# Is Small both Beautiful *and* Competitive? A Case Study of Irish Dairy Cooperatives

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## Abstract

Conventional management wisdom maintains that considerable economies of scale are essential if producer cooperatives in the agribusiness and food sector are to meet the needs of their members and survive in a globalized economy. In an effort to achieve these economies of scale, many of Ireland's agricultural cooperatives have chosen over the years to merge with more and more of their neighbors. Some of the biggest of these merged co-ops have chosen to raise money on the stock exchange in order to have the funds needed to finance substantial, international acquisitions. A recent study, commissioned by government and the industry, has argued that merger has not gone far enough and has called for even more consolidation among Irish dairy cooperatives. The study report argues that the Irish dairy industry is falling far behind its international competitors and much larger processing units are needed to shift the emphasis on to more value added products and adequate investment in R&D. However, in spite of the conventional wisdom, many of the smaller dairy co-ops in Ireland often appear able to pay higher milk prices to their members and to contribute to the sustainability of local communities more effectively than some of the giants. How is this possible? This article addresses the question of how small to medium-sized co-ops are able to fly in the face of conventional economic wisdom. Our research relies on case studies of co-ops, ranging from large to medium and small, and includes the perceptions of co-op leaders.