

DEVELOPMENT OF CORPORATE GOVERNANCE SYSTEMS: AGENCY THEORY VERSUS STEWARDSHIP THEORY IN WELSH AGRARIAN COOPERATIVE SOCIETIES

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ABSTRACT

This paper examines the factors that determine the members-managers relationship in four agrarian cooperative societies in Wales (UK). It considers two theoretical approaches, Agency Theory and Stewardship Theory, with a view to seeing which of them fits better the actual situation in these organizations. In general, the second theory provides the better fit in their case.

This study represents a hypothetical/deductive and confirmatory test of Davis, Schoorman and Donaldson's theory (1997) in the light of the perceptions of the managers and chairmen of the four cooperatives with regard to a number of their managers' personal psychological factors and some situational (environmental) factors.

KEY WORDS: Stewardship Theory, Agency Theory, agrarian cooperatives, Wales.

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1.-INTRODUCTION

This paper is based on collaboration between the *Management and Marketing Department* of the University of Huelva (Spain) and the *Welsh Institute of Rural Studies* of the University of Wales in Aberystwyth, particularly Professor Michael Haines, and on applying to a number of agrarian cooperatives in Wales (UK) the methodology of a previous study of relationships between members and professional managers of agrarian cooperatives in the Spanish province of Huelva (Vargas Sánchez, 2001).

For the purposes of this paper, the six most outstanding (most representative) agrarian cooperatives in Wales were selected by local researchers. All of them do of course have professional managers. Out of the cooperatives initially selected, the four that agreed to participate in the study were as follows:

- (1) Clynderwen & Cardiganshire Farmers.
- (2) South Caernarfon Creameries.
- (3) Welsh Lamb and Beef Enterprise.
- (4) Wynnstay & Clwyd Farmers.

After being translated into English, the questionnaires previously used in Spain (Vargas Sánchez, 2001) were put to the chairmen and managers of these four cooperatives during June and July 2001 via Prof. Haines, without whose collaboration it would have been impossible to obtain the requisite primary data.

2.-THE MEMBERS-MANAGERS RELATIONSHIP: AGENCY THEORY VERSUS STEWARDSHIP THEORY

It seems to us that the professionalization of the running of agrarian cooperatives makes it necessary to examine the members-managers relationship or, to express the concept more broadly, the relationship between the social dimension and the corporate dimension of these organizations, and to apply to that relationship the approaches of Agency Theory and Stewardship Theory with a view to seeing which of these theoretical models better fits the reality of agrarian cooperatives.

The main reason for embarking upon a study of this kind is that it is one of the lines of research likely to become increasingly important in the field of strategic management according to Hoskisson et al. in their article on "Theory and Research in Strategic Management" published in the *Journal of Management* in 1999. It should be added that no empirical work has been found on validation of Stewardship Theory as formulated by Davis, Schoorman and Donaldson in the *Academy of Management Review* in 1997¹. It is nevertheless also possible, in view of the characteristics that differentiate cooperatives from conventional capitalist enterprises, to consider a

¹ Except, as previously indicated, that done by Vargas Sánchez (2001).

priori that the “manager as steward” model is likely to fit such cooperatives better than the “manager as agent” model², and this leads to comparing empirically the types of relationship that occur in reality, i.e. seeing whether in such organizations there is a predominance of behavior close to the stewardship model, as would seem likely from their very nature.

At this point we should set out the theoretical basis of the study, since the type of relationship that occurs will be affected by the presumptions of each of the parties about human behavior, i.e. by what the literature has called the “model of man”.

The tables set out below summarize the main differences between the two theories.

THEORY	AGENCY	STEWARDSHIP
MANAGERS AS	Agents	Stewards
APPROACH TO GOVERNANCE	Economic	Sociological and psychological
MODEL OF MAN BEHAVIOR	Individualistic Opportunistic Self-serving	Collectivistic Pro-organizational Trustworthy
MANAGERS MOTIVATED BY	Their own objectives	Principal’s objectives
MANAGER’S AND PRINCIPAL’S INTERESTS	Diverge	Converge
STRUCTURES THAT	Monitor and control	Facilitate and empower
OWNERS’ ATTITUDE	Risk aversion	Risk propensity
PRINCIPAL-MANAGER RELATIONSHIP BASED ON	Control	Trust

Davis, Schoorman and Donaldson (1997) state that the owners-managers relationship depends on the behavior adopted respectively by them. Managers choose to act as agent or as steward according to certain personal characteristics and their own perceptions of particular situational factors. Principals choose to create a relationship of one type or the other depending on their perceptions of the same situational factors and of their managers’ psychological mechanisms. The following tables set out these variables and the differences between the two theories.

PSYCHOLOGICAL MECHANISMS	AGENCY THEORY	STEWARDSHIP THEORY
MOTIVATION	Lower order needs Extrinsic needs	Higher order needs Intrinsic needs
SOCIAL COMPARISON	Other managers	Principal
IDENTIFICATION	Little value commitment	Great value commitment
POWER	Institutional	Personal

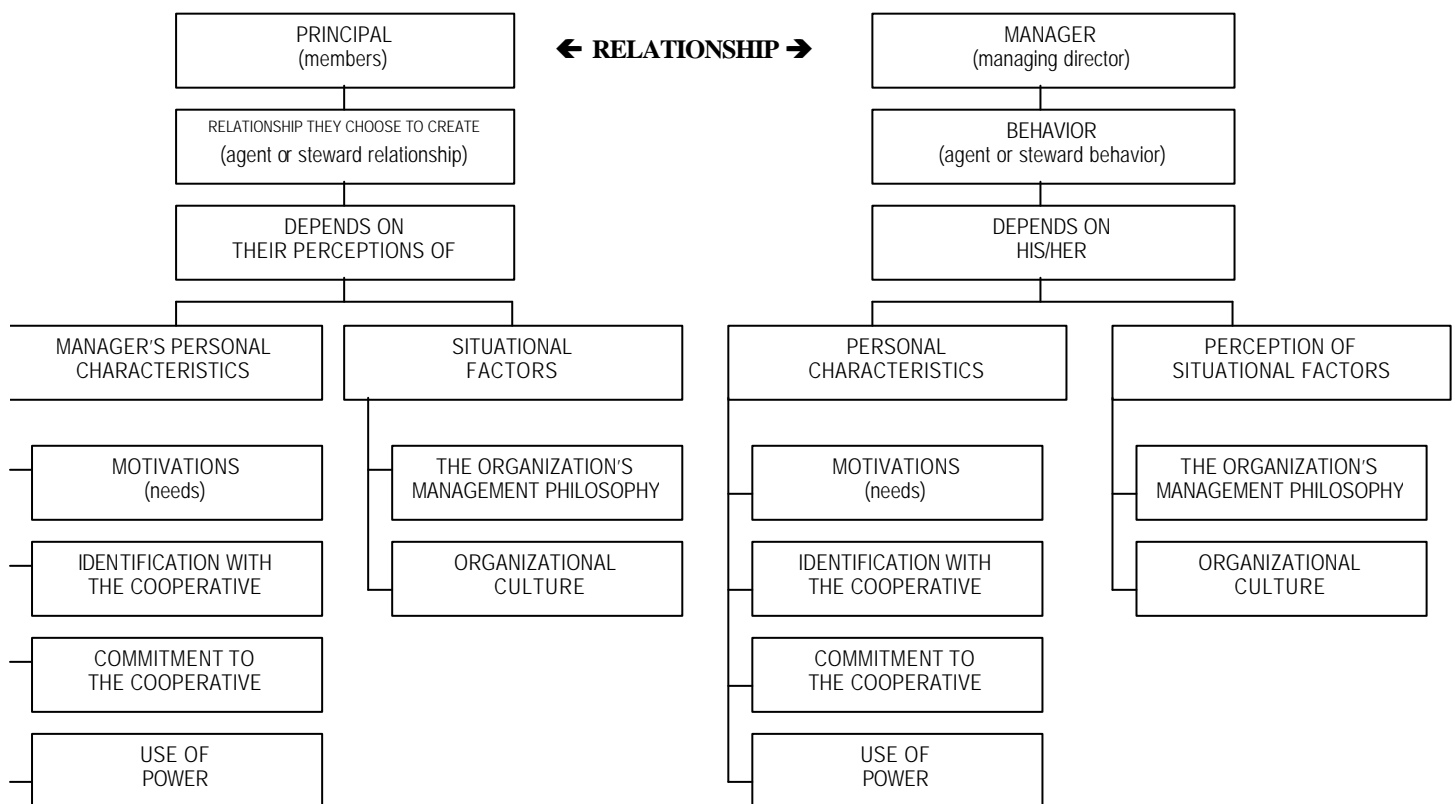
² The terms manager, managing director and chief executive are used without distinction.

SITUATIONAL MECHANISMS	AGENCY THEORY	STEWARDSHIP THEORY
MANAGEMENT PHILOSOPHY	Control oriented	Involvement oriented
How to deal with increasing uncertainty and risk	Greater controls, more supervision	Training and empowering people. Redesigning jobs to be more challenging and motivating
Risk orientation	Control mechanisms	Trust
Time frame	Short term	Long term
Objective	Cost control	Performance enhancement
CULTURAL DIFFERENCES	Individualism Large power distance	Collectivism Small power distance

The same authors also put forward theoretical results to which the two parties' respective choices are likely to lead, as in the following table.

MANAGER'S CHOICE	PRINCIPAL'S CHOICE	
	AGENT	STEWARD
AGENT	Mutual agency relationship Minimize potential costs	Agent acts opportunistically Principal feels angry and betrayed
STEWARD	Principal acts opportunistically Manager feels frustrated and betrayed	Mutual stewardship relationship Maximize potential performance

The diagram below illustrates what this paper attempts to analyze:



Source: Author's own diagram based on Davis, Schoorman and Donaldson (1997).

- Thus behavior of managers that is closer to the agency model or the stewardship model involves possible variables in terms of various personal or psychological characteristics of each manager (needs, commitment to and identification with the cooperative, type of power they use)³ and their perceptions of particular situational or sociological factors (especially management philosophy and organizational culture).
- In contrast, the type of relationship chosen by the principal, embodied in the chairman of the cooperative, depends on his perceptions of the manager's behavior and personal characteristics and the same situational factors.

In other words, any differences there may be between how managers say they behave and how their behaviors are perceived by chairmen, in the same way as managers' personal characteristics and the way both parties perceive the situational factors of the particular cooperative.

The theoretical basis for constructing the questionnaires to measure the personal and situational factors of the theoretical model followed was as follows:

- The categorization of motivations was along the lines of Maslow's and Herzberg's models of needs based on seeing whether they are higher⁴ or lower⁵ order needs and on separating extrinsic⁶ from intrinsic⁷ needs.
- Identification with and commitment to the cooperative were studied according to the approach adopted by Mayer and Schoorman (1992), which distinguishes between continuance commitment (defined as wishing to remain in the organization) and commitment to the organization's values (value commitment, taken as wishing to serve it)⁸. It also states that a manager is identified by defining himself by his status as a member of the organization.
- The typology of power used was that of French and Raven (1959), i.e. rational/legal, reward, coercive, referential, charismatic and expert. The first three are manifestations of institutional power, the other three of personal power.

Regarding situational factors:

- The fundamental theoretical basis of management philosophy characterization was provided by Lawler's publications (1986, 1992).
- The main reference for examining organizational culture from the two previously mentioned points of view was the work of Hofstede (1980, 1991, 1993).

Since the study involved examining the behavior of managers and the variables that determine it, the objective formulated was to characterize and explain the behavior of professional managers and how it is viewed by their

³ The "social comparison" factor was not considered, having no significant influence in this case, since the farming/stock rearing members are the principal in the relationship.

⁴ Success, recognition, work content, responsibility, personal promotion, growth, control of one's work, social relationships, position (covering social needs and the "need to belong", social position and esteem needs, and self-actualization and fulfillment needs).

⁵ Corporate policies, pay, job permanence (motivations referring to physiological and security needs).

⁶ Corporate policies, social relationships, pay, position, job permanence (rewards not affording direct satisfaction when doing the work).

⁷ Success, recognition, work content, responsibility, personal promotion, growth, control of one's work (internal rewards of which a person is aware when performing his work; there is a direct connection between work and rewards, so the individual feels self-motivated).

principals, with a view to seeing whether in the agrarian cooperatives studied the postulates of Stewardship Theory explain the members-managers relationship better than Agency Theory does.

The research methodology applied was of a hypothetical/deductive and confirmatory type attempting to disprove, in Popperian terminology, the theory put forward in the following terms by Davis et al. (1997):

No.	PROPOSITIONS
1	People who are motivated by higher order needs are more likely to become stewards in principal-steward relationships than are people who are not motivated by higher order needs.
2	People who are motivated by intrinsic factors are more likely to become stewards in principal-steward relationships than are people who are motivated by extrinsic factors.
3	People who have great identification with the organization are more likely to become stewards in principal-steward relationships than are people who have little identification with the organization.
4	People who are high in value commitment are more likely to become stewards in principal-steward relationships than are people who are low in value commitment.
5	People who are more likely to use personal power as a basis for influencing others are more likely to become stewards in principal-steward relationships than are people who use institutional power.
6	People who are in an involvement-oriented situation are more likely to become stewards in principal-steward relationships than are people who are in a control-oriented situation.
7	People in a collectivist culture are more likely to develop principal-steward relationships than are people who are in an individualistic culture.
8	People in a small power distance culture are more likely to develop principal-steward relationships than are people who are in a large power distance culture.
9	If a mutual stewardship relationship exists, potential performance of the firm is maximized.
10	If a mutual agency relationship exists, potential costs of the firm are minimized.
11	If a mixed-motive choice exists, the party choosing stewardship feels betrayed, and the party choosing agency is opportunistic.

Note: This paper does not address the last three propositions (9, 10 and 11).

The primary sources were the managers and chairmen of the four cooperatives, who were each subjected to questionnaires covering 55 items. In view of the peculiar nature of this data gathering operation, it should be noted that the interviews were conducted separately with each of the two parties, to prevent their answers being affected by the presence of the other party.

The managers' personal factors measured were (with the coding of the variables in parenthesis)⁹:

- Behavior (BE).
- Higher Order Needs (HON).
- Lower Order Needs (LON).
- Intrinsic Needs (IN).
- Extrinsic Needs (EN).
- Identification with the cooperative (I).
- Commitment to the organization's values (Value Commitment, VC)¹⁰.

⁸ In reality only the latter is used, owing to its proximity to the concept of identification, according to Davis et al.

⁹ A letter G or P is added to these notations depending on whether the measurement came from the questionnaire put to the manager (G) or to the chairman (P).

¹⁰ It should be noted that Continuance Commitment (CC) is another dimension from Organizational Commitment, according to Mayer and Schoorman (1992), but it has not been considered, as it was explained in note 8.

- Institutional Power (IP).
- Personal Power (PP).

The situational factors comprised:

- Management Philosophy (or style) prevailing in the organization (MP).
- Organizational culture, distinguishing two dimensions: individualism-collectivism (CU1) and power distance (CU2).

The measurement of each construct was by means of a set of items designed *ad hoc*, with Likert type scales ranging from 1 to 5. A total of 253 variables were covered and the data processing involved using univariable and bivariable statistics.

The processing entailed prior examination of the reliability of the scales, evaluating their internal consistency by means basically of Cronbach's alpha coefficient, as well as the correlations of each item with the rest of the scale and the inter-item correlations. This analysis eliminated some of them, thus purging some of the scales to improve the reliability (internal consistency) of measurement, which was consistently higher than 0.6¹¹.

In this connection we should make it clear that:

- Measuring the manager's needs and power variables was not done by means of a scale, since each dimension of the construct (i.e. each type of need or each type of power, respectively) was assessed on only one item. Such was not the case with identification, commitment and behavior, each of which was measured on number of items, making it necessary to calculate the reliability of the scales concerned.
- Although the items were the same for both parties, we think that in the case of personal factors the constructs measured were different, since the questionnaire put to the managers asked directly about their personal characteristics, whereas that put to the chairmen asked them to state *their perceptions* of the personal characteristics of their respective managers. This means that different scales were applied to the two parties, so their reliability was calculated separately. The same did not apply to the situational aspects, since both groups of respondents stated their perceptions of the same factors, entailing only one scale and only one reliability.

It is certainly the case that the psychometric conditions of scales must ensure not only their reliability¹² but also their validity¹³, but the characteristics of this study covering a limited number of cases did not allow verification of this latter aspect, specifically the validity of construction or of concept¹⁴ and the predictive or criteria-related

¹¹ Although the recommendable minimum in this kind of research is usually 0.7, as proposed by Nunnally, other authors such as Hair et al. (1999, 105-106) and Miquel et al. (1997, 127) think it possible to lower this to 0.6 in exploratory research. It should be noted that the particular case involved a new questionnaire which had only been tested on one occasion and in which the number of items covered by some of the scales was very limited.

¹² A scale is seen as reliable if the measurements it provides are stable and consistent.

¹³ A scale is seen as valid if its indicators or items measure what is required to be measured and nothing else.

¹⁴ Attempting to answer the question of what concept the scale measures. Divides into convergent validity, discriminatory validity, nomological validity and factorial validity.

validity¹⁵. Regarding the validity of content, which is of an eminently qualitative and theoretical nature through being based on review of pertinent literature and on expert opinions, we think that the work done provides sufficient validation of the content of the scales in terms of covering properly the conceptual domain of each construct.

3.-INDIVIDUAL RESULTS

A detailed report was done, factor by factor, for each case analyzed. For lack of space to include them all, we deal by way of example with South Caernarfon Creameries, the second cooperative studied.

3.1.-MANAGER MOTIVATIONS/NEEDS

As illustrated in Fig. 1, there were no substantial differences between the profile of needs/motivations stated by the manager and the perceptions of them expressed by the chairman, except on the third item (work content)¹⁶.

There is a clear contrast between the respondents on the primacy of the manager's higher order needs over his lower order needs: his assessment clearly shows this primacy, but the chairman perceives just the opposite (even with greater amplitude, attributing the greater importance to the lower order needs).

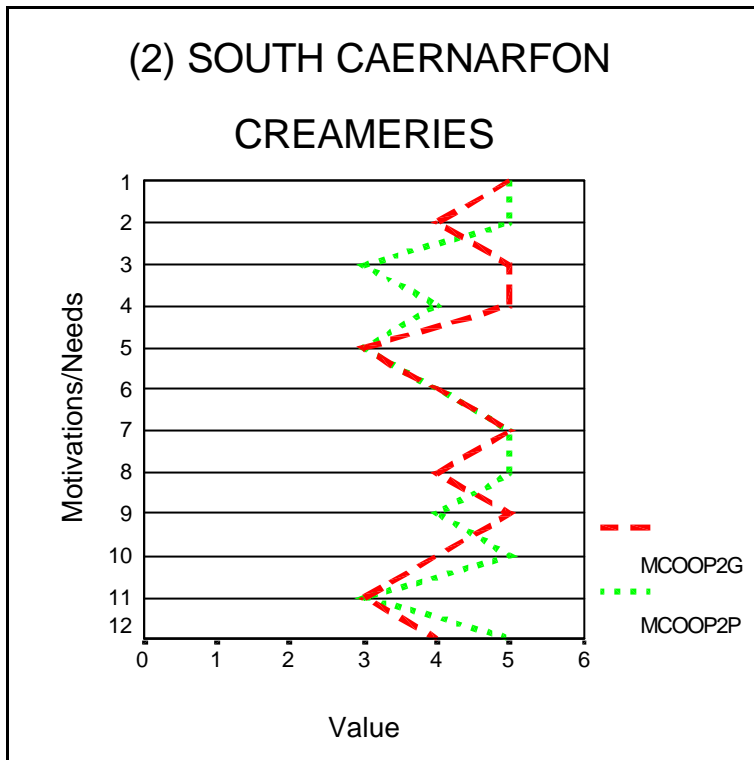
The same also applies to the albeit smaller disjunction between intrinsic and extrinsic needs, with primacy of the former over the latter according to the manager's answers, but a slight primacy of the latter over the former according to the chairman's perceptions.

To sum up, this case shows the manager inclining towards the stewardship model, whereas the chairman will tend to create an agency relationship.

¹⁵ Refers to the fact that a scale of measurement is capable of predicting other variables (criteria). There are two possible types: concurrent and simple predictive.

¹⁶ The chairman perceives this as a neutral factor for the manager, but the latter considers it very important.

Figure 1



Notes:

- 1.-Success (IN, HON).
 - 2.-Recognition (IN, HON).
 - 3.-Work content (IN, HON).
 - 4.-Responsibility (IN, HON).
 - 5.-Promotion (IN, HON).
 - 6.-Personal growth (IN, HON).
 - 7.-Control over one's work (IN, HON).
 - 8.-Corporate policies (EN, LON).
 - 9.-Social relationships (EN, HON).
 - 10.-Economics, salary (EN, LON).
 - 11.-Position (EN, HON).
 - 12.-Security (EN, LON).
- IN: Intrinsic Need (according to Herzberg's model).
 EN: Extrinsic Need (ditto).
 HON: Higher Order Need (according to Maslow's model).
 LON: Lower Order Need (ditto).

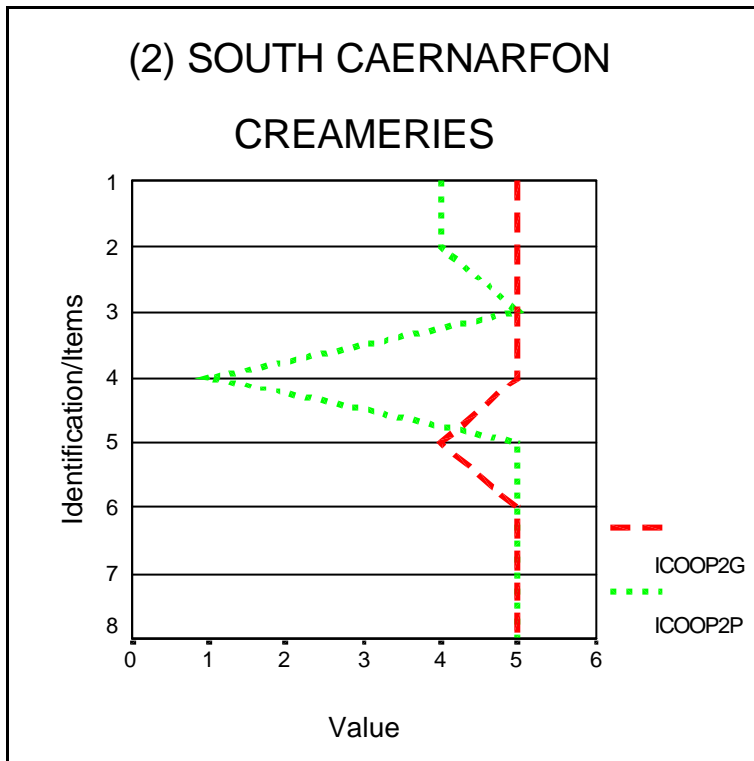
AVERAGES	HON	LON	IN	EN	TOTAL
Manager	4.33	4	4.43	4	4.25
Chairman	4	5	4.14	4.4	4.25

3.2.-MANAGER IDENTIFICATION WITH THE ORGANIZATION

On identification with the organization (Fig. 2), the chairman's perceptions largely coincide with the manager's, although they are slightly lower (the two respondents average 4.25 and 4.87 respectively); on only one item (the fourth) is there total disparity of perception. Accordingly, if both the manager and the chairman regard the

manager's degree of identification with the organization as high, the steward-steward type of relationship is likely to prevail.

Figure 2



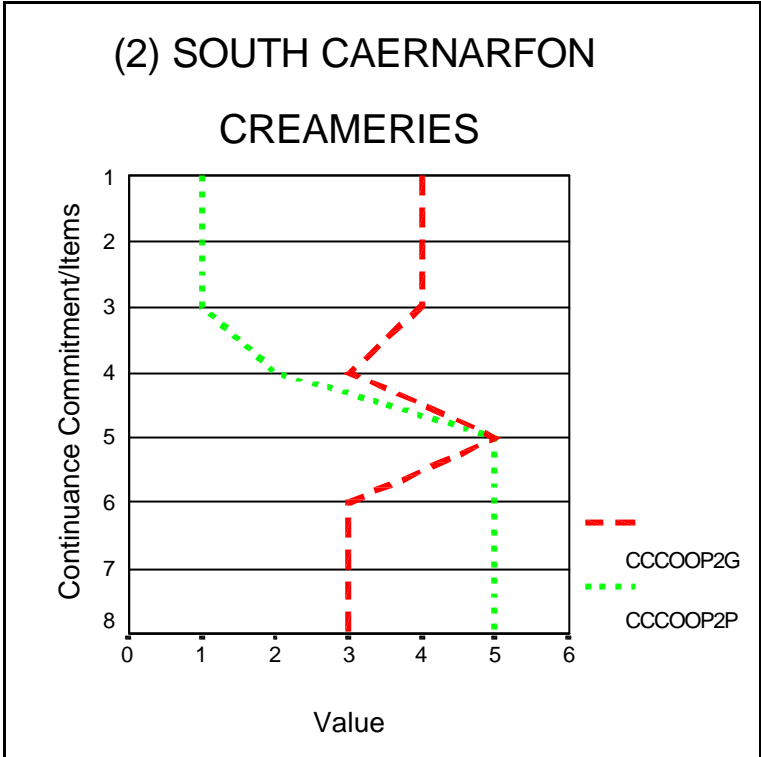
3.3.-MANAGER COMMITMENT TO THE ORGANIZATION

3.3.1.-COMMITMENT TO CONTINUING IN THE ORGANIZATION

Fig. 3.1 shows clearly that on this factor there are quite substantial differences between the chairman's perceptions and the manager's statements about his own commitment to continuing. The averages don't make the respective trends very clear, particularly the chairman's average of 3.12 and a very large scatter; the manager's questionnaire produced an average of 3.62.

Thus although the manager inclines slightly towards the stewardship model, the perceptions expressed by the chairman do not clearly show the type of relationship he would wish to establish with him.

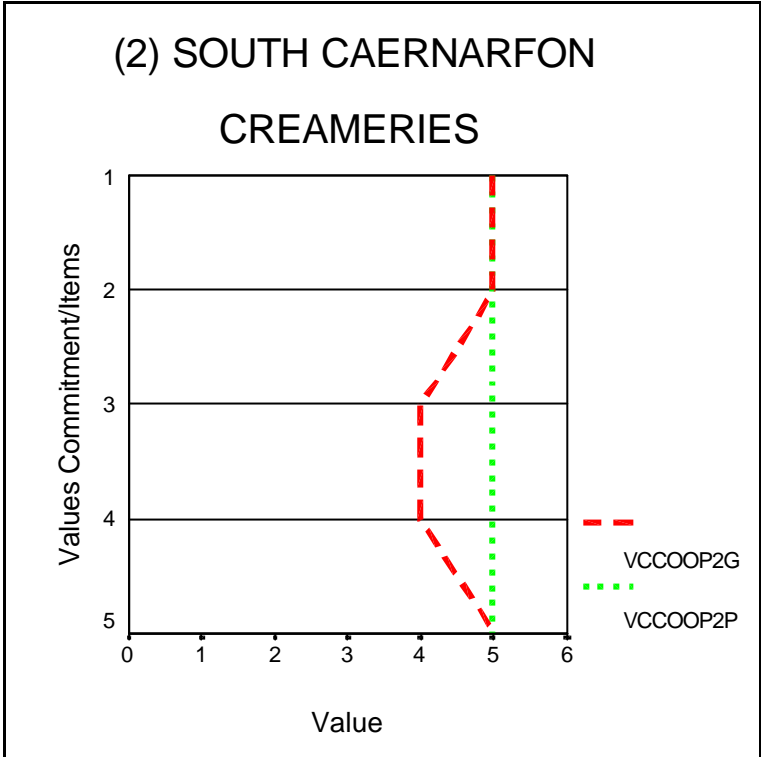
Figure 3.1



3.3.2.-COMMITMENT TO THE VALUES OF THE ORGANIZATION

Fig. 3.2 leaves no room for doubt: the manager’s commitment to the values of the organization is very high (4.6 according to him and 5, the highest possible score, according to the chairman). On this factor the relationship to be expected is therefore of the steward-steward type.

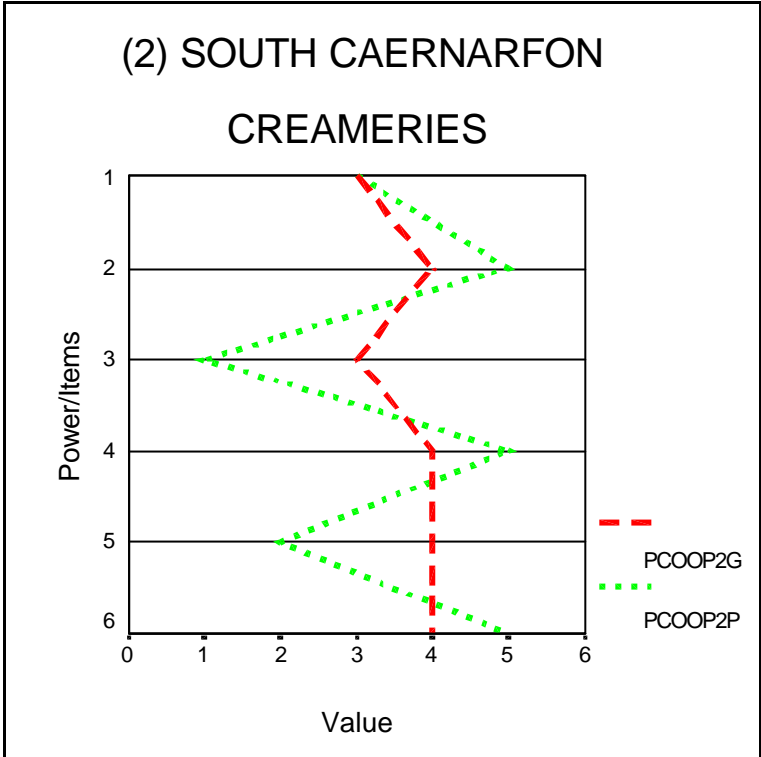
Figure 3.2



3.4.-MANAGER POWER

As may be seen in the table at the foot of Fig. 4, both respondents agree that the manager uses his personal power more than his institutional power. It is therefore the steward-steward relationship that is to be expected.

Figure 4



Notes:

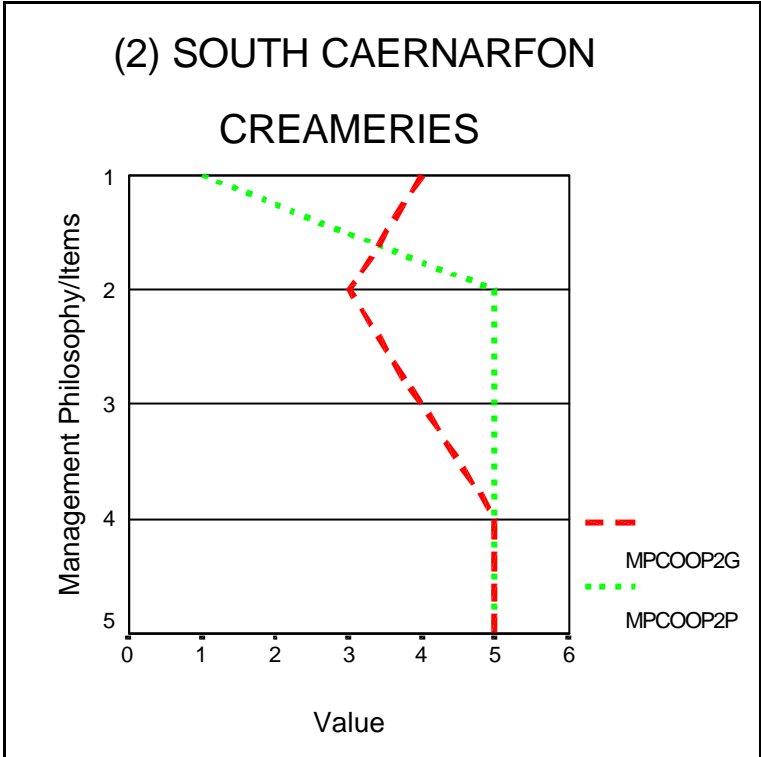
- 1 (rational/legal power), 2 (reward power) and 3 (coercive power) express exercise of institutional power (IP).
- 4 (referential power), 5 (charismatic power) and 6 (expert power) express exercise of personal power (PP).

AVERAGES	IP	PP	TOTAL
Manager	3.33	4	3.67
Chairman	3	4	3.5

3.5.-MANAGEMENT PHILOSOPHY

Although, as Fig. 5 shows, there are discrepancies in the assessment of the first two items (especially the first), both respondents in general agree in perceiving the work environment as oriented more towards compromise than towards control. The two averages coincide at 4.2, so a steward-steward relationship would be appropriate.

Figure 5



Note:

High values of the variables denote a trend towards the postulates of Stewardship Theory (management philosophy oriented towards compromise), whereas low scores indicate a trend towards the concepts of Agency Theory (management philosophy oriented towards control).

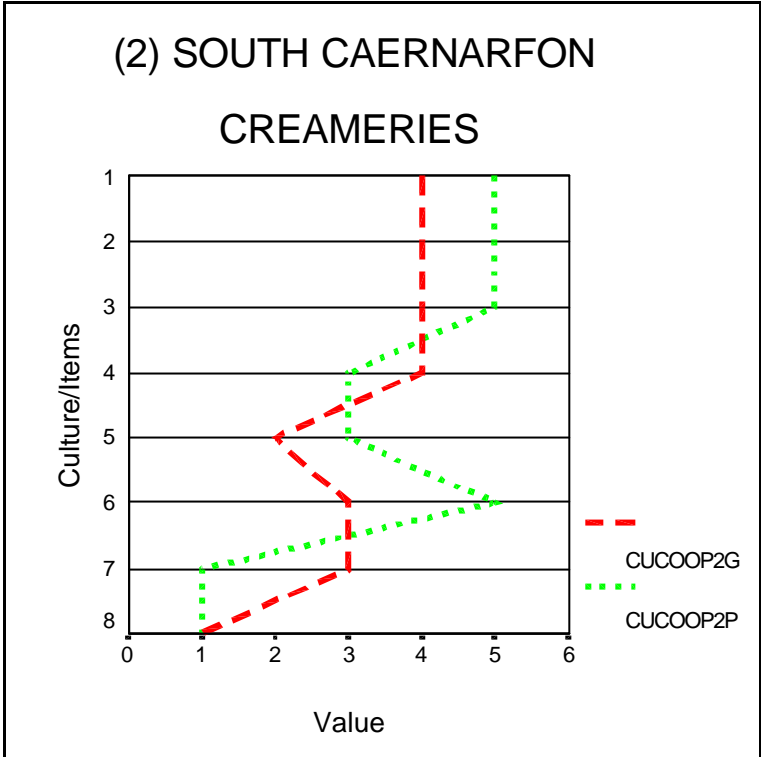
3.6.-ORGANIZATIONAL CULTURE

As the table at the foot of Fig. 6 shows, the two respondents agree that the collective is more important than the individual, although the manager’s perception (average 4) is not as extreme as the chairman’s (5).

Regarding the power distance within the organization, there are some discrepancies between the respondents (as in items 6 and 7 in the graph) but in general they agree that it is rather small (average 2.6).

The situation is therefore appropriate for the relationship between the respondents to be of the steward-steward type.

Figure 6



Notes:

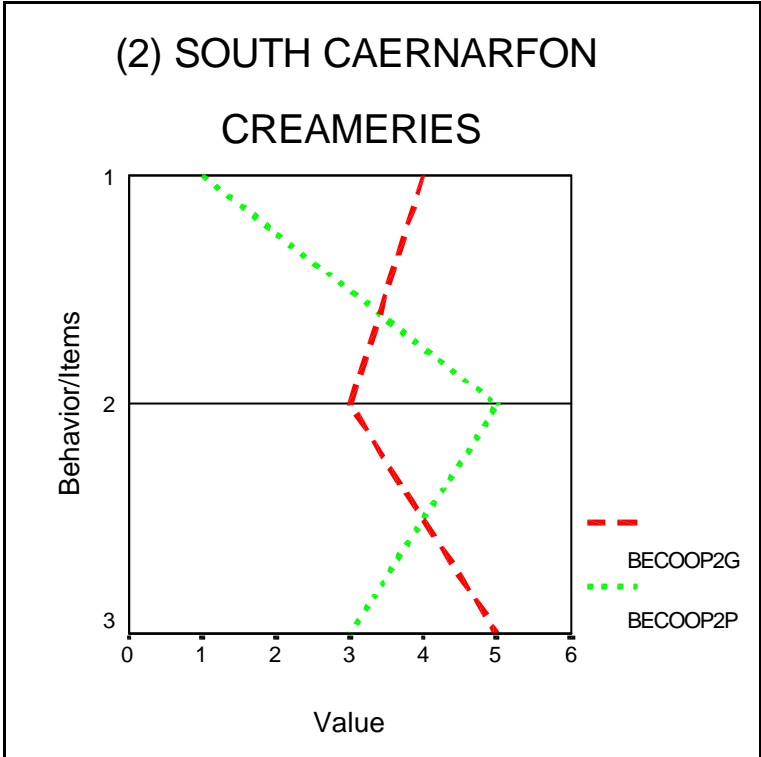
- Items 1, 2 and 3 measure the cultural dimension of individualism versus collectivism (I-C), whereby scale values below 3 indicate the organization trending towards to individualism, whereas values above 3 denote primacy of the collective.
- Items 4 to 8 measure the power distance within the organization (PD).

AVERAGES	CU1 (I-C)	CU2 (PD)
Manager	4	2.6
Chairman	5	2.6

3.7.-MANAGER BEHAVIOR

The next graph (Fig. 7) is not clear, particularly in the case of the chairman, whose perceptions of the manager’s behavior lead to an average value of 3, i.e. undefined. The manager’s own statements approach the stewardship profile (average 4).

Figure 7



Note:

Scale values above 3 show a trend towards the stewardship model (stronger the closer to 5, the maximum possible score), whereas values below 3 tend towards the agency model (the closer they are to 1, the minimum possible score, the more the trend is towards the agency profile).

3.8.-SUMMARY

The following tables shows predominance of the stewardship model in this cooperative.

FACTORS	Model according to MANAGER	Relationship according to CHAIRMAN
Motivations/Needs	Stewardship	Agency
Identification	Stewardship	Stewardship
Value Commitment ¹⁷	Stewardship	Stewardship
Use of Power	Stewardship	Stewardship
Management Philosophy	Stewardship	Stewardship
Culture	Stewardship	Stewardship
Behavior	Stewardship	Undefined

4.-OVERALL RESULTS AND CONCLUSIONS

After correction of scales as necessary to improve reliability of measurement, the average values of the variables involved in the theoretical model to be compared were as follows:

¹⁷ From the Continuance Commitment point of view, the manager approximates to the stewardship archetype, but the chairman’s perceptions do not indicate what type of relationship he would establish.

-Managers:

COOP	HON	LON	EN	IN	I	VC	IP	PP	BE	MP	CU1	CU2
1	4.44	4.33	4.60	4.29	4.25	4.80	3.00	4.33	4.00	2.67	4.33	2.33
2	4.33	4.00	4.00	4.43	4.88	4.60	3.33	4.00	4.00	4.67	4.00	2.33
3	4.44	4.00	4.20	4.43	4.00	3.20	3.00	4.00	2.00	3.67	3.67	3.33
4	3.89	3.00	3.20	4.00	4.38	3.20	2.33	3.67	5.00	4.00	3.00	1.67

-Chairmen:

COOP	HON	LON	EN	IN	I	VC	IP	PP	BE	MP	CU1	CU2
1	3.89	4.00	3.80	4.00	4.00	4.00	3.00	4.00	4.50	3.33	3.33	1.67
2	4.00	5.00	4.40	4.14	4.25	5.00	3.00	4.00	4.00	3.67	5.00	2.33
3	3.67	4.00	3.80	3.71	4.00	4.20	2.33	4.00	1.00	3.67	3.33	2.00
4	4.22	4.33	4.20	4.29	5.00	3.20	3.67	4.33	5.00	4.67	5.00	1.67

The Pearson correlations found between the dependent variable (behavior) and the rest were as follows:

-Managers:

BE and											
HON	LON	EN	IN	I	VC	IP	PP	MP	CU1	CU2	
-0.723	-0.535	-0.540	-0.748	0.540	0.228	-0.476	-0.324	0.132	-0.271	-0.996	

-Chairmen:

BE and											
HON	LON	EN	IN	I	VC	IP	PP	MP	CU1	CU2	
0.869	0.326	0.479	0.911	0.576	-0.314	0.909	0.510	0.348	0.562	-0.363	

These coefficients only show a clear and strong relationship between behavior and identification with the organization whereby the greater the manager's identification, the closer his behavior is to the stewardship model, and vice versa, i.e. the less his identification, the more his behavior approaches the agency archetype.

Also to be noted, although less clear (the perceptions of principals do not show a high correlation coefficient), is the relationship between behavior and power distance within the organization (the second cultural dimension) whereby the smaller the power distance, the more the manager's behavior approaches the stewardship model, and vice versa, i.e. the greater the power distance, the more his behavior approximates to the agency archetype.

The following table calculates the probability¹⁸ of the manager's behavior being classified as stewardship on each of the personal and situational variables assessed¹⁹:

¹⁸ As the quotient between the number of favorable cases and the number of possible cases.

¹⁹ These are dichotomic nominal variables (Yes or No).

RELATIONSHIP	MANAGERS (%)	CHAIRMEN (%)
V1 & V2	100	0
V1 & V3	67	67
V1 & V4	100	100
V1 & V5	100	100
V1 & V6	100	100
V1 & V7	67	100
V1 & V8	67	100
V1 & V9	100	100

V1: Stewardship Behavior (BE > 3).²⁰

V2: Higher Order Needs > Lower Order Needs.

V3: Intrinsic Needs > Extrinsic Needs.

V4: Great Identification (I > 3).

V5: Great Value Commitment (VC > 3).

V6: Personal Power > Institutional Power.

V7: Management Philosophy oriented towards compromise (MP > 3).

V8: Collectivism (CU1 > 3).

V9: Small power distance (CU2 < 3).

Applying the chi-squared test and the measures of association between nominal variables to the dichotomic variables²¹ V1 to V9 show again that there are significant differences between the manager's behavior and the power distance within the organization.

To sum up, only hypothesis 3 ("people who have great identification with the organization are more likely to become stewards than are people who have little identification with it")²² and hypothesis 8 ("people in a small power distance culture are more likely to develop principal-steward relationships than are people who are in a large power distance culture") are acceptable on the basis of sufficient evidence having been found of the existence and direction of a relationship between the variables concerned. Evidence confirming the fulfilment of the others was not detected.

This conclusion contrasts with that obtained by Vargas Sánchez (2001) from studying agrarian cooperatives in the province of Huelva (Spain), in which the hypotheses accepted were 1, 2 and 5, as the factors explaining the manager's behavior proved to be needs and power (i.e. factors of a personal rather than a situational nature).

5.-RECOMMENDATIONS

The recommendations based on all of the foregoing are as follows:

- 1) Since identification with the organization is the factor among the personal attributes of managers that seems most strongly to determine their behavior, changes in this variable and in the factors that determine it need to be watched.

²⁰ In three out of the four cases, specifically 1, 2 and 4. The behavior in case 3 corresponds to the agency archetype, although the other variables do not agree with the theoretical model, except the chairman's assessment of the manager's needs.

²¹ 0 = No; 1 = Yes.

²² In addition, a CHAID analysis with all the variables concerned and the eight available observations (four from managers and four from chairmen) showed that the best predictor of behavior was item i7, identification with the organization.

- 2) Since the power distance within the organization is the situational factor that seems most strongly to influence the behavior of managers, particular attention needs to be paid to this cultural dimension.
- 3) Assuming that in a cooperative society the figure of the manager should approximate as closely as possible to the stewardship model, make sure that those who perform this task are strongly identified with the organization and that the organizational culture is characterized by a limited power distance.
- 4) Principals need to adjust their approach to the type of professional manager they have: if the manager corresponds to the stewardship model, do not establish with him an agency relationship, since this would cause him frustration and ultimately make him feel betrayed. If he corresponds to the agency model, do not treat him as a steward, since it would then be the principal that would end up feeling betrayed.

6.-LIMITATIONS AND FUTURE LINES OF RESEARCH

Regarding limitations of the study and future lines of work, the following may be mentioned:

- 1) The relationships established between variables are of linear association. Work should therefore be done on finding causal relationships.
- 2) Incorporate a larger number of observations to make it possible to apply more sophisticated techniques (such as structural equation models) for more thorough analysis of scales of measurement and the identification of (if they exist) the aforesaid causal relationships.
- 3) Establish by dynamic studies the consequences (results) of member-manager relationships with a view to being able to test the other three hypotheses (9, 10 and 11) that also form part of Davis, Schoorman and Donaldson's theoretical model (1997).

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