day functions and see that such policies are followed and carried out.

Today, more than 2,300 agricultural co-ops exist across the country, of which 2.2 American producers and ranchers are members. Producer owned co-op's handle, process, and market almost every type of agricultural commodity, furnish farm supplies, store products, and provide credit and related financial services, including export financing. Earnings from these activities are returned to their producer members on a patronage basis, helping to improve their income from the marketplace.

With \$61 billion in assets and \$24 billion in equity, the total business volume for co-ops in 2009 exceeded \$145 billion (USDA, 2010). Agricultural co-ops also remain a major employer in rural areas, providing over 250,000 jobs, contributing significantly to the economic well-being of rural America (National Council of Producer Co-op, 2019).

In Texas, the economic impact of co-ops on small communities is stunning as well. With approximately 198 organizations, 77,000 members, and \$4.4 billion in net business volume, agricultural co-ops make Texas one of the top leading states in the nation for cattle, cotton, sheep, goats, horses, hay, milk, broilers, eggs, peanuts, pecans, wheat, grain sorghum, rice, vegetables, and citrus fruits. As a resounding major source of commerce in rural communities, co-ops are the epicenters of farm supplies and inputs, transportation, harvesting, processing, and storage facilities for many small towns in Texas.

Statement of the Problem

Although co-ops embody the economic engine in rural Texas, governance of these organizations lies in the hands of a few producers who serve the on BODs. Their role is important, not only to the sustainability of the co-op, but to the communities they

support as well. One would expect this governing body of directors to be made-up of highly educated, skilled, and knowledgeable individuals – but are they? Even though producers are business-minded, and probably run successful farming and ranching operations, are they truly equipped to govern an organization worth millions of dollars in assets, provide professional oversight, make complex decisions, and predict global trends? If not, how can they equip themselves with needed skills and abilities? And for that matter, what are the governing competencies needed to lead a co-op organization effectively? If competencies were established, what assessment instrument adequately measures proficiency? These questions underline the problems that co-op BODs face in determining if they are governing the organization to the best of their abilities. Further, established governance competencies and assessment for co-ops appears to be illusive and problematic for practitioners who deliver leadership training tools to improve governance practices and performance.

Cooperatives have been an enduring institution in the farm and food economy for nearly a century in this country. Yet, starting in 2000, critical structural changes began to occur in agricultural co-ops, marking an important period in their history and culture (Fulton & Hueth, 2009). There are many factors responsible for these changes but suffice to say that most co-op literature points to property rights and use issues, life cycle theories, agency problems, market power, free rider issues, and horizon problems (Fulton & Hueth, 2009). The pervasive challenges that co-ops face today are not well articulated in the area of governance, leading this researcher to argue that the role of the

board of directors is now more important than ever to address endemic risks possibly embedded in their competencies effecting governance.

A co-op without governance is like a train without a track. No matter how good management is or what business potential exists, if the BOD, elected to represent the membership, does not provide effective governance, the co-op is doomed to stagnate or worse, to fail. According to Drucker (2008), making a corporate board effective requires “spelling out its work, setting specific objectives for its performance and regularly appraising performance against those objectives” (p. 477).

However, co-op directors are not characterized as “typical” Fortune 500 corporate directors. Several stark differences are found in organizational culture, structure, and operation. Co-op boards are distinct to the rural communities they serve and are made up of individuals with varying degrees of education, leadership skills, and abilities. They serve because as member-owners they are chosen to represent all the co-op member-owners. The unique nature of a co-op director’s role comes in the form of wearing “two hats” – first, representing themselves as a member-owner, and second representing others by governing in the best interest of the organization. Elected from a pool of possible directors, certain social constructs operating in the background may complicate the selection and governing processes. Extension expert Park (2019), suggest that a board is not a simple aggregation of individuals, but is in fact, a complex social system. From this perspective, the directors selected may not necessarily be those who can optimally serve the best interests of the overall organization but rather reflect the preferences and biases of those who are part of the farming community where the co-

op exists. The consortium of producers who own the co-op may be limited by a pool of individuals who live in the small community where the co-op exists. Typically, leaders in these small communities are asked to serve on several boards, stretching their volunteer time and energy. Convincing producers to serve as a director of the co-op board can be challenging, given the small population of the leadership talent pool.

Additionally, identifying what is “effective governance” and measuring director competencies could be problematic if a set of operational standards has not been established. It is assumed and specified in the by-laws that co-op governance requires fiduciary duties of oversight, strategic planning, and a global perspective; all of which appear to create a needed multidimensional approach to governance. However, this assumption has not been validated; and therefore, charges the researcher of this study with the task of establishing what dimensions of governance are needed.

There are several reasons to study co-op governance. First, little to no literature in the area of co-op governance, which identifies director competencies in the context of effectiveness and successful performance, exists. Secondly, in the wake of several co-op mergers and consolidation, it appears imperative that co-op directors turn attention to how to improve their governance skills so they may build relations and trust among a combined producer-member pool.

Most of the literature about co-op governance surrounds case studies of failed co-op businesses and the role of BODs in re-organization and liquidation. For the most part, what not to do or how to perform in troubled times, is the prescriptive body of research that currently exists about co-op governance. This sizable gap in literature indicates the

need for research specifically designed to ascertain leadership competencies for co-op directors. Both from a theoretical perspective and applied foundation, this proposed study could contribute to established co-op principles and standards of operation to be used by agricultural extension professionals and industry leaders.

In addition, other volumes of business and economic literature that do exist, focus on corporate governance issues, not necessarily applicable to co-ops. The number of differentiating features between corporations and co-ops extends beyond structure and operation. For example, BODs of co-ops embody an orientation to provide benefits to members and satisfy their needs, perform democratic goal setting and decision-making, operate under special rules for dealing with capital and profits, all while maintaining an at-a-distant ownership interest. Governance boards of stock-listed corporations are not necessarily considered organizations of transactions, whereas co-op governance is a horizontal arrangement between many independent producers who are also co-op owners.

A sound way of delineating a governance structure is to distinguish decision and income rights (Hendrikse, 2003). Although vastly different structurally, operationally, and culturally, co-ops are no less significant in their influence on Wall Street and in small-town America. This is another reason to study this important sector of the agricultural economy.

Much of the preliminary research that was performed at the onset of this study, did not adequately provided a governance framework specifically for co-op organizations. Arguably undervalued for their intrinsic value, co-ops play an important

role in equalizing agricultural markets for producers. To the extent that market maturity marks their pro-competitive effect, co-ops lack the quantitative and qualitative evidence to establish governance competencies needed to meet governance challenges.

This study aims to address these problems by examining issues effecting co-op governance, evaluating leadership competencies, and establishing an assessment protocol.

Preliminary Steps

To become an effective co-op director, certain skills must be employed with intention and motivation to reach the highest level of performance through behavior and action (Northouse, 2017). This study has broad implications beyond governance issues. Specific social constructs and operational processes may affect overall co-op performance due to other independent variables. Therefore, the preliminary probing phase of this study was essential in guiding the design and methodology of this study. To reach the overall goal and satisfy the purpose of this study, two preliminary actions were performed;

1. Conducted a preliminary probing study to align literature and theory with existing co-op situations by attending conferences and conversing with directors and managers.
2. Examined preliminary findings from probing exercise and adjusted the research focus to refine the line of inquiry.

These preliminary steps were critical in understanding and helped guide the final scope, problem, and purpose of this study.

Purpose of the Study

The purpose of this study was to identify and assess co-op Boards of Directors governance competencies. Governance competency was described as certain acquired skills and abilities needed for an individual director to perform a governing role. To be proficient, a director must exhibit a sufficient level of leadership efficacy. Collectively, proficient directors perform effective governance and act in the best interest of the organization.

Scope of the Study

In most corporate organizations, governance is one of the most important roles in which directors serve by setting goals and guiding policies for the profitability of the business. In the case of agricultural co-ops, the governing BOD consists of individuals who are also producer-owners, elected to represent all the members of the co-op organization. Without skilled and competent directors equipped with leadership tools, co-ops face an uncertain future to meet the growing world demands. The scope of this study include, discovering, analyzing, and establishing governance competencies to develop an assessment tool intended to measure director proficiency. This tool will provide the basis for industry practitioners, associations, and co-op extension specialists to develop director training and improve governing performance.

Importance of this Study

It is important to study governance competencies in co-ops because of the long-term implications of economic impact and business sustainability. If directors can recognize strengths and deficiencies in their leadership abilities, then they can begin to engage in meaningful training programs which build personal and professional leadership capacity. The unique business model that co-ops represent may require complex and multidimensional leadership abilities to govern effectively. The fact that directors are placed in two roles – member-owner and governing director - creates a continual balancing act and a personal conflict of interest from time to time. Understanding baseline competency and measuring governing efficacy will help to minimize directors struggling roles.

Co-op governance is not performed in a vacuum – directors are surrounded by the social constructs of their environment and operate in concert within their perceived paradigm of leadership. For example, even though established effective governance competencies exist, there may be socio-cultural obstacles present that may prevent a director from making sound decisions in their governance role. Certain social constructs, beliefs, or value systems may impede their ability to govern effectively.

How directors are recruited and selected may affect board dynamics, culture, and governance outcomes due to the social constructs of the community or the agricultural industry. Usually, a slate of new and/or incumbent directors are chosen by a Nomination Committee, selected by the existing BOD or the chair. This process, outlined in the co-op bylaws, is designed to find the best qualified individuals who, in the best interest of the co-op, will serve on the board.

However, a plethora of literature that describes the “pitfalls” commonly seen in corporate director selection processes exists. Committees are not always effective or competent in their recruitment and selection efforts. Understanding this process and the context of the situation is important in evaluating the relationship between certain factors and governance competencies.

It has been said that agriculture is a way of life. This claim conjures up a viewpoint that promotes tradition and cultural richness over diversity, skills, and knowledge. In other words, unless you are an “insider” of the social constructs of a farming community it is very unlikely that an outside individual with specific skill, expertise, or knowledge would be selected to serve on a co-op board over a local person

who is part of the ‘ole boys club’. This socialization may or may not include gender diversity on the board. The traditional viewpoint of women’s roles on the farm appears to align closer to a helper, bookkeeper, or assistant rather than an owner, manager, or director. This assumption holds true to the co-op membership and ownership, whereas a wife, sister, or daughter is not regarded as the primary leader of the farming organization. The recruitment process ends up denying potential women directors.

Another variable that may impact board governance is the relationship between the co-op’s manager, the board, and the chair. An apparent link is present, implying a symbiotic relationship between the three elements; *management, board, and board chair*. Research reveals evidence which suggests that this relationship is important and can effectuate performance of the board. There is a correlation between the chair and the manager relationship to show that operational clarity and strategic understanding hinges on the bond they form impacting governance. Further evidence will show that, if directors, working in a team-like-manner, govern managers effectively, it does have a positive impact on the manager’s performance because of the relationship they create (Northouse, 2016).

Research Questions

Research questions for this inquiry were designed to purposively respond to existing problems within the realm of co-op governance. Three overarching research questions framed the basis of this study.

RQ1: What leadership competencies are needed for effective co-op governance?

RQ2: What required governance competencies are needed to strengthen, build, or create a positive relationship between the manager, the board, and the chair?

RQ3: Once identified, how should governance competencies be measured?

CHAPTER II

LITERATURE REVIEW

The purpose of this study was to identify and assess co-op Boards of Directors governance competencies.

This chapter explores the breadth of literature pertaining to governance in all organizational forms. Although co-ops possess a distinctive business structure, governance remains an elusive phenomenon of unexplained nuances and character. Several disciplines, from economics, business management, to leadership all face similar challenges in explaining what the ingredients are of the “secret sauce” that make an effective board of directors. The quest to find the optimal criteria of the perfect board; how tasks are performed, what leadership qualities exist, where skill and abilities come from and who should be selected, are the more salient elements well researched and deemed important for effective governance (Coulson-Thomas, 2009; Machold & Farquhar, 2013; Pugliese et al., 2015; Seijts et al, 2019).

This study overlays corporate governance with an agricultural perspective, suggesting that co-op governance has subtle differences, both culturally from a corporate vantage and socially from the nature and construct of its rural roots. Corporate research typically views governance through either a rational economic or a socialized theoretical lens (Withers et al., 2012b). In contrast to the economic perspective, there is a stream of research which is less concerned with individual skill and capabilities and instead focuses on the social constructs of a board (Elms et al., 2015). Within this body of

research, the balance of power between management and directors plays an important role.

Body of Literature

Governance, specifically of boards of directors, is a widely researched area. According to Mace (1971), for decades, scholars and practitioners have regarded the board as the ultimate corporate decision-maker and studied the subject extensively. As such, the definition of governance competency varies dramatically among scholars. Because of the increasing complexity and challenge of the business world today, academics and practitioners continue to produce theories and approaches to help boards raise their competencies to higher levels. This expected performance demand has become a deeper draw from within the leader to ascend to higher thinking. Leaders find themselves pushing to expand their capacity to lead effectively across multiple levels, such as self, others, and organization, by fulfilling numerous responsibilities and tasks (Crossan et al., 2008). Examining the multiple mountains of existing literature on governance, I began by delineating literature specific to co-ops. From there, she cast the net wider to include other disciplines to find literature on governance, providing a broader perspective on the subject. This useful exercise identified where gaps in literature existed and where the most salient sources resided.

I found the largest gap in governance literature in the expansive body of research dedicated to cooperative-economics. This literature produced little evidence usable in establishing competency standards to guild this study. It became clear, that a broader body of literature from multi-disciplinary sources was needed to address this gap and

provide a deeper understanding of governance; the structure and process of board decisions, the beliefs and behaviors of the directors, and the competencies needed for effective governance. The following sections synthesize the literature reviewed, beginning with the antecedent studies and progressing to the most relevant and seminal literature available to lay a foundation for this study.

Agricultural Cooperative Literature

There is a plethora of literature pertaining to co-ops in academic journals centered on agricultural and applied cooperative economics, and organizational and rural cooperation, yet scant literature on governance. I exhausted the full body of literature examined, in addition to other literature domiciled in USDA and extension publications targeted for industry audiences. Collectively, the literature reviewed was a “tell-tale” to the need for further research in this area, providing the researcher with good insight and understanding of prevailing academic thought and research on cooperative governance.

In sum, cooperative literature represented a broad collection of seminal studies focused on issues of consolidation, restructuring, break-up, life cycle, and economic performance (Cook, 1995; Frederick, 1994; Fulton & Hueth, 2009; Hogeland, 2008; King, 1995; Vitaliano, 1983).

The volume of literature on cooperatives is broad because of the importance of co-ops and the impact they have on the agricultural economy and U.S. business sector. To understand why there is so much economic data and research readily available on co-ops, one needs to understand the true nature of cooperative business and how it differs from investor-owned corporate importance. Because of a “combination of economic,

farm organization, and public policy factors” (Cook, 1995, p. 1153), most U.S. co-ops were organized in the early 1900s to increase their aggregate market share of commodity sales, services, and inputs needed on farms. As co-ops’ market share increased, so did their influence and power in the economy, leading to expansion and in most cases, vertical integration and value-added processing of farm products. As one of the largest economic sectors in the U.S., agriculture was an important center of study and research at land grant universities where agricultural economists placed their priority and attention. To gain better conceptual understanding in the genesis, growth, and performance of this dominate agri-food/fiber sector, agricultural economists devoted much of their research interest and dollars conceptualizing and developing theories, modeling trends, and making predictions that helped drive national agricultural policy. For this reason, the impetus in most cooperative research prior to the 2000s coalesces around the structure, management, and financial performance rather than governance. Economists (Cook, 1995; Hueth & Reynolds, 2011), developed theories to explain how co-ops operate and studied occurring phenomenon to hypothesize efficiency and performance.

By the 1980s, co-ops were gaining significant strength in the marketplace, and consequently, the literature reveals a surge in cooperative theory. Vitaliano (1983) suggested that economists develop “more comprehensive alternatives to the simple profit-maximization model to explain the behavior of the modern, complex investor-owned corporation” (p. 1078). King (1995) proposed that co-ops are “in the midst of rapid, far-reaching changes” (p. 1161), recognizing that co-ops were going through

dramatic structural changes, and also believed that “despite the many challenges, the cooperative form a business organization continues to be remarkable for its resilience and adaptability” (p. 1161). Consequentially, co-ops were affected by changes; higher efficiency demands, technological advances and agricultural industrialization, “but they also helped to shape them” (King, 1995, p. 1160). Not much has changed today, except for the fact that research is shifting from “how” co-ops should operate efficiently, to “what” will make them more successful in the future (Hueth & Reynolds, 2011).

Since the 1990s, many agricultural economists have turned their attention to boardroom processes and tasks, looking for correlation between performance and governance. This attention focuses on director selection, and the demographics and size of a board, putting the emphasis on the democratically elected BOD. Frederick (1994) asserted that selection of directors is “the most important governance decision made by the membership” (p.1). Fama and Jensen (1983) portrayed directors as “the common apex of the decision control system of organizations” (p. 311).

One study addressing organizational structure, focused on board identity in relation to management and members (Limnios et al., 2018). This study examined the frequent competing roles of a co-op patron, investor, owner, and community member, suggesting a conceptual framework of BOD’s wearing “four hats”; the *patron* hat, *investor* hat, *owner* hat, and *community member* hat. Limnios et al., (2016), suggested that the fourth hat, *community member hat*, was the most connected theme across all the case studies they examined, with a level of importance equivalent to “value,” despite it generally being ignored by BODs. When researchers asked the question, “What do

directors see as the factors influencing co-op commitment?” They found that most boards deferred to management in handling member relations (Limnios et al., 2016). These findings were consistent with literature closer to home, in the case of Pedernales Electric Company in Texas, where the management and board president ran the co-op in a “secretive and authoritarian manner” (Park & Siebert, 2010, p. 75). Park and Siebert (2010), found that the board had been derelict in its duties to establish oversight and controls, causing the co-op members to rise and lodge a legal battle over their membership rights.

When BODs lose sight of their roles and responsibilities, the co-op suffers and ultimately the member/owners are left void of leadership. In 2000, critical structural changes began to occur among agricultural co-ops in the U.S. and Canada (Fulton & Hueth, 2009). Many were forced to file bankruptcy or convert the co-op to investor-owned firms (IOF) to remain financially solvent. Fulton and Hueth (2009) suggested in their case study of several cooperative conversions and restructurings, that most failures were due to poor management and governance. This seminal literature helps articulate the critical role and importance of sound governance. The conceptual framework developed by Fulton and Hueth (2009), draws from the “economics of cooperative literature and includes property rights issues, life cycle theories, agency problems, market power, free rider issues, and horizon problems” (p. 2). Ironically, little attention in Fulton and Hueth’s (2009) study was given to what the BODs should have done differently. The focus on external and internal issues, was absent any deficiencies in actions, behaviors, or conduct of the directors. It begs the questions, Were the directors’

competent leaders able to navigate the struggles and challenges they faced? If not, what were the needed leadership competencies to help them succeed?

Looking at the economic culture of agricultural co-ops, Hogeland (2006), examines the traditional norms of “doing it all” for members. The objectives expanded over the years, creating institutions of large co-ops asking themselves, “who do we serve?” Hogeland (2006) posits “industrialization changed cooperative culture so that the organization began to recognize itself as the stakeholder” (p. 68), and not a collection of individual stakeholders with a voice. This shift changed the way co-ops were governed, “entering a “value-added” era that is both inward and outward thinking” (Hogeland, 2009, p. 69).

Literature specific to governance was scarce, concentrating mostly on board structure and composition, director recruitment, and members’ trust in their leadership (Banaszak, 2008; Bijman et al., 2012; Hueth & Reynolds, 2011; Linnios et al., 2016).

One empirical study of marketing cooperatives in Poland, focusing on mechanisms of board functioning, was motivated by the growing conflict between farmers’ individual profit maximization incentives versus overall organizational profit (Banaszak, 2008). The central question of this study asked; Why do some cooperatives split up and others grow profitable over time? Structured interviews with cooperative leaders revealed that the most frequent critical problem was the “mentality of the people” (Banaszak, 2008, p. 73). It was found that the problem of cooperative commitment, and ultimately growing and succeeding, boiled down to trust in the leader of the producer group, which was the most cited reason for break-up. This study

highlights the importance of governance efficacy, leadership skill, and board performance.

Academic scholarship in agricultural cooperation extends around the world, where contributions on governance research have emboldened cooperative philosophy and added to the bank of global knowledge. Much of this literature, generated from agricultural economists in the Netherlands, Sweden, and Poland, are interested in co-op membership perception and their commitment to the cooperative philosophy. One study in Sweden assessed the cooperative's degree of success related to members' perceptions of governance. According to Osterberg and Nilsson (2009), a cooperative firm, controlled by the members, may be problematic when applying agency or property rights theory. Both theories go to the heart of who is in control of the co-op's information and assets. They contend that control problems are aggravated when the principle is a collective (Osterberg & Nilsson, 2009), especially in large cooperatives with diversified business activities and heterogeneous memberships (Borgen, 2001; Fulton & Giannakas, 2001). Osterberg and Nilsson's study focused on two factors; (1) the members' commitment to the co-op and (2) members' trust in the board. They found that board performance was hard to assess objectively, which results in a member's trust in the board used as a proxy for performance of the co-op overall (Osterberg & Nilsson, 2009).

In Europe, other literature suggests that the issue of allocation of decision rights between the board and professional management is a debatable issue (Cornforth, 2014). Management researchers grappled with whether traditional governance structures dealing with difficult issues, could enable strategic reorientation, or would take a new

decision-making structure, to change becoming more market oriented (Bijman et al., 2012). Bijman et al. (2012) argue that management as increasingly making more strategic decisions and pushing the board into an advisory position. Alternative governing structures in many co-ops in the European Union countries have moved to highly skilled, professional managers to re-tool the co-op for changes in the competitive environment. However, “the debate on casualty between structure and strategy is not fully settled” (Galal & Sanchez-Bueno, 2009, p. 610) leaving co-op boards split on both sides of the issue.

A key piece of literature for its insight into cooperative culture, cited director quality as a prevalent concern with co-op boards. Hamstreet (2006), suggests that “effective governance must strive to create corporate cultures of knowledge, openness, and trust” (p. 136). For co-ops, he proposes revising structures to allow for financial experts to join the board.

The literature, although salient in governance, does little to address specific leadership competencies. However, Hamstreet (2006), points to governance shortcomings as a major factor in co-op failure. Robert Cropp (Hamstreet, 2006), addressing rice farmers from the now-defunct Rice Growers Association (RGA), a co-op in California, said “The greatest threat to the survival of a cooperative is the board of directors” (p. 133). The producers, when surveyed, cited poor decision-making and lack of attention among the board as the demise of RGA Co-op (Hamstreet, 2006). While there is evidence of Co-op failure describing explicit deficiencies in leadership, there are gaps in research establishing governance competencies. Rather than identify individual

skills, abilities, and characteristics needed, the focus has been on board competencies. Hueth and Reynolds (2011) emphasize the importance of quality directors by saying, “cooperative leaders should take care to recruit good board members” who can join the board and collectively become ambassadors with the strategic capacity to govern (p. 1). The shared sentiment among cooperative scholars who specifically address governance issues, points strongly to the quality of directors, not because they usually are not intelligent, but because they lack the understanding of the larger business world (Hamstreet, 2006; Hueth & Reynolds, 2017).

Despite the large amount of research on cooperatives, I found there was an overwhelming gap in the literature pertaining to governance abilities, skills, and competencies tied to overall cooperative success. The limited literature that was found, provided a cursory approach of some needed skills of directors in the collective context of the board rather than the individual director’s leadership capacity or development.

Non-Profit Organization Literature

Since co-op boards choose to serve voluntarily, and in most cases for little to nominal directorial fees, I decided to explore the relevance and likeness to non-profit organizations. Here, I found various similarities between the two business models; co-op boards and non-profit boards. Both directors on co-ops and non-profit boards share parallel motivations to serve. Co-op directors essentially volunteer their time and talent to govern their local producer-owned co-op because they care about their fellow farmers, whereas non-profit directors serve for the greater good of their constituency. By applying the nonprofit perspective and its board structure to co-ops, certain governing

characteristics are comparable as well. Specifically, a key characteristic of both organizations is that they do not operate for the benefit of private owners, but rather the best interests of all stakeholders (Callen et al., 2010) or in the case of co-ops, the owner/members. In this context, I as the researcher, assumes that reference to non-profit organizations in this section, is synonymous with a co-op.

Reviewed literature established a link between the composition and effectiveness of the board of directors, and the organization's performance in both non-profit and for-profit organizations (Downen, 1995; Green & Griesinger, 1996; Jackson & Holland, 1998; Zahra & Pearce, 1989).

Studies show that board performance is largely due to board composition (Coles & Hesterly, 2000; Daily & Dalton, 1993) and board practices (Gabreilsson & Winlund, 2000; Herman & Renz, 2000; Westphal, 1999). While these studies explain board effectiveness, they do not account for individual director characteristics, skills, or abilities.

Stephens et al., (2004) tie together an individual's commitment and role on the board with the organizations' overall performance. Although it appears from this study that there is some correlation, it leaves a hole in the premise that individuals, even in varying roles, possess different skills and abilities beyond commitment. It is difficult to see the importance of this fact, unless a researcher can find useful information to develop director training to build capacity in the board. Perhaps this is where non-profit and for-profit philosophies split—one where the motivation for commitment to the organization is self-rewarding and the other where satisfaction comes from financial performance.

The co-op structure is a slice of each; where balancing commitment to the organization is tempered by the return on investment.

Corporate Governance, Management, and Leadership Literature

In search of literature to guide this line of inquiry, I expanded the literature review to include research in journals non-specific to agriculture or cooperatives. This decision was predicated on the fact I found limited and thin evidence of governance competencies for cooperatives in the literature. It was necessary to broaden the scope of this review to examine aspects in a multi-disciplinary approach to find guidance in this line of inquiry.

After synthesizing literature related to governance in corporate business, management, and leadership journals, it appears the most striking research coalesces around the question, “What constitutes a good corporate board?” (Van den Berge & Levrau, 2004), revealing three additional core questions, (1) What identified competencies are needed, how are they assessed, and do they translate to organization performance? (2) How are directors selected to serve on the board and what are the right board demographics? and (3) What, if any, difference does a relationship between the board, management, or board chair make? (Baysinger & Butler, 1985; Casio, 2004; Coulson-Thomas, 1994, 2009; Crossen, et al., 2017; Hannah & Avolio, 2011; Kiel & Nicholson, 2003; Pugliese, et al., 2015; Seijts, et al., 2018; Sturm et al., 2016; Van den Berge & Levrau, 2004).

The predominance of agency theory in corporate governance, has been well-established, suggesting that this theory offers the input-output source for a functioning

board. Agency theory involves the problem of directors controlling a company whilst shareholders own the company. Although, not exactly applicable to co-op governance structure, it does shed light on directors' roles and provides one dimension of governance that involves director-owners operating for the best interest of all co-op members.

Agency theory has been considered an important facilitator of input-output studies of corporate governance as the “black box” phenomenon (Ahrens & Khalifa, 2013). Many studies have tried to open the “black box” by constructing models to predict process and behavior (Forbes & Milliken, 1999) and to explain the complexity of the board, patterns in interaction, and ultimately assess the effectiveness of their governance techniques and skills. For example, Dalton and Dalton (2005), emphasize the functioning of a board as a team and the integrity of the individual directors, suggesting ways to open the doors to improve team function. Similarly, Leblanc (2004) believes that observing boards interact during meetings, could unlock the door to understanding how effective governance works, saying “The only possible way to know whether boards operate well is to observe them in action” (p. 440).

Ahrens and Khalifa (2013) make a compelling argument for further qualitative research in governance, grounded in an understanding of the lived experience of the researcher and the board itself. Ahrens and Khalifa (2013), believe qualitative governance research can show “the emergent and contingent qualities of important processes” (p. 4) in boardroom leadership, recommending that more studies in this method should convene. Such explication of emergence, specific to qualitative inquiry,

according to Parker (2007), can employ deductive, exploratory theory-building research, which could advance the understanding of governance at its core.

The extant of other governance scholarship has been largely occupied with the “right” board composition, behaviors, interactions during meetings, and board effectiveness (Ahrens & Khalifa, 2013; Bezemer et al., 2014; Roberts et al., 2005). Many studies have departed from the input-output models, opening the “black box” and claim that board performance is not the result of board structures alone but also of director behaviors and board dynamics (Bezemer et al., 2014) and contexts affecting boards’ activities (Gabrielsson & Huse, 2004; Leblanc & Schwatz, 2007). The shift, from opening the black box through observation, to in-depth individual interviews with directors, creates the opportunity for qualitative research methods to find the answers scholars are seeking to find. This study appears to align well with this trajectory, tendering contextual considerations for ceo-op governance, and finding application across multi-disciplinary business structures.

Considering the colossal business failures in the last recent years, many academics have turned their attention to research which addresses character, virtue, ethics, and morality. One such article focused on the character of a leader, describing how “entangling character and competence – that is binding them together through a series of events across time – produces the leaders we seek” (Sturm et al., 2017, p. 349). The focus is on virtuous character, which is primarily concerned with the decisions a leader’s makes and the quality of their judgement.

Leader competencies, on the other hand, represent knowledge and skills necessary for effective leadership (Dragoni et al., 2009; McCall, Lombardo, & Morrison, 1998; Quinn et al., 2015; Spreitzer et al., 1997). The question arises, Can competencies be learned, or are they inherent in the beliefs and conduct of the leader? Sturm, Vera and Crossan (2017) take the position that competence is closer to the ability to do something, whether natural talent or a learned skill, while character arises from a habitual behavior anchored in virtues. Hannah and Avolio (2011) suggest that “a leader’s character is defined not only by what the leader thinks but also by his or her motivation to act” (p. 292). If this is true, then character, like the conductor of a train, drives how the leader will use competencies to govern and what strategic track to take.

Leadership scholars continue to produce theories and approaches that help leaders operate in an increasingly complex global environment. New understanding in what makes a good leader creates expectations for training and development practitioners to help leaders build capacity to lead effectively across multiple levels (Crossan, et al., 2017; Hannah & Avolio, 2011; Seijts, et al., 2019; Sturm et al., 2017).

The literature presents various conceptual approaches which involve self, others, and organization in a cross-sectional analysis proving multi-dimensional elements of governance to be considered (Crossan et al., 2008). While these elements are important, explaining board member behavior through cognitive study, should be considered an integral part of any research (Pugliese, Nicholson & Bezemer, 2015). The definition Crossan et al. (2017) provide for leader character, is an amalgam of virtues expressed as behavioral manifestations, that can be measured through individual, team, and

organization performance. Further, Crossan et al. state there is an “imperative to elevate the study of character along side competencies in board governance research” (p. 247).

In one seminal article, Coulson-Thomas (2009) draws conclusions of what constitutes effective competencies by identifying, categorizing, and prioritizing what is required for board success. Generally interrelated, competence and board effectiveness complement the qualities of the individual director, which improve dynamics in the boardroom and strengthen organization performance (Coulson-Thomas, 1994). Baroness Fritchie (2006), former Commissioner for Public Appointments in the United Kingdom (article by Coulson-Thomas, 2009, p. 28), points out “competence...bundles together skills, experience, knowledge and the ability to apply it” (p. 28). Coulson-Thomas’s (2009) work is the closest study found in the literature that aligns well with the purposes and research of this study.

According to Coulson-Thomas (2009) “beyond a core set of competencies additional requirements can depend very much upon the situation, circumstances, context...” (p. 28). This would suggest that competencies are fixed and fluid at the same time, supporting the premise that agricultural co-ops, although structurally different from investor owned firms, can claim core competencies while placing them within the context of co-op governance.

Conclusion

In conclusion, this literature review demonstrates an expansive diversity of research related to governance, and added to my depth of understanding of the governance and leadership competencies of.... It served to inform the longitudinal line

of inquiry while supporting a constant comparative analysis during data collection. Gaining a knowledge base through the literature review, enriched my interviews with directors, and conversations with industry practitioners. Deeper understanding, guiding the inquiry process was greatly improved because of this review.

Further, the literature prompted deeper thought, advancing invention and activating new ideas to create a conceptual framework to scaffold the findings. By synthesizing over 100 pieces of literature, I created a body of work forming the foundation for this study. The foundation begins with compelling arguments from the literature to instigating the birth of an evolving conceptual framework. As this evolutionary process moved forward, the clarity of concepts and ideas began to align, not only with previous research and literature, but also with the empirical evidence which was unfolding. The gaps found in literature related to agricultural co-ops, opened new opportunities for me to see governance from another angle; from business management, leadership, social science, and psychological disciplines. The results from this study will provide a broad and fresh perspective, shining a new light on co-op governance and the competencies needed for effective leadership.

Conceptual Framework

The purpose of this study was to identify and assess the competencies of co-op Boards of Directors.

The underpinnings of this study began by drawing upon concepts, approaches, models, and theories found to support the data. Theories are formulated to explain, predict, and understand phenomena. This study challenged and extended existing knowledge of agricultural co-op governance within the limits of critical bounding assumptions. The conceptual framework is based on established theories, supported by the research data, and related literature.

This study aimed to examine the elements that constitute a competent co-op director leading to a productive boardroom team and ultimately a successful organization. The literature reviewed helped pave the path to identifying key elements of leadership. A consistent theme found in the literature, suggesting that competency is an amalgam of virtues, skills, and abilities expressed through belief and behavior (Crossan et al. 2017; Hackett & Wang, 2012; Seijts et al. 2019). The leadership literature outlines criteria and practical implications from existing research to support the idea of multiple skills, with varying dimensions, including character, self-awareness, good teamwork, communication, problem-solving, and critical thinking. This aligns with my notion and a seminal study by Seijts et al. (2019), which suggests that competencies attained through “habits of cognition, emotion, volition, and behavior, embody human excellence...” (p. 229). Therefore, if the framework defines competency on the individual level, the board or team level, and the organizational level, then creating a multidimensional approach to

identify the essential components of governance, is critical to unlocking the illusive understanding of what makes a good director.

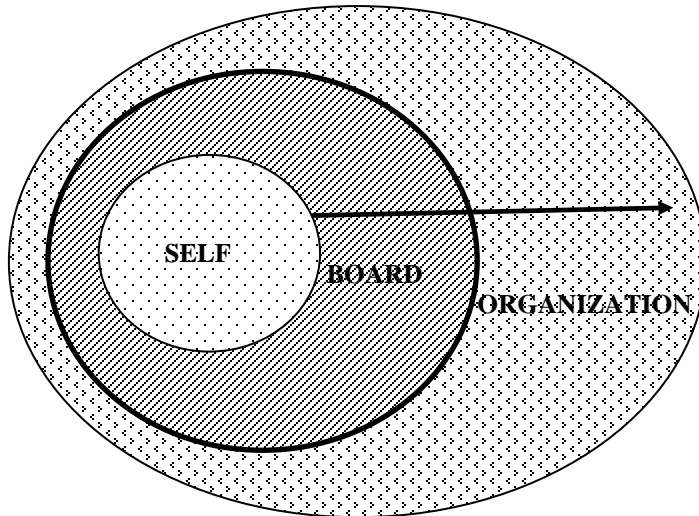
The conceptual framework for this study was created by applying existing concepts, approaches, and theories found in the literature and comparing them against my observations discovered in the field. A progression of “concepts” developed over time, creating the foundation for the final rendition of a conceptual framework, called *multidimensional governance framework*. By following the progression and development of each concept, I found the research “story” of this study unfolded, providing a more clear picture of what framework is needed to build core competencies of governance for co-ops. This evolving process included a constant comparative analysis between exiting literature and research data simultaneously being collected.

Concept 1

The first conceptual rendition (see Figure 3), was shaped heavily by what was found in the literature, and was validated during my initial probe into co-ops. Figure 3 depicts “concepts of dimension;” a graphic look at an individual director’s dimensions of competency from the center of one’s self-awareness to the ability to work in a team-like manner as a board, and to connect global and strategic thinking for the good of the organization.

Figure 3

Concepts of dimensions of individual directors



Early in the study, I conceptualized three dimensions of a director's leadership ability. The literature shows this assumption is valid and these three dimensions are fundamental to the collective governance of the board. The three dimensions of leadership are self, board, and organization. These dimensions, part of a sequential learning process, begin with self-awareness, growing within, and gaining an understanding of others on the board, and only then reaching full competency when a director grasps the ability to think globally about the organization. This concept aimed to capture the essence of building leadership capacity in the individual director, while helping to set the stage for deeper examination of core competencies in each dimension. Supported in the literature, self-awareness is fundamental to developing higher skills and governance (Bennis & Goldsmith, 2003; Seijts et al. 2019).

Concept 2

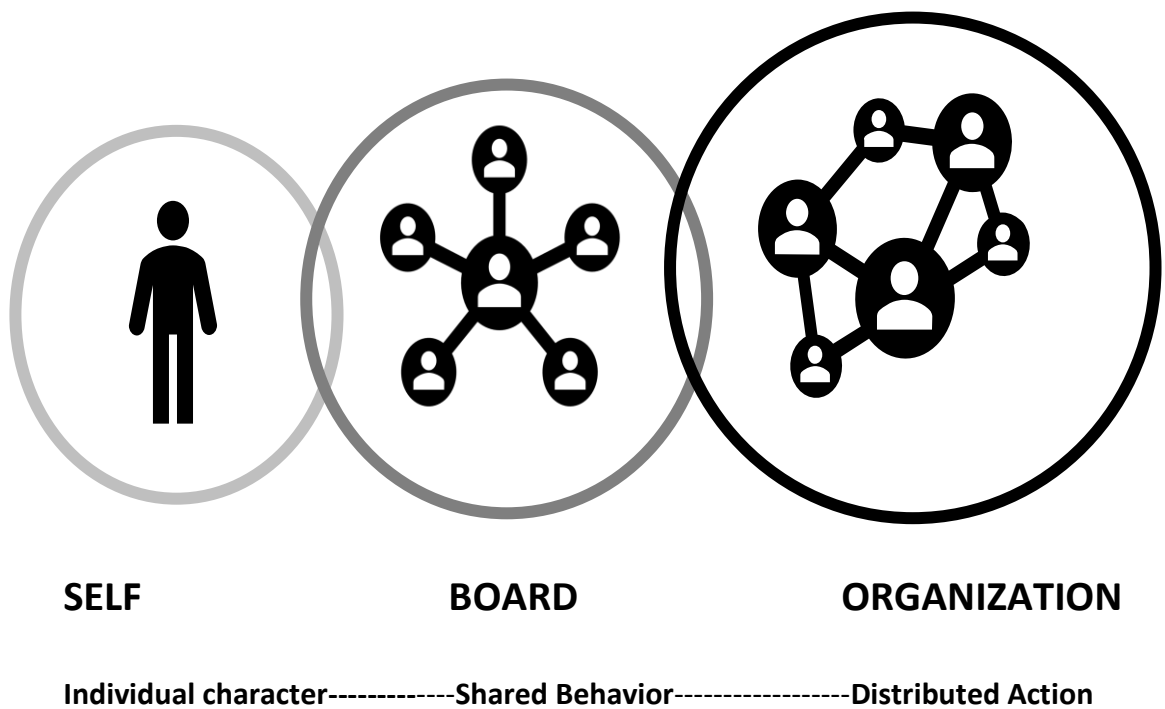
As the research unfolded, this simplistic 3-dimensional, center-out concept began to morph into Concept 2. For example, the concept of dimensions of an individual did not consider a director's existing knowledge, experience, and character (Crossan, et al. 2017; Hackett & Wang, 2012; Hannah & Avolio, 2011; Seijts, et al. 2019). Is it possible for a director to be proficient in working with the board, or astute in strategic thinking for the organization, yet unskilled at recognizing his own self-actualization and awareness? In concept 2, leadership skill should begin at the core of an individual with one's self-actualization, but is it realistic to believe that it always does? These questions prompted me to re-think conceptual model 1. Building a broader approach by defining dimensions on a longitudinal scale, and moving back and forth on a continuum of skill and ability between self, board, and organization appeared more realistic and practical. This concept introduced the idea that behavior is a key element in reaching governance competency (Hambrick, et al. 2008; Huse, 2005; McNulty & Pettigrew, 1999; Pugliese, et al. 2015; Seijts, et al. 2019).

The following concept rendition (See Figure 4), developed through a "work-in-progress" methodology, used the literature to guide me, in addition to the data being collected. Stemming from deeper analysis and repeated engagement in co-op culture, I found an alternative perspective as new evidence surfaced. After attending co-op conferences and meetings, and recording observations, I started comparing theoretical research with actual empirical evidence. The continuing focus on individual director competency remained core in Concept 2, yet expanded to define each dimension through

character, behavior, and action, introducing the idea of ‘relationship’ between all three dimensions. This is what I define as “leadership” of governance.

Figure 4

Concept of leadership dimensions of individual director on a longitudinal scale.



As a director moves back and forth on the learning continuum, we see that the shared stance of leadership is distributed over the affairs of the organization. Spillane (2005), offers a pragmatic focus on leadership as it is distributed, calling it a “practice” where leadership is not simply roles and positions. Leadership becomes a function of the entire group as a result of the interaction; producing the process of action. No director

acts alone, rather, the group of directors' interact, moving forward in a collective coordinated effort (Spillane, 2005).

Once again, deeper analysis related to the literature and more empirical evidence re-shaped concept 2. This led to a third rendition of a conceptual model which would incorporate the notion of including the whole picture of governance in a holistic approach. Returning to a circular concept enabled the conceptual structure to scaffold elements of leadership, nested within the dimensions I have outlined in the conceptual models.

Concept 3

Multi-dimensional Governance Framework

Concept 3 relies heavily on data collected from co-op leaders, and less on the literature for guidance. Although supported by the literature, concept 3 represents a birth of a new model. I named this conceptual framework the “multi-dimension governance framework” (MGF), drawing on grounded data to control the impetus of the empirical research unfolding. The MGF, like all frameworks has limitations, as it highlights some aspects of leadership and backgrounds others.

However, the MGF does offer a fresh perspective on an important emerging phenomenon in co-op governance that has not been studied before. MGF integrates the ideas of principle and practice (Spillane, 2005). The principle is the premise that multiple individuals are involved in leading, and the practice is the emerging relationships developed through the individuals involved. The mere practice of

governance depends on the competencies of each director and how they interact with each other.

Any theory that emerges from this study should have a firm grounding in governance practice. Therefore, the foundation for this conceptual framework uses grounded data, with the intent to develop grounded theory over time. Grounded theory is theory that follows the data, relying on multiple realities and “makes transferability dependent on local contextual factors” (Lincoln & Guba, 1985, p. 49). Glaser and Strauss (1975), having coined the term, indicate that grounded theory must “fit the situation and work when put into use” (p. 3). “Fit” describes the categories of data that must be readily applicable, and “work” is meaningfully relevant to explain the behavior being studied. This study contributes to the body of existing research and is built on a grounded theory based on governance competencies found from the data to fit co-op directors accurately. By peeling back the layers of evidence to support emerging theories over time, the conceptual framework presented here represents the beginning of this process. It relies on what is known from the empirical evidence. By using ‘real’ data and teasing out new information from co-op directors and managers using qualitative methods, a new aggregate body of understanding is created. Certain leadership competencies were tested to formulate a “local theory.” The empirical account of directors’ skills and abilities explained the system and described the kinds of relations between effective leadership and sound governance. According to Ford (1975), grounded theory is not deductive but rather patterned and open-ended, discoverable rather than expounded *a priori*.

However, MGF presented here (see Figure 5) is rooted in leadership theory and is bolstered by the empirical data, providing the structure for a holistic and multi-dimensional approach to co-op governance. In identifying what is known and not known about this topic, the literature review provided the ‘pieces to the puzzle,’ helping me find the most salient literature to support the conceptual framework. Existing theory, according to Thornton (1993), “allows [us] to see what we would otherwise miss; it helps us anticipate and make sense of events” (p. 68). Various theories and principles from multiple disciplines shaped this research process, drawing on existing knowledge, synthesizing the information, and creating a conceptual idea of effective governance, setting this study up to identify leadership competencies.

The MGF looks at various dimensions of individual leadership; first, examining a director’s internal beliefs; second, how a director connects with the rest of the board; and third, how a director operates for the organizational good. Each dimension may contain multiple competencies as a prescriptive set of characteristics that directors should possess in their governing role. These dimensions are supported in the literature (Crossan et al., 2017; Furlong et al., 2017; Pugliese et al., 2015; Seijts et al., 2019) and validate the conceptual framework envisioned in Figure 5.

Graphically, figure 5 speaks to the evolutionary process and belief that relational leadership is embedded in social constructionist epistemology. Encompassing all the moving parts of governance in a circular rendition, it became apparent to me that the conceptual framework needed to employ a more holistic approach. A holistic approach meant looking at all aspects, with a vast understanding to apply certain principles – in

this case, the competencies of co-op directors. Popper (2004) asserts that leadership is a relationship that extends beyond the leader and follower. From holistic leadership theory, we see that the “conceptualization of leadership...permits an integrative view” (p. 118). Thus, the holistic leadership theory suggests defining leadership as a system of development (Best, 2011).

The construct of the individual leader then is rooted in the assumptions that even though the individual director is a separate and distinct entity with their own experiences, knowledge, skills, and abilities, it is the relationship – that when placed on a team as a governing body – that creates an aggregate value from the collective knowledge bank. The effectiveness of this governing body exponentially increases through the relational beliefs and influences of individuals interacting with each other. Some scholars would call this phenomenon a shared leadership model that essentially takes a collective stance, moving from leadership dimensions of an individual to the collective body. Pearce and Conger (2003), define this shared form of leadership as a “dynamic, interactive influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organizational goals or both” (p. 1).

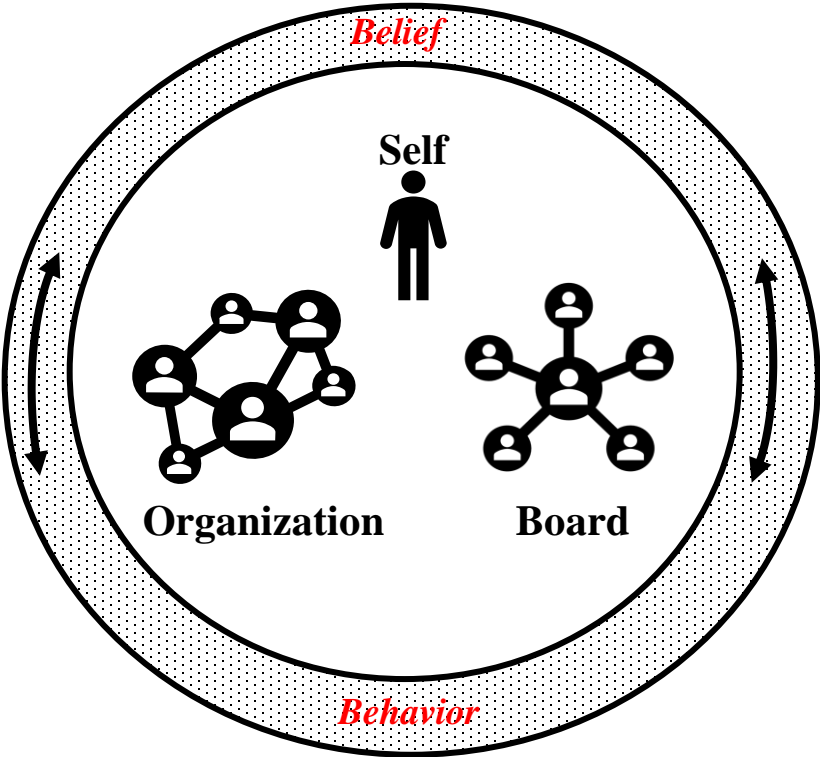
The delineating difference between the first two Concepts and Concept 3 is the addition of elements of competencies. These competencies were derived directly from the data, arranged themselves within a director’s realm of influence. It is the foundations of belief and behavior that define different competencies in each part; self, the board, and the cooperative organization. From the data, six emerging themes surfaced to reveal

six areas of competency a director needs to govern proficiently. These competencies – consciousness, conduct, connectedness, teamwork, representation, collaboration – take co-op governance to a greater understanding and analysis. By creating a baseline of competency criteria, industry practitioners will have tools to apply director training and development programs.

How these competencies will be assessed, is to be discussed deeper in each competency outlined in the next chapter. But for now, the MGF marks the conceptual framework used in this study going forward.

Figure 5

Multi-dimensional Governance Framework (MGF)



Supporting Theories

Although much research has been done in the area of business and managerial leadership, it tends to be abstract and theoretical, and of limited interest to co-op boards of directors who are more interested in applied leadership practices. Northouse (2016) attempts to strike a balance between theory and practice and provide a roadmap of understanding to distinguish between various theories, models, and approaches.

In the early stages of this study, including the proposal phase, I explored using the *behavioral approach* to explain what leaders do and how they act. The behavioral approach is composed of two general kinds of behaviors; task behavior and relationship behavior. According to Northouse (2016), task behaviors facilitate goal accomplishments, whereas relationship behaviors help interaction between group members. The *behavioral approach* defines leadership by the way leaders act. This approach attempts to determine what good leaders need to do in order to identify those actions and behaviors necessary to be an effective leader. Early behavioral research examined whether leaders should focus on the tasks or on the social relations among the team members (Likert, 1961). Although the behavioral approach is not a refined theory, it offers a neatly organized set of prescriptions for leadership behavior. In addition to the strengths this approach provides, there is also several weaknesses. First, the research on the behavioral approach has not adequately shown how leaders' behaviors are associated with performance outcomes (Yukl, 1994). Research has not established a consistent link between task and relationship, even though the behavioral approach is easily and often applied to leadership training programs. There is considerable agreement that effective

leaders do possess binary skills, suggesting that the behavioral approach is more complex and multidimensional than previously thought. According to Levi (2017), if behaviors of good leaders cannot be separated from the situation, then leadership theories should combine factors.

However, the behavioral approach lacked the overall belief system inherent in aspects of the governance process and ignored the context of co-op governance. Although some elements of this approach may be applicable, alone it does not support the multi-dimensional concept I developed and advance. This realization motivated me to examine other theories that were more germane to this study.

Widely recognized as one of the most applicable leadership approaches is *situational leadership theory* developed by Hersey and Blanchard (1993). Levi (2017) noted that situational leadership theory links a leader's behavior to characteristics of the team. This theory relies on the premise that different situations demand different kinds of leadership style, ability, and skill. The value of this theory is that it goes beyond prescribing how a leader should behave and instead looks at how a leader should behave and adapt. Situational leadership theory is a developmental theory that assumes that an important goal is to develop the effectiveness of the whole team (Levi, 2017). The governing board of a co-op, considered as a group of directors and as one team, performs leadership tasks by serving the organization. Collectively, the BOD governs complex situations by synthesizing information, executing oversight authority, and communicating a strategic vision. It seems fitting then, to assign the term of "teamwork" to the various tasks they perform (Vecchio et al., 2006). Situational leadership theory has

been refined and revised several times since its inception in 1969. However, today little theoretical explanation exists in the actual application. Criticized for lack of published results on the impact of producing competent leaders, it is apparent that further research is needed to establish how competence and commitment are conceptualized (Northouse, 2016).

Clarity arrived for me when, after conceptualizing multiple dimensions to explain governance of co-op boards, the relational aspect was shown to reveal existing social constructs and culture within and between directors. While I was gaining more access to directors and collecting data, I also saw a pattern developing with specific themes, suggesting that governance competencies and leadership are not performed in a vacuum. The relational construct I observed launched a string of defined beliefs and behaviors of individual directors, originating from actions that occurred in the boardroom and strategic planning these directors developed for the organization.

Therefore, the theoretical underpinnings of this conceptual framework - *multi-dimensional governance framework* - providing substance and overarching support are best described with *Relational Leadership Theory* (RLT).

While the concept of relation-oriented behavior has been around since the earliest formal studies of leadership (Stogdill & Coons, 1957) the term “relational leadership” has become more understood in the last decade. There are two perspectives that Uhl-Bien (2006) suggests defining the theory; an *entity* perspective, which emphasizes the individual’s attributes as they engage with others, and on a *relational* perspective, that views leadership as a process of social construction. The two perspectives can be

complimentary (Uhl-Bien, 2006), and certainly for this study I concluded that both perspectives, when arranged in a framework, provide the broadest possible interpretation for a multi-dimensional approach to co-op governance.

Not ignoring the core dimension of the individual leader, another approach that is used to explain certain beliefs, virtues, and character which leads to a director's behavior is the *emotional competence framework*. This framework includes two key dimensions of personal and social competence. According to Goleman (1998), using an emotional intelligence yardstick to measure how well we handle ourselves and each other, is increasingly important to leading people. The great divide in competencies resides between the heart and the mind, or more technically between cognition and emotion (Goleman, 1998). By combining thoughts and feelings, co-op directors may have the potential for learning the practical skills of self-awareness, motivation, self-regulation, empathy, and adeptness for relationships. These skills translate into on-the-job governance capabilities that have shown optimum levels of deeper leadership understanding and performance.

Together, relational leadership theory and the emotional competence framework, provide additional support for this conceptual framework. These models and theories contribute in part to missing theoretical pieces, and help bolster certain assumptions, while delivering explanation for the complex, holistic approach I have pursued. .

CHAPTER III

RESEARCH METHODS

The purpose of this study was to identify and assess co-op Boards of Directors' governance competencies.

Designed using a “mixed method” approach this study aimed to capture *what*, *why*, and *how* to identify and assess co-op governance. ‘What,’ meaning what are the important characteristics that co-op directors, managers, and professionals believe are needed to be an effective board member? ‘Why,’ meaning why do this group of co-op experts believe these characteristics are important? Finally, ‘How,’ meaning how do these characteristics become competencies and how will they be assessed?

A mixed method research study uses both qualitative and quantitative procedures. According to Johnson and Onwuegbuzie (2004), mixed methods research is formally defined as “the class of research where the researcher combines quantitative and qualitative research techniques, methods, approaches, concepts, or language into a single study” (p. 17). The research questions dictate which procedure “offers the best chance of obtaining useful answers” (Johnson & Onwuegbuzie, 2004, p. 18). I have incorporated both methods, their strengths and paradigms, into one methodological strategy to create a comprehensive study of co-op governance. There are different ways to proceed with research in a mixed method paradigm (Merriam & Tisdale, 2016). This study performed research methods originating from a broad perspective and extending to its interpretation and dissemination (Creswell, 2015).

To further define the methods of this study, I was not restricted to a simple combination of qualitative and quantitative research. According to Morse (2010), a mixed method design can consist of a core project, considered to be a “complete method in itself” (p. 340), and a second project consisting of a different type of data which is not comprehensible without having the data from the core project first. The research design of this study included a strategy where the data were collected to establish core director competencies sequentially, beginning with the qualitative core research and concluding with the quantitative element such as an assessment instrument to measure director competencies. As such, the mixed method approach used in this study was an exploratory sequential type paradigm, examining governance competencies through an investigative lens. Following this methodology, I discovered new information and evidence, not fully investigated before, that contributes to the body of knowledge on co-op governance. Ultimately, this new knowledge will aid industry practitioners, associations, and co-op extension specialists to improve and develop training for directors.

Research Questions

Three research questions addressed the purpose of this study by guiding the inquiry and establishing the methodological framework. The following questions provided the starting point for this “mixed method” research study, for which will followed qualitative and quantitative protocols.

Qualitative Research Questions 1-2

RQ1: What leadership competencies are needed for effective co-op governance?

RQ2: What required governance competencies are needed to strengthen, build, or create a positive relationship between the manager, the board, and the chair?

Quantitative Research Question 3

RQ3: Once identified, how will governance competencies be measured?

Qualitative Methods

Co-ops possess inimitable social, cultural, and political characteristics which are best examined through a qualitative lens. Exploring the unspoken nuances and social constructs is best achieved using qualitative methods. This study followed a line of inquiry with the intent to tease out existing grounded theory and establish various components of leadership needed to assess governance competency.

Qualitative research defies simple definition because it is vague, broad, yet inclusive enough to cover a variety of research practices and procedures. Denzin and Lincoln (2011), suggest that qualitative research is an activity that places the observer in the real world. Qualitative research consists of a set of interpretive, material practices that bring the reality of the world into focus. I was interested in understanding the meaning producers/directors have constructed to ‘their leadership’ skills and to lay the foundation for a competency framework around the naturally occurring phenomena that exists in their world (Van Maanen, 1982). In seeking to describe, decode, translate, and otherwise come to terms with the meanings, and not the frequency, of certain occurring themes, this study builds on grounded theory principles targeting core competency components for co-op governance.

What differentiates this study from other designs is the methods employed to discover emerging data to develop a governing competency assessment instrument. This study is the first step in building substantive theory specific to co-op governance beneficial to applied industry practices (Corbin & Strauss, 2015). In designing this study, I was mindful in imposing arbitrary content to an otherwise rich narrative text; allowing individual stories to unfold during interviews with co-op directors. This practice is consistent with a naturalistic inquiry where objectives are not fully established before the study begins; but emerges as data are collected, preliminary analyses are conducted, and the context becomes fully described (Erlandson et al., 1993).

I define this study as an “naturalistic inquiry.” It was carried out in the natural setting where context heavily weighted the meaning of each respondent’s reality. With intention, I traveled to locations where the participants were easily assessible, operated in their own environment, and freely shared their experiences. The fact that I made it a priority to seek out participants in their natural settings, act as the primary instrument, and interpret information based on the realities of the participants, highlights the practice between a naturalist inquiry and a basic qualitative study. Preissle (2006) recognizes the shortcomings of using the term “qualitative” to describe a variety of research practices and points out the different facets to include a naturalistic viewpoint.

Lincoln and Guba (1985) provide a practical definition of designing in the naturalistic paradigm. They state that the design “means planning for certain broad contingencies without, however, indicating exactly what will be done in relation to each” (Lincoln & Guba, 1985, p. 226). The methodology I followed during this study, was to

the primacy of the natural context, making no *a priori* decisions as to how the story should or would be told. Data from all sources were brought together and systematically analyzed in a process paralleling data collection. The data were analyzed using the constant comparative method (Glaser & Strauss, 1967). As described by Merriam (1988), “The basic strategy of this method is to do just what its name implies—constantly compare” (p. 159).

The definition of a naturalistic study reflects the complexity of qualitative methods by situating the researcher in the local activities within in the realm of they study (Denzin & Lincoln, 2011). What distinguishes naturalistic inquiry from qualitative methods is not the methods and procedures, but rather the use of these methods (Erlandson et al., 1993). Naturalistic inquiry goes to the heart and mind of the researcher, by believing that following specific rules and procedures deny much of the human capacity for flexible and deeper thinking. The process of observing, recording, analyzing, reflecting, dialoguing, and rethinking are all essential parts of naturalistic inquiry, which this researcher has chosen to adopt for this study.

It is clear from a naturalistic stance, I operated in a paradigm where reality is of the “whole cloth”; that is, where all elements of reality are interrelated and meaningful. To segment or isolate one element over the other, would alter the meaning and ignore context. Guba (1981) stated that “if one attempts to focus attention on certain portions of reality only, the whole falls apart as though the cloth had been cut with scissors” (pp. 77-78). Further, by looking at all the data holistically, even a corner of the cloth or a piece

taken from the middle, usually a researcher can predict, with accuracy the nature of the entire cloth (Erlandson et al., 1993).

Another distinguishing character of a naturalistic paradigm is the mutual influence the researcher and respondents have on each other. Interaction between researcher and respondent is not ignored and considered positive in naturalistic study – this interaction is the “heart of the research.” Erlandson et al. (1993) state that “To get to the relevant matters of human activity, the researcher must be involved in the activity” (p.15). Objectivity is not the goal of a naturalistic study; it is considered dangerous to insulate the researcher from the relevant data. However, it is also important that the researcher find ways to control biases through reflexive journaling, so the flow of information is not skewed or inhibited.

According to Lincoln and Guba (1985), the researcher is the primary research instrument. Naturalistic inquiry is predicated on this fact, putting the researcher squarely as the conduit, interpreting the data by building off their tacit knowledge and experience to decipher multiple realities. Lincoln and Guba, in developing their naturalistic paradigm, believe the researcher as the human instrument must be “fully adaptive to the indeterminate situation that is encountered” (p.192).

Once in the field, the researcher of this study implemented the naturalistic paradigm by launching an inquiry which took the form of successive iterations of four elements: purposive sampling, inductive analysis of the data, development of grounded theory (based on inductive analysis), and revelation of emerging themes. This study, bounded by the nature of the research questions, was subject to revision, and finally

tested for credibility, transferability, dependability, and confirmability. This study followed the naturalistic paradigm developed by Lincoln and Guba (1985) and as such, carries certain implications which define how the qualitative methods were used and applied.

Qualitative Procedures

Conducting semi-structured interviews with co-op directors and managers in the field served as the conduit to shared constructions, providing the basis for generating shared experiences in a two-way communication setting. The totality of the shared construction between researcher and interviewees is the foundational context of their language and culture. This relationship between language and experience has important implications for conducting research. Because people ‘think in language’ and ‘act through experience,’ this study captured the true essence of the agricultural co-op culture, preserving context and exploring what components are considered important to co-op directors and managers. Keeping words, phrases, anecdotes, and descriptions as close as possible to the actual setting and quotes used, this study relies on thick, rich narrative, and compatible constructions to align with the intended audience (Erlandson et al., 1993). Because of these efforts, the study will be useful and valuable to practitioners in the future.

Important Elements of Sampling

Identifying the initial elements of the sample and finding entrance and access to a pool of co-op directors could have been a potential impediment for myself. These initial elements are typically nominated by gatekeepers, knowledgeable informants, and expert

practitioners in the agricultural industry. Although a co-op member myself in California, I lacked the needed social and professional network in Texas to gain access to co-op directors for this study. It was apparent, finding key people of influence and expertise was necessary if the researcher wanted to reach the targeted sample. According to Lincoln and Guba (1985) “An initial design ought to discuss how the gatekeepers, experts, or informants will be identified and how the task will be presented to them” (p. 234).

Thankfully I found a source of entrance into the realm of Texas agricultural co-ops. Relying on the gatekeepers and experts to assist in identifying co-op directors, opening the doors, and gaining access arrived when I met Dr. John Park, Roy B. Davis Professor of Agricultural Cooperation at Texas A&M University. Dr. Park works directly with co-ops throughout the state of Texas, providing training and professional development to co-op managers and directors. Dr. Park was instrumental in providing background information, contextual settings, and training needs of co-op directors. His direction enabled me to focus the inquiry to include examination of governance competency. Dr. Park’s knowledge and experience paved the way by introducing me to the “world of co-ops.” Highly respected in co-op circles, Dr. Park made several introductions for me to meet key people, including co-op industry “gatekeeper” Mr. Tom Engelke, Executive Vice President of the Texas Agricultural Cooperative Council (TACC). This organization, a statewide association created by Texas cooperatives in 1934, serves approximately 277 cooperative members as a collective political voice, legislative catalyst, and clearinghouse for all co-op activities. Gaining trust and an

endorsement from this association was key, which allowed me to communicate directly with co-op directors, perform interviews, participate at conferences and meetings. It also provided a forum for research solicitation, announcements, and presentations.

Sample Selection

Selecting the unit of analysis – the sample - is an important research decision for any study. It creates the boundaries of what, where, when, as well as who to interview and observe. The two basic types of sampling are probability (random) and nonprobability (non-random). Probability sampling allows a researcher to generalize the results from a sample of a population. Generalization for the core research of this qualitative study is not justifiable, for two reasons; (1) qualitative research methods are not intended to find general application, but rather explain reasons for a phenomenon, (2) agricultural Co-ops represent a unique organizational structure of producer- owners as directors, versus investor owned firms of the corporate business sector. Random sampling for this study is not preferred, since simplifying the findings of Co-op governance competencies to a broad population may not be generalizable.

Nonprobability, or “purposeful” sampling assumes that the researcher wants to discover, understand, and gain insight into a subject area where the most can be gained (Patton, 2015). Purposive sampling allows the researcher to choose a sample where the most striking and relevant information can be captured (Merriam & Tisdell, 2016). Chein (1981), explains “The situation is analogous to one in which a number of [experts] is called to weigh in on complex and unique subjects ...because of their special expertise and competence” (p. 440).

The group of co-op directors, managers, practitioners, and professionals interviewed during this study possess the necessary credentials to be defined as “experts in their field” and are most knowledgeable about their specific and unique competency needs for governance.

Thus, selecting a sample of agricultural co-op directors and managers from a larger pool of co-op directors and managers ensures stated research questions are answered and solved. Patton (2015) suggests that “the logic and power of qualitative purposeful sampling derives from the emphasis on in-depth understanding” (p. 53). In aiming to examine co-op governance in new ways to discover dimensions of leadership competencies, I selected a sample of co-op directors based on purposive sampling methods, with an element of selection based on convenience.

According to Merriam and Tisdell (2016), convenience sampling is based on, time, money, location, and ability to access subjects. Although some dimension of convenience is commonly found in most studies, this study found convenience to be an important distinction relative to access. Based on convenience alone, the information collected could lack depth, richness, and credibility. However, the researcher of this study entered the inter-circle of co-ops, finding the respondents open to discussion, providing thick, information-rich narrative for the core qualitative portion of this mixed method study. Prolonged engagement with directors at targeted events and conferences conveniently provided access to clusters of the selected sample. These activities increased the probability that my findings would be credible and goes to the heart of trustworthy criteria. According to Lincoln and Guba (1985), prolonged engagement is

making the investment in time to learn the culture and testing for misinformation. Being embedded in this co-op culture allowed me to also engage in persistent observation. Admission to these conferences allowed the researcher to discover the natural environment and inviting conversations. Respondents were comfortable in these settings, where several generously made time available to the researcher to be interviewed. As a priority, “convenience” became the norm and the researcher was able to select directors based on their mutual desire to understand governance better and to help advance this research study. All the conferences and meetings proved to be beneficial in gathering data through observation, interviews, casual discussions, and social events where co-op directors, board chairs, managers, professionals, and practitioners gathered through the organized efforts of TACC. The researcher was fortunate to be included.

Another consideration for choosing a purposeful, non-random sample, was the research strategy implemented. The researcher, choosing to follow and be consistent with a “naturalistic paradigm” maximized the discovery of heterogeneous patterns and problems (Erlandson et al., 1993). Therefore, a unique sample of co-op directors rather than all co-op members, allowed the researcher to capture atypical attributes and characteristics of producers who have become leaders, through channels of various social standings and constructs. These directors can represent hundreds to thousands of co-op owners/members, marking them as leaders in their communities. This fact, separates the directors, forming a good sample to probe and discover what leadership skills they have and what abilities they need to acquire to govern effectively.

The sample selected was purposeful, because the pool of directors available were also those attending leadership and director development sessions to improve their ability to govern the co-ops they represent. The directors attending these conferences, were motivated to learn and improve their leadership abilities, helping the researcher tap into directors' desires to better govern and identify their needs to be competent.

Collectively, the researcher attended six leadership conferences, three annual meetings, and over 50 one-on-one meetings and group discussions over a two-year span, producing volumes of information on co-op culture, board behavior, beliefs, experiences, social protocol, and perceptions of governance. This prolonged engagement with co-op directors, managers, professionals, and practitioners, took place in various locations of west, south, and central Texas and New Mexico. By penetrating the purposive sample of more than 1,000 co-op members during the years of 2018 and 2019, I built a network of contacts through TACC. This allowed me to leverage multiple relationships, enabling the collection of rich data from a fertile body of information. The narratives derived from the multitude of personal interactions deepened the understanding of the social constructs, culture, and nuances. Thus, I gained extensive, subterraneous knowledge in co-op directors – how they think, act, and govern.

During this period, I focused on co-op leadership issues, also examined governance competencies by observing interactions between management and directors. These observations led to multiple informal discussions with directors about what skills they thought were most important in leading their co-op. Directors candidly talked about what worked and what did not work as a result of the board's skills and abilities,

frequently adding colorful and descriptive analysis of individuals they knew most of their lives who now serve with them on the board. I aimed to capture these conversations through fieldnotes and memos immediately following each interaction, discussion, and observation. Data collected provided critical context for subsequent interviews and aided in the constant comparative analysis performed throughout the research process.

The decision as to when to stop collecting data – knowing that the researcher has collected enough information, can be perplexing. As the researcher of this study, after interviewing 15-20 respondents, began to see how themes in the data circled back in redundancy patterns to reveal no new information. According to Lincoln and Guba (1985) “in purposeful sampling, the size of the sample is determined by informational considerations” (p. 202). They argue, “If the purpose is to maximize information, then sampling is terminated when no new information is forthcoming from newly sampled units; thus, redundancy is the primary criterion” (Lincoln & Guba, 1985, p. 202). Accumulated data must meet the test of redundancy, not because of the amount of individuals in the sample, but because no new information can be extracted from adding more respondents. Even though I continued to interview more respondents after achieving redundancy, I found additional data useful for future research.

Interview Protocol

The objective of this naturalist inquiry was to elicit and share constructions of reality in the social constructs relative to agricultural life. The process of interviewing, observing, recording, analyzing, reflecting, dialoguing, and rethinking are all essential parts of this research study. However, interviews with co-op directors, managers, and

industry professionals were paramount to the primary source of data used as the core research, and in the final analysis of this mixed method study. Semi-structured interview questions were fashioned to correspond broadly with the research questions.

The interview prompts and questions included:

1. Explain what leadership skills you believe are important for co-op directors to possess.
2. Describe a positive relationship between the board and the manager.
3. Explain the role of the chair of the board and how the board of directors interact with each other.
4. What kind of assessment tool would help directors become better at governance?

Interviews

As a result of “open access” to a large body of research participants, the I garnered 29 semi-structured, open-ended interviews with boards of directors, managers, professionals, and extension practitioners.

The demographic profile for the 29 participants interviewed consisted of 26 men and three women. The participants ranged in age from 29 to 85 years. This sample of participants represented co-ops from a variety of membership size, commodity, operation, and location. For purposes of this study, I did not segment or distinguish between these identifying differences of membership size, commodity, operation, and location because the group of co-ops studied was found to be homogeneous in character, operation, business structure, and culture. Identifying further, would fall outside the scope of this research study and convolute the objectives.

In the probing phase of this study, I started by referencing co-ops as *large* -over 1000 members, *medium* - 500 to 1000 members ,and *small* - 5 to 499 members. This was helpful in identifying certain aspects of governance and providing context for the research questions. In some cases, the size of the co-op did make a difference operationally in how the co-op was managed and governed and to what degree competencies were valued. Yet, as the research questions were refined, and the objectives came into focus, I concluded that the co-op size was “nsignificant in the bigger picture and bared little value in analyzing the data. As I constantly compared interviews, discussions, and observations, the co-op size was not tantamount to governance competencies. This criterion was discarded and subsequently not included in data collection.

Qualitative Analysis

In data gathering and conducting the analyses, I devoted great attention to constructing a comprehensive and holistic portrayal of the social and cultural dimensions of co-op governance. Procedures from collection to analysis, using tacit knowledge, were structured and organized systematically. These procedures included first, transcribing interview recordings from audio files and fieldnotes in primary data sets, and second, unitizing and categorizing complete statements, thoughts, and phrases into “chunks” of data. The third aspect included identifying themes and memoing key assumptions in a format set for continual comparative analysis.

The second source of data was my observational written notes and memos derived from meetings and co-op conferences. Marshall and Rossman (2015), define

observations as “the systematic description of events, behaviors, and artifacts in the social setting chosen for study” (p. 79). Mingling and observing directors, managers, and industry professionals allowed the researcher to discover the ‘here-and-now’ inter-workings of co-op culture. These observations helped me to expand the my tacit knowledge of this segment of the industry and develop a sense of what was seminal or salient (Lincoln & Guba, 1985). This type of ‘people watching’ could be compared to taking a picture with a wide-angle lens, to provide comprehensive meaning later.

Data collection and analysis are simultaneous activities in qualitative research beginning with the first interview and observation. Emerging insights direct each step of the data collection, which in turn leads to refinement of inquiry and ending with a product with trustworthy findings. Different from pure experimental research, in which validity and reliability are accounted for before investigation, rigor in qualitative research stems from the researcher’s presence, the nature of the interaction with subjects, triangulation of data, interpretation of perceptions, and the rich thick description (Merriam & Tisdale, 2016). To build trustworthiness in this study, I followed procedures of credibility, transferability, dependability, and confirmability by “matching” reality with findings through peer reviews and member checks (Lincoln & Guba, 1985). In addition, I kept a reflexive journal, documenting in detail how the data were collected and how and why decisions were made (Merriam & Tisdell, 2016). This reflexive journal also served to flush out any biases I felt or thought about the respondents or the environment during and after engagement.

Constant Comparative Method

The constant comparative method first described by Glaser and Strauss (1967), is used to derive grounded theory in the analysis process, but is also widely used in qualitative research to produce findings to build a substantive theory that could lead to grounded theory later (Merriam & Tisdell, 2016). Durst, Wedemyer and Zurcher, 1985) used the constant comparative method to help them focus on specific strategies and adjust to emerging and new information throughout their research study. By comparing incidents and responses, their conceptual frame “took shape as patterns and themes were identified” (Erlandson, et al., 1993, p. 112).

Making sense of the data and using constant comparative analysis to guide each interview, observation, and discussion, I compared one segment of the data with another to determine similarities and differences. The data were then grouped in similar dimensions, named, and categorized to form a systematic record of identified governing competencies. Charmaz (2011) noted that most comparative analysis in qualitative research does not necessarily lead to grounded theory but does sharpen the guidelines for thematic examination and helps to strengthen the analysis of any data set. However, I believe that substantive theory has been established as a result of the data collected and the identification of the core categories of beliefs and behaviors found directly from co-op directors in a ‘grassroots’ or grounded setting. These core categories are central to the conceptual framework I developed ran parallel with the main conceptual elements found in other sub-categories and themes, which lead to establishing governance competencies (Strauss, 1987). Thus, all elements of competency dimensions, conceptualized in the

framework are congruent, were inductively derived, and are consistent with the grounded data.

Quantitative Methods

It may seem that a mixed method research study subscribes to two vastly different methodologies. Although differences do exist, qualitative and quantitative methods coexist in this study and are more similar than different in several ways. Hardy and Bryman (2004) point to similarities in answering research questions, implementing appropriate methods to the research, seeking frequency as a springboard for analysis, and demanding either trustworthiness or validity of the research. This study drew on the content analysis derived from both methods to triangulate the results so that one method (quantitative) generated results that could be understood by the other method (qualitative) (Bryman, 2012).

Quantitative Procedures

A quantitative component of this study resulted from the analyses of the qualitative data collected. As more and more data were collected through the qualitative interviews, they began to take shape and coalesce around competencies needed to govern effectively. The obvious evolution was clear – once competencies were identified, figure out how directors could assess their own governance competency, understanding if they are proficient or not. I refined the research questions to reflect this problem and the quest to find an instrument applicable for co-ops governance ensued.

This study sought to find or develop an instrument to collect information pertinent to the research questions that would both enable analysis and produce

conclusive findings. After organizing and arranging the data found in the qualitative portion of this study, finding an instrument which served the purpose of this study, proved a difficult task. Simply, no instrument existed which was applicable to the data and co-op governance. I examined more than a dozen established leadership instruments, creating an amalgam of questions to build a tool that would adequately assess a director's governance competency. The three established questionnaires the researcher used to develop an assessment tool and lead the process of editing, crafting, and ultimately creating a new instrument were the Leader Behavior Description Questionnaire (LBDQ) (Hemp & Coons, 1957), Multifactor Leadership Questionnaire (Bass, 1985), and Authentic Leadership Self-Assessment Questionnaire Walumbwa & Associates, 2008). Widely used by leadership training practitioners, these questionnaires helped inform me and frame the process of developing the *Multidimensional Governance Assessment* (MGA) for this study. This instrument assesses a co-op director's leadership abilities, behaviors, and beliefs.

One of the most used measurement tools, the LBDQ, originally composed of 150 questions, was used to inform the researcher of this study about the behavioral elements should be included in the MGA. Later simplified, the shorter version offered insight into behaviors that initiate structure and consideration (Stogdill, 1974). Initiating structure behaviors is described as task behaviors, whereas consideration behaviors are essentially relationship behaviors, linking a leader directly to the ability to connect (Northouse, 2016).

The Multifactor Leadership Questionnaire (Bass, 1985) is recognized as the most useful measurement of transformational leadership. This questionnaire, resembling much of the qualitative research of this study, is based on a series of interviews with 70 senior executives (Northouse, 2016). Questions surround leaders who inspire, motivate, and behave in ways that put others' interests before their own. The questions measure a follower's perceptions of a leader's behavior; an important dimension of this study.

New to the study of leadership, are Walumbwa and Associates (2008), who developed the Authentic Leadership Self-Assessment Questionnaire to validate four factors present in authentic leadership. Self-awareness, internalized moral perspective, balanced processing, and relational transparency are the factors that an individual can measure to ascertain their level of authenticity as a leader (Northouse, 2016).

The MGA takes the most applicable parts of each instrument, re-shapes them, and fashions the questions to fit co-ops and presents a 40-question instrument to measure governance competencies. Based on this study's conceptual framework of self, board, and cooperative the MGA is crafted to meet a director's training needs. Northouse (2016) treats leadership as a complex process having multiple dimensions which encompasses several applications and approaches. I added elements that were missing from the established questionnaires, to capture co-op specific data. A series of iterations, and feedback from co-op experts, directors, managers and practitioners helped to edit, re-phrase, and solidify the final rendition of the MGA.

Developed as self-administered instrument, I piloted the first version of the MGA to a board of directors at Garden City Cooperative in Kansas to test the credibility of the

questionnaire. Credibility, not to be confused with internal validity in typical quantitative research, is a test commonly negotiated and essential in the criterion of trustworthiness in a naturalistic inquiry. The purpose of piloting the questionnaire, was to determine face validity (e.g., Is the instrument credible to those who will use it, does it have face validity for application and training needs? More importantly, does it have the potential to be adopted as the industry's standard of measurement?), and gain industry support. This was a critical test that affirmed the instrument has face value and will be useful; a sort of industry 'stamp of approval.' Lincoln and Guba (1985) argue that "The justification of credibility as a trustworthiness criterion – parallel the conventional criterion of internal validity" (p. 213).

The Garden City Cooperative board is comprised of a young group of co-op directors ranging in age from 35 to 42 years. Described as progressive and innovative co-op leaders by their peers, their manager after attending a Texas Co-op meeting and hearing about MGA, wanted to administer it to his board. Eighteen individuals completed the questionnaire, including the manager, then added their scores in each section to find their level of proficiency. The feedback was positive and most were pleased to learn they were proficient in the three dimensions of competency; self, board, and cooperative. Their suggestions included changes in written vernacular, and the use of industry terminology and language expression. After I made the changes, version two of the MGA was ready for a larger audience of co-op directors.

While face validity was established, collecting responses from directors who took MGA and asking whether the instrument aligned with their own ideas on governance,

was clearly beneficial to the overall adoption of the instrument. Gaining beneficial feedback, based on a director's industry experience and knowledge, helped launch MGA into the next phase of testing.

Reliability

Internal reliability was tested using Cronbach's Coefficient Alpha. Commonly used in quantitative research methods, this test calculates the average of all possible split-half coefficients (Bryman, 2012). When you have multiple-item measurement, in which respondents' answers to each question is aggregated into one score, the possibility is raised that the indicators do not match; in other words, they lack coherence. Starting with 60 questions, 23 questions were eliminated from the first version of MGA, after running the test in order to achieve the highest possible Cronbach's alpha score. The operational definition of an indicator is a measure of a concept. This test assures that developed questions are reliable and related by design. A computed alpha coefficient should score between 1, denoting perfect reliability, and 0, denoting no internal reliability. Typically, a desired number is .80, indicating acceptability of internal reliability (Bryman, 2012). After deleting 23 questions, I ran the Cronbach's Coefficient Alpha on the remaining questions under each category and received these scores:

Self - .85

Team - .86

Organization - .88

This allowed me to make sure that each category in the MGA was internally consistent before running an overall test. Once sufficient reliability was met, I added three

questions at the end of the assessment to include issues of confidentiality, which in a different circumstance, may not be important. However, for co-op directors this has been a reoccurring problem. Dr. Park, an expert in co-op governance, suggested from a practical approach, the MGA should include these questions to reflect actual governance needs. Confidentiality may not relate to the three categories, yet from a realistic vantage, it is important from a training need. The final version of the MGA contained 40 questions.

Instrument Distribution

The self-administered assessment questionnaire, MGA, was distributed to 44 different directors attending three leadership development conferences sponsored by TACC from July to October 2019. I was given time on the agenda to have all directors present take the assessment. Except for two directors who had to leave, all directors present took the assessment. Although it was voluntary, the directors appeared to be more than willing to complete the assessment and find their personal competency level. In each case, when MGA was distributed, I handed the form out to everyone present and when completed, the directors gave them back. Having a captive audience of directors produced a 100% response rate. Directors had their choice of completing the assessment either in paper form or online. Twenty-eight of the directors completed paper forms and 16 assessments were completed online via Qualtrics. A regression analysis was performed using SPSS software to determine dependence and correlation between various components identified as governance competencies.

The competency questionnaire, I call the MGA, uses the Likert scale approach to investigate a cluster of attitudes (Bryman, 2012), or in this case, a grouping of governance competencies. The Likert scale, a multiple indicator measuring intensity of feelings, attitudes, and behaviors of directors, helped identify areas of strengths and weaknesses in governance. The Likert scale used in the MGA is:

1 = Never

2 = Seldom,

3 = Sometimes

4 = Often

5 = Always

The MGA (see in appendices) is a practical instrument and has been employed in the field by extension specialists and university professors who chair cooperative education. Recently, Dr. Park distributed MGA to co-op directors in Minnesota and South Dakota. The instrument validity appears to be accepted by industry. Further analysis will help develop future training modules for co-op boards.

Basic Assumptions

It was assumed during this study;

1. All participants honestly answered the MGA questionnaire.
2. All participants self-administered accurately and completed the questionnaire.
3. Co-op managers and directors participating in this study are members of co-op organizations and members of TACCA.

Definitions of the Terms

Key terms are instrumental in understanding the essence of this study. The key terms are as follows:

1. *Agricultural Cooperative (co-op)*: A widely used term in the agricultural industry to describe a business model and philosophical method of collectively marketing agricultural products, livestock, and goods, called a “co-op.” The term extends to organizations formed to cooperatively sell farm supplies, transportation, and financial organizations, operating under a specific corporate structure, by-laws, and federal rules of the Capper-Volstead Act.
2. *Co-op Board of Directors (BOD)*: A body of co-op producer-member-owners called directors, who are elected (typically 5-9) to represent and govern the interests of the organization. Unlike other corporate Boards of Directors, where directors may or may not be shareholders, co-op BOD’s must be member-owners to serve. According to Bakken and Schaars (1937), the role of the BOD as the co-op’s governing body is to formulate and enforce policies, retain management, appraise business performance, and act as a liaison between the members and management.
3. *Co-op Director*: An individual co-op producer-member-owner elected to serve as one of several directors (usually 5-7) on the governing BOD. The election of directors is one of the principal obligations of the membership. A director cannot act as an individual; their rights and power are limited by the authority of the entire board (Bakken & Schaars, 1937).

4. *Co-op Governance*: Defined as an action of authority in control of the co-op's policies, long-term strategic plans, and financial decisions. The BOD is the governing body, which regularly meets, performs fiduciary duties, and provides oversight for the benefit of all the member-owners. The BOD also monitors and guides management in the day-to-day operations.
5. *Governance Competencies*: Certain acquired skills and abilities needed for an individual director to perform governing role. To be proficient, a director must exhibit a sufficient level of leadership efficacy. Collectively, proficient directors perform effective governance and act in the best interest of the organization.

Researcher's Positionality

A major characteristic of qualitative research is that the researcher is the primary instrument for data collection and analysis (Merriam & Tisdale, 2016). Since understanding is the goal of this study, the researcher is the primary instrument, adaptable and responsive in understanding verbal as well as non-verbal communication, immediately clarifying, checking with respondents for accuracy of interpretation and exploring unusual and unanticipated responses. The researcher for this study has been a co-op producer/member for several years, possessing a distinctive positionality. This background experience affords a particular "insider" lens which informed this study and assisted in gaining trust and common ground with those interviewed. Rather than trying to eliminate these biases or "subjectivities," it is important that the researcher identify them and monitor them in relation to the theoretical framework, collection, and interpretation of the data (Merriam & Tisdale, 2016). Peshkin (1988), makes the case

that a researcher' subjectivities "can be seen as virtuous, for it is the basis of researchers making a distinctive contribution, one that results from the unique configuration of their personal qualities joined to the data they have collected" (p. 18).

CHAPTER IV

FINDINGS

The purpose of this study was to identify and assess the governance competencies of co-op Boards of Directors.

This chapter reports the findings related to the purpose of this study by identifying co-op governance competencies, how these competencies could be assessed, and the importance of building good relationships in the boardroom. Characteristics of the participants are provided to understand their breadth of experience, knowledge, and expertise. Findings were categorized into three objectives which align with the research questions posed. Quotes from interviews are provided to validate the interpretation of the findings. Lastly, this chapter ends with a summary of findings.

Participants

Participants are divided into four descriptive categories and identified by their role, information they provided, and the means of engaged communication. In total, 29 co-op managers, directors, professionals and extension practitioners participated in this study (see Table 1). The cadre of participants represent a full swath of individuals, located throughout Texas from the Rio Grande Valley, west and central Texas, to the pan handle. Participants are considered by their peers and colleagues as individuals possessing the skills and qualities of industry experts with experience in their field of professional services, management, and production agriculture. The leadership roles, in which each participant serves, represent thousands of hours of interaction with boards and boards of directors. Participants, 27 males and 2 females, ranged in age from 30 to

80 years. The co-ops the participants are associated with vary in size, services, operations, and commodities. There was no consideration made regarding which manager or director to speak to base on any co-op criteria. Participants were purposively chosen, based on their embedded involvement, expertise, and knowledge of the agricultural co-op industry.

Table 1

Participant Profile

Participant Description	Number	Role	Information Provided	Interaction
Co-op Manager	9	These individuals are hired by the cooperative to manage the day-to-day operations	Provide organizational structure, identified needed skills and abilities of directors, training needs for competency and orientation. Explained the culture of cooperatives, relationships, communication, and board dynamics.	Interviews Meetings Discussion Casual conversation Observation
Director	15	These individuals are elected to represent all member-owners of the co-op. (Five of these directors were the chairperson of their board)	These individuals provided in-depth knowledge/understanding of how co-op boards work, teamwork dynamics and leadership. Defined the social construct, selection and what characteristics, competencies a director must possess.	Interviews Meetings Discussions Casual conversations Observation
Co-op Professional	2	These individuals are professional advisors and co-op experts in their field i.e., attorney and accountant.	They are retained and hired by several co-ops throughout Texas to provide legal and accounting services. They provided an overview of co-op culture and its effects, operations, and overall performance. Gained insight into training needs based on legal requirements of co-ops and what competencies are needed to handle complex business issues.	Interview Discussion Casual conversation
Co-op Practitioner	2	These individuals, representing universities, work on cooperative issues. They are professors who provide training and development.	They provided information on co-op history, structure, and inter-workings. Primary point person, through extension was Dr. Park, who provided invaluable information collected and disseminated to co-ops and directors over several years in service with Roy B. Davis Cooperative Center.	Meetings (> 50) Discussions
Association Management	1	Hired to manage the association.	Provided research data and access to directors for MGA distribution.	Discussions Conversations

Competency findings were generated from the qualitative portion of this study. The result of those findings led to the development of objective 3 and the creation of the Multidimensional Governance Assessment (MGA), as a tool to measure the competencies found and established during this study. Table 1 depicts the research contribution from each group of participants, by describing what information they provided and how it was communicated with the researcher. The participants are listed in no order of importance. All participants and the information they provided was invaluable to this study. However, to the depth and breadth of rich, thick narrative and information gathered, I list co-op managers and directors at the top of that list.

Overall Objectives

The overall objectives of this study were bounded by the research questions posed. However, in classic naturalistic inquiry fashion, based on new information and tacit knowledge as it unfolded during this inquiry, I have taken the liberty to re-think, re-structure, and capture the essence of meaning in these findings and in the descriptions of the three objectives.).

Table 2

Categories of Objectives and the Source of Data Collected

Objective	Research Question	Source of Data
Objective 1: To find what directors and industry experts believe are NEEDED qualities, skills, abilities, character attributes, etc. that a director must possess to govern effectively. These are core competencies of governance that have been established.	RQ1: What measurable leadership competencies are needed for effective co-op governance?	Interviews with directors, co-op professionals, and practitioners. Field notes, memos, observations, artifacts from meetings, and discussions with directors. Collected director and manager responses from TACC and extension reports.
Objective 2: To find out how a competent director thinks and behaves from the lens of a manager. To discover how the relationship impacts the effectiveness of the governance process. To learn how training needs in the boardroom could improve with competency understanding.	RQ2: What required competencies are needed to strengthen, build, or create a positive relationship between the manager, the board, and the chairperson?	Interviews with managers and directors, field notes, memos, observations from meetings, and collected data from TACC.
Objective 3: To develop an instrument that measures the competencies found through the qualitative portion of this study.	RQ3: Once established, how and what governance assessment tool will be used to measure competency?	MGA (Multidimensional Governance Assessment) was developed to measure core levels of governance competency. The questionnaire is self-administered with feedback mechanisms for training and improvement. Tested and validated on 44 directors: correlation between each dimension—self, team, and organization.

Objective 1

An analysis of the interview data and participant responses revealed what competencies are needed, and more importantly how, why, and where they are attained. The interviews were “telling,” revealing areas of personal recollection and stories enabling the discovery of core competencies needed. For the most part, co-op directors believe they are competent to serve on their cooperative board. They think this because, just as they are invested financially in the co-op business, they are “emotionally vested” as well. My research, however, reveals a different, slightly altered picture. Many directors have served over 20 years on their board and feel that tenure is the benchmark for co-op director competency and performance. Yet when asked squarely, “What are the competencies needed to govern effectively?”, the general response from several directors varied from “brains” to being able to communicate. All attributes of a competent director mentioned during interviews, had little to do with the fact that they served many years and more to do with the struggles and joys of governing now.

When directors and managers were asked to write down all the qualities they think are important for a “good director,” the answers varied dramatically. They cited characteristics such as good attitude, work ethic, and self-awareness attributes as the largest category of competency. Table 3 categorizes 269 responses from directors and managers. These responses were analyzed by unitizing the actual words said, categorizing, and putting categories into emerging themes. I constantly compared what was told to me during interviews with these responses to find deeper meaning. They fell into six categories: consciousness, conduct, connectedness, teamwork, representation,

and collaboration. As themes emerged from the data, the six categories merged into three themes: *self*, *board*, and *organization*. These three amalgamated themes are the basis for my conceptual framework and provide the foundational structure for an assessment instrument. For example, when a director said, “he needs to be introspective,” the response was categorized as self-awareness and added to the themed column *self*. Reference in responses to teamwork, engagement, or relationship was categorized as *board*. Other key words and phrases stated by directors and managers such as strategic, transparency, and succession were categorized into *organization*.

Defined below are the three themes *self*, *board*, and *organization* as the main elements of this study. They have been defined by established theoretical and conceptual approaches. I have further fine-tuned their meaning to fit the applicability of the competency dimensions outlined in this study specific to agricultural co-ops. The elements are defined as:

- The element of self – The understanding of one’s personality and self-awareness of others, through empathy and compassion. The ability to manage emotions and communicate appropriately for the situation. At the sub-level of belief and action is consciousness and conduct which recognize something within oneself and the standard of personal behavior.
- The element of board – The ability to exemplify proper loyalty, dependability, and communicate constructively with other board members. The ability to be accountable and help to resolve conflicts, and

use critical thinking skills. At the sub-level of belief and action is connectedness and teamwork.

- The element of organization – The understanding of one’s fiduciary duties, helping to set policies, establish long-term strategies, and maintain a professional role on the board. The sub-levels of belief and action are representation and collaboration.

The 269 responses reported were collected at various times between 2015 and 2019 at TACC meetings and conferences. The questions were posed and worded in several ways.

1. What do you expect from other directors?
2. What do you think are the duties of the chairman of the board?
3. What are the admired strengths of a board chairman/director?
4. What do you value most about your board president? Other directors?
5. What are your expectations of a co-op director?
6. What are some of the best board meeting you ever saw?
7. What are some key concepts to making a more useful board?

Although the word “competency” was never mentioned in the questions posed, the open-ended responses received from directors provided a list of skills, abilities, character attributes, experience, and knowledge that have been unitized and put into categories to find emerging themes of competency. These responses, combined with the interviews, formed the “core competencies” to build the conceptual framework.

Table 3 depicts the short listing of words from the responses. Six competency

categories were established from the responses: *consciousness, conduct, connectedness, teamwork, representation, and collaboration*. These six categories forming the basis for core competency, underpin the three main dimension elements of *self, board, and organization*. These were formed by combining my tacit knowledge, the tenor and tone of the 269 responses, the interviews, observations, and the countless hours of discussion and prolonged engagement with co-op directors.

It was found that of the 269 responses, 43% of the responses showed that directors believed that self-awareness was the greatest need of competency to be attained, that is, the ability to understand and manage their emotions, express thoughtful opinions and ideas, and show empathy toward others were all skills and attributes they struggled to achieve. One poignant response from a director, summed it up by writing, “A leader is not easily shaken by delicate issues.”

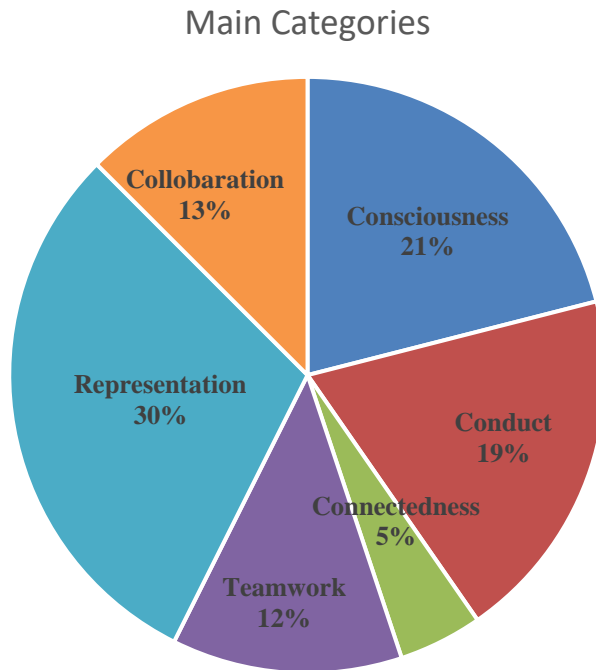
This area of competency seemed to be the most elusive for directors. It was difficult for them to articulate during interviews what emotional intelligence meant to them and how it operated in the boardroom. However, directors knew what it looked like. “He is thought of as a man of great wisdom,” one director noted as he described what kind of leader is highly respected and followed during board meetings.

The other major themes were also segmented by percentage to ascertain where the greatest competency needs lay. More than 70 % of the responses coalesced around process and operation with a strong emphasis on communication. The ability to resolve conflicts peacefully, express constructive criticism, and deal with different personalities on the board were prevalent in the responses from directors. “Not let the meeting

deteriorate to chasing rabbits,” was one response capturing the essence of effective

Figure 6

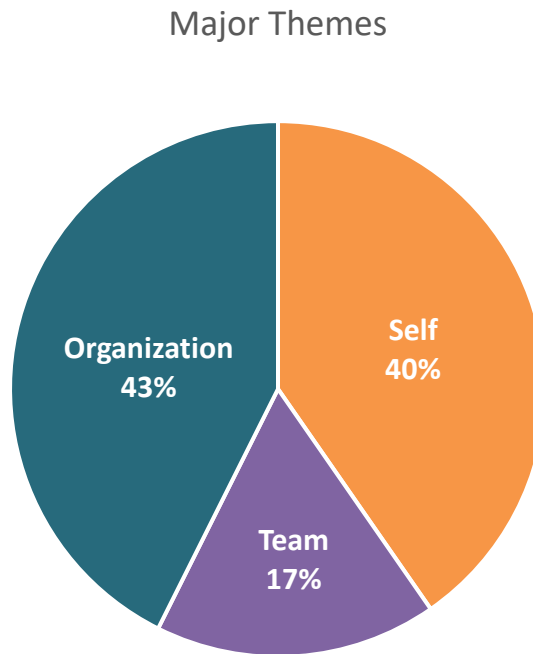
Director’s responses broken down by percentage in each category of competence



teamwork and board management. Figure 6 and Figure 7 represent responses from directors showing what main categories and themes they thought were important areas of competence. They are broken down by percentage of importance to the overall competence.

Figure 7

Director's response broken down by percentage of the three major themes of competence.



From the data collected, I found that the most prevailing need for co-op governance competence lies in the category of self-awareness and communication. Self-awareness presented itself in discussions where managing emotions was challenging, but good communication skills seemed to be the biggest hurdle for many directors to overcome. A thread appeared to string across all categories, when directors were asked what they regarded as “the most important quality a director should possess.” Resoundingly, the answer was communication; something they all seem to aspire to yet fall short of achieving.

The Other Core Competency

Being selected to serve on a board of directors of a co-op in most cases carries an air of honor, respect, and affirmation that a producer has qualified stature in the community. It appears the protocol in earning this position on the board boils down to several factors including 1) duty and commitment, 2) years of successful farming, and 3) the number of other boards one has served on or what one is doing in the community. This is the heart of “co-op competency” in the real sense and where the needle starts on the gauge of performance.

There is high importance placed on “earning” a position on a board of directors of a co-op. If honor is the heart of co-op competency, deserving a place on the board is a matter of following the rules of social construct. What qualifies a new director and seasons them for a position of influence and honor is the ability to learn by osmosis, be perceptive, and listen to former directors. One younger director, flanked by two senior colleagues well over 80 years old, described it this way, “The older guys did a pretty good job teaching me the ropes and telling me about how they do things, the manager filled in the rest.” (J398D).

Above all else, loyalty is the foundation of co-op competency. Does a director do all the business the can with the co-op? A sound and detailed accounting system is maintained by the co-op, keeping track of every purchase, bale of cotton ginned, or grain ton stored by every member, including the directors. The record speaks for itself, and circumstances with individual directors’ family farming operations may interfere with doing business with the co-op. This fact can cause friction and raise questions of

loyalty to the co-op. The rule book for directorship is vague and addresses procedures, policies, and operations, but it does not require a director to demonstrate their involvement in the co-op, at least in any written form. This could jeopardize a director's position on the board and certainly can weaken their influence, power, and electability.

In summary, competency for a co-op board of directors begins at the heart. Honor, duty, investment, and loyalty are the core competencies needed to serve and govern effectively on a co-op board. Other needed competencies are considered just as important but are dwarfed by the “co-op heart competencies” if not balanced and maintained. “It starts here (pointing to the center of his chest), one director told me, as he described the “real meaning of being a first-class director” on a board (B7320C). Embedded in the 269 responses, the co-op heart competencies are prevalent and ran through threads connecting several categories and sub-categories before falling into specific themes. The three emerging themes which create the elements of dimensions *self*, *board*, and *organization* to Co-op governance were created to share a slice of each piece of this “heart.”

Objective 2

Objective 2 targets how a competent director thinks and behaves from the lens of a manager. I was interested in how this relationship could impact the effectiveness of the governance process. I found that this relationship between the directors and the management teeters on a balance of guidance and direct involvement. Much of the conversation and feedback from managers about directors usually began with comments about how good a board was based on their ability to “stay out of the day-

to-day business” (R4916M). Managers described their directors as businessmen, running successful operations, but sometimes cannot separate their role as a director and a manager. This has caused problems with relationships between managers and the directors, leading to a breakdown in communication and conflict among the board members. The need for competency training in this area was loud and clear from several managers who believed it was simply a matter of training—to teach directors how to apply good communication skills. “If we can sit down, talk about it, I can help them understand the importance of the separation of management and the board,” one manager told me (T4510M).

Managers provided a wealth of information pertaining to boardroom dynamics, operations, and interactions between themselves the chairperson of the board and the other directors. One manager described the relationship between himself and the board, couching his comments as typical of most boards, “We are like a family. Somedays you all get along and someday you need to remind each other to back off” (J7020M). The manager further detailed the relationship between his board and himself to resemble a family farming operation; where they eat together around a board table and “chew the fat” before delving into tough decisions. “Communication, communication, communication” is the key another manager told me as he recalled stories growing up in the same small town with most of the directors on his board. “We just weren’t taught on the farm to communicate,” the manager shared (C4510M). “As a farm kid, you just got outa bed, jumped in the pick-up at daybreak, and your dad put you on a tractor and said “DRIVE.” If you tried to ask why, how long, or what he wanted you to

accomplish, you were shut down” (C4510M). He concluded his comments by saying, “That’s how most farmers learn to communicate, and my board is no different” (C4510M).

These findings align with the data collected through this study. The competencies of connectedness and teamwork represented more than 20% (see Table 1) of the needed skills, most of which are based on the ability to communicate effectively. Working collaborately with other board members and the manager requires better communication skills to improve the overall performance of the board and the organization.

Objective 3

Objective 3 was accomplished by developing a self-administered questionnaire, called the MGA (Multidimensional Governance Assessment) for directors (Appendix I). The process used to develop this instrument started with a deep dive analysis of existing leadership questionnaires to determine the applicability to agricultural cooperatives and their governance. Trying to make one existing leadership assessment tool “fit” proved to be challenging. Boiling it down to three established and well-tested instruments, Leader Behavior Description Questionnaire (LBDQ) (Stogdill, 1974), Multifactor Leadership Questionnaire (Bass, 1985), and Authentic Leadership Questionnaire (Walumbwa & Associates, 2008), I found that not one, but all three had some important parts that could be applicable to agricultural cooperatives. Failing to find one perfect instrument to meet this objective, I made the decision to develop an instrument, using the three established questionnaire as my guidepost, helping inform

and craft the verbiage of the questions to fit cooperative governance and leadership. By developing several iterations of a new instrument, pilot testing, and finding internal reliability, I created the MGA.

This instrument was designed to measure the six competencies established in objectives 1 and 2. The questionnaire contains 40 questions, and is divided into three dimensions of governance; self, board, and organization. The competency questionnaire uses the Likert scale approach to investigate a cluster of attitudes (Bryman, 2012), or in this case, a grouping of governance competency. After running a test for internal consistency, the instrument scored a .87 Cronbach's Coefficient Alpha. Each dimension was also tested scoring:

- Self - .85
- Board - .86
- Organization - .88

The MGA was pilot tested on 44 directors. A paper questionnaire was handed out and all were collected upon completion. I performed an analysis of the results by applying an 80% proficiency level on all three dimensions. Proficiency is an arbitrary level of scoring I chose to gauge the level of director governance ability. However, this decision was informed by my tacit knowledge and experience in teaching at the post-secondary education level. My focus on proficiency-based assessment is based on the desired learning outcomes that several higher educational institutions ascribe to and implement as their standard level of achievement. Directors can gain the skills, abilities, and knowledge required in the established competencies, but proficiency-

based learning is designed to identify and address gaps in order to provide better learning and training opportunities.

From a cursory analysis of how the 44 directors scored at a level of 80% proficiency, I found most scored at or below 60% proficient in the governance dimensions of *self*, 70-75% proficient in *group*, and at or above 80% in *organization*.

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

This chapter provides a discussion of each of the three findings, conclusions based on the findings, and recommendations for future research and practice. The discussion aims to address the objectives including a) identification and establishment of co-op governance competencies b) how the relationship between management and the board is impacted by lower governance competencies, and c) establishment of the Multidimensional Governance Assessment (MGA) instrument to measure a director's governance competency. The Conclusions section of this chapter provides a summary of the study as well as an explanation of the significance of the results. The chapter closes with recommendations for future research and future application of the Multidimensional Governance Framework (MGF) and distribution of the MGA.

Discussion of the Findings

Loyalty

Agricultural cooperatives possess a unique business structure, unlike investor-owned firms, that is built on a foundation of loyalty. One of the most important differences is how agricultural cooperatives are governed by a board that includes owners-directors-customers. This structure can strengthen the purpose and goals of the co-op by servicing its members to the fullest or alternatively, it can challenge the purpose because it cannot deliver competitive services. Originally created to provide marketing or other services, co-ops succeeded in supporting many small farmers who

collectively used the services. The use of these services was based on the premise that a co-op member would support their co-op business and therefore, the co-op would succeed. But what happens when the fabric of loyalty is torn by market conditions, competition, and inefficiency? What does the co-op do then and how do the Boards of Directors face the marketing challenges of customer loyalty, when they assume it is implied in being a co-op member? The very culture that co-ops were built on—loyalty to support the co-op endeavor and mission—can find itself at odds with the business model of efficiency when the co-op ignores sound marketing strategy targeted towards new members or retention of existing members-customers. In other words, the culture of loyalty can be the success or demise of the co-op if the members do not use its services or the competence of the governing board is not adequate to meet these challenges.

Frequently, members of a co-op choose to take their business to a competing firm such as a large discount retailer or online service, even though they have an ownership share in the co-op (Park, 2018). According to Park (2018), directors need to communicate the value of ownership to their members. This directive is central to addressing this loyalty problem and can come in the form of regular patronage refunds to member-owners (Park, 2018). Patronage refunds are considered the profit co-ops make from the sales and services they provide and are returned to members to offset costs, equalizing the value they may have received from a competitor. But if communication and marketing are not the co-ops strongest suite of skills, directors will have a difficult time governing a ship without a rudder ready to navigate the value proposition.

Understanding the needs of all the members can provide solutions for better governance and in time loyalty will be earned (Park, 2019).

Competency

Competency is a skill, ability, or knowledge set that can be taught or developed through experience and maturity. Most leadership experts agree that leadership competency models for organizations support the culture, vision, and strategy by providing a framework for which the organization can select, evaluate, and develop its leaders. This study focused on identifying the competencies that are needed to constitute effective governance of agricultural cooperatives. What I found is clear. Needed competencies are relative to the situation and only applicable to the organization if they are prescribed by those you need them.

The six competencies this study lays out in the framework (MGF) are not arbitrary; consciousness, conduct, connectedness, teamwork, representation, and collaboration (see detail description of each competency in Table 2). These competencies were developed through a lengthy analysis process, generated directly from expert sources. They are specific to agricultural cooperative governance and may or may not apply to other business leadership models. For example, a general readying an army to go to war most likely would possess different skills, abilities, and knowledge than a Board of Directors making a tough decision to fire a manager because he's stealing from the organization. Every set of core competencies may vary among the group targeted, yet there may be similarity in how they are interpreted, applied, taught, or developed.

Table 3

Description of multidimensional competencies on levels of governance and how they are expressed through belief and behavior or action

Level of governance	Assessment objective	Expressed through belief Competency	Expressed through behavior Competency
<i>1 - Self</i>	Measure ability to take personal responsibility, ethics and care for others	<i>Consciousness:</i> Having the capacity to understand others, empathy, compassion	<i>Conduct:</i> The manner which one treats others, takes a moral stand and manages emotions
<i>2- Board</i>	Measure level of interpersonal skills with others; conflict resolution	<i>Connectedness:</i> Feeling of belonging to the group, loyalty	<i>Teamwork:</i> Working relationships with interpersonal skills and resolving conflicts and accountability
<i>3- Organization</i>	Measure ability to work cooperatively in building strategic plans, oversight of financials for all members	<i>Representation:</i> Standing for others to make sure rights and ownership is protected. Putting others' interest ahead of oneself	<i>Collaboration:</i> Acting with high fiduciary duty keeping each other accountable, disclosure, transparency, enacting policies to protect all interests

In the case of co-ops, the literature is clear; one size does not fit all leadership situations. Forbes and Milliken (1999), maintain the “black box” theory which says that no one really knows what is needed unless you are in the boardroom. They construct models to predict process and behavior yet fail to go directly to the source and ask directors, one-on-one, what skills, abilities, or knowledge they need to be better in their role. Other researchers agree with this stance, noting that qualitative research in governance is sorely needed to establish effective leadership competencies (Ahrens &

Khalifa, 2013; Parker, 2007). Hopefully, the results of this study will contribute to the body of leadership research and shed some light on the process and conceptual framework constructed.

A unique aspect of this study was the groundbreaking revelation that competency can include intrinsic attributes beyond skills, abilities, and knowledge. I found overwhelming evidence, hanging on the fringe of character, a strong moral compass and religious faith embedded in all belief and behavior of most directors I interviewed. Although subtle, and not always proclaimed verbally, I heard directors talk about church, family, and God in the same context as co-op, community, and faith in the future. Their sense of loyalty and duty were paramount to their self-worth and validation. Crossan et al. (2019) define leader character as an amalgam of virtues expressed as behavioral manifestations, encouraging other researchers to elevate character alongside competencies in board governance. I would agree based on what my research revealed. Competencies without character would be like bread without butter!

This study captures the essence of what loyalty really means to governance competency. During the data collection period, it was clear to me that the need for governance competency was highly needed and wanted by directors. They expressed it through interviews, in their written responses, and in several one-on-one discussions. Organizing the data and categorizing it into themes was a revealing process, producing an established set of core competencies. Yet, as a researcher, I was tormented by an element that was elusive, ambiguous, and invisible. My inclination was that directors possessed unique experiences that allowed them to lead ethically and morally, and that

character was central to any leadership role. But there was more to it than that. I kept hearing words like honor, duty, obligation, and respect to describe what really made a good Board of Directors. Governance competence became synonymous with these verbs and the verbal vernacular used to describe them always involved some physical motion to the heart. My last interview with a seasoned board chairman drove home the idea that there is one more competency not captured in my six categories or three dimensions. The “co-op heart” competency. This competency in real terms translates to loyalty to the co-op—its mission, its business, and member loyalty to use its services and goods. Without this heart competency, the core competencies I worked so diligently to establish would fall short of acceptance and application. Recognizing the importance of assessing this loyalty factor before building a training program for the competency development is imperative. It must be included as a component which considers the cultural structure that the co-op is built on. The challenge for directors in the 21st century will be how to translate this “co-op heart” that was created two to three generations prior, into something that makes sense to a newer, younger generation with different problems from a global world.

From the findings, this study established six competencies, nested with three elements of governance dimensions: *self*, *board*, and *organization*. The elements of dimensions were conceived through an iteration of concepts and theoretical approaches. The MGF provided the scaffolding for the competencies to rest and form the basis for the assessment tool. MGF looks at various dimensions of individual leadership: first, examining a director’s internal beliefs; second, how a director connects with the rest of

the board; and third, how a director operates for the organizational good. Each dimension contains multiple competencies as a prescriptive set of characteristics that directors should possess in their governing role. By establishing core competencies for directors, a baseline is established to help develop further training programs.

From the findings, it appears the area of most need to improve co-op governance competence is self-awareness and communication. Most directors had little to no experience or understanding of emotional intelligence. All emotional competencies involve some degree of skill in the realm of feelings, along with cognitive elements at play. Some competencies are purely cognitive, such as analytical reasoning or technical expertise. I combine thought and feelings in one competency, such as *self*, to create one dimension of governance. The potential for directors to learn certain skills to improve their emotional intelligence is promising since they have shown the desire to gain this competency. Simply attempting to understand the meaning of self-awareness may be complex and multifaceted, however, this competency appears to be paramount based on the findings of this study. The importance was clearly stated in several interviews. One director described self-awareness as “being intuitive and knowing what the other guy is thinking without him saying a word” (B7020D). This intuitive element of competency is transformational and brings harmony in relationships and in the boardroom.

Because of the rural nature of co-ops, the pool of possible directors may be small due to the size of the community. This can be problematic for recruiting and selecting new directors. Diversity of thought, gender, age, or ethnicity in many small towns may be restricted. The reality is, as one manager told me, “You get what you get in directors”

(J7020M). This situation brings into focus the need for better tools of assessment to measure competency and training to help improve skills and abilities. Despite the remote nature of their experiences and leadership knowledge, producers in rural areas did attend the conferences to learn and expose themselves to current issues.

Governance

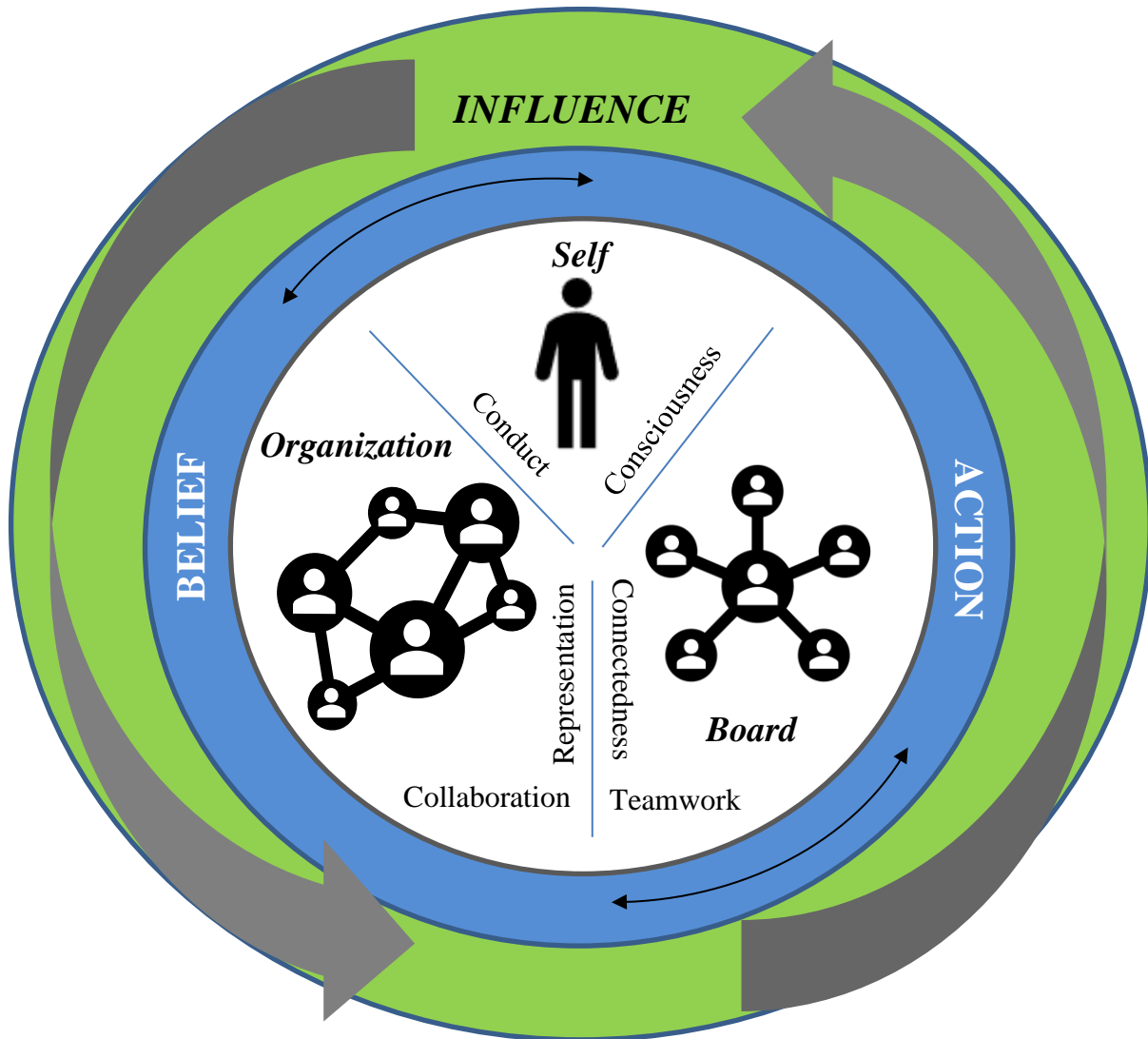
Co-op governance is often described by the actions and decisions of the Board of Directors with the goal to position the organization for sustained growth and profitability (Park, 2018a). In the process of governing the organization, a highly effective director is one who can influence not only the actions the co-op chooses, but also the other directors, managers, and members (Park, 2018b). The ability to influence is powerful in effecting behavior and action in others. As the sphere of influence moves from cognitive to tactical strategy, varying degrees of expression is exhibited through levels of governance. This study conceptualizes this approach to governance by describing three levels of governance which align with the findings of *self*, *board*, and *organization*. Levels of governance are dictated by the influence over self, influence over others on the board, and influence over the members of the organization (Park & Friend, 2019).

Training on all levels of governance becomes an important role for practitioners who seek to balance the competency proficiency across all levels. The ability for the board to lead the co-op to greater profitability through strategic planning in level 3 governance, is limited by its ability to communicate in collective action in level 2 governance, which may be further limited if a director cannot take personal responsibility for themselves in level 1 governance (Park, 2019). Figure 8 represents the

model used to graphically depict the MGF developed to explain how these levels of governance move in a fluid circular motion between the three elements and six competencies of consciousness, conduct, connectedness, teamwork, representation, and collaboration.

Figure 8

Final Multidimensional Governance Conceptual Model showing three levels of governance and six core competencies



Challenges

As my research progressed, directors shared many challenges that they face on their boards. These challenges ranged from issues of conflict resolution to age and gender diversity. Many suggested that when problems arise, most directors are not well equipped socially to handle change, disruption, or succession. One director explained how the board found out their manager was using co-op funds for his personal use. Using few words and body language, he rubbed his fingers together under the table to demonstrate the manager was “stealing us blind” (A6520D). When I asked, “Did the board fire him when they found out?” he replied, “No, it took five years and a new board to get rid of him” (A6520D). The obvious problem that this co-op faced was the embedded relationships which polarized good decision making leading to poor governance. The term “groupthink” best sums up the situation. Groupthink describes several group decision-making flaws caused by a board’s desire to maintain good relations rather than make the tough and best decisions for the organization (Levi, 2017).

Decision making is a central activity for Boards of Directors. One of the benefits of board governance is the ability to bring together multiple skills and perspectives in making good, sound business decisions. From what I observed during this study, I saw little diversity among the demographic overview of co-op boards. In fact, gender diversity on boards is nearly non-existent, and age diversity is sparse. Most research suggests that diversity is a benefit once a team learns how to create an environment that supports diversity (Levi, 2017). According to Levi (2017), a board with diverse members “performs better on decision making, problem solving and creative tasks” (p. 257).

When I probed deeper with one board chairman by asking him why he thought there were no women on co-op boards, he sat back in his chair, took a pause, and began to explain the agricultural culture of rural Texas. “I don’t think there is any my age that want to sit on a board with a bunch of men” (B7020D), he finally said in an introspective tone. He expounded by describing the fact that very few women are directly involved in production agriculture or who have chosen to lead a family farm. Most women choose a traditional path of homemaker or have taken jobs in nearby towns to help support their husband and the family farm. This answered my question, but what about young farmers that could bring age and diversity to the board? He said, “Things are changing. Us older guys recognize we can’t keep up with all this new stuff, so we are looking to find younger guys to groom” (S6015D). Encouraged by many co-op professionals and practitioners, boards and managers are listening and responding by setting up advisory boards or junior Boards of Directors to help orient and train prospective board members for the future.

Conclusions

Multidimensional Governance Framework

The study examined the governance competencies of agricultural cooperatives in Texas. This examination delved into discovering and identifying six core competencies under three dimensions (see Table 4). Training of directors should include the development of interpersonal skills, suggesting that governance of a cooperative is more than the actions and decisions of the Boards of Directors in fulfillment of their duties. The actions and outcomes of governance are important, but do not fully describe the

ability of an individual director to perform their duties. In the course of governance, a highly effective director is an individual who could properly influence themselves, the board, and ultimately, the cooperative. This conclusion led to further finetune the MGF to include levels of governance. Level 1 (influence over the self), Level 2 (influence over other individuals and the board), and Level 3 (influence over the cooperative organization). Beginning with Level 1 governance, an effective board member must be aware of their own perceptions, abilities, and biases as they interact with the world around them. Level 2 governance is characterized by one's ability to understand and build connections with others, leading to greater group effectiveness. Finally, Level 3 governance represents the individual's ability to develop the identity and sense of duty that allow the board member to unite others in a common cause. In short, Level 1 governance is centered on the self, Level 2 governance is centered on board relationships, and Level 3 governance is centered on the cooperative organization.

Levels of governance are further defined by the beliefs formed from individual abilities, experiences, and personality as well as the ways in which directors may act on those beliefs. As a result, I conclude that levels of governance can be described in terms of both beliefs and action. Both beliefs and actions are expressed differently as a director progresses on the continuum of competency and moves to higher proficiency of governance. As belief progresses from self to board to cooperative, it is expressed as consciousness, connectedness, and representation. As action progresses from self to board to cooperative, it is expressed as conduct, teamwork, and collaboration (Park & Friend, 2019). Thus, my complete framework for governance is described by six core

competencies, with key factors resulting from an expression of belief and action for each of the three levels of governance. They are consciousness, conduct, connectedness, teamwork, representation, and collaboration (see Table 4).

Table 4

Multidimensional Framework of Cooperative Governance

		REALM OF INFLUENCE		
		LEVEL 1	LEVEL 2	LEVEL 3
		Self	Board	Cooperative Organization
EXPRESSION	BELIEF	<i>Consciousness</i>	<i>Connectedness</i>	<i>Representation</i>
	ACTION	<i>Conduct</i>	<i>Teamwork</i>	<i>Collaboration</i>

Multidimensional Governance Assessment

Naturally, when directors hear the word “assessment” or “evaluation,” this could connote a measurement of quality or worth in their leadership abilities. This was not the intention of the Multidimensional Governance Assessment (MGA). Rather, it is my philosophy that each director brings a unique contribution and additional strength to a board. My vision for the assessment is to provide a tool that will help make directors more aware of the often overlooked or neglected skills and characteristics and help prioritize training efforts. The MGA has been developed following the framework presented here. It is currently being tested and refined among select agricultural

cooperatives in Texas. The primary goal of the MGA is to promote a more wholistic view of director competencies and subsequent training. A greater awareness of one's ability to influence self, board, and cooperative can strengthen board interactions and ultimately firm performance.

In conclusion, this study resulted in the establishment of core competencies for co-op governance. A conceptual model, the MGF (Multidimensional Governance Framework), can be used as a guideline for building substantive theory on cooperative governance. This conceptual framework formed the basis and foundation for the MGA tool to be developed and to measure the level of proficiency of particular competencies. Furthermore, this study also resulted in a guide for future training and director development programs. While technology has the potential to enhance instructional techniques, there are limitations to using technology. Teaching certain skills associated with the competencies require diligent and thoughtful training exercises to enhance the experience and improve a director's motivation to learn new skills. This study facilitates a better understanding of the effective integration of competency understanding, assessment, and training. Analysis of the findings revealed what directors need and how to assess them, but further analysis of the best mode of instruction and specific training curricula will need to be done. Being able to assess levels of competency can prove an effective tool to prepare directors for the complex decisions and situations they face. Understanding the higher-order thinking and communication skills needed, and seeking to improve upon a director's own tacit knowledge of leadership, can only enhance and improve their governance performance (Park, Friend, McKee & Manley, 2019). Gaining

insight from directors and managers allowed a better understanding of the current levels of governance competency and opened a new chapter in the qualitative realm of co-op research.

Recommendations

While this study relied heavily on qualitative methods of research to find and identify governance competencies, establishing the MGA may be the most valuable outcome of this study. I would recommend future research to focus on testing the face validity of the MGA among industry professionals and practitioners. Assessing individual's levels of proficiency and finding patterns among boards may have practical implications for future training and development.

Perhaps the greatest contribution this study can deposit to the body of knowledge, is in the area of cooperative education and training. While it is well documented and practiced, training new and existing directors on the fiduciary duties, roles and obligations concerning legal and financial matters, it is less understood how to train them on interpersonal relations, communication, and emotional intelligence. This study highlights the need to do so and identifies a framework to build an applicable teaching curriculum.

Finding little in co-op literature pertaining to governance behavior from a social science perspective, prompts me to recommend further research be done to examine co-op boards in general. Placing the researcher in the boardroom to observe board dynamics to better understand how to train effectively would be a valuable exercise beyond an academic pursuit. This is what the literature refers as the "black box" of governance.

Being able to document how discussions are conducted, observe interactions, and follow decision making would add to the knowledge base on how boards operate.

Lastly, I started my personal inquiry into co-op's because of personal experiences. I always wondered how directors were recruited and selected to serve on the board. This line of inquiry proved futile from the onset and I shifted my attention to the core issues I thought more important, that being governance competencies. But as I conclude this study, I recommend further research centered on board diversity. As more directors age, succession to the board will be heightened by the need for more diversity on boards because of the changing demographic of co-op members.

Currently, many Future Farmers of America (FFA) and some 4-H programs across Texas include a lesson on agricultural cooperatives. With a familiarity on what and why they were organized, perhaps this population of youth will see the opportunity in this important sector. However, it will be the onerous burden for cooperative leadership to expand and promote these opportunities to the youth. I recommend that a robust, interactive and dynamic curriculum be developed to distribute online to these youth leadership development programs. This will ensure that cooperatives stay relevant as progressive agribusiness ventures and builds loyalty to its institution. As more young men and women, trained in leadership from FFA or 4-H, return to the family farm or enter the agricultural industry for the first time, The leadership opportunities will be great in co-ops where older directors begin to see the value this fresh new talent can bring to the boardroom. roles in their communities. This is an opportunity for co-ops to expand and find a new fresh pool of directors.

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APPENDIX A

MULTIDIMENSIONAL GOVERNANCE ASSESSMENT

Multidimensional Governance Assessment

For Agricultural Cooperative Board of Director

Introduction

Howdy! Thank you for participating in a study on agricultural cooperative governance. Because you have established leadership skills as a director of your cooperative, you have been selected to take this survey to help in this research. This survey assesses governing competencies in leadership. It is not a test! Please answer each question honestly, trying not to over think your response. Information generated in this survey is considered completely confidential. Only ONE answer can be chosen for each question and you will not be able to advance to the next question if you do not provide an answer. This survey should take approximately 10 minutes to complete. Thank you for your time!

Please write your initials:_____ Age:_____

Governance Competency Assessment

S-Q1 Choose One

	Never	Seldom	Sometimes	Often	Always
I quickly realize when my thoughts turn negative or make me angry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q2 Choose One

	Never	Seldom	Sometimes	Often	Always
I am open to feedback during discussions with other board members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q3 Choose One

	Never	Seldom	Sometimes	Often	Always
I can articulate feelings and emotions appropriately during board meetings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



S-Q4 Choose One

	Never	Seldom	Sometimes	Often	Always
I am guided by my own internal beliefs and value system rather than what others think, say or do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q5 Choose One

	Never	Seldom	Sometimes	Often	Always
I am open to new ideas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q6 Choose One

	Never	Seldom	Sometimes	Often	Always
I strive to show compassion to others in the boardroom	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q7 Choose One

	Never	Seldom	Sometimes	Often	Always
I can reflect on my actions, learning from my mistakes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q8 Choose One

	Never	Seldom	Sometimes	Often	Always
I can take a tough, principled stand even if it is unpopular	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q9 Choose One

	Never	Seldom	Sometimes	Often	Always
I will challenge unethical actions of the board or organization when needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q10 Choose One

	Never	Seldom	Sometimes	Often	Always
I think clearly and stay focused under pressure when the board must make tough decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q11 Choose One

	Never	Seldom	Sometimes	Often	Always
I can stay composed during heated discussions, offering sound judgement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



S-Q12 Choose One

	Never	Seldom	Sometimes	Often	Always
I constantly strive to improve myself as a board member	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



S-Q13 Choose One

	Never	Seldom	Sometimes	Often	Always
I respect the time and interests of others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q14 Choose One

	Never	Seldom	Sometimes	Often	Always
I am willing to change the way of doing things when current methods are not working	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S-Q15 Choose One

	Never	Seldom	Sometimes	Often	Always
I try to be empathetic with other's feelings during board meetings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



T-Q16 Choose One

	Never	Seldom	Sometimes	Often	Always
I freely share my thoughts and feelings with others on the board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



T-Q17 Choose One

	Never	Seldom	Sometimes	Often	Always
I actively seek ways to resolve conflicts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q18 Choose One

	Never	Seldom	Sometimes	Often	Always
I will challenge bias and intolerance by speaking up when needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



T-Q19 Choose One

	Never	Seldom	Sometimes	Often	Always
I respect other viewpoints, backgrounds and opinions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



T-Q20 Choose One

	Never	Seldom	Sometimes	Often	Always
I try to maintain a positive attitude of the future with other board members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q21 Choose One

	Never	Seldom	Sometimes	Often	Always
I communicate honestly during board discussions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q22 Choose One

	Never	Seldom	Sometimes	Often	Always
I can build rapport well with others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q23 Choose One

	Never	Seldom	Sometimes	Often	Always
I like to see others succeed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q24 Choose One

	Never	Seldom	Sometimes	Often	Always
I try to help others develop their strengths	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q25 Choose One

	Never	Seldom	Sometimes	Often	Always
I am respectful and courteous with other board members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



T-Q26 Choose One

	Never	Seldom	Sometimes	Often	Always
I actively participate in board discussions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q27 Choose One

	Never	Seldom	Sometimes	Often	Always
I try to lead by example	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q28 Choose One

	Never	Seldom	Sometimes	Often	Always
I take my role as a director very serious and encourage others on the board to do the same	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

T-Q29 Choose One

	Never	Seldom	Sometimes	Often	Always
I help ensure that everyone gets the opportunity to speak during board meetings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



C-Q30 Choose One

	Never	Seldom	Sometimes	Often	Always
I strive to meet the needs and expectations of the Co-op members I represent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C-Q31 Choose One

	Never	Seldom	Sometimes	Often	Always
I am loyal to the cooperative and encourage others to be as well	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C-Q32 Choose One

	Never	Seldom	Sometimes	Often	Always
I strive to adhere to the rules and policies of the cooperative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



C-Q33 Choose One

	Never	Seldom	Sometimes	Often	Always
I understand my fiduciary role as a director and avoid managing cooperative operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C-Q34 Choose One

	Never	Seldom	Sometimes	Often	Always
I openly express the value the cooperative provides to the members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C-Q35 Choose One

	Never	Seldom	Sometimes	Often	Always
I fully understand the financial implications of board decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



C-Q36 Choose One

	Never	Seldom	Sometimes	Often	Always
I strive to represent the best interests of the members over my self-interests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C-Q37 Choose One

	Never	Seldom	Sometimes	Often	Always
I understand the strategic plan for the cooperative and strive to meet the objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



C-Q38 Choose One

	Never	Seldom	Sometimes	Often	Always
I come to board meetings prepared and well informed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C-Q39 Choose One

	Never	Seldom	Sometimes	Often	Always
I disclose any potential conflicts of interest in board decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C-Q40 Choose One

	Never	Seldom	Sometimes	Often	Always
I strive to protect board confidentiality as a director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Leadership Experience & Education

Q001 How many total YEARS have you served on all agricultural cooperative board(s)?

Q002 What is the TOTAL number of agricultural cooperative boards you have served on, including the current board?

Q003 How many total OTHER boards have you served on? i.e. school board, sports association, bank boards, public utilities, water district, etc.

Q004 What is highest level of formal education you have received?

- High School
 - Some College or technical training
 - College Degree or certificate
 - Graduate or Professional Degree
-

Disclaimer

Information you provided is being used for a research study conducted by Doctoral student Diane Friend at Texas A&M University. All data collected is anonymous and will be kept confidential. This study is covered under IRB2018-0577 and does not require explicit consent for information collected.

Individual Results of Assessment

If you would like your individual results from this assessment after study is complete, please provide your email below:

Thank you, D. Friend