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EFFECT OF COMPREHENSIVE STRATEGIC DECISION-MAKING AND LONG-TERM ORIENTATION ON THE ORGANIZATIONAL PERFORMANCE OF DAIRY CO-OPERATIVES IN KENYA

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Abstract

Purpose: The purpose of this study was to investigate the effect of comprehensive strategic decision-making and long-term orientation on the organizational performance of dairy co-operatives in Kenya.

Methodology: The study adopted the positivist research philosophy and descriptive correlational research design. The population of the study consisted of 198 executive directors/managers of active dairy co-operatives in eight counties in the Mt. Kenya region. A sample size of 184 was drawn using stratified random sampling, and data was collected using self-administered questionnaires. The data was then analyzed using descriptive statistics of frequency, mean, and standard deviation. Additionally, inferential data analysis methods of Pearson's correlation, ANOVA, and multiple linear regression were used to test the hypotheses.

Results: The multiple linear regression results indicated that long-term orientation significantly predicted revenue per customer, $\beta = 9.85$, $t(141) = 3.35$, $p < .05$ and product innovation, $\beta = 1.56$, $t(141) = 1.43$, $p < .05$. It was also found that revenue per customer explained 49.7% of the variance, ($R^2 = .497$, $F(5, 125) = 13.27$, $p < .05$, while ROA explained 29.4 %, ($R^2 = .294$, $F(5, 123) = 9.06$, $p < .05$. Product innovation explained 41.2% of the variance, ($R^2 = 0.412$, $F(9, 120) = 9.35$, $p < .05$. In relation to the moderating variable, the regression results revealed that market orientation significantly predicted revenue per customer, $\beta = 1.64$, $t(141) = 7.66$, $p < .05$; ROA, $\beta = 2.14$, $t(141) = 3.35$, $p < .05$; and product innovation, $\beta = 1.89$, $t(141) = .53$, $p < .05$. It was also found that revenue per customer explained 49.7% of the variance, ($R^2 = .497$, $F(5, 125) = 13.27$, $p < .05$, while ROA explained 29.4 %, and product innovation explained 41.2%. However, the results showed that market orientation did not significantly moderate the relationship between corporate governance and organizational performance. Comprehensive strategic decision-making was not significant in explaining revenue per customer, ROA, and product innovation.

Unique contribution to theory, practice and policy: While previous studies on corporate governance of co-operatives have relied largely on agency theory and shareholder wealth maximization, this study was based on stewardship theory to show its effect on the organizational performance of dairy co-operatives. The inclusion of market orientation as a moderating variable is of great interest to academia in establishing a better link between corporate governance of co-operatives and similar agricultural enterprises, and their

performance. The co-operative sector, other social enterprises and the government of Kenya will benefit from this study as its results can help identify the areas for governance policy development as well as regulatory legislation needed by the sector so as to improve dairy farming for the farmers and the national economy as a whole.

Keywords: *comprehensive strategic decision making, long-term orientation, market-orientation, organizational performance, dairy co-operatives.*

1.0 INTRODUCTION

1.1 Background of the Study

The 2007 global financial crisis and the corporate scandals a few years earlier, which nearly brought the international financial systems to a halt, catapulted corporate governance to the fore (Essen, Engelen, & Carney, 2013). The financial crisis was attributed to various aspects of failure, of which corporate governance was major (Sun, Stewart, & Pollard, 2012). The spotlight on corporate governance as a result of the crisis led to an unexpected observation: While huge financial institutions in Europe and North America filed for bankruptcies or were on life-support from their central banks due to their reckless lending and unethical behavior, another sector in the economy went about its work seemingly unaffected (CETS, 2012b). Surprisingly to analysts, policy makers and researchers, the co-operative institutions, that dominated agriculture, housing finance, banking and life assurance markets, escaped relatively unscathed from the financial crisis (Narvaiza, Aragon-Amonarizz, Iturrioz-Landart, Bayle-Cordier, & Stervinou, 2016). This was attributed to the co-operative model and its unique characteristics of member ownership, long-term and risk-averse stance, high level of reserves and capitalization, and transparency (Altman, 2015).

Increasingly, corporate governance research in socio-enterprises such as co-operatives is focusing on stewardship theory in appreciation of broader objectives for member-owned enterprises beyond the profit motive (Cheney, Cruz, Peredo & Nazareno, 2014). A stewardship approach in corporate governance has been shown to lead organizations to greater investment in R&D (Hitt, Ireland, & Hoskisson, 2012), long-term orientation (Hernandez, 2012; Hiebl, 2015), and greater trust and transparency (Choi, Choi, Jang, & Park, 2014).

1.2 Problem Statement

Researchers are increasingly questioning the broad application of agency theory in all corporate forms (Lan & Heracleous, 2010). Contrasted to the agency theory, which assumes that the interests of the principal and agent in the exchange relationship are not aligned, in stewardship the interests are not only aligned, but lead to long-term goals and investment (Hernandez, 2012). The importance of co-operatives in employment creation has been underlined by the ILO (2016), which estimated that, globally, co-operatives provide 100 million jobs, which is 20% more than multi-national corporations. In Kenya, the co-operative movement has played a big role in economic empowerment and financial inclusion of rural communities as over 40% of all licensed SACCOs are farmer based and offer loans to more than 90% of their 1.5 million members (Kuria, 2014). Co-operatives generate employment for over 555,000 people directly and a total of 2 million indirectly, and savings of 250 billion Kenya shillings or 30% of the national savings (CAK, 2015).

Despite this potential, co-operatives, especially those in agricultural production and marketing are characterized by poor performance (Wanyama, 2014); poor governance and management (Mumanyi, 2014); and extensive government and political interference (Hannan, 2014).

While there has been a growing interest in the research of corporate governance and the effect on the performance of co-operatives in Kenya, nearly all of them are in the SACCOs (Nkuru, 2015). Other studies of co-operatives in the agricultural sector in Kenya are not related to corporate governance (Musuya, 2014; Mwamuye, Nyamu, & Mrope, 2012). In addition, even in the few studies cited on corporate governance of SACCOS, the models used are predominantly based on agency theory, focusing mainly on profit maximization and none on other theories, such as stewardship, whose principles are closer to co-operatives as member owned societies. Therefore, in order to bridge these gaps, this study investigated the effect of corporate governance, specifically, comprehensive strategic decision-making and long-term orientation on the organizational performance of dairy co-operatives in Kenya and was based on stewardship theory.

1.3 Purpose of the Study

The purpose of this study was to investigate the effect of comprehensive strategic decision-making and long-term orientation on the organizational performance of dairy co-operatives in Kenya.

1.4 Research Questions

- a. How does comprehensive strategic decision-making affect the organizational performance of dairy co-operatives in Kenya?
- b. How does long-term orientation affect the organizational performance of dairy co-operatives in Kenya?
- c. To what extent does market orientation moderate the relationship between both comprehensive strategic decision-making and long-term orientation, and organizational performance of dairy co-operatives in Kenya?

2.0 LITERATURE REVIEW

2.1 Theoretical Literature

This study was based on a stewardship theoretical framework developed by Eddleston, Kellermans, and Zellweger (2010).

2.1.1 Stewardship Theory

Comprehensive strategic decision-making is characterized by diligent and in-depth analysis of strategic options as stewards are motivated to maximize organizational performance (Eddleston et al., 2010). According to the stewardship theory, stewards are motivated to maximize their own utility by making decisions that are to the best interests of the organization and, therefore, are diligent in comprehensively evaluating strategic decisions (Davis, Schoorman, & Donaldson, 1997). Stewardship theory, introduced by Donaldson and Davis (1991), suggests the potential for pro-organizational motives of the directors (Donaldson, 1990; Donaldson & Davis, 1993) and acting with altruism for the welfare of the entire organizations and the stakeholders (Swamy, 2011).

A long-term orientation refers to a culture that favors patient investment in time-consuming activities and is a key component of the stewardship perspective (Davis et al., 1997). It has also been defined as a tendency to prioritize long-range implications and impact of decisions and actions that come to fruition after an extended time period (Hoffman & Wulf, 2016; Lumpkin, Brigham, & Moss, 2010). People with long-term orientation consider the past and the future to be important, make plans in advance and avoid impulsive decisions as their interest is in long-term rewards (Park, Seung-Bae, Chung, & Woo, 2013). Long-term orientation (LTO) is a focus on the future benefits of outcomes and reflects a desire to build and maintain long-term relationships among business partners (Maleki & de Jong, 2014).

2.1.2 Conceptual Framework

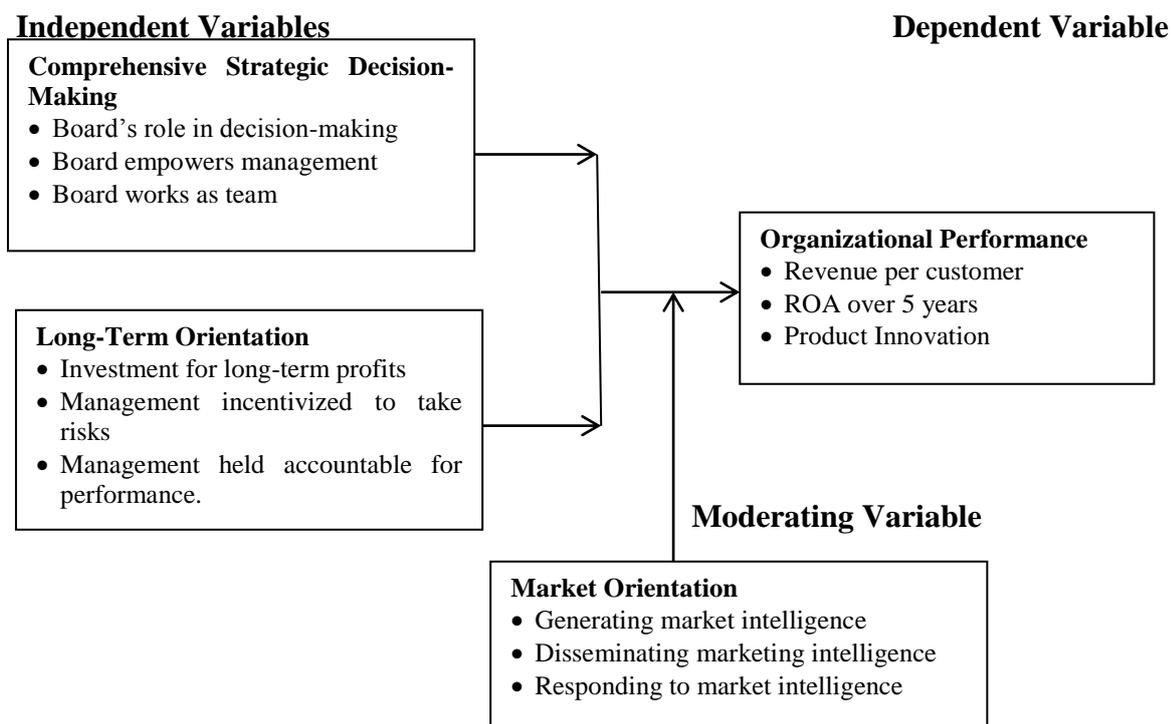


Figure 1: Conceptual Framework

2.2 Empirical Literature

The strategic decision-making of an organization refers to the fundamental choices and directional choices an organization makes in order to maximize value (Bordean, Borza & Maier, 2011). Strategic decision-making requires a strategic orientation which refers to how the organization interacts with its customers, competitors, technology and other external factors in order to make strategic choices (Friis, Holmgren, & Eskildsen, 2016). When an organization does this, invariably there is a direct positive impact on its performance (Li, Wei, & Liu, 2010). A governance board is providing strategic leadership when it defines the purpose of the organization and sets its direction. Strategic leadership is about distinguishing itself as an organization and being clear about what the organization can achieve, its choices, priorities and the resources it will employ (Scholl & Sherwood, 2014).

Long-range orientation has been referred by different names including extended time horizon, long-term focus, managing for the long run, but all referring to long-term temporal approach

(Brigham, Lumpkin, Payne & Zachary, 2014; Lumpkin et al., 2010). Researchers have shown that individuals and organizations make decisions based on sequences incorporating a holistic view of time, that is, past, present, and the future (Zahra & Wright, 2011). Hofstede (2011) distinguished between short-term and long-term orientations, referring to the choice of focus for peoples' efforts whether it is in the past, present or future. For example, Confucianism in East Asia societies is characterized by harmony, loyalty, cooperation and seniority and that these distinctive ethical norms lead to long-term orientation and collectivism for Asians.

Although market-driven orientation has been shown to be positively related to superior corporate performance (Narver & Slater, 1990; Jaworski & Kohli, 1993), scholars have argued successful companies need to adopt a more proactive attitude towards business, which has been referred to as market-driving orientation (Filiari, 2015). According to Sajjaviriya and Ussahawanitchakit (2015), market-driving strategy orientation is seeing opportunities to fill a latent need or offer an unparalleled level of customer value. Market driving is about influencing and redrawing the configuration of the market through breakthrough innovations (Kwon, 2010) and, thereby, staying ahead of the competition (Halliru, 2016). In a case analysis of the Benetton Group in Italy to investigate the relationship between market-driven orientation and business performance using longitudinal data, Filiari (2015) showed how the firm positioned itself as innovation leader through creative advertising styles and unique brand image. For Benetton, the competitive advantage was moving from market driving to market driven orientation in order to satisfy customers' changing.

3.0 METHODOLOGY OF THE STUDY

The purpose of this study was to investigate the effect of corporate governance on the organizational performance of dairy co-operatives in Kenya. This section explains the research philosophy, research design, target population, sampling design, data collection methods, research procedures and data analysis methods that were used in this study.

3.1. Research Philosophy and Design

The study adopted the positivist research philosophy and descriptive correlational research design.

3.2. Target Population and Sampling Design

The population of the study consisted of 198 executive directors/managers of active dairy co-operatives in eight counties in the Mt. Kenya region. A sample size of 184 was drawn using stratified random sampling according to the county to which the co-operative belongs. Stratified random sampling was relevant for this study because of the varied geographical distribution of the sample population and the representativeness of the sample size (Saunders, Lewis, & Thornhill, 2016).

3.3. Data Collection and Analysis

Data was collected using self-administered questionnaires. The data was then analyzed using descriptive statistics of frequency, mean, and standard deviation. Additionally, inferential data analysis methods of Pearson's correlation, ANOVA, and multiple linear regression were used to test the hypotheses.

4.0 RESULTS AND FINDINGS

The results comprising demographic information, descriptive statistics, and regression analysis and hypothesis testing are described in this section.

4.1 Demographic Information

Table 1 below represents summary of the demographic results.

Table 1: Demographic Results

Demographic Variables	Results
Gender of the Respondents	Male=67.9% Female=32.1%
Highest Level of Education	Certificate=52% Diploma=34% Bachelors=12% Masters=2%
Age of the Respondents	40-49 years=27.3% 30-39 years=20.1% 21-29 years=18.7% 50-59 years=18% 60+ years=15.8%

4.2. Descriptive Statistics

The study analyzed the mean and standard deviation of the components of comprehensive strategic decision-making. The results show the mean for “The board of our co-operative is involved in making strategic decisions”, ($M = 4.48$, $SD = 0.76$), and the mean for “The board of our co-operative empowers the management”, ($M = 4.22$, $SD = 0.93$). For long-term orientation, the results show the mean for “In our co-operative the board holds the management accountable for performance”, ($M = 3.99$, $SD = 1.17$), and the mean for “To what extent does investing for long-term profits affect ROA in your co-operative”, ($M = 2.43$, $SD = 1.37$). The findings for market orientation indicate the mean for “generates market intelligence needed for present and future needs”, ($M = 3.11$, $SD = 1.38$), and the mean for “generates market intelligence needed for present and future needs”, ($M = 2.93$, $SD = 1.38$). Table 2 shows these results.

Table 2: Descriptive Statistics

Variable	Constructs	N	M	SD
Comprehensive Strategic Decision Making	The board of our co-operative is involved in making strategic decisions	139	4.48	.755
	The board of our co-operative empowers the management	139	4.22	.931
	The board of our co-operative works as a team	139	4.47	.774
Long-Term Orientation	Our co-operative invests for long-term profits	140	3.20	1.348
	In our co-operative the management is encouraged to take risks by the board	141	2.91	1.296
	In our co-operative the board holds the management accountable for performance	141	3.99	1.165
Market Orientation	Generates market intelligence needed for present and future needs	141	3.11	1.379
	Disseminates market intelligence within the co-operative	141	2.93	1.382
	Responds to the market intelligence in planning and distributing services and products	141	3.06	1.382

4.3. Regression Analysis and Hypothesis Testing

The study sought to establish the effect of comprehensive strategic decision-making, long-term orientation, and market orientation on the dependent variable constructs, namely: revenue per customer, return on assets, and product innovation.

4.3.1. Comprehensive Strategic Decision-Making

Regarding comprehensive strategic decision-making, the regression results showed that revenue per customer explained 49.7% of the variance, ($R^2=.497$, $F(9,121)= 13.270$, $p < .05$, while ROA explained 29.4%, and product innovation explained 41.2%. It was found that comprehensive strategic decision-making was not significant in predicting revenue per customer, $\beta = -2.85$, $t(141) = -2.24$, $p > .05$; ROA, $\beta = 2.61$, $t(141) = 1.23$, $p > .05$; or product innovation, $\beta = -3.37$, $t(141) = -1.74$, $p > .05$. Thus, the null hypothesis was accepted. Table 3 shows these results. Table 3 shows these results.

Table 3: Result of Regression Analysis of Comprehensive Strategic Decision-Making

	Revenue per customer				ROA				Product Innovation			
	Model 1		Model 2		Model 1		Model 2		Model 1		Model 2	
Comprehensive Decision Making	β	t	β	t	β	t	β	t	β	t	β	t
		-.419	.93	-2.85	-2.24	-.406	-.540	-2.661	-1.227	-.939	-1.393	-3.374
R^2	.446		.497		.269		.294		.380		.412	
Adjusted R^2	.423		.459		.239		.241		.355		.368	
F -statistic	20.099*		13.270*		9.060*		5.514*		15.181*		9.350*	

* $p < .05$.**4.3.2. Long-term Orientation**

As Table 4 shows, the regression results indicated that long-term orientation significantly predicted revenue per customer, $\beta = 9.85$, $t(141) = 3.35$, $p < .05$ and product innovation, $\beta = 1.56$, $t(141) = 3.31$, $p < .05$. It was also found that revenue per customer explained 49.7% of the variance, ($R^2 = .497$, $F(5, 125) = 13.27$, $p < .05$, while ROA explained 29.4 %, ($R^2 = .294$, $F(5, 123) = 9.06$, $p < .05$. Product innovation explained 41.2% of the variance, ($R^2 = 0.412$, $F(9, 120) = 9.35$, $p < .05$).

Table 4: Result of Regression Analysis of Long-term Orientation

	Revenue per customer				ROA				Product Innovation			
	Model 1		Model 2		Model 1		Model 2		Model 1		Model 2	
Long-term Orientation	β	t	β	t	β	t	β	t	β	t	β	t
		1.035	3.347*	.985	1.493	.177	.336	.788	.673	1.558	3.316*	.552
R^2	.446		.497		.269		.294		.380		.355	
Adjusted R^2	.423		.459		.239		.241		.412		.368	
F -statistic	20.099*		13.270*		9.060*		5.514*		15.181*		9.350*	

* $p < .05$.**4.3.3. Market Orientation**

In relation to the moderating variable, the regression results revealed that market orientation significantly predicted revenue per customer, $\beta = 1.64$, $t(141) = 7.66$, $p < .05$; ROA, $\beta = 2.14$, $t(141) = 5.9$, $p < .05$; and product innovation, $\beta = 1.89$, $t(141) = 5.77$, $p < .05$. It was also found that revenue per customer explained 49.7% of the variance, ($R^2 = .497$, $F(5, 125) = 13.27$, $p < .05$, while ROA explained 29.4 %, and product innovation explained 41.2%.

However, the results showed that market orientation did not significantly moderate the relationship between corporate governance and organizational performance, $\beta = -2.87$, $t(141) = -1.05$, $p > .05$. This result led to accepting the null hypothesis that market orientation had no significant moderating effect on the relationship between corporate governance and organizational performance of dairy co-operatives in Kenya. Table 5 shows these results.

Table 5: Result of Regression Analysis of Market Orientation

	Revenue per customer				ROA				Product Innovation			
	Model 1		Model 2		Model 1		Model 2		Model 1		Model 2	
Market Orientation	β	t	β	t	β	t	β	t	β	t	β	t
		1.644	7.66*	-.4.20	-2.335*	2.137	5.909*	-1.93	-.615*	1.869	5.77*	-2.868
R^2	.446		.497		.269		.294		.380		.412	
Adjusted R^2	.423		.459		.239		.241		.355		.368	
F-statistic	20.099*		13.270*		9.060*		5.514*		15.181*		9.350*	

* $p < .05$.

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Discussion

5.1.1 Comprehensive Strategic Decision-Making

Multiple regression results in this study showed that comprehensive strategic decision-making was not significant in explaining revenue per customer, $\beta = -2.85$, $t(141) = -2.24$, $p > .05$. This result is supported by researchers who posit that there is a fine line between the active engagement of the board, on the one hand, and being seen to impinge on management's delegated responsibility (Crow & Lockhart, 2016). Researchers of that school of thought suggest that the role of the board in strategic decision-making should only be at high level in order not to micro-manage the executive management in the implementation of the strategy (Bordean et al., 2011). The regression results further showed that comprehensive strategic decision-making was not significant in explaining ROA, $\beta = 2.61$, $t(141) = 1.23$, $p > .05$; or product innovation, $\beta = -3.37$, $t(141) = -1.74$, $p > .05$. This result may confirm findings by other researchers who posit that boards should be more strategic with their use of time and opportunity and not get bogged down by operational and routine matters in order to make strategic choices (Chait, Ryan & Taylor, 2013; Friis et al., 2016).

5.1.2 Long-Term Orientation

The results of the regression indicated that revenue per customer explained 49.7% of the variance, ($R^2 = .497$, $F(5, 125) = 20.10$, $p < .05$), while ROA explained 29.4 %, ($R^2 = .294$, $F(5, 123) = 9.06$, $p < .05$). Product innovation explained 41.2% of the variance, ($R^2 = 0.412$, $F(9, 120) = 9.35$, $p < .05$). Some researchers have posited that long-term orientation is a culture that favors patient investment and a tendency to prioritize long-range implications and impact of decisions and actions that bear fruit after an extended time period (Hoffman & Wulf, 2016).

Other scholars suggest that long-term orientation has to do with incentivizing managers to make decisions that benefit the organization in the long run, even at the cost of forgoing short-term profits in order to avoid short-termism and managerial myopia (Abernethy, Bouwens, & Lent, 2013; Flammer & Bansal, 2017). The results of regression analysis in this study indicated that long-term orientation significantly affected revenue per customer, $\beta = 9.85$, $t(141) = 3.35$, $p < .05$, and product innovation $\beta = 1.56$, $t(141) = 1.43$, $p < .05$. The link between long-term orientation and innovation has been noted by researchers such as Lofsten (2016) who opined that firms need technological capabilities and resources developed over time in order to obtain competitive advantage and survival (Ahern, 2015). Entrepreneurial orientation, associated with CEO risk-propensity to exploit new opportunities is also a driver of innovation (De Massis et al., 2013; Felekoglu & Moultrie, 2014).

5.1.2 Market Orientation

The results of the regression indicated that revenue per customer predicted 49.7% of the variance, ($R^2 = .497$, $F(5, 125) = 20.10$, $p < .05$, while ROA explained 29.4 %, ($R^2 = .294$, $F(5, 123) = 9.06$, $p < .05$. Product innovation explained 41.2% of the variance, ($R^2 = 0.412$, $F(5, 124) = 15.18$, $p < .05$. These results are corroborated by Camarero and Garrido (2012) who showed that market orientation is the organization-wide responsiveness to market information. Amin, Thurasamy, Aldakhil, and Kaswuri (2016), who equated market orientation with entrepreneurial orientation, analyzed three dimensions, namely: innovativeness, pro-activeness and risk-taking, and showed a significant relationship with SME performance. A similar study by Fernandez-Mesa and Alegre (2015) showed that firms with more collaboration and entrepreneurial orientation have greater market information to explore market opportunities and thus perform better.

The regression results also indicated that market orientation significantly affected revenue per customer, $\beta = 1.64$, $t(141) = 7.66$, $p < .05$; ROA, $\beta = 2.14$, $t(141) = 5.9$, $p < .05$; and product innovation, $\beta = 1.89$, $t(141) = 5.77$, $p < .05$. The link between market orientation and product innovation has been demonstrated by the research of Vega-Vazquez, Cossio-Silva, and Martin-Ruiz (2012). In their study comprising 294 Spanish firms, the researchers concluded that market orientation emphasizes a firm's ability to connect with its customers and desires and, as a result, reorganize its functions in order to build a greater value for the new product. Although the individual items of market orientation were all shown to be correlated and significantly affected organizational performance, the regression results showed that market orientation did not moderate the relationship between corporate governance and organizational performance, $\beta = -2.87$, $t(141) = -1.05$, $p > .05$.

5.2 Conclusions

Multiple regression analysis was used to test if comprehensive strategic decision-making significantly predicted organizational performance. The results of the regression indicated that comprehensive strategic decision-making did not significantly predict revenue per customer, ROA and product innovation. The null hypothesis was accepted that comprehensive strategic decision-making did not significantly affect organizational performance of dairy co-operatives in Kenya.

Based on this result, the study concluded that keeping the respective roles of governance and management distinct allowed the board to prioritize organizational ends while empowering the management to be responsible for the operational means.

The results of the regression indicated that long-term orientation significantly predicted revenue per customer, $\beta = 9.85$, $t(141) = 3.35$, $p < .05$, and product innovation, $\beta = 1.56$, $t(141) = 1.43$, $p < .05$. It was also found that revenue per customer explained 49.7% of the variance, ($R^2 = .497$, $F(5, 125) = 20.10$, $p < .05$, while ROA explained 29.4 %, ($R^2 = .294$, $F(5, 123) = 9.06$, $p < .05$. Product innovation explained 41.2% of the variance, ($R^2 = 0.412$, $F(9, 120) = 9.35$, $p < .05$. These results led to the rejection of the null hypothesis and accepting the alternate hypothesis that long-term orientation significantly affected organizational performance of dairy co-operatives in Kenya. This study concludes that firms need technological capabilities and resources developed over time in order to obtain competitive advantage and survival.

The findings of this study further showed that market orientation significantly predicted revenue per customer, $\beta = 1.64$, $t(141) = 7.66$, $p < .05$; ROA, $\beta = 2.14$, $t(141) = 5.9$, $p < .05$; and product innovation, $\beta = 1.89$, $t(141) = 5.77$, $p < .05$. Developing human resource and training systems improved sensitivity of employees to customer needs, thus improving organizational commitment, service quality and, as a result, a positive effect on firm outcomes. Although the individual items of market orientation were all shown to be correlated and significantly affected organizational performance, the regression results showed that market orientation does not moderate the relationship between corporate governance and organizational performance.

5.3 Recommendations

This study recommends that the role of boards in strategic decision-making should only be at policy level in order to keep away from micro-managing the management. The respective roles of governance and management in the co-operatives should be kept distinct in order to allow the board to prioritize organizational ends while empowering the management to be responsible for the operational means. Further, the study recommends that co-operatives put into place strategies and processes that incentivize managers to invest for the long-term sustainability and profitability. The study further recommends that co-operatives develop technological capabilities and resources over time in order to obtain competitive advantage and survival.

5.4 Recommendation for Further Studies

The target population for this study was the CEOs (executive director/manager) of dairy co-operatives in Kenya. While the choice of the CEO provided the information required from both governance and management perspectives, multiple respondents from boards and top management would have strengthened the study design. Accordingly, this study recommends inclusion of board members, other than the CEO, as respondents for future research into the corporate governance of dairy co-operatives.

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