

The business orientation of Cretan cooperatives

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Abstract

In this paper we aim to throw light on the changing business orientation of food cooperatives (member or corporate-centered) with respect to the cooperative's business age, financial performance and external environment's influence (i.e, changes in agricultural policy). The constitutions, annual reports, and financial statements for a period of 5 years were collected for seven agricultural cooperative unions in Crete. The Cretan cooperative sector was selected as a relevant to research decision context since food cooperatives in Crete have experienced dramatic structural changes during the last decade. Its exporting activity has expanded upon a European and international level using a mix of marketing planning elements that develop generic competitive advantages (specialization through selective criteria based on the quality, nutrition, and safety of its food products, e.g., organic olive oil). The technique of semantic analysis is used in order to quantify the qualitative information derived from the constitutions, annual reports and other archived sources of the examined cooperative firms. Further, financial ratio analysis and multivariate data analysis are used to define their financial viability. The findings indicate that corporate-orientation, as opposed to member-orientation, is driven by the business age, financial performance, and external environment's factors related to changes in agricultural policy. These results may provide useful insights to policy decision makers for assessing appropriately the balance between the primary objectives (i.e., members' service and benefit) and the business focus of the cooperative.

Keywords: cooperative business orientation, semantic analysis, financial ratio analysis.