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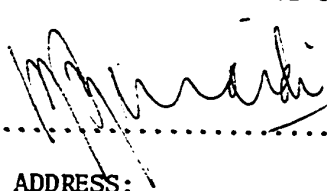


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THE UNIVERSITY OF ALBERTA

CORRELATES OF PARTICIPATION IN CO-OPERATIVES  
IN CARMAN, MANITOBA

by



MUSA SHAFIQ KHALIDI

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH  
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The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled CORRELATES OF PARTICIPATION IN CO-OPERATIVES IN CARMAN, MANITOBA submitted by Musa Khalidi in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Social Organization.

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## ABSTRACT

This dissertation deals with the problem of membership participation in co-operatives as business-cum-voluntary associations. The purpose is to discern whether the combination of member participation and business efficiency has been sustained in structure and spirit as co-operatives evolved into complex organizations.

In a search for answers that would throw light on the structure of participation in contemporary co-operatives, the findings of a detailed survey of participation in six different co-operatives in Carman, Manitoba, engaged in the fields of production, consumption, and service, are presented. In the study, an attempt has been made to determine the influence of seven selected major variables on participation. Three of the variables included, namely, Feeling of Influence, Satisfaction with Operations, and Understanding of Co-operative Principles, were replicated from previous research. The other four variables included, namely, Structural Complexity, Exposure to Organizational Structure, Flow of Communication, and Value Realization, were introduced for the first time in co-operative participation research.

Although the degrees of relationships between each independent variable and participation varied from one co-operative to another, the combined effect of the independent variables was found to be fairly strong, in each and all co-operatives combined. Furthermore, Feeling of Influence, Value Realization, and Flow of Communication ranked as



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the most important in their effect on participation. The interrelationships among these relatively important variables were investigated in an effort to arrive at a more definitive analysis of the participation system. Factor analysis of the relationship between the independent variables strengthened the plausibility of their linkage to participation. However, this was viewed with caution, since a further factor analysis covering all variables of the study including participation suggests that the hypothetical model derived from the literature, and on which this study was based, is vitiable, because the most powerful predictors of participation might be other ways of measuring what is the same factor.

The results of the study suggest that it is extremely important for future research to reassess the conceptualization of participation, and view this phenomenon not as a separate element but part of a more complex societal process that subsumes all the factors so far investigated in the field of participation in co-operative organizations.

An overview of the dilemma of contemporary co-operatives in Western and developing societies concludes with the suggestion that the professed co-operative ideology resides in the fact that the economic strength of a co-operative cannot be dissociated from the individual loyalty of voluntary members. Yet the changing social structure brought about a conflict in co-operative organization between the principle of democracy and efficiency exhibiting an inherent contradiction which tends to be resolved by subjugating the principle democratic participation to the requirement of efficiency, thus reducing co-operative character to similar forms of business organization.

## ACKNOWLEDGEMENTS

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## PROLOGUE

This thesis deals with participation in co-operative organizations at two levels of analysis.

The first is the macro-level, which introduces the historical and comparative context in which the ideals and practices of co-operatives emerged; and how, at the beginning of co-operative development, it was possible for voluntary democratic participation to be interwoven harmoniously with the business concerns of the association.

The objective of the discussion at the macro-level is to delineate whether the combination of member participation and business efficiency in a co-operative organization, which differentiates it from other types of formal organizations, has been sustained in spirit and structure by the transition from small-scale competitive capitalism to large-scale monopolistic capitalism in Western societies. The first chapter, therefore, introduces the larger issues with which contemporary co-operative organizations are confronted, and raises questions on several factors which seem to influence the involvement of members in the business and policy conduct of their co-operatives.

In a search for adequate answers to some of the issues raised at the macro-level, the study moves to the micro-level aspects of the structure of participation in co-operatives. For this purpose, the findings of a detailed survey of participation in various types of co-operatives in Carman, Manitoba, are presented. The source of data is a mail questionnaire developed and administered in the summer of 1971 by

the present writer.

Chapter II includes a review of the relevant micro-literature on co-operative participation, while Chapter III-VI discuss the particulars of the research procedure, analysis of data, and implications of the present study.

The epilogue of the dissertation, Chapter VII, is intended to link the micro-level study to the broader macro issues with which this work started. The discussion points to the need for viewing co-operative participation, not as an isolated phenomenon, but as part of a more complex social process affected by the larger society.

## CHAPTER I

### CO-OPERATIVES AND SOCIAL THEORY

#### I. AN OVERVIEW OF CO-OPERATIVE IDEALS AND PRINCIPLES

History tells that the advent of the co-operative movement started with the first successful consumers store undertaken by a group of twenty-eight weavers at Toad Lane, Rochdale, England on December 21, 1844. This group was very concerned with the severe problems generated by the beginnings of the Industrial Revolution which were varied and encumbersome for the working class.

There is also historical evidence that the twenty eight Rochdale pioneers were aware of the efforts of other social reform movements to meet the needs for fair prices, enough food, regular supplies and above all a "fair dealing" for industrial labour.<sup>1</sup> The three major social reform philosophies which prevailed then were essentially as follows:

1. The Owenite movement which adopted the philosophy of its founder, Robert Owen (1786-1865), that men are not naturally evil but that their faults arise from their social conditions. Therefore, the owners of capital should be made responsible to provide for the "have nots" the proper social working conditions. Production by voluntary associations for the consumption of the working class and not for profit will not only relieve the downtrodden but assist them to find a new way of life. Essentially, the Owenite movement can be described as a "social aid" idea.

2. The co-operative movement led by Dr. William King (1786-1865) and advocated in his monthly journal "The Co-operator." His "self-help" idea differed from the Owenites by suggesting that the workers should themselves establish voluntary associations in the form of co-operative stores. Essentially, King's ideas advocated "self-help" in contrast to the Owenite idea of "social-aid."

3. The Chartists' movement initiated by leaders of labour who advocated that the workers' freedom lies in gaining a say in Parliament by which representation will not simply be left to the owner class. This group believed that political action and agitation would improve the working and living conditions of labour. "Political democracy," thus intended for universal suffrage, can be described as the credo of the movement.

The Rochdale pioneers deliberated the philosophies of the day and looked into the causes of failure of previous co-operative enterprises. They believed that their "Society for Equitable Pioneers" would be a first step towards a larger objective culminating in a "co-operative commonwealth." While this fell short of fulfillment, recognition is given, at present, by the International Co-operative Alliance, which represents the world co-operative movement, to at least four primary principles set by leaders of the Rochdale Society that, in combination, give co-operation a unique form of human organization.<sup>2</sup>

The four basic principles regarded as obligatory for an organization to be accepted as a member in the International Co-operative Alliance are as follows:



1. Open Membership. Membership is voluntary and open to any one who can use the services of the organization.

2. Democratic Control, further defined as one man, one vote. Each member has an equal right in controlling the co-operative.

3. Limited Interest on Capital. This is to emphasize the idea that while capital is needed for the venture and will not go unrewarded, people join not to make money on investments but to provide themselves with goods and services.

4. Patronage Refund. Distribution of surplus (dividend) to members is in proportion to their transactions.

These primary principles were not new, and it is doubtful if the Rochdale group originated them. In fact, they were separately but unsuccessfully tried in previous abortive co-operative trials. However, it was in the combination of these principles to which political neutrality, continuous education and expansion, and cash trading were added, that the pioneers devised a new co-operative ideology whose long range objective was to rebuild the community in the form of self-contained settlements which would allow the workers access to their own tools as well as equity in the market of household foodstuffs.

It is significant to note from historical accounts of the period that major socio-economic problems have contributed to the rise of the co-operative idea as formulated by the Rochdale pioneers. The co-operative idea arose at a time when the doctrine of competition in a mercantile economy had widespread acceptance but did not end up in any improvement in man's welfare except for the few. Competition did not lower prices in the interest of the common man as was widely expected.

Instead fraud in quality and weight of goods became manifestly associated with the primary motive of profit. This condition created severe disruption and frustration among the working class and led to the emergent belief among philanthropists and social thinkers that the exploitative conditions of man by man was inherent in a mercantile economy and a capitalist industry whose purpose, by the idealization of competition, was to obtain profit. The severe disruption in the economic and social structure of the small communities was considered as supporting indication of the result of free capitalist competition which even worsened with the advent of an urban-industrial factory system.

The worsening effects were gradually but strongly felt by labour in the areas of adulteration of foodstuffs and cheating on weights and measures. Capital cheapened labour in the new productive process which left workers in a very weak position to purchase the products of the new factory system. No labour laws were existing even to protect the employment of children and women, nor was it legal for workers to form political pressure groups or labour unions to improve wages and working conditions.

Economic exploitation and class conflict, under these circumstances, led to the inevitable effort aimed at reconquering lost economic freedom and human rights. Co-operative development thus significantly arose among the working class, especially weavers, who were hit hardest in a changing economic order, as a defence mechanism seeking a new form of socio-economic and political organization.

The Rochdale pioneers, in their quest for a solution to the class

problem leaned on the idea of self-help propagated by William King in his organ "The Co-operator," since they did not appeal to philanthropy for financial aid nor to the state for protective legislation. They accepted the long-term objective of the Owenites for the reorganization of the state and society in self-contained settlements whose members would not only become their own traders, but also their own employers and producers. They sympathized with the aims of the Chartists, but did not follow them because they were neither legally recognized nor organized due to the fact that political activity was solely the prerogative of the privileged wealthy capitalists.

All these conditions throw some light on the need which brought into being the first successful co-operative by the Rochdale pioneers. Although the return to a self-contained community proved to be a utopian objective never realized and eventually abandoned, due to the key processes of industrialization and urbanization, the immediate objective of combatting fraud and cheating was fulfilled in the establishment of a co-operative store for the defence of the household.

It thus becomes apparent that the beginning of co-operative development sprang from the yearning for economic freedom. The success in catering to the immediate necessities culminating in a consumers philosophy and in a structural emulation by producers was due chiefly to acceptance of the recognized co-operative principles, as well as to adherence to the following two additional practices:

1. Individual responsibility for solving the problems of distribution of goods and services should retain the character of a co-operative as a grass-roots movement. Individual responsibility in

democratic economic action, it was held, can best be sustained by direct member involvement and participation.

2. It was insisted that members should be educated in the nature of their business, lest the prospects of organizational maintenance and continuous expansion be weakened. It was held that to allow the affairs to be conducted by economic bureaucrats would be tantamount to leave them in power by a majority of voters too uneducated and apathetic to replace them with dynamic leadership.

The development of co-operatives in Canada started with a consumers store in Stellarton, Nova Scotia — organized in 1861 by a group of miners. But it was rather farmers in the western Provinces who pioneered in co-operative marketing of grain, in response to the monopoly of railway and line elevator companies, who laid the main foundation for co-operative Canadian enterprise.

It is interesting to note the similar response to socio-economic conditions by the urban workers in England and the prairie farmers in Canada. In both cases the movement won its case by proceeding from protest to investigation, and from investigation to action culminating in self-help, based on co-operation and governed by the same basic ideals of the Rochdale pioneers.<sup>3</sup>

Thus proponents of co-operative practice argue that a co-operative organization is a unique form of business which could resolve the duels between buyer and seller, lender and borrower, and employer and wage-

earner.<sup>4</sup> The will of members to attain their economic independence could enable them, as rational beings, to become masters of their own destiny.<sup>5</sup>

Co-operation, which is thus intended to serve the needs of members, is expected to realize better distribution of goods and services, which means higher net incomes and lower costs for patrons or members. The instrument of patronage refund, introduced in the form of return of surplus to members, who are also shareholders, therefore differs fundamentally from other forms of corporations in which power is allocated in proportion to capital. Co-operatives, by contrast, allow only one vote per shareholder member, regardless of the amount of his share capital or the number of his shares. In this manner, the member-patrons are the client-owners who ideally set the objects of the association which - again ideally - correspond to the member needs to be satisfied.<sup>6</sup> Accordingly, constituent members pursue their joint undertaking, the outcome of which will be determined by the nature of the problems they meet. But the success of the undertaking is especially contingent upon an enlightened membership to assure continuity and success. As put by Father M.M. Coady: "When the people thoroughly understand the significance of co-operative enterprise, they will have an instrument which of itself is powerful enough to give them a new control of their economic destiny."<sup>7</sup>

The inquirer into the nature of the co-operative movement usually asks, how far is the ideal of economic freedom capable of fulfillment. In its initial stages of development, the co-operative movement justified itself in deed; the early days of weakness partially

disappeared to give way to a stronger development, yet without being able to give members complete economic independence.

It is interesting to observe, from the historical roots of co-operatives and the context in which they emerged, how enmeshed is the ideal of economic freedom with the voluntary aspects of the organization.<sup>8</sup> As a voluntary association, a co-operative sets out the possibility for members to practice citizenship in a "society within society."<sup>9</sup> This was particularly important as a result of the discontent among the proletariat, when democracy in political life was restricted by the power of class and wealth, especially in the early stages of the Industrial Revolution. In its early efforts for defence and enfranchisement, co-operation rubbed shoulders with the labour movement for the provision of active citizenship involvement, since both were engendered by the same necessity and were born in the same social strata. It was hoped then that participatory democracy and control would pave the way for complete co-operative citizenship governed by the new principle, one man, one vote.

In the opinion of Halsey and Ostergaard: "The Co-operative Society was perhaps the most successful embodiment of democratic aspirations in the second half of the nineteenth century."<sup>10</sup>

## II. CO-OPERATIVES IN SOCIAL THEORY

Appraisal of co-operatives in social theory has been mainly concerned with the voluntary and structural aspects of the organization.

The place and contribution of voluntary, mutual-benefit associations, including co-operatives, to the maintenance of societal democracy, and whether these associations together constituted a microcosm of the democratic order, represent some of the focal points of these appraisals. This is well exemplified by Robert Michels' lead in the challenging study of trade unions and political parties, in which he postulates that inherent in the democracy of such voluntary organizations is the "iron law of oligarchy."<sup>11</sup> In their follow-up of the same phenomenon, Lipset, Trow, and Coleman, set the large objective of their study Union Democracy: "...to illuminate the processes that help maintain democracy in the great society by studying the processes of democracy in the small society of the ITU."<sup>12</sup> Blau and Scott drawing on various studies also prominently point out in their typology of organizations that the crucial issues facing mutual-benefit associations are apathy and oligarchy, that is, control.<sup>13</sup>

Of importance, when co-operatives are viewed only from this approach, is the implication that they are simply another form of voluntary association in which the same dilemma exists. Indeed, a co-operative is a voluntary association in which members formally organize and develop a bureaucratic structure. But the other face of the co-operative organization today, is this age of large-scale oligopoly- and monopoly-dominated western economy, is its business aspect. These compound the problems carried by a co-operative as a voluntary association. In fact, they may totally negate the co-operative aspect.

When viewed as a business enterprise, a co-operative differs from

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other business concerns in that it cannot, according to its ideology, transform owners into mere passive share-holders seeking only dividends, and nor can it vest power simply in the hands of inside managers and experts, for this would be an outright violation of its democratic principle. Yet in practice, this appears to be the trend in co-operatives under conditions of latter-day monopolistic capitalism, wherein co-operatives occupy a strictly marginal position in the national economy of England and Canada.

On the other hand, if the business aspects of the co-operative are subordinated in the interest of democratic control, the organization may be vulnerable in a laissez-faire system where competition requires speedy decisions for operating efficiently, and, above all, where economic centralization in the dominant private-enterprise sector evokes similar centralization in the overwhelmingly subordinate co-operative sector.

Although mutual-benefit associations are concerned with operating efficiency, such efficiency "...is not expected to interfere with membership ability democratically to decide on the specific objectives of the organization."<sup>14</sup> Thus administrative efficiency - in theory but hardly in practice - is usually susceptible to subordination, on crucial issues, to the more fundamental consideration of democratic processes of the organization.

It appears that a compromise has been reached at least in the Western World, by co-operatives in their efforts to deal with the dual purpose of economic efficiency and voluntary democratic living for man. This is not to imply that the compromise is a superior way of reaching



the dual purpose, but to indicate its implication for the organization's meeting both goals.

In modern times, with expansion of many co-operatives into larger societies and combinations, direct democracy was found to be impractical. Instead, the notable device of democratic representation was introduced to gain the operating efficiency which a co-operative requires to function at similar levels with other types of private business enterprise. In small co-operatives direct democracy is still possible, but because the movement had to pass beyond its organizational infancy and in order to deal competitively with the managerial revolution in other forms of business, a high proportion of members become little interested in taking an active part in management. However, management is required to act efficiently, but in order to do so it has to depend at least on an actively interested minority rather than on the membership as a whole, lest it violate its democratic canon of "one man, one vote." Hence the quorum in general meetings is normally reduced to an optimal level which facilitates for management the decision-making process without undue cost to the business aspects of the organization as a whole.

It is suggested that these two methods of direct and representative participation retain a large element of the democratic principle, but subordinate it at the same time to the interest of maintaining efficiency in business operations. It is true that these practices may allow an active minority to have a decisive influence on the organization and be a nuisance to management, thus restraining the oligarchical tendencies of the managerial power center. But it is also possible

that participation in decision-making is inhibited even by an active minority, if this active minority is largely reduced by the power structure to the ratification of pre-arranged proposals (i.e., alternatives pre-set by management). In either case, it is suggested that "unrepresentativeness" will subordinate the principle of democratic practice in favor of operating efficiency.<sup>15</sup> G.D.H. Cole presents the dilemma as follows:

"It is no doubt highly desirable to prevent interested minority groups from running the Society. But this applies to central cliques fully as much as to opposition groups; and the right remedy is to get many more of the members actively interested in the conduct of the Society's affairs. ...It is a perpetual danger for Co-operative Societies, as for many other voluntary bodies, that their affairs may fall into the hands of small cliques with little or no participation in the control of policy by the main body of members."<sup>16</sup>

To sum up the dilemma, it is likely that the same power structure ensues in co-operatives as in other voluntary organizations, such as trade unions and political parties, but the reasons are probably different in view of the business nature of a co-operative.

When we consider the business aspects of co-operatives, we note that a co-operative is unlike other forms of corporations, because it is supposed to be entirely dependent upon the involvement and dealings of its members, and not upon other customers than its owners, to ensure an adequate turn-over of business volume that makes the business economically viable. But another way to ensure an adequate volume of business is to have an enlarged but less committed membership, which inherently creates the condition where an active minority is likely to manoeuvre the decision-making process as in any other form of large

corporation or large voluntary organization.

It becomes, therefore, clear to the investigator that the two essentials, discussed earlier, which pertain to individual responsibility and insistence on education for the maintenance of a practical co-operative spirit may be regarded as the measures by which the true co-operative character can be reflected. Should membership involvement become the privilege of the few, the undertaking will degenerate into a business form that serves the material interests of the few, and the basic principles will only remain manifest in form and not in content. The dilemma of co-operative organization seems, therefore, to rest in the condition of devising, in a practical way, for every member, the ability to exercise his influence and his membership rights upon management. Lacking this dimension the principles of equity and equality would simply become an empty farce.

### III. THE PROBLEM OF MEMBER PARTICIPATION

The problem of membership participation in co-operatives becomes especially important for both the soundness of its business operations and the maintenance of its democratic ideas. To fulfill the democratic goal entails costs which could affect the business capabilities of the co-operative, and to forego the economic requirements simply for maintaining the best form of democracy could be detrimental to organizational survival.

In the light of the above discussion, this dissertation will be primarily concerned with the correlates of membership participation in

co-operatives which are generated by the following questions:

1. Is participation in co-operatives related to the complexity of operations, and are the operational aspects easily comprehended by the member participants or not?
2. Is participation related to the values that members may derive from a co-operative to gratify certain felt needs?
3. How related is participation to openness of communication to ordinary members, and is downward communication in co-operatives as crucial in co-operatives as in other industrial and business firms?
4. Does the type of a co-operative (e.g., consumer, producer, or service) influence the degree of participation? If not, what factors account for their similarities or differences?
5. Are there variations in the characteristics of membership (e.g., socio-economic characteristics, occupation, ethnic background, age, religious affiliation) in different types that might account for differential participation?

A review of the literature on co-operative participation in the following chapter will throw light on some of the answers developed as well as the areas which still demand further investigation for more satisfactory answers.

FOOTNOTES

<sup>1</sup>G.D.H. Cole, A Century of Co-operation, Co-operative Union Limited. (Manchester, 1944), pp. 59-60.

<sup>2</sup>Ibid., p. 362. Cole states that three other secondary principles are recognized but not stipulated as a condition of membership in the I.C.A. These are: political neutrality, cash trading, and promotion of education.

<sup>3</sup>For a resume of the history of prairie farmers co-operative marketing in Canada see "Milestones in Marketing," The Saskatchewan Wheat Pool. (Regina, 1960.)

<sup>4</sup>A.Y. Hussein, "Co-operatives as Business Enterprise" in American Friends Service Committee's Interim Report: A Co-operative Training and Supervised Agricultural Credit Program in Jordan. (Appendix W, 1963), p. 66.

<sup>5</sup>M.M. Coady, Masters of Their Own Destiny. (Harper and Brothers, 1939.)

<sup>6</sup>A.Y. Hussein, op. cit., p. 66.

<sup>7</sup>M.M. Coady, op. cit., p. 75.

<sup>8</sup>C.R. Fay, Co-operation at Home and Abroad. (P.S. King and Sons, 1925), Volumes I and II; and, G.D.H. Cole, op. cit.

<sup>9</sup>G.N. Ostergaard and A.H. Halsey, Power in Co-operatives. (Basil Blackwell, Oxford, 1965), pp. xii-xiii.

<sup>10</sup>Ibid., p. xv.

<sup>11</sup>Robert Michels, Political Parties. Eden and Cedar Paul (trans.), (The Free Press, N.Y., 1962).

<sup>12</sup>S.M. Lipset, M. Trow, and James Coleman, Union Democracy. (Anchor Books, N.Y., 1956).

<sup>13</sup>Peter M. Blau and W. Richard Scott, Formal Organizations. (Chandler Publishing Company, 1962.) Other major research in sociological literature is related to trade unions although other types of voluntary organizations are included. See Paul M. Harrison, "Weber's Categories of Authority and Voluntary Associations," American Sociological Review, Vol. 25, 1960; William Spinard, "Correlates of Trade Union Participation: A Summary of the Literature," American Sociological Review, Vol. 25, 1960, and several contributions in this area in Arnold S. Tannenbaum (ed.), Control in Organizations, (McGraw-Hill, 1968).

<sup>14</sup>Ibid., pp. 49-50.

<sup>15</sup>See: Co-operative Independent Commission Report, The Co-operative Union Limited. (Manchester, 1958), p. 18.

<sup>16</sup>G.D.H. Cole, op. cit., pp. 388-390.

## CHAPTER II

### REVIEW OF THE LITERATURE ON CO-OPERATIVE PARTICIPATION

#### I. STUDIES OF CO-OPERATIVE PARTICIPATION

There are few studies in print regarding the question of participation in the co-operative structure in the Western world. These studies basically fall into five categories:

1. The study of co-operative participation as a cultural pattern.

This appraisal is represented by an article published in 1938 by C.R. Hoffer in Rural Sociology. The conclusion which this author arrived at in his study of co-operation the county of Howell, Michigan, was in his words:

"To the sociologist interested in the theory of social relationships as well as to the community leader, the experience of the Howell community indicates that the pattern of co-operation develops gradually. When it actually appears cannot be determined with exactness. As a theoretical proposition it would seem logical to conclude that the pattern becomes a reality when, and to the extent, that the people accept the idea of co-operation irrespective of any specific activity, and are ready to apply it as occasion demands."<sup>1</sup>

In his study of Manitoba co-operatives, John Harp also found a difference in participation between those members who stressed only economic reasons for joining and those members who stressed ideals of co-operation and ownership. Those who stressed the ideology of co-operation and joint or mutual ownership had higher participation scores.<sup>2</sup>

Brown and Bealer in an article entitled, "Value Orientations and

Behavioral Correlates of Members in Purchasing Co-operatives," pointed out that differential value orientations are correlated with differential behavior in two purchasing co-operatives in Lebanon county, Pennsylvania.

In this study, the authors, after examining their data, concluded:

"Because of its economic nature, the co-operative can appeal to people with different value orientations. However, evidence from this study tends to support the conclusion that those members who have an image of their co-operative in terms of basic co-operative principles are more effective."<sup>3</sup>

2. A second type of study views co-operatives from a structural point of view emphasizing such variables as role definitions, socio-economic characteristics and size. Few studies have, to date, appeared on the subject. They include articles entitled "Board Members and Decision Makers in Farmers' Co-operatives," by William S. Folkman; "The Relationship Between Size of Organizations and Membership Participation," by Warner and Hillander; and Power in Co-operatives, by Ostergaard and Halsey.<sup>4,5,6</sup> The latter thesis is that the increase in size and complexity of consumers' co-operatives affects participation differently from the case of producers' co-operatives.

Braid, in another empirical study entitled The Role of Directors of Local Co-operatives in Ontario, Canada, in Continuity and Change, focused on the relationship between characteristics of directors and feelings of participation and control on their part toward their co-operatives.<sup>7</sup> Additional information on size and type of co-operatives to which respondents belonged failed to establish a positive relationship between all these variables and the degree of directors' participation.

3. A third type is the study of co-operatives from motivational



aspects. Beal in an article published in Rural Sociology in 1956, maintains that there is a positive correlation between motivation and the degree of members' participation.<sup>8</sup> He writes: "'Dynamic' variables such as member understanding of the basic principles of the organization and operation, satisfaction, identity, having a 'say' in a decision making, and a feeling of responsibility, were found to be highly related to member participation."<sup>9</sup>

Ostergaard and Halsey distinguished between two types of co-operative members, the group-oriented and the home-oriented. The group-oriented, the authors maintain, tend to be more active in the affairs of the co-operative of which they are members than those of the second category, the home-oriented. They state: "To be an active member in an association involves making a decision as to how one shall use one's leisure time."<sup>10</sup> The group-oriented, therefore, devotes his "spare" time to being active in those associations to which he belongs, while the home-oriented concentrates his attention on activities centered around the home.

In their research for causes of co-operative member apathy in the Parkland region of Saskatchewan, Kristjanson, Baker, and Everson relate member apathy to lack of general knowledge about co-operatives such as principles, organization, and practices.<sup>11</sup> They found a particularly positive correlation between apathy and lack of knowledge of members about the biggest problems facing their co-operatives.

4. The fourth type is the study of co-operatives from an economic perspective. There are few modern works that analyze co-operatives as economic institutions and relate participation to their economic nature.

The first to advance such a systematic approach to the study of co-operatives was Ivan Emalianoff.<sup>12</sup> In his volume, Economic Theory of Co-operation, he conceived the co-operative as an aggregate of individual firms (households) which participate voluntarily in co-operative activities to derive services at cost. Throughout his work, Emalianoff implies that it is impossible to view participation apart from the economic nature of the co-operative. He states: "Every co-operative organization ([an economic] aggregate) is necessarily an organization of, for, and by its active participants."<sup>13</sup>

Thus viewed, the co-operative is not a firm, but an aggregate of small individual firms (households), and as such, an extension of these firms.

Robotka in an article entitled "Economic Theory of Co-operation" accepts Emalianoff's thesis, and considers the co-operative as the sum of relationships established among members.<sup>14</sup> To him, each individual unit (household or firm) retains its autonomy within the co-operative; hence, the natural character of the co-operative is a "federal" rather than an authoritarian form of organization.

In his study "Economic Nature of the Co-operative Association," Richard Phillips develops further the Emalianoff-Robotka approach by concluding that the result of the combination of individual firms with respect to a given activity is not a new firm but an economic plant.<sup>15</sup>

The latter study suggests that co-operatives have an identical aggregate form. Phillips goes further to add that:

"The co-operative (as an economic plant) has no entrepreneurial unit, its member units each have their entrepreneur; except for the co-ordination necessary to enable a group of economic units to

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operate a common plant jointly, the member units function independently of one another in the pursuit of the individual economic careers."<sup>16</sup>

Although one cannot but agree with the first contention, it is difficult to accept the notion that the essence of a co-operative is limited to the total sum of the functions of the participating members. It is a widely accepted premise in sociology that "the whole is greater than the sum of its parts."

The co-operative is a legally constituted body. A formal association with an organized structure and a legally elected leadership invested with authority to make certain decisions, it is very much like any formal organization where most decisions are made by the executive and those high in the bureaucratic structure.<sup>17,18</sup>

The economic perspective affords insights into the complex nature of the co-operative structure which can not be overemphasized or ignored by one who is researching this topic.

5. The fifth type of study may be called the socio-reformistic school. There is a large body of literature which approaches the study of co-operatives from a historical-philosophical point of view with the aim of finding a rationale and a justification for a "movement" whose purpose is to bring about a more equitable distribution of goods and services.<sup>19</sup>

Under this title, one may also list some descriptive, speculative, and sometimes emotional studies, with little or no empirical substantiation of the ideas advanced.<sup>20</sup>

This type of literature is of very little use for the present study, and therefore shall be very lightly utilized here.

The brevity of the above bibliography suggests that the whole question of participation in co-operatives is still open for extensive research by sociologists.

## II. PARTICIPATION IN CO-OPERATIVES ACCORDING TO TYPES

The literature suggests two contradictory positions regarding member participation in various types of co-operatives. Beal in The Roots of Participation in Farmer Co-operatives published in 1954, indicates that participation scores do not differ significantly by the type of co-operative.<sup>21</sup> He arrived at this conclusion by soliciting information from respondents only on the single co-operative which the member has judged as being "most important to him," ignoring data concerning other co-operatives in which the respondent is a member but considers them to be of lesser importance.<sup>22</sup> The result of this approach limited Beal's analysis to one single type of co-operatives, namely producers' co-operatives with some subtypes.<sup>23</sup> Limited by his data, Beal was unable to correlate participation with other major types of co-operatives such as consumers and service (insurance, credit, etc.) co-operatives.

John Harp, a student of Beal, repeated Beal's approach to the study of co-operatives in three Mennonite communities in Southern Manitoba. He arrived fundamentally at the same conclusions reached by Beal with one minor exception. Harp observed differences in member participation between purchasing and marketing co-operatives, with a higher degree of participation in the former type of co-operative. He

attributes this to a cultural factor, namely, the attitude of the Mennonite Communities to be autonomous. He writes:

"A cultural force in influencing the development of purchasing co-operatives and their subsequent importance in the economic life of the farmers in the region, may be described as the value placed by the Mennonite people on complete autonomy and self-sufficiency within their ethnic group. The latter value has undergone considerable modification in recent years, but elements of traditionalism still prevail. It should be noted, with respect to the above value, that purchasing co-operatives could be affiliated with the regional wholesale co-operative on a voluntary basis, whereas affiliation with a marketing regional was almost mandatory to the formation of a local marketing co-operative."<sup>24</sup>

Stern and Doran, and Korzan, on the other hand, pointed out that there are significant differences in participation based on the function of the different co-operatives.<sup>25,26</sup>

Stern and Doran, defining participation in terms of attending meetings, voting, seeking and holding an office - found significant differences in members' participation between marketing and other types of co-operatives.

Korzan in his "Member Attitude Towards Co-operatives" discovered that there is differential participation among members of a fruit and vegetable marketing co-operative and members of three other co-operatives (grain, dairy and purchasing) he studied, with higher participation in the vegetable and fruit marketing co-operative. In view of the fact that Korzan's work does not provide us with answers to the question of what accounts for this differential participation, the study remains of no theoretical value to us in this research. The notion, however, that differential participation exists calls for an explanation. Beal's

inference that the perishable nature of vegetables and fruits is responsible for higher attendance among members of this co-operative vis-a-vis the case of other co-operatives, is an attempt to explain a deviant case.<sup>27</sup> Moreover, Korzan utilized meetings attendance as the only criterion by which participation was measured, thus ignoring other important dimensions of co-operative participation which the present study proposes to investigate.

The discrepancy between these two sets of findings suggests that further research is necessary to determine whether or not certain factors influence participation in different types, even though their saliency may vary from type to type.

The research cited so far indicates the following:

1. a. The topic of participation in co-operatives has not been thoroughly researched.
- b. There is a lack of agreement on basic terms. For example, the term "participation" is defined in as many different ways as there are different studies. This, of course, has direct bearing on the type of measurement used, and hence the conclusions drawn.
2. Many researchers seem to consider the type of the co-operative - consumer, producer, service - incidental to the question of members' participation. This creates a special difficulty for those who are interested in studying "participation" on comparative basis.
3. All researchers seem to treat the co-operatives in their studies either as a voluntary association or as a business organization, forgetting that the co-operative has elements of both. The co-operative is indeed a voluntary association, but the members

organize themselves with an efficient, rational structure in order that they maximize their returns and minimize their costs in their business enterprise.

4. On the positive side, there seems to be a general, if not definite, agreement that there are correlations between the size, clear understanding of co-operative principles, and the intensity of members participation.

5. The writers on co-operatives have also noted that the value orientation of the co-operative members influences the degree of their participation. If the members are culturally predisposed towards the idea of co-operation, they will be more active in the co-operative affairs. Should they not be culturally inclined towards co-operation, on the other hand, the tendency then to participate in co-operative functions will be reduced.

6. Although all writers on co-operatives agree that the economic aspect is the most important incentive responsible for retaining membership, they recognize the socio-economic background and the psychological dimensions as contributing variables in retaining membership and in affecting participation differentially.

In this study, it is hoped that the proposed research will further our understanding of co-operative participation for the following reasons:

1. We need to choose a population that is represented in different types of co-operatives to permit comparison of participation patterns among types of co-operatives.

2. The use of the same measurement of participation, taking into consideration relevant dimensions, in different types will allow for consistency in comparing results.

In general, it is expected that the study will demonstrate that further investigation of co-operative participation can, at least in part, fill a research gap overlooked by past research.

### III. DEFINITIONS OF BASIC TERMS

#### "Co-operative" Association:

A "co-operative" as used in this research refers to a voluntary association which people organize democratically by establishing a joint ownership of business plant to provide themselves multilaterally with goods or services they need at the lowest possible cost.

#### Characteristics of a Co-operative Organization:

1. Operations are conducted by business methods and governed by business relations.
2. Control is the prerogative of members expressed by the idea of one man (or member, or shareholder), one vote (democracy) in the decision-making process.
3. Ownership of capital is restricted and so are returns on capital investment. Rather, emphasis is laid upon distributing surplus proportional to patronage.
4. Membership is open to all interested individuals.
5. Service is only provided to members.



6. Upon withdrawal or dissolution, liability of members is limited to assets, and no member can lose more than his contribution to capital.

Participation in Co-operatives:

The term "participation" has been defined in different ways by different writers on the co-operative movement. Korzan, for example, takes "meetings attendance" as the only criterion of participation.<sup>28</sup> Ostergaard and Halsey defined it in terms of "trading," "attendance at meetings," and "voting" in Societies' elections.<sup>29</sup> Others utilized all these dimensions and added others. Stern and Doran, for example, in addition to the above dimensions included "seeking and holding an office" as a measurement of participation.<sup>30</sup>

It is the intention of this research to utilize Beal's analysis of co-operative participation which appears the most comprehensive to date, and which includes all major dimensions of co-operative participation.

Following the lead of Beal, we mean by "participation," the dependent variable in this study, involvement on the part of the co-operative member in the decision-making process, accepting responsibilities, sharing the benefits and risks, full patronage, and integration of goal structure vis-a-vis a specific felt need.

"Participation" in our definition, therefore, has six major dimensions. These are:

1. Involvement in decision-making, i.e., attendance at meetings.
2. Full patronage.

3. Accepting financial responsibilities, including risks and uncertainties.

4. Sharing the economic benefits of the plant - realizing investment through savings.

5. Dynamic desire on the part of the member to inform himself about the structure and the goal of the co-operative. This entails reviewing information, and asking for additional information about the co-operative.

6. Organized maintenance duties, such as passing information to other members as well as to board members and management.

These dimensions have been previously operationalized and measured by weighting the scores of each dimension in what is termed the "Co-operative Participation Scale." The following chapter will deal with the elements and the weights assigned to each dimension.

Having defined the concept of participation and the method of operationalization, we will be able to test the degree of participation of members in each type of co-operative and compare the mean participation between types of co-operatives. It is anticipated that a substantial number of members will have multiple memberships in different types, and, therefore, it is unlikely that such members will participate equally or to the same degree in each of them.

Following this, participation will be related to certain independent variables, and further hypotheses will be generated which this research will attempt to verify.

FOOTNOTES

<sup>1</sup>C.R. Hoffer, "Co-operatives as a Culture Pattern Within a Community," Rural Sociology. (1938), Vol. 3, p. 158.

<sup>2</sup>John Harp, Differential Participation in Co-operatives in Communities of Iowa and Manitoba. Unpublished Masters Thesis, Iowa State College (1956).

<sup>3</sup>Emory J. Brown and Robert C. Bealer, "Value Orientations and Behavioral Correlates of Members in Purchasing Co-operatives," Rural Sociology. (1957), Vol. 22, No. 1, p. 58.

<sup>4</sup>William S. Folkman, "Board Members as Decision Makers in Farmers' Co-operatives," Rural Sociology. (1958), Vol. 3, p. 158.

<sup>5</sup>W. Keith Warner and James S. Hillander, "The Relationship Between Size of Organizations and Member Participation," Rural Sociology. (1964), Vol. 29, pp. 30-39.

<sup>6</sup>G.N. Ostergaard and A.H. Halsey, Power in Co-operatives. (Basil Blackwell, Oxford, 1965.)

<sup>7</sup>Andrew F. Braid, The Role of Directors of Local Co-operatives in Ontario, Canada, in Continuity and Change. Unpublished Ph.D. Thesis, Cornell University (1961).

<sup>8</sup>George M. Beal, "Additional Hypotheses in Participation Research," Rural Sociology. (1956), Vol. 21, pp. 249-256.

<sup>9</sup>Ibid., p. 249.

<sup>10</sup>Ostergaard and Halsey, op. cit., p. 95.

<sup>11</sup>Leo Kristjanson, William B. Baker, and F. Clifford Everson, An Evaluation of Education Activities of Co-operatives in Saskatchewan. Centre for Community Studies, (Saskatoon, 1964), pp. 93-103.

<sup>12</sup>Ivan V. Emalianoff, Economic Theory of Co-operation. (Edward Brothers, Inc., Ann Arbor, Michigan, 1948), lithographed.

<sup>13</sup>Ibid., p. 119.

<sup>14</sup>Frank Robotka, "A Theory of Co-operation," in Abrahamsen, Martin A., and Scroggs, Claud L., Agricultural Co-operation, (University of Minnesota Press, Minneapolis, 1957), pp. 121-142.

<sup>15</sup>Richard Phillips, "Economic Nature of the Co-operative Association," in Abrahamsen, Martin A., and Scroggs, Claud L., Agricultural Co-operation, (University of Minnesota Press, Minneapolis, 1957), pp. 142-153.

<sup>16</sup>Ibid., p. 14.

<sup>17</sup>This author is aware of the fact that co-operatives are not governed by a special co-operative law in certain countries as is the case in Denmark. In North America, however, where this study is being carried, all co-operatives are legally constituted.

<sup>18</sup>Cf. Job K. Savage, "Comment on 'Economic Nature of the Co-operative Association'," in Abrahamsen, Martin A., and Scroggs, Claud L., Agricultural Co-operation, (University of Minnesota Press, Minneapolis, 1957), pp. 153-159.

<sup>19</sup>See the works of Joseph Reeves, A Century of Rochdale Co-operation, (Lawrence and Wishart, London, 1944); Anders Emanuel Orne, Co-operative Ideals and Problems, (The Co-operative Union, Manchester, 1937); George Stuart Mooney, Co-operatives Today and Tomorrow: A Canadian Survey, (Survey Commission, Montreal, 1938); Sidney and Beatrice Webb, The Consumers' Co-operative Movement, (Longmans, London, 1921); M.M. Coady, The Social Significance of the Co-operative Movement, (Co-operative League of the United States, Chicago, 1945).

<sup>20</sup>Some of the descriptive studies are: James Peter Warbasse, Co-operative Democracy, (Harper and Brothers, 1947), fifth edition; Sidney Pollard, The Co-operatives at the Crossroads, (Fabian Society, London, 1965); James F. Tufts, The Ethics of Co-operation, (Houghton, Boston, 1918).

<sup>21</sup>G.M. Beal, op. cit., p. 103.

<sup>22</sup>G.M. Beal, op. cit., p. 102.

<sup>23</sup>G.M. Beal, ibid., p. 102. Such sub-types included marketing, purchasing, and a combination of marketing and purchasing co-operatives.

<sup>24</sup>John Harp, op. cit., p. 781

<sup>25</sup>J.K. Stern and H.F. Doran, "Farmers Support of Co-operatives," Pennsylvania Agric. Exp. Station, Bulletin 505, (1948).

<sup>26</sup>Gerald E. Korzan, "Member Attitude Toward Co-operatives," Oregon Agric. Exp. Station, Bulletin 509, (1952).

<sup>27</sup>G.M. Beal, op. cit., p. 102.

<sup>28</sup>G.E. Korzan, op. cit., p. 4.

<sup>29</sup>Ostergaard and Halsey, op. cit., pp. 71-82.

<sup>30</sup>G.M. Beal, op. cit., p. 35.

### CHAPTER III

#### RESEARCH PROCEDURE

The data were collected from members of six different co-operative association in Carman, Manitoba. As indicated earlier, the purpose of this study is to determine (a) factors related to members' involvement in the conduct of six co-operative associations, (b) factors in differential participation of members, and (c) the degree to which member characteristics and views held of their co-operatives are associated with participation.

A self-administered questionnaire was mailed to a sample of 405 members whose names and addresses appeared on the registers of these co-operative associations. A covering letter describing the purpose of the survey together with a return, self-addressed and stamped envelope were enclosed with each questionnaire.

The author realizes that the utilization of the mail-questionnaire method presents certain limitations for the study of the phenomenon of member participation. Apart from the problem of dealing with non-response in field surveys, there is the difficulty of probing beyond the given answers as well as a need for adequate supplemental data. These problems were weighed in the selection of the mail-questionnaire method against other approaches, especially the study of smaller number of cases in depth in order to get more probing results from non-quantified data. Since the major purpose of this study was not to lose much in generality, and in order to compare the findings

with previous quantitative research results, it was decided that the mail-questionnaire would (1) serve as a useful tool for collecting information around as well as directly on the components of co-operative participation, and (2) permit the study of member participation in several co-operative organizations operating in the same community. The method was thus viewed as rendering possible a comparative approach to test the correlates of participation within and between co-operative organizations included in this study, and between the results of this study and the findings of previous quantitative research in this particular field.

This chapter provides detailed information about the locale of the study, the respondents selected from each co-operative association, and operationalization of variables and scoring procedures.

## I. CARMAN AND ITS CO-OPERATIVES

The study was conducted in Carman, Manitoba, which has a population of 2010 (1971).<sup>1</sup> Carman lies about 50 miles southwest of Winnipeg and serves as the municipal seat for the surrounding "Rural Municipal Area of Dufferin," which has a population of 2582 (1971).<sup>2</sup>

In addition to its proximity to Winnipeg, Carman was selected as a research cite because of its diverse co-operative enterprises, ethnically heterogeneous population, and mixed economic activities. Each of these factors will be discussed in turn.

A. Diversity of Co-operative Associations

All of Carman's six co-operative associations were included in the study. The major types of co-operative enterprise in North America, including consumers, producers (supply and/or marketing) and service are represented in Carman.<sup>3</sup> Table 1 lists the six co-operative associations investigated by type and size of membership.

TABLE 1  
CO-OPERATIVE ASSOCIATIONS IN CARMAN  
BY TYPE AND SIZE OF MEMBERSHIP

Name of Co-operative	Number of Members	Type
1. Carman Co-operative (1959) Ltd.	2895	Consumers - Store
2. Carman Elevator Association	53	Producers - Marketing
3. Dufferin Credit Union	623	Service
4. Co-operative Insurance Services	1985	Service
5. Canadian Co-operative Implements Ltd.	2010	Producers - Supply
6. Co-operative Flying Club	32	Service

The Co-operative Flying Club is a unique co-operative venture in Canada whose object is to promote aviation within the community.<sup>4</sup> Its inclusion in the study, therefore, completes the list of all co-operative



associations in Carman.

Shortly before the study was launched, a seventh co-operative association, the Carman Dairy and Poultry Co-operative, was in existence in Carman. But it was liquidated six months prior to data-gathering, and thus is not included in this study.

The inclusion of different types of co-operative associations facilitates the research objectives in two ways. First, it allows for a comparative analysis of participation in different types of co-operatives. Second, it makes it possible to compare the results of this study with those of previous studies of participation in different types of co-operatives.

#### B. Ethnic Heterogeneity

The population of Carman as well as the adjacent farming areas is composed of different ethnic backgrounds. A few settlements in Manitoba are composed of ethnically homogeneous populations, such as Altona and Winkler, which are predominantly of Russian Mennonite origin.<sup>5</sup> But we preferred not to complicate the study by the religious factor. Subcultural homogeneity as a significant aspect is thus excluded.

Appendix I, shows that the population distribution of Carman and the Rural Municipality of Dufferin, by ethnic background is very similar to the percentage distribution of Manitoba for most groups except for a slight over representation of Dutch and under

representation of Ukrainians.

### C. Diversity of Economic Activities

The existence of diverse economic activities in Carman, represented by retail, medical, educational and personal-service establishments, of a co-operative, private and public nature, provides an ideal setting for the study of co-operatives in a competitive economy. Normally, co-operatives in North America have to face up to a free-enterprise system, which becomes important not only for Carman co-operatives, but elsewhere for co-operative participation.

Appendix II, shows the total number of economic activities in Carman. As will be noted from this appendix, "diversity of activity" refers to the number of different activities, of which there are 37, as distinguished from total number of activities available in town.<sup>6</sup>

## II. DATA COLLECTION PROCEDURES

Relevant information on each co-operative in Carman was obtained from (a) respondents to mailed questionnaires, (b) intensive interviews with several co-operative informants, and (c) public records and reports of the co-operatives under study.

Since the basic sources of data collected are samples of

co-operative members, the discussion which follows will deal first with selection of respondents and questionnaire construction. The information gathered from informants and public records and statements of the co-operatives, which supplement the questionnaires, will be given in appropriate places later in the thesis, especially in Chapter IV which deals with the analysis of data.

A. Selection of the Respondents

Membership registers were obtained for all of the co-operative associations, excepting the Dufferin Credit Union. In view of the confidentiality involved in banking activities, the Credit Union officials were reluctant to release membership lists. As will be indicated later, relevant information regarding the Credit Union was obtained in the second-stage sampling process from those respondents selected from the registers of other co-operative associations and who, at the same time, happened to be members of the Dufferin Credit Union.

Two co-operative associations, the Co-operative Flying Club and the Carman Elevator Association, had relatively small memberships (32 and 53, respectively). Accordingly, it was decided to include in the study the entire membership of the Co-operative Flying Club, with a view to collecting necessary information and pretesting the questionnaire. Following minor modifications in form, the final copy of the questionnaire was mailed to the members of the Carman Elevator Association - excepting those whose names appeared on the membership

list of the Co-operative Flying Club.

Systematic random samples were obtained for three co-operative associations, Co-operative Insurance Services, Carman Co-operative Ltd., and Canadian Co-operative Implements Ltd. in that order.<sup>7</sup> In each instance, the names of those individuals who held multiple memberships and had already been selected as respondents at an earlier period were deleted from subsequent mailing lists. About 5 percent of the Co-operative Insurance Services membership, 4.4 percent of the Carman Co-operative Ltd. membership, and 5 percent of the Canadian Co-operative Implements membership were selected and served with questionnaires.

The membership registers of the six co-operative associations show that a substantial number of Carman residents belonged to more than one co-operative.<sup>8</sup> Thus many of the respondents selected for any one co-operative provided information relating not only to that co-operative but also to other co-operatives of which they are members. Specifically, sixty respondents from the five previously noted co-operative associations were also members of the Dufferin Credit Union. Since no membership lists were obtained from the Credit Union, the second-stage sample of 60 respondents provided the needed information about the Credit Union. These cases were treated as secondary stage sample units obtained from the primary sampling units of all other co-operatives in Carman and considered as a subsample of their ultimate cluster.<sup>9</sup>

Second-stage samples were also obtained for Carman Co-operative Ltd. (n=48), Co-operative Insurance Services (n=13), and Co-operative Implements Ltd. (n=41). They were gathered from members who responded

to the questionnaires on other co-operatives included in the primary sampling units and, at the same time, answered the questions related to their membership in Carman Co-operative Ltd., Co-operative Insurance Services, and Co-operative Implements Ltd. Thus these cases constituted a subsample of the ultimate cluster of the primary sampling units.

Initially, in processing the data, a differentiation for each of the co-operatives involved was made between first- and second-stage samples. Later, however, t-tests of significance were conducted for both types of samples for each of the three co-operatives concerned with regard to the following characteristics of members: (a) Age, (b) education, (c) ethnicity, (d) mean participation score, (e) value realization score, (f) attitudes toward structural complexity, (g) flow (openness) of communication, (h) satisfaction with operationalization, (i) understanding of co-operative principles, and (j) office bearing.

The results of the t-tests, in general, indicated that in each case the difference between the first- and second-stage samples were not significant. (See Appendix III, for examples of the t-tests conducted.) These results justified combining the two types of samples for each of the three co-operatives.

#### B. Response Rates

The total responses received from 186 individual members were 358. Table 2 shows the response rate of members to questionnaires, by co-operative sample and type.

TABLE 2  
RESPONSE RATES OF MEMBERS TO QUESTIONNAIRES BY  
CO-OPERATIVE TYPE WITH SPECIAL REFERENCE  
TO MULTI-STAGE SAMPLES

Name of Co-operative	Member- ship No.	Mailed Question- naires		Membership Response		First Stage Sample Response		Second Stage Sample Response		Total Response
		No.	%	No.	%	No.	%	Number		
1. Carman Co-operative Ltd. (Store)	2895	120	4.4			59	49.2	58		117
2. Carman Elevator Association	53	53	100.0	29	54.7			60		29
3. Dufferin Credit Union	623	-	-							60
4. Co-operative Insurance Services	1985	100	5.0			51	51.0	13		64
5. Co-operative Implements Ltd.	2010	100	5.0			34	34.0	41		75
6. Co-operative Flying Club	32	32	100.0	13	40.6					13
Total	6598	405	5.8	42		144		172		358

In the estimation of the author, the response rate is acceptable, especially in view of the fact that about 9% of the members affiliated with Carman co-operatives reside in areas 25-50 miles distant from Carman, and, for that matter, in or nearer to other townships where other co-operative organizations exist, and to which they might have a stronger attachment.

However, due to the size of non-response, it is important to consider the possible selective bias which might arise. The following discussion will attempt to evaluate the effect of non-response over the results of the study.

#### C. Possible Effect of Non-Response

The questionnaires were mailed in waves after conducting the pre-test on the Flying Club. The order of mailing followed the availability of names and addresses of members from co-operative registers. Questionnaires to members of the Co-operative Insurance Services were forwarded on July 27, followed by the Carman Elevator Association on July 28, the Carman Co-operative Ltd. on July 29, and the Canadian Co-operative Implements on August 2, 1971. This last date was approaching harvest time, which, in part, resulted in a drop of responses from 54.7% for the Carman Elevator Association to 34% for the Canadian Co-operative Implements. It is, therefore, of utmost importance that better timing should be attempted in future surveys of this kind.

A follow-up on non-response cases by a second mailing of reminders yielded about 5% increase in returns as well as some information about the characteristics of non-response cases as detailed in Table 3.

TABLE 3  
RETURNS TO POSTAL SURVEY OF CO-OPERATIVE  
PARTICIPATION INQUIRY IN CARMAN, MANITOBA

Particulars	Number	Percent
Completed Returns	186	45.9
Live in distant areas (25-50 miles)	36	8.9
Reported deaths	6	1.5
Returns disclaiming membership	8	2.0
Returns claiming long retirement (inactivity)	9	2.2
Returned refusals	12	3.0
Returned by post office (unknown)	16	4.0
No information received	132	32.5
Total to whom questionnaire was sent	405	100.0

It will be noted from Table 3 that 36 (8.9%) questionnaires pertained to members who lived outside the Carman-Dufferin Rural Municipalities, and, therefore, were difficult to pursue later. Death, disclaims of membership, unknowns, and long retirement were considered outside the population and not as non-response.

Furthermore, no information was received from 132 (32.5%) even after a second mailing of reminders. It is unfortunate that no further



follow-up on these cases could be effected in view of the fact that most of these members were by then heavily engaged in harvest, and could not, therefore, be contacted. This is apart from the fact that "... there obviously comes a point when the cost of the follow-up is not rewarded by a sufficient response."<sup>10</sup>

It should be noted that for mailed questionnaires the response rate is indeed satisfactory. Moser states: "...that strenuous efforts are usually needed to bring the response rate above about 30 to 40 percent."<sup>11</sup>

Observations from available data, nevertheless, shed some light for evaluating possible bias of respondents toward participation. The criterion we followed to assess this problem was to compare responses in terms of the following important general characteristics of membership: 1) leadership patterns, 2) attendance at meetings, and 3) percentage of business done with co-operatives.

1. Leadership: None of the respondents of the Insurance Co-operative Services nor the Canadian Implements Co-operative reported taking an active part in board activities. Since these two co-operatives are controlled by a centralized board of directors, it is unlikely that respondents deviated from giving a true picture of lack of control and leadership. Involvement in office-bearing in the other co-operatives was reported by respondents as follows:

TABLE 4  
NUMBER OF OFFICE-HOLDERS AMONG RESPONSES,  
BY SPECIFIC CO-OPERATIVES

	Total Responses	Office-Holders	
		Number	Percent
Co-operative Flying Club	13	2	15.4
Co-operative Elevator Association	29	3	10.0
Carman Co-operative Ltd.	117	4	3.4
Dufferin Credit Union	60	2	3.3
	<u>219</u>	<u>11</u>	

The high percentages of office-holders for the Flying Club (15.4%) and the Co-operative Elevator Association (10.3%) are considered normal in view of the small size of these co-operatives (32 and 53 respectively).

The percentage of reported office-holders (3.3%) for the Dufferin Credit Union is quite high when considering that only 1.4% of all members are actually involved in office bearing. Likewise, 3.4% of the respondents of the Carman Co-operative Ltd. reported involvement in office bearing when in reality only .4% of the total membership are engaged in such activity. However, it is reasonable to expect that some of the respondents referred to their long past experience in office bearing. Yet some selective bias of leadership is clear in the case of these two co-operatives.

2. Attendance at Meetings: The following table shows the number and percentage of respondents reporting attendance at co-operative

meetings whenever held.

TABLE 5  
ATTENDANCE AT MEETINGS WHENEVER HELD BY TYPE  
OF CO-OPERATIVE ASSOCIATION, CARMAN

	Total Responses at Meetings	Respondents' Attendance Whenever Held		Membership Actual Attendance
		Number	Percent	Percent
Co-operative Flying Club	13	5	38.4	40.0
Co-operative Elevator Association	29	5	17.2	40.0
Carman Co-operative Ltd.	117	23	19.7	10.0
Co-operative Insurance Ltd.	64	1	1.5	-
Co-operative Implements Ltd.	75	5	6.6	5.0
Dufferin Credit Union	60	16	26.7	25.0
All types	358	55		

These figures were compared to actual attendance reported for co-operative meetings - whenever held - appear reasonable except for the Carman Co-operative Ltd. in which attendance at meetings has been reported to be as low as 10% over the past two years. Thus we conclude that in so far as attendance at meetings is concerned, data collected is a fair representation of the co-operative population in Carman, except for the Carman Co-operative Ltd.

3. Percentage of Business: The percentage of business conducted by respondents corresponds, in general, to the information available

from co-operatives on the business conduct of members.

For example, 23 (19.7%) cases in the Carman Co-operative reported that they deal between 80-100 percent with their co-operative. When considering that the average purchases per member exceeds \$700 per annum, it is reasonable to accept the figures reported as representative of the general membership.

In the case of the Elevator Association, 15 (51.7%) respondents reported that they deal entirely with their co-operative. In view of the contractual nature of grain deliveries by members, the reported volume of business seems acceptable as representative of the general membership.

None of the respondents for the Canadian Co-operative Implements claimed that he does his entire business with the co-operative, whereas 32 (50%) of the respondents for the Insurance Co-operative Services claimed that they do most of their business with this co-operative. We have no criteria by which this last figure could be evaluated, but judging from general knowledge of insurance services, it is likely that an individual usually conducts most of his insurance through one organization. The same reasoning seems to apply to members of the Credit Union where 14 (23.3%) of the respondents stated that 80-100 percent of their business is done with this co-operative.

In the case of the Flying Club, 5 (38.4%) of the respondents reported that they do all their business with the co-operative. It should be noted that while this co-operative had suspended its flying activities, these members' responses seem to indicate that they have refrained from practising flying anywhere else in the area, where

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commercial possibilities for training are available; and that they still hope to deal fully with the co-operative if and when it is revived. In view of the small size of this co-operative, this appears representative of those members' stand on this question.

The criteria so far utilized for evaluating selective biases of respondents, cannot be considered conclusive. But the analysis presented suggests that selective bias of respondents when compared with major characteristics of general membership, is minor, and at least gives a basis for judgement of the extent of unrepresentativeness of the response especially in the case of the Carman Co-operative Ltd.

### III. QUESTIONNAIRE CONSTRUCTION AND ADMINISTRATION

The questionnaire consisted of fifty items and was constructed in such a way that a systematic measurement of the dependent and independent variables was facilitated. Information on background characteristics of the respondents was left to the end of the questionnaire.

As stated earlier, members of the Co-operative Flying Club, the newest of the organizations in Carman, were chosen for the purpose of pretesting the questionnaire. It was found from the responses received that no difficulty was experienced by members in supplying the needed information. Except for minor modifications in form, the questionnaire was then adopted for general distribution by mail to members of other co-operatives, omitting from the new form the information on the Co-operative Flying Club which was already obtained.

A copy of the questionnaire in its final form, together with the

covering letter which was mailed to members selected from the other five co-operatives, is presented in Appendix IV.

All returns in already self-addressed and stamped envelopes were received in August, 1971. It should be emphasized at this point that any response received from a member pertains directly to his position in each particular co-operative to which he might belong. Duplications were avoided by maintaining an alphabetical master list of members selected for the study.

#### IV. INTRODUCTION TO THE ANALYSIS OF THE DATA

A coding guide was developed by the author in order to categorize and quantify the data. IBM coding sheets were utilized for this purpose, and then the data relevant to each respondent and the co-operative(s) to which he belonged were punched on IBM cards. The processing of the data was done at the Computer Center, University of Manitoba.<sup>12</sup>

The analysis of the data was pointed towards the general objective of the study, namely, determining the factors related to co-operative participation - the major dependent variable - first for each of the co-operatives operating in Carman; and then by combining the data to clarify the influence of selected independent variables on members' involvement in the co-operative system, regardless of type of co-operative.

In this study, an attempt has been made to determine the influence of seven variables on participation. These variables are:

1. Influence of Members on Major Policy Decisions.
2. Attitudes toward Co-operative Structural Complexity.

3. Exposure to Organizational Structure.
4. Satisfaction with Co-operative Operations.
5. Understanding of Co-operative Principles.
6. Flow (Openness) of Communication to Members.
7. Value Realization of Members from the Co-operative to which they belong.

It should be noted that four of the variables included, namely, Structural Complexity, Exposure to Organizational Structure, Flow of Communication, and Value Realization, are here introduced for the first time in co-operative participation research. The other variables were utilized in previous research. The operationalization of all these variables will be discussed later.

Chi Square, Correlation, Univariate and Multivariate Analysis of Variance were the statistical techniques used to determine the influence of different factors or degree of participation within and between the co-operative associations under study. Further, the researcher attempted to assess the explanatory power of the independent variables when combined (a) for each co-operative, and (b) for all six co-operatives combined. This was done by utilizing the Multiple Linear Regression techniques which would show (a) the amount of change in one of the independent variables for a given change in participation, holding the others constant, and (b) the combined effect of the independent variables on participation.

The study has suggested the development of a theoretical model which will be delineated in a later chapter.

V. OPERATIONALIZATION OF VARIABLES AND SCORING PROCEDURE

Description of the measures adopted or developed will now be detailed.

A. The Dependent Variable

The measurement of co-operative participation, the key dependent variable in the research, was constructed by summing up the scores designed to measure the following elements:

ELEMENTS OF CO-OPERATIVE PARTICIPATION

<u>Elements</u>	<u>Score</u>
1. Patronage (Use of Plant)	0 - 9
2. Responsibilities (Finance, patronage and attendance at meetings)	0 - 6
3. Attendance at General Meetings	0 - 4
4. Participation in discussions at General Meetings	0 - 1
5. Comparison of Prices	0 - 2
6. Getting information on facts	0 - 1
7. Desire for more information	0 - 1
8. Discussion with other members	0 - 4
9. Discussion with management or board of directors	0 - 1
10. Encouraging others to join (Maintenance duties)	0 - 1
Total Possible Score	<u>0 - 30</u>



This scale essentially follows Beal's lead in the measurement of co-operative participation as later modified by Harp.<sup>13,14</sup> In their previous research on co-operative participation, both of these authors found the scale to be reliable. Although the present writer is aware that a more discriminating scale could have been developed and used, utilization of the same scale offered an opportunity to compare the Carman results with previous findings.

It will be noted that varying weights are assigned to different scale items. This indicates their relative importance, at least roughly.<sup>15</sup>

Appendix V shows the correlations between each item and the total participation score which indicates that nine of the ten items significantly correlate with the total participation score. Only item 6 did not correlate with the total score as substantially as did the other nine items, but it was retained for the following reasons:

1. When correlating this item with other individual items, there appeared to be a significant relationship, thus rendering some homogeneity and relevancy to its combination with all other items in the participation index.
2. The retention of this item was argued by Beal on logical grounds. As put by him: a member who "shops around" "...will not be living up to his multilateral agreement and is not participating to the expected extent in his co-operative."<sup>16</sup>
3. The comparability of the total score with previous findings, by including this item on the logical basis stated above, will be enhanced.

4. The effect of the weighting of this item on the total participation score is minimal, i.e., a maximum of 2 scores out of a total of 30 — hence, eliminating this item would not appreciably affect the results.

It may thus be observed that the scale seems to be internally consistent.

## B. Independent Variables

### 1. Members' Feeling of Influence

A single item was used for this measure. It was the only available item that offered the possibility of measuring the degree of influence (or "say") a member feels he has on major policy decisions.<sup>17,18,19</sup>

The item is intended to measure the perception of members over their control or power in the system, thus representing their acceptance and practice of responsibility to have a voice according to the philosophy of democracy, symbolized in the co-operative principle of "one man, one vote."

The ratings were made in response to Question No. 32, which reads as follows:

"On the whole, how much influence or say do you feel you have on major policy matters of your Carman co-operatives? (Please check one item for each Co-operative Column.)"

Likert-type ratings were used for this item, with a score ranging from 1, for no influence at all, to 5 for a great deal of influence.

## 2. Attitudes Toward Structural Complexity

This variable represents the attitudes which members have as a result of their experience with the complexity of management and the ease or difficulty they encounter in understanding the technical and administrative aspects of their co-operative. Further, it is suggested that members' views of the relation between their co-operative and the external environment, such as the pressure exerted by private enterprise and the stand of the government on the growth of the co-operative movement will influence their attitudes on how complex is the structure of their co-operative. Thus viewed, it becomes important to determine members' attitudes toward the structural complexity under which their co-operatives are operating, representing a continuum from a simple to a complex formal co-operative organization.

The following five items, forming a Likert-type scale, were utilized, and the scores for each item ranged from 0-4.

### ELEMENTS OF ATTITUDES TOWARD STRUCTURAL COMPLEXITY SCALE

<u>Elements</u>	<u>Score</u>
1. Difficulty of managing business operations	0 - 4
2. Difficulty in understanding Annual reports	0 - 4
3. Difficulty in understanding Financial Statements	0 - 4
4. Pressure by private enterprise to attract members away	0 - 4
5. Encouragement of membership in the co-operative by Government	0 - 4
Total Possible Score	<u>0 - 20</u>

The relevancy and homogeneity of each item in the Structural Complexity Index was analyzed by intercorrelating each item with the total score obtained. The results of this analysis are shown in Appendix VI.

Appendix VI indicates that every item in the Index substantially correlates with the total score, and for all groups, these correlations are significant at the .01 level.

The significant results of intercorrelation give a measure of the internal consistency of the scale as well as the reliability of the measure.

### 3. Exposure to Organizational Structure

By exposure to organizational structure, we mean informal and formal socialization in business and voluntary organizations including co-operatives, prior to, and during the period of membership in a co-operative. Business, co-operative and other relevant training, together with the number and length of affiliations a member had in co-operatives and voluntary associations, were used as criteria for scaling the degree of exposure to organizational structure as a property of individual members.

A Likert-type summated rating scale was constructed to measure these various components regarding a member's exposure. Exposure to the structure of co-operative organizations included the number of co-operatives in Carman and elsewhere to which he belongs, number of years in co-operative membership, offices held, membership in

co-operative committees, and specialized training in co-operatives or other relevant topics. Exposure to the structure of voluntary associations likewise included number and length of affiliation as well as involvement in office-holding or committee membership.

Total scores were obtained by summing up the scores for each respondent on the 13 elements included in the questionnaire as follows:

ELEMENTS OF EXPOSURE TO ORGANIZATIONAL STRUCTURE

<u>Elements</u>	<u>Score</u>
1. Number of co-operatives to which member belongs in Carman and elsewhere	1 - 8
2. Number of years in co-operative membership	0 - 6
3. Number of offices held	0 - 4
4. Membership in committees	0 - 4
5. Special training in co-operatives	0 - 2
6. Special training in accountancy/ bookkeeping	0 - 2
7. Special training in marketing	0 - 2
8. Special training in business education	0 - 2
9. Other relevant special training	0 - 2
10. Number of voluntary associations (excluding co-operatives)	0 - 6
11. Length of membership in voluntary associations	0 - 6
12. Number of voluntary association offices held	0 - 3

<u>Elements</u>	<u>Score</u>
13. Number of memberships in voluntary association committees	0 - 3
Total Possible Score	<u>1 - 50</u>

The different weights assigned to different items are indicative of the relative importance of these items. In general, the proportion of the weights assigned to co-operative exposure, including training vs. exposure to voluntary organizations, is about 3:2.

The items used and their correlations are shown in Appendix VII. This appendix indicates significant correlations which give a measure of the relatedness of the items to the total score in the Exposure to Organizational Structure Index.

#### 4. Satisfaction with Co-operative Operations

The ways by which different parts in each co-operative operate to the satisfaction of a member are taken together as a measure of his satisfaction with operations. It is argued that the major parts of operations relate to the following aspects:

- a) The way the board of directors carries out the major policies set by the general meetings of members.
- b) The way the manager runs the day-to-day operations as set by the board of directors on behalf of the general membership.
- c) The way the employees under the supervision of the manager render services to members.

d) The costs of services that the co-operative can provide to members compared with private enterprise of a similar nature.

e) The way members are committed to deal with the co-operative to engender a continuing and viable flow of business rendering the needed service to all members.

A Likert-type summated rating scale was constructed to measure these aspects, and total scores were obtained by summing up the scores for each member on the five elements included in the questionnaire as follows:

ELEMENTS OF SATISFACTION WITH OPERATIONALIZATION

<u>Elements</u>	<u>Score</u>
1. The way the board of directors carry out their duties	0 - 4
2. The way the manager runs day-to-day operations	0 - 4
3. The way employees render customer service	0 - 4
4. Costs of co-operative compared to private enterprise	0 - 4
5. The way members are committed to do business with the co-operative	0 - 4
Total Possible Score	<u>0 - 20</u>

The present scale is a modification of the satisfaction scale used by Harp following the lead of Beal.<sup>20,21</sup> This modification is effected in order to include the dimension related to members' commitment. By such inclusion, various organizational parts from which satisfaction with operationalization can be derived are thus

covered.

The items included were individually correlated with the total score in the Satisfaction with Operations Index reported in Appendix VIII.

As Appendix VIII indicates, a positive relationship was found to exist between each item and the total score for satisfaction with operations. The significant correlations substantiate the confidence in the internal consistency of the measure.

#### 5. Understanding of Co-operative Principles

This variable represents role coherency, defined as the clarity of members' understanding of what is expected of them. Thus it is possible to measure the degree to which members understand, and are conscious of, the set of expectations (rights, privileges, and duties) required of them as participants in the co-operative institution. It is proposed that the more ambiguous this set of expectations, the less coherent are such expectations to the members, and the more inconsistent they are in their relations to other members and to the co-operative institution as a whole.

A scale to measure understanding of co-operatives was developed first by Beal and then utilized by Bohlen and later by Harp.<sup>22,23</sup>

The present scale essentially utilized the same four elements of control, finance, savings, and risks used in the research cited above, and substituted knowledge of the nature of co-operatives for patronage.

Weights for each item were assigned as follows:



ELEMENTS OF UNDERSTANDING OF CO-OPERATIVE PRINCIPLES SCALE

<u>Elements</u>	<u>Score</u>
<u>Nature of Co-operative</u>	
What best describes the nature of a co-operative	0 - 3
<u>Control</u>	
Right to vote	0 - 3
Principle of voting	0 - 3
<u>Savings</u>	
Disposal of Surplus	0 - 3
<u>Finance</u>	
Responsibility of finance	0 - 3
<u>Risks</u>	
Responsibility for loss bearing	0 - 3
Total Possible Score	<u>0 - 18</u>

Correlation co-efficients were analyzed with a view to ascertaining whether each item individually correlates with the total score. The total score for each respondent was obtained by summing up his scores on the six relevant items on the questionnaire, as reported in Appendix IX.

The results of this item analysis, as indicated in Appendix IX show substantial correlations for each item when combined for all groups, which are significant at the .01 level. This analysis enhances the confidence in the internal consistency of the scale, and consequently all the items were retained in view of their relevancy to the measure of the Understanding of Co-operative Principles.

## 6. Flow (Openness) of Communication

If communication refers to the process of passing information and understanding from one person to another, we must then assume that in a co-operative association a more effective communication among members, as well as between members and officials will result in knowledge about the positive aspects of co-operative organization.

A measure of the flow of communication to members, therefore, becomes meaningful to the present participation in co-operatives.

The avenues of communication that can be open to a member for achieving a better understanding of the position of his co-operative and the principles on which it is built, is conceived to involve the following channels:

- a) other members.
- b) friends and kin who belong to the co-operative.
- c) the administrative apparatus represented by the manager or the board of directors.
- d) the experts of the co-operative available for consultation in meetings or special occasions.

These elements taken together are viewed as comprehensive enough to provide an index of the ease with which communication flows within the organization.

A Likert-type summated rating scale was, therefore, constructed to measure the relevant elements as follows:

ELEMENTS OF FLOW OF COMMUNICATION SCALE

<u>Elements</u>	<u>Score</u>
1. Communication with other members	0 - 4
2. Communication with friends or kin	0 - 4
3. Communication with the manager or board of directors	0 - 4
4. Communication with co-operative experts	0 - 4
Total Possible Score	<u>0 - 16</u>

Total scores for each respondent were summed up for the four elements, and then correlation of each item with the total score was conducted with a view to analyzing the relatedness of the items to the Flow of Communication Index. The result of the intercorrelation is reported in Appendix X.

As observed from Appendix X, the relatedness of the items, individually, to the total score was established. Substantial correlations for each item in all groups were obtained at the .01 level of significance, giving a measure of the internal consistency of the scale.

7. Value Realization of Members

In a co-operative association, as a formal organization, we assume, following Argyris, that we have a certain individual and a certain organization, each of whom has a right to optimize their own expression.<sup>24</sup> We conceive, further, that there are certain

gratifications which a member could derive from his affiliation. Our attention in this regard is directed towards gratifications which could be derived by members, leaving aside the benefits that may accrue to the organization, since our interest is mainly focused on member participation.

The aspects from which a possible range from positive to negative values can be derived by individual members cover four broad categories:

- a) Ideological
- b) Economic
- c) Social
- d) Ecological

Taking these categories into consideration, a Likert-type summated rating scale was constructed to measure the items subsumed in the above categories as follows:

#### ELEMENTS OF VALUE REALIZATION SCALE

<u>Elements</u>	<u>Score</u>
<u>Ideological</u>	
1. Feeling of ownership	0 - 2
2. Practice of democratic principles	0 - 2
3. Equal treatment of members	0 - 2
<u>Economic</u>	
4. Economic benefits which could not be easily provided by private enterprise	0 - 2
5. Rewards to share capital	0 - 2
6. Provides as good a service as private enterprise	0 - 2

<u>Elements</u>	<u>Score</u>
<u>Social</u>	
7. Creates competition from which members suffer	0 - 2 (scored negatively)
8. Chance to have more friends	0 - 2
9. Ignores members' suggestions	0 - 2 (scored negatively)
10. Has friendly and helpful employees	0 - 2
<u>Ecological</u>	
11. Has a convenient location	0 - 2
Total Possible Score	<u>0 - 22</u>

Each item included was weighted equally, but differences in weights are assigned to each category to give it the importance it requires in relation to other categories.

Analysis of each item as related to the total score was carried out by correlation method as reported in Appendix XI.

This Appendix indicates the relevance of each item to the Value Realization Scale and why they were related, and gives a measure of confidence in the internal consistency of the Scale.

FOOTNOTES

<sup>1</sup>Carvalho-Page Group, Data Regional Analysis Program, Southern Manitoba, Regional Development Branch, Department of Industry and Commerce, (Winnipeg, 1972), p. 28.

<sup>2</sup>Ibid., p. 48.

<sup>3</sup>The Carman Co-operatives also use this typology to classify their associations. See Up To Now, published for the Carman Centennial Book Committee, (1967), p. 194.

<sup>4</sup>Ibid., p. 195.

<sup>5</sup>See John Harp's "Differential Participation in Co-operatives in Communities of Iowa and Manitoba," Unpublished Masters Thesis, Iowa State College Library, (Iowa, 1956), pp. 78-79. Harp contends that the value placed by Mennonite people on complete autonomy and self-sufficiency within their ethnic group plays an influencing cultural force in co-operative affairs.

<sup>6</sup>Carvalho-Page Group, op. cit., p. 417.

<sup>7</sup>Cf. Hubert Blalock, Social Statistics. (New York: McGraw-Hill, 1960.)

<sup>8</sup>Respondents in this survey were found to be on the average members of 3.4 co-operatives in Carman, and 2.2 in co-operatives elsewhere. This is consistent with Harp's findings about multiple memberships, op. cit., pp. 50-51.

<sup>9</sup>Leslie Kish, Survey Sampling. (New York: John Wiley and Sons, 1965), pp. 154-164.

<sup>10</sup>C.A. Moser, Survey Methods in Social Investigation. (London: Heineman Educational Books, 1969), p. 179.

<sup>11</sup>Ibid., p. 182.

<sup>12</sup>In processing and analyzing the data, the author is grateful for the invaluable assistance rendered by Dr. F. Chebib, Director of the Computer Center, Faculty of Dentistry, The University of Manitoba.

<sup>13</sup>George M. Beal, The Roots of Participation in Farmer Co-operatives, The College Bookstore, Iowa State College, (Iowa, 1954), p. 21.

<sup>14</sup>Harp, op. cit., p. 21.

<sup>15</sup>The author followed a similar but not identical procedure to Harp in weighting the items which he justified on logical grounds.

<sup>16</sup>Beal, op. cit., p. 23.

<sup>17</sup>Victor H. Vroom, Some Personality Determinants of the Effects of Participation. (Englewood-Cliffs, N.J.: Prentice-Hall Inc., 1961), p. 26.

<sup>18</sup>Beal, op. cit., p. 77.

<sup>19</sup>Harp, op. cit., p. 40.

<sup>20</sup>Harp, op. cit., p. 32.

<sup>21</sup>Beal, op. cit., p. 91.

<sup>22</sup>Beal, op. cit., p. 70.

<sup>23</sup>Harp, op. cit., p. 27.

<sup>24</sup>Chris Argyris, Understanding Organizational Behavior. (Illinois: The Dorsey Press, 1960), pp. 13-15.

#### CHAPTER IV

#### CO-OPERATIVE FOUNDATIONS IN CARMAN, MANITOBA

This chapter provides a review of the development of each co-operative operating in Carman and included in this study.

Historically, the Carman co-operatives evolved within the framework of agricultural co-operation established in the Prairies in the early 1920's as a confluence of two main streams -- the informal co-operation of farmer pioneers, and their dissatisfaction with the arrangements provided by the railway companies and the line elevators which exploited farmers in the process of marketing grain.<sup>1</sup> In 1924, member farmers, with Saskatchewan and Aaron Sapiro leading, pooled wheat under contract, with their own local elevator associations federated into Provincial Pool Elevators. Under those early exploitive conditions, the satisfactory disposal of the wheat crop was the most pressing need. When this strong precedent of grain pooling was instituted, other forms of co-operation in Manitoba, as well as in other Western provinces, began to appear.

Carman represents some of the co-operative efforts initiated at the local level, as well as other co-operative organizations developed centrally that eventually found some positive response among the local population. The Carman Elevator Association, the Carman Co-operative (1959) Ltd., the Dufferin Credit Union, and the Co-operative Flying Club are examples of local initiative to resolve the productive, consumptive



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and service needs of farmers, while the field branches of the Canadian Co-operative Implements Ltd., and the Co-operative Insurance Services are examples of centrally controlled co-operatives which attempt to involve membership in decision-making on major policy issues.

It is clear that the variety of co-operative enterprises in Manitoba, in general, and in Carman, in particular, are based on the strong precedent of the grain pools which adopted the basic principles of co-operation as defined by the Rochdale pioneers. It is also suggested that co-operatives have reached their present stage of development, first, by a process of conflict, consciousness and dialogue, and later by a process of historical evolution. Evidently, for success or for failure, they are not an overnight mushroom.<sup>2</sup> They used the voluntary principle of organization and entered the economic field, with all the risks involved, to defy the vehemence of monopoly and oligopoly, as very few forms of voluntary organizations in a Western laissez-faire economy were capable of doing.

This chapter deals with the developmental and organizational aspects of co-operatives in Carman, and thus constitutes background of information for the analysis of data in Chapter IV.

#### I. THE CARMAN ELEVATOR ASSOCIATION

The Carman Elevator Association has been operating since the beginning of the co-operative grain pooling era (1924-1930). It is one of the 218 pool locals and elevator associations which constitute the

Manitoba Pool Elevators Company, a centrally owned and operated co-operative.<sup>3</sup> The Carman point is one of the six pool elevators classified by the central organization as sub-district 202. Of these six elevator points, four are within a radius of eight miles of Carman. They are: Graham, Jordan, Barnsley and Graysville. The Carman Elevator is centrally located in the town of Carman, and the sixth elevator is situated in Miami, about fifteen miles northwest of Carman.

The system of grain delivery, storage, and marketing for the Carman Elevator, as well as for other locals and elevator associations, is managed by the Manitoba Pool Elevators. The grain handling is governed by a quota system established by the Canadian Wheat Board which stabilizes the prices of Canadian grain through an international system of marketing.<sup>4</sup>

The number of active members, based on grain deliveries in 1971 to the Carman point, is 53. Up to 1969, the Carman Elevator Association was an autonomous local association electing its own board and managing its own affairs. Having chosen to become a local (line) in 1969, it now elects 3 counsellors to represent the members at the sub-district Council (18 members). The Council is responsible for overseeing the election of two delegates to represent the sub-district at the annual and special general meetings of the Manitoba Pool Elevators. Thus the Carman Elevator Association, which owned and directly controlled its own elevator until 1969, became a part of the larger central organization in which members have a share of ownership in all the facilities managed centrally, and receive the same share of patronage refund.

The new electoral system in the Manitoba Pool Elevators, of which Carman is a part, is similar to the organizational structure adopted since the beginning of the pooling era by the Saskatchewan and Alberta Pool Elevators. The province is divided into seven districts, each district into several sub-districts, with two delegates elected to represent each sub-district, and a Director for each district.<sup>5</sup>

Ever since the Carman Elevator and other elevator points joined the centralized system, a drop in attendance at the local general meetings has been noted. Before 1969, the average attendance at the Carman point alone was about 25 members (50%). At present, all six elevator points constituting the sub-district hardly attract more than 25 - 30 members to the local general meetings.<sup>6</sup> This is attributed by farmers and local leaders to the loss of local autonomy in the organization. It was felt that this autonomy had to be sacrificed for the purpose of efficiency gained in the exercise of greater control by the central organization. One of the effects of centralization felt in the sub-district shortly after this study was conducted, was the decision to close down the Graham Elevator point, and the anticipation that the Barnsley Elevator point would be torn down and discarded in the near future.

The Carman Elevator handled from its inception until 1966 about 6½ million bushels of grain, which provided a surplus of nearly \$187,000.00 allocated to members.<sup>7</sup> The handling capacity (storage and shipping) is approximately 200,000 bushels per year. Whether the closing down of other points in the sub-district would require expansion in the Carman facilities remains to be seen.

II. THE CARMAN CO-OPERATIVE (1959) LTD.

The Carman Co-operative (1959) Ltd. is the largest co-operative enterprise initiated locally in the Carman district. It was incorporated, as the name implies, on December 1, 1959, as a result of the amalgamation of the Carman Co-operative Oil Refinery and the Boyne Consumers Co-operative.<sup>8</sup>

Prior to amalgamation, both groups were operating successfully, but the merger was primarily intended to reduce the costs, and as was anticipated, it led to growth in later years. The total gross annual business of the two groups before amalgamation amounted to a quarter-million dollars, in contrast to the 1971 volume of business which approximated 2.5 million dollars. The additional merger in 1969 of the Treherne and Haywood consumers co-operatives as branches of the Carman Co-operative Ltd. added about 27% of sales in 1971. At the end of November, 1971, members' equity reached half a million dollars which is high when compared to an authorized share capital of \$600,000.00 at one dollar a share.<sup>9</sup>

This co-operative now operates a large, self-owned shopping center of almost 12,000 square feet, situated on north main street in Carman. It includes a grocery store, dry goods, a drug store, service station, lumber and building materials, coffee bar, bulk petroleum and farm supplies.<sup>10</sup> Last year, the co-operative operated at a net savings of 0.7% of total sales, but over a 13 year period (1959-71) the percentage of net savings is four times higher, or 2.6% of sales. Such net savings, apportioned as dividends, are normally transferred to members' equity in the co-operative.

A major aspect in the history of this co-operative is noteworthy.<sup>11</sup> The pioneers of this co-operative were farmers and not town people. When in 1961 -- two years after the amalgamation of the Boyne Consumers Co-operative and the Co-operative Oil Refinery -- this new co-operative considered constructing its own center, the idea created a controversy among board members as to the potentialities of expansion. On the one hand, 1961 was a dry year for farmers, which created fear of undertaking further risks. On the other, there was some pressure and opposition from town people who felt that the co-operative might impair the activities of rival private enterprises in town. The controversy was referred to the general meeting, and the case for expansion won by a slight margin of votes. Federated Co-operatives, the wholesale supplier, and the Co-operative Credit Society of Manitoba, the apex organization for local credit unions, furnished the necessary loans. In the following years the plan for expansion worked well, and no further major organizational difficulty is reported to have arisen over the last decade. When in 1971 a further plan for increasing building space was presented to the general meeting, almost all members present endorsed the plan.

It has also turned out that no rival private enterprise has disappeared from the local market, although a larger share of the local retail trade has been taken over by the co-operative. However, one of the effects of expansion has been the generation of some hostility toward co-operatives among townspeople. In the Carman Co-operative membership, town members are still in the minority; the bulk of support for the co-operative derives from farmers in the surrounding areas. All

positions on the board of directors are, in fact, held by farmers.

The affairs of the Association are managed by a board of nine directors, seven of whom are elected from the Carman District. There is one director each from the Treherne and Haywood Districts added in 1969.<sup>12</sup> The present general manager was appointed in 1959, and is assisted by a staff of about 70 employees including an operations manager, an assistant general manager, and branch managers. Thus the co-operative is recognized as the largest local employer.<sup>13</sup>

The total number of active members at the end of the 1971 fiscal year was 2,895. This large number of members and the ensuing problem of member apathy seems to have been anticipated when the co-operative was established in 1959. The 1959 by-laws, which are still effective, stipulate that at any annual or general meeting of the association:

- a) the number of directors, plus 5, or
  - b) fifty percent of the members,
- whichever is the lesser, shall constitute a quorum.<sup>14</sup>

Further, the by-laws stipulate that a special general meeting may be called at any time by the directors, whenever they deem this necessary; or they may hold a referendum on any matter of general concern to members. However, if the members wish to call for a special meeting, not less than 20% of them should request to do so in writing, stating clearly the nature of business to be transacted at such meeting. With a fairly large number of members dispersed in many localities near and far from the co-operative center, individual members do not have the time or the resources to reach 20% of the membership to discuss issues over which they are concerned. It is, therefore, doubtful if this control

mechanism by members can, in practice, be effective.

Although membership meetings can be useful in creating membership understanding and involvement, usually not more than 10% attend annual or special meetings. A majority of our respondents (51%) admit that they rarely or never attended any of the general meetings of the association. The by-law requiring 20% of membership approval for meetings called by the members therefore seems loaded in favour of management.

The members' average purchase from the co-operative is about \$700.00 (1971).<sup>15</sup> It is unfortunate that in the present study information as to the dollar value of business-per-member could not be collected. Instead, only the frequency of business done with the co-operative was obtained from respondents. Thus, it is not possible to assess the contribution of non-members to the average purchases per member, nor is it possible to determine the range or frequency distribution of member purchases. The co-operative, nevertheless, recognizes that a minimum of \$50.00 purchases per year is necessary for a member to be considered active.

The average purchase of \$700.00 annually per member is suggested by retail experts to be quite high when compared with other consumer co-operatives in Manitoba.

The several addition and expansion plans facilitated the provision of needed services and helped to increase the volume of gross sales by \$200,000.00 in 1971. In the opinion of one of the directors, such expansion perhaps did not offer more services than provided by other private business in town, but at least it offered a stabilizing effect on prices, to the advantage of the consumer. Conversations with members

specifically referred to the fact that last year fertilizers were ready in stock for sale when needed at such a low price that other suppliers could not compete.

This organizational expansion apparently brought about a larger clientele, and contributions to paid-up share capital. But, at the same time, the expansion generated difficulty in keeping members fully informed about the operations of their organization. This eventually weakened effective member involvement in the decision-making process. It appears that, by and large, full commitment of members is characteristic of the few rather than of the bulk of membership. A respondent to the survey expressed his disenchantment with this particular problem as follows: "CO-OP was a respected name a few years ago, but now it has overstepped everything there is to step on. It is getting to be big business, and not out to help the members." Another respondent expressed his concern by remarking: "Where is there a co-operative that will respond to member understanding?"

Management has realized that expansion has imposed new organizational requirements, such as maintenance of member relations and the generation of member interest; and that efforts should be directed at retaining a genuine co-operative identity. This represents a familiar situation, not only for this co-operative, but also for other enlarged co-operative organizations where the responsibility to membership is likely to become diluted, although the co-operative principle demands the necessity of member control.

Perhaps this raises a larger question than pertains merely to this particular co-operative. A consumer co-operative needs to be concerned



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with a more dispersed activity and contact with other organizations, so that external participation is required for serving the members' needs. This is because some of the needs and resources of the co-operative are not available at the local level, but only at the regional or national level. A consumers co-operative also requires internal participation by members if their needs are to be understood and fulfilled. T.D. Harris suggests that in such a situation:

"The threat is necessarily increased as organizations get larger and functional specialization in decision-making at management level grows. However, there is a double constraint that should not really permit this to become serious — an absence of real concern for members would tend to weaken their loyalty and participation, and a failure of the co-operative form to be anything more than a legal fiction would undoubtedly lead to attack on it by its competitors and to interference from the state. Both of these possibilities should exert considerable influence on management to seek out and improve their ability to reflect co-operative ideals in their structure, organization and practical functioning."16

The present author agrees with the contention that a threat emerges, but cannot accept the idea that the double constraint pointed out should not permit this to become serious. In fact, it is quite possible that the dilemma would increase. Further efforts at improving the business aspects require functional specialization and decision-making at the managerial level. This would reduce and perhaps negate the direction of further efforts at a more effective involvement of members in the affairs of the Association.

III. DUFFERIN CREDIT UNION, CARMAN

The Dufferin Credit Union in Carman was chartered as a co-operative organization on August 1, 1961, under the Manitoba Credit Unions Act. As a financial institution, it views its objectives as "not for charity, not for profit, but for service." Its assets were \$74,000.00.

In 1964, the Graysville Credit Union merged with the Dufferin Credit Union, thereby raising the assets to \$153,000.000. The merger was concluded as a result of a felt-need for establishing a chequeing-account service, and because neither could provide full-time managerial service. A year after amalgamation, the total assets had risen to \$186,000.00.<sup>17</sup>

In the first few years of operation, the Dufferin Credit Union premises were located in the shopping center of the Carman Co-operative Ltd. The manager and accountant of the store ran the day-to-day activities, but it became evident that such an arrangement curbed the growth of the credit union for two reasons:

1. The Union did not provide regular hours of service.
2. The tie with the Co-operative store in terms of its location and day-to-day activities was a source of a distorted image, that the credit union is but a part of the store and not a separate co-operative directed by its own board.

The Credit Union reviewed its position, and a decision was taken to relocate its operations, and soon a suitable location in the central business area in town was found. Since this move was taken, the credit union has been able to increase its membership from 520 active members

in 1965 to 623 in 1970, with total assets increasing from \$186,000.00 in 1965 to \$776,998.00 in 1970.<sup>18</sup>

The Dufferin Credit Union, as is the case with all credit unions in Manitoba and elsewhere in Canada, serves only its members, and does not accept savings or make loans to the general public as other banking and financial institutions do. Being owned and operated by its members, the general meeting of members sets major policies, elects a board of directors of seven, a credit committee of five, and a supervisory committee of three — to control the implementation of such policies. The board of directors appoints a full-time manager who operates the day-to-day activities. The Carman manager at present is assisted by a staff of two teller-accountants. The basic operation is built on the philosophy of thrift, by which every member is expected to make regular savings. If the need arises for borrowing, either for provident or productive purposes, sufficient funds in the union will be available to cover individual member's needs. Savings, chequeing-account services, and provident and productive loans — are the three major services provided by the co-operative.

Commercial or business loans to members cannot exceed thirty-five percent of members' paid-up savings, shares and deposits of the credit union. This rule in the Manitoba Credit Union Act, which is protective, has not affected the Dufferin Credit Union lending capacity, as there seems to be a larger flow of savings and deposits which caters adequately to the demand for loan service in the area for the present. However, this makes the availability of funds for such purpose limited, when compared to chartered banks.

More helpful is the security of savings and deposits, which though questioned in the past, no longer constitutes a problem since the stabilization of funds for credit unions was introduced in 1970 by the provincial government.<sup>19</sup> This plan is entrusted to a provincial government-appointed corporation that guarantees the complete safety of all members' savings and deposits in Manitoba credit unions. This is, in addition to the credit union movement security, represented by the Manitoba Credit Co-operative Society, a provincial federation of credit unions, which guarantees savings and deposits of all members of affiliated credit unions without limit.

Loans to members for provident or productive purposes are based on the borrower's character, his capacity to repay, and a collateral. This is viewed by the local credit union as different from the services of chartered banks and finance companies, in that its service is people-oriented rather than money-oriented.

#### IV. CO-OPERATIVE INSURANCE SERVICES, LTD., CARMAN FIELD AGENCY

Although the Co-operative Insurance Services, Ltd., was legally constituted as a joint stock company in 1963, it calls itself a co-operative enterprise in view of the fact that two basic co-operative principles have been written in its by-laws, i.e., the return of patronage dividends, and payment of limited interest on capital. Common stock is owned by co-operatives and credit unions located in various parts of Canada, and the permanent headquarters of the company is in

Regina, Saskatchewan. C.I.S. at present controls the Co-operative Life Insurance Company and owns the Co-operative Fire and Casualty Company, and forty percent of its resources are invested in various co-operatives.

Policy-holders are represented by central co-operative organizations and credit unions through affiliation with local associations. As far as the local co-operatives in Carman are concerned, these central co-operatives in Manitoba are the Manitoba Pool Elevators, the Co-operative Credit Society of Manitoba, the Canadian Co-operative Implements Ltd., and Inter-Provincial Co-operative. This arrangement is an endeavor on the part of the C.I.S. to guarantee the principle of democratic control as far as possible without a federal co-operative statute.<sup>20</sup> In Carman, information by C.I.S. is disseminated by the field representative and the participation of regional committees in meetings of members of central co-operatives affiliated to C.I.S.

Since incorporation in 1963, the Carman field representative operates from an office located on the premises of the Carman Co-operative Ltd. which is opened twice weekly. Services provided cover complete multi-line insurance needs -- auto, home, property, and life. The field representative operates on an individualized basis to cover the needs of policy-holders. The voice of policy-holders in the general affairs is indirectly heard through local co-operatives, if the concerned policy-holder happens to be a member of one and attends its general meetings. Membership meetings by C.I.S. which are held at the provincial level are rarely attended by individual policy-holders.

However, the most salient feature of the Co-operative branch in Carman is that it provides insurance services which are believed by many

members to be at a lower net cost than is available by other similar private enterprise. Of the respondents to this particular co-operative, in this study, 46.9% felt that C.I.S. provides them with lower costs, and 50% stated that they did encourage others to channel their insurance through C.I.S.

V. CANADIAN CO-OPERATIVE IMPLEMENTS LTD., CARMAN DEPOT

The Canadian Co-operative Implements Ltd., is a centrally-owned farm machinery co-operative incorporated in 1940 with headquarters in Winnipeg, Manitoba. It is charged with two major functions for Western farmers:

1. to purchase machine equipment including tractors and combines from principal farm machinery companies.
2. to manufacture machinery not available to farmer-members, such as the disk and the swather.

In the 1950's, sixty depots were established at strategic locations in Western Canada for the direct distribution of its services to members. This replaced the initial distribution system arranged through various co-operative organizations in the prairies.<sup>21</sup>

The Carman Depot was opened on January 1, 1964, and is, therefore, a relatively recent service in the area.<sup>22</sup> The Depot is situated east on Number 3 highway. Any farmer in the area who purchases products or services of the depot is eligible for membership, which costs one dollar per share. Membership enrollment reached 2,010 by 1971.

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A member exercises his rights and privileges by adopting resolutions at the Depot membership meetings, and electing a local committee and a delegate to the general meetings held centrally.<sup>23</sup> The Depot for this purpose is defined as a District belonging to one of the seven regions in the Western provinces. In the district, members elect from among themselves a depot committee of five, including a chairman and a secretary, and a delegate to the central general meetings. The latter delegate attends also all meetings locally held by the depot committee, and participates with delegates of other districts in the election of one director representing his region.

The Depot committee is responsible for the appointment of two members who, together with the delegate, act as Depot-customer-relations committee to resolve any grievances or complaints which might arise between an employee and a patron of the co-operative. The relationship between the depot committee and the depot manager, an appointee of the central administration, is not expected to be direct authority, but is rather based on persuasion and influence. In his day-to-day activities, the depot manager at Carman is assisted by ten employees for sales service, distribution of spare parts, and machinery repair. Noteworthy is the fact that all the swathers, diskers, cultivators, and harrows are made in the Co-operative Implements factory, while the tractors and combines are imported from Sweden (Volvo), Germany (Deutz) and Fargo (Steiger).<sup>24</sup> Besides the co-operative depot, there are four other farm implements dealers which represent large manufacturers of farm machinery.

In the first few years of operation, members utilizing the depot services averaged 10% in patronage refunds. But in 1970 the 16%

allocated margin for each \$100 of sales made by depots was exceeded by about 12%. However, depot operations improved in 1971, resulting in 1% overall surplus in retail sales.<sup>25</sup>

This improvement is due, in part, to the development of a bi-monthly bulletin to members, and to the changes instituted for the handling of parts orders. The parts inventory was computerized, which helped to achieve a better parts distribution. The Co-operative reports that it attained in 1971 an immediate-fill record on all depot orders of 91%. This is considered highly satisfactory when compared with other segments of the farm-marketing industry.<sup>26</sup>

During March and April, 1971, 1,127 questionnaires were sent to delegates and committeemen to assess members' new product-needs. The rate of completed returns was 22.5%.<sup>27</sup> This is particularly low, when compared to the response rate of the present study (34%) and upon considering that the research was directed at leaders rather than at ordinary members, as in the present study. The differential in response perhaps is due to the fact that the present survey took place several months after the co-operative's research during which time the co-operative happened to direct further efforts to inform and involve members through depot committees and local management. This suggests that the co-operative efforts generated some interest in participation, which may have contributed to a higher response rate in the present study. The co-operative plans further research on the needs of members in 1972, and hopes to have a higher response than the previous year's feedback.



VI. THE CO-OPERATIVE FLYING CLUB, CARMAN

The Co-operative Flying Club was officially incorporated on March 21, 1964, with an authorized share capital of \$25,000.00.<sup>28</sup> Its major purpose is to promote aviation within the community. It is the smallest and most recent co-operative venture in the area.

From inception until 1966, instruction in flying was provided to ten persons, who eventually obtained their licences. At the peak of its activity in 1966, the Flying Club had a membership of 40, owned its hangar and airstrip about 1½ miles south of Carman on Number 3 highway, and owned as well, a two-seater plane.

Many of the present members (32 in 1971) were, prior to the emergence of this co-operative, flying farmers who practised under the supervision of a qualified resident pilot who owns his air strip, hangar and plane. Some trainees, then, felt that their trainer was more interested in reconstructing small planes for trade, which motivated them to utilize the co-operative idea for managing a similar venture themselves. They found in one of the members a willingness to act as their qualified instructor, and the co-operative flourished until his sudden death in a sad accident on his farm a few years later.

In 1968, following this accident, lack of interest among members seemed to prevail, due, in part, to the loss of the instructor who was hard to replace. However, the organization with 32 members decided to keep the registration of the co-operative active in the hope that in the near future it could be revived.<sup>29</sup> The sale of the plane, together with the minor taxes levied on the hangar, helped to maintain the financial

affairs of the co-operative in a reasonable condition. Meanwhile, the runway is taken care of by a private farmer, but is rarely used. Furthermore, one of the members developed, in partnership with a non-member, a runway of their own, and purchased a small plane.

It is difficult perhaps to assess how these developments are going to affect the position of the co-operative. The fact that it has remained inactive since 1968 suggests that it has been difficult for members to overcome its state of dormancy. Initially, it took time, money, and effort to establish the co-operative, and while the feeling of control of affairs of the co-operative might not be lacking among members, it is reasonable to assume that this is not sufficient for fulfilling the objectives as originally intended.

FOOTNOTES

<sup>1</sup>For an early historical account of the development of agricultural co-operation in the Canadian West, see C.R. Fay, Co-operation at Home and Abroad. (London: P.S. King and Son, Ltd., 1925), pp. 439-470.

<sup>2</sup>Ibid., p. 461.

<sup>3</sup>Manitoba Pool Elevators, Act of Incorporation and General By-Laws, 1969. Winnipeg, p. 29.

<sup>4</sup>Canada Department of Agriculture, Co-operatives in Canada, Publication 1119, (April, 1962), p. 12.

<sup>5</sup>Manitoba Pool Elevators, op. cit., p. 15.

<sup>6</sup>Interviews with several farmers in August, 1971, and May, 1972.

<sup>7</sup>The Carman Centennial Book Committee, Up To Now, (1967), pp. 194-196.

<sup>8</sup>Ibid.

<sup>9</sup>Carman Co-operative (1959) Ltd., Annual Report, (1971). Mimeographed.

<sup>10</sup>The Carman Centennial Book Committee, op. cit.

<sup>11</sup>Interview with a retiring elderly member on May 11, 1972, who vividly recalled the event.

<sup>12</sup>Updated general by-laws of this co-operative are available in mimeograph to members and the public.

<sup>13</sup>The Carman Centennial Book Committee, op. cit.

<sup>14</sup>Carman Co-operative (1959) Ltd., General By-Laws, pp. 3-4.

<sup>15</sup>Carman Co-operative (1959) Ltd., Annual Report, op. cit.

<sup>16</sup>T.D. Harris, Co-operative Principles: Their Practice, Problems, and Potential in Canada. Faculty of Agriculture and Home Economics, The University of Manitoba, (1968), pp. 48-49.

<sup>17</sup>The Carman Centennial Book Committee, op. cit.

<sup>18</sup>Department of Co-operative Development, Annual Report: Manitoba Credit Unions. (Winnipeg, 1970), p. 26.

<sup>19</sup>For details of the functions of the credit union stabilization fund, see the Co-operative Credit Society of Manitoba, Annual Report, 1971, pp. 33-34. Mimeographed.

<sup>20</sup>See two recent pamphlets published by Co-operative Insurance Services, Regina: "The Co-operative Insurance Story," and "C.I.S. Principles and Objectives," undated.

<sup>21</sup>Canadian Co-operative Implements Ltd., "The Story of Canadian Co-operative Implements Ltd.," Winnipeg, undated.

<sup>22</sup>The Carman Centennial Book Committee, op. cit.

<sup>23</sup>Canadian Co-operative Implements Ltd., Handbook and By-Laws. (Winnipeg, 1972), p. 33.

<sup>24</sup>Ibid., p. 30.

<sup>25</sup>Ibid., p. 16.

<sup>26</sup>Ibid., p. 14.

<sup>27</sup>Ibid., p. 19.

<sup>28</sup>The Carman Centennial Book Committee, op. cit.

<sup>29</sup>Interview with a retiring member on May 11, 1972.

## CHAPTER V

ANALYSIS OF THE DATA

Data which are relevant to testing the major hypotheses of this research will be dealt with in this chapter. In the first part of the chapter, the relationship between each of the seven independent variables and participation will be examined, using Pearsons' product-moment correlation co-efficients. In each instance, correlation co-efficients are reported for each co-operative and for all co-operatives combined. In the second part of this chapter we will examine the combined effect on participation of the seven independent variables and the relative importance of each, using multiple regression analysis. For the latter purpose, Beta co-efficients were utilized. Since previous research<sup>1,2,3</sup> has relied heavily on zero-order and partial correlation techniques, the utilization of Beta co-efficients will assist in determining how much change in participation is produced by each of the independent variables used when partial regression co-efficients are standardized and other independent variables are held constant.

In the final part of this chapter, findings regarding other hypotheses relating participation to background characteristics will be presented and compared with the results from previous research findings.

Rejection of the null hypotheses at the .05 level of significance has been designated as the criterion for the acceptance of the

alternative hypotheses. However, results at the .01 and the .10 levels of significance will also be designated in the following tables to give an indication of trends.

I. TESTS OF THE MAJOR HYPOTHESES

Eight major research hypotheses will be examined in this section.

These are:

- Hypotheses:
1. There is a difference in the degree of participation of members by type of co-operative.
  2. The degree of members' perceived influence on major policy matters varies positively with the degree of their participation in the co-operative.
  3. There is an inverse relationship between the degree of perceived structural complexity and the degree of members' participation in their respective co-operative.
  4. The degree of members' exposure to organizational structure through training, affiliation, and involvement in co-operative and voluntary associations varies positively with the degree of co-operative participation.
  5. The higher the degree of satisfaction of members with the ways their co-operative is operated, the higher the degree of their participation in that co-operative.

6. The degree of member understanding of co-operatives (role coherency) varies positively with the degree of member participation.
7. The more open the flow of communication to members in a co-operative, the higher the degree of their participation.
8. The higher the degree of value realization derived by members of a co-operative, the higher the degree of their participation.

As indicated earlier, rejection of each null hypothesis entails acceptance of the research hypothesis.

1. Type of Co-operative Organization and Participation

The findings concerning the relationship between type of co-operative and participation are presented in Table 6.

The table shows that member participation is highest in the producer-marketing co-operative (Elevator Association); lower in service co-operatives (Flying Club, Insurance, Credit Union, in that order); and lowest in the producer-supply co-operative (Implements). It is interesting to note that the highest and lowest mean participation scores, 15.4 and 8.5, are for producers co-operatives. It is clear, however, that the marketing type is associated with greater involvement than is the supply type of producer co-operative.

TABLE 6

GENERAL PARTICIPATION OF CO-OPERATIVE MEMBERS BY TYPE  
OF CO-OPERATIVE ASSOCIATION IN CARMAN, MANITOBA, 1971

Types of Co-operatives	Type Classification	Number	Members' Mean Participation	General Score and S.E.
1. Carman Co-operative Store	Consumers	117	12.59 $\pm$	0.55
2. Elevator Association	Producers (Marketing)	29	15.38 $\pm$	1.10
3. Dufferin Credit Union	Service	60	12.62 $\pm$	0.76
4. Co-operative Insurance Services	Service	60	13.63 $\pm$	0.76
5. Implements (CCIL)	Producers (Supply)	72	8.18 $\pm$	0.70
6. Co-operative Flying Club	Service	13	14.92 $\pm$	1.64
All Types		351	12.18	

Analysis of variance in the mean participation scores reported in  
Table 7 is significant at the .01 level.

TABLE 7

ANALYSIS OF VARIANCE OF GENERAL PARTICIPATION OF MEMBERS BY  
TYPE OF CO-OPERATIVE ASSOCIATION IN CARMAN, MANITOBA, 1971

Source of Variation	Degrees of Freedom	Sum of Squares	Mean Square
Between Types	5	1685.25	337.05
Within Types	345	12106.05	35.09
Total	350	13891.30	

F = 9.61: Significant at the .01 level



The above results indicate rejection of the null hypothesis, and acceptance of the alternative research hypothesis that there is a difference in participation by type of co-operative.

Such differential participation will be related to seven independent variables which will be the subject-matter of the rest of the hypotheses, in order to arrive at the degree of magnitude of their effect on participation, and how these variables work individually in each type of co-operative in Carman.

In order to compare each treatment mean with every other treatment mean, Duncan's new multiple range test was conducted as shown in Figure 1.<sup>4</sup> This test identifies which means are significantly different and which are not, thus clarifying the difference indicated in Table 6.

Figure 1

COMPARISON AMONG TREATMENT MEANS OF PARTICIPATION  
FOR CARMAN CO-OPERATIVE ASSOCIATIONS, 1971<sup>a)</sup>

Group II Elevator	Group VI Flying Club	Group IV Insurance	Group I Store	Group III Credit Union	Group V Implements
15.28	14.92	13.63	12.59	12.62	8.18

a) Any two means not underscored by the same line are significantly different, and any two means underscored by the same line are not significantly different

Following this confirmation of the existence of differential participation in Carman co-operatives according to type, attention is turned to testing the other major hypotheses of this research.

## 2. Perceived Influence and Participation

The relationship between perceived influence and participation,<sup>5</sup> by co-operative, and for all co-operatives combined, is examined in Table 8.

TABLE 8

CO-EFFICIENTS OF CORRELATION BETWEEN MEMBERS' GENERAL PARTICIPATION AND INFLUENCE (ON MAJOR POLICY MATTERS) BY TYPE OF CO-OPERATIVE ASSOCIATION IN CARMAN, MANITOBA, 1971

Type of Co-operative	Type Classification	Number	Pearsons' Co-efficient of Correlation
1. Carman Co-operative Store	Consumers	114	0.51***
2. Elevator Association	Producers (Marketing)	28	0.40**
3. Dufferin Credit Union	Service	57	0.55***
4. Co-operative Insurance Services	Service	59	0.11
5. Implements (CCIL)	Producers (Supply)	74	0.32***
6. Co-operative Flying Club	Service	13	0.77***
All Types		345	0.46***

\*\*\* Significant at the .01 level

\*\* Significant at the .05 level

The table shows that correlations ranging from 0.11 to 0.77 are all positive. Except for the Insurance Co-operative which shows a low positive correlation between perceived influence and participation, all correlations are significant at the .05 level. For all types of co-operatives combined, the correlation co-efficient of 0.46 is significant at the .05 level.

In the case of the Flying Club, it is noted that the magnitude of the relationship is greatest, that is,  $r = 0.77$ . It is likely that the crisis situation which this small co-operative is experiencing at present in the face of severe competition from the privately owned flying school in the area, and the fact that this co-operative lost in a sad accident its well-liked trainer, have enhanced the solidarity of the small group of members in their efforts to preserve this co-operative in name if not in practice for the time being. The feeling of influence on such a crucial matter as survival, therefore, seems to have a greater impact on the members' appreciation of co-operative affairs than other factors, reflecting at the same time a high participation score.

It is possible that the difference in magnitude of relationship between perceived influence and participation is related to a feeling of autonomy of members belonging to co-operatives which were locally established. It is interesting to note that for co-operatives which were locally initiated (Elevator, Store, Credit Union, and the Flying Club) a stronger relationship between feelings of influence and participation is exhibited than for centralized co-operatives with scattered field branches, such as the Implements and the Insurance

co-operatives.

The evidence pertaining to the correlation between perceived influence and participation leads to rejection of the null hypothesis, and the acceptance of the alternative research hypothesis, namely, that a positive relationship exists between perceived influence on policy matters and participation

### 3. Structural Complexity and Participation

Excepting the Flying Club, all co-operatives show a weak negative and non-significant relationship between the degree of perceived structural complexity and the degree of member participation. (See Table 9.)

The null hypothesis, therefore is accepted, and our research hypothesis is not supported.

This represents an unexpected finding. A possible reason for such a finding is that all co-operatives are viewed by their members, respectively, as structurally complex, and, therefore, the dimension of complexity seems to make no difference on members' participation.

### 4. Exposure to Organizational Structure and Participation

Table 10 shows that the  $r$  between structural exposure to organizational structure and participation is positive for all co-operatives, except the Credit Union where the magnitude of correlation approaches the zero point. For all types of co-operatives combined, the correlation co-efficient (0.25) is significant at the .01 level.

TABLE 9

CO-EFFICIENTS OF CORRELATION BETWEEN MEMBERS' GENERAL PARTICIPATION  
AND ATTITUDES OF STRUCTURAL COMPLEXITY BY TYPE OF CO-OPERATIVE  
ASSOCIATION IN CARMAN, MANITOBA, 1971

Type of Co-operative	Type Classification	Number	Pearsons' Co-efficient of Correlation
1. Carman Co-operative Store	Consumers	114	-0.00
2. Elevator Association	Producers (Marketing)	28	-0.02
3. Dufferin Credit Union	Service	57	-0.04
4. Co-operative Insurance Services	Service	59	-0.05
5. Implements (CCIL)	Producers (Supply)	74	0.01
6. Co-operative Flying Club	Service	13	0.11
All Types		345	-0.08

TABLE 10

CO-EFFICIENTS OF CORRELATION BETWEEN MEMBERS' GENERAL PARTICIPATION  
AND EXPOSURE TO ORGANIZATIONAL STRUCTURE BY TYPE OF CO-OPERATIVE  
ASSOCIATION IN CARMAN, MANITOBA, 1971

Type of Co-operative	Type Classification	Number	Pearsons' Co-efficient of Correlation
1. Carman Co-operative Store	Consumers	114	0.36***
2. Elevator Association	Producers (Marketing)	28	0.50**
3. Dufferin Credit Union	Service	57	0.01
4. Co-operative Insurance Services	Service	59	0.28**
5. Implements (CCIL)	Producers (Supply)	74	0.36***
6. Co-operative Flying Club	Service	13	0.34
All Types		345	0.25***

\*\*\* Significant at the .01 level

\*\* Significant at the .05 level

With reference to the Flying Club, the relationship between exposure to organizational structure and participation is moderate (0.34) but statistically not significant. Where the number of cases involved is small, 13 in this instance, the correlation co-efficient must be considerably larger in order to reach the selected level of statistical significance.

Since in four out of the six cases the correlations are significant at the .05 level, and this as well applies to all co-operatives combined, the null hypothesis may be rejected. Therefore, the research hypothesis that a positive relationship exists between exposure to organizational structure and co-operative participation, is supported.

Lack of a relationship between the two variables under consideration in the Credit Union calls for a comment.

The data show that Credit Union members have a higher membership than members of any other type in Carman which may account for a higher spread of exposure to organizational structure. This may have influenced the results of the research hypothesis for this particular co-operative. Hence no correlation could be established in this particular situation.

##### 5. Member Satisfaction and Participation

Table 11 shows that a positive relationship exists in all but the Elevator Co-operative. The Elevator Co-operative shows a very weak negative relationship ( $r = -0.02$ ;  $P > .05$ ). Again, in the Flying Club the  $r$  between member satisfaction and participation is moderate (0.34) but statistically not significant.

To venture an interpretation, it may be that members of this particular co-operative are beginning to feel that they have lost the autonomy they desire to maintain by having agreed about a year ago to become part of the "line" system of the Manitoba Pool Elevator instead of remaining a local co-operative. This move, which aimed at efficiency in management, meant a loss of control over the Carman delivery point to the Pool, while the obligation to deliver the grain as an absolute necessity continues. This further meant that the members are apt to have relatively high participation scores by virtue of their obligation to deal with the co-operatives, but this seems to go hand in hand at present with a growing dissatisfaction resulting from loss of autonomy.

6. Understanding of Co-operatives (Role Coherency) and Participation

As shown in Table 12, positive correlations between members' understanding of co-operatives and participation are obtained for all except for the Flying Club.

Since three of the five positive correlations obtained, together with a positive correlation for all types, are significant at the .05 level, the null hypothesis that there is no relationship between members' participation and their understanding of co-operative principles is refuted, and the research hypothesis in the case of the Store, Elevator and Implements co-operatives is supported.

It should be noted that weak positive correlations were obtained for the Insurance co-operative and the Credit Union. The results in those two co-operatives do not support the research hypothesis.



TABLE 11

CO-EFFICIENTS OF CORRELATIONS BETWEEN MEMBERS' GENERAL PARTICIPATION  
AND SATISFACTION WITH ORGANIZATIONAL OPERATIONALIZATION BY  
TYPE OF CO-OPERATIVE ASSOCIATION IN CARMAN, MANITOBA, 1971

Type of Co-operative	Type Classification	Number	Pearsons' Co-efficient of Correlation
1. Carman Co-operative Store	Consumers	114	0.32***
2. Elevator Association	Producers (Marketing)	28	-0.02
3. Dufferin Credit Union	Service	57	0.50***
4. Co-operative Insurance Services	Service	59	0.39***
5. Implements (CCIL)	Producers (Supply)	74	0.26**
6. Co-operative Flying Club	Service	13	0.34
All Types		345	0.33***

\*\*\* Significant at the .01 level

\*\* Significant at the .05 level

Since in four of the six co-operatives, and for all types combined, the correlation co-efficients are significant at the .05 level, the null hypothesis may be rejected in favor of the research hypothesis that satisfaction with operations is positively related to members' participation.

The case of the Elevator Association which drastically deviates from this finding deserves an explanatory attempt.

TABLE 12

CO-EFFICIENTS OF CORRELATIONS BETWEEN MEMBERS' GENERAL PARTICIPATION  
AND UNDERSTANDING (ROLE COHERENCY) BY TYPE OF CO-OPERATIVE  
ASSOCIATION IN CARMAN, MANITOBA, 1971

Type of Co-operative	Type Classification	Number	Pearsons' Co-efficient of Correlation
1. Carman Co-operative Store	Consumers	114	0.28***
2. Elevator Association	Producers (Marketing)	28	0.43**
3. Dufferin Credit Union	Service	57	0.19
4. Co-operative Insurance Service	Service	59	0.06
5. Implements (CCIL)	Producers (Supply)	74	0.27**
6. Co-operative Flying Club	Service	13	-0.21
All Types		345	0.20**

\*\*\* Significant at the .01 level

\*\* Significant at the .05 level

However, further research will be needed to assess the relevance of the relationship in these two particular co-operatives.

7. Flow (Openness) of Communication and Participation

Table 13 shows that in each co-operative, and for all types combined, a positive correlation exists between the two variables under study. The magnitude of the correlation co-efficients ranges from 0.24 to 0.53, and three of the six correlations obtained are significant at the .01 level. The same significance level applies to the correlation co-efficient obtained for all co-operative types combined.

The null hypothesis is, therefore, rejected in favor of the alternative research hypothesis, that the more open the flow of communication to members in a co-operative, the higher the degree of their participation.

8. Value Realization and Participation

The correlation co-efficients pertaining to value realization and participation are presented in Table 14.

Each co-operative shows a positive correlation, and in four of the six co-operatives in question, the moderately positive correlations obtained are significant at the .01 level.

The null hypothesis is thus rejected and the alternative research hypothesis that a positive relationship exists between value realization and participation is supported.

TABLE 13

CO-EFFICIENTS OF CORRELATION BETWEEN MEMBERS' GENERAL PARTICIPATION  
AND FLOW OF COMMUNICATION (OPENNESS) BY TYPE OF CO-OPERATIVE  
ASSOCIATION IN CARMAN, MANITOBA, 1971

Type of Co-operative	Type Classification	Number	Pearsons' Co-efficient of Correlation
1. Carman Co-operative Store	Consumers	114	0.53***
2. Elevator Association	Producers (Marketing)	28	0.24
3. Dufferin Credit Union	Service	57	0.50***
4. Co-operative Insurance Services	Service	59	0.26*
5. Implements (CCIL)	Producers (Supply)	74	0.41***
6. Co-operative Flying Club	Service	13	0.26
All Types		345	0.43***

\*\*\* Significant at the .01 level

\* Significant at the .10 level

TABLE 14

CO-EFFICIENTS OF CORRELATION BETWEEN MEMBERS' GENERAL PARTICIPATION  
AND VALUE REALIZATION BY TYPE OF CO-OPERATIVE  
ASSOCIATION IN CARMAN, MANITOBA, 1971

Type of Co-operative	Type Classification	Number	Pearsons' Co-efficient of Correlation
1. Carman Co-operative Store	Consumers	114	0.51***
2. Elevator Association	Producers (Marketing)	28	0.28
3. Dufferin Credit Union	Service	57	0.45***
4. Co-operative Insurance Services	Service	59	0.55***
5. Implements (CCIL)	Producers (Supply)	74	0.39***
6. Co-operative Flying Club	Service	13	0.10
All Types		345	0.41***

\*\*\* Significant at the .01 level

## II. MULTIPLE LINEAR REGRESSION ANALYSIS

The interest of the study will now be directed towards two objectives. First, multiple correlation co-efficient analysis will be utilized to determine the degree of goodness of fit of the least squares surface to the data by the best fitting straight line, for each co-operative and for all co-operatives combined. In such a procedure, it is assumed that a linear type relationship between the dependent and the independent variables is involved. Thus, the primary interest in this connection is to ascertain the explanatory power of the independent variables, when taken together, on participation. Second, we will utilize Beta co-efficients, by standardization of the partial regression co-efficients obtained, in order to arrive at the amount of standardized change produced in participation (the dependent variable) by a standardized change in one of the independent variables when the other independent variables are held constant. It is hoped that utilization of the above techniques will shed further light on factors underlying participation and the relative importance of these factors by type of co-operative and for all co-operatives combined.

### A. The Combined Effect of the Independent Variables

The multiple correlation co-efficients which are reported in this section represent, in each case, the zero-order correlation between the actual values obtained for the dependent variable (participation) and those values predicted from the least square equation. The square of

these multiple correlations will give us for each case the percentage of variation explained by the best fitting equation of the form:<sup>6</sup>

$$Y = a + b_1X_1 + b_2X_2 + \dots + b_7X_7$$

In this study, Y represents participation, and  $X_1$  to  $X_7$  represent respectively: Influence, Structural Complexity, Exposure to Organizational Structure, Satisfaction with Operations, Role Coherency, Flow (Openness) of Communication and Value Realization.

The results of the calculations for each co-operative, and for all types combined, are shown in Table 15. It should be noted that P was determined by an analysis variance test for significance.

TABLE 15

MULTIPLE CORRELATION CO-EFFICIENTS BETWEEN PARTICIPATION  
AND SEVEN INDEPENDENT VARIABLES BY TYPE OF  
CO-OPERATIVE IN CARMAN, MANITOBA, 1971

	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Types
$R_{y1-7}$	0.64***	0.68*	0.67***	0.64***	0.54***	0.89	0.58***

\*\*\*  $P > .01$

\*\*  $P > .05$

\*  $P > .10$

As an example of such tests, Table 16 shows the analysis of variance test for significance of multiple correlation for all types of co-operatives in Carman. The table is presented to indicate the procedure used in the case of every co-operative association. Details

for each co-operative are shown in Appendix XII.

TABLE 16

ANALYSIS OF VARIANCE TEST FOR SIGNIFICANCE OF MULTIPLE  
CORRELATION FOR ALL TYPES OF CO-OPERATIVE  
ASSOCIATIONS IN CARMAN, MANITOBA, 1971

Source	Sum of Squares	Degrees of Freedom	Mean Square
Regression	4440.30	7	634.33
Deviation (Error)	8870.30	337	26.32
Total	13310.60	344	

F = 24.10

P  $\gg$  .01

The results show a moderately high multiple correlation co-efficient (R = 0.58; P  $\gg$  .01) when all types of co-operatives are considered simultaneously. The same applies individually to the Store, Credit Union, Insurance and Implements co-operatives, although in the case of the Elevator it is only significant at the .10 level. It will be noted that although the addition of variables may result in a loss of efficiency as far as the significance tests are concerned, in the case of four of these co-operatives the significance level of the F distribution for multiple correlation remained at the .01 level, and only in the case of the Elevator was it lowered to the .10 level.

Again, the Flying Club represents an interesting case. Although the magnitude of R for this co-operative is very high (R = 0.89) the F distribution is not significant. It is suggested that in this instance,



the relatively strong multiple correlation obtained, which did not pass the test of significance, may be a function of the small number ( $N = 13$ ) utilized in the analysis. Normally when the number of variables approaches the number of cases included, we can expect, according to Blalock: "...to obtain very large multiple correlations simply because we are able to take advantage of chance fluctuations."<sup>7</sup> The Flying Club included for the purpose of the analysis 13 cases and 8 variables, and 7 and 5 degrees of freedom, respectively.

#### B. Relative Importance of the Independent Variable

The purpose of utilizing Beta co-efficients is to compare the relative influence of the major independent variables in this study on participation. In order to obtain a regression function, for each co-operative, where  $Y$  is participation, and the seven independent variables are  $X_1, X_2, \dots, X_7$ , the following formula is used:<sup>8</sup>

$$Y = a + b_1X_1 + b_2X_2 + \dots + b_7X_7$$

All variables are then converted into units of standard deviations. Beta weights which are thus obtained would give a measure of how much standardized change is produced in participation by a standardized change in each of the independent variables, when the others are controlled.

Details of Beta co-efficients calculated for each co-operative are presented in Appendix XIII. In order to simplify the discussion, the weights obtained were rank-ordered as shown in Table 17. Several

important conclusions may be drawn from this table:

TABLE 17  
RANK ORDER OF RELATIVE IMPORTANCE OF INDEPENDENT VARIABLES  
ON PARTICIPATION BY TYPE OF CO-OPERATIVE  
ASSOCIATIONS IN CARMAN, MANITOBA, 1971

Type of Co-operative	Independent Variables						
	Influence	Complexity	Exposure to Organizational Structure	Satisfaction with Operations	Role Coherency (Understanding)	Flow of Communication	Value Realization
1. Store	3	6	4	7	5	2	1
2. Elevator	1	6	3	5	2	4	6
3. Credit Union	1	7	6	1	5	3	3
4. Insurance	5	5	2	3	7	4	1
5. Implements	2	6	2	7	4	4	1
6. Flying Club	1	5	4	2	7	3	6
All Types	1	6	4	5	7	3	2

1. The importance of Feeling of Influence ranks between 1 - 3 for all but the Insurance co-operative where Influence ranks fifth.

2. Value-Realization ranks 1 - 3 in importance, except for the Flying Club and Elevator co-operatives where this variable ranks sixth.

3. Flow (Openness) of communication ranks 2 - 4 in all co-operatives.
4. Exposure to organizational structure ranks 2 - 4 in all but the Credit Union where this variable ranks sixth.
5. Satisfaction with operations and Role Coherency (Understanding) differ in their relative importance from one co-operative to another from as high a rank as 1 to as low as 7.
6. Structural complexity ranks low in its relative importance. The range of rank-order of this variable in all co-operatives is 5 - 7.

These conclusions drawn from the findings just presented will be utilized later for a more definitive analysis participation which this dissertation hopes to accomplish.

### III. BACKGROUND CHARACTERISTICS AND PARTICIPATION

The relationship between selected background characteristics of members and participation will be examined in this section, partly to determine those background characteristics most highly associated with participation, and partly to compare the findings from this research with those obtained from previous major studies on co-operative participation.<sup>9,10,11</sup>

Considering all co-operative associations simultaneously, the results show that the following factors are not related to participation: age, sex, education, occupation, income, and length of membership.

When participation scores for all members of co-operatives were

correlated with the number of co-operatives to which they belong in Carman and elsewhere, a correlation co-efficient of 0.22 was obtained, which is significant at the .05 level. Although significant, it is noted that the relationship is not strong.

There is a positive relationship between participation and size of farm business. Table 18, shows the mean participation scores for three categories of farm business.

TABLE 18  
PARTICIPATION OF CO-OPERATIVE MEMBERS BY SIZE OF  
FARM BUSINESS IN CARMAN, MANITOBA, 1971

Size of Farm Business	Number	Members' Mean Participation	S.E.
Big farm business	28	14.71 $\pm$	1.404
Medium farm business	165	12.23 $\pm$	0.486
Small farm business	106	11.40 $\pm$	0.606
Total	299		

F = 3.04

P  $>$  .05

These results, it will be noted, are significant at the .05 level. It will be seen, however, that differences in magnitude are slight.

#### IV. SUMMARY

The efforts of the study were first directed to test whether or not there is differential participation by type of co-operative association in Carman. Differential participation which was found to exist was then hypothesized to vary inversely with structural complexity and positively with each of the following variables: Feeling of Influence, Exposure to Organizational Structure, Satisfaction with Operations, Role Coherency (Understanding of Co-operative principles), Flow (Openness) of Communication, and Value Realization.

Of all the major hypotheses, only the hypothesis relating structural complexity to participation was rejected. All the other hypotheses were supported although the degrees of relationship between each independent and participation variable varied from one co-operative association to another.

Furthermore, a multiple linear regression analysis was conducted. The results showed that the combined effect of the independent variables is fairly strong in each co-operative association.

It was further found that while the relative importance of each independent variable varies from one type of co-operative to another, Feeling of Influence, Value Realization and Flow (Openness) of Communication ranked as most important in their effect on participation. Satisfaction with Operations and Role Coherency (Understanding) differed in their relative importance from one type to another. Complexity ranked least important in terms of its effect on participation when other independent variables were held constant.

Finally, factors which relate background characteristics of members to participation were studied. These included age, sex, education, occupation, income, length of membership, religion, the number of co-operatives to which members belong, and size of farm business. Of all these characteristics, only size of farm business and the number of co-operatives to which members belong are positively related to participation.

The following table summarizes the main relevant findings derived from this and three other studies by Beal, Bohlen and Harp.<sup>12</sup>

It is noted from the comparative summary in Table 19 that this research included four new independent variables which were utilized for testing the major hypotheses. Operational measures for these variables were introduced for the first time. Their inclusion along with findings supported by previous research are helpful to this study for arriving at a more definitive analysis of co-operative participation. This will be the major theme of the next chapter.

TABLE 19

SUMMARY OF FINDINGS OF THE STUDY ON CO-OPERATIVE PARTICIPATION  
COMPARED WITH THE RESULTS OF BEAL, BOHLEN AND HARP

Independent Variables	Support			
	Present Study	Beal	Bohlen	Harp
<u>I. Major Hypotheses</u>				
Influence (say or no say)	Yes	Yes	Yes	Yes
Structural Complexity	No	-	-	-
Exposure to Organizational Structure	Yes	-	-	-
Satisfaction with Operationalization	Yes	Yes	Yes	Yes
Understanding of Co-operative Principles (Role Coherency)	Yes	Yes	Yes	Yes
Flow of Communication	Yes	-	-	-
Value Realization	Yes	-	-	-
Type of Co-operative	Yes	No	Yes	Yes
<u>II. Background Characteristics</u>				
Sex	No	-	-	-
Age	No	Yes	Yes	No
Education	No	Yes	Yes	No
Occupation	No	-	-	-
Income	No	-	-	-
Length of Membership	No	Yes	Yes	No
Religion	No	-	-	-
Ethnicity	No	-	-	-
Size of Farm	Yes	Yes	Yes	No
Number of Co-operatives to which members belong	Yes	No	Yes	Yes

FOOTNOTES

<sup>1</sup>G.M. Beal, Factors Related to Participation in Farmer Co-operatives. Unpublished Ph.D. Thesis, Iowa State Library, (Iowa, 1952).

<sup>2</sup>J.M. Bohlen, "Factors Related to Participation of Members in an Iowa Community," Unpublished Research, Iowa Agr. Exp. Sta., (1956).

<sup>3</sup>John Harp, Differential Participation of Members in Co-operatives in Communities of Iowa and Manitoba. Unpublished Masters Thesis, Iowa State College, (Iowa, 1956).

<sup>4</sup>See a discussion of Duncan's new multiple range test in Robert Steel and James H. Torrie's: Principles and Procedures of Statistics. (New York: McGraw-Hill Book Co., 1960), pp. 107-109.

<sup>5</sup>As stated earlier in the study, the measurement of perceived influence is a replication of Beal, Harp and Vroom's studies on participation.

<sup>6</sup>H. Blalock, Social Statistics. (New York: McGraw-Hill Book Co., 1960), p. 346.

<sup>7</sup>Ibid., p. 346.

<sup>8</sup>Ibid., p. 357.

<sup>9</sup>G.M. Beal, op. cit.

<sup>10</sup>J.M. Bohlen, op. cit.

<sup>11</sup>J. Harp, op. cit.

<sup>12</sup>Ibid., p. 109.



CHAPTER VI

TOWARD A DEFINITIVE ANALYSIS OF PARTICIPATION  
IN CO-OPERATIVES

This chapter attempts to delineate the general trends and patterns of the findings discussed in the previous chapter, and to investigate the possible link between the independent variables, especially those that can be considered as powerful predictors of participation in co-operative organizations. Since the relative importance of each independent variable has already been specified in Chapter V, this chapter will proceed with a search for factors which might influence the three most important correlates of participation, namely: Feeling of Influence, Value Realization, and Flow of Communication, in that order. In proceeding in this manner, the analyses of the general patterns and trends would clarify the significance of the inter-relationships, if any, between the variables in question. The results will then be further subjected to factor analyses to see whether there are principal components which could be viewed as the best summaries exhibited in the data.

It is clear from the preceding chapter that six of the seven selected independent variables influence co-operative participation, albeit differentially. These relevant variables include Feeling of Influence, Exposure to Organizational Structure, Understanding of Co-operatives, Satisfaction with Operations, Value Realization, and Flow of Communication. The seventh variable, Attitude toward Structural Complexity, does not seem to have any bearing on participation.

The results further show that the effect of each of the six relevant variables on participation varies by co-operative association -- depending not only on the type of the co-operative in question, but also on situational and historical conditions associated with its development.

The joint impact of all the independent variables on co-operative participation is unquestionably high, with a multiple correlation co-efficient of 0.54 for all co-operatives combined. The highest co-efficient ( $R = 0.89$ ) is for the Co-operative Flying Club, and the lowest ( $R = 0.54$ ) is for the Canadian Co-operative Implements Ltd. For the remainder of the co-operatives, the multiple correlation co-efficient ranges from 0.64 to 0.68.

In view of the observed differences in the effects of the independent variables on co-operative participation, the findings from this study may now be examined more closely for the purpose of developing an empirically more relevant analysis of participation in co-operative associations. This attempt will necessitate focusing not on empirical details, but rather on general patterns and trends in the results of this study.

#### I. CORRELATES OF PARTICIPATION

The results show that, for all co-operatives combined, Feeling of Influence, Value Realization and Flow of Communication are the most important correlates of participation in co-operative associations. This finding appears significant in three respects. First, it is consistent with previous research evidence concerning perception of influence as a

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factor enhancing participation. Beal, for example, utilized "having a say in running the co-operative" as an independent variable. He states: "Since a co-operative is conceived as an association of firms that are attempting to maximize profits of their separate businesses, and since a co-operative association is owned and controlled by those who use it, one might logically expect that those who felt they had a 'say' would participate more in the association. They could influence policy to maximize their individual firms' savings."<sup>1</sup> Similar conceptualizations were also used by Harp and Bohlen in co-operative participation research.<sup>2,3</sup>

Second, it conforms to and reinforces a more general pattern of findings from research in formal organizations in which feeling of influence has been a key factor in a wide range of attitudes and behaviors, including job satisfaction, performance, productivity, and organizational effectiveness.<sup>4,5</sup>

Third, the results are consistent with earlier research which points out that the degree of downward communication in voluntary organizations is associated with member support and not with organizational effectiveness, although communication among the different levels of hierarchy is correlated with effectiveness.<sup>6</sup>

If the analysis up to this point is correct, it follows that a search for factors which influence the three correlates in question is appropriate. We propose to look first at factors which possibly strengthen or weaken members' feeling of influence. This variable was initially selected because in this research, members' feeling of influence, for all co-operatives combined, ranked first among the selected independent variables in its bearing on participation. Furthermore, this variable, as

earlier cited, was found in previous research to be a key factor in a wide range of attitudes and behaviors. Empirical evidence suggests that increasing the total amount of influence in organizations is more important for organizational effectiveness than power equalization among various levels of hierarchy.<sup>7</sup> This finding, however, does not answer our fundamental question about the factors that generate an increase or decrease in total amount of influence.

The data available from the present research helped to throw some light on the question. Having established basically that the most important correlates of participation are Feeling of Influence, Value Realization, and Flow of Communication, the following question was raised next. How related are members' feeling of influence to the other two correlates of participation? In other words, when considering the interrelationship, if it exists, between these three independent variables, how strongly are they linked together?

An intercorrelation program among the independent variables as shown in Appendix XIV (a-g) was conducted, and the results support the idea that there exists a strong positive relationship between Flow of Communication to members and their Feeling of Influence. As noted from Appendix XIV-g, for all co-operatives combined, Pearson's correlation co-efficient is  $r = 0.56$ , which is significant at the .01 level.

Furthermore, the intercorrelation program brought to light that while Value Realization is strongly linked to participation, it also varies positively with Feeling of Influence. Appendix XIV-g shows that for all Carman co-operatives  $r = 0.38$ , which is significant at the .01 level.

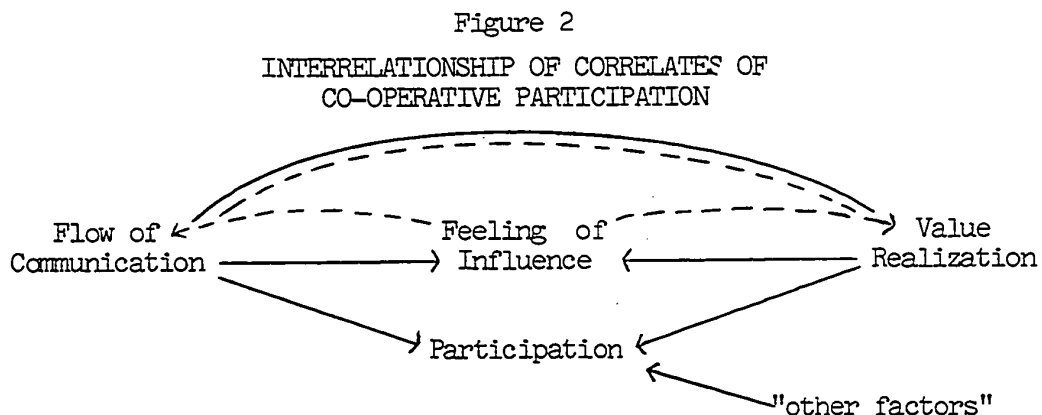
This finding led further to a consideration of the relationship between Flow of Communication and Value Realization, since it is conceivable

ble that Flow of Communication might enable a member to increase his value derivation, and thus enhance his Feeling of Influence. Again, our findings supported that such a relationship exists in every co-operative under study in Carman. Correlation co-efficients ranged from  $r = 0.19$  to  $0.64$ . For all co-operatives combined the correlation  $r = 0.42$ , is significant at the .01 level.

It will be noted that, in the above treatment, members' Feeling of Influence was considered as a dependent variable. This does not necessarily preclude the view that the interrelationship might be interactional. But whichever view is adopted, it becomes clear that the interrelationship between the three important correlates of participation is fairly strong.

## II. TOWARD A DEFINITIVE ANALYSIS OF PARTICIPATION IN CO-OPERATIVES

It will be useful at this point to illustrate the discussion about the triadic relationship between Feeling of Influence, Flow of Communication, and Value Realization in terms of their bearing on participation in a graph for (Figure 2) as follows:



Legend:

solid line: arrows point to direction of main effect  
dotted line: arrows indicate a feed-back interactional process between variables

Having followed this triadic interrelationship so far, the present writer became interested in investigating the relative importance of Flow of Communication on Feeling of Influence compared to Value Realization, when all other independent variables of the study are held constant. Standard partial regression co-efficients were calculated, and the results show that for all co-operative types, when compared to other variables, Value Realization ranks second in relative importance to Feeling of Influence, while Flow of Communication ranks first.<sup>8</sup>

It is interesting to note that the results, as shown in detail in Table 18, indicate that the other variables included in this analysis do not have any bearing on Feeling of Influence.

TABLE 20  
STANDARD PARTIAL REGRESSION CO-EFFICIENTS OF INDEPENDENT  
VARIABLES ON FEELING OF INFLUENCE IN ALL CO-OPERATIVE  
ASSOCIATIONS IN CARMAN, MANITOBA, 1971

Variable	Standardized B
Exposure to Organization Structure	0.05
Structural Complexity	.0
Role Coherency (Understanding)	.0
Satisfaction with Operations	.0
Flow of Communication	0.50
Value Realization	0.17
Multiple Correlation Co-efficient = 0.58	
F = 28.97	
P .01	

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Standard partial regression co-efficients obtained, when considering Feeling of Influence as a dependent variable, are:  $B = 0.50$  for Flow of Communication,  $B = 0.17$  for Value Realization, and  $B = .0$  for each other variable included. A Multiple R of 0.58 was also obtained with an F distribution of 28.97, which is significant at the .01 level. Since all other variables were found to be unimportant to Feeling of Influence, it was concluded that Flow of Communication and Value Realization contain a relatively high combined effect on Feeling of Influence.

The discussion leads so far to the suggestion that participation in co-operatives is largely, but not solely, a function of a complex of three variables, and that Flow of Communication and Value Realization are important factors for increasing or decreasing the Feeling of Influence. If an increase in Feeling of Influence represents attachment, support, and loyalty for the organization, and a decrease in Feeling of Influence results in apathy and detachment, then it follows that the correlates of Feeling of Influence are also important predicting factors.

An increase in members' feeling of influence can be viewed as arising, in part, from members' fulfillment of their own needs and values from the organization — which cover ideological, economic, social and ecological aspects. For example, when a member joins the organization for the convenience of location, it is reasonable to expect that the ecological factor motivated him to partake in activities such as buying and selling, and not vice versa. Such engagement increases the interaction situations in which he can express his "say" about the transactions.

It is also reasonable to assume that although a relatively free Flow of Communication might exist in a co-operative association before a member joins it, his feeling of influence will depend on the openness of communication which he believes is available to him.

It is realized, however, that although the triad relationship incorporated in the discussion and depicted in Figure 2, is significant, the search for other factors related to participation has not been exhausted. Variables denoted in the figure as "other factors" refer to Exposure to Organizational Structure, Understanding of Co-operatives, and Satisfaction with Operations, which were included in the study and seem to augment the triad variables in their detachment effect on participation.

Nevertheless, it is suggested that other uncontrolled variables might be related to participation, and further research is needed to reveal their importance. But in order to make any inference at all, the researcher had, at a given point, to "close" the system. This does not mean that this is in empirical reality a closed system, but merely that it was necessary to calculate the interrelationships among the factors selected for the present study. Therefore, the present researcher had to assume, for the time being, that the other "uncontrolled variables" form an undifferentiated totality.

Within the limitations of this study, however, it can be posited for the present that the interaction of the variables discussed can be recreated in other co-operative organizations, although their saliency may vary from one co-operative association to another.



### III. AN ALTERNATIVE VIEW OF PARTICIPATION IN CO-OPERATIVES

The exploratory uses of factor analysis were utilized, in a further effort, to see whether some underlying pattern of relationships exists among the independent variables included in the study, and whether there are principal components which could be viewed as the best summaries of the linear relationships exhibited in the data.<sup>9</sup>

The results of the factor analysis, for which intercorrelations between the independent variables were used, are presented in Table 19.<sup>10</sup>

TABLE 21

ROTATED FACTOR SCORE CO-EFFICIENT MATRIX FOR INDEPENDENT  
VARIABLES INCLUDED IN THE STUDY OF PARTICIPATION  
IN CO-OPERATIVES, CARMAN, MANITOBA, 1971

Variables	Factor 1
Feeling of Influence	0.58643
Exposure to Organizational Structure	0.32482
Attitudes toward Structural Complexity	-0.09744
Satisfaction with Operations	0.53915
Understanding of Co-operatives	0.38283
Flow of Communication	0.75350
Value Realization	0.66149

It is interesting to observe that the results show only one factor to which the different factor loadings can be referred. The highest factor loadings pertain to Flow of Communication, Value Realization, Feeling of Influence, and Satisfaction with Operations. This reinforces

our discussion that these three variables cluster together in factor loadings, and that their relative position does not change vis-a-vis participation, if conceptually considered as the principal component involved.

Although the plausibility of the relationships among the selected independent variables is worthy of acceptance, the results should be viewed with some caution. It is possible that the interrelationships or correlations among the variables in this study which include participation might be considered in a "common factor" or "common factors," in terms of the possible number of significant factor loadings yielded. For this purpose, a factor analysis which utilized all the major variables, including participation, was conducted to see if a different underlying pattern of relationships might emerge. The results are presented in Table 20.

The results clearly indicate the following conclusions:

1. There is only one factor to which the different factor loadings might be referred.
2. The highest factor loadings pertain to Flow of Communication, Value Realization, Participation, and Feeling of Influence. Other variables have considerably lower factor loadings.

TABLE 22

ROTATED FACTOR SCORE CO-EFFICIENT MATRIX FOR MAJOR VARIABLES  
INCLUDED IN THE STUDY OF PARTICIPATION IN  
CO-OPERATIVES, CARMAN, MANITOBA, 1971

Variables	Factor 1
Feeling of Influence	0.61886
Exposure to Organizational Structure	0.33555
Attitudes toward Structural Complexity	-0.10089
Satisfaction with Operations	0.53209
Understanding of Co-operatives	0.36775
Flow of Communication	0.73498
Value Realization	0.65834
Participation	0.64578

This analysis suggests two alternative perspectives for viewing participation in co-operative organizations. First, participation can be treated as a dependent variable, if the concern of the investigator is focused on the correlates of participation. Second, in view of the results of the factor analysis, participation may be viewed as a component part of a more complex system of variables which makes up a factor encompassing both attitudinal and sociological variables relevant to participants' behavior in co-operative organizations.

It should be noted that the findings from the two factor analyses just presented could also vitiate the hypothetical model derived from the literature, on which this study was based, because these analyses show that the most powerful predictors of participation might be simply

other ways of measuring what is the same factor -- as the factor analyses show.

It becomes, therefore, extremely important for future research to reassess the literature on co-operative participation in the light of the development of the findings in this study, which might help to devise a new model whose purpose would be to indicate more fruitful implications for conceptualizing participation in co-operatives, or for that matter, other types of complex organizations.

Thus it is conceivable that participation and its correlates are related together to a wider cultural predisposition of members, influenced by a feeling of "involvement" and support for co-operative organizations.<sup>11</sup>

It is also possible that the differences in results revealed by the two techniques -- multiple regression analysis and factor analysis -- may be an "artifact of the techniques" rather than of real differences in the empirical world.

Perhaps the tendency in this study and in previous research on participation to limit the focus to internal factors, unduly slights the importance of community, organizational and regional environment.<sup>12</sup> One area at which future research efforts may be directed is to investigate whether such "support" subsumes other factors including participation, and if this, in reality, is related to the degree of dependence or independence of co-operative organizations from the influence or interference of other types of organizations.

FOOTNOTES

<sup>1</sup>G.M. Beal, "Additional Hypotheses in Participation Research," Rural Sociology. (1956), Vol. 21, p. 253.

<sup>2</sup>J. Harp, "Differential Participation of Members in Co-operatives in Communities of Iowa and Manitoba," Unpublished Master's Thesis, Iowa State College, (Iowa, 1956).

<sup>3</sup>J.M. Bohlen, "Factors Related to Participation of Members in an Iowa Community," Unpublished Research, Iowa Agr. Exp. St., (1956).

<sup>4</sup>Ephraim Yuchtman, "Control in an Insurance Company: Cause or Effect," in Arnold Tannenbaum (ed.), Control in Organizations. (New York: McGraw-Hill Company, 1968), pp. 125-128.

<sup>5</sup>Other publications in these areas are included in Tannenbaum's Control in Organizations, op. cit.

<sup>6</sup>M.N. Donald, "Some Concomitants of Varying Patterns of Communication in a Large Organization," Unpublished Ph.D. dissertation, University of Michigan, (1958).

<sup>7</sup>C.G. Smith and M.E. Brown, "Communication Structure and Control Structure in a Voluntary Association," in Tannenbaum, op. cit., pp. 129-143.

<sup>8</sup>Similar results of the relative importance of Flow of Communication and Value Realization to Feeling of Influence were found in each co-operative organization under study.

<sup>9</sup>N.H. Nie, D.H. Bent, and C.H. Hull, Statistical Package for the Social Sciences. (New York: McGraw-Hill Company, 1970), p. 209.

<sup>10</sup>The assistance of Mr. Gerard Grobбен, at the Department of Sociology, The University of Alberta, in running the program is acknowledged with thanks.

<sup>11</sup>Emory Brown and Robert Bealer, for example, pointed out value orientations in terms of social relationships such as "involvement" in the organization are likely to participate actively. See their article "Value Orientations and Behavioral Correlates of Members in Purchasing

Co-operatives," Rural Sociology. (March, 1957), Vol. 22, No. 1, pp. 50-58.

<sup>12</sup>J.G. Craig and Edward Gross, "The Forum Theory of Organizational Democracy: Structural Guarantees and Time-Related Variables," American Sociological Review. (February, 1970), Vol. 35, No. 1, pp. 19-33.

CHAPTER VII

EPILOGUE

DILEMMAS OF CONTEMPORARY CO-OPERATIVE FOUNDATIONS  
IN WESTERN AND DEVELOPING SOCIETIES

A major implication of the results of this study is that the process of participation is part of a complex organizational system. This process culminates in involvement in the affairs of a co-operative association for those members who were more exposed to the positive ideological aspects of co-operation, and who learned the proper skills and attitudes to communicate and derive benefits from their interaction with the association.

It is not, therefore, the formal rights, privileges, and duties open to members which constitute or lead to involvement. The exercise of such member prerogatives are rather dependent upon a complex system of factors of which Participation, Feeling of Influence, Openness of Communication, and Value Realization, and other related factors were included in this study. The formal rights and duties thus require structural opportunities for their exercise. Apart from the effects of skill and ideology, it is significant to note that such structural opportunities seem accessible only to a hard-core of members who manifest, in general, a more favorable predisposition toward the association. The presence of a hard-core of members, favorably pre-disposed, suggests an organizational need for loyalty by a contingent who are culturally imbued with defences and control mechanisms on behalf of

the organization.<sup>1</sup>

Within small communities it is possible for a co-operative to maintain a decentralized authority structure, as was the case in the pioneer days, and as is the case with most local co-operatives nowadays. But in general managerial procedures and technology have become more complex, and require a different level of interaction — less diffuse and more formalized, that is, bureaucratic. A further liability for co-operative organizations is that there is an economic or competitive need for expansion, and, accordingly, there is a heavier reliance on new membership which is not well socialized. Thus, one of the resources available in a co-operative is a set of expectations among those members who have used the organizational services more effectively.<sup>2</sup> They are more familiar with the formal and informal channels, who to call on for action when it is required, and how best to present alternatives. This is conducive to perpetuating a personal loyalty as a result of a stronger tie between the old organization and the older members it serves.<sup>3</sup>

A high rate of membership turnover further complicates the process of social interaction and potentially creates a fear that the control of new members might lead to disruption.<sup>4</sup> Not only are new members less informed, but some may be opposed to the co-operative and its goals. Ironically, participation of new or less integrated members may be beneficial precisely where some opposition is maintained for keeping the democratic process alive in the co-operative. Participation, far from being chaotic, can become a more orderly, integrated and controlled system rather than a protective traditional oligarchy which officially



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tries to see that democracy is practised, but quietly sets limits on democracy in favor of immediate decision-making for business operation and viability.

A traditionalized force with a vested interest in ideology and positions may tend to preserve structural arrangements and utilize all the means it can muster to ensure the upholding of its values that are in agreement with the public goals of the organization -- ideological and economic. But while the need for such defences is important for the organization, an unintended consequence is that the relative autonomy of the general membership could be weakened, and the intrusion of less policy-oriented co-operative participants becomes a source of strain for the organization.

If the organizational view is more inclined to see the co-operative as belonging to members, and furthering their interests, the internal structure and the endeavor toward ownership control become primary, but the relations of the organization to the external environment becomes secondary. If, on the other hand, the organization de-emphasizes the problem of internal structure, then it will be more concerned with problems revolving about growth and strategies for getting external supports to deal with the competitive aspects prevailing in the environment.<sup>5</sup> Whichever organizational view is held, it is reasonable to assume that a co-operative organization inevitably faces a source of strain for fulfilling its objectives. This source of strain, it is suggested, is resolved in many co-operatives by opting for external supports, in the hope that a more adequate service by the co-operative will subsequently help to mend the internal structural problems of the

organization.

In this chapter, therefore, the potentials of co-operative development and participation, in the light of the previous discussion, will be critically examined. Central to the discussion will be an exploration of changes in structural arrangements in co-operative organizations, and whether the principles of co-operation represent a wherewithal which lends a concrete meaning to democratic self-government in different social settings, particularly in Western and developing societies. Although the attempt to answer such broad question may be impaired by a lack of detailed information or supportive empirical studies, we shall approach the question by relying on literary sources, observations, and impressions obtained by the author from his close study of co-operatives in different parts of the world. We shall begin by describing some of the historical patterns of growth, and the problem of power relations, and then proceed to consider the place of co-operatives in different social cultural settings.

#### I. EARLY CO-OPERATIVE FOUNDATIONS IN WESTERN SOCIETIES

In Western societies, European and North American, there is wide recognition that co-operative associations are formal structures in which members participate voluntarily. The characteristic basis of co-operation in this context is its spontaneity as a people's movement or initiative in which government plays no role. The initiation of co-operatives generally starts from a condition of exploitation, a

feeling of injustice. It aims at protecting the interest of specific categories of people. In this context, a mutual service agency is set up by a group of people to operate at cost under their personal control, since they contribute the patronage upon which the life of the organization depends. This is the pattern which is observed from the history of co-operation in England, Scandinavian countries, central Europe, Canada and the United States. The aims of the pioneers in these societies, beginning with the Rochdale "Society of Equitable Pioneers," contemplated a plan which would offer an alternative to competitive capitalism by seeking a type of organization which devises legal and technical working machinery under the supervision and the interest of the weak individual members, be they workers, consumers or individual farmers.

It is interesting to note from the history of co-operatives in these Western societies that the voluntary aspects of organization are related to a cultural base which facilitated the acceptance and development of co-operatives. The history of Scandinavian co-operation is revealing in this connection.<sup>6</sup> The apparent initial success of the co-operative movement in Denmark, for example, can be attributed to at least four basic factors which helped the emergence of various forms of specialized co-operatives. First, before the introduction of co-operative ideas and principles by Father Hans Christian Sonne and F.F. Ulrich in 1866, the people of Denmark had at least fifty years of compulsory education, so that when changes in the agricultural and industrial economic structure were taking place, farmers were capable intellectually of discussing new ideas useful in achieving a more secure economic

position. Second, the "Folk High School" movement, initiated by Bishop Grundtvig as a people's movement with stress on voluntary participation and self-government, stimulated interest for civic responsibility and honorary service which could be channelled mainly through co-operatives at the community level. Third, the farmers in Denmark had long before the inception of co-operatives been relieved of their lease-hold status and became free-holders of property, which produced an incentive for development in all facets of agricultural activities. Fourth, the credit needs of farmers had been solved almost thirty years before the emergence of various types of co-operative enterprise. This was earlier carried out through the foundation of credit associations, a form of informal co-operation by free-estate holders who raised long-term loans on joint liability against first-mortgage security.

A cultural and local community base was therefore not lacking in Denmark for voluntary involvement in new co-operative ventures. During the latter part of the 19th Century, Danish agriculture which mainly consisted of grain, was severely affected by competing international prices. This problem was compounded by the loss of the provinces of Schleswig-Holstein to the Prussians. Hence the situation demanded group action for increasing the economic power of the farmer in the local as well as in the world market. Thus, with the shift to other agricultural pursuits, farmers were able to adopt modern technologies as well as co-operation as a new form of organization, which best fitted the emergent contingencies of the situation. The basic character of co-operation is that it sprang from people's initiative, and no special binding legislation has so far been found necessary. Decentralization

and specialization of various forms of co-operatives was possible to maintain, because the foundation is built on a stable and long-established homogeneous population which does not require member drives since co-operation is practised in an atmosphere which supports co-operative initiative from school age upward. However, the further tendency to adopt new business administration methods and technologies have made member control and participation less effective, and the cleavage becomes more obvious when it reaches the level of national co-operative associations — a point which will be referred to further in our discussion.

Although other Scandinavian countries present different sets of conditions under which co-operatives have emerged, similar underlying structural conditions were present for the acceptance of co-operative principles. In Finland, illiteracy had long been wiped out before the introduction of co-operatives. The influence of the Lutheran movement required reading ability from the adult population. The acceptance of co-operation occurred under conditions of crisis for the population as a whole. The resentment of foreign intrusion, and the rule of the Russians which threatened in 1899 the political and cultural autonomy of Finland, led to the establishment that same year of the Pellervo Society under the leadership of Professor Hannes Gebhard. The attempt could not be banned since its aims were purely socio-economic and non-political. But the movement served as an outlet for resentment by associating for socio-economic ends, not because these were primary, but because of the needs for autonomy and self-defence were greater.

Indeed, the very success of the Rochdale pioneers and the consumer

co-operatives in the United Kingdom can be attributed to the intimate association with the trends toward social reform, discussed earlier, which stretched from 1844 onward until the co-operative movement was fairly soundly established.

## II. FURTHER TRENDS

A review of the historical development of co-operatives indicates that their rate of growth was higher in the past than that of their national economies, and that their growth at present is slower than that of their national economies.<sup>7</sup> This denotes that Western co-operatives are probably not achieving the structural changes and economic transformation which is required of modern business operations. Is this particularly related to the need by co-operatives to retain their essential characteristic as a popular democratic movement? That there is a need for economic transformation has been exhibited from the start by co-operatives in their emphasis on the principle of continuous expansion. It will be noted that this same principle applies to other forms of private enterprise, as well as to governments in their endeavour to achieve a full state of employment.

### A. Growth and Competition

A compulsion to growth is therefore not strictly related to co-operative organization; it is common to co-operative and non-co-operative

alike, and generates competition. Co-operatives resort to competition to keep their viability and share of profit (surplus), and private enterprises have adopted some of the organizational forms originally developed by co-operatives. But does this mean to co-operatives the need for growth first, with member education following? The demand to trade with non-members, the need for financing to increase turn-over and maintain economic viability, and the retention of surplus for self-financing and the accumulation of reserves can bring the co-operative enterprise closer to the form of other non-co-operative profit-making competitors. Co-operatives therefore may find themselves weaker in their arguments to prove their special co-operative character. The defence that the Canadian co-operatives had to provide with regard to taxation, and which engaged them for more than a decade in an effort to prove the unique character of co-operation under business-operating conditions of today, points to the persisting need to keep the differentiation alive.

The need for economic transformation is also borne out by the fact that co-operatives tend to establish mergers (external supports) for the supply of their major requirements in the fields of consumption, production and service. Such interlinkages necessitate contractual relationships which might not be consistent with the older provisions of democratic control. The structure of new co-operative giants and the process of expansion and adaptation to new structural forms brings in its wake the following dimensions:

1. An increase in costs of information channels and educational activities to prevent the feeling that control has become remote.
2. Higher percentage of costs for maintaining competitive wages

and salaries.

3. A higher probability that the power of co-operative management would increase.

The efficiency that can accrue to co-operatives through amalgamation can often off-set the difficulty in meeting the higher costs of employing expertise. But the difficulties which arise in mechanisms of channelling information, and shifts in power relations, are emerging factors with which earlier local co-operatives were not confronted.

The British Independent Co-operative Commission has dealt considerably with the problem of the relation of boards of directors to modern management in co-operatives.<sup>8</sup> Addressing itself to consumer co-operation, the Commission raises the question of interference by board members in matters of remuneration, lay-out and design, examination of samples, and in general sharing the function of detailed management with their officials. The Commission concludes:

"When the system of co-operative committee management was first conceived, the question of management techniques scarcely arose; the Co-operative member's needs were few; and grocery retailing was a simple business well within the competence of intelligent laymen. .... Today, by contrast, we are witnessing a process of rapid change and innovation throughout the distributive trades. The changes are partly physical, and caused by the continuing revolution in shopping habits and consumer tastes; partly organizational, such as the growth not only of familiar retail multiples, but now of voluntary wholesale chains and collective buying groups; and partly, technical, ranging all the way from electronic computing to mechanical handling."<sup>9</sup>

Of significance, however, is that the Commission was clear about one problem area. A board of directors is not competent in planning



capital development, and has to rely on the initiative of expert paid officials to formulate the policy.<sup>10</sup> This does not eliminate, of course, the function of board members as sanctioners of policy, but it does affect their role as initiators and formulators of policy. As put by Ostergaard and Halsey:

"But it is unrealistic to suppose that the inexperienced sanctioners of policy will, in general, wield in the final decision-making process as much influence as the expert formulators of policy. No competent chief official would be worth his salt if he could not present to an inexperienced Board a plan of capital development which would be passed without serious amendment."<sup>11</sup>

One is inclined to conclude that if the approval function of the boards becomes more important than its initiating function in directing policies, the case will then not be dissimilar to the passive role played by boards of large private companies. Furthermore, co-operative boards having been involved in the decision-making process, even as sanctioners, are apt to develop a rationale and defences for their group action when meeting with the general membership in annual or extraordinary meetings. The implication in this regard is the culmination of a decision-making process initiated and largely influenced by expert management. This does not resolve the problem of a congenial combination of a democratic control with efficiency in operations. Ostergaard and Halsey remark: "The age-old problem of how to control the expert is not solved simply by placing him under the direction of a layman."<sup>12</sup>

It is ironical that while co-operatives have created a new form of organization, and have anticipated that they could become a major

tool for changing the competitive forms of organization, they find themselves vulnerable and incapable of escaping the process of becoming adapted to a modern world of complex bureaucratic organization. Compared to earlier times, this weakens its case for showing what it means by democratic living.

It thus becomes clear that the emphasis on growth in various forms of economic and business organizations affects the nature of co-operative voluntary association. It compels co-operatives to meet private business enterprise on its own ground, and this generates competition and a continuous drive to keep the loyalty of old members and to attract new ones. But it might be less difficult nowadays for private business enterprise, if threatened by co-operative growth, to point out that co-operatives become interested parties and act against the best interests of members. Private enterprise can show at the same time that they can satisfy their shareholders and their profit interests as well as serve the interests of clients, consumers or producers, better than any competitor. W.G. Alexander, however, suggests:

"Plainly, no organization can be the best all the time for every article and service, everywhere. The Co-operatives however, may point to their excellent record for the consumer over the years and may continue to do far better than any competitor in the future despite all the difficulties. Their unique position will slowly be recognized, for whilst consumers' organizations not engaged in business can claim an impartial interest, they lack practical experience; and profit-making enterprises claiming practical experience and some success for the consumers, are responsible to their shareholders for the conduct of their business. Only the co-operative is owned and controlled by consumers and yet actively engaged in the business of serving them."<sup>13</sup>

This may very well be the case in theory, but its realization, it is maintained, is contingent upon keeping a well informed and conscious membership as well as non-members. But, given the present structural conditions of complex co-operative organizations, this need is not fulfilled. And given the member-apathy which prevails and is manifested in poor attendance at business meetings, this further implies that candidates to board positions will be elected by so insignificant a minority that the calibre of the board and hence the efficiency of the society may be affected.

B. Local Autonomy vs. Centralization

The nature of power relations between local co-operatives and co-operative central organizations, when centralization becomes desirable for purposes of growth and expansion, poses a different set of problems. Chiefly this relates to the need for men at the central organization to gain the confidence of those who surrender completely or partially their mandate to a central authority.

There are three alternatives open for local co-operatives to integrate their activities with a central co-operative organization. The first alternative is to become, as a corporate body, a member of a central organization just as the Carman consumers' co-operative became a member of Federated Co-operatives, the central wholesale organization. This entails an agreement to deal exclusively with the central organization if it is in a position to supply the required goods or

services. The second possibility is for a local co-operative to surrender its mandate for hiring and supervising management in day-to-day activities and thus leave the co-ordination of management to the central organization in various localities. This can help to bring about better skills, elements of better supervisory procedures, better managerial communication system, and some uniformity and standardization for a more effective service. The third alternative is complete centralization similar to the set-up of the Wheat Pools on the Prairies and of the Canadian Co-operative Implements Ltd. This case involves a common direct membership and a common body managing the overall operations.

Mere membership in central organizations poses a number of problems. Admittedly such membership may resolve difficulties in co-ordinating of pricing, advertising, promotional activities, employee and leader training services and inventory interchange, and, in general, the avoidance of costly duplication of services. But under these conditions smaller co-operatives might feel that grass-root interest and control will be weakened, and that they will have less flexibility in operations and internal growth. However, while membership in central organizations may inhibit the local's growth potential, it does open possibilities for expansion of the movement as a whole -- for increasing its volume of business, and for building effective financial resources.

The second alternative, management co-ordination, where a central agency takes over managerial functions, brings about a change in previously existing relationships. An unsatisfactory interplay is likely to occur between local management and central management, local board and

local management, local board and central management, and the local board and the central board. While this from a managerial perspective may bring more stability in operations, and while the local board may feel freer to demand release of unsatisfactory management, yet a general feeling that membership has lost its control to a central organizing body may ensue.

The complete amalgamation and integration of local co-operative associations by direct common membership in an enlarged organization concentrates attention on the economic aspects, but removes many of the social facets of involvement through which local needs and priorities can be fully expressed.

Whichever of the three alternatives of action is chosen by a local co-operative involves it in a situation which a competing private enterprise does not encounter to the same degree and in the same manner. Whether integration is loose or close, it is basically economic in nature, and would bring about a change in relations. A loosely structured integration could breed independent action which would weaken central authority and control, and a weakened local control may not easily lend the confidence necessary to achieve centralization of power through integration.

#### C. A Limitation to Local Directive Influence

A major characteristic of co-operatives in the Prairies is that they appeared when, and to the extent that, the people accepted the idea

of co-operation irrespective of any specific activity, and were ready to apply it as occasion demanded. The link of the co-operative movement to the farmers movement has been delineated in previous research.<sup>14</sup> The case of the Carman co-operatives reinforces the predominance of the rural composition; some resistance to the co-operative idea is still active among town people.

Of particular interest to this study is the observation that while various types emerged, there is heavy reliance on the same co-operative leadership at the local level to assume board responsibilities in those different types of co-operatives. This may be the pattern in other localities in Manitoba and elsewhere on the Prairies.

If indeed this is the pattern, then apart from the increased demand on the time and energy expected of this leadership and the fact that they assume their roles with diligence and integrity, it should be realized that their position engenders role conflict. There is a demand that they become knowledgeable in various fields of specialization — financing, consumption trends, pooling, production supplies, marketing, and ancillary activities. Rarely can an individual possess all these skills. Further, conflict results from the desire to serve member farmers as producers by obtaining for them the highest price possible for their goods, and at the same time the lowest possible price for farmers as consumers. In order to fulfil all these contradictory obligations a tendency is created to lean on management in each specialized co-operative, and to look for external supports to bring home the benefits demanded. In either case, the role of management control, local or central, would be strengthened.

We have posed in our discussion, major problems which interfere in the basic requirements of various types of co-operatives — to run efficiently on a democratic basis. But it is a well known adage that democracy works slowly. For the members to subjugate their democratic procedures to the demands of modern business operations would be tantamount to reducing co-operatives to just another form of private business enterprise. There is a risk for co-operatives if they allow the actual decision-making process to slip out of the hands of those elected as representatives of the membership. There is also a risk involved in leaving management altogether out of the decision-making process.

One method of adaptation lies perhaps in the recognition that the entry of paid management into the democratic set-up with voice and vote in the due decision-making process might be one answer to the resolution of conflict in roles. This has been experimented with in Scandinavian countries and the results may lead to a change of perspective in this particular area of role definition.<sup>15</sup> Yet such new courses of action may bring about new compromises in the principle of democratic control — compromises necessitated by the managerial revolution.

To sum up: The precise character of co-operative democracy has altered. Economic and technical changes in the environment necessitate growth and expansion, an idea which originated with the birth of the co-operative movement. Participation becomes less prominent, and it is no longer feasible for a board of directors to undertake day-to-day management. This does not perhaps destroy the reality of democratic

control, but poses the problem of weakening it, unless the fraction of members who participate can be representative of the whole.

The problems set forth about co-operatives in Western societies are likely to continue, in the opinion of the writer, until the relationship between democratic and business procedures are redefined and reenacted in greater harmony with the ideological character of the movement. Then perhaps it can be said that co-operatives may influence the ideological character of society, rather than maintain an insignificant contribution and follow the dictates of one principle of organization in jeopardy of the other. Until then, neither a more informed membership, nor a well developed and more efficient management, can be relieved of intrinsic contradictions.

### III. CO-OPERATIVE FOUNDATIONS IN DEVELOPING SOCIETIES

We now turn our attention to the founding of co-operatives in developing countries. The various forms of co-operative enterprise, mainly starting with agricultural credit, supplies, and marketing, spring from the initiative of governments, not people. There is, therefore, the dilemma of official promotion of this particular form of voluntary organization which has specific contributions to make by the very fact of being called voluntary -- such as continuous training of a large number of people in democratic attitudes, encouragement of self-help, and the modification of traditional structures.

However, to wait for such voluntary organizations to spring up



spontaneously means ignoring acute needs which no contemporary government of a developing society can afford to do. Scarcely any developing society today is not actively promoting agricultural co-operation due to the predominance of the population engaged in farming, and the old-age problem of indebtedness in rural areas. Thus the immediate purpose is not just to set up the voluntary character of a rural co-operative per se, but to achieve the more immediate and tangible purpose of economic development through the provision of credit and the utilization of the co-operative form for the provision of other needs. It is inevitable therefore for this type of organization to owe its existence to the support of the state. Managed and influenced by a government apparatus, it can scarcely be called a voluntary organization.

The expectation in most developing countries is that from dependent agriculture and petty industrial development are to emerge a new form of social organization to assure equality in treatment and the development of new skills in industry. The most difficult task in this regard for ensuring development is that the small farmer is at present being expected and encouraged to achieve what large-scale owners of land have failed to do in the past. Most governments in developing societies are incapable of directly extending their services to small individual farmers, as this is financially, organizationally, and numerically an impossible task, and because it is difficult for the relatively isolated farmer to reach government services provided in central locations. Therefore, the promotion of a co-operative form of organization seems most suited for such purposes. For example, a farmer who may be a small free-holder of fragmented and subdivided land is better served by

a local money-lender for satisfying his productive and subsistence needs, than to travel to an urban centre, procure his land title deeds for a number of plots and submit these as a surety for a small loan which may be refused because he is already encumbered with debts, all of which require heavier efforts and costs even if the individual farmer has learned all the modern communication skills. The author has observed in traditional village structures the relative insulation for individuals or groups of individuals who are reluctant to show marked changes in their behavior, lest they be singled out as disrupting the already existing patterns of relations.

A. Impediments to Democratic Development

Inherent in the environment in which co-operatives are initiated and function, are problems of poverty and illiteracy of the rural masses. Hence, financial support has to come from an external source, usually the State. The State can, therefore, claim a legitimate right to supervise the working of the co-operative movement.

In order to reach the village masses, there is a tendency to lean on traditional leadership for the acceptance of the co-operative idea. Traditional leadership in the initial stage may raise objections, but cannot resist for long the pressure from followers for acceptance, since the need for seasonal and other forms of credit are great. In submitting to the wish of the group, traditional leadership often utilize their legitimized traditional roles and end up in management

positions in the new institution to prevent any disruption of relations and to see to it that their vested interests are not undermined.

The State, represented normally by a department of co-operative development, can claim the need for control to prevent nepotism and abuse of funds, and when abuses are overdone, the State can restrict the co-operatives freedom of action. In such circumstances, the co-operative may degenerate into a mere loaning agency in the field of credit. The advantage of this for government is that it deals with one loaning agency as a corporate body rather than with individuals. On the other hand, there is the problem that village co-operatives are closely knit affairs where most of the members are directly or indirectly related to all of the other members. There is, therefore, a difficulty for a co-operative to refuse the membership of anyone, even though he may not be credit-worthy or of good character, since refusing such a person may result in disturbing the pre-existing network of kinship relations.<sup>16</sup> And this is precisely where a local money-lender has learned his lesson well.

The local co-operative committee represented by traditional leadership realizes this problem and tries to get the government official to be the one to issue the refusal. Being caught in the middle, the official often lets them join anyway, as he has nothing to lose in the transaction.

B. Problems of Integration

A co-operative initiated at the local village level may remain limited in its functions to one single purpose, such as the supply of seasonal and short-term credit, since it can only draw its support from a small membership seeking maximum credit by adopting unlimited collective liability. But sooner or later such an organization finds that its activities do not require more than few meetings per year for planning the credit needs of members. Much of the decision-making is related to apportioning credit among members, such allocations being made between the local board or co-operative committee and the department official. This does little to change the traditional authority structure at the village level into a democratic procedure. When general meetings of members occur, time is spent on procedural activities such as record keeping, transacting the loans or repayments, so that little time is left for the exchange of co-operative ideas or discussion of problems of general interest to members.

For government to be relieved of being directly involved and responsible for the banking activities of local co-operatives, a demand normally is made to transfer such activities to a central, co-operatively-owned, organization. This intensifies the strains of relations, especially for local boards, since they have to deal with two types of co-operative influence: one is legal, represented by a government official, and the other is financial, represented by the official of the central organization.

Under these circumstances, the managerial skills at the local and

and the central levels become the most critical of all factors. The traditional leadership structure inhibits the spontaneous emergence of able local leadership, and strives to exploit their new positions in co-operatives for their economic and political ends. Concurrently, the problem of preserving status remains not only prevalent but even acute. The following case exemplifies this situation.

A credit and thrift co-operative was established in one of the villages in Jordan. The local board composed of traditional leadership was willing, with guidance, to institute a supervised credit program for a viable sheep-breeding project, where each member would study his potential and decide the amount of sound credit needed to raise sheep economically. Instead of providing a cash loan, it was decided unanimously that the co-operative would purchase sheep on a wholesale basis, and then distribute them to members according to their individual plans. A number of members, however, clandestinely bought more sheep than their individual plans called for. The reasons for doing so were analyzed as follows:

"This was not done to willfully deviate from the plan, but to preserve their social position. It might be explained in this way: suppose we take two neighbors (A and B) before any loan was made. Let us say farmer "A" had 10 sheep and farmer "B" had none. After farm plans were made for both and their situation studied, it was adjudged that a loan would be made to farmer "A" to purchase 10 additional sheep, and a loan would be made to farmer "B" to purchase 20 sheep. Farmers "A" and "B" both now have 20 sheep, so farmer "A" no longer enjoys a higher status than "B" because visibly they both have the same wealth. In defense of his status farmer "A" goes into additional debt to buy 20 sheep instead of the agreed upon 10 so that he will maintain a 10-sheep edge over his neighbor and thus maintain his relative status position. This actually happened in a number of cases."

In addition to disrupting the local power structure, the need to centralize activities in the areas of banking, supplies and marketing, generates a new power structure which is accorded to local co-operative leadership at the central level. Representatives of local co-operatives become members of the general body of central co-operative organizations, of whom a number ascend in a short period of time to relatively powerful and prestigious positions at the central urban level. If such leadership is not properly guided by honest management, an abuse in management and funds is likely to occur. However, assuming that the most capable of village leadership undertake such positions, this represents a new emerging power structure which increases its demands from the State. When such demands are felt, an invitation is made for other State agencies to enter the administration of the co-operative, and this entails further types of control.

In the initial stages of development, it should be realized that democratic control at the local and the central levels of organization are almost absent. But the challenges to the introduction of a democratic system generate concern at all levels, as well as new internal and external problems. When we look, for example, at the local level entering more complex operations (such as a movement from credit to supply and marketing), the traditional leadership finds itself incapable of dealing with a more complex order and gradually gives way to a more capable membership which can cope with the emergent problems of organization.

In the previous discussion on the place and potentials of co-operatives in developing societies, emphasis was laid on the working

of agricultural co-operation for production. When the potentialities for the introduction of consumers co-operation are considered, experience has shown that their emergence is extremely difficult. The factors which militate against their introduction are many. Basically, however, there is a need first to improve rural incomes, to study the buying habits of rural people, and a requirement for establishing a large number of quite small shops. This implies a large number of small purchases by a fairly small and fixed clientele in each locality which must be as near the village as possible. Economically, co-operative stores cannot exist as small individual units. And the integration of these small units is far more difficult than the simpler forms of co-operative business such as credit or bulk supplies.

Even more difficult, perhaps, is the problem of cash purchases which require some type of advance credit to accord with the consumer -- co-operative requirement of cash trading in consumers co-operatives.

#### IV. CONCLUSION

In the analysis of the present place of co-operatives in Western and developing societies, we have tended to show that the professed ideology resides in the fact that the economic strength of a co-operative cannot be dissociated from the personal loyalty of its voluntary members.

In the developing countries, the voluntary character of co-operation emerges with difficulty, but even if it is initiated from the top it still opens some avenues for democratization of a traditional

structure.

In Western societies, the changing socio-economic structure of members and the social setting with which their co-operatives have to deal, brought about a conflict between their economic interests and the maintenance of democratic ideals. Modern co-operatives face the dilemma of maintaining themselves as viable business organizations vis-a-vis the need to maintain their organizations as microcosms of the social order. It is suggested that they are tending to become more adapted to the larger socio-economic setting in which they find themselves, rather than becoming an institution which brings challenges to the prevailing social structure. At present, the image of those in the orbit of co-operation, depending on their position in society, and their position within the structure of co-operatives, remains segmentalized as to the goals of the movement.

It seems that unless it is realized that changing social structures require changing definitions and practices, and that a constant dialogue should be maintained among the membership, the inherent contradictions, sustained for the present, will widen and undermine the uniqueness and position of co-operatives.



FOOTNOTES

<sup>1</sup>See James N. McCrorie, In Union is Strength. Centre for Community Studies, University of Saskatchewan, Saskatoon (1964), pp. 114-115.

<sup>2</sup>This may be due to the liability of newness of members if not of the organization. See Arthur Stinchcombe's "Social Structure and Organizations," in James G. March (ed.), Handbook of Organizations. (Chicago: Rand McNally, 1965), pp. 148-150.

<sup>3</sup>Ibid., p. 150.

<sup>4</sup>The problem of turnover of membership is rather crucial in determining patterns of interaction. See Stanley Udy's "The Comparative Analysis of Organizations," in James G. March (ed.), Handbook of Organizations. (Chicago: Rand McNally, 1965), p. 693.

<sup>5</sup>Various technological and ecological processes operate to restrict the choice open to organizations. Instability of the market, competitive pressures, transportation, and managerial procedures, reduce the chances of formulating independent tasks, and may reduce the importance of the membership within the organization.

<sup>6</sup>Most of the historical material presented in this regard is derived from a final report submitted by the author to the United Nations Technical Assistance Board entitled "Study Tour on Co-operatives and Community Development in Denmark, Norway, Finland and India," (1958).

<sup>7</sup>Kristjanson et al., critically questions (1) whether accomplishments represent actual growth relative to other related sectors in the economy, and (2) whether the growth which has taken place has been accomplished without fundamental sacrifices in the professed ideology on which the co-operative form of organization is based. See Leo F. Kristjanson, William B. Baker, and F. Clifford Everson's study, An Evaluation of the Educational Activities of Co-operatives in Saskatchewan. Centre for Community Studies, University of Saskatchewan, Saskatoon (1958), p. 12.

<sup>8</sup>See Co-operative Independent Commission Report. (Manchester: Co-operative Union Ltd., 1958).

<sup>9</sup>Ibid., pp. 53-54.

<sup>10</sup>Ibid., p. 57.

<sup>11</sup>G.N. Ostergaard and A.H. Halsey, Power in Co-operatives. (Oxford: Basil Blackwell, 1965), p. 201.

<sup>12</sup>Ibid.

<sup>13</sup>W.G. Alexander, "Some Overall Problems Faced by Western Co-operative Movements," in proceedings of the Regional Conference of the International Co-operative Alliance, Tokyo, The Role of Co-operatives in Social and Economic Development. (London: Asia Publishing House, 1966), p. 89.

<sup>14</sup>McCrorie, op. cit., pp. 116-124.

<sup>15</sup>See Mauritz Bonow, "Some Overall Problems of Western Co-operative Movements Today," in the International Co-operative Alliance, The Role of Co-operatives in Social and Economic Development. (London: Asia Publishing House, 1966), p. 79.

<sup>16</sup>American Friends Service Committee, Jordan, A Co-operative Training and Supervised Agricultural Credit Program in Jordan: Interim Report, 1963, p. 24.

<sup>17</sup>Ibid., pp. 23-24.

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# APPENDIX I

Percentage Distribution of Population of Carman, the Rural Municipality of Dufferin by Ethnic Background, 1961, with Special Reference to Manitoba<sup>a)</sup>

Ethnic Background	Carman Urban Settlement Percent	Municipal Area of Dufferin Percent	Manitoba Percent
1. British Isles	65.6	46.7	42.9
2. French	6.4	6.1	9.1
3. German	4.5	7.8	10.0
4. Italian	.4	-	.7
5. Jewish	.3	-	2.1
6. Netherlands	13.5	24.5	5.2
7. Polish	.7	1.2	4.8
8. Russian	.5	4.6	.9
9. Scandinavian	2.3	1.6	4.1
10. Ukrainian	1.6	2.8	11.3
11. Other European	.9	4.6	4.4
12. Asian	.4	.1	.5
13. Indian	-	-	3.2
14. Other	2.9	-	.8
No Answer	-	-	-
	100.0%	100.0%	100.0%

a) Source: Data Regional Analysis Program, Southern Manitoba, 1972



APPENDIX II

Number of Activities in Carman, 1971<sup>a</sup>

4	TRADE CONTRACTORS
11	CHURCHES
10	RESTAURANTS AND TAVERNS
4	GENERAL STORES
6	GAS SERVICE STATIONS
5	BARBER AND BEAUTY SHOPS
1	AUTO REPAIR SERVICE
2	ELEMENTARY/SECONDARY SCHOOLS
5	FUEL OIL DEALERS
6	FOOD STORES
5	FARM IMPLEMENT DEALERS
3	HOTELS AND MOTELS
7	REPAIR SERVICES
5	BUILDING CONTRACTORS
3	BANKS AND CREDIT UNIONS
4	MOTOR VEHICLE DEALERS
4	HARDWARE STORES
2	LUMBER YARDS
5	CLOTHING - DRY GOOD STORES
3	PHYSICIAN - SURGEON OFFICES
1	KINDERGARTENS
2	OFFICES OF LAWYERS
2	DRUG STORES
2	HOSPITALS AND CLINICS
3	REAL ESTATE AGENTS
1	LAUNDRIES - DRY CLEANERS
1	MOTION PICTURE THEATRES
1	HAY, GRAIN, AND FEED STORES
2	JEWELLERY STORES
1	HOUSEHOLD FURNITURE STORES
1	UNDERTAKERS
1	OFFICES OF DENTISTS
1	PUBLIC LIBRARIES
2	PHOTOGRAPHIC SERVICES
1	OFFICES OF VETERINARIANS
1	DEPARTMENT STORES
1	FLORIST SHOPS
119	TOTAL NUMBER OF ACTIVITIES
37	DIVERSITY OF ACTIVITIES

a) Source: Data Regional Analysis Program, Southern Manitoba

APPENDIX III

Figure 1. General Participation of Members by Sample Type for Carman Co-operative Ltd. (Store)

Sample Type	N	Members' Mean Participation	SD
1. First-Stage	59	12.8	6.46
2. Second-Stage	58	12.3	6.07
	117		

$t = 0.43$

$p < .05$

Figure 2. General Participation of Members by Sample Type for Co-operative Insurance Services, Carman

Sample Type	N	Members' Mean Participation	SD
1. First-Stage	51	13.8	4.43
2. Second-Stage	9	13.6	6.86
	60		

$t = 0.08$

$p < .05$

Figure 3. General Participation of Members by Sample Type  
for Canadian Co-operative Implements Ltd., Carman

Sample Type	N	Members' Mean Participation	SD
1. First-Stage	34	7.7	5.97
2. Second-Stage	38	8.7	5.77
	72		

$t = 0.72$

$p < .05$

Figure 4. Value Realization of Members by Sample  
Type for Carman Co-operative Ltd. (Store)

Sample Type	N	Members' Mean Value Realization	SD
1. First-Stage	59	17.3	3.87
2. Second-Stage	58	16.4	3.60
	117		

$t = 1.30$

$p < .05$

Figure 5. Value Realization of Members by Sample Type  
for Co-operative Insurance Services, Carman

Sample Type	N	Members' Mean Value Realization	SD
1. First-Stage	51	17.5	3.25
2. Second-Stage	12	20.5	7.29
	<hr/> 63		

$t = 0.65$

$p < .05$

Figure 6. Value Realization of Members by Sample Type  
for Co-operative Implements Ltd., Carman

Sample Type	N	Members' Mean Value Realization	SD
1. First-Stage	34	16.2	4.30
2. Second-Stage	39	14.7	5.67
	<hr/> 73		

$t = 1.28$

$p < .05$

The University of Manitoba  
Department of Sociology  
Winnipeg 19, Canada

APPENDIX IV:A



July, 1971.

Dear Sir:

As a co-operative member, you have been selected to take part in a survey of participation patterns in the different types of co-operative associations in Carman. The survey is being conducted by Musa Khalidi, Assistant Professor at the Department of Sociology, The University of Manitoba.

The Purpose of this survey is to gain knowledge about the relationship between participation and the different needs of members in major types of co-operative organizations. Thus the study will not be concerned with individual members, but with the participating group in each type of co-operative activity. The results of the study might have some use in increasing the effectiveness of co-operatives and thus benefitting yourself and others.

The information gathered from the enclosed questionnaire will only be used for statistical purposes. Your response will be kept in strict confidence, and in order to maintain anonymity, your name does not appear on the questionnaire. The numbers used on the cover are merely intended for record keeping during the survey.

A meaningful survey will not be possible without your participation. Please complete the questionnaire within the next week, if possible, and return to me directly in the enclosed self-addressed, stamped envelope. I am confident that co-operation in answering questionnaires will be greater from members of co-operatives including yourself than from members of the general public who are not so committed to the principle of co-operation.

Thank you in advance for your co-operation.

Truly yours,

Musa Khalidi,  
Assistant Professor.

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## APPENDIX IV:B

Co-operative Participation  
Research - Carman

Schedule No. \_\_\_\_\_

List No. \_\_\_\_\_

1. Of which of the following co-operatives in Carman are you a member?

(Please place a check mark (✓) next to each co-operative to which you belong, and fill in other related information).

Name of Co-operative	Check (✓)	No. of Years as member	Offices held now, if any (Name)	Committees, if member of any (Name)	Percent of Your business done with the co-operative
1. Carman Co-op. (Store)					
2. Carman Elevator Ass'n					
3. Dufferin Credit Union					
4. Co-op. Insurance (CIS)					
5. Co-op. Implements (CCIL)					
6. Dairy and Poultry					

2. In which other co-operative, outside Carman, do you have membership?

Name of Co-operative	Location	No. of Years as member	Offices held now, if any (Name)	Committees, if member of any (Name)
1.				
2.				
3.				
4.				
5.				
6.				

3. What are your responsibilities as a member of the following co-operatives to which you belong in Carman?

(For co-operatives of which you are not a member, check (✓) the "Not Applicable" column).

Name of Co-operative	Not Applicable	Responsibilities (If no responsibility, please state "None")
1. Carman Co-op. (Store)		
2. Carman Elevator Ass'n		
3. Dufferin Credit Union		
4. Co-op. Insurance (CIS)		
5. Co-op. Implements (CCIL)		
6. Dairy and Poultry		

In most questions that follow, only one item is to be checked (✓) for each Co-operative Column. What is particularly needed is to check the statement "Doesn't Apply" if you are not a member, or only one of the other items in each column if you belong to that co-operative. No information is needed for co-operatives to which you may belong other than those stated.

4. For co-operatives of which you are a member in Carman, how often do you attend the general meetings?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Whenever held						
2. Usually						
3. Occasionally						
4. Rarely						
5. Never						
6. Doesn't Apply						

5. Did you participate in discussions (ask questions, give information, ask for opinions, etc.) in any of the meetings you have attended over the past two years?

Yes \_\_\_\_\_ No \_\_\_\_\_

5-1. If yes, in which co-operatives? \_\_\_\_\_

6. Do you compare prices before you deal, buy or sell at the Carman co-operatives of which you are a member?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. All the time						
2. Sometimes						
3. No						
4. Doesn't Apply						

7. Where do you basically get your information about co-operatives of which you are a member in Carman?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Other Members						
2. Manager						
3. Directors						
4. Co-op. paper						
5. Co-op. newsletter						
6. Annual Meetings						
7. No information						
8. Doesn't Apply						



8. Would you like to receive additional information about any of the co-operatives of which you are a member?

Yes \_\_\_\_\_ No \_\_\_\_\_

- 8-1. If yes, about which co-operatives in particular do you feel additional information is needed?

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9. How often do you discuss with other members the operations of the co-operatives in Carman to which you belong?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Often						
2. Sometimes						
3. Once in a while						
4. Rarely						
5. Never						
6. Doesn't Apply						

10. During the last two years, have you had any discussions with the manager or a board director regarding an activity of the co-operatives to which you belong in Carman?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Yes						
2. No						
3. Doesn't Apply						

11. During the past two years, have you encouraged others to join any of the co-operatives to which you belong?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Yes						
2. No						
3. Doesn't Apply						

12. How difficult do you think it is to manage the business operations of the following co-operatives?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Very difficult						
2. Moderately difficult						
3. Somewhat difficult						
4. Slightly difficult						
5. Not difficult at all						
6. Doesn't Apply						

13. It is sometimes said that the annual reports of certain co-operatives are written in such a technical language that many members find them difficult to understand.

Based on your personal experience, indicate the degree of difficulty you find in understanding the annual reports.

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Very difficult						
2. Moderately difficult						
3. Somewhat difficult						
4. Slightly difficult						
5. Not difficult at all						
6. Doesn't Apply						

14. Perhaps the financial statement of the final report contains the most difficult and complex part.

How difficult do you find it to understand the financial statements of the co-operatives of which you are a member?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Very difficult						
2. Moderately difficult						
3. Somewhat difficult						
4. Slightly difficult						
5. Not difficult at all						
6. Doesn't Apply						

15. How much pressure do private enterprises apply in attracting members away from co-operative to which you belong?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Much pressure						
2. Moderate pressure						
3. Some pressure						
4. Slight pressure						
5. No pressure at all						
6. Doesn't Apply						

16. How far does the government encourage membership in the following co-operatives?

(Please check (✓) one one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Highly satisfied						
2. Moderately satisfied						
3. Somewhat satisfied						
4. Little satisfied						
5. Not satisfied at all						
6. Doesn't Apply						

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18. For co-operatives of which you are a member, how satisfied are you with the way the manager runs the day-to-day operations?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Highly satisfied						
2. Moderately satisfied						
3. Somewhat satisfied						
4. Slightly satisfied						
5. Not satisfied at all						
6. Doesn't Apply						

19. Again, considering the day-to-day activities, how satisfied would you say you are with the customer service that the employees render?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Highly satisfied						
2. Moderately satisfied						
3. Somewhat satisfied						
4. Slightly satisfied						
5. Not satisfied at all						
6. Doesn't Apply						

20. How do costs of co-operatives compare with private enterprises of a similar nature?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Much higher						
2. Quite a bit higher						
3. Slightly higher						
4. About the same						
5. Lower						
6. Doesn't Apply						

21. From your observation, how committed are the members to do business with the co-operatives to which you belong?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Very committed						
2. Moderately committed						
3. Somewhat committed						
4. Slightly committed						
5. Not committed at all						
6. Doesn't Apply						

22. In your judgement, which of the following statements best describes the nature of each of the following co-operatives?  
(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Business for profit						
2. Services at cost						
3. A political instrument						
4. Not sure						
5. Doesn't Apply						

23. From a co-operative point of view, who, in your opinion, has the right to determine what should be done with the surplus (savings) of the following co-operatives?  
(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Directors						
2. Manager						
3. Members						
4. Auditors						
5. Not sure						
6. Doesn't Apply						

24. Co-operatively speaking, who, in your opinion, should finance each of the following co-operatives at its start?  
(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Government						
2. Directors						
3. Members						
4. Banks						
5. A central co-op.						
6. Not sure						
7. Doesn't Apply						

25. In matters related to business, who, as a co-operative principle, should be allowed to vote?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Only members						
2. All people dealing with co-op.						
3. Not sure						
4. Doesn't Apply						

26. Co-operatively speaking, how should votes of members be counted?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. More votes for larger volume of business						
2. One member, one vote						



cont'd	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
3. One vote for each share of stock held						
4. Not sure						
5. Doesn't Apply						

27. In the event of a loss, who, in your judgement, should bear the responsibility?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Government						
2. Members						
3. Directors						
4. Manager						
5. A central co-op.						
6. Not sure						
7. Doesn't Apply						

28. If you have any suggestion for improving the services of a co-operative, how easy is it for you to get your ideas across to the manager or board director?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Very easy						
2. Fairly easy						
3. Somewhat easy						
4. Not too easy						
5. Not easy at all						
6. Doesn't Apply						

29. Is it easy for you to meet with other members to discuss co-operative matters about which you are concerned?  
(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Very easy						
2. Fairly easy						
3. Somewhat easy						
4. Not too easy						
5. Not easy at all						
6. Doesn't Apply						

30. Do you normally find it easy to participate in a discussion to which experts are invited to discuss co-operative matters?  
(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Very easy						
2. Fairly easy						
3. Somewhat easy						
4. Not too easy						
5. Not easy at all						
6. Doesn't Apply						

31. About how many friends or relatives do you have as members of co-operatives to which you belong?  
(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Almost all						
2. Most members						
3. Some members						
4. Few members						
5. None						
6. Doesn't Apply						

32. On the whole, how much influence or say do you feel you have on major policy matters of your Carman co-operatives?  
(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Great deal of influence						

cont'd	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
2. Quite a bit of influence						
3. Some influence						
4. Little influence						
5. No influence at all						
6. Doesn't Apply						

33. Let us go back to the time when you first joined each co-operative in Carman. Which of the following statements best characterizes your attitude toward each co-operative at that time?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Favourable						
2. Indifferent						
3. Not favourable						
4. Doesn't Apply						

34. Now that you have been a member for some time, please indicate which of the following statements best describes your attitude towards each co-operative at the present time?

(Please check (✓) only one item for each Co-operative Column).

	Carman Co-op. Store	Carman Elevator	Credit Union	Insurance (CIS)	Implements (CCIL)	Dairy/ Poultry
1. Favourable						
2. Indifferent						
3. Not favourable						
4. Doesn't Apply						

Questions 35-40 are designed to evaluate the quality of benefits the Carman co-operatives provide their members. Under each question there are eleven statements. Each statement could be reacted to by "AGREE," "DISAGREE" or "UNDECIDED."

(Please place a check (✓) in the appropriate box which reflects your true feelings about each statement.)

In case you are not a member of a particular co-operative, simply indicate so by checking "Not a member" which appears at the top of each question.

35. THE CARMAN CO-OPERATIVE (STORE)

Not a member \_\_\_\_ (if checked, proceed to Question No. 36)

Do you agree or disagree that the Carman Co-op. (Store)

	AGREE	UNDECIDED	DISAGREE
1. Gives a feeling of ownership			
2. Provides economic benefits which could not be easily provided by private dealers			
3. Has a convenient location			
4. Practises democratic principles			
5. Offers as good a service as private business			
6. Creates competition from which members suffer			
7. Gives the member a chance to have more friends			
8. Has friendly and helpful employees			
9. Ignores members' suggestions			
10. Adequately rewards share capital invested			
11. Treats members equally			

36. CARMAN ELEVATOR ASSOCIATION

Not a member \_\_\_\_ (if checked, proceed to Question No. 37)

Do you agree or disagree that the Carman Elevator

	AGREE	UNDECIDED	DISAGREE
1. Gives a feeling of ownership			
2. Provides economic benefits which could not be easily provided by private dealers			
3. Has a convenient location			
4. Practises democratic principles			
5. Offers as good a service as private business			
6. Creates competition from which members suffer			
7. Gives the member a chance to have more friends			
8. Has friendly and helpful employees			
9. Ignores members' suggestions			
10. Adequately rewards share capital invested			
11. Treats members equally			

37. DUFFERIN CREDIT UNION

Not a member \_\_\_\_ (if checked, proceed to Question No. 38)

Do you agree or disagree that the Dufferin Credit Union

	AGREE	UNDECIDED	DISAGREE
1. Gives a feeling of ownership			
2. Provides economic benefits which could not be easily provided by private dealers			
3. Has a convenient location			
4. Practises democratic principles			
5. Offers as good a service as private business			
6. Creates competition from which members suffer			
7. Gives the member a chance to have more friends			
8. Has friendly and helpful employees			
9. Ignores members' suggestions			
10. Adequately rewards share capital invested			
11. Treats members equally			

38. CO-OPERATIVE INSURANCE SERVICES (CIS)

Not a member \_\_\_\_ (if checked, proceed to Question No. 39)

Do you agree or disagree that the Co-op. Insurance

	AGREE	UNDECIDED	DISAGREE
1. Gives a feeling of ownership			
2. Provides economic benefits which could not be easily provided by private dealers			
3. Has a convenient location			
4. Practises democratic principles			
5. Offers as good a service as private business			
6. Creates competition from which members suffer			
7. Gives the member a chance to have more friends			
8. Has friendly and helpful employees			
9. Ignores members' suggestions			
10. Adequately rewards share capital invested			
11. Treats members equally			

39. CANADIAN CO-OPERATIVE IMPLEMENTS LTD.

Not a member \_\_\_\_ (if checked, proceed to Question No. 40)

Do you agree or disagree that Canadian Co-op. Implements

	AGREE	UNDECIDED	DISAGREE
1. Gives a feeling of ownership			
2. Provides economic benefits which could not be easily provided by private dealers			
3. Has a convenient location			
4. Practises democratic principles			
5. Offers as good a service as private business			
6. Creates competition from which members suffer			
7. Gives the member a chance to have more friends			
8. Has friendly and helpful employees			
9. Ignores members' suggestions			
10. Adequately rewards share capital invested			
11. Treats members equally			

40. MANITOBA DAIRY AND POULTRY CO-OPERATIVE

Not a member \_\_\_\_ (if checked, proceed to Question No. 41)

Do you agree or disagree that the Dairy and Poultry Co-op.

	AGREE	UNDECIDED	DISAGREE
1. Gives a feeling of ownership			
2. Provides economic benefits which could not be easily provided by private dealers			
3. Has a convenient location			
4. Practises democratic principles			
5. Offers as good a service as private business			
6. Creates competition from which members suffer			
7. Gives the member a chance to have more friends			
8. Has friendly and helpful employees			
9. Ignores members' suggestions			
10. Adequately rewards share capital invested			
11. Treats members equally			

In order to classify the information you already provided, we need to know some things about your background:

41. Marital status: Single \_\_\_\_ Married \_\_\_\_ Widowed \_\_\_\_ Divorced \_\_\_\_

42. Age: \_\_\_\_ years.

43. Sex: M \_\_\_\_ F \_\_\_\_

44. Number of years of formal education:

1 - 6 \_\_\_\_ 7 - 8 \_\_\_\_ 9 - 10 \_\_\_\_ 11 - 12 \_\_\_\_

13 - 14 \_\_\_\_ 15 - 16 \_\_\_\_ 17 - 18 \_\_\_\_ 19 - 20 \_\_\_\_

45. Although you are a Canadian citizen or a landed immigrant, please indicate your ethnic background, i.e., national origin or descent:

\_\_\_\_\_



46. Main occupation (please specify): \_\_\_\_\_

46.1. If a farmer, how would you describe your farm business:

big farm business \_\_\_\_\_

medium farm business \_\_\_\_\_

small farm business \_\_\_\_\_

47. Religious affiliation (if any) \_\_\_\_\_

48. Special Training:

1. Course on co-operative principles: No \_\_\_ Yes \_\_\_ If yes,  
duration \_\_\_\_\_ months.

2. Accountancy/Bookkeeping: No \_\_\_ Yes \_\_\_ If yes,  
duration \_\_\_\_\_ months.

3. Marketing: No \_\_\_ Yes \_\_\_ If yes,  
duration \_\_\_\_\_ months.

4. Business education or Commerce: No \_\_\_ Yes \_\_\_ If yes,  
duration \_\_\_\_\_ months.

5. Other (specify): \_\_\_\_\_ duration \_\_\_\_\_ months.

49. Stated in broad categories, what was your family's income in  
1970 from all sources:

\_\_\_\_\_ less than \$4000

\_\_\_\_\_ \$4000 - 4999

\_\_\_\_\_ \$5000 - 5999

\_\_\_\_\_ \$6000 - 6999

\_\_\_\_\_ \$7000 - 7999

\_\_\_\_\_ \$8000 - 8999

\_\_\_\_\_ \$9000 - 9999

\_\_\_\_\_ \$10000 - 10999

\_\_\_\_\_ \$11000 - 11999

\_\_\_\_\_ \$12000 - 12999

\_\_\_\_\_ \$13000 - 13999

\_\_\_\_\_ \$14000 - 14999

\_\_\_\_\_ \$15000 - 15999

\_\_\_\_\_ \$16000 - 16999

\_\_\_\_\_ \$17000 - 17999

\_\_\_\_\_ \$18000 - 18999

\_\_\_\_\_ \$19000 - 19999

\_\_\_\_\_ More than \$20000

50. Your membership in clubs, social, recreational or farm organizations:

Name of Organization	Location	No. of years as member	Offices held at present, if any (Name)	Committees, if member of any (Name)
1.				
2.				
3.				
4.				
5.				
6.				

Thank you.

# APPENDIX V

Relation Between Each Item and the Total Score  
in Co-operative Participation Index for Carman  
Co-operative Associations a)

Q. No.	Item Summary	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Groups
1	% of business done	.834***	.625***	.811***	.355***	.599***	.887***	.799***
3	Responsibilities	.602***	.493***	.526***	.534***	.144	.704***	.519***
4	Frequency of Attendance	.728***	.599***	.690***	.413***	.513***	.767***	.674***
5	Discussion in Meetings	.473***	.554***	.532***	.142	.387***	.756***	.514***
6	Comparison of Prices	.008	.107	.017	.111	.030	.316	.084
7	Information received	.291***	.069	.260**	.203	.232**	.451*	.255***
8	Additional information	.068	.336*	.175	.054	.185	.391	.142*
9	Discussion with members	.659***	.424**	.578***	.441***	.409***	.815***	.621***
10	Discussion with Manager or Board of Directors	.513***	.365**	.423***	.302**	.343***	.490*	.482***
11	Encouraging Others to join	.453***	.474***	.539***	.287**	.332***	.699***	.501***

a) Levels of confidence of correlation co-efficients are indicated in this table  
and throughout other tables in the dissertation as follows:

\*\*\* p > .01  
\*\* p > .05  
\* p > .10

# APPENDIX VI

Relation Between Each Item and the Total Score in  
Attitudes of Structural Complexity Index for  
Carman Co-operative Associations

Q. No.	Item Summary	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Groups
12	Difficulty to manage the business operations	.599***	.626***	.536***	.047	.177	.681***	.541***
13	Difficulty in under- standing the annual reports	.656***	.714***	.586***	.231**	.073	.482*	.620***
14	Difficulty in under- standing the financial statements	.695***	.750***	.711***	.413***	.394***	.611**	.677***
15	Pressure by private enterprise to attract members away	.387***	.194	.239***	.130	.189	.049	.317***
16	Encouragement of membership by Government	.450***	.530***	.318**	.278**	.005	.476*	.420***

\*\*\* p < .01

\*\* p < .05

\* p < .10

# APPENDIX VII

Relation Between Each Item and the Total Score in Exposure to Organizational Structure Index for Carman Co-operative Associations

Q. No.	Item Summary	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Groups
1.2	No. of co-operatives	.585***	.661***	.435***	.355***	.066	.823***	.570***
1.2b	No. of years in co-operatives	.500***	.549***	.488***	.426***	.146	.705***	.464***
1.2c	No. of offices held	.444***	.468***	.438***	.295**	.222*	.463*	.403***
1.2d	No. of committees	.311***	.309*	.113	.417***	.287**	.008	.288***
48.1	Special training-co-operatives	.274***	.419**	.076	.048	.147	.469*	.258***
48.2	Special training-accounting	.228**	.546***	.337***	.057	.183	.583***	.335***
48.3	Special training-marketing	.254***	.369**	.281**	.079	.157	.583**	.283***
48.4	Special training-business	.092	.477**	.137	.001	.249**	.240	.117
48.5	Other relevant training	.262***	.046	.210*	.338***	.199*	.531**	.289***
50	No. of voluntary organizations	.712***	.765***	.686***	.637***	.422***	.702***	.721***
50b	No. of years in voluntary organizations	.734***	.821***	.637***	.659***	.625***	.656***	.740***
50c	No. of offices held	.532***	.631***	.379***	.415***	.332***	.525**	.513***
50d	No of committees	.328***	.272	.081	.125	.110	.125	.249**

\*\*\*  $p > .01$

\*\*  $p > .05$

#  $p > .10$

# APPENDIX VIII

Relation Between Each Item and the Total Score in  
Satisfaction with Operationalization Index  
for Carman Co-operative Associations

Q. No.	Item Summary	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Groups
17	Satisfaction with board of directors	.676***	.781***	.704***	.046	.189	.199	.678***
18	Satisfaction with the manager	.738***	.919***	.793***	.196	.150	.912***	.801***
19	Satisfaction with employees service	.659***	.862***	.802***	.240*	.012	.552***	.726***
20	Satisfaction with costs	.391***	.493***	.529***	.257**	.297**	.759***	.429***
21	Satisfaction with commitment of members	.454***	.738***	.604***	.007	.008	.226	.566***

\*\*\*  $p > .01$

\*\*  $p > .05$

\*  $p > .10$

# APPENDIX IX

Relation Between Each Item and the Total Score in  
Co-operative Understanding Index for Carman  
Co-operative Associations

Q. No.	Item Summary	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Groups
22	Which best describes the nature of the co-operative?	.404***	.634***	.554***	.344***	.069	.301	.527***
23	Who has the right to determine what should be done with the surplus?	.394***	.372***	.370***	.060	.128	.021	.400***
24	Who should finance the co-operative at its start?	.633***	.707***	.709***	.432***	.145	.885***	.651***
25	Who, as a co-operative principle, should be allowed to vote?	.105	.000	.471***	.231**	.014	.249	.320***
26	Co-operatively speaking, how should votes of members be counted?	.245***	.352**	.430***	.124	.157	.472*	.352***
27	In the event of a loss, who should bear the responsibility?	.661***	.663***	.652***	.184	.063	.765***	.618***

\*\*\* p > .01

\*\* p > .05

# p > .10

# APPENDIX X

Relation of Each Item and the Total Score in  
Flow of Communication Index for Carman  
Co-operative Associations

Q. No.	Item Summary	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Groups
28	How easy is it to get your ideas across to manager or board director?	.737***	.816***	.703***	.089	.216	.740***	.720***
29	Is it easy to meet with other members to discuss co-operative matters?	.773***	.847***	.786***	.471***	.490***	.835***	.800***
30	Do you find it easy to participate in discussions to which experts are invited?	.711***	.717***	.766***	.361***	.281**	.600**	.728***
31	How many friends or relatives do you have as members?	.604***	.341*	.490***	.679***	.022	.880***	.540***

\*\*\* p > .01

\*\* p > .05

# p > .10



# APPENDIX XI

Relation Between Each Item and Total Score in  
Value Realization Index for Carman  
Co-operative Associations

Q. No.	Item Summary	Group I Store	Group II Elevator	Group III Credit Union	Group IV Insurance	Group V Implements	Group VI Flying Club	All Groups
35.1	Feeling of ownership	.634***	.702***	.408***	.384***	.448***	.254	.603***
35.2	Economic benefits	.752***	.670***	.202*	.061	.398***	.888***	.530***
35.3	Convenience of location	.225**	.012	.351***	.168	.545***	.277	.104
35.4	Practice of democracy	.563***	.755***	.175	.271**	.311**	.010	.495***
35.5	Good service	.476***	.585***	.171	.055	.479***	.128	.417***
35.6	Competition from which members suffer	.548***	.175	.093	.465***	.427***	.135	.314***
35.7	Chance to have more friends	.608***	.533***	.215*	.002	.268**	.567**	.518***
35.8	Friendly and helpful employees	.437***	.668***	.281**	.461***	.420***	.551**	.392***
35.9	Ignores members' suggestions	.462***	.380**	.062	.258**	.150	.0	.373***
35.10	Reward to share capital	.622***	.752***	.056	.408***	.236**	.636**	.550***
35.11	Equal treatment	.524***	.661***	.201	.855***	.318***	.0	.451***

\*\*\* p > .01

\*\* p > .05

\* p > .10

APPENDIX XII

Figure 1. Analysis of Variance Test for Significance of Multiple Correlation of Independent Variables on Participation for Carman Co-operative Ltd. (Store)

Source	Sum of Squares	Degrees of Freedom	Mean Square
Regression	1762.65	7	251.81
Deviation (Error)	2528.59	106	23.85
Total	4291.24	113	

F = 10.556

P > .01

Figure 2. Analysis of Variance Test for Significance of Multiple Correlation of Independent Variables on Participation for Carman Elevator Association

Source	Sum of Squares	Degrees of Freedom	Mean Square
Regression	339.16	7	48.45
Deviation (Error)	390.94	20	19.55
Total	730.10	27	

F = 2.479

P > .10

Figure 3. Analysis of Variance Test for Significance of Multiple Correlation of Independent Variables on Participation for Dufferin Credit Union, Carman

Source	Sum of Squares	Degrees of Freedom	Mean Square
Regression	1076.32	7	153.76
Deviation (Error)	1252.56	49	25.56
Total	2328.88	56	

F = 6.015

P > .01

Figure 4. Analysis of Variance Test for Significance of Multiple Correlation of Independent Variables on Participation for Co-operative Insurance Services, Carman

Source	Sum of Squares	Degrees of Freedom	Mean Square
Regression	500.03	7	71.43
Deviation (Error)	701.16	51	13.75
Total	1201.19	58	

F = 5.196

P > .01

Figure 5. Analysis of Variance Test for Significance of Multiple Correlation of Independent Variables on Participation for Canadian Co-operative Implements, Ltd., Carman

Source	Sum of Squares	Degrees of Freedom	Mean Square
Regression	514.06	7	73.44
Deviation (Error)	1215.57	66	18.42
Total	1729.63	73	

F = 3.987

P > .01

Figure 6. Analysis of Variance Test for Significance of Multiple Correlation of Independent Variables on Participation for Carman Co-operative Flying Club

Source	Sum of Squares	Degrees of Freedom	Mean Square
Regression	710.51	7	101.50
Deviation	178.42	5	35.68
Total	888.93	12	

F = 2.845

P > .05

# APPENDIX XIII

Standard Partial Regression Co-efficients of Independent  
Variables on Participation by Type of Co-operative  
Association in Carman

## I N D E P E N D E N T   V A R I A B L E S

Type of Co-operative	Influence	Complexity	Exposure to Organizational Structure	Satisfaction with Operationalization	Role Coherency	Flow of Communication	Value Realization
1. Store	0.17	0.06	0.14	0.00	0.06	0.22	0.27
2. Elevator	0.41	-0.13	0.34	0.18	0.35	0.23	0.13
3. Credit Union	0.25	-0.05	0.06	0.26	0.09	0.23	0.21
4. Insurance	0.10	-0.10	0.22	0.17	0.06	0.13	0.45
5. Implements	0.19	-0.02	0.19	0.01	0.11	0.10	0.25
6. Flying Club	1.00	-0.16	0.28	0.59	0.02	0.36	0.04
All Types	0.28	-0.03	0.12	0.09	0.02	0.13	0.19

# APPENDIX XIV:a

## Relations Between Each Two Independent Variables for Carman Elevator Association

Variables	Exposure to Organizational Structure	Structural Complexity	Satisfaction with Operations	Understanding of Co-operatives (Role Coherency)	Flow of Communication	Value Realization
Feeling of Influence	0.30	-0.10	0.30	0.04	0.54***	0.46***
Exposure to Organizational Structure		-0.16	0.04	0.38**	0.49***	0.28
Structural Complexity			-0.03	-0.33*	-0.21	-0.31
Satisfaction with Operations				0.02	0.30	0.53***
Understanding of Co-operatives (Role Coherency)					0.21	0.38**
Flow of Communication						0.64***

\*\*\* P > .01

\*\* P > .05

\* P > .10

# APPENDIX XIV:b

## Relations Between Each Two Independent Variables for Carman Co-operative Ltd. (Store)

Variables	Exposure to Organizational Structure	Structural Complexity	Satisfaction with Operations	Understanding of Co-operatives (Role Coherency)	Flow of Communication	Value Realization
Reeling of Influence	0.31***	-0.00	0.33***	0.28***	0.61***	0.51***
Exposure to Organization Structure		-0.15	0.38***	0.18*	0.41***	0.26***
Structural Complexity			-0.19*	-0.06	-0.06	-0.09
Satisfaction with Operations				0.27***	0.35***	0.48***
Understanding of Co-operatives (Role Coherency)					0.35***	0.27***
Flow of Communication						0.47***

\*\*\* P > .01

\*\* P > .05

\* P > .10

# APPENDIX XIV:c

Relations Between Each Two Independent Variables  
for Dufferin Credit Union, Carman

Variables	Exposure to Organizational Structure	Structural Complexity	Satisfaction with Operations	Understanding of Co-operatives (Role Coherency)	Flow of Communication	Value Realization
Feeling of Influence	0.02	-0.01	0.38***	0.14	0.59***	0.36***
Exposure to Organizational Structure		-0.19	0.01	0.05	0.26*	0.07
Structural Complexity			0.01	-0.28**	-0.03	-0.09
Satisfaction with Operations				0.26*	0.35***	0.42***
Understanding of Co-operatives (Role Coherency)					0.34**	0.41***
Flow of Communication						0.37***

\*\*\* P > .01

\*\* P > .05

\* P > .10



# APPENDIX XIV:d

## Relations Between Each Two Independent Variables for Carman Co-operative Insurance Services

Variables	Exposure to Organizational Structure	Structural Complexity	Satisfaction with Operations	Understanding of Co-operatives (Role Coherency)	Flow of Communication	Value Realization
Feeling of Influence	0.11	-0.03	0.18	0.02	0.39***	0.35***
Exposure to Organizational Structure		0.02	0.17	0.19	0.07	0.04
Structural Complexity			0.04	-0.12	0.06	0.04
Satisfaction with Operations				0.13	0.32**	0.54***
Understanding of Co-operatives (Role Coherency)					0.23	0.04
Flow of Communication						0.28**

\*\*\* P > .01

\*\* P > .05

\* P > .10

# APPENDIX XIV:e

Relations Between Each Two Independent Variables for  
Canadian Co-operative Implements Limited, Carman

Variables	Exposure to Organizational Structure	Structural Complexity	Satisfaction with Operations	Understanding of Co-operatives (Role Coherency)	Flow of Communication	Value Realization
Feeling of Influence	0.16	-0.11	0.18	0.08	0.46***	0.18
Exposure to Organizational Structure		-0.05	0.18	0.32***	0.45***	0.22*
Structural Complexity			0.10	-0.09	0.04	0.09
Satisfaction with Operations				0.19	0.45***	0.55***
Understanding of Co-operatives (Role Coherency)					0.29**	0.22*
Flow of Communication						0.41***

\*\*\* P > .01

\*\* P > .05

\* P > .10

# APPENDIX XIV:f

## Relations Between Each Two Independent Variables for Carman Co-operative Flying Club

Variables	Exposure to Organizational Structure	Structural Complexity	Satisfaction with Operations	Understanding of Co-operatives (Role Coherency)	Flow of Communication	Value Realization
Feeling of Influence	0.44*	0.14	0.01	0.11	0.47	0.29
Exposure to Organizational Structure		0.06	0.40	-0.09	0.16	-0.30
Structural Complexity			0.44*	0.41	-0.53**	-0.36
Satisfaction with Operations				-0.13	0.15	0.22
Understanding of Co-operatives (Role Coherency)					-0.18	-0.25
Flow of Communication						-0.19

\*\*\* P > .01

\*\* P > .05

\* P > .10

# APPENDIX XIV:g

## Relations Between Each Two Independent Variables for All Co-operative Types in Carman

Variables	Exposure to Organizational Structure	Structural Complexity	Satisfaction with Operations	Understanding of Co-operatives (Role Coherency)	Flow of Communication	Value Realization
Feeling of Influence	0.12	0.03	0.25**	0.18*	0.56***	0.38***
Exposure to Organizational Structure		-0.10	0.19*	0.18*	0.30***	0.16*
Structural Complexity			-0.04	-0.13	-0.06	-0.08
Satisfaction with Operations				0.18*	0.34***	0.50***
Understanding of Co-operatives (Role Coherency)					0.30***	0.26***
Flow of Communication						0.42***

\*\*\* P > .01

\*\* P > .05

# P > .10