

Public Abstract  
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The Investment Horizon Issue in User-Owned Organizations  
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Scholars have suggested through conceptual and anecdotal arguments that members of traditional agricultural cooperatives have a disincentive to invest in the cooperative's growth opportunities. However, empirical evidence supporting the existence of and degree of investment constraints is scarce and inconclusive. This study attempts to fill part of this void by investigating the investment horizon constraint in user-owned agricultural organizations.

This exploratory study of the investment horizon constraint analyzes data generated by multiple research case studies and member surveys of four agricultural cooperatives. The multiple case studies helped inform the member survey design. Multivariate analysis of the data generated from the member surveys inform to what degree the investment horizon problem exists in the selected cooperatives.

Results suggest more than one type of horizon problem exists in user-owned agricultural organizations with each horizon problem important in certain contexts depending on the organizational structure, the cooperative's payment type and the investment method. The study also shows that subgroups of members within agricultural cooperatives have different preferences for equity redemption policies as well as different preferences for future cooperative investments.

This project increased knowledge about the degree to which the investment horizon constraint exists in user-owned organizations. If cooperative leaders and policy makers are knowledgeable regarding which type of horizon problem exists in their organizations, they can incorporate innovative techniques to ameliorate the constraint and attract additional risk capital needed for future cooperative investments, which in turn benefits agricultural producers.