



Membership relations of Montana farmer cooperatives
by Hardial Singh Saini

A dissertation submitted to the Graduate Faculty in partial fulfillment of the requirements for the degree of DOCTOR OF PHILOSOPHY in Agricultural Economics
Montana State University
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Abstract:

The aim of this study was to determine the membership relations practices of Montana farmer cooperatives and to suggest guide-lines for developing more effective membership relations programs. As used in this dissertation, "membership relations program" means the engineering of members' support, obtaining the consent of the membership, generating their enthusiasm, and building and holding their confidence.

Two mailed questionnaires were used to collect the data, one for members and the other for managers. It was found in the survey that the members do not have satisfactory knowledge about their associations and they lack knowledge in general about cooperation. Members revealed that they do not consider themselves in a better position than non-member patrons.

It was found in this survey that management does a satisfactory job in some aspects of membership relations but not in others. A membership relations program may be divided into two parts—communicating with the members and personnel training. More attention to these areas would result in more effective over-all operations.

It was further found that Montana farmer cooperatives do not have the type of programs for the development of the participation of women, the training of youth, better employee relations through incentive plans, and better public relations for most efficient operation.

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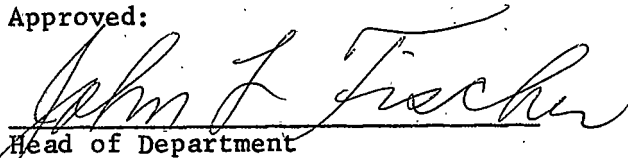
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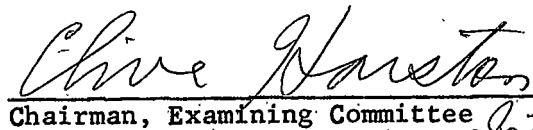
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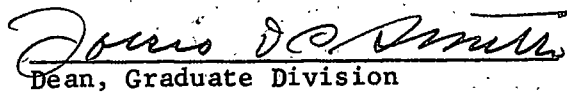
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My parents deserve special compliments, who in spite of their oriental affection were separated from their only son for three years and took care of his affairs in his absence, when they themselves needed rest in their old age.

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ABSTRACT

The aim of this study was to determine the membership relations practices of Montana farmer cooperatives and to suggest guide-lines for developing more effective membership relations programs. As used in this dissertation, "membership relations program" means the engineering of members' support, obtaining the consent of the membership, generating their enthusiasm, and building and holding their confidence.

Two mailed questionnaires were used to collect the data, one for members and the other for managers. It was found in the survey that the members do not have satisfactory knowledge about their associations and they lack knowledge in general about cooperation. Members revealed that they do not consider themselves in a better position than non-member patrons.

It was found in this survey that management does a satisfactory job in some aspects of membership relations but not in others. A membership relations program may be divided into two parts--communicating with the members and personnel training. More attention to these areas would result in more effective over-all operations.

It was further found that Montana farmer cooperatives do not have the type of programs for the development of the participation of women, the training of youth, better employee relations through incentive plans, and better public relations for most efficient operation.

CHAPTER I

INTRODUCTION

The Problem Situation

Agriculture ranks as the most important industry in Montana, providing livelihood for about one-fifth of the total population of the state. In addition the impact of agriculture is felt in the manufacturing industries based on agricultural raw materials; for example, sugar beet refineries, flour and feed mills, meat packing, and dairy processing plants. The average annual marketing receipts amounted to \$404.5 million during the last decade.

Development of Cooperatives in the United States

Most farmer owned cooperatives have been started as protest movements against conditions which were thought to be unfair and unsound, such as high margins, questionable weights and tests, and unsatisfactory sources.

Many of the American cooperatives were founded and grew in periods of adversity; a large number of marketing cooperatives were organized during the period of agricultural despair in the early twenties. Many grew rapidly but went astray during the boom of the late twenties, then found it necessary to reorganize and change management during the years of falling prices from 1959 through 1963.

While the number of cooperatives has declined in recent years, there has been a continuous increase both in membership as well as the volume of business (see Appendices B and C). Agricultural marketing cooperatives have consistently accounted for and are still accounting for about three-fourths of the total agricultural cooperative business. Table 1 shows that

TABLE 1. FARM INCOME AND VOLUME OF COOPERATIVE BUSINESS (NET) IN THE UNITED STATES FOR THE PERIOD 1949-50 to 1959-60

Year	Farm Income: ^{a/}	Cooperative Marketing Business ^{b/}		All Cooperative Business	
	Volume	Volume	Percent of Farm Income	Volume	Percent of Farm Income
	<u>Million Dollars</u>	<u>Million Dollars</u>	<u>%</u>	<u>Million Dollars</u>	<u>%</u>
1950-51	29,056.3	6,359.6	21.9	8,144.1	28.0
1951-52	32,907.3	7,411.1	22.5	9,442.7	28.7
1952-53	32,373.4	7,385.9	22.8	9,539.9	29.5
1953-54	31,412.9	7,328.9	23.3	9,462.9	30.1
1954-55	30,203.4	7,440.9	24.9	9,656.3	31.9
1955-56	29,263.4	7,509.9	25.7	9,769.1	33.4
1956-57	30,372.5	7,980.7	26.3	10,359.3	34.1
1957-58	30,019.0	8,261.1	27.5	10,693.0	35.6
1958-59	34,639.2	9,038.4	26.1	11,679.0	33.7
1959-60	34,133.1	9,281.4	27.2	11,984.2	35.1
Percentage increase during the period		17.5	45.9		24.7

a/ Statistical Abstract, U.S. Dept. of Commerce

b/ Statistics of Farmer Cooperatives, U.S. Dept. of Agriculture

the volume of cooperative business both in the case of marketing cooperatives as well as all cooperatives combined expressed as a percentage of farm income has gone up. The total increase in farm income during the period has been 17.5 percent whereas the increase in volume of cooperative marketing has been 45.9 percent. The increase in the volume of business handled by all agricultural cooperatives combined during the same period has, however, been 24.7 percent. The volume of cooperative business expressed as a percentage of farm income also shows a consistent increase from 21.9 to 27.2 percent in the case of marketing cooperatives and from 28.0 percent to 35.1 percent in the case of total cooperative business during the last decade.

Development of Cooperatives in Montana

Marketing cooperative associations have played an important role in the farm economy of Montana from early times. They arose out of the necessity for more satisfactory facilities for the marketing of grain and to escape what was felt to be fraudulent practices in the private businessmen. Mrs. Stoltz^{1/} in her book dealing with the history of the Montana Farmers Union and its cooperatives describes the exploited condition of the farmers and the difficulties they faced in establishing cooperative elevators. Many cooperatives were started in the period 1914-18. The First World War gave some impetus to the movement but the progress remained slow during the twenties. From the thirties onward, the marketing cooperatives became stable and gained strength.

1/ Mildred K. Stoltz, This is Yours, pp. 288-328.

The number of and membership in cooperatives has increased during the last decade in Montana. (See Appendices D and E). The same trend can be noted in the volume of business handled by these cooperatives, which is a better index of their progress. (Appendix F) The volume of business conducted by marketing cooperatives alone increased from \$65 million to \$101 million during the last 10-year period.

Table 2 compares the progress of marketing cooperatives with the gross farm income in the state during the last decade. It can be seen that the volume of cooperative business expressed in terms of farm income has gone up from 18.11 percent to 22.95 percent. The volume of total cooperative business expressed as a percentage of farm income rose from 22.53 percent to 29.78 percent. The aggregate increase in the gross farm income during the same period has been 22.62 percent and the increase in the volume of cooperative marketing business has been 55.4 percent, whereas the increase in the volume of total cooperative business was 62.04 percent. From this it can be concluded that cooperatives are making progress in Montana, perhaps even more than that made by cooperatives in the United States as a whole.

However, there is another side to the picture. The number of farms in Montana is going down as people move to cities in the state and outside it. (Table 3) Between 1930 and 1960, urban population in Montana increased from 35 percent to 50.2 percent of the total population. This will have serious social and economic effects on the remaining rural people inasmuch as they will have to pay more per capita for community services, schools, churches, government, and health, which

TABLE 2. GROSS FARM INCOME AND THE VOLUME OF COOPERATIVE BUSINESS IN MONTANA FOR THE PERIOD 1950-1959

Year	Farm Income ^{a/}	Cooperative Marketing Business ^{b/}		All Cooperative Business	
	Volume	Volume	Percent of Farm Income	Volume	Percent of Farm Income
	<u>Million Dollars</u>	<u>Million Dollars</u>	<u>%</u>	<u>Million Dollars</u>	<u>%</u>
1950	359.87	65.16	18.1	81.08	22.5
1951	445.69	82.85	18.6	99.55	22.3
1952	406.22	83.15	20.5	101.23	24.9
1953	375.74	84.84	22.6	103.47	27.5
1954	391.82	87.36	19.6	105.98	27.1
1955	372.48	72.95	19.6	93.65	25.1
1956	425.01	72.14	16.9	94.15	22.2
1957	411.36	87.43	21.3	110.26	26.8
1958	450.36	97.74	21.7	125.79	27.9
1959	441.26	101.26	22.9	131.39	29.8
Percentage increase during the period		22.6	55.4		62.0

a/ Montana Agricultural Statistics, December, 1962, p. 11

b/ Statistics of Farmer Cooperatives

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brings in the necessity of increasing incomes of farmers. One way of doing this might be the fuller utilization of cooperatives.

TABLE 3. NUMBER OF FARMS IN MONTANA DURING THE PERIOD 1920-1960*

Year	Number of Farms
1920	57,700
1930	55,000
1940	44,500
1950	37,200
1960	32,000

*Source: Montana Agricultural Statistics, December, 1962, p. 17

While cooperatives are doing a good job, they may be making faster progress in Montana than in other areas of the United States, they still have much to achieve. The path to greater achievement is probably through achievement of better member relationships.

Research Problem

"Membership relations" is a term loosely used and widely misunderstood in spite of the fact that it is an important part of cooperative management. In its loosely handled use, this term sometimes applies to matters that are definitely public relations, part of the operational policies, or something else distinctly different from the activities falling under membership relations. Yet "membership relations" does mean something specific and does have a specific place in the overall activities of the cooperative enterprise.

Different writers define the term differently according to the notion they have about it. Some of the definitions are given below:

A membership relations program may be defined as the Engineering of member's support, obtaining the consent of membership, generating their enthusiasm, and building and holding their confidence.^{2/}

Membership relations are the relationships required to bring about the necessary two-way flow of information and responsibilities between members and management of agricultural cooperatives. Establishing and maintaining this two-way flow is the membership relations program of cooperatives.^{3/}

Membership relations is the total area concerning the member's attitude (good or bad) towards his organization.^{4/}

Membership relations is the attitude of farmers towards their cooperative and their loyalty to its programs.^{5/}

In this study it is assumed that the objective of all membership relations activities is to strengthen the member's feeling of ownership and sense of responsibility for his cooperative. Attaining the above objectives, however, becomes more and more difficult as cooperatives expand business and increase membership. The cooperative organization is an economic democracy as far as relationships are concerned. A

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- ^{2/} Kenneth Wallin, "A Membership Relations Program Is a Good Business," American Cooperation, 1956, p. 435.
- ^{3/} John H. Hockman, "Membership Relations--What Are They?" News for Farmer Cooperatives, October, 1956, p. 5.
- ^{4/} George M. Myers, "Meeting the Challenge Through Employee Training," American Cooperation, 1960, p. 529.
- ^{5/} Tom G. Ditts, "Progress in Cooperative Marketing," American Cooperation, 1940, p. 53.

cooperative association is a member's organization, having no existence of its own apart from the membership. It is organized to render a service to the members in marketing their products and providing supplies and services and to effect savings for them in so doing. Thus, it depends directly upon its members for its business. The loyalty and interest of members as measured by their willingness to support it are, therefore, one of the important requirements for success.

From the point of view of its structure, a cooperative association may be a real social group, as much so as a family, civic club, or a religious organization. This viewpoint may not appeal immediately to a goodly number of people who have stressed the idea that a cooperative marketing association is strictly a business organization without any social implication. However, recognizing the fact that its purpose and actual operations in marketing crops and providing supplies and services are indeed what we consider as purely business activities, the membership relations and obligations involved in successful cooperation are those which characterize most all social groups.

The social nature of a cooperative association was pointed out by T.B. Manny^{6/} in his paper read at the annual session of the American Institute of Cooperation. He described the membership contracts to be economic in nature and the member's participation in the activities of

^{6/} T. B. Manny, "Some Social Factors in Membership Relations," American Cooperation, 1929, p. 309.

the association and its support to be concerned with the social nature of the association. T. B. Claussen^{7/} also viewed a cooperative as a business institution as well as a social group in his paper at the 1938 session of the American Institute of Cooperation. He stated that if a cooperative business organization forgets the membership side, it becomes commercial and if it forgets the business side, it becomes fraternal. He stressed the balance between the two. Tom G. Stitts^{8/} also emphasized the importance of the social side of a cooperative. He stated that even though a cooperative association receives its main impetus from economic forces, its social implications should not be disregarded, because when it makes progress in a material sense, it gains in social stature.

The same social nature of a cooperative association along with its economic nature has been recognized in this manuscript, although the main importance has been given to the economic side. The business aspect of a cooperative association can be said to have secondary-group characteristics and the membership aspect to have primary-group characteristics. It is not possible to set up a successful cooperative venture as a pure business institution utterly unrelated to the lives of the people.

^{7/} T. B. Claussen, "Keeping Membership Interest Alive," American Cooperation, 1938, p. 105.

^{8/} Tom G. Stitts, "Progress in Cooperative Marketing," American Cooperation, 1940, p. 46.

Membership relations programs were neglected for about 100 years after the cooperatives were formally organized in America. Only during the last few years have cooperatives realized their importance and given due attention to building the responsibility of ownership on behalf of the member patrons. Heckman and Lebeau ^{9/} give three reasons for this lag. These are (1) local nature of the early cooperatives, (2) class issues in early programs, and (3) reliance on the delivery contract for loyalty.

As to the first reason, the local nature of the associations, the community organizations performing the local services had only nearby farmers as members. Thus informal relationships were possible and practical. The importance of the second reason, class issues in the development of early cooperative programs, lay in the idea that the "unholy" middleman must be eliminated. The third reason, relying on delivery contracts, began with the rise of the large scale type of commodity cooperatives.

The theory of higher prices through volume control was probably responsible for the beginning of specialized membership relations. The size of cooperative associations grew large and volume of business increased many times. The locals merged into federated and central type organizations where the members did not know each other and information

^{9/} John H. Heckman and Oscar R. Lebeau, "Membership Problems Grow With The Co-op," News for Farmer Cooperatives, January, 1951, pp. 22-23.

about the association was meager. The problems of larger cooperatives during the twenties stimulated the thinking of the leaders to secure, hold, and develop the understanding and loyalty of members. They began to place more emphasis on the importance of understanding the fundamental objectives on the part of members and it was believed that a feeling of ownership and an opportunity for participation were necessary to assure loyalty.

Thus, the widespread development of membership relations programs by cooperatives really began in the middle twenties. Cooperatives added fieldmen to their staff and started house organs to spread their contacts over wider areas than the earlier personal contact methods.

The Bureau of Agricultural Economics began its first study of membership relations and attitudes among cooperative members in November, 1925, in cooperation with the University of Kentucky.^{10/} The purpose of these studies was to find out what growers were thinking about cooperative associations; what they knew about marketing and services the cooperatives were rendering; their criticisms of their associations and their expectations for cooperative marketing. This is believed to be the starting point for a constructive program designed to prepare growers for the actively intelligent part they must perform and for the building of membership morale.

^{10/} J. W. Jones, "What Studies of Membership Attitudes Have Revealed," American Cooperation, 1928, p. 231.

The history of farmer cooperatives is full of stories of those that have failed to make the grade. At the same time it is bright with those that have succeeded. In 1947, Dr. A. Ladru Jensen and Dr. Raymond W. Miller completed a study which was published in the Harvard Business Review of Winter, 1947, entitled, "Failure of Farm Cooperatives."^{11/} In this article they point out that most of the deceased farmer cooperative organizations had succumbed to ailments inflicted upon them by uninformed membership, incompetent management, or unconcerned directors. A comparison study shows that the successes of farmer cooperatives are largely because of cohesiveness of these three groups who are interested in the cooperative.

Cooperatives now realize more and more that along with improved methods of processing, merchandising, and technological advances they need more modernized techniques in their relations with members. Two factors are responsible for this change. One is the competition of other activities for the attention of members and the other is the expanding concept of who makes up the membership. As these competing interests and activities have to be subordinated, participation requires positive effort by even the interested members. Regarding the second point, the concept of membership is changing to include the whole family of the farmer instead of the member himself alone. As a result, more and more attention is being paid to the participation of women and the

^{11/} Raymond W. Miller, "Cooperative--Catalysts for Freedom in the Community of Nations," American Cooperation, 1960, p. 46.

training of youth.

The farmer needs to be tied to his cooperative through a variety of binding elements, experiences, and viewpoints in which emotions play a considerable role. Then and only then will he acquire attitudes and habits which will make him a permanent and enthusiastic cooperative member.

Farmers who join cooperatives, however, must make their business a part of the business of the association and vice versa if the cooperative is to be most effective. Members must assume new responsibilities as well as enjoy new benefits. They must participate in group activities and be ready to sacrifice time and money. They have to learn something of the business techniques required to operate the association.

It is necessary that the membership relations program be organized on modern lines, using new ideas in order to keep pace with the dynamic changes in all phases of life. Continuous development of new techniques is necessary to put these ideas into effect. Farmer cooperatives, like all other businesses, need to adapt their operations to meet those necessary requirements. Cooperatives must deal with a two-way flow of information and responsibilities between members and management.

In addition to modernizing the techniques of membership relations, certain conditions are necessary to carry out ideas to members. These conditions are given by Heckman^{12/} to be information, motivation and

^{12/} John H. Heckman, "Ideas on Membership Relations," News for Farmer Cooperatives, September, 1958, p. 12.

participation. An effective action in a democracy requires adequate information. If the member does not utilize this information the necessity of motivation comes in. Means must also be provided for the actual participation of the members.

Objectives

Young farmers do not understand cooperative principles or the importance of cooperatives. The old pioneers who realized the need for cooperatives and the difficulties of their early organization have died or are retiring, and as a result the members are becoming less interested in the cooperative movement.

This study undertakes to determine the components of membership relations programs that have been proven effective in other situations as guidelines in appraising the programs used by Montana cooperatives.

More specifically, the objectives were:

1. To develop a model membership relations program.
2. To evaluate the members' knowledge of and interest in their cooperatives.
3. To study the present programs dealing with membership relations used by Montana farmer cooperatives.

This study, however, did not aim at quantifying the effects of the modern membership relations upon the success of a cooperative association. One study is not enough to give such results. Even the membership relations branch of the Farmer Cooperative Service of the United States Department of Agriculture has not dealt with such a relationship after making many studies. This would be research in the area of social

science which involves attitudes to a considerable extent. No effort was made to establish statistical correlations between the methods of membership relations and their achievement as evidenced by increased volume of business or greater attendance at annual meetings.

Hypothesis

Hypotheses of this study are that Montana cooperatives have not established well developed membership relations programs, and that the establishment of such programs would contribute to their long run success. Major emphasis in this thesis is devoted to the first hypothesis.

Procedure

Based on the review of literature on the subject, an hypothetical model of membership relations was built. Secondly, in the spring of 1963 a questionnaire was mailed to the managers of all the supply and marketing cooperatives in the state in order to find out the extent to which they practice the elements of the hypothetical ideal membership relations program. In all, 248 schedules were mailed. Seventy-two schedules were returned, giving a response of about 28 percent. A follow-up letter was mailed to some of those who did not respond, along with a second copy of the questionnaire. This action brought back 32 more schedules, raising the response to approximately 42 percent. In this way 104 schedules were obtained. Out of these, 37 were from grain elevators, 15 from wool pools, and 49 from supply cooperatives. Three

schedules were from miscellaneous types, a cooperative creamery, a cattle feeders association, and a certified seed growers association. The discussion is based on the first three types accounting for 101 schedules.

In order to have a basis for proposing a membership relations program, an evaluation of the member's knowledge of the affairs of their cooperative and their idea of cooperation in general was made. Every manager included in the survey was asked to give the names of five members of his association. It is believed that they probably supplied the names of loyal members. Some of the members clearly mentioned that they were the directors or the presidents of their organizations. The sample, therefore, was not representative of the ordinary member. However the position of the knowledge of an average member can be estimated in a crude way from the analysis of the answers received since an ordinary member can be expected to know comparatively less about the cooperative than an official. If the directors know very little about the cooperative, the rank and file member is likely to be worse in this regard.

From the point of view of the period over which the memberships have been held, this was fairly long. Many of the members joined the cooperative in the twenties and thirties when the cooperative movement was in its early stages. A brief description of the period of membership of the members is given in Table 4.

TABLE 4. LENGTH OF THE MEMBERSHIP OF MEMBERS OF MONTANA FARMER COOPERATIVES PARTICIPATING IN THIS STUDY, MARCH 1963

Time Period	Number of Members in the Period	Approximate Percentage of the Total Response
Less than 10 years	3	2
10-19 years	54	44
20-29 years	49	40
30 years and over	17	14
Total	123	100

Ninety-eight percent of the responding members had held their membership for 10 or more years. Only a negligible portion, that is 2 percent, had been members for less than 10 years. Of the 14 percent who did not specifically mention the year of their joining the cooperative or otherwise the total period, almost all or a great majority can be considered to be members over 10 years, since most of them stated that they joined the cooperative when it was first organized.

CHAPTER II

MEMBERSHIP RELATIONS PROGRAMS

Fundamental Philosophy and Principles

Communication Functions

Farmer cooperatives may be sound business enterprises which are constantly seeking to improve the economic position of farmer patrons. The dissemination of any and all available information that will lead to a better understanding on the part of the members of the basic principles and the economic role of the cooperative will facilitate the attainment of this goal. In order that the member may place his confidence in the cooperative and consider himself a proprietor and the cooperative an off-farm tool to increase his income, it is necessary to try to develop certain kinds of understanding in him. He must be led to a realization that to use this tool he will have to accept some responsibilities. The question thus arises, "What should a membership relations program try to achieve?"

May^{1/} suggests explaining to the member the philosophy of cooperation and making him realize his ownership. He suggests that it be done in the following way:

This is your cooperative. Its success or failure is brought about by you and your participation. This cooperative does not belong to the management, nor does it belong to the board of directors, nor the neighbor across the field--but to you. It is your responsibility. This cooperative can and will solve the portion of your economic problems that it is designed to solve,

^{1/} Donald W. May, "How to Develop Active, Informed Members," American Cooperation, 1950, p. 50.

but only after you, as a member and owner, assume your share of responsibility and take your share of the load in bringing about its development.

The cooperative is designed to do certain things. It is set up because these things are too big for you, as an individual, to do alone; so you join hands with your neighbors and friends to do them together in cooperation. If you, or any other link in this chain of cooperative activity, weaken, the effectiveness of solidarity of action weakens.

Clyde C. Edmond,^{2/} while pointing out the information to be given, goes somewhat into detail. He states that a member can be expected to know the set-up and functioning of the organization. An association member may be interested in knowing the details of his capital investment. For example, he is justified in asking the necessity for reserves. He may not understand this necessity himself but will understand when it is explained to him. Another item which might be explained is "general overhead."

The next important thing which the member needs to know is the deduction to be made from the market price in order to calculate the price paid to him. All of the items such as freight, transit loading and unloading charges, the selling cost on the terminal market should be told to him. He should also be assured that his funds are carefully handled and that a certified public accountant periodically audits the books and receipts of the association.

Finally, the member needs to know something of the background of

^{2/} Clyde C. Edmond, "What Information Should Be Furnished to Members," American Cooperation, 1940, p. 275.

the organization, its tradition and history, as a help in evaluating the service he is getting from the association as compared with what he might have had otherwise.

In summary, it can be said that the information to be supplied to the member can be broadly divided into two groups--what cooperation is and information about the particular cooperative and its operations. The first type of information includes such things as ownership and control by the users for their benefit. Principles and philosophy would come under this group because they tend to explain how an organization operates for the benefit of the users. In regard to the information concerning operations, a member has the right to know anything and everything about his cooperative, while recognizing that there are certain things that should not be publicized openly and that certain specific details of business management should be restricted to a closed meeting of members.

Philosophy of Cooperation

Membership relations programs have a wide scope. A sound membership relations program, as Kenneth Wallin suggests, should begin with the member before his formal enrollment as a member and should continue even after he leaves the cooperative. The cooperative philosophy and membership education should be based on what the cooperative is, how it works, how it serves and benefits the members, and why they must finance it and properly patronize it.

Philosophy, according to the Webster Dictionary, may be defined as

the "universal science which aims at an explanation of all the phenomena explained by or resolved into, cause and reasons, powers and laws."

When applied to any particular department of knowledge, it denotes the "collection of general laws or principles under which all the subordinate phenomena or facts relating to that subject are comprehended."

Philosophy of cooperation is an attempt to explain the nature and purpose of cooperation in a manner supported by the logical analysis in accordance with the criteria or principles of some organized body of knowledge or science.

Two types of philosophy of cooperation can be distinguished. There are those who consider a cooperative as an economic institution. This group is dominant and, therefore, economic philosophy is commonly accepted in America. However, there is another group who emphasize the social and spiritual implications of cooperation without denying that a cooperative association is an economic tool.

Social Philosophy

The most well-known exponent of the social philosophy of cooperatives is Carl C. Taylor. He expressed his philosophy in a paper entitled "Objectives of Farmer Cooperatives: By a Sociologist," read at the 1949 annual session of the American Institute of Cooperation.^{3/}

Human behavior, according to some sociologists, can be distinguished into three kinds--cooperation, conflict, and competition. The basis for

^{3/} Carl C. Taylor, "Objectives of Farmer Cooperatives: By a Sociologist," American Cooperation, 1949, pp. 63-73.

this distinction is the fact that the actions of others stimulate a person to a higher level of activity. In conflict, the actions of others are opposed; in competition they may be opposed or parallel; in cooperation they are parallel and mutual. The point to be considered is which of these three types of behavior accomplishes the highest level of attainment.

Sociologists hold that persons perform at higher levels of attainment in group situations than when alone, and that they have a higher per capita attainment when working in team work with others than when working either alone or in competition with others. In the article referred to above, Carl C. Taylor reports the results of many research studies to support this view. He states that mutual aid is a law of nature.

Group life and group bonds are believed by sociologists to be essential needs of human personalities. They hold that persons are something more than isolated individuals, and social groups are something more than the aggregates of individuals. Mutual behavior and mutual sentiments are inevitable for human beings.

Professor Tonnies recognized this vital part played by mutual life and gave it the name *Gemeinschaft* (Community). Later on, Professor C. H. Cooley classified all human groups into primary and secondary groups. Primary group attitudes are found in old societies. As the societies became modern they adopt more and more secondary group characteristics. However, the primary group characteristics survive in families, communities, schools, and churches. Primary group activities and a belief in

primary group values do not die with the development of secondary group relations. The fact that they never die is a cause for the growth of the cooperative movement. Cooperatives serve both primary and secondary group needs.

Taylor considers cooperatives a bridge between primary and secondary group techniques and values. He feels that if they are member-operated, they need not depend upon propaganda or public relations. They can depend on membership education which comes chiefly through member participation. He holds that cooperatives are secondary in their buying or selling and are primary groups on their local level.

The necessity of establishing this bridge between the secondary group attitudes of the modern complex society and the deep desires of persons to be neighbors, to practice mutual aid, according to Taylor, is probably the unconscious cause for the growth of cooperatives. He states that upon the maintenance and strengthening of both pillars of this bridge depends the growth of cooperatives as a type of economic and social organization. He further mentions that to make one of these pillars of the bridge strong by being successful in business may allow the other pillar to fall into decay. On the other hand, to strengthen membership relations as a sole objective while neglecting sound business principles in operation causes the bridge to sink at the other end. He stresses that only working constantly on both efficient business and local community relations keeps the whole bridge strong and demonstrates the uniqueness of cooperatives as special types of economic and social organization.

